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Office of the President

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July 11, 2016
Serial No. 16-3567

The Honorable Camsek E. Chin
President of the Senate
9th Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96939

Subject: Signing Statement: House Bill No. 9-224-27S, HD2, SD3 – Supplemental Budget

Dear President Chin:

Today I am signing into law House Bill No. 9-224-27S, HD2, SD3, the piece of legislation that includes the supplemental budget as well as addressing other items. As with any appropriations bill, this piece of legislation is needed for the continued well functioning of the government. A supplemental budget is important so that adjustments during a fiscal year can be made for unexpected events and changes in circumstances. This piece of legislation successfully fulfills such needs. Additionally, this piece of legislation also provides certain continuing budget authority for FY 2017; makes adjustments to the fees imposed by the Palau National Marine Sanctuary legislation; and effectively lowers the Social Security retirement age to 60 years old for all applicable persons.

I appreciate that the OEK has anticipated the upcoming elections and the expected delay in the unified budget for FY 2017 coming into law. To address such concern, this piece of legislation includes continuing budget authority for FY 2017 for "regular budget activities" of the national government. Such authority is important for the well functioning of the government after FY 2016, however, I would expect that later this year both the OEK and the Office of the President will need to go one step further and put in place continuing budget authority for any regular grants and appropriations for state governments. There could be significant consequences if the government's financial support of state governments lapses even for a short period of time. Additionally, such further piece of legislation confirming expanded continuing budget authority could also be used to clarify whether certain appropriations in the budget for the national government are considered "regular budget activities" if in fact there are any ambiguities (e.g. - $50 benefit payments for Social Security).

This piece of legislation removes the visa fee (VF) and postpones the implementation of the environmental impact fee (EIF) both of which were created by the Palau National Marine

Sanctuary legislation (RPPL 9-49). I understand that certain changes within the Republic's tourism industry have provided the government with additional information to further refine the changes to fees contained in the Palau National Marine Sanctuary legislation. I am in agreement with the postponement of the implementation of the EIF until 2017 so that the Task Force has sufficient time to transition to the EIF; however, in the future I would like to revisit the removal of the VF and related requirements for visitors to the Republic. I believe we will need to reconsider the VF and related requirements in light of security and health concerns, and also taking into consideration with whom the Republic has diplomatic relations.

The old age insurance and surviving spouse's insurance benefits have now been expanded in this piece of legislation to cover all current and expected beneficiaries the same once they reach age 60 instead of phasing in such benefits based on when a beneficiary was born. I applaud such change that benefits our elders, but would advise the OEK and the appropriate offices within the Executive Branch to monitor newly obtained demographic information and data to help the government better understand the increases in expenditures that would be incurred by such change.

Under the power granted to me as President pursuant to Article IX; Section 15 of the Constitution, I am reducing or eliminating the following appropriation made in this piece of legislation:

- Pg. 13; Line 5 – appropriation for Belau Submarine Cable Corporation is reduced to zero

The appropriation for Belau Submarine Cable Corporation (BSCC) has been reduced to zero because it would be duplicative of the appropriation for BSCC provided under RPPL 9-60 that was recently signed into law.

I have exercised restraint in not reducing additional items, but I am advising the Minister of Finance to closely monitor revenue collections to ensure that expenditures do not exceed actual revenue receipts. Based on such information, the Republic can then take any necessary steps. I would also acknowledge that this is the third straight supplemental budget in which the OEK has an increased appropriation while the Office of the President continues to operate at a reduced budget level for FY 2016. I would like to reiterate the need for all parts of the government to manage costs as efficiently as possible, and I will continue to focus on this issue within the Executive Branch.

New earmarks are also introduced in the appropriation for the Hospital Trust Fund. However, I have been informed by Minister Ngirmang that the Hospital Trust Fund is going to have a difficult time meeting the revenue target of $3,296,000 which will mean the revenues may be less than the appropriation. That being the case it may be difficult to have certain funds of the Hospital Trust Fund earmarked for a long-term care facility or ward and a medical waste disposal vehicle. Doing so may reduce funds available from the Hospital Trust Fund that can be used for other important hospital needs. Although these capital improvement projects are a

priority and I commend the OEK's focus on such particulars, I am concerned that placing additional obligations on the Hospital Trust Fund given the current circumstances may spread its resources too thin and place strain on our health care system. I would suggest that in the immediate future a feasibility study for a long-term care facility or ward be prioritized in line with the intent of HJR No. 9-111-13, HD1, SD1. Such feasibility study would further assist the government bring together relevant stakeholders to identify the needs for the Republic and the best way to address such problem while taking into consideration expected societal impacts, costs and staffing issues. A feasibility study of such a kind would yield an appropriate solution for the best possible price to the government.

Thank you to you and your colleagues for the important work that has been accomplished with this piece of legislation.

Sincerely,

Tommy E. Remengesau, Jr.
President, Republic of Palau