



NAURU TOURISM CORPORATION

Statement of Corporate Intent FY 2023/2024 to FY 2025/2026

30th June, 2023

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INTRODUCTION

This Statement of Corporate Intent (SCI) for Nauru Tourism Corporation (NTC) is in respect to the financial year 1 July 2023 to 30 June 2024 and the following two financial years to 30 June 2026 and is prepared in accordance with Sections 27 & 28 of the *Public Enterprises Act (2019)*.

In terms of the Act, NTC is a Government Controlled Enterprise (GCE) also subject to the prescripts of the Nauru Tourism Corporation Act (2019) and a range of other Nauruan legislation.

The purpose of this document is to communicate the directors' intent for the business to the Shareholder, which includes details on NTC's business (including its goals), strategy, financial position and 3-year forecast, funding requirements and how success will be measured.

SHAREHOLDER EXPECTATIONS

The primary objective of NTC, as a GCE under the Public Enterprises Act is to operate in an efficient and effective manner, achieving the objectives. The objectives of the Corporation are also governed by the Nauru Tourism Corporation Act 2019 which states:

- Establish a legal and administrative framework to promote tourism development in the Republic;
- Establish the Nauru Tourism Corporation, its functions and powers;
- Empower the Corporation to carry out and promote the sustainable development of tourism in the Republic through effective planning and promotion; and
- Ensure the participation of relevant government and community stakeholders in the development of tourism policies and the resolution of issues arising as a result of tourism development.

These objectives and the role that NTC performs are reflected in the goals for the business outlined in the *Business Overview* section.

NTC is attuned to the importance of the Government of Nauru's strategies to support and provide reliable services to incoming visitors and this is factored into business planning and promotion of tourism in the Republic.

The needs and requirements of the Government of Nauru will remain a major factor in NTC's business planning, asset deployment, asset procurement and maintenance across the Island, as well as ensuring the appropriate level of long-term resourcing and maintenance of necessary sites (path to caves, surrounding areas of visit-sites, etc.). The factors and changing environmental conditions can have an adverse impact on the capacity of incoming visitors.

International borders effectively shut down in 2020 and the reduction in the airlines and closure of international borders thus presented a challenge in operation of tourism for the years 2020, 2021 and only a minimal % increase of arrivals in 2022. The outlook for 2023 regains the capacity of incoming visitors and NTC will endeavour to promote development despite the challenging factors in financial year 2022/2023.

In order to continue to operate, NTC has and will continue to engage with the relevant Government and the community stakeholders to formalize various proposals for a sustainable development.

BUSINESS OVERVIEW

NTC core business is,

- to promote and market tourism
- to engage all sectors and stakeholders to work together to contribute to tourism development
- to drive the increase in the contribution of tourism for ongoing economic benefits through increases in tourist arrivals, tourism receipts and tourism investments.

Objective of Nauru Tourism

The primary objective of NTC is to,

- Establish a legal and administrative framework to promote tourism development in the Republic;
- Establish the Nauru Tourism Corporation, its functions and powers;
- Empower the Corporation to carry out and promote the sustainable development of tourism in the Republic through effective planning and promotion; and
- Ensure the participation of relevant government and community stakeholders in the development of tourism policies and the resolution of issues arising as a result of tourism development.

BUSINESS GOALS

NTC will strive to achieve its primary objective and continue to perform its roles by providing sustainable, safe and reliable services to visitors of the Republic. These services to the tourists facilitate promotion, trade and the functioning of Government and deliver a significant demand to the Nauruan economy through its on-going contributions.

Nauru Tourism Office

Tourism Office is responsible for its overall management, finance, human resources, and administration functions. It oversees the day-to-day management and coordinates with various departments wherever tourism is beneficial.

Initiatives undertaken to improve performance and revenue in 2022/2023

- Quick adaptation to the impact of Covid
- Planning and execution of necessary document templates for office management.
- Planning with the Immigration department in amending the Visitor visa application
- Ongoing discussions with community stakeholders for ease of business.
- Planning on designing a tourism website.
- Discussion with various entities on promoting tourism in the Republic.

Key Business Risks and Mitigation

Business	Risks	Mitigation
Visitor visa amendment	Time for implementation and training	Dedicate staff to undergo training
Design trails and landmark maintenance for tourist sites	Unavailability of items, delays in shipping and technical assistance, community issues	Ample time to procure items, engage with the community, technical expertise
Seek for tour operators	Budget constraints	Establish ease of process to maintain directory

Increase accommodations and transport	Less vacant accommodations and support from vehicle rental owners	Survey new accommodations, assistance from strategic partners, engage with vehicle rental owners for taxi services
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BUSINESS STRATEGY

Mission

Nauru Tourism's mission is to implement the Act and establish a legal and administrative framework to promote tourism development in the Republic.

Vision

- Respected
- Trusted Advisors
- Experts
- Flexibility

Strategic Objectives

Priority Area	Strategic Objective
Tourism Industry	To develop tourism economy and sustainability
	To engage with community stakeholders and other entities to develop tourism
Tourism Infrastructure	To build and expand the tourism infrastructure (cultural facilities, hiking routes, nature trails) to promote tourism
Marketing	Engage with local communities to promote traditional handicrafts, taxi services, accommodations
Increase % of tourists	To develop ease of process (visitor visa, include tour operators, tour packages) to promote tourism

FOCUS AREA	2023	2024	2025
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Tourism Industry	Engage with Government and Community stakeholders for tourism development	Engage with Government and Community stakeholders for tourism development	Engage with Government and Community stakeholders for tourism development
Tourism Infrastructure	To build access to tourist sites, landmark maintenance	To build and maintain the access points	To maintain the access points
Marketing	Engage with local artisans, owners to promote handicrafts	Develop marketing strategies to liaise with strategic partners and artisans	Develop marketing strategies to liaise with strategic partners and artisans
Increase % of tourists	Ease the process of visitor visa applications	Dedicate staff for training and implementation	Plan new process for visitor visa applications

KEY PERFORMANCE INDICATORS

Our three-year plan includes the following high level Strategic Objectives that the Organisation will focus on:

- Tourism Industry
- Tourism Infrastructure
- Marketing
- Increase % of tourists

The Business Plan for 2023/2024 will reflect in far greater detail what is now being presented in the SCI. The key takeaway from this SCI is that the upcoming financial year presents challenges that have to be mitigated against in order for NTC to remain a going concern.

Objectives	KPI	Strategic Measures	Actions
Tourism Industry	A plan for sustainable and manageable tourism	Implement strategic plans and promote sustainable tourism as an option for diversification. Revitalize the tourism industry and enhance economic growth	Engage Construction company to design car park and trail specifications, make recommendations on appropriate procurement process, capacity building.

Tourism Industry	Increase number of tour operators	Implement strategic plans to increase tour operators for reliable services for incoming tourists	Consult with communities and other private agencies to seek for tour operators
Tourism Infrastructure	Improve quality of accommodation and taxi services	Seek available accommodation options and engage with vehicle rental owners in Nauru for incoming tourists	Work with Menen Hotel, engage with other private agencies for more options on accommodation and taxi services
Marketing	Promote handicrafts	Implement marketing strategies and local markets	Engage with local artisans to promote handicrafts
Increase % of tourists	Increase revenue for Tourism visa	Implement separate coding for tourist visa revenue in FMIS, simplify the tourist visa application form	Work with Immigration department and Finance department to develop and simplify the process

FINANCIAL STATEMENTS

Income Statement

NTC has been engaging as service contributor with the entities to accomplish their business goals and still continuing to engage all sectors to be part of the tourism development.

The Government of Nauru is funding NTC on a quarterly credit basis for its operational expenses and hence NTC is a Government-Controlled Enterprise (GCE).

The performance for the financial year 2022/2023 was just the beginning of tourism industry growth in the Republic after post-pandemic period and NTC is working to promote sustainable tourism through various campaigns and events which will be continuing every year.

The estimated revenue for various entities engaged with NTC being a significant service contributor, is shown below. The below data shows a summary of historical performance enabling a five-year snapshot.

REVENUE CONTRIBUTION (estimate)	FY 2021/2022 Actual	FY 2022/2023 Forecast	FY 2023/2024 Budget	FY 2024/2025 Plan	FY 2025/2026 Plan
*Number of Visitors	0	150	250	350	420
**Accommodation Revenue (Menen hotel estimation)	\$	\$ 1,35,000.00	\$ 2,25,000.00	\$ 3,15,000.00	\$ 3,78,000.00
**Nauru Airlines Revenue	\$	\$ 2,40,000.00	\$ 4,00,000.00	\$ 5,60,000.00	\$ 6,72,000.00
*Visitor Visa Revenue	\$	\$ 7,500.00	\$ 12,500.00	\$ 17,500.00	\$ 21,000.00
**Purchase of Local Crafts	\$	\$ 30,000.00	\$ 50,000.00	\$ 70,000.00	\$ 84,000.00
TOTAL REVENUE (estimate)	\$	\$ 4,12,500.00	\$ 6,87,500.00	\$ 9,62,500.00	\$ 11,55,000.00

*Data consolidated for revenue estimation upon number of visitors

**Data consolidated for revenue estimation upon base charges

The below Income Statement shows the income and the operational expenditure for NTC for five years such as the actual, forecast, budget and plan years. The results are varying every year which is due to the operational expenses increasing and decreasing for NTC.

NAURU TOURISM CORPORATION					
Income Statement	FY 2021/2022 Actual	*FY 2022/2023 Forecast	*FY 2023/2024 Budget	*FY 2024/2025 Plan	*FY 2025/2026 Plan
REVENUE					
Government Grant	150,000.00	200,000.00	240,000.00	300,000.00	350,000.00
Sale of crafts	-	5,664.00	5,000.00	5,000.00	5,000.00
TOTAL INCOME	150,000.00	205,664.00	245,000.00	305,000.00	355,000.00
OPERATIONAL EXPENSES					
Staff Salary	40,768.00	58,548.00	75,438.00	93,445.00	94,225.00
Board Director fees	8,000.00	6,000.00	8,000.00	13,000.00	13,000.00
Board Meeting expenses	3,000.00	3,000.00	3,000.00	4,000.00	4,000.00
Office Rent	25,000.00	28,950.00	25,800.00	25,800.00	25,800.00
Power top-up	-	1,000.00	6,000.00	9,600.00	9,600.00
Gift Shop/ Kiosk rent	-	-	3,500.00	6,000.00	6,000.00
Plant & Equipment purchase	-	8,138.50	4,000.00	4,000.00	4,000.00
R & M Plant	100.00	-	3,200.00	3,200.00	3,200.00
Printing & Stationery	3,400.00	3,200.00	5,000.00	9,600.00	10,000.00
Office Supplies	2,800.00	4,100.00	6,000.00	6,000.00	8,000.00
Vehicle Fuel	3,700.00	4,000.00	4,000.00	3,800.00	4,000.00
Mobile phone top-up	1,150.00	3,500.00	6,000.00	8,000.00	8,000.00
Office Wi-Fi	2,520.00	3,010.00	2,880.00	3,000.00	3,500.00
Domain registration fee	-	-	75.00	75.00	75.00
Vehicle Repairs & Maintenance	3,450.00	5,120.00	4,500.00	6,700.00	6,700.00
Consultancy Fees	36,000.00	18,000.00	12,000.00	20,000.00	20,000.00
Travel (Business)	10,250.00	10,679.00	50,000.00	53,000.00	70,000.00
Representation & Entertainment	8,679.00	8,500.00	12,000.00	20,000.00	40,000.00
TOTAL EXPENSES	148,817.00	165,745.50	231,393.00	289,220.00	330,100.00
Earnings before depreciation	1,183.00	39,918.50	13,607.00	15,780.00	24,900.00
Crafts Amortisation		2,000.00	4,000.00	6,000.00	8,000.00
Annual Depreciation	10,500.00	12,127.70	12,927.70	13,727.70	14,527.70
NET PROFIT/ (LOSS)	(9,317.00)	25,790.80	(3,320.70)	(3,947.70)	2,372.30

* Estimated data only for all financial years based upon financial year 2021/2022 operations

Balance Sheet

The below balance sheet shows the estimated total assets (less depreciation) and liabilities for five years. The liabilities are null and hence the net worth of the enterprise is projected below:

NAURU TOURISM CORPORATION					
Balance Sheet	June 2022 Actual	*June 2023 Forecast	*June 2024 Budget	*June 2025 Plan	*June 2026 Plan
Current Assets					
Cash in bank	28,261.52	60,041.52	69,648.52	81,428.52	102,328.52
Accounts receivable					
Inventory	20,000.00	18,000.00	14,000.00	8,000.00	0.00
Total Current Assets	48,261.52	78,041.52	83,648.52	89,428.52	102,328.52
Fixed Assets					
Machinery & equipment	45,000.00	53,138.50	57,138.50	61,138.50	65,138.50
Furniture & fixtures	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
(Less accumulated depreciation on all fixed assets)	10,500.00	22,627.70	35,555.40	49,283.10	63,810.80
Total Fixed Assets	64,500.00	60,510.80	51,583.10	41,855.40	31,327.70
Total Assets	112,761.52	138,552.32	135,231.62	131,283.92	133,656.22
Liabilities					
Total Liabilities	-	-	-	-	-
Net worth	112,761.52	138,552.32	135,231.62	131,283.92	133,656.22

*Estimated data only for all financial years based upon the FY 2021/2022 net worth

Cash Flow Statement

As per the below statement, the net cash flow is shown for successive years to manage the daily operations of NTC with the change in inventory and other operating expenses. The net cash flow is maintained with the credit funds of the enterprise which is favourable for all the projected years.

Cash flow from operations					
Net Profit/ (Loss)	(9,317.00)	25,790.80	(3,320.70)	(3,947.70)	2,372.30
Add back Depreciation	10,500.00	12,127.70	12,927.70	13,727.70	14,527.70
Inventory amortised	0.00	2,000.00	4,000.00	6,000.00	8,000.00
Net Cash Flow from Operations	1,183.00	39,918.50	13,607.00	15,780.00	24,900.00

NAURU TOURISM CORPORATION					
Cash Flow	FY 2021/2022 Actual	*FY 2022/2023 Forecast	*FY 2023/2024 Budget	*FY 2024/2025 Plan	*FY 2025/2026 Plan
Net Cash Flow from Operations	1,183.00	39,918.50	13,607.00	15,780.00	24,900.00
Investing - Fixed Assets	0.00	(8,138.50)	(4,000.00)	(4,000.00)	(4,000.00)
Net Cash Flow	1,183.00	31,780.00	9,607.00	11,780.00	20,900.00
Opening Cash Balance		28,261.52	60,041.52	69,648.52	81,428.52
Closing Cash Balance	28,261.52	60,041.52	69,648.52	81,428.52	102,328.52

* Estimated data only for all financial years based upon financial year 2021/2022 operations

Proposed Capital Expenditure Statement

As per the below statement, the capital expenditure is maintained under existing levels of operation upon forecast. The total assets expenditure is increasing and decreasing every year due to upgradation and depreciation on office assets as per estimated data only.

NAURU TOURISM CORPORATION					
Balance Sheet	June 2022 Actual	*June 2023 Forecast	*June 2024 Budget	*June 2025 Plan	*June 2026 Plan
Current Assets					
Cash in bank	28,261.52	60,041.52	69,648.52	81,428.52	102,328.52
Accounts receivable					
Inventory	20,000.00	18,000.00	14,000.00	8,000.00	0.00
Total Current Assets	48,261.52	78,041.52	83,648.52	89,428.52	102,328.52
Fixed Assets					
Machinery & equipment	45,000.00	53,138.50	57,138.50	61,138.50	65,138.50
Furniture & fixtures	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
(Less accumulated depreciation on all fixed assets)	10,500.00	22,627.70	35,555.40	49,283.10	63,810.80
Total Fixed Assets	64,500.00	60,510.80	51,583.10	41,855.40	31,327.70
Total Assets	112,761.52	138,552.32	135,231.62	131,283.92	133,656.22

* Estimated data only for all financial years based upon financial year 2021/2022 operations

Debt Statement

NTC does not have any debt finance or credit lines, with no intent to raise any debt finance. The cashflow predictions are favourable which results in a positive growth of the enterprise.

ACCOUNTING POLICIES OVERVIEW

NTC is incorporated under the Nauru Tourism Corporation Act (2019), Public Finance (Control and Management) (Amendment) Act 2020 and is a GCE under Nauru's Public Enterprises Act (2019). NTC prepares and lodges annual financial statements to the Government of Nauru.

The financial statements are prepared on an accruals basis and are based on historical costs unless otherwise stated in notes to these statements.

No major changes to policies are envisaged for the future years. These policies were in full effect for FY2021/2022 and have been assumed to be adopted in subsequent financial years. The consolidated financial statements incorporate the assets and liabilities of Nauru Tourism Corporation at the financial year end.

GOVERNMENT GRANT (GCE)

NTC is a Government Controlled Enterprise (GCE) where the Government of Nauru funds the enterprise for its operational expenses.

	FY 2022 Actual	FY 2023 Forecast	FY 2024 Budget	FY 2025 Plan	FY 2026 Plan
Government credit	\$ 1,50,000.00	\$ 2,00,000.00	\$ 2,40,000.00	\$ 3,00,000.00	\$ 3,40,000.00

NTC is attuned to the importance of the Government of Nauru's strategies to support and provide reliable services to incoming visitors and this is factored into business planning and promotion of tourism in the Republic.

STATEMENT OF LEGAL COMPLIANCE

This statement is provided in relation to NTC is compliant with the requirements of the Constitution as well as laws applicable to NTC such as the Public Enterprises Act (2019) and Nauru Tourism Corporation Act (2019).
