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AN ACT

To establish a Palau National Communication Corporation, and for other purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIL ERA KELULAU DO ENACT AS FOLLOWS:

1           Section 1.       Short Title.

2           This Act shall be known and may be cited as the "Palau  
3 National Communication Corporation Act."

4           Section 2.       Definitions.

5           As used in this Act:

6           (a) "Communication services" means all telephone,  
7 telegraph, telex, radio, television and all other telecommuni-  
8 cation services or modes together with all associated equipment  
9 and facilities for reception, tracking, guidance, control,  
10 command, and transmission.

11          (b) "Communication common carrier" means a person who  
12 transmits or transports telecommunications.

13          (c) "Congress" means the Olbiil Era Kelulau of the  
14 Republic of Palau.

15          (d) "Person" means any natural person, individual, clan,  
16 association, business, partnership, company, joint venture,  
17 corporation or any other entity legally cognizable.

18          (e) "Public corporation" means an entity wholly-owned  
19 by the national government doing business in a corporate form  
20 under the laws of the Republic of Palau.

21          (f) "President" means the President of the Republic of  
22 Palau.

23          (g) "Telecommunication" means any transmission, emission  
24 or reception of signs, signals, writings, images, sounds or  
25 intelligence of any nature by wire, radio, optical, or other  
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1 electro-magnetic system.

2 (h) "P.N.C.C." means the Palau National Corporation for  
3 Communications.

4 Section 3. Creation of the Corporation, general  
5 provisions.

6 (a) There is created a public corporation, known as the  
7 the Palau National Corporation for Communications which shall  
8 operate in the form and manner prescribed by this Act.

9 (b) The P.N.C.C. shall be subject to the corporate laws  
10 of the Republic of Palau to the extent such laws do not con-  
11 flict with this Act or in any way distort the public character  
12 of the corporation.

13 (c) The P.N.C.C. is exempt from all national and state  
14 taxes or fees and from all state government regulation or  
15 control.

16 (d) The national government of the Republic of Palau,  
17 shall provide property for the lawful needs of the P.N.C.C. in  
18 carrying out its obligations and duties pursuant to this Act.

19 Section 4. Board of Directors, terms, vacancy, quorums,  
20 compensation; conflict of interest; officers and employees of  
21 the P.N.C.C.

22 (a) The affairs of the P.N.C.C. shall be managed and  
23 directed, and its corporate powers exercised, by a Board of  
24 Directors.

25 (b) The Board shall be composed of five (5) members all  
26 citizens of the Republic of Palau who shall be appointed by the  
27 President with the advice and consent of the Senate. The  
28 President shall designate one of the Board Members as Chairman.  
29 The President shall have the power to remove a Board Member  
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1 with cause.

2 (c) The initial terms of office of the members shall be  
3 two (2) members for two years, two (2) members for three years,  
4 and the chairman for four (4) years. Subsequent appointments  
5 shall be for full four (4) year terms.

6 (d) Any member appointed to fill a vacancy on the Board  
7 occurring prior to the expiration of the term for which his  
8 predecessor was appointed shall be appointed by the President,  
9 with the advice and consent of the Senate, for the remainder  
10 of such term.

11 (e) Vacancies on the Board, so long as there shall be  
12 three (3) members in office, shall not impair the powers of the  
13 Board to execute the functions of the P.N.C.C., and three (3)  
14 of the members in office shall constitute a quorum for the  
15 transaction of the business of the Board. All decisions of the  
16 Board shall be by majority vote.

17 (f) Members of the Board shall be entitled to compensa-  
18 tion and per diem at established national government rates  
19 when traveling on the business of the P.N.C.C.

20 Section 5. Powers, legal capacity, authorities and  
21 responsibilities of the P.N.C.C.

22 (a) In order to achieve the objectives and to carry  
23 out the purposes and provisions of this Act, the P.N.C.C. shall  
24 have the following authority:

25 (1) To establish and operate communications  
26 services as a communications common carrier;

27 (2) To establish and operate in conjunction  
28 with foreign government(s) or any person, communi-  
29 cation services upon approval of the President of the  
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1 Republic of Palau;

2 (3) To establish and implement a structure  
3 of rates and tariffs for its communication  
4 services calculated to ensure that adequate and  
5 equitable charges are imposed for its services and  
6 that the use of its communication facilities is  
7 increased to the maximum extent practicable;

8 (4) To take over complete control and  
9 operation of existing government owned communica-  
10 tion services subject to Section 7 of this Act;

11 (5) To participate in meetings, conferences  
12 and seminars regarding communications matters in  
13 such international organizations and forums in  
14 which the Republic is represented, subject to the  
15 policy guidance of the government of the Republic  
16 of Palau.

17 (6) To plan, develop and execute a national  
18 program for the establishment of a national  
19 communications system;

20 (7) To coordinate activities with all other  
21 governmental agencies to insure the efficient and  
22 comprehensive development of a communication  
23 system which meets the needs of the Republic of  
24 Palau;

25 (8) To furnish for hire, or for distribution  
26 on a commercially reasonable basis channels of  
27 communication and any communication service to  
28 any person or to the national or any state government;

29 (9) To have succession and to sue and be sued  
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1 in its corporate name;

2 (10) To purchase, operate, use and dispose  
3 of in any lawful manner, any type of property,  
4 real, personal or mixed;

5 (11) To make any lawful contracts;

6 (12) To adopt and use a corporate seal,  
7 which shall be judicially noticed;

8 (13) To adopt, amend, or repeal its bylaws;

9 (14) To borrow or raise any sum of money and  
10 to issue corporate bonds upon such terms as may  
11 be deemed necessary provided, that unless other-  
12 wise provided by law the debts and obligations of  
13 the P.N.C.C. shall not be the debts and obliga-  
14 tions of the government of the Republic of Palau,  
15 nor shall the government of the Republic of Palau  
16 be liable for such debts or obligations.

17 (15) To retain and terminate the services of  
18 employees, agents, attorneys, auditors, and  
19 independent contractors upon such terms and conditions  
20 as it deems appropriate.

21 (b) The Public Auditor shall conduct bi-annual audits  
22 and reviews of all operations, books, records, procedures, and  
23 transactions of the P.N.C.C. and report his findings to the  
24 President of the Republic and the Olbiil Era Kelulau.

25 (c) Nothing in this Act shall exempt employees,  
26 suppliers, and independent contractors of the P.N.C.C. from  
27 their tax obligations, and, the P.N.C.C. shall be liable for  
28 employees' contributions to the Social Security System of the  
29 Republic in a manner provided by law.

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1 (d) All meetings of the Board of Directors of the P.N.C.  
2 C. shall be open to the public and official documents shall be  
3 available for public inspection.

4 (e) The Minister of Justice of the Republic shall review  
5 and approve as to form and legality all legal agreements and  
6 contracts of the P.N.C.C. prior to any action being taken  
7 thereon and within ten days of receipt by the Minister of  
8 Justice of such agreements and contracts.

9 (f) The P.N.C.C. is exempt from the provision of Chapter  
10 1, Title 17 of the Trust Territory Code as the chapter applies  
11 to the promulgation of regulations.

12 Section 6. Management. The Board shall appoint a  
13 general manager of the P.N.C.C. and shall determine his compen-  
14 sation and term of office. The general manager shall manage  
15 the operations of the P.N.C.C. and shall, in accordance with  
16 policies established by the Board, retain, direct and terminate  
17 the services of employees.

18 Section 7. Transfer of property to P.N.C.C.

19 (a) The national government of the Republic of Palau  
20 shall transfer to the P.N.C.C., without compensation or  
21 reimbursement, all property that it now holds or may receive  
22 from the government of the United States or the Trust Territory  
23 of the Pacific Islands that is appropriate to the exercise of  
24 the functions of the P.N.C.C. in providing communication services  
25 within the Republic.

26 (b) All working capital, cash, accounts payable and  
27 receivable, books, records, files, maps, and other rights,  
28 obligations, assets, liabilities, agreements and privileges  
29 pertaining to the property described above shall be transferred  
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1 to the P.N.C.C.

2 (c) The P.N.C.C. assumes the rights and obligations of  
3 contracts negotiated by the Republic with the Communications  
4 Satellite Corporation prior to the effective date of this Act.

5 (d) Each employee of the Republic or the Trust Territory  
6 Government who is primarily engaged in providing public commu-  
7 nications services within the Republic on the effective date  
8 of this Act, shall be offered employment by the P.N.C.C. at a  
9 compensation level determined by the P.N.C.C.

10 (e) The President shall inform the Olbiil Era Kelulau  
11 of all transfers made pursuant to Subsections (a) through (c)  
12 of this Section.

13 Section 8. Foreign business negotiations of the P.N.C.C.

14 Whenever the P.N.C.C. enters into business negotiations  
15 authorized by this Act with foreign entities, it shall notify  
16 the Olbiil Era Kelulau of these negotiations, and secure prior  
17 approval of the President.

18 Section 9. Fiscal Authority, Accounting, Expenditures.

19 (a) The P.N.C.C. shall establish and maintain its records  
20 and accounts of all of its financial transactions, and shall  
21 have full charge of its financial affairs.

22 (b) All rates, charges, and regulations pertinent to  
23 use of communications services by distributors and customers  
24 of the P.N.C.C. shall be adopted by the Board only after public  
25 hearing following public notice published and posted fifteen  
26 (15) days in advance thereof. Rates established by the Board  
27 shall become effective upon approval of the President of the  
28 Republic, and shall remain in effect unless declared invalid  
29 by Joint Resolution of the Olbiil Era Kelulau adopted within  
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1 ninety (90) days after the approval by the President of such  
2 regulation.

3 Section 10. Construction; Effective Date. (a) It is  
4 hereby declared that nothing in this Act is intended to affect  
5 the rights, obligations and responsibilities of the United  
6 States as Administering Authority under the Trusteeship Agree-  
7 ment or Secretarial Order No. 3039, and this Act shall be  
8 construed accordingly.

9 (b) This Act shall take effect upon its approval by the  
10 President of the Republic of Palau, or upon its becoming law  
11 without such approval, except as otherwise provided by law.

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PASSED: August 6, 1982

/s/ \_\_\_\_\_  
Carlos H. Salii, Speaker  
House of Delegates

Approved this 23<sup>rd</sup> day of August, 1982.

/s/ \_\_\_\_\_  
Haruo I. Remeliik  
President  
Republic of Palau