# KIRIBATI PORTS AUTHORITY

## STATEMENT OF INTENT

**CONFIDENTIAL**

**For the 3-Year Period FY2026 to FY2028**

## AUTHORISATION

| DRAFT SOI | NAME | SIGNATURE | DATE |
|---|---|---|---|
| **APPROVED BY THE BOARD** | Bwakura Metutera Timeon | | 22/11/2025 |
| **TO SOEMAU** | | | 20/4/26 |

| DRAFT SOI | NAME | SIGNATURE | DATE |
|---|---|---|---|
| **SOEMAU TO RESPONSIBLE MINISTERS** | | | |
| **REVIEW BY MINISTER** | Hon. Alexander Teabo | | 24/11/25 |
| **REVIEW BY MINISTER** | Hon. Dr. Teuea Toatu | | 20/04/26 |

- *SOEMAU assessment and SOI to be reviewed by Responsible Ministers*
- *Comments from Responsible Ministers to be considered by Board*

| FINAL SOI | NAME | SIGNATURE | DATE |
|---|---|---|---|
| **APPROVED BY THE BOARD** | Bwakura Metutera Timeon | | 22/11/2025 |
| **TO SOEMAU** | | | |

- *Final SOI submitted to SOEMAU and Responsible Ministers before commencement of Fiscal Year*

# 1 EXECUTIVE SUMMARY

In compliance with Section 19 of the *State-Owned Enterprises Act 2013* (as amended), the Kiribati Ports Authority (KPA) submits its **Statement of Intent** for the period FY2026 to FY2028. Established under the *KPA Act 1990*, KPA operates within the transport sector under the Ministry of Information, Communication and Transport (MICT) and contributes to national border security.

This Statement of Intent outlines KPA's strategic objectives, key activities, performance target , and financial forecasts for the planning period, reflecting its commitment to operational efficiency, accountability, and sustainable growth.

## 1. THE OBJECTIVES OF KPA

| | Key Objectives |
|---|---|
| | **Port Services and Facilities** |
| A | Enhance Operational Excellence and Safety Across Port Operations |
| B | Modernize and Expand Port Infrastructure to Meet Current and Future Demands |
| C | Advance Environmental Sustainability Through Green Port Initiatives |
| D | Strengthening Customer Experience by Ensuring Reliable Machinery and Equipment Availability |
| E | Ensure Financial Sustainability Through Fair and Transparent Cost-Recovery for Port Services |
| | **Staff Capacity Building** |
| F | Strengthening Organizational Performance Through an Effective Performance Management System |
| G | Enhance Workforce Capability Through Targeted Training and Professional Development |
| H | Foster a Positive, Rewarding Work Environment That Supports Employee Growth and Retention |
| | **Business Systems** |
| I | Enhance Financial Sustainability Through Strengthened Credit Management Practices |
| J | Modernize and Expand ICT Systems to Support Efficient Business Operations and Communication |
| K | Strengthening Institutional Effectiveness by Reviewing and Improving KPA's Legal Mandate |
| | **Managing business as usual** |
| L | Strengthening Stakeholder Relationships and Ensure Continuity of Operations During Organizational Change |
| M | Ensure Financial Sustainability by Achieving Budget Targets to Support Operational and Investment Priorities |

## 2. THE NATURE AND SCOPE OF THE ACTIVITY TO BE UNDERTAKEN

*KPA remains committed to implementing the strategic initiatives and activities outlined in the following sections, all aimed at achieving the objectives set for this planning period. Our core business operations will continue to focus on key functions, including regulating navigation within port waters, managing cargo handling, and advancing the development and maintenance of port facilities. These efforts are directed toward enhancing operational efficiency, increasing revenue generation, and fulfilling the primary objective stipulated under Section 5 of the State-Owned Enterprises Act 2013 (as amended).*

## 3. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE SOE MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

The table below presents the strategic actions that KPA will undertake to achieve its objectives and to strengthen its operational efficiency and service delivery in the coming years.

| Strategic Actions | KPI | When |
|---|---|---|
| **A. Enhance Operational Excellence and Safety Across Port Operations** | | |
| 1. Establish a standardized framework to guide and optimize departmental operations | All departmental Standard Operating Procedures (SOPs) are developed, standardized, approved, and compiled into an operational manual | By Jan'26 |
| 2. Implement a performance management system that measures efficiency and effectiveness across all port operations. | Benchmark performance standards are developed and adopted for all key port operations. | By Jan'26 |
| | Operational performance **is assessed monthly** against established benchmarks, with gaps documented and corrective actions implemented. | By Feb'26 |
| **B. Modernize and Expand Port Infrastructure to Meet Current and Future Demands** | | |
| Execute strategic capital development initiatives to enhance port infrastructure, capacity, and service delivery. | Prioritized capital projects are implemented in accordance with the approved Capital Projects Schedule. | By Jan'26 |
| | A dedicated Project Management Unit (PMU) is established and a qualified Project Manager is recruited to oversee implementation and reporting. | By Jan'26 |
| **C. Advance Environmental Sustainability Through Green Port Initiatives** | | |
| Advance the adoption of renewable energy solutions to enhance sustainability and reduce environmental impact. | Renewable energy solutions (solar systems) are implemented | By Jun'27 |
| Establish a comprehensive energy efficiency and conservation framework to optimize energy use across all operations | The Energy Efficiency and Conservation Policy is developed, approved, and communicated across all operations | By Dec'26 |
| **D. Strengthen Customer Experience by Ensuring Reliable Machinery and Equipment Availability** | | |
| Establish a strategic asset management framework to optimize the lifecycle, utilization, and performance of all port assets | The Asset Management Plan is developed, approved, and implemented to ensure optimized utilization, maintenance, and performance monitoring of all port assets. | By Dec'26 |
| **E. Ensure Financial Sustainability Through Fair and Transparent Cost-Recovery for Port Services** | | |
| 1. Review the structure of port prices to ensure an appropriate balance of costs and revenues at each major cost centre. | Comprehensive tariff review completed and endorsed | By Jan 26 |
| **F. Strengthen Organizational Performance Through an Effective Performance Management System** | | |

| | | |
|---|---|---|
| 1.Establish a Clear and Equitable Organizational Structure That Defines Roles, Responsibilities, and Delegated Authority Across All Staff Level | Job evaluation exercise completed and approved | By Jun'26 |
| | Evaluation outcomes implemented | By Jul'26 |
| **G. Enhance Workforce Capability Through Targeted Training and Professional Development** | | |
| 1. Assess and Identify Training Needs Across the Organization | Training needs assessment completed for all departments with prioritized training plan approved. | By Jan'26 |
| 2. Develop Partnerships with Qualified Training Providers to Support Workforce Development | Training Providers identified and trainings commenced | By Jan'26 |
| 3. Enhance Staff Capability Through Targeted Training Programs | Targeted staff trained as per approved HRD plan. | By Dec'26 |
| **H. Foster a Positive, Rewarding Work Environment That Supports Employee Growth and Retention** | | |
| 1. Enhance Employee Performance and Motivation Through a Performance-Based Remuneration Framework | Performance-based remuneration framework developed, approved, and implemented | By Jun'26 |
| **I. Enhance Financial Sustainability Through Strengthened Credit Management Practices** | | |
| 1. Establish a Robust Debt Management Policy to Ensure Timely Recovery of Outstanding Receivables | Debt Policy completed | By Jan'26 |
| 2. Strengthen Credit Management Procedures to Mitigate Financial Risk and Improve Cash Flow | 100% current sales collected | Monthly |
| Protect the Authority's Financial Interests Through Timely and Appropriate Legal Action Against Non-Paying Debtors | Overdue debts reduced by further 10% | By Nov'26 |
| **J. Modernize and Expand ICT Systems to Support Efficient Business Operations and Communication** | | |
| 1. Modernize KPA's Digital Presence to Promote Services and Enhance Stakeholder Communication | Information on KPA's Website and other Digital Platforms continuously updated | Jan' to Dec' |
| 2. Strengthen Data Management, Reporting, and Media Communication to Support Efficient Port Operations, Stakeholder Engagement, and Informed Decision-Making. | Communications Officer Recruited | Jan'26 |
| | Monthly Report on Port Statistics completed and presented to the Board | Monthly |
| **K. Strengthen Institutional Effectiveness by Reviewing and Improving KPA's Legal Mandate** | | |
| 1. Strengthen Institutional Effectiveness by Reviewing and Updating the KPA Act | KPA Act Reviewed and approved | By Mar'26 |
| 2. Enhance Financial Governance Through Adoption and Implementation of a Comprehensive Financial Policy | Financial policy developed, approved, and fully implemented across all departments | By Jan 26 |
| 3. Ensure Transparency and Compliance by Implementing International Financial Reporting Standards (IFRS) | New KPA Accounting Standard approved | By Dec 26 |

| | | |
|---|---|---|
| **L. Strengthen Stakeholder Relationships and Ensure Continuity of Operations During Organizational Change** | | |
| 2. Strengthen Stakeholder Engagement Through Regular Consultation and Communication | Regular consultations with shipping agents, KCCI, importers, exporters, and relevant government ministries conducted at least 2 times per year to address stakeholder concerns and enhance collaboration. | Jan' to Dec' |
| **M. Ensure Financial Sustainability by Achieving Budget Targets to Support Operational and Investment Priorities** | | |
| 1. Ensure Sustainable and Profitable Port Operations | A > 2% Revenue Growth target achieved | By Dec'26 |
| | A > 2.5% year-on-year ROE target achieved | By Dec'26 |
| 2. Optimize Cash Management to Meet Current and Future KPA Financial Requirements | Positive net cash flow year-on-year | By Dec'26 |
| | Dividend Policy | By Jan'26 |

## 4. A STATEMENT OF ANTICIPATED BORROWING

KPA has no immediate plans for borrowing during the current planning period, as available funds are sufficient to finance ongoing capital projects. Borrowing may be considered in later years if internal funds become insufficient. However, a potential borrowing in 2027 may be planned to support large-scale projects such as port expansion and the urgent replacement of damaged wharf structures. In particular, KPA is planning to obtain a loan from the Kiribati Provident Fund (KPF) to finance its reclamation project, estimated at approximately AUD 28 million. Under this plan, KPA will seek AUD 25 million from KPF and contribute AUD 3 million from its own funds. Given that KPF has indicated the capacity to provide AUD 10 million, KPA will explore additional financing options for the remaining balance through donor assistance or possible loan arrangements with development partners such as the World Bank.

## 5. THE ACCOUNTING POLICIES

The annual accounts are prepared under the historical cost convention in accordance with Generally accepted accounting principles, standards and statutory requirements in Kiribati. The principal accounting policies adopted by the Authority are as follows: -

a) Prepared on the accrual's basis
b) Depreciation is charged over the useful life of the fixed assets on a straight-line basis
c) Amortisation of the Aid Reserve is done annually at a rate equivalent to the depreciation rate for the fixed assets that were purchased

KPA is also planning to transition from GAAP to International Financial Reporting Standards (IFRS) in 2026, subject to the successful implementation of its ongoing transition plan.

## 6. WHETHER KPA ANTICIPATES THAT IT WILL GENERATE A RETURN THAT COVERS THE COST OF CAPITAL

KPA anticipates generating a return that will progressively cover the cost of capital over the planning period. The Authority's planned investments in heavy machinery, yard upgrades, and maintenance are expected to enhance operational efficiency, reduce turnaround times, and increase throughput capacity. These improvements will drive higher revenue from stevedoring and logistics operations, thereby supporting sustainable financial returns and improved capital utilization.

## 7. A STATEMENT OF THE PRINCIPLES TO BE ADOPTED IN DETERMINING ANY ANNUAL DIVIDEND

KPA commenced dividend payments in 2021 at a rate of 10% of profit after tax, a rate that was maintained in subsequent years until 2024. In 2025, no dividend payment was made that year for the 2024 profit after tax.

This decision reflects KPA's strategic priority to reinvest profits into critical areas such as the acquisition of heavy machinery, infrastructure maintenance, and port development. These reinvestments are essential to strengthening operational efficiency, ensuring asset reliability, and enhancing the Authority's long-term capability to fully perform its mandated functions and meet growing industry demands.

## 8. ANY ACTIVITY WHICH KPA REQUESTS OR HAS AGREED TO BE TREATED AS A CSO

No claims arising or anticipated in the planning period

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**9. ANY OTHER MATTER AS AGREED BY THE RESPONSIBLE MINISTERS AND THE BOARD**

Refer to 7.6 below.

# 2 MANDATE AND POLICIES GOVERNING THE DEVELOPMENT OF THE STATEMENT OF INTENT

## 2.1 Ownership Guidelines

The Kiribati Ports Authority (KPA) is a statutory body established under the *Kiribati Ports Authority Act 1990* and formally constituted in 2000. It operates under the direction of a Board of Directors and is wholly owned by the Government of Kiribati. KPA is classified as a State-Owned Enterprise (SOE) in accordance with the *State-Owned Enterprises Act 2013* (as amended).

As provided under the *KPA Act*, the Authority is legally mandated to provide port and navigational services within designated waters and lands in Kiribati, as declared by the Minister responsible.

The *SOE Act* sets out ownership and performance expectations for all State-Owned Enterprises, with the principal objective of ensuring that entities such as KPA operate efficiently, profitably, and sustainably comparable to privately owned businesses. In alignment with these guidelines, KPA continues to adopt a commercially focused approach to its operations while upholding its statutory responsibilities.

## 2.2 Obligations under the Kiribati Development Plan/KDV or similar

The Kiribati Development Plan (KDP) emphasizes enhancing the commercial viability and efficiency of State-Owned Enterprises (SOEs). This includes rationalizing SOE operations through measures such as outsourcing selected services and strengthening corporate governance practices. The KDP also mandates the preparation of annual Statements of Intent (SOIs) by all SOEs, alongside the timely submission of Half-Year Reports (HYRs), Annual Reports (ARs), and the completion of audits by the Kiribati Audit Office (KAO). The Kiribati Ports Authority (KPA) remains committed to fulfilling these statutory reporting obligations and to continually improving its performance in these areas.

In addition, the KDP calls for the implementation of sustainable infrastructure development through the establishment of comprehensive maintenance plans for major assets, including wharf facilities. It further envisions the advancement of a transshipment hub in Betio by 2029, aimed at expanding port services for international vessels and strengthening Kiribati's role in regional maritime trade.

## 2.3 Mandate

- KPA Act, 1990
- SOE Act, 2013 (as amended)

## 2.4 Purpose of the State-Owned Enterprise

KPA's future planning focuses on continuous improvements in efficiency and performance through upgrades to its facilities and equipment, enhanced customer service, and the incorporation of stakeholder feedback. Additionally, it emphasizes the training and development of staff, alongside the ongoing monitoring and evaluation of the plan's effectiveness

**Vision**
"Aspire to become the most efficient ports in the Pacific Region in sustaining green and economic growth through excellence in Port activities and services

**Mission**
KPA is committed to facilitate trade and enhance economic development through the provision and management of port services and facilities to its valued local and overseas customers.

**Values**
KPA believes in environmental sustainability, effective and friendly customer services, and respect for safety, health and well-being of its employees.

## 2.5 CORE business

KPA operates two main ports of entry. The first is located on Tarawa, at the edge of the Betio Lagoon, which also houses the KPA headquarters. The second port of entry is situated at Tabwakea on Kiritimati, serving the Line and Phoenix Islands.

Under its Act, KPA is committed to providing the following services and activities:

- *to regulate and control navigation within and approaches to ports,*
- *to promote the use, improvement and development of ports facilities and services,*
- *to acquire such land and execute such works or do such acts and things as may be necessary in respect of the functions of the Authority,*
- *to monitor and control local and overseas cargoes that are under custody,*
- *releasing cargoes through proper procedures and documentation,*
- *to detain any ISPS Obligated vessels that are not in compliance with the ISPS control and regulation.*

Besides KPA obligations it also provides services such as delivery of containers and collection of empty ones using its prime movers and side lifters.

KPA is also responsible as the Harbormaster for the safety and efficient functioning of Shipping and Port navigation facilities, Berthing, and the use of shore-based facilities as outlined below:

**Logistics and Trade**

- *Promotion and facilitation of a commercial environment in ports operations;*
- *Logistics planning for cargo stevedoring and shipment.*
- *Terminal handling services;*
- *Safe custody of cargoes passing through the port;*
- *Releasing cargoes through proper procedures and documentations;*

- *Port promotion and marketing;*
- *Advice on Dangerous Goods procedures.*

**Berth Services**
- *Pilotage of vessels;*
- *Advice on berthing requirements, i.e., pilots, tugs, line handling;*
- *Anchorage & Berth allocations;*
- *Passenger terminals;*
- *Port security;*
- *Mooring buoys;*
- *Mooring operation services*
- *Fender;*
- *Promote the use, improvement and development of ports facilities and services,*
- *Acquiring such land and execute such works or do such acts and things as may be necessary in respect of the functions of the Authority.*

**Shipping and Port Navigation, Safety and Environment**
- *Harbour Master,*
- *Regulate and control navigation within ports,*
- *Detain any vessels that is not in compliance with the ISPS control and regulation,*
- *Safe transfer of bulk liquids and Dangerous Goods,*
- *Management and protection of the port environment,*
- *Removing of ship wrecks from docks and lagoon,*
- *Pollution control – e.g. Imposing fee for pollution,*
- *Surveys of vessels, shipping channels, and navigation aids,*
- *Ports communications and harbour control,*
- *Vessel traffic management,*
- *Security patrols.*

# 3 PLANNING INPUTS

## 3.1 Profile / Overview of the Business & Assessment of Recent Results

The primary function of the Kiribati Ports Authority is to facilitate safe passage of cargo and passengers from international and domestic vessels through the ports. Additionally, KPA facilitates border control and statutory processes at the nation's two designated ports of entry: Betio Port in Tarawa, serving the Gilbert Islands, and Kiritimati Port, serving the Line and Phoenix Islands.

KPA relies heavily on machinery to deliver efficient services; however, procuring these machines is highly expensive. Additionally, their operational and maintenance costs are significant, compounded by KPA's remote location, which makes access to spare parts and suppliers challenging. Despite these obstacles, KPA strives to maintain profitability to ensure timely repairs of its existing fleet and the swift replacement of outdated machinery when necessary. However, KPA currently faces limitations in fully meeting the requirements outlined in the KPA Act. As a result, external support from the Government and development partners is occasionally needed, particularly for procurements or projects that exceed KPA's financial capacity.

KPA has successfully benchmarked its services against regional ports through its membership in the Pacific Maritime Transport Alliance (PMTA). This benchmark will continue to play a key role in enhancing KPA's operational standards in the future. Additionally, the introduction and improvement of wharf facilities for fishing vessels present significant opportunities to attract increased fishing vessel traffic.

| Financial Highlights | Audited 2020 | Audited 2021 | Audited 2022 | Audited 2023 | Unaudited 2024 |
|---|---|---|---|---|---|
| Revenue | 6,556,945 | 7,860,015 | 8,636,361 | 9,931,570 | 11,105,481 |
| Net Profit AFTER Tax | 1,496,026 | 2,235,469 | 1,797,812 | 2,256,932 | 1,800,111 |
| CSO payments / subsidies / grants | | | | | |
| Total Current Asset | 19,631,410 | 20,505,405 | 20,782,844 | 22,139,230 | 20,127,678 |
| Total Non Current Assets | 43,345,214 | 41,830,284 | 40,671,311 | 39,322,047 | 40,491,806 |
| Total Current Liability | 1,149,551 | 750,352 | 645,640 | 926,699 | 861,566 |
| Shareholders' Equity | 61,827,073 | 61,585,337 | 60,808,515 | 60,534,578 | 59,757,918 |
| ROE % | 3% | 3.63% | 2.96% | 3.73% | 3.01% |
| ROA % | 5% | 3.59% | 2.93% | 3.67% | 2.97% |
| Debt / Equity | | | | | |
| Current Assets / Current liabilities | 17.07 | 27.33 | 32.19 | 23.89 | 23.36 |

The Kiribati Ports Authority (KPA) has sustained strong financial performance over the past five years, with total revenue increasing from $6.56 million in 2020 to $11.11 million (unaudited) in 2024, a growth of nearly 70%. This steady upward trend reflects the Authority's ongoing improvements in operational efficiency, strengthened revenue collection, and enhanced utilization of port facilities. Net Profit After Tax remained stable across the period, averaging around $2 million annually, demonstrating KPA's ability to manage costs effectively while maintaining profitability amid rising operational and maintenance demands.

KPA's financial position continues to be anchored by the Japanese Aid–funded wharf infrastructure, which forms the backbone of its $60 million asset and equity base. Notably, about 50% of this equity represents the Asset Aid Reserve contributed by Japan, which is being systematically depreciated and amortised over its useful life. While these high non-cash charges impact accounting profitability, they do not affect the Authority's cash flow position. Instead, they reflect prudent accounting treatment of the substantial infrastructure support provided through foreign aid, underscoring KPA's strong capital foundation and long-term service capacity.

The Authority's liquidity and solvency remain exceptionally strong, with a current ratio of 23.36:1 in 2024, indicating current assets of $20.1 million compared to current liabilities of only $0.86 million. Both Return on Assets (2.97%) and Return on Equity (3.01%) remain stable and consistent with the performance expectations of a capital-intensive State-Owned Enterprise (SOE) managing significant infrastructure assets. KPA also maintains a very low debt-to-equity ratio, confirming its prudent financial management and minimal reliance on external borrowing.

Overall, KPA's financial results from 2020 to 2024 demonstrate robust operational management, fiscal discipline, and sustainability. The Authority's strong equity position—bolstered by the Japanese Asset Aid Reserve—provides a solid base for future infrastructure investments and modernization efforts. KPA remains well positioned to proceed with its planned transition to International Financial Reporting

Standards (IFRS) and to support national development objectives through continued improvements in port efficiency, financial transparency, and long-term economic resilience.

3.2 Current Situational analysis

**Personnel**

The development and expansion of the Kiribati Ports Authority like any other ports in the Pacific require the right size of the workforce with the right skills, knowledge and qualifications for operational efficiency and sustainability. KPA committed to review and update the establishments register (ER) annually to ensure staff cost does not exceed half of the total revenue budget. In 2025, the total ER is 149 and for 2026, it dropped to 145 whereas Tarawa comprise of 123 employees and 22 for Kiritimati.

Staff benefits and other employment matters have been addressed through an ongoing review of KPA's conditions of service. KPA is committed to complete the review on KPA's condition of service edition 2022 in December 2025.

KPA relies heavily on its human resource capital to continue providing the port service delivery to the public but with the fast-growing changes in port machineries and systems, KPA needs to invest in its human resources in order to keep up with these technological changes to optimize efficiency and productivity. Commitments to support the capacity building programs is reflected in the KPA's three year's human resource development plan (HRD Plan) which provides the updates on training programs that have been completed, ongoing and are pending for funding and financial support. These training programs are proposed to address skill gaps that exist or about to exist within the workforce. The HRD Plan is updated annually to reflect changing priorities, training opportunities and funding availability. KPA committed to support the capacity building of its staff by allocating a training budget every year.

The KPA's three year's HRD plan links to the government's KV 20 under its wealthy pillar which seeks to create a highly skills, qualified and efficient workforce.

KPA will undertake a job evaluation exercise with the assistance of a local consultant. The contract agreement with a local consultant was signed including the TOR and the assignment will start in November 2025.

KPA is committed to undertake another exercise on the structure review after the job evaluation completed to minimise its employment cost. An establishment of the Compliance & Quality Assurance Unit department will enable KPA to audit its own compliances and attending identified gaps for improved performance.

KPA's investment in buying new machineries for improving cargo handling efficiency and assist in reducing yard congestion has been achieved. Heavy machineries fleets have been increased and with the arrival of a new Kalmar Reach stacker, KPA is committed to invest in the capacity building of Machine Operator to ensure machines are operated properly. A one week in-country training on Machine Operator training on forklift was completed in October 2025 and attended by all machine operators who have been certified as qualified Machine Operator according to the New Zealand standard and issued with certificates. The training covered theory, practical and safety aspects of machinery operations.

The safety of employees and all customers including the public is KPA's number one priority. Having the OHS and PPE policies in place, KPA is committed to comply with the ISPS Code, the Occupational Health & Safety (OHS) and the Employment & Industrial Relations Code (EIRC) through ongoing audits. The Safety Officer is retitled to Quality Assurance & Safety Officer (QASO) to ensure the post holder assists in the development of KPA's quality manual. In the 2026 ER, the Assistant Quality & Safety Officer was created to assist in strengthening the safety compliance and auditing team.

**Port Facilities**

KPA must maintain its port facilities, with priority given to the jetty and the berthing wharves for domestic and small crafts. Currently, KPA does not have a dedicated Civil or Structural Engineer for the maintenance of the jetty and other wharf structures. To address this, the Authority has invested in capacity-building training for existing staff on structural maintenance. Notably, a training program organized by JICA was found to be highly valuable and resourceful. KPA welcomes further training initiatives, including programs on machinery operation and maintenance, in collaboration with other development partners.

In addition, KPA needs to strengthen control measures for port users conducting business within port waters. This requires effective enforcement and the development of appropriate regulations to support compliance. Instances of vessels failing to report to port control upon arrival or departure highlight the need for improved oversight. Pilotage services must also be regulated under the KPA Act. Achieving these objectives will require strong legal backing through the review and enhancement of existing legislation and regulations.

With the current ship schedules and container movements, the existing container yard has become inadequate, resulting in congestion, operational inefficiencies, and potential safety concerns. KPA is therefore planning to expand these facilities. The increasing number of fishing vessels entering Betio port underscores the need for additional berthing spaces to accommodate both container and fishing vessels. The construction of new berths, including an extension near KFL, is expected to address these requirements. An Environmental Impact Assessment (EIA) for the berth extension project was completed in 2024, and KPA will continue to work closely with relevant stakeholders and partners to expedite the implementation of this and other critical infrastructure projects

Kiribati is a sea locked country and reclamation of lands is the only option for development of ports and fisheries facilities in the next 10 to 20 years. A master development plan is required to determine the port development options that will address the identified issues and most required future needs. Australian Government through the AIFFP (Australia Infrastructure Fund Facility Program) is helping KPA to develop the mentioned master plan.

**Quality Assurance, Health, Safety, and Security**

In the previous years after the Covid 19 Pandemic, KPA's met a few challenges pertinent to the enforcement and compliance with relevant domestic and international standards required for Health, Safety and Security. The few challenges faced with intended mitigative measures are categorized and listed below:

**1. Health and Safety:**

**Challenge:**
KPA's Occupational Health and Safety (OHS) policy was not formalized. While safety measures were practiced, they were not documented, making it difficult to ensure consistency and compliance across operations.

**Current Solution / Measure:**
In 2022, KPA established a new position, the Port Safety Officer (PSO), tasked with developing a documented OHS policy and ensuring compliance with the requirements of the Ministry of Employment and Human Resources.

In November 2024, KPA management and the Board sent a delegation of five senior officers, including the PSO, to participate in a specialized training program, "Towards Zero Incidents," in Fiji. The course, delivered by Ken Knowledge International, equips KPA personnel with the expertise to implement and oversee an effective Risk Management Implementation Plan, which is planned to take full effect in the coming period.

**2. Security:**

**Challenge:**
In late 2023, a security incident occurred in which an audit revealed that while security protocols and measures at the entry gate were in place, they were not effectively implemented. This lapse allowed an unauthorized object to enter the port through an empty container. The incident attracted widespread attention on social media and raised serious concerns, as it exposed vulnerabilities that could potentially be exploited by individuals or organizations with malicious intent, including terrorist groups targeting the region.

This underscores the urgent need to strengthen security measures, ensure strict compliance with established protocols, and maintain robust control over access to KPA facilities.

**Current solution / measure:**

KPA has initiated a comprehensive review of its obligations under the IMO ISPS Code and, in 2024, recruited a Port Facility Security Officer (PFSO). The PFSO is responsible for overseeing the review, planning, and implementation of KPA's Port Facility Security Plan in line with international standards. KPA continues to work closely with the Designated Authority (MICT) to ensure full compliance with the ISPS Code, safeguarding the sustainability of the supply chain.

To further strengthen security, KPA management has increased the size of the **Port Security Team** at both Betio and Kiritimati ports. In addition, plans are underway to formalize an official agreement for outsourced security services for Betio starting in 2025 and continuing in subsequent years.

**3. Effective and Efficient Enforcement and Management of OHS and Port Security Activities**

KPA Management increase the number of KPA Port Security Team for Betio and Kiritimati and Development of an Official agreement for outsourced security for 2025 and forth for Betio.
3. Effective and efficient enforcement management of OHS and Port Security activities:

Additionally, the Risk Management Team was established in January 2025 with a range of responsibilities, including the development of the Risk Register, which was successfully completed in June 2025.

**KPA Challenge:**
The implementation and enforcement of OHS and security activities are ongoing; however, these functions are currently managed at different levels and across separate departments. This has resulted in overlapping responsibilities, with similar activities being directed by two Heads of Department. To enhance consistency, transparency, and accountability, there is a clear need for a quality assurance system. The Enforcement and Compliance unit, established in 2024, aims to strengthen the coordination and effectiveness of safety and security initiatives.

Following the additional responsibilities assigned to the former Port Safety Officer and the restructuring of departments, it became evident that the workload is overwhelming. As a result, the objectives of these initiatives may face delays or risks not being fully realized without further support and capacity enhancement.

**Current solution / measure:**
The former Port Safety Officer position was retitled as Quality Assurance and Safety Superintendent (QASS), tasked with overseeing the implementation and management of the QMS and Occupational Health and Safety activities. To support this expanded role, a new position, Assistant Quality Assurance and Safety Officer, was created in 2025 to assist QASS with additional responsibilities as needed.
KPA Management is confident that these structural and operational enhancements will strengthen enforcement, compliance, and quality services throughout 2025 and subsequent years, while remaining flexible to introduce new initiatives as circumstances evolve to ensure the long-term sustainability and regulatory compliance of KPA

**<u>Kiritimati Branch</u>**
The Branch Manager oversees operations at the Kiritimati branch, which is managed under the direction of KPA in Tarawa. Due to the remoteness of the Line and Phoenix Islands, the branch primarily facilitates the entry and exit of international cargo to these islands. While there are ongoing requirements to improve port services at Kiritimati, operational focus remains on Betio Port, given the larger volume of cargo handled and the higher population in the Gilbert Islands.
The Kiritimati branch currently operates with adequate but aging resources, which meet the needs of the islands relative to cargo volumes and population size. The procurement of new machinery commenced in 2025 and will continue until the branch is fully equipped to ensure reliable, continuous port operations.

KPA plans to complete the construction of the ramp and breakwater at the new London site by 2027. This infrastructure will ensure the safe and efficient loading and offloading of cargo and passengers between ships and land, particularly under adverse weather conditions.

**<u>Promoting Green Port Initiatives</u>**

KPA has generated profits in recent years, which can be further enhanced by controlling operational costs. The adoption of green energy solutions, such as solarizing buildings, LED lighting, and renewable-fuel machinery, will reduce electricity and fuel expenses over the long term. Complementary initiatives, including improved rainwater catchments and water storage, will reduce reliance on desalination plants.

KPA is also pursuing resilience-focused projects to address national challenges such as climate change, sea-level rise, and population growth within limited land space, ensuring sustainable operations while supporting national development priorities.

**Volumes, Pricing and marketing**

In executing its mandated functions, the Kiribati Ports Authority (KPA) relies heavily on specialized machinery and equipment that are both costly and difficult to procure locally. Most replacement parts and new machinery must be imported, resulting in significant operational and maintenance expenses. Consequently, KPA's tariffs are structured to reflect these costs while ensuring the continued reliability and safety of port operations.

Nonetheless, KPA remains mindful of the financial impact on its customers, particularly importers, and therefore maintains a balance between cost recovery and affordability. In some cases, tariffs are discounted to support the business community and maintain trade competitiveness.

KPA's tariff structure is established through comprehensive analysis and stakeholder consultation to ensure that the Authority secures sufficient revenue to sustain its operations while keeping charges fair and reasonable. Should the Government or development partners assist in funding the procurement of critical equipment and heavy machinery, KPA would be able to reconsider and potentially lower its tariff rates. For now, KPA continues to apply the 2022 tariff schedule, with a full review planned for 2025 and fully implemented in 2026 and subsequent years.

As a trade gateway, KPA's revenue is largely dependent on the volume of cargo handled through the port. Most cargoes are containerized, with break-bulk cargoes steadily declining. Container handling charges remain the Authority's primary revenue source. The current container yard can safely accommodate up to 500 containers, while each incoming vessel typically delivers an average of 300 containers per call.

Fishing vessels contribute to port revenue through port dues charged upon entering, anchoring, or berthing within port waters. The planned expansion of the wharf to cater for more fishing vessels is expected to increase these returns and further diversify revenue streams.
Domestic-related revenue is projected to continue growing by approximately 3–4% annually over the next few years.

While KPA's strategic focus remains on strengthening its core operations, it also continues to explore opportunities to outsource non-core activities—including certain stevedoring services—to improve operational efficiency. However, as these services constitute a significant portion of KPA's total revenue, any outsourcing initiative will be approached cautiously and strategically to safeguard the Authority's financial stability.

**Business Systems and Administration**

KPA reviews its financial performance monthly, and this practice is required to be maintained for the next 3 years. The board meetings will be presented with financial reports for authorization.

KPA obtained Unqualified Audit Opinions for the 2018 and 2019 financial statements, reflecting compliance with accounting standards and sound financial management. In 2020, the Authority received a Qualified Opinion due to minor areas requiring improvement. These issues were subsequently addressed, and KPA regained Unqualified Opinions in both 2021 and 2022, demonstrating continued improvement in financial reporting, debt collection, and reconciliation practices. The 2023 audit has been completed and is currently awaiting the release of the official Audit report, while the 2024 financial statements were submitted to the Kiribati Audit Office (KAO) in March 2025, with the audit process yet to commence.

Efforts are currently on-going and will accelerate to resolve or write-off debts with Government bodies, development partners and other regulatory agencies. The larger debts owing from shipping entities are more complex to manage. Most of these debts emanate from a dispute in payment of KPA's services by local shipping agents. After servicing the cargo vessel, KPA raises an invoice to the local shipping agent. The shipping agent claims to the shipping owner the amount invoiced by KPA. The shipping owner might pay its local shipping agent, or part-pay but then the money can stay with the agent and is only partly paid to KPA while the agent makes dispute on certain charges. KPA has worked to remedy this system and managed to collect money direct from the shipping owner for the service of the owner's vessel while the owner pays only a commission fee to its agent, however a backlog of past disputed amounts remains. KPA has proceeded to the court for the long outstanding debts.

The $3 million invested in the Australian Unit Trust, Equity Trustees in October 2017 was cashed in in January 2020 yielding a realised profit of nearly $800k. The action to sell the investment was made prior to the crash in the Australian Stock Market towards the end of March. The funds were reinvested in May 2020 with the market still at a low level and already an unrealised gain has been made on this reinvestment of over $150k. Management is pleased with the positive gains on these investments. While KPA intends to explore investing more funds offshore, management understand the wider obligations, including development of a dividend policy, in its cash management strategies as well as considering a priority to invest in machines, facilities and identified capital projects.

Furthermore, KPA intends to improve control on stock by improving its database system. The Central store has been well established with appropriate control measures to record all movement of stocks including overseas purchases and release of items from central store.

Underpinning the above status on aspects of financial management and financial reporting, KPA needs to develop capacity to provide robust and reliable financial forecasts and will work to develop such capacity in the coming months. Such forecasting is essential as the basis for key financial decisions and better overall control of the performance of KPA and of its near-future prospects.

KPA depends on internet network for efficient communications and sharing of data internally and to the public. The recent installation of the Starlink network boosted the internet connection and improved internet networking. Recent, installation of base radio on vehicles has improved the communication between the office and the vehicles driving around in Tarawa. The ICT unit is working hard to maintain the IT system and a good internet network.

KPA has engaged in sharing information and promoting of its services and products through its existing Facebook account while updating the website contents monthly. The ICT Unit will maintain the validity of licenses and subscriptions for the computing tools and software that are used for maintaining the efficiency of such working tools including computers and servers.

With the good database system in place, KPA statistics are updated and allow easy retrieval of information and data when required for monthly or any other reports. KPA will venture to improve its online and Facebook website so that not only data is retrieved easily but all information about KPA is made available online. A Statistics Officer is planned to be recruited to handle such requirement.

To keep up to date with port developments, KPA is member to the Executive Committee of the Pacific Maritime Transport Alliance (PMTA) since 2015. The PMTA has exposed KPA to current trends, strategies and technologies enabling it to benchmark its services and activities against other members in the region who operate as port authorities. This is already bearing fruit as KPA has reviewed its tariff in 2018 and 2022 in line with prudent rates and practices adopted elsewhere. This includes purchase of similar machines and equipment used in other ports. Again, the Covid19 has force the PMTA annual meeting to be cancelled in 2020 to 2022, the PMTA has resumed in 2023 hosted by SIPA, Solomon Islands.

The connection with other ports at the PMTA has also provided the opportunity to send KPA staff on an attachment scheme with Fiji and Solomon ports in 2023.

### 3.3 Summary, Business Risks and SWOT analysis

KPA has generally performed well in recent times despite the exceptional challenges. KPA accepts that continued effort is required, needing to:

- Accelerate the process of costing and design for the capital projects,
- Improve its regulations to strengthen the control on port activities for maximising revenue.
- Accelerate debts collection and the court proceedings with debtors of large amounts owing to KPA.
- Venture into projects that are associated with fisheries and tourism development in line with KV20,
- Seek Government and Development Partners assistance in financing expensive capital equipment and machinery and also other important projects,
- Provide excellent and satisfactory service to the public and customers, and
- Continue to improve security measures particularly on both Tarawa and Kiritimati ports to support the requirement of the US Coast Guard.

A SWOT analysis provides the following indicative assessment. The purpose is for clarity and to inform the planning period objectives, rather than to be a full and all-inclusive list.

| STRENGTHS | WEAKNESSES |
|---|---|
| ▪ Major quality assets in main wharf<br>▪ Strategic location within North Pacific as a hub for sea traffic<br>▪ Established systems and Ports operational know-how<br>▪ Committed to building IT capacity and 'modernising' operations | ▪ High asset maintenance cost.<br>▪ Yard limited space causes high operational costs<br>▪ Overstaffed and burden of redundancy<br>▪ Debt collection issues<br>▪ Lack of port regulations |
| **OPPORTUNITIES** | **THREATS** |
| ▪ Potential for review/increase of fees and charges<br>▪ Scope for continuous capacity building and staff development<br>▪ Promote Tarawa/Kiritimati as a regional hub in the North Pacific to increase traffic and services, including fishing. | ▪ IMO and FAA regulations extensive and demanding for a small ports' operation<br>▪ Dependence on financial assistance for some capital projects<br>▪ Prolonged procurement process with Ministry of Finance & Letter of Credit from ANZ Bank. |

### 3.4 Leading to Specific Challenges and Focus of Planning Period

The Kiribati Ports Authority (KPA) will continue to pursue its strategic targets over the next three years with a strong commitment from both the Board and Management. Achieving these targets will also rely on Government support, particularly in securing funding from development partners.

KPA intends to review its tariffs periodically while maintaining them at the most affordable level possible to ensure both financial sustainability and the continued accessibility of port services. In alignment with the Government's Kiribati Vision 20 (KV20), KPA recognizes infrastructure development as a national priority. This includes land reclamation, expansion of existing wharves to accommodate fishing and cruise vessels, and support for the long-term objectives of the fisheries and tourism sectors. As the central hub for maritime activities, the port must evolve in parallel with these national development priorities.

KPA is committed to strengthening its commercial orientation through robust mechanisms for financial planning, cost control, and revenue generation. These are essential for transforming the port into a financially sustainable, commercially driven enterprise.

Customer service excellence remains a core focus of KPA's operations. To ensure accountability and continuous improvement, KPA will define measurable performance standards and establish systems to monitor user satisfaction. Recognizing that some aspects of service quality cannot be quantified, KPA will also implement formal channels to receive feedback and incorporate it into operational improvements.

The delivery of timely and efficient port services depends on a clear plan for the orderly development and maintenance of port infrastructure. Accordingly, the formulation and implementation of an effective Asset Management Plan will remain critical to the operational efficiency, safety, and long-term resilience of KPA's facilities.

Ultimately, KPA's success in achieving its commercial and operational goals depends on the dedication, skills, and professionalism of its workforce. Continuous capacity building and initiatives to foster staff engagement and commitment will be central to KPA's strategic direction in this planning period.

## 4 PLANNING PERIOD OBJECTIVES

### 4.1 Statement to reconcile the key challenges from section 3.4 to identify planning period Objectives

KPA's objectives for 2026-28 are developed to reflect the expectations of Government and the public for what type, scope, and quality of services are to be provided.

The mix of issues and challenges for KPA can fall broadly under the headings of:

- Port Services and Facilities
- Staff Capacity Building
- Business Systems
- Managing business as usual

Around these headings, KPA has identified the following planning period objectives that will address the major challenges and opportunities within feasible resource allocations and constraints. KPA acknowledges that some funding support from development partners is likely to be needed to pursue the port facilities upgrades and these capital works are an important component of achieving the stated objectives.

4.2 Clear Statement of Objectives to accomplish by the end of the Planning Period

| | Key Objectives |
|---|---|
| | **Port Services and Facilities** |
| A | Enhance Operational Excellence and Safety Across Port Operations |
| B | Modernize and Expand Port Infrastructure to Meet Current and Future Demands |
| C | Advance Environmental Sustainability Through Green Port Initiatives |
| D | Strengthening Customer Experience by Ensuring Reliable Machinery and Equipment Availability |
| E | Ensure Financial Sustainability Through Fair and Transparent Cost-Recovery for Port Services |
| | **Staff Capacity Building** |
| F | Strengthening Organizational Performance Through an Effective Performance Management System |
| G | Enhance Workforce Capability Through Targeted Training and Professional Development |
| H | Foster a Positive, Rewarding Work Environment That Supports Employee Growth and Retention |
| | **Business Systems** |
| I | Enhance Financial Sustainability Through Strengthened Credit Management Practices |
| J | Modernize and Expand ICT Systems to Support Efficient Business Operations and Communication |
| K | Strengthening Institutional Effectiveness by Reviewing and Improving KPA's Legal Mandate |
| | **Managing business as usual** |
| L | Strengthening Stakeholder Relationships and Ensure Continuity of Operations During Organizational Change |
| M | Ensure Financial Sustainability by Achieving Budget Targets to Support Operational and Investment Priorities |

## 5 STRATEGIC ACTIONS TO SATISFY OBJECTIVES

5.1 Identify 1 – 5 key strategies that aim to meet each Objective and that are specific actions and tasks, clearly stating who is responsible and what resources are allocated to the tasks.

| Strategic Actions | KPI | Who | Resources |
|---|---|---|---|
| **A. Enhance Operational Excellence and Safety Across Port Operations** | | | |
| 1. Establish a standardized framework to guide and optimize departmental operations | All departmental Standard Operating Procedures (SOPs) are developed, standardized, approved, and compiled into an operational manual | CEO, HODs, QASO | |
| 2. Implement a performance management system that measures efficiency and effectiveness across all port operations. | Benchmark performance standards are developed and adopted for all key port operations.<br>Operational performance **is assessed quarterly** against established benchmarks, with gaps documented and corrective actions implemented. | CEO, HODs, QASO | |
| | Operational performance **is assessed quarterly** against established benchmarks, with gaps documented and corrective actions implemented | | |
| **B. Modernize and Expand Port Infrastructure to Meet Current and Future Demands** | | | |
| 1. Execute strategic capital development initiatives to enhance port infrastructure, capacity, and service delivery. | Prioritized capital projects are implemented in accordance with the approved Capital Projects Schedule. | CEO, PDO, HODs | Capital projects schedule |
| | A dedicated Project Management Unit (PMU) is established and a qualified Project Manager is recruited to oversee implementation and reporting. | CEO, HRM | |
| **C. Advance Environmental Sustainability Through Green Port Initiatives** | | | |
| 1. Advance the adoption of renewable energy solutions to enhance sustainability and reduce environmental impact. | Renewable energy solutions (solar systems) are implemented | CEO/EM | KPA |
| 2. Establish a comprehensive energy efficiency and conservation framework to optimize energy use across all operations | The Energy Efficiency and Conservation Policy is developed, approved, and communicated across all operations | EM | Outsource supplier, KPA funds |
| **D. Strengthen Customer Experience by Ensuring Reliable Machinery and Equipment Availability** | | | |
| Establish a strategic asset management framework to optimize the lifecycle, utilization, and performance of all port assets | The Asset Management Plan is developed, approved, and implemented to ensure optimized utilization, maintenance, and performance monitoring of all port assets. | HODs | SOEMAU |
| **E. Ensure Financial Sustainability Through Fair and Transparent Cost-Recovery for Port Services** | | | |

| | | | |
|---|---|---|---|
| 1. Review the structure of port prices to ensure an appropriate balance of costs and revenues at each major cost centre. | Comprehensive tariff review completed and endorsed | CEO, user HODs | KPA |
| **F. Implement an effective and efficient PMS system** | | | |
| 1.Establish a Clear and Equitable Organizational Structure That Defines Roles, Responsibilities, and Delegated Authority Across All Staff Level | Job evaluation exercise completed and approved | HRM/TA | KPA |
| | Evaluation outcomes implemented | HRM/TA | |
| **G. Enhance employee skills through targeted training programs** | | | |
| 1. Assess and Identify Training Needs Across the Organization | Training needs assessment completed for all departments with prioritized training plan approved. | HRM | HRM |
| 2. Develop Partnerships with Qualified Training Providers to Support Workforce Development | Training Providers identified and trainings commenced | HRM | |
| 3. Enhance Staff Capability Through Targeted Training Programs | Targeted staff trained as per approved HRD plan. | HRM | |
| **H. Maintain a rewarding working environment and opportunities for skill development for employees of KPA** | | | |
| 1. Enhance Employee Performance and Motivation Through a Performance-Based Remuneration Framework | Performance-based remuneration framework developed, approved, and implemented | PLM, HODs | |
| **I. Strengthen credit management processes to ensure financial stability and efficiency** | | | |
| 1. Establish a Robust Debt Management Policy to Ensure Timely Recovery of Outstanding Receivables | Debt Policy completed | FM, HODs | |
| 2. Strengthen Credit Management Procedures to Mitigate Financial Risk and Improve Cash Flow | 100% current sales collected | FM, HODs | |
| 3. Protect the Authority's Financial Interests Through Timely and Appropriate Legal Action Against Non-Paying Debtors | Overdue debts reduced by further 10% | FM | Private lawyer |
| **J Expand and improve IT systems for business and communications throughout the operation** | | | |
| 1. Modernize KPA's Digital Presence to Promote Services and Enhance Stakeholder Communication | Information on KPA's Website and other Digital Platforms continuously updated | ITM | |
| 2. Strengthen Data Management, Reporting, and Media | Communications Officer Recruited | ITM, HRM | |

| | | | |
|---|---|---|---|
| Communication to Support Efficient Port Operations, Stakeholder Engagement, and Informed Decision-Making. | Monthly Report on Port Statistics completed and presented to the Board | ITM, CO,PLM | |
| **K. Review and improve legal mandate** | | | |
| 1. Strengthen Institutional Effectiveness by Reviewing and Updating the KPA Act | KPA Act Reviewed by Local TA | CEO, HRM, HODs | AG office |
| 2. Enhance Financial Governance Through Adoption and Implementation of a Comprehensive Financial Policy | Financial policy developed, approved, and fully implemented across all departments | CEO/FM | |
| 3. Ensure Transparency and Compliance by Implementing International Financial Reporting Standards (IFRS) | New KPA Accounting Standard approved | FM | |
| **L. Maintain (existing operations) and relationships with stakeholders in a harmonious manner while undergoing change** | | | |
| 1. Strengthen Stakeholder Engagement Through Regular Consultation and Communication | Regular consultations with shipping agents, KCCI, importers, exporters, and relevant government ministries conducted at least once a year to address stakeholder concerns and enhance collaboration. | CEO, HODs | |
| **M. Achieve budget targets (*essential for cash input to operations and investment priorities)*** | | | |
| 1. Ensure Sustainable and Profitable Port Operations | A > 2% Revenue Growth target achieved | FM | |
| | A > 2.5% year-on-year ROE target achieved | FM | |
| 2. Optimize Cash Management to Meet Current and Future KPA Financial Requirements | Positive net cash flow year-on-year achieved | FM | |
| | Dividend Policy iplemented | FM | |

5.2 Support this by a concise statement linking other aspects of the "business as usual" approach identifying the other aspects of the business that contribute to earnings.

While revenue growth is feasible during the planning period, around 3% to 4%, employment costs will increase.

Surplus cash will continue to be considered for investment overseas and is for the longer term. KPA expects the capital value of these funds to increase as well as receiving the benefits from dividends and interest. The investments will be in funds that will be quickly liquidated into cash should they be urgently needed for capital expenditure.

The KPA targets to achieve break-even at the Operating Profit level but the Authority is susceptible to swings in revenue. However, costs will continue to be driven down following on from the savings made in 2020. With the release of the Aid Reserve, Net Profit will exceed $2m in each of the coming three years.

This will ensure that sufficient cash flow is available for the investment in replacing heavy, expensive equipment to continue the running of the ports in an efficient manner securing the importation of cargo for the country as well as retaining funds for future repairs to the wharves.

## 6 PERFORMANCE MEASURES

6.1 Identify 1 – 5 SMART KPI's that relate specifically to each strategy

| Strategic Actions | KPI (Measure) | When |
|---|---|---|
| **A. Enhance Operational Excellence and Safety Across Port Operations** | | |
| 1. Establish a standardized framework to guide and optimize departmental operations | All departmental Standard Operating Procedures (SOPs) are developed, standardized, approved, and compiled into an operational manual | By Jan'26 |
| 2. Implement a performance management system that measures efficiency and effectiveness across all port operations. | Benchmark performance standards are developed and adopted for all key port operations. | By Jan'26 |
| | Operational performance **is assessed monthly** against established benchmarks, with gaps documented and corrective actions implemented. | By Feb'26 |
| **B. Modernize and Expand Port Infrastructure to Meet Current and Future Demands** | | |
| Execute strategic capital development initiatives to enhance port infrastructure, capacity, and service delivery. | Prioritized capital projects are implemented in accordance with the approved Capital Projects Schedule. | By Jan'26 |
| | A dedicated Project Management Unit (PMU) is established and a qualified Project Manager is recruited to oversee implementation and reporting. | By Jan'26 |
| **C. Advance Environmental Sustainability Through Green Port Initiatives** | | |
| Advance the adoption of renewable energy solutions to enhance sustainability and reduce environmental impact. | Renewable energy solutions (solar systems) are implemented | By Jun'27 |
| Establish a comprehensive energy efficiency and conservation framework to optimize energy use across all operations | The Energy Efficiency and Conservation Policy is developed, approved, and communicated across all operations | By Dec' 26 |
| **D. Strengthen Customer Experience by Ensuring Reliable Machinery and Equipment Availability** | | |
| Establish a strategic asset management framework to optimize the lifecycle, utilization, and performance of all port assets | The Asset Management Plan is developed, approved, and implemented to ensure optimized utilization, maintenance, and performance monitoring of all port assets. | By DEc'26 |
| **E. Ensure Financial Sustainability Through Fair and Transparent Cost-Recovery for Port Services** | | |

| | | |
|---|---|---|
| 1. Review the structure of port prices to ensure an appropriate balance of costs and revenues at each major cost centre. | Comprehensive tariff review completed and endorsed | By Jan'26 |
| **F. Implement effective PMS system** | | |
| 1.Establish a Clear and Equitable Organizational Structure That Defines Roles, Responsibilities, and Delegated Authority Across All Staff Level | Job evaluation exercise completed and approved | By Jun'26 |
| | Evaluation outcomes implemented | By July'26 |
| **G. Upskilling through identified training** | | |
| 1. Assess and Identify Training Needs Across the Organization | Training needs assessment completed for all departments with prioritized training plan approved. | By Jan'26 |
| 2. Develop Partnerships with Qualified Training Providers to Support Workforce Development | Training Providers identified and trainings commenced | By Jan'26 |
| 3. Enhance Staff Capability Through Targeted Training Programs | Targeted staff trained as per approved HRD plan. | By Dec'26 |
| **H. Maintain a rewarding working environment and opportunities for skill development for employees of KPA** | | |
| 1. Enhance Employee Performance and Motivation Through a Performance-Based Remuneration Framework | Performance-based remuneration framework developed, approved, and implemented | By Jun'26 |
| **I. Strengthen credit management processes** | | |
| 1. Establish a Robust Debt Management Policy to Ensure Timely Recovery of Outstanding Receivables | Debt Policy completed | **By Jan'26** |
| 2. Strengthen Credit Management Procedures to Mitigate Financial Risk and Improve Cash Flow | 100% current sales collected | Monthly |
| 3. Protect the Authority's Financial Interests Through Timely and Appropriate Legal Action Against Non-Paying Debtors | Overdue debts reduced by further 10% | By Nov'26 |
| **J Expand and improve IT systems for business and communications throughout the operation** | | |
| 1. Modernize KPA's Digital Presence to Promote Services and Enhance Stakeholder Communication | Information on KPA's Website and other Digital Platforms continuously updated<br>Communications Officer Recruited | Jan - Dec'26 |
| 2. Strengthen Data Management, Reporting, and Media Communication to Support Efficient Port Operations, Stakeholder Engagement, and Informed Decision-Making. | Communications officer recruited | By Jan'26 |
| | Monthly Report on Port Statistics completed and presented to the Board | Monthly |
| **K. Review and improve legal mandate** | | |
| 1. Strengthen Institutional Effectiveness by Reviewing and Updating the KPA Act | KPA Act Reviewed by Local TA | By Mar'26 |

| | | |
|---|---|---|
| | | |
| 2. Enhance Financial Governance Through Adoption and Implementation of a Comprehensive Financial Policy | Financial policy developed, approved, and fully implemented across all departments | By Jan' 26 |
| 3. Ensure Transparency and Compliance by Implementing International Financial Reporting Standards (IFRS) | New KPA Accounting Standard approved | By Dec'26 |
| **L. Maintain (existing operations) and relationships with stakeholders in a harmonious manner while undergoing change** | | |
| 1. Strengthen Stakeholder Engagement Through Regular Consultation and Communication | Regular consultations with shipping agents, KCCI, importers, exporters, and relevant government ministries conducted at least once a year to address stakeholder concerns and enhance collaboration. | Jan – Dec'26 |
| **M. Achieve budget targets (*essential for cash input to operations and investment priorities)*** | | |
| 1. Ensure Sustainable and Profitable Port Operations | A > 2% Revenue Growth target achieved | By Dec'26 |
| | A > 2.5% year-on-year ROE target achieved | By Dec'26 |
| 2. Manage cash balances for foreseeable KPA needs | Positive net cash flow year-on-year achieved | By Dec'26 |
| | Dividend Policy implemented | By Jan'26 |

6.2 Some strategies will take multiple years to achieve and therefore identify progress KPI's for the year ahead and each year of the Plan. Ensure KPI's include financial and non-financial measures and are consistent with the overall KPI's developed for the business

Where necessary, progress KPIs are included in the above table as some strategies are expected to take multiple years. The KPIs are consistent with overall performance measures expected for the business.

## 7 SUPPORT FOR GOVERNMENT POLICIES

### 7.1 Statement of compliance with relevant Government Policies

Kiribati Ports Authority has benefitted from assets provided by donors but has otherwise been self-financing since establishment. The predicted net cash flow for the three years 2026 – 2028 is negative because of the need for capital expenditure.

For the benefit of the community KPA has exempted charges that should have been raised to different Government ministries and stakeholders. To name a few these includes: -

| | |
|---|---|
| Exempt charges to Teanoai's berthing site | 87,600 |
| Ongoing repair of wharf moles | 230,000 |
| Provision of Offices for Customs, Quarantine, Health, etc. | 20,000 |
| TOTAL | 205,200 |

KPA has also waived storage charges for government cargoes that have remained in storage for extended periods. While these waivers represent forgone revenue for the Authority,

Due to limited container yard space, KPA does not encourage such practices and strongly urges all government agencies to clear their cargoes in accordance with established port procedures and timelines.

### 7.2 Statement of Community Services, nature of services and financial claims for CSO support during the planning period

No claims arising or anticipated in the planning period.

### 7.3 Statement of Support from Government and / or Development Partners and details of contracts, obligations, and financial impact on business

KPA is undertaking a major capital program through its own funding and expected cash flows to be derived during the planning period. Some development partner support is anticipated if the intended projects (wharf rehabilitations) are to proceed during the planning period.

### 7.4 Statements of Financial capacity regarding and details of any external borrowings

KPA has a plan to seek borrowing to finance its Reclamation Project, however, the feasibility study is still underway and has not yet been finalized.

### 7.5 Statements of Financial capacity in regard to dividends, dividend policy and proposed dividends during the planning period

KPA has demonstrated consistent financial capacity to pay dividends, having remitted dividends to the Government for the years 2020, 2021, 2022, and 2023 at the approved rate of 10% of profit after tax. In 2025, no dividend was paid; instead, profits were reinvested to strengthen KPA's infrastructure, machinery, and overall service capability in accordance with the revised policy direction for that year.

Looking ahead, KPA anticipates maintaining its capacity to pay dividends in line with the existing dividend policy, subject to operational performance and cash flow requirements necessary to sustain ongoing and planned investments throughout the planning period.

7.6 Any other matters as agreed with the Responsible Ministers

The Portfolio Ministry has urged the construction of passenger shelters near the main wharves, which have since been completed. However, there are plans to extend this initiative to include additional sites in Ambo, which have increasingly become common loading and unloading points for boats operating between North and South Tarawa.

Other projects such as lights and safe disembarkation area for passengers of the speed boat were raised in Parliament and have been respectively addressed with the erection of solar lights at old wharf and installation of floating pontoon for speed boat passengers.

The development of a new wharf at Abaokoro Village is a key priority aimed at enhancing trade and transportation between North and South Tarawa. Construction commenced in 2025 and is expected to be completed by 2026, subject to the timely progress of planned activities.

## 8 FINANCIAL FORECASTS

### 8.1 Statement of Financial Performance

| KIRIBATI PORTS AUTHORITY<br>PROFIT AND LOSS STATEMENT FOR THE YEARS | AUDITED 2023 | Unaudited 2024 | ESTIMATE 2025 | Forecast 2026 | Forecast 2027 | Forecast 2028 |
|---|---|---|---|---|---|---|
| **REVENUE :** | | | | | | |
| Income - Tarawa | 8,931,889 | 10,055,728 | 11,228,539 | 11,425,561 | 11,654,072 | 11,887,153 |
| Income - Kiritimati | 999,681 | 1,049,753 | 1,383,052 | 1,209,053 | 1,233,234 | 1,257,899 |
| **TOTAL REVENUE** | **9,931,570** | **11,105,481** | **12,611,591** | **12,634,614** | **12,887,306** | **13,145,052** |
| **EXPENSES :** | | | | | | |
| Employment Costs - Tarawa | 3,934,377 | 4,501,947 | 5,054,315 | 5,672,000 | 5,728,720 | 5,786,007 |
| Employment Costs - Kiritimati | 455,095 | 594,129 | 745,164 | 745,164 | 752,616 | 760,142 |
| **Total Employment Costs** | **4,389,472** | **5,096,076** | **5,799,480** | **6,417,164** | **6,481,336** | **6,546,149** |
| Other Costs - Tarawa | 1,459,020 | 2,244,187 | 2,330,287 | 2,460,000 | 2,484,600 | 2,509,446 |
| Other Costs - Kiritimati | 206,628 | 344,525 | 274,476 | 272,615 | 278,067 | 283,629 |
| **Total Other Costs** | **1,665,648** | **2,588,712** | **2,604,763** | **2,732,615** | **2,762,667** | **2,793,075** |
| **Total Depreciation** | **3,161,798** | **3,675,000** | **3,252,569** | **3,917,038** | **4,274,706** | **4,317,453** |
| **TOTAL EXPENSES** | **9,216,918** | **11,359,788** | **11,656,812** | **13,066,817** | **13,518,710** | **13,656,677** |
| **OPERATING PROFIT/LOSS** | **714,652** | **-254,307** | **954,779** | **-432,203** | **-631,403** | **-511,625** |
| **OTHER INCOME** | | | | | | |
| Amortisation of Aid Reserve - Tarawa | 2,261,088 | 2,261,088 | 2,261,088 | 2,261,000 | 2,261,000 | 2,261,000 |
| Amortisation of Aid Reserve - Kiritimati | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 | 90,000 |
| Gain from Prior Period Items | | 167,643 | | | 0 | 0 |
| Unrealised Gain on Investment | 316,555 | 539,867 | 297,447 | 270,000 | 297,000 | 311,850 |
| **Total Other Income** | **2,667,643** | **3,058,598** | **2,648,535** | **2,621,000** | **2,648,000** | **2,662,850** |
| **OTHER EXPENSES** | | | | | | |
| Unrealised Loss on Investment | 12,654 | 95,983 | | | | |
| Bade Debt | | | | | | |
| Loss from Prior Period Items - Tarawa | 71,737 | 109,504 | 344,827 | 150,000 | 150,000 | 150,000 |
| Loss from Prior Period Items - Kiritimati | | 76,110 | | | | |
| **Total Other expenses** | **84,391** | **281,597** | **344,827** | **150,000** | **150,000** | **150,000** |
| **NET PROFIT BEFORE TAX** | **3,297,904** | **2,522,694** | **3,258,487** | **2,038,797** | **1,866,597** | **2,001,225** |
| **TAX EXPENSE(35%)** | **1,040,972** | **722,583** | **1,103,971** | **614,079** | **544,359** | **586,281** |
| **NET PROFIT AFTER TAX EXPENSE** | **2,256,932** | **1,800,111** | **2,154,517** | **1,424,718** | **1,322,238** | **1,414,944** |
| **DIVIDEND 10%** | **225,693** | | | | | |

The 2024 financial performance reflects a temporary rise in total expenses, primarily influenced by two strategic factors. Firstly, employment costs increased to $5.09 million, up from $4.39 million in 2023, following the implementation of government-approved pay rise in 2024. This aligns with national remuneration reforms and ensures that the Kiribati Ports Authority (KPA) remains competitive and equitable in compensating its workforce. The increase represents an investment in human capital, aimed at improving staff motivation, retention, and productivity—key drivers of long-term organizational efficiency. Secondly, KPA recorded a higher depreciation expense of $3.68 million, reflecting the impact of newly acquired heavy machinery and equipment purchased to enhance operational capacity. While these costs contributed to an operating loss of $254,307 in 2024, they underscore the Authority's deliberate strategy to strengthen both its human and physical assets.

Looking ahead, the 2026–2028 projections indicate a recovery in profitability as these investments begin to yield operational benefits. Revenue is forecasted to slightly increase 2% from $12.61 million in 2025 to $13.15 million by 2028, supported by improved service delivery, capacity expansion, and efficiency gains from recent infrastructure upgrades and a slight impact of the new reviewed Tariff 2025. Total employment costs and depreciation are expected to stabilize, while capital investments will focus on yard improvements and critical infrastructure development. These initiatives are essential to support growing port activity and ensure sustainable operations. Despite the projected short-term fluctuations in operating profit, KPA's focus on strategic reinvestment demonstrates a forward-looking approach that balances operational growth with long-term financial sustainability, workforce development, and enhanced service reliability.

8.2 Projected Statement of Financial Position

| KIRIBATI PORTS AUTHORITY | | | | | | |
|---|---|---|---|---|---|---|
| BALANCE SHEET FOR THE YEARS | | | | | | |
| | Audited 2023 | Unaudited 2024 | Estimate 2025 | Forecast 2026 | Forecast 2027 | Forecast 2028 |
| **CURRENT ASSETS** | | | | | | |
| Cash & Bank Balances | 13,229,000 | 11,053,076 | 11,741,255 | 8,216,343 | 9,276,119 | 12,492,085 |
| Trade Debtors | 3,120,186 | 3,082,461 | 3,299,808 | 3,013,207 | 2,931,173 | 2,645,525 |
| Investment | 5,121,447 | 5,565,331 | 5,808,416 | 6,078,416 | 6,375,416 | 6,687,266 |
| Stock on Hand | 668,597 | 426,810 | 446,076 | 401,468 | 361,322 | 325,189 |
| **Total Current Assets** | **22,139,230** | **20,127,678** | **21,295,555** | **17,709,434** | **18,944,030** | **22,150,066** |
| **CURRENT LIABILITY** | | | | | | |
| Trade Creditors | 926,699 | 861,566 | 601,495 | 530,618 | 709,270 | 663,909 |
| **Total Current Liabilities** | **926,699** | **861,566** | **601,495** | **530,618** | **709,270** | **663,909** |
| **Working Capital** | **21,212,531** | **19,266,112** | **20,694,060** | **17,178,816** | **18,234,760** | **21,486,157** |
| **Fixed Asets** | **39,322,047** | **40,491,806** | **38,867,374** | **41,456,337** | **39,371,630** | **35,184,177** |
| **NET ASSETS** | **60,534,578** | **59,757,918** | **59,561,435** | **58,635,153** | **57,606,391** | **56,670,335** |
| **EQUITY** | | | | | | |
| Capital | 655,255 | 655,255 | 655,255 | 655,255 | 655,255 | 655,255 |
| Aid Reserve | 35,121,007 | 32,769,919 | 30,418,919 | 28,067,919 | 25,716,919 | 23,365,919 |
| Retained Earnings | 22,501,384 | 24,532,633 | 26,332,745 | 28,487,262 | 29,911,980 | 31,234,217 |
| Current Earnings | 2,256,932 | 1,800,111 | 2,154,517 | 1,424,718 | 1,322,238 | 1,414,944 |
| **TOTAL EQUITY** | **60,534,578** | **59,757,918** | **59,561,436** | **58,635,153** | **57,606,391** | **56,670,335** |

The Kiribati Ports Authority's (KPA) balance sheet projections for 2025–2028 indicate a temporary reduction in current assets, declining from $22.14 million in 2023 to a projected $17.71 million in 2026, before recovering to $22.15 million by 2028. This fluctuation reflects the Authority's strategic cash outflows for major capital investments, particularly the acquisition of heavy machinery and yard improvements aimed at expanding capacity and improving port efficiency. These expenditures, while reducing short-term liquid assets, represent long-term commitments to operational enhancement and service reliability. The ongoing initiative to rationalize receivables by reducing long-outstanding balances also contributes to the temporary contraction in total current assets, reflecting KPA's prudent approach to strengthening credit management and ensuring more accurate asset reporting.

Current liabilities are projected to remain low and stable, ranging between $0.53 million and $0.86 million, resulting in a consistently strong working capital position that exceeds $17 million throughout the forecast period. Despite the short-term decline in liquidity, KPA's overall financial strength remains solid, supported by total equity levels above $56 million and a robust net asset base. The gradual decline in net assets—from $60.53 million in 2023 to a forecast $56.67 million in 2028—is primarily due to depreciation of newly acquired assets, consistent with normal accounting treatment. Overall, these projections illustrate that while KPA's investments have placed short-term pressure on liquidity and net assets, they are strategically designed to support the Authority's long-term operational efficiency, financial sustainability, and infrastructure modernization goals.

8.3 Forecast Cash Flow statements

| KIRIBATI PORTS AUTHORITY | | | | | | |
|---|---|---|---|---|---|---|
| PROJECTED CASH FLOW FOR THE YEARS 2026-2028 | | | | | | |
| | Audited 2023 | Unaudited 2024 | Estimate 2025 | Forecast 2026 | Forecast 2027 | Forecast 2028 |
| Net Profit for the Year | 2,256,932 | 1,800,111 | 2,154,517 | 1,424,718 | 1,322,238 | 1,414,944 |
| Add : Depreciation | 3,161,798 | 3,675,000 | 3,252,569 | 3,917,038 | 4,274,706 | 4,317,453 |
| Less : Amortisation of Aid Reserve | -2,351,088 | -2,351,088 | -2,351,000 | -2,351,000 | -2,351,000 | -2,351,000 |
| Decrease / (Increase in Debtors) | -456,650 | 37,725 | -217,347 | 286,601 | 82,034 | 285,648 |
| Increase / Decrease in Investment | -316,553 | -443,884 | -243,085 | -270,000 | -297,000 | -311,850 |
| Purchase of Fixed Assets | -1,812,533 | -4,844,748 | -1,628,138 | -6,506,000 | -2,190,000 | -130,000 |
| Increase / (Decrease) in Creditors | 281,058 | -65,133 | -260,071 | -70,877 | 178,651 | -45,361 |
| Changes/Adjustment to Debtors | | | | | | |
| Changes/Adjustment to Creditors | | | | | | |
| Increase/Decrease Stock | -417,234 | 241,787 | -19,266 | 44,608 | 40,147 | 36,132 |
| Dividend Paid | -179,781 | -225,693 | | | | |
| **Net Cash Flow** | **165,948** | **-2,175,923** | **688,180** | **-3,524,912** | **1,059,776** | **3,215,966** |
| **Opening Cash Balance** | **13,063,051** | **13,228,999** | **11,053,076** | **11,741,256** | **8,216,344** | **9,276,120** |
| **Closing Cash Balance** | **13,228,999** | **11,053,076** | **11,741,256** | **8,216,344** | **9,276,120** | **12,492,086** |

Over the forecast period, the Kiribati Ports Authority's (KPA) cash flow projections reflect a strategic investment phase marked by significant outflows in 2024 and 2026, largely attributed to major capital expenditure commitments. In 2024, a net cash outflow of $2.18 million was recorded, followed by another $3.52 million outflow in 2026, mainly driven by the acquisition of new heavy machinery, equipment upgrades, and substantial yard development works. These expenditures are part of KPA's broader modernization strategy aimed at strengthening port infrastructure, expanding capacity, and improving operational efficiency. Consequently, the closing cash balance declined from $13.23 million in 2023 to $8.21 million in 2026, reflecting the Authority's deliberate reinvestment of available funds into long-term productive assets rather than short-term liquidity holdings.

By 2027 and 2028, as major capital projects near completion and operational efficiencies begin to materialize, KPA's liquidity position is projected to improve significantly. Net cash inflows are expected to recover to $1.06 million in 2027 and $3.22 million in 2028, leading to a rebound in closing cash balances to $9.28 million in 2027 and $12.49 million in 2028. This positive turnaround demonstrates the Authority's capacity to restore financial flexibility following a period of high capital investment. Overall, KPA's cash flow outlook reflects a prudent balance between short-term financial management and long-term asset development, ensuring that today's investments yield stronger operational capacity, resilience, and financial sustainability in the years ahead.

8.4 Forecast Financial ratio

| KPA - KEY PERFORMANCE INDICATORS | 2026 | 2027 | 2028 |
|---|---|---|---|
| **Fixed Asset to Turnover** | | | |
| Fixed assets | 41,456,337 | 39,371,630 | 35,184,177 |
| Revenue | 12,634,614 | 12,887,306 | 13,145,052 |
| **Ratio %** | **30.5%** | **32.7%** | **37.4%** |
| **Return on Equity (incl Aid Reserve)** | | | |
| Capital + Aid | 28,723,174 | 26,372,174 | 24,021,174 |
| Net Profit | 1,424,718 | 1,322,238 | 1,414,944 |
| **Ratio %** | **5.0%** | **5.0%** | **5.9%** |
| **Return on Assets** | | | |
| Av Total Assets | 40,161,855 | 40,413,983 | 37,277,904 |
| Net Profit | 1,424,718 | 1,322,238 | 1,414,944 |
| **Ratio %** | **3.5%** | **3.3%** | **3.8%** |
| **Debtor Days** | | | |
| Trade debtors | 3,013,207 | 2,931,173 | 2,645,525 |
| Revenue | 12,634,614 | 12,887,306 | 13,145,052 |
| **Debtor Days** | **60** | **57** | **50** |
| **Current Ratio** | | | |
| Current Assets | 17,709,434 | 18,944,030 | 22,150,066 |
| Current Liability | 530,618 | 709,270 | 663,909 |
| **Ratio %** | **10:1** | **3:1** | **3:1** |
| **OPERATING PROFIT** | **-432,203** | **-631,403** | **-511,625** |

The projected key performance ratios indicate that the Kiribati Ports Authority (KPA) is navigating a period of increased operational and financial pressures, largely driven by rising costs and strategic capital investments. A key factor behind these higher expenses is the alignment with the Government's pay rise, which has increased employment-related costs to maintain fair and competitive remuneration for staff. In addition, the major capital expenditures undertaken in 2024 and 2025, particularly for the purchase of heavy machinery and yard rehabilitation works, have contributed to higher depreciation and maintenance costs in subsequent years. These increased costs have placed upward pressure on KPA's cost-efficiency ratios, resulting in reduced operating profitability and constrained short-term liquidity.

The lengthening of debtor days from 50 to 60 days highlights delays in customer settlements, particularly from vessel agents, which has further tightened KPA's cash flow at a time of high expenditure. Recognizing this challenge, The new Board has tasked Management to conduct a study on the viability of introducing a 100% prefunding payment system for all shipping agents. This initiative aims to improve the collection of outstanding receivables and enhance cash flow efficiency. If found feasible, the policy is expected to be implemented in 2026, ensuring more timely revenue collection, reducing payment delays, and strengthening KPA's overall financial position.

Despite the short-term strain on performance ratios, these developments reflect KPA's proactive approach to improving financial management and long-term sustainability. Importantly, the review of Tariff 2022, which is now in its final stage and awaiting launching and approval by Honourable Minsiter of the Ministry of Information, Communication and Transport (MICT), is expected to further strengthen revenue recovery. Once implemented, the revised tariff framework will align KPA's pricing with current operational costs, helping to restore profitability, improve cost coverage, and support ongoing infrastructure and service improvements across the Authority.

8.5 Capital Budget

| CAPITAL EXPENDITURE 2026 | | | | | |
|---|---|---|---|---|---|
| No. | Project Name | 2026 | 2027 | 2028 | Justifications |
| TARAWA | | | | | |
| 1 | ICT Requirement | 60,000 | 60,000 | 60,000 | New ICT items including computers |
| 2 | Office Furniture & equipment | 50,000 | 50,000 | 50,000 | Taken from recurrent & capitalized. Include rehab facilities |
| 3 | Office Upgrading | 20,000 | 20,000 | 20,000 | Office & toilets upgrading including customer reception & clinics |
| 4 | Yard Planning system (TOS) | 50,000 | | | Terminal Operating System cost & related costs |
| 5 | Wharf facilities: Fenders & Stairs | 50,000 | | | Improve fenders at Alpha & wharf maintenance |
| 6 | Cargo Handling | 100,000 | | | To improve the vessel operation |
| 7 | Safety Gears | 50,000 | 50,000 | | Safety gears, PPEs, Fire Distinguishers, First aid kit |
| 8 | Seawall Repair | 150,000 | | | Repair and preventive maintenance for seawall damage and erosion at Betio Ports. |
| 9 | Forklift 7 ton | 150,000 | | | To increase efficiency in container handling |
| 10 | Shelving Stacker | 50,000 | 60,000 | | For warehouse cargo shelves stacking |
| 11 | Sweeper truck | 120,000 | 150,000 | | An equipment to drive around the yard to clean the yard |
| 12 | Weigh bridge | 30,000 | | | Roll on - last payment to be made in 2026 |
| 13 | Crane truck (5 ton) | 140,000 | | | To replace the existing crane truck which will be tendered out |
| 14 | Truck | 30,000 | | | For staff transport |
| 15 | Water truck | 105,000 | | | The current trucks are normally used for water trucks. The water truck will just be used for water transfer from the desal plant. |
| 16 | Pilot boat - repair | 50,000 | 80,000 | | Repair cost required for Butiroko |
| 17 | Control Tower Port Control | 100,000 | | | A new control tower on its own |
| 18 | Container yard Light towers | 100,000 | | | To procure and install taller container yard light towers to replace the existing ones. |

| | | | | | |
|---|---|---|---|---|---|
| 19 | Solar lights | 50,000 | 50,000 | | To purchase more solar lights if needed and to replace the damaged ones. |
| 20 | Fire main and detection system | 120,000 | | | A requirement for emergency backup for fire incidents in the yard |
| 21 | Energy Efficiency | 50,000 | 30,000 | | To implement the remaining requirements in phrases and to tap donors for possible procurement of high efficiency AC units |
| 22 | Waste Reception & Incineration | 80,000 | | | On ongoing |
| 23 | Solar PV Grid | 150,000 | | | To explore donors for the roof solar and pv grid to reduce cost of electricity through green port initiatives |
| 24 | Yard Expansion (Landfill – Kaokimange) | 200,000 | | | To roll on to 2026, the project is almost completed |
| 25 | Landfill - Port Expansion (Manono) | 100,000 | | | To compact and level waste area ground after clearance in Feb 2024 |
| 26 | Outer Island Wharf | 100,000 | 500,000 | | Study is being undertaken for the projects and implementation will roll on to 2026 |
| 27 | Mobile Crane (32ton) | 700,000 | | | To roll on to 2026, this to replace the existing and old one |
| 28 | Container Yard Fence rehab | 50,000 | 50,000 | | Rehabilitation to the yard fence |
| 29 | Cherry Picker | 30,000 | | | |
| 30 | Transfer of Old Workshop to Kiritimati | 32,000 | | | Improves maintenance capacity and supports port operations on Kiritimati Island. |
| 31 | IFRS Transition | 40,000 | | | Ensures compliance with international accounting and financial reporting standards. |
| 32 | Reach Stacker | 600,000 | | | Enhances container handling efficiency and operational productivity at Betio Port. |
| | **Total** | **3,707,000** | **2,100,000** | **130,000** | |

| KIRITIMATI | | | | | |
|---|---|---|---|---|---|
| **No.** | **Project Name** | **2026** | **2027** | **2028** | **Justifications** |
| 1 | New Office | 354,000 | | | Procurement and Implementation may not complete in 2025 but roll on to 2026 |
| 2 | Jetty Upgrade | 40,000 | 40,000 | | Already repaired the beams de rusting and paintings |
| 3 | Warehouse shed | 40,000 | 50000 | | Procurement and Implementation will roll on to 2026 |
| 4 | 30 ton Forklift | 1,445,000 | | | To increase efficiency in container handling |
| 5 | 1 Mafi tractor | 200,000 | | | To increase efficiency in container handling and delivery |
| 6 | 3 Staff accommodations | 120,000 | | | For building 2 accommodations for staff |
| 7 | Office Equipment | 10,000 | | | Taken from recurrent and capitalized |
| 8 | Forklift 7 Ton | 150,000 | | | To increase effiency in container handling |
| 9 | 5 Empty Containers | 20,000 | | | To store grains and general cargoes |
| 10 | Ramp | 120,000 | | | Facilitates safe vessel loading and unloading, improving port accessibility. |
| 11 | Small pier | 100,000 | | | Expands berthing space and supports lighter vessel operations efficiently. |
| 12 | Breakwater | 200,000 | | | Protects port infrastructure from wave impact and ensures safe anchorage |
| | **Total** | **2,799,000** | **90,000** | **0** | |
| | **Grand Total** | **6,506,000** | **2,190,000** | **130,000** | |

## 8.6 Detail breakdown of Forecast 2025

**KIRIBATI PORT AUTHORITY**
**PROPOSED BUDGET 2026**

| | PROPOSED BUDGET 2026 | APPROVED REVISED BUDGET 2025 | PROJECTED DECEMBER 2025 | ACTUAL JAN TO SEPTEMBER 2025 | ACTUAL YTD DEC 2024 | ACTUAL JAN TO DEC 2023 | APPROVED REVISED BUDGET 2024 | PROPOSED BUDGET 2026 VS APPROVED REVIDED BUDGET 2025 | PROPOSED BUDGET 2026 VS PROJECTED YTD DEC 2025 |
|---|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | | |
| **Container Vessels** | | | | | | | | | |
| Discharge | 1,346,026 | 1,050,325 | 1,319,633 | 989,725 | 1,187,379 | 1,037,832 | 902,000 | 295,701 | 26,393 |
| Loading | 820,669 | 612,119 | 804,577 | 603,433 | 648,550 | 545,318 | 530,000 | 208,550 | 16,092 |
| Other Income | 448,154 | 185,015 | 439,367 | 329,525 | 207,592 | 200,518 | 210,000 | 263,139 | 8,787 |
| Port Dues | 66,625 | 87,859 | 65,319 | 48,989 | 81,631 | 75,267 | 61,000 | -21,234 | 1,306 |
| Berthing Fees | 37,121 | 43,177 | 36,393 | 27,295 | 41,186 | 42,971 | 36,000 | -6,056 | 728 |
| Mooring | 57,983 | 63,816 | 56,846 | 42,635 | 62,214 | 77,155 | 66,000 | -5,833 | 1,137 |
| Wharfage Dues - Container | 831,227 | 645,813 | 814,928 | 611,196 | 721,631 | 612,269 | 552,000 | 185,414 | 16,299 |
| Overtime Recharged - Perm O/vesse | 500,000 | 360,000 | 452,180 | 339,135 | 364,028 | 338,244 | 250,000 | 140,000 | 47,820 |
| Overtime Recharged - Casu O/vesse | 195,000 | 182,747 | 198,748 | 149,061 | 187,020 | 194,397 | 163,000 | 12,253 | -3,748 |
| **Fishing Vessels** | | | | | | | | | |
| Port Dues | 700,932 | 604,138 | 687,188 | 515,391 | 674,012 | 638,538 | 596,000 | 96,793 | 13,744 |
| Berthing Fees | 4,625 | 1,103 | 4,535 | 3,401 | 2,457 | 3,055 | 2,700 | 3,522 | 91 |
| Mooring Fees | 9,758 | 5,213 | 9,567 | 7,175 | 9,542 | 14,834 | 10,000 | 4,545 | 191 |
| Security Fees | 27,053 | 1,836 | 26,523 | 19,892 | 6,200 | 9,500 | 7,000 | 25,217 | 530 |
| Environmental Levy | 44,764 | 47,821 | 43,887 | 32,915 | 47,205 | 37,738 | 28,000 | -3,057 | 878 |
| Other Income | 69,177 | 38,208 | 67,821 | 50,866 | 50,145 | 13,230 | 17,000 | 30,969 | 1,356 |
| **Fuel Tanker** | | | | | | | | | |
| Port Dues | 6,631 | 7,130 | 6,501 | 4,876 | 6,081 | 6,990 | 6,000 | -498 | 130 |
| Berthing Fees | 3,979 | 3,985 | 3,901 | 2,926 | 3,361 | 3,907 | 3,800 | -6 | 78 |
| Mooring Fees | 10,611 | 10,169 | 10,403 | 7,802 | 12,455 | 9,970 | 9,600 | 441 | 208 |
| Security Fees | 2,448 | 2,346 | 2,400 | 1,800 | 1,985 | 2,300 | 2,200 | 102 | 48 |
| Environmental Levy | 4,084 | 5,047 | 4,004 | 3,003 | 6,255 | 4,948 | 4,000 | -963 | 80 |
| Other Income | 13,236 | 10,527 | 12,976 | 9,732 | 10,879 | 10,320 | 10,000 | 2,709 | 260 |
| **Local Vessels** | | | | | | | | | |
| Port Dues | 11,877 | 8,006 | 11,644 | 8,733 | 13,392 | 7,849 | 8,000 | 3,871 | 233 |
| Berthing Fees | 243,106 | 180,000 | 238,340 | 178,755 | 236,956 | 137,339 | 103,000 | 63,106 | 4,767 |
| Mooring Fees | 82,005 | 36,000 | 80,397 | 60,298 | 66,778 | | | 46,005 | 1,608 |
| Security Fees | | | 274 | 205 | | | | 0 | -274 |
| Wharfage fees | 67,216 | 65,000 | 65,898 | 49,423 | 75,158 | 58,451 | 63,000 | 2,216 | 1,318 |
| Other Income | 0 | 10,000 | 0 | 0 | | 50,397 | 1,000 | -10,000 | 0 |
| **Port Handling** | 4,689,254 | 3,800,000 | 4,597,307 | 3,447,981 | 4,223,764 | 3,536,787 | 3,300,000 | 889,254 | 91,946 |
| **Other Revenue** | | | | | | | | 0 | 0 |
| Hire of Machines | 500,000 | 500,000 | 483,847 | 362,886 | 418,925 | 451,368 | 310,000 | 0 | 16,153 |
| Storage | 500,000 | 350,000 | 567,292 | 425,469 | 520,639 | 637,384 | | 150,000 | -67,292 |
| Warehouse Sales | 2,000 | 20,000 | 1,501 | 1,126 | | 24,117 | 2,000 | -18,000 | 499 |
| Pilot Boat | | | | | 1,400 | 1,480 | | 0 | 0 |
| Overtime Recharge | 80,000 | 120,000 | 78,158 | 58,619 | 122,093 | 27,751 | 120,000 | -40,000 | 1,842 |
| Other Income | 50,000 | 50,000 | 36,185 | 27,139 | 44,815 | 89,637 | 200,241 | 0 | 13,815 |
| Kiritimati | 1,209,053 | 1,000,000 | 1,383,052 | 1,037,289 | 1,049,753 | 979,814 | 725,000 | 209,053 | -173,999 |
| **Total Income** | **12,634,614** | **10,107,401** | **12,611,591** | **9,458,694** | **11,105,481** | **9,881,676** | **8,298,541** | **2,527,213** | **23,023** |

| EXPENSES | PROPOSED BUDGET 2026 | APPROVED REVISED BUDGET 2025 | PROJECTED DECEMBER 2025 | ACTUAL JAN TO SEPTEMBER 2025 | ACTUAL YTD DEC 2024 | ACTUAL JAN TO DEC 2023 | APPROVED REVISED BUDGET 2024 | BUDGET 2026 VS APPROVED REVIDED BUDGET 2025 | BUDGET 2026 VS PROJECTED YTD DEC |
|---|---|---|---|---|---|---|---|---|---|
| **EMPLOYMENT COSTS** | | | | | | | | | |
| Salary | 2,156,549 | 2,255,824 | 1,714,224 | 1,285,668 | 1,567,074 | 1,364,748 | 1,668,601 | -99,275 | 442,325 |
| Temporary | 109,947 | 80,120 | 199,778 | 149,833 | 131,100 | 63,787 | 98,900 | 29,827 | -89,831 |
| Overtime Ships | 500,000 | 360,000 | 504,635 | 378,476 | 404,088 | 350,382 | 325,500 | 140,000 | -4,635 |
| Overtime Others | 380,000 | 455,000 | 388,259 | 291,194 | 424,247 | 325,381 | 330,000 | -75,000 | -8,259 |
| Overseas/Dispatch Bonus | 190,000 | 190,000 | 175,890 | 131,917 | 218,672 | 185,898 | 170,000 | 0 | 14,110 |
| Food Ration | 100,000 | 90,000 | 114,423 | 85,818 | 98,340 | 104,221 | 98,000 | 10,000 | -14,423 |
| Casual Labour | 650,000 | 565,000 | 653,881 | 490,411 | 626,049 | 584,539 | 549,000 | 85,000 | -3,881 |
| Allowances | 237,436 | 206,410 | 201,148 | 150,861 | 189,352 | 145,622 | 151,096 | 31,026 | 36,288 |
| KPF | 161,741 | 175,196 | 159,340 | 119,505 | 145,203 | 123,170 | 128,895 | -13,455 | 2,402 |
| Leave Grant | 756,400 | 750,300 | 667,132 | 500,349 | 451,200 | 374,500 | 430,500 | 6,100 | 89,268 |
| Rent Subsidy | 414,928 | 330,549 | 275,607 | 206,706 | 246,623 | 249,072 | 303,552 | 84,379 | 139,321 |
| Redundancy | 15,000 | 15,000 | | | | | | 0 | 15,000 |
| Kiritimati | 745,164 | 681,964 | 745,164 | 558,873 | 594,129 | 459,569 | 510,000 | 63,201 | 0 |
| **Total Employmentt Costs** | **6,417,164** | **6,155,363** | **5,799,480** | **4,349,610** | **5,096,076** | **4,330,890** | **4,764,044** | **261,802** | **617,685** |
| | | | | | | | | | |
| **OPERATIONAL COST** | | | | | | | | | |
| R&M - Land & Buildings | 100,000 | 100,000 | 106,458 | 79,843 | 45,360 | 69,728 | 100,000 | 0 | -6,458 |
| R&M - Parts | 350,000 | 350,000 | 197,746 | 148,310 | 588,486 | 369,061 | 300,000 | 0 | 152,254 |
| R&M - Tyres | 70,000 | 50,000 | 16,595 | 12,446 | 9,091 | 90,342 | 95,000 | 20,000 | 53,405 |
| R&M - Tools & Other | 25,000 | 25,000 | 7,412 | 5,559 | 23,920 | 24,800 | 25,000 | 0 | 17,588 |
| R&M - Rechged to Xmas -re 2019 | | | | | | | | 0 | 0 |
| Fuel & Oils | 250,000 | 250,000 | 252,902 | 189,676 | 200,383 | 212,088 | 250,000 | 0 | -2,902 |
| Telecom Charges | 25,000 | 25,000 | 25,949 | 19,462 | 26,819 | 58,142 | 42,965 | 0 | -949 |
| Public Utilities Charges | 300,000 | 150,000 | 186,153 | 139,615 | 142,660 | 112,483 | 120,000 | 150,000 | 113,847 |
| External Travel | 250,000 | 540,000 | 645,674 | 484,256 | 388,443 | 339,684 | 390,000 | -290,000 | -395,674 |
| Internal Travel | 100,000 | 0 | 0 | | | | | 100,000 | 100,000 |
| Training | 450,000 | 345,000 | 302,846 | 227,135 | 335,994 | 120,724 | 345,000 | 105,000 | 147,154 |
| Legal Fees | 40,000 | 30,000 | 37,873 | 28,405 | 34,520 | 31,575 | 47,000 | 10,000 | 2,127 |
| Office Supplies | 30,000 | 30,000 | 21,473 | 16,105 | 25,727 | 15,550 | 30,000 | 0 | 8,527 |
| IT Costs | 75,000 | 75,000 | 67,408 | 50,556 | 82,861 | 50,937 | 75,000 | 0 | 7,592 |
| Warehouse Expenses | 20,000 | 20,000 | | | | 3,000 | 20,000 | 0 | 20,000 |
| Board Expenses | 85,000 | 85,000 | 88,635 | 66,476 | 73,421 | 86,257 | 70,000 | 0 | -3,635 |
| Entertainment | 50,000 | 50,000 | 43,799 | 32,849 | 37,549 | 28,399 | 40,000 | 0 | 6,201 |
| Safetyware | 30,000 | 30,000 | 21,132 | 15,849 | 18,666 | 49,117 | 60,000 | 0 | 8,868 |
| Donation | 60,000 | 90,000 | 113,622 | 85,216 | 45,379 | 84,589 | 45,000 | -30,000 | -53,622 |
| Customer Compensation | 10,000 | 10,000 | 8,427 | 6,320 | 22,614 | 5,156 | 10,000 | 0 | 1,573 |
| Hire of Security | 85,000 | 80,000 | 103,387 | 77,540 | 62,559 | 23,623 | 60,000 | 5,000 | -18,387 |
| Uniform | 10,000 | 25,000 | 25,827 | 19,370 | 2,996 | | 24000 | -15,000 | -15,827 |
| Other Costs | 45,000 | 55,000 | 56,969 | 42,727 | 76,741 | 54,774 | 75,000 | -10,000 | -11,969 |
| Kiritimati | 272,615 | 302,303 | 274,476 | 205,857 | 344,525 | 167,284 | 189,996 | -29,688 | -1,861 |
| **Total Operation Costs** | **2,732,615** | **2,717,303** | **2,604,763** | **1,953,572** | **2,588,712** | **1,997,312** | **2,413,961** | **15,312** | **127,852** |

| | PROPOSED BUDGET 2026 | APPROVED REVISED BUDGET 2025 | PROJECTED DECEMBER 2025 | ACTUAL JAN TO SEPTEMBER 2025 | ACTUAL YTD DEC 2024 | ACTUAL JAN TO DEC 2023 | APPROVED REVISED BUDGET 2024 | PROPOSED BUDGET 2026 VS APPROVED REVIDED BUDGET 2025 | PROPOSED BUDGET 2026 VS PROJECTED YTD DEC 2025 |
|---|---|---|---|---|---|---|---|---|---|
| Depreciation Expenses - Trw | 3,617,038 | 3,890,000 | 3,059,773 | 2,294,830 | 3,478,338 | 2,978,204 | 3,200,000 | -272,962 | 557,265 |
| Depreciation Expenses - Xms | 300,000 | 300,000 | 192,796 | 144,597 | 196,662 | 181,133 | 200,000 | 0 | 107,204 |
| **TOTAL EXPENSES** | **13,066,817** | **13,062,665** | **11,656,812** | **8,742,609** | **11,359,787** | **9,487,539** | **10,378,005** | **4,152** | **1,302,802** |
| | | | | | | | | | |
| **OPERATING PROFIT/LOSS** | **-432,203** | **-2,955,265** | **954,779** | **716,085** | **-254,306** | **394,137** | **-2,079,464** | **2,523,061** | **-1,279,779** |
| **OTHER INCOME** | | | | | | | | | |
| Amortisation of Aid Reserve - Trw | 2,261,000 | 2,261,000 | 2,261,088 | 1,695,816 | 2,261,088 | 2,261,088 | 2,261,088 | 0 | -88 |
| Amortisation of Aid Reserve - Xms | 90,000 | 90,000 | 90,000 | 67,500 | 90,000 | 90,000 | 90,000 | 0 | 0 |
| Unrealised Gain on Investment | 270,000 | 350,000 | 297,447 | 223,085 | 443,884 | 316,555 | 200,000 | -80,000 | -27,447 |
| Bad/Doubtful Debt | 0 | | | | | -9,072 | 0 | 0 | 0 |
| Gain from Prior Period Items | | | | | 167,643 | | 10,000 | 0 | 0 |
| **OTHER EXPNSES** | | | | | | | | | |
| Unrealised Loss on Investment | | | | | | | 100,000 | 0 | 0 |
| Loss from Prior Period Items | 150,000 | 150,000 | - 344,827 | -258,620.00 | 185,615 | 50,429 | 10,000 | 0 | 494,827 |
| Other expenses | | | | | | | | | |
| **TOTAL OTHER EXPENSES** | **150,000** | **150,000** | **-344,827** | **-258,620** | **185,615** | **50,429** | **110,000** | **0** | **494,827** |
| | | | | | | | | | |
| **NET PROFIT/LOSS before Tax** | **2,038,797** | -334,265 | **3,258,487** | **2,443,866** | **2,522,694** | **3,002,279** | **371,624** | **2,443,061** | -1,802,140 |
| | | | | | | | | | |
| **Tax Expenses** | **614,079** | **0** | **1,031,364** | **772,273** | **722,583** | **935,003** | **55,068** | **883,071** | -621,143 |
| | | | | | | | | | |
| **NET PROFIT/LOS after Tax** | **1,424,718** | -334,265 | **2,227,123** | **1,671,592** | **1,800,111** | **2,067,276** | **316,556** | **1,559,990** | -1,180,997 |