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Palau

HIGHLIGHTS STATEMENT

Capital Improvement Program - No budget restrictions.

This plan was developed without regard to budgetary constraints. Instead, it was designed to construct and make operational those improvements which are considered of higher priority. It provides the necessary physical infrastructure to commence the development of the economic well-being of our citizens and the basis whereby the District can move forward toward self-sufficiency and economic independence. To do this, of course, we require a sufficient road system for access and transport to markets, ample utilities to provide power and water and telephones for communication. These are basic needs which we must have in order to attract investment capital, whether foreign or local, to develop the private sector of our economy. It is only through the expansion of the private economy that we can increase the bases from which our tax revenues are generated thereby generating sufficient revenues to run the cost of government.

Our number one asset and resource to be developed is that of an offshore tuna fishing industry. This industry could provide over half of our revenue sources. It is estimated that, at present, the Palau District could generate some three million dollars in tax revenues from the catches of the Japanese, Korean, and Taiwanese fleets now fishing our waters. If this figure is at all reasonable, and we believe it is, it certainly behooves us to develop our own

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fishing fleet with Micronesian owned and manned fishing boats. Then, we would not only have tax revenues but employment, payrolls, profits from sales and capital investment all circulating and expanding our gross national product. Obviously this fact that our one major exploitable resource is in the sea only underscores the position of the Committee on the Law of the Sea as to the extent of our boundaries for fishing rights.

Other areas which we consider will be of significant but only contributing factors to our economy are in the areas of tourism, agriculture and mariculture. Tourism may develop to the size of what Saipan is experiencing now but much beyond that would require considerable amounts of foreign capital and importation of alien workers to supplement our labor force. These factors are undesirable. There are three areas on Babelthaup which could be farmed on a commercial basis but anticipated production will be consumed by local demand. Some ten acres of fish farms are planned for Babelthaup including the harvesting and marketing of rabbit and milk fish and shrimp in additions to oyster farming. Sufficient quantities of fish products will be produced in this area to warrant exporting besides meeting local demand.

Finally, for some period of time there will be a construction boom for our local companies in the building of houses, stores and service facilities as the Island of Babelthaup is opened up.

To provide the basis for these accomplishments during this six year time frame we have alloted funds for our various programs areas as follows:

<u>Activity</u>	<u>Amount</u>	<u>Per Centage</u>
Education	\$ 5,310	17.4%
Public Health	400	1.3
Transportation	18,835	61.6
Resources & Development	650	2.1
Community Development	290	.9
Utilities	2,525	8.3
Heavy Equipment Purchases	1,000	3.3
Relocation of Public Works	550	1.8
Civic Center/Admin. Bldng.	<u>1,000</u>	<u>3.3</u>
	\$30,560	100.0

The reason it appears that an inordinate amount of capital is being invested in transportation is that 15.6 million of this amount is earmarked for an eighty mile road system to provide access to all the population centers of Babelthaup and construct a lagoon causeway on the northern side of Koror to relieve the crowded and dangerous congestion in the district center. These funds would more properly be labeled economic development as this project is the key to our progress in establishing a viable economy. The building of a road system on Babelthaup will make accessable 155 square miles of Island which give us the ability to attain two major goals:

1. Access, by road, will be available to construct residential areas, commercial enterprises, mariculture projects, a new high school and utilities. Without roads, other projects can only be built in a very time consuming and costly manner as we have experienced in the past.
2. Once constructed, the agriculture and mariculture products will have farm to market access throughout the villages on Babelthaup and Koror. Expensive dormitories will not have to be constructed for the high school as students will be able to commute. And tourism will prosper by the accessibility of the many white sand beaches and scenic vistas of rolling hills and water falls.

Airport development will be completed with the anticipated participation by the FAA giving the District an all weather strip of 9,000 feet with lights and navigational aids.

The new high school is required to accommodate the burgeoning number of elementary graduates coupled with the increasing desire of students to continue their education beyond the elementary level. This school will, for the first time, enable Palau to accept 100% of her graduating elementary students. In addition, it will relieve the influx of students into the district center where the children are a burden on relatives and are sometime cause for a growing juvenile delinquency problem.

In Public Health Services we have programmed funds for the continuation of our dispensary program but this construction may not be necessary if we have access from village to village and a more regional concept can be instituted to provide the necessary health care.

Resources and Development programmed funds are two fold: (1) to provide for engineering studies for the overall development of Babelthaup and (2) the relocation of our agricultural station which is now located in the residential designated area on Koror. The new site will be located on Babelthaup, preferably adjacent to those areas of commercial farming and possibly close to the new high school whereby we could promote a joint effort with Education in the teaching of agricultural trades and skills. Studies should also be conducted as to the feasibility of dredging channels and providing dock facilities on the three inhabited islands in the Southwest Islands.

The Civic Action Teams will be funded for the first two years of this plan which should provide sufficient time for them to accomplish their primary task of supervising the construction of water systems in the villages of Babelthaup. Subsequently, their value will diminish as Babelthaup develops and our emphasis shifts to major construction projects such as power distribution, primary road and airport construction which are not as suited to Civic Action Teams.

Power distribution will be of major importance second only to the road program which will follow as construction projects and subsequent operations will require electricity and power will be provided for the five thousand residents of Babelthaup plus commercial consumers. Additional funds will be required beyond 1981 to provide this vital service and allow for increased demand and anticipated population increase.

Funds are provided for the replacement of some of our ancient pieces of heavy equipment in Public Works but also additional school buses which will be needed for the new school and our fire fighting equipment which will soon have to be replaced. Public Works facilities will be moved to Malakal Island, the industrial center, as the present area is best suited to resort and recreational purposes.

Finally, we have included a new government offices building which will be located in the Civic Center complex in downtown Koror adjacent to the Legislature Building and more accessible to the general public. The present facilities are located some two miles from central Koror and are not easily accessible for many residents. The present facilities are an old Page Communication site and are really not conducive physically to house the executive branch of the District Government. Once vacated it is anticipated the Page facilities will be utilized as a youth recreation center.

Five Year Plan at Current Funding Levels.

The basis for this plan is based on the no restriction program but subject to funding as allotted. The annual amounts allotted also restrict our timing and alter somewhat our priorities due to financial considerations. Operations levels remain approximately the same at the present level of operations but increases in personnel and support items will be necessary in health services, education and utilities as the physical plant of these activities increase.

An analysis of changes caused by the more limited funding are as follows:

1. The Babelthaup high school construction will be deferred by one year to 1981, adding one half million dollars to this project.
2. Health dispensaries funding has been suspended pending a further analysis of the need for these medical facilities because of the new transportation system.
3. Funding for the road program will be cut in half and defers the completion of this system until 1983 with a resultant increase in costs. A slower rate of road construction will also delay any economic development projects, the development of which is dependent on road access.
4. Relocation of the agriculture station from Koror to Babelthaup will be deferred by one year to 1982.
5. The water lines and pumping stations to the village of Airai will be delayed one year to 1977 but sand filtration systems with chlorinators will be installed in 1976 for the Islands of Peleliu and Angaur.
6. Sewerage hockups for Koror will all be funded in 1976 rather than spread over a two year period.
7. Installation of the distribution system for Babelthaup will be slowed necessarily because of the slower rate of road construction.

Funding previously phased over the 1978-1981 time period will be

instead, split into two segments, in 1977 for additional generating capacity and in 1979 for continuation of power distribution toward northern Babelthaup.

8. Funding for heavy equipment purchases is considerably reduced and the remaining amount is slated for the purchase of fire fighting equipment and school buses.
9. A & E will have to be completed earlier for the design of the new civic center building and the relocation of the Public Works office and garage facility to Malakal Island. Construction will be moved up one year to 1980.

The overall result of this more restricted approach is to defer some projects into the second five year time frame which can greatly increase the cost of a given project due to rising costs of materials and labor and increasing funding required for additional subsidies.

Operation and Capital Improvement Summary - 1981 - 1985

Funding for the cost of government operation will continue to increase during this five year period especially with larger education facilities to meet the needs of a growing student population, expanded health services, increased buildings maintenance and much more extensive utility systems. To help offset this somewhat, though, it is anticipated the government work force would be all Micronesian eliminating the more expensive expatriate positions.

Capital improvement program requirements will continue with a need for completion of Babelthaup road system, a new court house to be located in the Civic Center, a new hospital, dock facilities for Peleliu and Angaur, renovation of the Peleliu airstrip, telephones, and additional power requirements.

Conclusion.

The development of our Islands closely follow the goals and objectives of our master plans for Babelthaup and Koror with primary emphasis on Babelthaup which can, eventually, significantly contribute to our developing economy in the areas of agriculture, mariculture, tourism and recreation. Malakal will contribute to industrial development geared toward the commercial port, warehousing and fisheries development.

Considerable sums have been spent in planning and defining our needs and more is required but we believe it is time that we commence in the actual accomplishment of these long desired goals of the Palau District.

PLAN C

TRUST TERRITORY OF THE PACIFIC ISLANDS
 Capital Improvement Program 1976 - 1980
 (Unit: 1,000 Dollars)

Not official - for government use only

No Budgetary Restrictions

F I S C A L Y E A R S

Program Activity	F I S C A L Y E A R S					19
	1976	1977	1978	1979	1980	
Public Affairs						
Judiciary						
Legal Affairs						
School Construction						
Elementary		310	500		4,500	
Secondary						
Public Health		400				
Transportation & Communications						
Roads	3,600*	3,000	3,000	3,000	3,000	
Docks		100		1,000		
Airports	135		2,000			
Telephones						
Resource Development	100			50		50
Commerce & Industry						
Community Development	140	150				
Water, Sewerage & Power						
Water	300			350		300
Sewerage	150	150	725	250		300
Power	250		200	100		200
Maintenance & Rehabilitation	200	200	200	200		500
General Support						900
TOTAL, CAPITAL IMPROVEMENTS	4,875	4,310	6,425	4,750	8,000	2,200

* Includes Malakal Bridge.

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PALAU

Operation & Capital Improvement Summary

Fiscal Year 1981 - 1985
(Dollars in Thousands)

(1)	1981	1982	1983	1984	1985	TOTALS
Operations	\$ 8,555	9,670	10,787	11,902	13,018	53,932
Capital Improvement Program:						
Babelthaup High School	600		6,000			
New Court House/ Civic Center Complex		2,000				
New Hospital				11,000		
P.W. Relocation	1,000					
Roads	4,400	5,000				
Peleliu Airport					4,000	
Telephones	500					
Agriculture Relocation		1,000				
Civic Center	1,000					
Power	<u>1,000</u>	<u>1,000</u>				
CIP TOTALS	8,500	9,000	6,000	11,000	4,000	38,500
TOTAL PROGRAMS	<u>17,055</u>	<u>18,670</u>	<u>16,787</u>	<u>22,902</u>	<u>17,018</u>	<u>92,432</u>

(1) Operations estimates for this period utilizes Fiscal Year 1980 as a base year (\$7,475) and projects a 15% per year increase for each year to accommodate increased size of government due to completion of CIP projects, with-in grade increases, personnel costs, promotions & inflationary trends.

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