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COMMITTEE ON TRANSPORTATION AND COMMUNICATIONS

STANDING COMMITTEE REPORT NO. 21-75

RE: C.B. NO. 21-352/T&C

SUBJECT: $2,038,000 SUPPLEMENTAL REQUEST FOR OAE

JANUARY 19, 2021

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Sixth Regular Session, 2021

Dear Mr. Speaker:

Your Committee on Transportation and Communication to which was jointly referred Presidential Communication No. 21-484, regarding Congressional Bill No. 21-352, entitled:

> "A BILL FOR AN ACT TO FURTHER AMEND SECTIONS 1, 2, 6, 7, 8 AND 9 OF PUBLIC LAW NO. 21-185, AS AMENDED BY PUBLIC LAW NO. 21-210, TO APPROPRIATE A TOTAL OF $5,948,555 OF SUPPLEMENTAL FUNDS FROM THE GENERAL FUND OF THE FEDERATED STATES OF MICRONESIA FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2021, TO PROVIDE ADDITIONAL FUNDING FOR THE OPERATIONS OF THE NATIONAL GOVERNMENT OF THE FEDERATED STATES OF MICRONESIA, FOR ITS VARIOUS DEPARTMENTS, AGENCIES, AND SPECIAL PROGRAMS, TO PROVIDE ADDITIONAL SUPPLEMENTAL FUNDING FOR SUBSIDIES AND CONTRIBUTIONS AND FOR CAPITAL PROJECTS, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

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Your Committee had conducted a public hearing on Thursday, January 14, 2021 at the Congressional hearing room.

The witnesses present at the hearing that Zoomed in from other jurisdictions included representatives from the FSM Telecommunication Corporation (FSMTC) and Board of Directors of FSMTC, the Department of Transportation, Communications and Infrastructure, the FSM Cable Corporation also known as Open Access Entity (OAE), the Telecommunication Regulatory Authority, the Department of Finance and Administration, and the Office of the President.

Your Committee is aware that OAE is requesting a supplemental budget in the amount of $2,038,000 because FSMTC has elected to no longer respect its obligations under the IRU Deed signed between the FSMTC and OAE, and consequently stopped paying its invoices after March 31, 2020. As a result of FSMTC's refusal to pay its debts, OAE will run out of funding in February 2021. This non-payment issue is the purpose of the T&C Committee's hearing.

At the hearing, your Committee heard from the Chief Executive Officer of FSMTC that FSMTC will not make payment to OAE.

Your Committee understands that there is a contractual obligation between FSMTC and OAE. Therefore, FSM Congress has no relation as to the contractual relationship between OAE and FSMTC in regards to outstanding payment.

Nevertheless, in the wisdom of your Committee, it decided to honor a portion of the supplemental request of OAE in the amount of $500,000 instead of the whole $2,038,000.

In addition, your Committee recommends that the two parties seek any appropriate avenues that will ease this ongoing dispute on non-payment between the two parties.

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CONCLUSION

Your Committee recommends the appropriation of the sum of $500,000, subject to the recommendation by the Committee on Ways and Means.

Respectfully submitted,

Victor V. Gouland, chairman

Peter M. Christian, vice chairman

Florencio S. Harper, member

Esmond B. Moses, member

Aren B. Palik, member

Joseph J. Urusemal, member

Wesley W. Simina, member

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