

SPECIAL COMMITTEE REPORT NO. 16-09

RE: COMMITTEE TO WAIT ON THE PRESIDENT

SEPTEMBER 15 2010

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

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of Chairman Paliknoa K. Welly, Senator Joseph J. Urusemal, Senator Dion G. Neth and Senator Tony Otto, was duly appointed on September 13, 2010; your Committee met with the President on September 14, 2010 at 8:30am in the President's conference room.

Present at the meeting were the Committee members; President Manny Mori; Vice President Alik Alik, and many members of the President's Cabinet and Executive Branch.

President Mori opened the meeting by extending a warm welcome on behalf of himself, Vice-President and Executive Staff. President informed the Committee that the Executive Branch is ready to be of assistance to Congress and provide all materials as needed and requested. President Mori referenced Presidential Communication No. 16-266; while not a complete list of all pending matters, these items are identified as new and/or pending items that the President is most interested in Congress addressing as time allows.

President Mori's opening comments also included a desire that the Executive and all members of Congress have lunch on Wednesday or Thursday of this week. President Mori also suggested that the Committee to Wait on the President be renamed to include a more comprehensive description of the meeting rather than describing it in a unilateral manner. Finally, President Mori wished to inform Congress that he has accepted an invitation from the US Ambassador to travel to Ulithi for a school dedication on September 23, 2010, and will be absent from Palikir for five days. Additionally, Vice-President Alik will be attending the 65th Session of the General Assembly of the UN, which open on September 14, 2010.

P.C. No. 16-266

President Mori wished to highlight a few items in P.C. No. 16-266 of

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particular importance to the Executive. An item not in P.C. No. 16-266 of interest to the President is for Congress to consider committing expected revenues from MRA (corporate tax) to Social Security, Health Insurance and the Trust Fund, among other areas where a cash infusion may be needed.

President Mori then addressed the supplemental budget requests for both FY2010 and FY2011. First, for FY2010, while it is close to the end of the fiscal year, President Mori described the supplemental requests and items that cannot wait. President Mori then explained the unusual request to supplement the FY2011 Budget Book. President Mori explained that too many cuts were perhaps made in the FY2011 Budget Book as submitted and, in an effort to avoid extensive supplemental requests as occurred throughout FY2010, President Mori wished to make the supplemental requests now. If approved, the Executive will make its very best effort to refrain from additional supplemental in FY2011

President Mori then asked Congress to consider all pending nominations as always.

President Mori then addressed the outstanding grants and treaties. The President hopes Congress will consider the \$88,900 for passport decentralization. This would cut down number of number of days it takes to apply for and receive a passport, while still ensuring the security of passports. President Mori indicated that the Compact Sector Grants are still coming; the Executive expects to receive them from OIA this week and will immediately transmit the grants to Congress. Also, the budget proposal for PMU has been approved by OIA and Congress should expect to see that this week as well. SBOC will be informed and directed to send new revenue projections once those grant awards are received.

For pending legislation, president Mori requested that Congress take action on C.B. No. 16-08, the bill to establish regulatory power over telecommunications. The Executive considers this legislation important as for financial reasons, and to see if other parties are interested in coming in and improving competition in the FSM telecommunications industry. President Mori also mentioned C.B. No. 16-14, which seeks to improve the process of appointing FSM reps to JEMCO. The President is also extremely interested in Tax Reform and the Leun Thai Loan; there should be more information sent over from the Executive to Congress on both of those matters. The President recognizes that that Congress will be busy with the FY2011 Budget, but these are the other items that are of particular importance to the Executive as time permits for Congress to consider.

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Comments from the Committee

Chairman Welly greeted the President, Vice-President and Cabinet members, and thanked President Mori for meeting this morning and accommodating the Committee's schedule. Chairman Welly informed the President that Congress had convened the Fifth Regular Session and was ready to transact business. Chairman Welly thanked the President for submitting P.C. No. 16-266 and detailing for Congress the items of importance to the Executive. The Budget will be time intensive for Congress, but Congress will do its best to consider other items of particular interest to the President as stated today and in P.C. No. 16-266.

Senator Urusemal wished to clarify that, regarding dedicating MRA (corporate tax) profits to the Trust Fund, that is the FSM Trust Fund? President Mori answered in the affirmative. When asked if there will be a bill submitted to Congress to that effect, or in what manner the President would you like Congress to move forward with that idea, President Mori stated that the Executive is not ready to put that idea into "black and white" right now, but it is an idea to consider and talk about. The States will be watching how this is handled very closely, but perhaps it will be best for the National Government to sit down and discuss and follow up with the States. Senator Urusemal expressed that appreciation that Compact Grant awards will be forthcoming, as it will assist Congress in planning the schedule for the Fifth Regular Session.

Senator Neth asked for clarification on FY2011 adjustments; the Committee on T & C, in May, heard testimony on some items that were not reflected in the Budget Book, but the requests were presented in hearings as being sanctioned by the President. Senator Neth also asked whether additional nominations for the Board of Directors of CIA will be forthcoming in order for a quorum to be met? President Mori indicated that, in some instances, the Executive is still waiting for nominations from the States and hope to receive the nominations this week and will transmit to Congress as soon as received. As for the Consul General nomination, Department of Justice will review the nomination to determine if it has indeed lapsed and a need new nomination is needed.

Senator Otto wished to mention one item of concern to his district in particular, and that is the disposal of government assets, especially MFC fishing boats. The government needs to make a good decision on how to dispose of those assets. Some of the boats have already sunk and are now polluting the water in those areas. State Governments may very well soon be asking Congress for funding to assist in cleanup of

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the water; therefore, it would be in our best interest to dispose of property properly. President Mori indicated that he will look into all National Government assets; some of the boats are privately owned, but the Executive will look into all assets that belong to the National Government. Senator Otto also asked that the Executive consider assisting the States financially with historic site preservation.

Conclusion

The Committee members and President agreed to arrange the lunch with all Members and the Executive on Wednesday, starting at 11am in order to meet for one hour before lunch is served.

The meeting concluded with mutual expressions of appreciation and good wishes.

Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, chairman

/s/ Joseph J. Urusemal
Joseph J. Urusemal, vice chairman

/s/ Dion G. Neth
Dion G. Neth, member

/s/ Tony Otto
Tony Otto, member