

SPECIAL COMMITTEE REPORT NO. 18-10

RE: COMMITTEE TO WAIT ON THE PRESIDENT

JANUARY 26, 2015

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Sixth Regular Session, 2015

Dear Mr. Speaker:

Your Committee to Wait on the President, consisting of members Paliknoa K. Welly (Chairman), Florencio (Singkoro) Harper, David W. Panuelo and Tony H. Otto, was duly appointed on January 23, 2015.

The Committee met with President Mori on January 23, 2015. Also in attendance were members of the President's cabinet and staff. The President welcomed the Committee, thanked the Members for meeting on the opening day of session, and informed the Members that the President and his administration were ready to work with Congress and provided an agenda of items to discuss. Items on the provided agenda were as follows: (1) Legislation, specifically the 2023 Investment Development Fund Framework, supplemental budget requests, pension plan, grants and nominations, and Micronesia Trade Treaty; (2) The SNLC update to Congress, and (3) Chuuk State Political Status. Chairman Welly replied with greetings from Congress and informed the President

SPECIAL COMMITTEE REPORT NO. 18-10

RE: COMMITTEE TO WAIT ON THE PRESIDENT

JANUARY 26, 2015

that Congress was organized and ready to transact business. The Committee requested that additional items be added to the agenda, including fishing fees and MRA updates. A discussion of the individual agenda items followed.

The President expressed appreciation for the initial \$5,000,000 appropriation for the 2023 Investment Development Fund, and asked Congress to please consider funding the full amount of \$15,000,000 as requested. The President also asked that Congress act on the proposed enabling legislation that has been submitted to Congress, and noted that the 2023 Action Plan is also on the agenda for the upcoming SNLC. The plan is not finalized and is awaiting input from the States and will be reviewed by the SNLC. The President hopes that if Congress could act on the enabling legislation, the entire plan could be endorsed by the SNLC.

The President then indicated that a supplemental budget request will be forthcoming. The current request is approximately \$1,100,000, but additional requests are still be reviewed and a formal submission to Congress has not yet been sent and could be higher than the current \$1,100,000. The President noted that revised revenue projects have been submitted to Congress indicating available funds of \$9,900,000, and asked Congress to raise the ceiling to reflect the updated revenue projections. Your Committee noted that there are concerns regarding the FSM Trust Fund balance and prior year appropriations. The President stated that the balance of the Trust Fund in 2007 was \$500,000, and is currently over \$51,000,000.

The President then stated that Congress should expect to soon receive proposed legislation regarding a National Government

SPECIAL COMMITTEE REPORT NO. 18-10

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JANUARY 26, 2015

Pension. The President considers a pension plan for National Government employees as necessary to supplement social security payments, and noted that Telecom, COM-FSM and many of the banks have successful pension plans that are attractive to employees. Regarding National Government employees, your Committee indicated that legislation regarding a COLA increase may also be reintroduced this session.

Regarding the next item on the agenda, grants and nominations, the President suggested that title 55 of the Code of the Federated States of Micronesia, could be improved regarding the grant application and approval process. The President indicated that timing can be an issue when Congress is not in session and an application is time-sensitive, and also that recycled grants could be addressed differently. Your Committee noted that there is an ODA Policy in place, but perhaps there could be an opportunity for improvement and to make the process easier for everyone to understand. The President stated that a large percentage of the grants are really for the States, the National Government is merely facilitating, and it is desirable to speed up the process.

The President noted that there is one very important nomination pending before Congress, that of an Associate Justice. The Court is handicapped with two vacancies, and the President asked that Congress start the review process for the current nominee, and then perhaps have an Executive Session with the President to discuss finding an appropriate nominee for Chief Justice. The President noted that one of the difficulties is finding nominees for the Court at the current salary who can meet expectations. Other pending nominees include Telecom and Land Grant. Your

SPECIAL COMMITTEE REPORT NO. 18-10

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JANUARY 26, 2015

Committee inquired as to whether Congress should expect to receive a nomination for Election Director this session. The President indicated he has a recommendation under consideration, but the Acting Election Director has assured him that things are running smoothly for the upcoming election.

The President then asked that Congress act on the Micronesian Trade Treaty, as it has been sitting too long.

Your Committee then addressed the additional items on the agenda as added by your Committee, fishing fees and MRA. Your Committee noted that these two items are a major part of FSM revenue, and expressed concerns that the maximum potential of these revenues be achieved. Regarding fishing fees, Senator Panuelo noted that this is a finite resource, and the FSM must do its best to get the highest revenue while appropriately managing the resource. Other countries have increased fees, and the FSM should stay aware of the current market and not be complacent on fees. The President stated that the negotiations of fees are hard-fought, and some countries can be very tough negotiators. Regarding recent fishing violations, the President stated that the current arrests have not chased boats from the FSM, but the problem is countries do not like coming here while regulations are not clear. The President indicated his position is to crack down on violators, but make the fines transparent and reasonable.

Regarding the upcoming SNLC, the President asked that Congress please send participants. Agenda items will include the 2023 Action Plan, Investment, Manpower Development, Tourism, Coconut Product Development, ODA, and others.

SPECIAL COMMITTEE REPORT NO. 18-10

RE: COMMITTEE TO WAIT ON THE PRESIDENT

JANUARY 26, 2015

Finally, the President addressed the Chuuk State political status, and the importance of dealing with the current issues. Your Committee suggested a presentation at the SNLC could be useful, not specifically addressing the current issues occurring in Chuuk State, but a general overview detailing the pros and cons of any state leaving the Federation, and the Constitutional obstacles of such.

The meeting closed with joint expressions of appreciation and wishes for a productive congressional session.

Respectfully submitted,

/s/ Paliknoa K. Welly
Paliknoa K. Welly, Chairman

/s/ Florencio S. Harper
Florencio S. Harper, Member

/s/ David W. Panuelo
David W. Panuelo, Member

/s/ Tony H. Otto
Tony H. Otto, Member