

STANDING COMMITTEE REPORT NO. 15-182

RE: C.B. NO. 15-03/T&C

SUBJECT: APPOINTMENT AND COMPOSITION OF FSM TELECOM BOARD

MARCH 26, 2009

The Honorable Isaac V. Figir
Speaker, Fifteenth Congress
Federated States of Micronesia
Seventh Special Session, 2009

Dear Mr. Speaker:

Your Committee on Transportation and Communications, to which was referred C.B. No. 15-03, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND TITLE 21 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED, BY AMENDING SECTIONS 210, 211, 212, 213 AND 218 THEREOF RELATING TO THE APPOINTMENT AND COMPOSITION OF THE BOARD OF DIRECTORS OF THE TELECOMMUNICATIONS CORPORATION OF THE FEDERATED STATES OF MICRONESIA, ESTABLISHING TERM LIMITS FOR APPOINTIVE BOARD MEMBERS, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

The intent of the bill is to give the President the authority to appoint Board of Directors of the Telecommunications Corporation, and for all members to be confirmed by Congress.

In Section 210 of Title 21 of the FSM Code, the composition of the Board of Directors of the Telecommunication Corporations must consist of one member to represent the National Government, and one member representing each of the States. All together, the Board shall be composed of five voting members. Furthermore, all appointments to the Board shall be made by the President of the Federated States of Micronesia with the advice and consent of Congress.

Any State representative on the Board shall be upon the recommendation to the President by the Governor of the pertinent State. The respective Governor must recommend an individual with knowledge of financial matters and with experience or training related to telecommunications, business management, accounting or finance and a college degree with five years of work related experience.

The proposed amendment in Section 210 of title 21 is to delete the requirement that appointed members of the Board determine by lot the

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length of their initial term, and the first organizational meeting not to be set by Executive Order.

In Section 212, the terms of office shall be for a period of three years and shall be staggered so that not more than two of the five terms expire in any one year. And a board member shall serve for more than two full consecutive terms.

In Section 213, the presiding officer of the Board shall notify the President and the Governor of an impending vacancy on the Board not less than ninety (90) days prior to the expiration of the term of a member or immediately upon removal, resignation or death.

In Section 218, to transact regular business of the Board, a quorum shall be four members.

Your committee understands that the Telecommunications Corporation is a Public Corporation, and the funding that the Corporation initially used to begin its operation is from the share of the States and National government Compact 1 funding. Then, there was a compromise that since the States have given up their shares to start-up the Corporation, the legislation that established the Corporation allows the States to give advice and consent of their representatives to the Board.

In fact, the States were not supportive on the attempt to have Congress confirm all Board members. They still want to confirm their respective representatives to the Board of the Corporation.

Your Committee is of the view that the FSM Telecommunications Corporation is like a "runaway train", which means that the management of the Corporation are not adhering to policy direction by the President of the Federated States of Micronesia. One illustration is the fiber optic cable project, which the Corporation really leaning to the Corporation's advantage of lessening cost, and not loyal to the states or the national governments' interest. Not to mention that the management of the Corporation continues to neglect its mandated responsibilities as required by the enabling legislation that established the Corporation.

In addition, your Committee strongly believes that the Board of Directors of Telecommunications Corporation is engaging in a national responsibility and not a state responsibility. Your Committee thinks that all members need to have a "one-minded" board that will pursue a national interest.

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Your Committee on Transportation and Communications is in accord with the intent and purpose of C.B. No. 15-03 and recommends its passage on First Reading, and that it be placed on the calendar for Second and Final reading in the form attached hereto as C.B. No. 15-03.

Respectfully submitted,

/s/ Moses A. Nelson
Moses A. Nelson, chairman

/s/ Fredrico O. Primo
Fredrico O. Primo, vice chairman

Tiwiter Aritos, member

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

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

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

Joseph J. Urusemal, member