

MONDAY 24TH AUGUST 2009

The Rt Hon. Speaker, Sir Peter Kenilorea took the Chair at 10.52 a.m

Prayers.

ATTENDANCE

At prayers, all were present with the exception of the Ministers of Planning & Aid Coordination, Justice & Legal Affairs, Foreign Affairs & External Trade, National Unity, Reconciliation & Peace, Agriculture & Livestock Development and the Members for South Choiseul, West New Georgia/Vona Vona, Central Makira, East Are Are, Ngella, North Malaita, Central Honiara, South Vella La Vella, East Makira, Temotu VAttud, East Choiseul, North Guadalcanal, and North West Guadalcanal.

PRESENTATION OF PAPERS AND OF REPORTS

- Report of the Bills and Legislation Committee on the Telecommunications Bill 2009 (*National Parliament Paper No. 34 of 2009*).

QUESTIONS AND ANSWERS

Meteorology: project progress

82. Mr **OTI** to the Minister for Environment, Conservation & Meteorology:

Can the Minister inform Parliament progress on the following projects:-

- (a) Renovation of MET office at Henderson?
- (b) Buala and Lake Tegano Meteorological Stations?
- (c) Relocation of Lata Meteorological Station?

Hon. LILO: Mr Speaker, on part (a) of the question, in 2009 we have been able to carry out the following tasks: identification of site, architectural design and costing, obtained approval from the Honiara Town Planning Board, clearance of

the site, and at least about a third of all the building materials required for the projects have already been purchased. The only outstanding tasks that are yet to be done are preparation of tender documents by the Ministry of Infrastructure Development and the whole process of tendering to be carried out under the purview of the Central Tender Board, which would lead to the actual selection of the constructor.

In 2008 about \$169,000 of the total funds that have been allocated have been committed. Unfortunately, in 2009 we have not been able to expend any funds for this particular project but it still remains a priority project.

On part (b) of the question on the Buala and Lake Tegano Meteorological stations, in 2008 we have been able to carry out the following tasks: acquisition of architectural design and costing, obtained approval also from the provincial government in relation to the Fera Meteorological station. Site visits and identification of sites have also been carried out. There have been various meetings held with the lease holder of the particular land identified as the ideal site for the station and purchasing of instruments for the stations have also been carried out.

For Lake Tegano, in 2008 we have been able to obtain approval from the provincial government. We have acquired building designs and costing. Site visits and identification of the sites at Tingoa was done. There was surveying of site and demarcation of the physical planners and lands officers, and purchasing of instruments.

Outstanding work to be done on both Fera and Tingoa Meteorological stations are the preparation of tender documents, which are to be carried out jointly by the Ministry of Infrastructure and Development and the actual calling for tender by the CTB. In 2008 we have also committed about \$286,000 in both projects but no funds have been committed in 2009.

On the relocation of the Lata Meteorological station, alternative sites were suggested for Lata and the only outstanding tasks we have to carry out in Lata was preparation of tender documents by the Ministry of Infrastructure and the actual tendering and selection of the contractor. Unfortunately, in both 2008 and 2009, we have not committed any funds because the works that have been carried out do not require any expending of funds.

Mr WAIPORA: My question will be based on the word 'Met Stations'. Although my colleague did not mention Kira Kira here but I want to know whether there will be a Met Station for Kirakira because there is nothing there. When there is absence of that kind of station and officers to look after stations that used to be there, like even in Lata, how do you get weather information to

tell the country about the weather condition? The second question is, are you working on a Met Station for Kirkira too?

Hon. Lilo: That is absolutely a new question. But to do justice to the Member for West Makira, if he can just notice that question and I would be most willing to answer it properly for him.

Mr Oti: In regards to the necessity to relocate Lata Met Station was due to a takeover by what was then the premises of the government in terms of meteorology, the premises were taken over by Solomon Telekom. Since funds would be needed for relocation and any transaction that might have happened between the government and Solomon Telekom with regards to the takeover or acquisition of that property, can the Minister inform Parliament why that has to happen and therefore the need for the relocation and establishment of another Met Station in Lata?

Hon. Lilo: As far as we are concerned, the information we had is that the office that Met Office was located originally belongs to Post and Communications in the past, which rightly belongs to Telekom. We were actually chased out of that building, and so it was not a sale, there was no sell transactions involved in the transfer of that building to Telekom. We have been actually asked to vacate that building because, I think, there was some understanding before that it was meant for the Telekom group. We tried to argue to remain in that location but we did not succeed because of the support that was also given by the Provincial Government to Telekom and also from the Office of the Commissioner of Lands as well, and that is why we have to find an alternative site. It was a very unfortunate situation that we have had to go through. But in terms of any transactions involved in the relocation, no, there was no transaction. In fact we have been asked to leave that site.

Mr. AGOVAKA: Mr. Speaker, a beautiful building on its own cannot do much. My supplementary question is for us to be able to monitor and gather information concerning meteorology, we need specialized equipments. Is the upgrade or renovation of this building alluded to by the Minister include upgrade of equipments to monitor and gather information for the purpose of meteorology?

Hon. Lilo: Yes, exactly. The upgrading of the building will also include procurement of instruments that are required for recording of weather

information and so it is not only just a building but it will also include equipments as well.

Mr. Waipora: I mentioned Kirakira and so I was told it is a new question. But the second part of my question is how you get information from those stations because as far as I know some provinces do not have Met Offices in place there. Because of the non existent of stations, how do you get the information transmitted or monitor the weather when they report on the weather.

Hon. Lilo: Technology nowadays is more advanced so much so that in some places there is no need for stations to be there. In fact, we are also using satellites too at this time. There are about 15 satellites hanging over Solomon Islands at this time that we share information coming out from those satellites as well.

In the case of Kira Kira, I can assure the Member for West Makira not to worry too much about it. The readings of weather information that we have received is almost accurate to the situation in Kira Kira.

Mr. Oti: In relation to the third project, the Lata Met station, of the various sites that the Minister has stated that have been explored, has the Ministry decided which site will the relocation be moved to? Although the Minister mentioned also that the next stage would be to put out on tender the process for an architectural design of the building or the facilities, on that note on the second part, when does the Minister thinks the process will be completed, the process for the design, tendering and so on and, of course, which site has been identified of the options that have been explored?

Hon. Lilo: I do not have the exact map here with me of the Lata town area. I have not been given also the benefit of the parcel number of the particular land, but I am told that it is a very suitable site next to the airport, which would be really suitable for the station to be located there.

In terms of the priority of the projects, I think Lata and Tingoa get the highest priority because as you know they are quite far and therefore we need information from those places to feed our aviation here, and so the priority projects, if the situation of the cash flow of the Government improves would have to be Lata and Tingoa. They are the priorities.

Mr. Zama: I have a question on the lake Tengano station. Can the Minister confirm whether the World Heritage activists are not trying to dispute the site that you are intending to build the station on?

Hon. Lilo: In fact it is not Lake Tengano, but it is Tingoa. Lake Tengano is much further down, and Tingoa is where the station is. Lake Tengano is too far away. But it would be to the benefit of the World Heritage site to have the Met service at Tingoa station.

I am not sure what really is the concern of the MP for Rendova/Tetepare, but I can assure him that the World Heritage Site in lake Tengano, which he is so familiar with, and which I think the Member for Rennell/Bellona would be really concern about the MP's concern there but Tingoa is the right station.

Mr. Oti: I have no further supplementary question and before I thank the Minister, perhaps he himself needs to correct that information because that is how it appears in your budget in 2009, and so it is not the MP for Rendova's fault but it is his own fault. We are only quoting from what you put on the paper.

Bills - Second Reading

The Telecommunications Bill 2009

Hon. LONAMEI: Mr. Speaker, I move that the Telecommunication Bill 2009 be now read the second time. It is indeed great honor for me to present this Bill to Parliament today. This Bill is a central part of the government's package of measures to assist Solomon Islands to enhance national economic and social development by promoting the ongoing development and effective utilization of telecommunication infrastructure and services in the country. The Bill proposes a new telecommunications legislation for the country and at the same time will repeal the Telecommunications Act Cap 115 and the Solomon Telekom Limited Liability Act Cap 114.

The purpose of this Bill is to open up the telecommunications market in the country for competition. In June 2008, the CNURA Government adopted the policy to open the telecommunications market for competition. This Bill is consistent with that policy and this is the final step in the process of making competition happen in Solomon Islands. The government adopted the competition policy because we believe it is a more superior system than the monopoly system in achieving government's objectives for the telecommunications sector. This Bill is required also because we need a new legislation that is modern and sufficient to regulate and manage the issues and relationships that come with the complexities of a competitive telecommunications market industry. Effective regulation of the telecommunication sector is necessary to ensure that the government's telecommunication objectives are met.

Public telecommunication service provision in the country has been provided by Solomon Telekom for over 20 years under a monopoly arrangement. Our 20 years experience of the monopolistic market was a mixed experience. On the positive side Telekom has been delivering substantial revenue to government in licensed fees and taxations over the years. On the negative side, Telekom services were restricted to Honiara and eight of our nine provincial headquarters for a long time. Service penetration to the rural areas was low. It was only recently the Telekom began extending its mobile services to a few locations in the rural areas. The major complain by consumers about Solomon Telekom services is that their services are unreliable and every expensive when compared to similar services offered in other Pacific Island countries. There could be an explanation for why this is so. However, no reports are available to explain why telephone services are so expensive in the country and so we can only speculate for the reasons for this.

Some economists say that monopolies tend to set very high prices to maximize profit. Solomon Telekom has been making substantial profits every year but pricing of their services never seem to go down. It has become clear to the government that its objective for telecommunication sector such as having reliable and affordable telecommunication services in the country and increased services rollout to rural areas will not be achieved within the framework of the present monopoly system.

There seems to be significant deficiencies with the monopoly system in delivering government objectives to the sector hence, it is a wrong system for Solomon Islands. When we know that we are driving a wrong system but we just go ahead then it means we have gone wrong but we continue.

I believe the aggregate negative consequences of having a monopoly telecommunication market in the country over the past 20 years must be enormous and certainly would have impacted negatively on the economy. In recognizing the negative consequences of a monopoly market experiences, and the vital importance of telecommunications to national development, the government has decided to open up the telecommunications market for competition. The government regards progress in this area as a matter of national Importance since information and communication technologies have been shown to be crucial enablers of business productivity and economic growth.

The government's policy for telecommunications has two overriding objectives as follows and I quote:-

1. To achieve rapid expansion of telecommunications infrastructure and services in Solomon Islands and made available to the population the widest possible range of efficient, reliable and affordable

telecommunication services competitively provided in a fairly and regulated market.

2. To enhance national economic and social development by promoting the ongoing development and effective utilization of telecommunications in Solomon Islands such that quantifiable impact is achieved throughout the country within the next years.

These are certainly bold objectives, however if we are serious about developing the country, we need to take bold measures to promote the effective utilization of telecommunication services in the national development agenda.

The government will implement telecommunications policy and regulations based on international best practice to protect fair competition and private investment in the telecommunications sector while maintaining their appropriateness to the people and culture of Solomon Islands. The government will promote the development of infrastructure that supports national development and in particular supports the government's goal of increased rural and remote access to telecommunication services. The government has and will continue to engage stakeholder participation and consult in all matters relating to telecommunications in Solomon Islands. The government has adopted a robust telecommunication sector policy. This policy is the basis for this Bill, which will bring competition to the telecommunications sector.

Economists tend to agree that competition markets are more efficient and superior than monopoly markets in enhancing economic activity in the market place. We believe the introduction of competition to the country would deliver many benefits to our consumers and the people throughout the country. Some of these benefits are:-

- (a) Competition will deliver lower prices, increase consumer choice, improve service quality, improve service coverage and improve incentives for investors to invest and innovate in the sector.
- (b) Consumer choice will expand because customers will be able to purchase services from multiple providers and service providers and will be driven to improve quality and offer a few bundles of services to differentiate themselves.
- (c) Competition will compel firms to innovate to lower costs to improve quality and product choice in the continuing quest to attract customers and improve efficiency.
- (d) Competition will encourage wider service coverage in the country, and rapid telecommunication infrastructure modernization.

Sir, empirical evidence exists in the Pacific region to show that liberalization and competition in the telecommunications market has positively impacted on overall industry performance and the economy. The positive experiences of various countries in the Pacific region with competition have given me confidence that our choice to go for competition is a right move that will bring many benefits to our consumers in due course.

This bill is drafted by World Bank consultants. The first draft came out in 2005, and since that time three public stakeholder meetings were held for public consultation to get the feedback and views of various stakeholders of the industry. The Bill itself focuses on 10 key elements or objects which are listed at page 200 of the bill, which includes:-

- (a) To open up the telecommunications market and remove exclusivity of providing telecommunication systems and service under the current laws.
- (b) To provide for the functions, duties and powers of the Minister and to establish the telecommunications commission and provide for its functions and powers.
- (c) To provide for the administration and financial provisions in relation to the work of the commission and fees payable by the service providers.
- (d) To regulate licensing of service providers.
- (e) To provide for universal access regime
- (f) To manage radio spectrum
- (g) To regulate competition, interconnection and access, pricing, equipments and technologies and protection of consumers.
- (h) To provide for national numbering plan, and domain name.
- (i) To provide dispute and panels mechanism.
- (j) To provide civil penalties and offense provisions.

This Bill is designed to regulate and manage competition in the telecommunications market. This Bill has 20 main parts; and the explanatory notes on each of these 20 parts are on pages 200 to 203 of the Bill. I wish to call upon colleague members of the House to study the contents of the Bill and the explanatory notes.

This Bill basically will set up the office of a telecommunications commissioner whose function is to regulate the industry with the Minister to be responsible for policy and setting for the sector. The various parts of the Bill define the issues, processes and relationships that will exist in the new competitive telecommunications market place. The regulatory framework this Bill will bring to the country will be a new one. The bill was drafted by a World

Bank consultant based on international best practice standards and because the bill was drafted by the World Bank we can be assured that it will be a competent model. I recommend that we approve this Bill to bring on competition to the telecommunications sector. Let us approve this Bill and try out the new legislation. If we come across any major problems we can always come back to amend it, and that is if we are lucky to come back to this House next year. But I want to assure this House that there are a few amendments that the taskforce has found, and to improve this bill, the list of the improvements or the amendments to this bill will be circulated to Members, so that in our discussions we can look at the report of the Bills Committee and these amendments together.

I now wish to make my concluding remarks. First of all I wish to acknowledge and thank the World Bank for the assistance in drafting this Bill. I also wish to acknowledge and thank AUSAID for its assistance in the recent negotiations with Solomon Telekom to prematurely terminate Telekom's 15 years monopoly license. Without funding assistance from these two organizations, it would have been difficult to achieve the progress we have made so far. I on behalf of the government appreciate very much the assistance from the World Bank and AUSAID. I also wish to acknowledge and thank the Government taskforce for its work in the recent negotiations with Solomon Telekom and the Office of the Attorney General for their input in the completion of this Bill in good time for me to present it at this Parliament Meeting.

Finally, I wish to acknowledge and thank Solomon Telekom for accepting our request to hold negotiations regarding its 15 years monopoly license. Because of their positive response, we have completed the negotiations successfully and have signed a settlement agreement with them recently paving the way for the early termination of their license.

The Telecommunications Bill is an important piece of legislation that will accelerate progress towards the Government's objectives in telecommunications. This Bill will bring competition to the telecommunications sector. The Bill implements a bold vision if we are serious about our economic transformation, if we are serious about building knowledge based economy, we must have a bold vision and take definite steps to achieve it. The Government is providing a responsive legislative framework that will allow these possibilities to become a reality in Solomon Islands.

We have come a long way with the Government's telecommunication reform program since 2005. Recently the Government successfully concluded negotiations with Solomon Telekom. We have managed to bring Telekom to the negotiation table and get Telekom to sign a settlement agreement recently paving the way for early termination of their monopoly license, making introduction of competition becoming a real possibility; we need to build on these achievements.

To conclude the process for introduction to competition in the telecommunications market, it is important that this House supports and approves this Bill. Passing this Bill will open up the telecommunications market for completion, and hopefully around April 2010 a new entrant will enter the market to provide mobile services in competition with Solomon Telekom. The market will be open for full competition in April 2011.

We need competition in the telecommunications market now. Competition will deliver lower prices, increase consumer choice, improve service quality and improve services coverage for our people throughout the country. Competition will promote innovation, wider service rollout to our rural areas and fast modernization of telecommunications infrastructure and services in our country, which in turn would impact positively on the national, social and economic development agenda.

Sir, some said the great events and moments occur on the corridors of history only once in a while. I feel great this morning because in moving this Bill, I can sense that a great moment is coming to Solomon Islands. In fact a new era is coming to Solomon Islands. I call on colleague Members on both sides of the House to support and approve this bill to bring in the new era of competition to Solomon Islands.

Mr Speaker, sir, I beg to move.

Mr Speaker: Honorable Members, I have been advised that the honorable Minister and the honorable Prime Minister wish to allow more time for Members to read the Bills and Legislation Committee report on the Telecommunications Bill and prepare for a more meaningful Second Reading debate. As such, I now call on the honorable Minister to take the necessary steps.

Hon. Lonamei: In order to give Members of Parliament more time to read the Report of the Bills and Legislation Committee and the proposed amendments, I move that the debate on the Bill be adjourn to the next sitting day.

Debate on the Bill adjourned to the next sitting day.

ADJOURNMENT

Hon Sikua: Mr Speaker: I beg to move that Parliament do now adjourn.

The House adjourned at 11.34 a.m.