

On My Mind

5/26/06

There ought'a be a law!!! There ought to be a law - that whenever numbers, like dollars and cents, are involved in a public presentation, they have to be presented <STRONG>visually</STRONG>, either on a screen or on enough paper copies, so that everyone in attendance can see them. And that they have to be presented in such a way that they make sense, and can be understood. Last night, once again, all kinds of numbers - as well as arcane terms - were thrown at members of the general public, with no more than 50 copies of some of the number sets available to the audience.</P>

The occasion was the hearing conducted by the Retirement Fund Board of Trustees Finance sub-committee on House Bill 15-132, which calls for a \$40 million loan to CUC by the Retirement Fund, and the proposal - not yet, apparently, available in bill form - to "write-off" \$123 million of unpaid contributions that the central government owes the Retirement Fund.</P>

Other numbers got thrown into the mix: \$552 million in unfunded liabilities, a \$12 million "reserve" set aside for emergencies (most of which seems to have already been used up), debt service costs of .82 cents which would, allegedly, decrease CUC's operating costs,, a simple interest rate of 7.5%, 3847 non-vested employees representing an unfunded liability of \$84.7 million, a sinking fund, a defined contribution plan.....</P>

Being severely mathematically challenged, not much of it made sense to me, particularly since I had to keep all those numbers in my head - or try scribble them down in haste in my notebook. It would have made it much easier if there'd been enough handouts and it had all been spelled out.

<P align=center>\*\*\*</P>

What I was left with was the sense that the Retirement Fund has not been getting moneys due it from central government for years, and that the Fund is not expected to get any until the beginning of the new fiscal year, which begins October 1, 2006, with no assurance that it will get any even then. And that the Retirement Fund is being asked to "write-off" the full amount of that debt.</P>

As I understand it, in the meantime, to pay retirees, the Retirement Fund would have to start cashing in its investments, which in turn would endanger the retirement pay of future retirees.</P>

To reduce the amount that the Retirement Fund will have to pay retirees in the future, several changes to the retirement system are being proposed, the most drastic of which is that, instead of the Retirement Fund doing the investing, interest from which would be used to pay the retirees, the retirees would be expected to do the investing themselves. The fallacy here, of course, is that the Retirement Fund pays experts to do its investing for it - which those experts have done very well, achieving a return that approaches 250%, according to one committee member. Individual members of the retirement fund, on the other hand, cannot be expected to be able to afford the services of an expert, nor can they be expected to have such expertise themselves. So

their return will be more along the lines of 5%, if that - not nearly enough to even come close to building the same kind of nest egg now being provided by the Retirement Fund.</P>

It is also being proposed that the government pay a smaller share and government employees a much larger share of the retirement program - a decided decrease in benefits for government employees. According to Oscar Camacho, chairman of the Finance subcommittee, to date there has been no official transmittal to the Retirement Fund of either a bill calling for the write-off of the \$123 million government default, or a bill changing the retirement program from a defined benefits to a defined contributions system.</P>

<P align=center>\*\*\*</P>

Terms of House Bill 15-132, which proposes a \$40 million dollar loan to CUC from the Retirement Fund - at 7.5% simple interest over 20 years - were presented to attendees by Tony Muna, the Special Assistant for the Office of Management and Budget. Muna asserted that the loan to the Retirement Fund would be paid first - ahead of employees or fuel vendors - at a rate of \$322,237 per month - from CUC revenues.</P>

Other than saying that at some point it was necessary to give CUC "the benefit of the doubt," Muna could offer no reason why anyone should believe this promise by CUC any more than any of the others that have been made over the years by one official or another - none of which have been kept.</P>

Joseph Reyes, Chairman of the Retirement Fund Board, said that the Retirement Fund recognizes its obligation to invest in the local economy, but pointed out that in keeping with its fiduciary duty to Retirement Fund members, it could not make a loan where repayment ability was so doubtful.</P>

Former House Speaker Heinz Hofschneider came up with the only suggestion for an alternative: he proposed that the needed moneys be taken from the Marianas Public Land Trust Fund. At this time, he said, the issue of whether only the indigenous were entitled to benefits should be set aside. He also suggested that benefits could be further decreased, by, for example, setting a cap on annual retirement benefits of \$70,000 instead of the present \$120,000 - \$150,000.</P>

Yours truly suggested that another benefit that could be decreased was in the area of double-dipping.</P>

Will the administration, the legislature listen to the comments made by the public? To the very legitimate and valid objections of the Retirement Fund? Is this just one more in the "flags up the flagpole" that the Fitial administration has been hoisting? Or will it finally be necessary for the Fund to actually sue the administration?</P>

<P align=center>\*\*\*</P>

How was my trip? Most of it was spent aboard a luxury live-aboard (double or bunk beds in airconditioned cabins each with its own shower and toilet, three excellent meals a day plus snacks after each off-boat outing, a total of 9 passengers and 14 crew) which, with two exceptions, cruised among the islands of Komodo National Park.</P>

The Park is in the middle of the Indonesian archipelago (which consists of 17,000 islands!)

between the islands of Sumbawa and Flores. Established in 1980, the Park was declared a World Heritage Site and a Man and Biosphere Reserve by UNESCO in 1986, reflective of the importance of the Park's entire biodiversity, both terrestrial and marine.</P>

The Park includes three major islands: Komodo, Rinca and Padar, as well as numerous smaller ones and is home to the Komodo dragon and the Timor deer as well as a rich marine environment of coral reefs, mangroves, seagrass beds, seamounts, and semi-enclosed bays, harboring more than 1,000 species of fish, some 260 species of reef-building coral, and 70 species of sponges. Dugong, sharks, manta rays, at least 14 species of whales, dolphins, and sea turtles also make Komodo National Park their home.</P>

Its famous dragons are much smaller than I had expected, looking much like crocodiles except they get up on all four legs to travel, and have an identifiable neck. They move very ponderously, throwing out their legs, each with long sharp claws, at every step. We also saw small brown macaque monkeys in the park, mostly scavenging along the reefs, and a number of herons doing the same. The wild boar we saw were not very ferocious, though we were told that they give the dragons quite a fight if attacked. Mostly, however, the dragons, which are no longer fed, wait for sick or dying animals, rather than attacking healthy ones, for their food.</P>

The water, the marine environment, was incredible! Except for two occasions - going back and forth from Sumba, an island outside the Park area and across an open sea - the waters were very calm, and crystal clear. Snorkelers watched a parade of manta rays swimming through a channel as they fed, red corals were so dominant at one beach it made the sand look pink, and a water snake was sighted that no one had ever seen before.</P>

The Park's unique environment and inhabitants are protected by seven zones that have been established in the Park, including a no-take, no activity Core Zone, a Tourism Use Zone and Traditional Use Zone, as well as a Pelagic Use Zone, Special Research and Training Zone, and a Traditional Settlement Zone. Each zone accommodates the special characteristics of the land and water in the zone and the needs and interests of the local community, as well as sound ecological and conservation principles.</P>

Prohibited in all seven zones are anchoring in non-designated areas, collecting legally protected animal and plant species, damaging marine or terrestrial habitats, keeping dogs or cats, disposing garbage in non-designated areas, harvesting firewood, and using cyanide, poisons, hookah, SCUBA, or explosives for fishing.</P>

It may be a more sophisticated plan than suits the CNMI, but there are aspects of it that might prove useful here as well.....</P>

More details on the Park, its marine and terrestrial inhabitants, and its resource management plan, which includes further details on its various zones, are available at <[www.komodonational-park.org](http://www.komodonational-park.org)>. Information on the cruise can be found at <[www.thesevenseas.net](http://www.thesevenseas.net)>. E-mail inquiries can be sent to <[sevenseas.expeditions@gmail.com](mailto:sevenseas.expeditions@gmail.com)> or <[info@thesevenseas.net](mailto:info@thesevenseas.net)>.</P>  
<P align=center>\*\*\*</P>

The Micronesian Games are getting closer! But there's still time for anyone interested in making a personal contribution in support of the Games to drop off his or her contribution at the law offices of Mike White, Chairman, in Susupe, or mail them to him at P.O. Box 5222 CHR.B.</P>

*On My Mind can also be found on the web at <[www.chamorro.com](http://www.chamorro.com)> or at <[www.cnmi.net](http://www.cnmi.net)> (just click on "News & Weather."*

*If you missed a column due to an overfull mailbox or whatever, you can find it in the "Archives" section.*

*If you wish to be removed from the mailing list, please e-mail me at the address above.*