

STANDING COMMITTEE REPORT NO. 16-117

RE: C.R. NO. 16-143/T&C

SUBJECT: NOMINATION OF MR. KIYOSHI PHILLIP TO BOARD OF CIA

NOVEMBER 18, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fifth Special Session, 2010

Dear Mr. Speaker:

Your Committee on Transportation and Communications (T&C), to which was referred C.R. No. 16-143, entitled:

"A RESOLUTION TO CONFIRM THE NOMINATION OF MR. KIYOSHI PHILLIP TO SERVE AS A MEMBER OF THE BOARD OF DIRECTORS FOR CAROLINE ISLAND AIR (CIA) REPRESENTING KOSRAE STATE, PURSUANT TO PUBLIC LAW NO. 10-72, AS AMENDED.",

begs leave to report as follows:

The intent and purpose of the resolution are expressed in its title.

Your Committee held a hearing in Palikir on November 17, 2010 to hear testimony regarding the nomination of Mr. Kiyoshi Phillip to the Board of CIA. Present at the hearing were representatives from the Department of Transportation, Communication and Infrastructure and the President's Office, as well as the nominee himself.

Chairman Neth opened the hearing with greetings and then gave the floor to the nominee. The nominee thanked the Committee for allowing him the opportunity to appear and to justify his nomination. The nominee testified that he strongly believes in the history of service CIA has provided the people of the FSM, especially the people of the outer islands. The nominee shared that he has a vision for the future of CIA. He testified that supporting demand for CIA's outer island services through development of a tourism industry is one aspect of his vision for

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a more profitable and stable CIA. The nominee also stated he believes there is a need for diversification of management at CIA. At present one person acts as pilot, mechanic, and CEO. The nominee wants to install a dedicated management at CIA.

The representative from the President's Office testified that the President nominated Mr. Phillip after confirming his ability and willingness to serve. The President's representative also testified that the President hopes for the Committee's cooperation so to expedite the process of confirming Mr. Phillip's nomination. The testimony of the representatives from the Department of TC&I was favorable to Mr. Phillip's nomination.

The members' main concern regarded the ability of the nominee to devote the time necessary to properly serve on the Board. The members pointed out the lack of compensation for Board members and asked whether compensation would improve Board member participation and overall CIA performance. The nominee reiterated that he sincerely wished to serve on the Board of CIA and had already considered and accepted the time commitment it involved. The nominee, a professor at COM-FSM, explained that the regularly scheduled meetings could be scheduled around his work commitments. The nominee addressed the compensation question by explaining that a meeting allowance would probably promote better attendance and participation at meetings, but noted that his own participation was not conditioned upon such an allowance.

Members of your Committee had numerous ideas concerning the direction of CIA, which they shared with the nominee. Among these were the possibility of dedicating the Board as a policy Board and creating a business advisory panel to advise them on the business aspects. It was suggested that the Secretary of TC&I or the Assistant Secretary for Civil Aviation might have a role on the business advisory board. Another suggestion was to complete the rehabilitation of strategic airports within the FSM. Without these airports completed to standards, CIA will not be able to consistently serve the length of the FSM no matter what guidance the Board provides. The nominee respectfully took note of these considerations and if confirmed will take them into account once he joins the Board.

Chairman Neth closed the hearing by thanking all present for their participation. The Chairman then told the nominee that the Committee stands ready to help CIA, but that CIA must help itself before the Committee can help CIA.

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Your Committee recommends the following technical amendments:

1. Page 1, title, line 3, delete "representing Kosrae State,".
2. Page 2, lines 6-7, delete "representing Kosrae State,".

CONCLUSION

Your Committee on Transportation and Communication has considered the qualifications of the nominee and deliberated upon the testimony thoroughly and recommends adoption of C.R. No. 16-143, in the form attached hereto as C.R. No. 16-143, C.D.1.

Respectfully submitted,

/s/ Dion G. Neth
Dion G. Neth, chairman

/s/ Tony H. Otto
Tony H. Otto, vice chairman

/s/ Peter M. Christian
Peter M. Christian, member

/s/ Claude H. Phillip
Claude H. Phillip, member

/s/ Joe N. Suka
Joe N. Suka, member

/s/ Joseph J. Urusemal
Joseph J. Urusemal, member

Tiwiter Aritos, member