

STANDING COMMITTEE REPORT NO. 17-120

RE: C.R. NO. 17-103/W&M

SUBJECT: TO CONFIRM THE NOMINATION OF THE
SECRETARY OF DEPARTMENT OF FINANCE AND
ADMINISTRATION

MARCH 31, 2012

The Honorable Isaac V. Figir
Speaker, Seventeenth Congress
Federated States of Micronesia
Third Special Session, 2012

Dear Mr. Speaker:

Your Committee on Ways and Means (W&M), to which was referred C.R. No. 17-103 entitled:

"A RESOLUTION TO CONFIRM THE NOMINATION OF MR.
DION G. NETH TO THE POSITION OF SECRETARY OF THE
DEPARTMENT OF FINANCE AND ADMINISTRATION OF THE
NATIONAL GOVERNMENT OF THE FEDERATED STATES OF
MICRONESIA.",

begs leave to report as follows:

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

Mr. Dion G. Neth has been nominated by the President of the Federated States of Micronesia to be the Secretary of the Department of Finance and Administration (Finance). Article X, section 2(d) of the FSM Constitution and title 2, section 207 of the Code of the Federated States of Micronesia states this nomination is subject to the advice and consent of Congress.

The nomination was transmitted to Congress as Presidential Communication No. 17-171. In the letter accompanying the nomination the President cites the nominee's more than 20 years experience and extensive background in public service.

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The nominee's history and experience prove he has the qualifications needed to fulfill the position of Secretary of Finance and Administration.

PUBLIC HEARINGS

Your committee held a public hearing with the nominee on January 25, 2012. Chairman Halbert welcomed the nominee to the hearing and thanked him for his participation. Chairman Halbert then explained to the nominee the direction the Committee hopes Finance will take if he is confirmed. Your Committee expressed its resolve that something must change at Finance. Your Committee cited numerous complaints of Finance from both the private sector and state and national governments as indicative of the need for change. The nominee largely agreed with the Committee. The nominee admittedly is no expert on the issues at Finance but promised that if confirmed he will manage the Department and its staff toward producing solutions.

Your Committee told the nominee it would like someone to shape things up at Finance and that Finance needs an overhaul. Your Committee hopes the President has nominated someone who can achieve this.

Your Committee then began to question the nominee substantively.

The nominee was questioned regarding the proper office to provide revenue projections. The nominee stated revenue projections should be provided by the Department of Finance, be based on Finance's collection data, and that the Secretary of Finance and Administration should be responsible. The nominee stated that current law clearly states the Secretary of Finance and Administration is to provide revenue projections, therefore he believes it is the Secretary's duty to provide revenue projections to Congress.

The nominee was asked for his views on the proper administrative location of the Budget Office. The nominee responded that he would prefer to have the Budget Office outside of SBOC to operate independently. Your Committee

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followed up by asking how the nominee would react to serving at the President's pleasure when his views differ, such as on this issue. The nominee stated that if confirmed he would have to clarify with the President the intended roles and duties of Finance. The nominee further stated that to the extent the intended roles of Finance differ from provisions of law he would hope the President would submit legislation to amend the law to that end.

Your Committee questioned the nominee regarding his management style. Your Committee shared instances in which one employee on sick leave can cause a complete work stoppage at Finance. The nominee stated that cross training is the way to address this issue. The nominee cited his use of the practice at the Department of Finance in Pohnpei as indicative of the effectiveness of such a strategy.

The questioning then turned toward customer service provided by Finance. Your Committee shared reports of poor customer service and asked the nominee if he would be able to improve service. Your Committee expressed its hope that if confirmed the nominee would make efforts to remedy this concern.

Your Committee had numerous specific questions to which the nominee had no specific response. The nominee cited his need to be confirmed and gain insight into the realities of the Department before being able to provide meaningful answers to these inquiries. Your Committee inquired whether the nominee had a good relationship with the current staff at Finance, his views on the tax reform project, and his views on the usefulness of advancing funds for projects funded through federal grants. Each of these inquiries met with a noncommittal response pending further study if confirmed.

Your Committee then asked the nominee if there was anything that the Committee should know that would hinder his ability to act as the Secretary of Finance and Administration. Specifically the nominee was asked about his future political ambitions and whether his status as a prominent

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business owner would affect his performance as the Secretary. The nominee responded he had no political ambitions and no reservations about his ability to act as the Secretary impartially.

Your Committee expressed its appreciation to the nominee for his candid responses and moved to adjourn the hearing. The nominee then thanked the Committee for the opportunity and again expressed his interest in the position.

Your Committee held a public hearing on March 29, 2012 with representatives from Finance, SBOC, and the President's Office. Your Committee welcomed the witnesses and explained to them that the Committee wanted to hear from the current leadership of Finance and other affected offices regarding the nominee. Your Committee received generally favorable testimony from each representative.

Your Committee asked the witnesses what type of leader Finance should have, and if this nominee is that type. The President's representative addressed this question and responded that he is confident the nominee can manage Finance satisfactorily. The President's representative further stated that the nominee's leadership in decision making, creating innovative solutions, and pursuing bold ideas were another matter, which members of the Committee may be more familiar with having worked with the nominee at Congress.

Your Committee asked what affect the nominee's status as a businessman may have on his performance as the Secretary of Finance and Administration. The representative from Finance stated it would be easier to work with one who has no attachments to business. The President's representative informed the Committee there is nothing they are aware of to suggest he is unable to act impartially as the Secretary of Finance and Administration.

Your Committee thanked witnesses for their participation and contributions and the hearing was adjourned.

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PROPOSED AMENDMENTS

Your Committee offers the following amendment to C.R. No. 17-103:

1. Page 1, line 15, delete "Regular" and insert "Special" in lieu thereof.

CONCLUSION

Your Committee is satisfied with the qualifications and experience of the nominee. With the above amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.R. No. 17-103 and recommends its adoption in the form attached hereto as C.R. No. 17-103, C.D.1.

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Respectfully submitted,

/s/ Dohsis Halbert
Dohsis Halbert, chairman

Peter M. Christian, member

/s/ Roger S. Mori
Roger S. Mori, member

Tony H. Otto, member

/s/ David W. Panuelo
David W. Panuelo, member

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

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member