

May 15, 1975

REPORT AND RECOMMENDATIONS OF THE AD HOC COMMITTEE
FOR ADMINISTRATION CONTINGENCY PLANNING FOR THE
MARIANAS SEPARATION

19
6
FILE MASC
1975

INTRODUCTION

The Committee was formally established on May 1, 1975, by the enclosed directive from the High Commissioner. The Committee used as its terms of reference the guidelines contained in the Secretary of the Interior letter of April 21, 1975, and the Office of Territorial Affairs "Staff Report on the Separate Administration of the Mariana Islands District".

The detailed recommendations of the Committee report are contained in two self-contained documents appended hereto, entitled "Amendment No. 5 to Secretarial Order No. 2918, as amended", and "Memorandum of Understanding Between the Government of the Trust Territory of the Pacific Islands and the Government of the Mariana Islands." Amendment No. 5 is, in effect, the constitution for the Mariana Islands from the effective date of separation to the formal establishment of constitutional government and is the legal basis for the new government.

The proposed Memorandum of Understanding was selected by the Committee as the most practicable administrative method for effecting at the outset the separation of the detailed functions which can be assumed by the Marianas government and at the same time providing for joint and

14318

mutual support services on a reciprocal and equitable basis. The complexities of the relationships between the program and administrative functions of both the Headquarters and Marianas Operations are set forth in detail.

The Committee feels that the two documents in themselves will enable the new separate Government of the Mariana Islands to function immediately for the duration of the interim transitional period. They provide the legal and administrative means for the new government to lay the foundation for strengthening its administration through the progressive assumption of additional functions in preparation for constitutional government and eventually Commonwealth status.

All recommendations in this report have been discussed with the Headquarters and District staffs and are considered to be feasible by all concerned.

The Committee experienced excellent cooperation from the High Commissioner, the District Administrator, and their staff. Their prompt assistance and advice enabled the Committee to expedite the preparation of this report.

The main purpose of the narrative report herein is to delineate certain areas in the two attached documents which may need explanation.

14319

I. LEGAL BASIS FOR SEPARATION

Applicability of the Trust Territory Code

The Committee, after a survey, recommends that the provisions of the Trust Territory Code apply to the Government of the Marianas until such time as the Marianas Legislature may see fit to change them. The Committee feels that the applicability of laws in the Code is provided for in Chapter III, Part I of the draft Secretarial Order.

Consular Function

Since the Resident Commissioner represents the United States presence in the Marianas and since after the establishment of constitutional government he will retain responsibilities only in representational matters and in international responsibilities undertaken by the United States under the Trusteeship Agreement, the Committee recommends that the consular function be placed in his office. The documentation can be handled in the Immigration Office of the Mariana Islands Administrator.

Delegates at Large

Part III. Legislative Authority, Section 13, on Delegates at Large is in compliance with a resolution of the District Legislature to accommodate those members of the Congress of Micronesia from the Marianas whose terms of office terminated in the Congress by reason of the Marianas separation.

14320

Revenues

Chapter III, Part V provides that revenues shall revert to the Government of the Mariana Islands for appropriation by the Legislature.

Provisions Governing Relationship Between the Government of the Trust Territory of the Pacific Islands and the Government of the Mariana Islands or its Successor

Chapter III of Amendment No. 5 to the Secretarial Order is intended to continue until the termination of the Trusteeship Agreement which explains its title. We believe that once the constitutional government of the Northern Marianas comes into existence and certain provisions of the Covenant become applicable, any change in the relationship between the other districts and the Marianas would have to be made through U. S. Congressional act. In other words, the Secretary of the Interior will at that time, no longer have power over the Marianas unless the relationship between the other districts and the Marianas is defined prior to the installation of the constitutional government.

Legislative Procedure: Quorum

Chapter II, Part III, Section 8(a) provides that a two-thirds majority of the members of Legislature shall constitute a quorum for the transaction of business provided that at least two representatives of one or more islands other than Saipan are present.

14321

The two-thirds majority provision coincides with the existing procedure in the Legislature. The provision for two representatives from islands other than Saipan is a suggested compromise by the representatives of the Legislature to ensure that the interests of the smaller islands are protected.

II. IMPLEMENTATION OF SEPARATE ADMINISTRATION

In the foreground of the Committee's plans are the Secretary's reminder that separate administration could occur as early as the summer of 1975 until constitutional government has been established. We have also kept in mind that the recommended arrangements represent an interim step only with minimum alteration within the limitations of authorized funds. Based upon its findings the Committee feels that an effective separation and interim organization and administration can be established by early summer if such is the decision, using the organization proposed in the attached chart. This organization contains very little modification from the existing basic District Administration.

Public Defender and Land Commission

The Committee recommends that the function of the Marianas Public Defender and the Land Commission be placed in the Office of the Resident Commissioner for the executive function of administrative and logistic support rather than under the aegis of the Legislature as suggested in the

OTA staff report. This may be noted in Part IV, Section 7 of the draft Secretarial Order and in the attached organizational chart of the Government of the Mariana Islands. Both the Public Defender and the Land Commission are funded by Headquarters.

Office of Transitional Planning and Studies

It is understood that the Office of Transitional Planning and Studies will be attached to the Office of the Resident Commissioner for administrative and logistic support only.

Office of the Resident Commissioner

The Committee contemplates that the Office of the Resident Commissioner will function with a small staff. Consequently the position of Deputy Resident Commissioner seems unnecessary. Chapter II, Part II, Section 1, of the draft Secretarial Order gives the Resident Commissioner the authority to appoint an Acting Resident Commissioner prior to his temporary absence.

Preparation and Submission of the Budget

Chapter II, Part III, Section 4 of the proposed Secretarial Order. As a practical matter and in line with what the Committee feels is the best budgetary procedure it is contemplated that funds available and estimated to be available from Federal grants and locally raised revenues and taxes

will be integrated into one budget. The actual budgetary submission would break down the total figures by fund sources. This procedure suggested by the representative of the Legislature will bring together the legislative branch and the executive branch into the total budgetary picture in the initial days of separate administration.

SPECIAL AREAS OF CONCERN

Saipan Trust Fund

The Saipan Trust Fund was created on August 20, 1956 by Admiral Felix B. Stump, United States Navy, Commander in Chief, United States Pacific Fleet, as a Special Deposit Fund for Saipan, which for the purpose of the fund, includes all islands in Saipan Municipality and Tinian Municipality. Funds accruing from the execution of a number of Land Use Agreements in the amount of \$984,188.00 were paid over to the Trust Territory Treasurer in Saipan. The funds were set aside and earmarked as a trust fund for the general benefit of the inhabitants of these Saipan and Tinian Municipalities.

The Saipan Trust Fund is administered by the High Commissioner, with the assistance and advice of the Trust Fund Advisory Board. The balance of the Fund as of December 31, 1974 amounts to \$428,297.69.

Upon the effective date of separation it is recommended that the responsibility for the administration of the Fund be transferred to the

14324

Resident Commissioner by the High Commissioner.

Congress of Micronesia Funded Programs

There are a number of special programs funded by the Congress of Micronesia in which the Mariana Islands District is currently participating. These programs includes, but are not limited to:

The Marine Resources Loan Fund
Labor Employment Service Program
Producers' Loan Fund
Marianas Fishing Authority
Copra Stabilization Fund

The procedure in which these programs will be handled under the new Marianas Government after separation relates directly to the manner in which the reversion of Marianas fiscal year 1975-76 revenues will be handled.


The Committee recommends, therefore, that the Congress of Micronesia funded programs in which the Marianas has participated, and in support of which Marianas revenue contributed a portion, be made the subject of separate arrangements between the Resident Commissioner, the High Commissioner, and the Congress of Micronesia.

INTEGRATION OF THE HEADQUARTERS EMPLOYEES INTO THE
MARIANAS GOVERNMENT

The Secretary's letter of April 21, 1975 asks for an approach to how those Marianas residents now working in the Headquarters and other District

Governments can be integrated into the Marianas Government, should they so desire.

There are now 525 Marianas residents working at Headquarters and 5 in the other Districts. It seems unlikely that all 530 employees can be absorbed immediately into the new Government. However, as the Marianas Government assumes additional functions it will undoubtedly recruit Marianas resident employees from Headquarters in increasing numbers. We are aware also that leaders in the Marianas are determined to use every resource to strengthen the economy and make the Marianas attractive to outside business and commercial interests as well as to encourage the involvement of local residents in economic development. Economic growth should absorb many of these employees. Furthermore, as a practical matter, upon the attainment of U.S. citizenship, it is possible to envisage Marianas residents emigrating to the United States in much the same manner as residents from American Samoa and Puerto Rico. It is conceivable actually that there will be a serious shortage in the labor force of persons with needed skills and experience with the establishment of Commonwealth status.



In the meantime, it is assumed that the Trust Territory Government Headquarters will remain on Saipan for at least three to five years. From the viewpoint of personnel costs it would be to the advantage of the Trust

14326

Territory Government to retain the services of the Marianas residents now employed in the Trust Territory. Budgetary constraints and the as yet undetermined structure of the future Government of Micronesia would support this assumption.

Mariana Islands Legislature and Marianas Political Status Commission
Expression of Views on Areas of Concern

The Mariana Islands District Legislature and the Marianas Political Status Commission in a joint informal meeting asked their representatives on the Ad Hoc Committee to express their interest and their views on the appointment of the Resident Commissioner. Their joint discussions covered three main questions:

1. Will the Resident Commissioner be a United States citizen?
2. Will Legislature be consulted in the selection and appointment of the Resident Commissioner?
3. What will be the criteria for determining the qualifications of the Resident Commissioner?

Concerning the last question, members of these two organizations expressed their deep concern in this appointment, and wished to ensure that the Secretary of the Interior exercise great care in selecting and appointing a highly qualified person who is competent and who has a wide experience in governmental affairs in the Trust Territory and the Mariana Islands. The representatives stated that they are aware of the considerable power and authority of the Resident Commissioner, and are prepared

to respect that authority. Therefore, they are sensitive to the criteria used for his appointment.

In particular they wish to ensure that their views are clearly expressed in this Committee Report, and, if possible, transmitted to the Secretary of the Interior.

Another area of concern raised by the same representatives was the subject of possible future requests to the U.S. Congress for increases in ceiling authorization. It was felt that the justification for such increases should be made separately by the Resident Commissioner and the Mariana Islands Legislature. The representative in each of these organizations expressed the hope that the Secretary of the Interior would be sympathetic in his support for submitting a separate request for the Marianas for increased ceiling authorization.

The Legislature and MPSC representatives stated also that they are aware of the importance of the interim transitional period and feel that the Resident Commissioner with the Legislature should have the necessary flexibility to deal with the problems of readying the interim government for the future.

14328

ORGANIZATIONAL CHANGES AND ADDITIONAL STAFFING REQUIREMENTS NEEDED TO ESTABLISH THE GOVERNMENT OF THE MARIANA ISLANDS AT INITIAL SEPARATION AND IMMEDIATELY THEREAFTER

The Secretarial Order establishes an Office of the Resident Commissioner with appropriate staff. Any additional funding requirements will be negotiated by an amendment to the Memorandum of Understanding and agreed to by the Resident Commissioner and the High Commissioner.

In addition, immediate strengthening of the administrative areas of the Marianas Government is required in order to effect an orderly and expeditious separation from the Trust Territory Government. It is imperative that a task force of key administration specialists be formed to carry out the additional administrative responsibilities of a separate government entity and to begin to lay foundations and to develop administrative systems and procedures required to prepare for eventual self-government.

This task force will be charged with the very complex job of marshalling and structuring the manpower and dollars required to further the separation of the two governments. The task force's job will essentially consist of working out the details of amendments to the memorandum of understanding for each of the program areas discussed above. Without such an administrative team working full time on the job of separation, it is

difficult to see how separation can proceed very far beyond the limits outlined in this document. Four high calibre specialists have been identified to form the task force working group:

1. A Financial Specialist. Separate Marianas accounting will begin with the issuance of the Secretarial Order but a great deal of the work will continue to be done by the Trust Territory Government. The new government must move very quickly to develop its own accounting capability to get a more accurate picture of what its existing resources are and what additional resources are currently being provided by the Trust Territory Government in each of the many comingled areas of program responsibilities. A top-flight financial specialist could begin to coordinate the training effort required to develop the Marianas ability to account for its own resources. Working closely with the Trust Territory financial specialists, he will be charged with developing the system, likely quite simple at first, that will allow Marianas dollars to be identified and accounted for fully in the Marianas. Then the process of separation of the two governments can accelerate as agreements can be worked out based on the true costs of shifting functions, a capability which does not now fully exist.

14330

2. A Management Analyst. The separate Marianas government which begins with the Secretarial Order will only be an interim one until the constitution lays out a new organizational structure. But for even this interim government to operate more independently, it must have some structural changes to allow it to grow and assume new responsibilities as separation proceeds. A management analyst would be charged with the responsibility of recommending those structural changes needed to allow the interim government to perform a somewhat larger job with essentially the same resources it had when it operated as a district government under the umbrella of the Trust Territory.

3. A Personnel Specialist. As indicated many times in this document, the interim government will not need large numbers of additional personnel to operate initially as a separate entity. But it must have a system in preparation in order to respond to whatever needs are determined by the forthcoming planning studies and eventually, by the constitution. The new government must take the initial moves immediately towards total management of its manpower resources. A personnel specialist would significantly strengthen the existing personnel office and begin to develop the system and procedures required to manage the personnel requirements of the larger (or

14331

perhaps smaller) government that lies just a few years off.

4. A Procurement Specialist. The district is very heavily dependent on the headquarters procurement and supply activity. This is a quite natural outgrowth of the central supply facility being located on Saipan, thus obviating the need for parallel district personnel and facilities. The Commonwealth Government must, of course, develop its own capability. But since this will not emerge overnight, the interim government established by the Secretarial Order must take the initial steps to strengthen this activity. A procurement specialist brought on board soon after the separation, would better ensure that the interim government will be able to procure those materials of work required for operation. The procurement specialist would be charged with the task of laying the groundwork for the fully separate procurement and supply system that will some day be needed.

Any additional funding requirements for the four identified positions will be negotiated by an amendment to the memorandum of understanding, if required, and will be agreed to by the Resident Commissioner and the High Commissioner in consultation with the Marianas Legislature.

CONCLUSION

The Committee wishes to conclude this report on an optimistic note. The task of installing the separate government, while not easy or simple, can

be accomplished at an early date. There will be gray areas; there will be areas which may have been overlooked, but they will not be critical because of the thoroughness of the research and investigation and the generally cooperative atmosphere in Headquarters and the District in which the planning has been done.

The Committee was interested in arriving as closely as possible at a timetable for the interim government at the current stage of planning. As nearly as can be ascertained, based upon a long-range view of the District Legislature and the Marianas Political Status Commission, it is contemplated that the constitutional government, with an elected Governor installed, will be ready to function on January 17, 1977. This assumes approval of the Covenant on June 17, 1975, approval by the U.S. Congress, preparations for the Constitutional Convention to begin this calendar year, the Constitutional Convention to take place during February and March 1976, approval by the United States and election of the Governor in November 1976 to coincide with the United States elections. This timetable is useful for the interim Government to plan for its budget cycle.

Even though we have recommended the use of a Memorandum of Understanding as an administrative tool the Committee believes that it is not enough merely to set up the mechanics of administration but that in the

final analysis it is perhaps even more the atmosphere of good will between the Trust Territory Government and the Marianas Government that will help to make the formation of the new government and the goal of eventual self-government a success.


Peter T. Coleman
Chairman

Members

Harold W. Burnett, Chief Justice, High Court (for judicial input only)
Daniel T. Muna, Representative, Mariana Islands District Legislature
Dan E. Akimoto, Deputy District Administrator, Mariana Islands
Manuel A. Sablan, Representative, Marianas Political Status Commission
Addison Marrow, Special Assistant to the District Administrator,
Marianas Islands (formerly District Program/Budget
Officer)

Ex Officio Member

Benjamin T. Manglona, Rota Representative, Marianas Political Status
Commission

14334