

# FSM proposes phased capitol construction

KOLONIA, Ponape - The FSM proposed funding in two phases for construction of the \$23.8 million national capital at Palikir to utilize the \$13 million provided by the House Appropriations Interior Subcommittee, according to Budget Officer Del Pangelinan.

The last chance for fiscal 1985 funding for construction of the new FSM capitol will be in a U.S. Senate-House conference committee

scheduled for early September, Pangelinan said.

The House adopted the Reagan administration proposal to provide \$13 million for the FSM capitol, but the Senate Energy and Natural Resources Committee deleted the capitol construction funds.

In an Aug. 20 cable to Senate Energy and Natural Resources Chairman James McClure of Idaho

and ranking Democrat J. Bennett Johnston of Louisiana, President Tosiwo Nakayama appealed for the reinstatement of the full \$23.8 million, but proposed a contingency plan to provide \$13,400,073 in fiscal 1985 and \$8,815,701 in fiscal 1986, totalling \$22,215,774.

The costs listed for Phase I

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# FSM hits garment import quotas

KOLONIA, Ponape - The FSM is planning to submit comments to the U.S. Treasury Department expressing serious concerns about recently proposed textile import quota restrictions which could hinder economic development under the Compact of Free Association, according to Status Commission officials.

The FSM Congress adopted Aug. 10 during its third special session a resolution expressing its dismay and concern about the Treasury Department proposal, stating that the regulations which will restrict the ability of the (FSM) to export manufactured clothing into the United States during the period of the Compact."

The resolution said that the FSM has looked upon General Headnote 3(a) "as one of the major economic attractions of the Compact," and that if Treasury can with minimal notice restrict future clothing imports from the FSM through quota restrictions, "a justified fear exists that other economic products and/or merchandise exported from the (FSM)...might suffer similar treatment."

The FSM is not manufacturing clothing for export to the United States, but interest reportedly has been shown in establishing plants in Truk and Ponape to assemble garment materials manufactured elsewhere to transship to the U.S. under General Headnote 3(a) when the Compact goes into

effect.

Fledgling garment industries in Guam and Saipan would be affected by the proposed changes.

The regulations changes are scheduled to go into effect Sept. 7, but court injunctions are being sought to delay them until after the Christmas season, and Treasury is accepting comments until Oct. 2, according to Status

Commission sources who recommended that the FSM submit comments, stressing the potential impact on the realization of negotiated benefits under the Compact.

According to Status Commission officials, the Treasury regulations do not address General Headnote 3(a) of the U.S. tariff

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**EDUCATION PLANNING DISCUSSED** - Congress Speaker Bethwel Henry, second from right, is urging state education directors to develop plans for use of Compact of Free Association funds Aug. 16 during the opening of the FSM Educational Leadership Conference in Ponape. From left clockwise at the table are Truk Assistant Education Director Manny Sound, Kosrae Education Director Singkitchy George, Henry, Yap Education Director Alfonso Fanechigi and FSM Senators Peter Christian of Ponape and Koichi Sana of Truk. (See story on Page 4.)

# Conference last shot for '85 capitol construction funds

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and II "do not allow for any contingency or funds for telephone installation," and a delay of more than one year in Phase II would increase cost by 15 per cent, or \$1,322,000, according to the architects estimate, Nakayama said.

Proposed Phase I funding would "construct the water, sewer and road system necessary for the capitol and...manage the orderly future development of the capitol environs in Palikir Valley," he said.

"The FSM views this project as very important to our nation and additionally is of great benefit to the people of Ponape who will benefit from the added roads, sewer, water and electrical facilities," the President said.

"Further, this project represents a cornerstone of friendship and agreements between the U.S. and FSM," Nakayama said.

The Senate committee stated in its July 26 report on Interior Department authorizations:

"While the committee continues to believe these capital improvement projects (such as roads and sanitary facilities) are of higher priority than construction of new capitols, it nevertheless remains committed to providing funding for construction of capitols for the Federated States of Micronesia, the Republic of the Marshall Islands and the Republic of Palau in future appropriations measures."

The FSM requested an additional \$12 million for construction of a new Community College of Micronesia campus a Palikir which were not included in the House, or Senate bills.

The Reagan administration recommended \$40.4 million for FSM operational and \$4.4 million for CIP funding for fiscal 1985. The House Appropriations Committee increased the operational funding by \$765,000 to \$41,165,000 and the CIP funding to \$9.23 million, while the Senate committee increased operational funding by \$2,448,000 to \$42,848,000 and CIP funds to \$8.83 million.

The FSM had requested \$3,336,000 more than the administration proposal for operational funds, including \$336,000 for the financial management system; \$2 million for eradication of communicable diseases, such as leprosy, cholera and tuberculosis, and \$1 million for telephone upgrading.

The FSM also requested an additional \$17.34 million for CIP projects.

The House increase in operational funds includes \$200,000 for the leprosy control program in Ponape and Truk, and the Senate increase did not specify any funds for disease control, but it possibly could be used for FSM-wide leprosy program in conjunction with funding being provided by the World Health Organization, according to Pangelinan.

Among the CIP projects in the House and Senate bills, the administration, House and Senate approved a total of \$2.4 million, or \$600,000 each for airport terminals in the four states; the

administration and House provided \$2 million as opposed to the Senate \$1.5 million for Kosrae road construction; the House and Senate provided \$120,000 for hospital communication and \$400,000 for a dock warehouse in Kosrae, and the House provided \$900,000 for Kosrae dock and airport fuel storage tanks.

In addition, the House and Senate provided \$2 million for Ponape roads and bridges and \$1.41 million for Yap road construction and the Senate provided \$1 million for Yap water system development.

## WHO sends leprosy drugs, U.S. funds uncertain

KOLONIA, Ponape - The FSM learned through the Trust Territory government in July that the World Health Organization will fund a five-and-one-half-year leprosy program here with possible assistance from the U.S. Public Health Service and Interior Department, according to Dr. Kiosi Aniol, national Health Services Coordinator.

The program will include the expansion of the systematic leprosy survey which has been conducted in Ponape since 1982 to Truk, Yap and Kosrae, Aniol said.

WHO declared the FSM leprosy rate epidemic with 852 known cases in Ponape, 317 in Truk, 41 in Yap and 40 in Kosrae as of January, 1984.

"I expect that with the survey in the other three states, the number of cases will triple," Aniol said.

"According to the survey in Ponape, there are more new cases being found here," he said.

The five-and-one-half-year leprosy program was launched with the arrival in July of the first three-month supply of medicines,

### Fill bids sought

KOLONIA, Ponape - Bids to supply and place an estimated 15,250 cubic yards of coral fill in mangrove swamp for the Deh Village Sanitary Facilities, Sokehs Municipality, will be accepted to 3 p.m. Sept. 7 by Project Manager Jack Pobuk, Central Building, P. O. Box 502, Kolonia, Ponape FSM 96941.

Plans and specifications for the TTPI Office of Planning and Statistics project may be obtained from Pobuk at the cost of \$25 payable by check, or money order payable to the Treasurer, TTPI, and delivered to Pobuk with the notation "Deh Village Sanitary Facilities Plans."

Dapson, Lamprine and Rifampisia, sent by WHO.

The medicines were distributed to the states according to the number of known cases under treatment, Aniol said.

WHO is providing \$260,000 in medicines, medical training in and outside of the FSM, consultants' fees and transportation costs for the program, according to Aniol.

The WHO assistance will be used to expand the survey to the other states, he said.

The FSM asked the U.S. Congress to provide \$2 million in fiscal 1985 for leprosy, tuberculosis and cholera programs. The House Appropriations Subcommittee on Interior and Related Agencies cut it back to \$200,000 for the expansion of the leprosy survey and treatment program, while the Senate Energy and Natural Resources Committee increased FSM operational funds by \$2,448,000 which is not earmarked but could be used for the communicable disease program, according to Budget Officer Del Pangelinan.

"A House-Senate conference is scheduled for early September to resolve the differences," Pangelinan said.

The U.S. Public Health Service is interested in assisting the FSM leprosy program and would like to work with WHO and the Interior Department, so all of the resources "will be in one pot," Aniol said.

He said that the amount of USPS and Interior participation will be determined by U.S. congressional budget and appropriations action.

The U.S. Congress provide \$1.6 million in fiscal 1983 and \$2 million in fiscal 1984 for the Truk cholera program, and has not provided any funds yet for the Ponape leprosy survey, Aniol said.

# Congress approves state project, supplemental funds

KOLONIA, Ponape - (Congress Release) - The Third FSM Congress ended Aug. 17 its third special session, after passing \$2.5 million in state public project appropriations and \$130,655.44 in fiscal 1984 supplemental budget requests.

The Congress disapproved a Ways and Means Committee report on a resolution to divide among the four states goods and services made available under the recently concluded agreement between the Micronesian Maritime Authority and the Japanese fishing associations.

Six members disapproved the committee amendment to the original resolution to divide the proceeds between Yap and Kosrae as agreed to by the FSM Chief Executives in July, 1982.

Earlier in the session, Congress adopted the resolutions approving the goods and services agreement and the new "per vessel, per trip" fishing agreement with the four Japanese fishing associations which could net the FSM a high of \$2.4 million in fishing rights fees.

For the first time, a state's project funds were divided into two bills, including one appropriating \$789,700 for Truk state-wide public projects along with funds for the Mortlocks, Fefan, Uman, Dublon, Tsis, Parem, Moen and Fono, and the second appropriating \$287,000 for the Faichuk area.

Congress approved \$320,000 for Kosrae, \$720,000 for Ponape and \$382,500 for Yap state public projects.

"We have gone three years without public projects for the states," Speaker Bethwel Henry of Ponape said. "We felt it was time we got some economic development money back to them."

Fiscal 1984 supplemental funding requests approved included \$11,000 for the FSM Postal Service, \$45,000 for the Attorney General's Office, \$25,000 for the Status Commission, \$15,000 for MMA and \$34,655.44 for the FSM Revolving Economic Development Loan Fund.

In other action, Congress defeated on first reading a bill to extend the reversion date for fiscal 1981 Ponape state public projects funds and deferred a bill to establish an Environmental Protection Agency until the fourth regular session to be held in October.

The Congress adopted resolutions requesting the United Nations to terminate the TTPI strategic trusteeship upon approval of the Compact of Free Association by the United States and asking the Public Auditor to audit all marine resources development matching funds provided to Truk, Yap and Ponape.

Other resolutions adopted during the session which began Aug. 8:

-Express deep concern and distress over the serious illness of Yap State Legislature Speaker Joseph Ayin.

-Express dismay and concern about recent U.S. Treasury Department action changing Headnote 3(a) regulations restricting FSM

ability to export manufactured clothing into the United States during the Compact period.

-Set forth total sums available for appropriation from the fiscal 1985 FSM General Fund and U.S. grant special fund.

-Express condolences to the family and friends of the late Dr. Glen E. Peterson, brother of College of Micronesia Executive Director Loren Peterson.

-Thank Federal Emergency Management Agency Director Louis O. Giuffria for permitting FSM firemen to attend training courses at the National Fire Academy.

-Ask the U.S. Interior Department and Census Bureau to conduct a 1985 FSM population census.

-Congratulate Floor Leader John Haglelgam on his 35th birthday.

## Joint registration seen

KOLONIA, Ponape - FSM Health Insurance Committee and Social Security Administration officials tentatively agreed to join forces in the registration for and implementation of the National Health Insurance Plan (NHCP), according to Budget Officer Del Pangelinan.

Both programs have common goals of providing the socially desirable benefits of health and income security while requiring individual and employer contributions to make each program financially and administratively self-sufficient, the committee chairman said.

Meetings of the committee with Assistant Social Security Administrator Takeo N. George and Ponape State Social Security Manager Dadao Fliam resulted in tentative agreements for the two programs to:

- 1) Use the individual and employer Social Security numbers.
- 2) Coordinate the dates and frequency of payments individuals and employers are to make to each program.
- 3) Coordinate the registration and public education efforts for the initial implementation of the NHCP to see that individuals and employers receive the benefits and conform to the legal obligations of both programs.

The committee also is continuing to finalize for the NHCP in time for the scheduled October Chief Executives Conference 1) the draft legislation, 2) the regulations and 3) the written proposal.



RECEPTION FOR CONGRESS - Ponape Gov. Resio Moses, standing far left, is hosting a reception Aug. 10 at the Village Hotel for members of the Third FSM Congress during its Aug. 8-17 third special session. The reception also was attended by FSM Vice President Bailey Olter, Supreme Court Chief Justice Edward King and members of the Ponape State Legislature and national executive branch.

# Plan requested to use Compact funds for education

KOLONIA, Ponape - FSM state education directors were urged to develop a plan for use of Compact of Free Association funding for education, during their Aug. 16-17 Educational Leadership Conference here, according to national Education Division Chief Daro Weital.

The directors agreed to an Aug. 27 deadline for each state to submit operational and capital expenditures, ceilings and current needs for planning the division of Compact block grant and special grant funds, Weital said.

The conference opened with Congress Speaker Bethwel Henry stating, "With the termination of all federal education programs and in their place the advent of the major block grant (Compact Section 211) and the education minor block grant (Sections 221 [6] and 216 [3]), a new approach to education planning needs to be developed.

"Without careful transition and long-range planning, the shift from primarily U.S. federal programs to Compact block grants for education could be sudden and harsh," Henry said.

He said that the draft FSM Education Code which is being reviewed "is an important component in this effort."

FSM Status Commission legal counsel Greg Swartz outlined the current status of the Compact in the U.S. Congress, citing proposals to extend some U.S. federal programs as transition programs during the first three years of the Compact and citing the commission as the mechanism for presenting the need for possible future assistance.

Swartz discussed the need for a distribution formula for the \$7 million a year which the FSM is scheduled to receive under Compact Section 221 (b) for health, education, food services, housing and technical assistance; to determine how a portion of the major block grant could be used for education by determining educational needs, and to determine how the \$1.9 million a year the FSM will receive under Section 216 (3) for scholarships will be distributed to students attending the College of Micronesia and other higher education institutions.

FSM Education Chief Daro Weital requested a follow-up on input needed for the finalization of Education Sectoral Plan for the National Development Plan, after noting that the Compact funds will be received directly by the national government which is finalizing the five-year plan with

input from the states.

The directors agreed to delineate state and national government roles in education with that which is not specified for the national government to be state functions.

The national government is to provide technical assistance on request from the states in curriculum development, program development, testing and evaluation, needs assessment, monitoring, minimum standards, policies development, student services and consultancy services coordination with available staff, outside resources, or national funding.

With input from the states, the national government will continue to develop:

-Program coordination for aid to nonpublic schools fund, vocational agriculture grants, territ-

orial teacher training assistance, bilingual education, insular areas consolidation, GED, Japanese language, drivers education, teacher incentives, National Student Revolving Fund, population education, standardized testing and evaluation and South Pacific Commission programs, the U. N. Development Program and National Maritime Academy.

"The national government with states' input will continue education information dissemination, chartering nonpublic schools, fiscal coordination and development of legislation, teacher certification, postsecondary, the FSM Education Board, a National Education Agency, manpower development, scholarships criteria, pre-school programs, community education and a resource center.

## Legislature cuts proposed pay levels

KOLONIA, Ponape - The Ponape State Legislature reduced salaries proposed for its members by Gov. Resio Moses in the new pay schedule for elected and appointed officials enacted July 3, according to a Health and Social Services Committee news release.

The bill became law on Aug. 7 without the governor's signature, contrary to an erroneous headline in the Aug. 15 National Union which said he signed the bill.

The administration proposed annual salaries of \$25,000 for the governor, down from \$25,143; \$23,000 for the lieutenant governor, up from \$22,143; \$25,000 for the State Court chief justice, up

from \$19,144; \$23,000 for the associate justices, up from \$17,144, and \$25,000 for the legislature speaker, \$23,000 for the vice speaker, floor leader and standing committee chairmen and \$19,000 for other members, all currently receiving \$11,024.

The legislature approved \$25,000 for the governor, \$23,000 for the lieutenant governor, \$23,000 for the chief justice, \$20,000 for the associate justices, \$20,000 for the speaker and \$17,000 for all other members.

The administration also proposed \$21,000 for department directors and \$19,000 for deputy directors, assistants to the governor and Office of Planning, Programming, Budgeting and Statistics administrator.

The committee set salary ranges of \$16,000-\$21,000 for department directors and \$13,000-\$17,000 which was reduced to \$13,000-\$16,000 by floor amendment for deputy directors and others.

"The committee felt very strongly that there should continue to be somewhat of a gap between salaries paid to the governor, lieutenant governor, the chief justice and associate justices of the state court and to the members of the legislature, but that compensatory levels must be adjusted to more realistically reflect relative responsibilities," according to the release.

It said the administration version "did not accurately reflect relative responsibilities according to the understanding of the committee."



WORKSHOP CONSULTANTS - Consultants from Honolulu and Fiji to the Women's Christian Association workshop held through Aug. 3 at the Protestant Mission in Ponape are from left, back row, the Rev. Edith Wolfe, Mrs. Elsie Tuttle, Mrs. Becky Ling, Dr. Jean Renshaw and Ms. Lauren Buck, and front row, Mrs. Alice Buck, Dr. Margery Jerpstra, Dr. Rosita Aranita, Mrs. Haoipo de Cambra, Ms. Lesila Raitiga and Mrs. Susana Evening.

## Private investors Invited to Truk

MOEN, Truk - Gov. Erhart Aten said that Truk does not always require local majority ownership in a message inviting outside investors to get in on the ground floor of the state's private sector development, according to State Information Officer Daxhuo Jain.

"We are actively seeking and encouraging private joint venture foreign investment in those business endeavors where our local people can join in equity participation for the mutual profitable benefit of all parties to the project," the governor said.

"And we do not necessarily expect, nor require majority ownership in the activity," he said. "We do, however, expect a piece of the action when it is within the financial resources of our local people to participate."

Aten cited the vast wealth of the sea, potential agricultural development and the need to develop private sector employment to replace government employment, but said, "we are not seeking short term relationships, nor fly by night get rich quick schemes," as all investment proposals will be carefully screened.

"If you want to get in on the ground floor and are willing to work hard in pioneering the development of the private sector of our economy, I invite you to visit Truk to discuss your projects with my staff, or write my office (Office of the Governor, Moen, Truk FSM 96942) for further information," he said.

Truk currently has 49 importers, six agricultural firms, 21 fishing and fish marketing organizations, six bakeries, six textile manufacturing and marketing firms, three cement products firms, five handicrafts outlets, four petroleum distributors, five construction contractors and a wide variety of service establishments, according to Jain.

## Attends FEMA workshop

KOLONIA, Ponape - Santiago Jobab, Special Assistant for Federal Relations to Gov. Resio Moses, participated in a July 10-12 emergency management workshop at the Guam Civil Defense Office sponsored by the U.S. Federal Emergency Management Agency, according to a Ponape State Release.

Participants from the FSM, Northern Marianas, Marshall Islands and Guam went through simulated disaster exercises to prepare for actual emergencies, the release said.

# FSM hits garment quotas

Continued from Page 1)

schedules which guarantees only duty free entry from U.S. insular possessions (and the FSM under the Compact) of goods which are otherwise eligible for entry.

The regulations instead place new restrictions on the practice of transshipment of garment products manufactured by countries having bilateral textile quota agreements with the United States.

Countries and U.S. possessions participating in such transshipments to the United States by providing final assembly of garment products manufactured in other countries are unintended victims, since the regulations are aimed not at them, but at the quota country which is seeking to get around its quota limitation.

General Headnote 3(a) is part of General Agreement on Tariffs and Trade which will expire in January, according to sources who said that the U.S. Congress is working on a more restrictive international trade package to replace the present GATT agreement.

Prospects of stopping the regulations are not good as they are based on Reagan administration election year efforts to placate the U.S. garment industry, and are not aimed at undermining the Compact, or the U.S. territories, according to Status Commission sources.

The U.S. textile industry enjoys a long established pattern of special treatment, and another special relief measure for the industry should give no great encouragement to U.S. producers of other commodities, the sources said.

Jim Stovall, Status Commission Washington counsel, indicated that the "negotiated benefits under the Compact...included in the minds of the negotiating parties the possibility of (the FSM) participant in the textile import transshipment process, even though the parties knew that non-discriminatory changes in U.S. import laws and regulations could apply during the Compact period."

Stovall indicated that the U.S. government needed to be made aware and sensitive to the limitations faced by the FSM in its economic development efforts.

In other Compact related developments, Status Commission legal counsel Greg Swartz reported that the Senate Energy and Natural Resources Committee is scheduled to begin Sept. 12 marking up its version of the Compact joint resolution.

"It is unclear whether there

will be sufficient time for full Senate action before the U.S. Congress recesses in October," Swartz said.

The House Foreign Affairs Committee is still planning to hold a Compact hearing on Sept. 18, he said, adding, "The committee has advised FSM representatives that it will not invite FSM leaders to testify, as Congress rules prohibit heads of foreign governments from testifying before Congress."

The Foreign Affairs Committee staff suggested that FSM leaders could meet with with committee members in informal gatherings in Washington, D.C., he said.

"The commission agrees with the House Foreign Affairs Committee approach that this is a government-to-government agreement," Swartz said.

The House Interior Public Lands and National Parks Subcommittee was expected to hold hearings in September for Micronesian representatives, but a date still has not been scheduled, he said.

"The Interior subcommittee appears to be watching the Palauan approval process very closely in scheduling hearings and action on the Compact for the FSM and Marshalls," he said.

The subcommittee held a hearing July 26 on foreign policy implications of the Compact with State Department officials testifying that U.S. foreign policy interests would be served in the South Pacific by terminating the trusteeship agreement and allowing the FSM and Marshalls to conduct their own foreign affairs and join regional organizations.

Defense Department officials testified in an Aug. 7 subcommittee hearing that U.S. security interests are protected under provisions of the Compact which gives the U.S. defense responsibilities for Micronesia and prohibits third nations from entering the region for military purposes under denial agreements with the FSM and Marshalls.

An Aug. 9 hearing dealt primarily with Kwajelain and the Marshall Islands, Swartz said.

## WATER WELL DRILLING STUDIED

LEIU, Kosrae - The Guam Engineering Co. Contractor Manager John Badilla visited Kosrae middle of June to look into the possibility of drilling water wells at in Okat, Tafunsak, the airport and dock complex site, according to a Kosrae State release.

The wells are to be drilled to the depth of 90 to 150 feet within 180 days under the supervision of the Navy Officer in Charge of Construction (OIOC) in Kosrae.

# Taiwan fishing boat captured

KOLONIA, Ponape - A Taiwanese long-line fishing boat was apprehended by and a Japanese long-liner escaped from the FSM surveillance vessel, Arctic, this month in Yap state, according to Attorney General David Nevitt.

FSM agents on the Arctic boarded the Taiwanese 49-ton long-liner CT3-3182 at 3 a.m. Aug. 20 about 180 miles southwest of Yap proper, after discovering the vessel actively fishing in FSM waters without a license as required by FSM law.

After being instructed to follow the Arctic to Colonia, Yap, the Taiwanese skipper turned off the boat's lights and tried to head south to escape, but the FSM enforcement officer on board forced him to turn on the lights and head north, according to Nevitt.

The vessel made another attempt to escape, attempting to ram the Arctic, and on two occasions crew members were disarmed of knives, he said.

The CT3-3282 arrived in Colonia early Aug. 22 and a preliminary appearance was conducted there Aug. 24 by FSM Supreme Court Associate Justice Richard Benson on civil and criminal charges filed by the Attorney General's Office.

The Attorney General's Office sent a dispatch to Taiwan Fishermen's Association Secretary General I. C. Jen, notifying him that the FSM is bringing civil and criminal charges against the captian and seeking fines totaling \$150,000, plus forfeiture of the CT3-3282, its equipment and catch and \$5,000 for repatriation of the five crew members.

The Arctic sighted the Taisho Maru No. 5 Japanese long-liner about midnight Aug. 5 actively fishing southeast of Yap proper about 19 miles inside of the FSM extended fisheries zone and pulled along side of it at 12:51 a.m.

Aug. 6 to get the call sign and registration numbers.

While the Arctic crew was checking the numbers against its list of licensed vessels, the Taisho Maru No. 5 crew cut its fishing lines, turned off all lights and fled, according to a report by Arctic skipper Stan Weinberg, who said that the Arctic picked up the fishing lines and bouys left behind.

The Attorney General's Office filed charges in the FSM Supreme Court seeking \$3 million in civil and criminal penalties and forfeiture of the vessel, its equipment and catch, according to Nevitt.

Japanese Consul General in Guam notified the FSM that the Taisho Maru No. 5 owners denied its fishing in FSM waters and said the Japanese government is investigating the matter, Nevitt said.

The Taisho Maru No. 5 has been licensed to fish in FSM waters under previous Japanese fishing agreements and the Micronesian Maritime Authority found out that it is licensed to fish in Palau from the Forum Fisheries Agency in Honiara, Solomon Islands.

## Defender's office bids sought

KOLONIA, Ponape - Bid proposals for the construction of the FSM Public Defender's Office Building, Moen, Truk, must be submitted by 5 p.m. Sept. 19, to the FSM Office of Planning and Statistics, Construction Contracts and Review Division, P.O. Box 538, Colonia, Ponape FSM 96941, according to National Planner John Sohl.

Plans, specifications and further information may be obtained from the FSM Immigration offices in Truk, Yap and Kosrae, or Construction Division in Ponape.

# Otokichy guilty Of kidnapping

MOEN, Truk - Wonei Chief Magistrate Engichy Otokichy and three co-defendants were found guilty Aug. 4 of kidnapping by illegal confinement of two youths by FSM Supreme Court Associate Justice Richard Benson.

The maximum sentence for the crime is five years in prison, according to FSM Assistant Attorney General David Brown who said that sentencing is set for Sept. 24.

Otokichy and his son, Keresen (Jack) Otokichy, a jailer and police officer in Wonei, were found guilty of kidnapping by illegal confinement of both youths from Penieta Village, while Awek Terno and Ipao Fabian were found of kidnapping one of the youths.

Charges were dismissed by the Attorney General's Office against Michael Otokichy, another son of the chief magistrate, because he reportedly was following orders of his father and was not involved in the illegal confinement, Brown said.

The youths were kidnapped Dec. 31 by the defendants who took them to Sapetiw Village and held them for five-seven hours, according to Brown who said that the illegal confinement included tying a rope to the handcuffs on one youth and pulling him up until only his toes touched the ground.

Deprivation of rights charges were dropped by the Attorney General's office and Benson found the defendants not guilty of charges of assault with dangerous weapons in allegedly using lighted cigarettes to burn their faces and a piece of wood and a coconut palm branch to beat them.

The judge ruled the defendants not guilty on the assault charges because the court found that the prosecution had not establish beyond reasonable doubt that the weapons allegedly used were likely to cause substantial bodily injury, Brown said.

The motive for the kidnappings which came out in the testimony was that the defendants were investigating the theft of their marijuana, he said.

## MLSC holds training

MOEN, Truk - Twenty-seven participants completed the June 4-11 legal counselor training program here sponsored by the Micronesian Legal Services Corp. with the support of the Western Regional Training Center, Denver, Colorado, according to MLSC Deputy Director Marcia Bell.

## FSM Supreme Court Calender

TRAIL DIVISION - STATE OF PONAPE			
DATE/TIME	CASE NAME	TYPE	PROCEEDING
Aug. 30	FSM v. Plais	Escape	Responses
Aug. 31	FSM v. Plus	Burglary	Responses
Sept. 4	FSM v. Panuelo	Negligent Homicide	Responses
	FSM v. Plais/Dadius	Aggravated Assault	Responses
Sept. 5, 9 a.m.	FSM v. Smith	Burglary/Escape	Pretrial
	FSM v. Plais	Escape	Pretrial
	FSM v. Plus	Burglary	Pretrial
Sept. 6, 9 a.m.	FSM v. Panuelo	Negligent Homicide	Pretrial
Sept. 7, 9 a.m.	FSM v. Plus	Burglary	Trial
Sept. 12, 9 a.m.	Johnny v. Hifo	Attorney's fees	Hearing
Sept. 13, 9 a.m.	FSM v. Smith	Burglary/Escape	Trial
Sept. 14, 9 a.m.	FSM v. Plais/Dadius	Aggravated Assault	Pretrial
	FSM v. Plais	Escape	Trial
Sept. 17, 9 a.m.	FSM v. Panuelo	Negligent Homicide	Trial
Sept. 18, 9 a.m.	FSM v. Plais/Dadius	Aggravated Assault	Trial

## \$13.1 million Kosrae Budget presented

LELU, Kosrae - Gov. Yosiwo George presented a \$13.1 million consolidated fiscal 1985 budget to the Kosrae State Legislature and urged to pass his revised tax bill, according to State Information Officer Alex Phillip.

In an Aug. 3 message to Speaker Gaius F. Nedlic, the governor said that the budget includes \$4.76 million for state government operations, \$4,325,000 for maintenance, \$1,441,000 for capital improvement projects and \$2.6 million for other projects, primarily from U.S. federal programs.

Revenue projections would cover this level of expenditures, but Enhanced Operations and Maintenance funding is uncertain and the proposed \$4,325,000 maintenance program had not been approved by the FSM government nor the Trust Territory High Commissioner.

The budget includes lower-scale government salary increases in the new pay plan pending before the legislature and projected power fuel cost increases with the anticipated electrification of all four Kosrae municipalities, George said.

"Steps are being taken to increase the efficiency of changing (electricity) consumers and making collections," he said.

The installation of computerized financial management will increase State Treasury efficiency in resource management and tax collections, according to George who said that this "will add to the ability of the municipal and state governments to improve their services through increased revenues, without increasing taxes.

"For this reason, we hope that the revised tax bill now with you will be passed by the legislature in the near future," the governor said.

The legislature began its fifth regular session on Aug. 13 to consider the base salary schedule and bills to appropriate \$50,000 to continue the cross-island road; organization of the state court system; appropriate \$18,360 for the Micronesian Legal Services Corp.; appropriate \$1,122,452 from the state revenue fund and \$18,000 from foreign assistance for executive, legislature and court fiscal 1985 operations; establish employment ceilings, and nominations for the Kosrae State Parole Board, police captain and Public Affairs Department director.

## Shipping commission planned

KOLONIA, Ponape - FSM and TTPI delegations urged the Marshall Islands and Palau to continue regional regulation of maritime transportation after the trusteeship is terminated by drafting a proposal to create a Micronesian Shipping Commission, during the 1984 Micronesian Shipping Conference, June 27-29, in Honolulu.

The document to replace TTPI Executive Order 113 was drafted by Trust Territory Attorney General Andrew G. Wilson II, conference chairman, and FSM Assistant Attorney General Kristin Henderson, Resources and Development Secretary Bernard Helgenberger, senior FSM representative, said in a July 24 report to President Tosiwo Nakayama.

It will be finalized for review and adoption at the next conference tentatively scheduled for January, 1985, in Palau, he said.

"The document, which will take effect upon its execution and ratification by the three entities (FSM, Marshall Islands and Palau), spells out the composition of the future Micronesian Shipping Council, its purpose and policies, goals and objectives and the criteria for evaluation and granting of future entry assurances for shipping service in Micronesia," Helgenberger said.

With Marshalls and Palau not represented at the conference in

the Matson Navigation Co. Conference Room, Sand Island, Honolulu, reportedly due to lack of travel funds, the conference "took special interest in facilitating future participation of these two entities by designating Palau as the site of the next conference" and passing the co-chairmanship to either Palau, or the Marshalls, he said.

The FSM "has the greatest potential...to support a national shipping service," but its delegation "is in favor of a continued cooperative relationship with the other two entities in order to secure the best possible options of shipping services for its citizens," Helgenberger said.

During the conference attended by FSM and TTPI delegates and representatives of the nine carriers operating in Micronesia, the delegates reviewed the latest modification of the Philippines, Micronesia and Orient Lines proposal to use the new Kosrae dock as a transshipment point for Kie-ta and Lae and Papua New Guinea.

"This service may be able to supplement the FSM-Australia service which is currently provided by Nauru Pacific Lines," Helgenberger said.

"It also has the potential for interstate cargo movement as the return voyage from the Philippines calls (at) Kosrae on the way out to the U.S. West Coast," he added.

The proposed route is Majuro, Ebeye, Kosrae, Ponape, Truk Saipan, Yap, Palau, Philippines, Kosrae, West Coast, according to Helgenberger who said, "Cargo from South Pacific ports may be transhipped from PNG to Kosrae to the other states, or Philippines to Kosrae for further distribution."

The conference received an offer by representatives of the U. S. Occupational Safety and Health Administration, which is operating in the Northern Marianas and Palau, to conduct job safety training in the FSM and Marshalls, if they request it.

The conferees also granted tariff increases requested by the carriers; granted Palau Shipping Co. a one-year entry assurance to terminate with all other entry assurances in July, 1985; granted an entry assurance to Pacific Micronesian Line, a non-vessel operating common carrier; agreed to mitigate problems caused by restrictive government policies, and agreed to finalize policies drafted during the conference for review and adoption during the 1985 conference.



PAKIN GETS BOAT - Gov. Reso Moses, left, is handing Aug. 14 in his office the crank to the Yanmar diesel engine on a 30-foot life boat from the scrapped MV Herkimer to Sokehs Chief Magistrate Kusto Lieman, right, to transport copra from Pakin Island to Ponape Island with Lt. Gov. Strik Yoma looking on. The boat was donated to Ponape state by the FSM.

# Automated Telecom accounting need cited in audit

KOLONIA, Ponape - Public Auditor John E. Dye released reports recommending that the FSM Telecommunications Corp. streamline its accounting system and citing major inadequacies in the fiscal 1983 Yap State Legislature Fund accounting records.

A Telecom official reported that it is following the recommendations of the Public Auditor in an Aug. 16 preliminary report on its first year operations to hire a financial manager, establish a general ledger and automate its accounting system.

The report on the Telecom accounting system recommended establishing a general ledger to comply with P.L. 3-27 establishing the Telecommunications Revolving Fund and reduce excessive repetitive recordkeeping, automating accounting records, hiring an accounting manager, developing procedures for account settlement with Hawaiian Telephone Co. and Micronesia Telecommunications Corp., automating toll call records at the state communications stations and streamlining cash receipts accounting, including eliminating mailing receipts for checks received for credit accounts.

A general ledger required by law "is an absolute must for management so that they may make informed decisions and plans for the corporation," the report said in recommending that one be established immediately.

In recommending an automated, or computerized accounting system, it said the current manual repetitive accounting system "increases the risk of errors occurring, consumes far too much time and tends to generate fiscal records which require a great deal of summarization and review before they can be converted into readable financial statements.

It also recommended automation of toll, or long-distance accounts which provide 95 per cent of the corporations operating revenue and which are being prepared manually by two customer service clerks who "are barely keeping abreast of the work."

And it said that eliminating mailing of charge account payment receipts would save money in postage and man hours.

Mathias Lawrence, who became Financial Manager on Aug. 1, after the review was completed, said that a general ledger was implemented in June and would have to be updated through August, before it could be programmed into a computer as planned.

After the central accounting system, including payroll, is automated, the corporation will begin working on the accounting systems at the communications stations and streamlining cash receipts accounting, Lawrence indicated.

In a May 24 report, Dye said the inadequacies of the Yap State Legislature Fund include erroneously reported cash basis ac-

counting, incorrect disbursement ledgers, no general ledger nor balance sheets, incomplete input in the financial management system and bank reconciliations and journal postings were three months behind.

He recommended merger of the legislature fund into the general fund as prescribed by the 1983 State Financial Management Act.

Citing 48 scholarship checks totalling \$38,591 issued through Sept. 30, 1983, to the Education Department but not disbursed and cashed, because the students could not be located, no longer needed the money, or didn't respond to award notices, the Public Auditor recommended voiding all checks more than six months old and issuing checks only after contact is made with the students and their addresses verified.

The report also cited lack of members' expense account documentation, excess cash in non-interest bearing accounts and control weaknesses.

## Auditor named

KOLONIA, Ponape - Mary Ann O'Keefe, formerly with the Arizona State Auditor General's Office, Phoenix, arrived Aug. 11 to serve two years as a staff auditor in the FSM Public Auditor's Office, according to Public Auditor John Dye.

Ms. O'Keefe, 23, a native of Denver, Colorado, and graduate of Arizona State University, Tempe, in accounting who became a certified public accountant on Aug. 1, served for more than one year as an auditor in the Arizona State Auditor General's Office, before coming to Ponape.

The appointment of Ms. O'Keefe raises the Public Auditor's staff to one senior auditor, two staff auditors and an administrative assistant, in addition to Dye.

The office is advertising for three additional staff auditors, including two to be stationed in Yap, Truk, or Kosrae, through the FSM Personnel Office, Dye said.



O'KEEFE

## President goes to Forum

KOLONIA, Ponape - President To-siwo Nakayama left Ponape on Aug. 22 to attend the 15th South Pacific Forum, Aug. 27-28, in Funafuti, Tuvalu, as head of the FSM delegation.

The President was accompanied by Ponape Lt. Gov. Strik Yona and FSM South Pacific Affairs Deputy Chief Ira Akapito. They were preceded by External Affairs Deputy Secretary Asterio Takesy who attended the Aug. 21-22 pre-Forum South Pacific Bureau for Economic Co-operation (SPEC) Committee meeting in Funafuti.

The delegation is expected to return to Ponape early next month, according to Akapito.

The Forum agenda includes regional nuclear matters, decolonization, a single regional organization, regional cooperation as it affects smaller Forum members, trade and industry, transportation and communications, energy, reports on SPEC programs, budgetary and administrative matters.

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