

TUESDAY 25TH AUGUST 2009

The Speaker, Hon Clement Kengava took the Chair at 9.54 am.

Prayers:

ATTENDANCE

At prayers, all were present with the exception of the Minister for Planning & Aid Coordination; Justice & Legal Affairs; Culture & Tourism; Foreign Affairs & External Trade; National Unity, Reconciliation & Peace; Environment, Conservation & Meteorology; Communication & Civil Aviation; Lands & Housing; Agriculture & Livestock Development, and the Members for South Choiseul, Temotu Pele, Temotu Nende, South Vella La Vella, Lau/Mbaelelea, East Makira, West Honiara, North West Guadalcanal, East Choiseul, North Guadalcanal and Temotu Vattu.

BILLS

Bill – Second Reading

The Telecommunications Bill 2009

Mr. WAIPORA: Thank you for giving me opportunity to speak on this very important and complex Bill, the Telecommunications Bill 2009. At the outset, I would like to thank the Minister and the government as a whole for bringing this Bill for the deliberation of Parliament. I have a very few points as my observation of the Bill as some other points will be covered by other colleague Members.

I noted that the Bill was drafted by the World Bank. I think it was drafted by the World Bank before it was brought to the government for consideration. In this instance, the efforts, time and money spent on the work of this complex Bill must not be taken lightly. Because this Bill was initiated and made by a different authority, it is my view and it is my observation that in the real sense this Bill belongs to them, it belongs to the World Bank and Telekom. This is their Bill.

What I have seen in my observation is that this Bill is just like somebody building a house or a motel or a church building and after it has been completed, a pastor or a priest was taken to bless this house. That is what I see about this

Bill. This house was built by somebody else and Parliament prayed over it or it blesses it. That is how I see this.

I will talk because it is our time to talk on the general principles and to give our views on the Bill, and so that is my view. That is my first point. Parliament is like a priest or a pastor dedicating this house for those who own the house, the property.

If you closely at the Bill most of the things in there tend to swing one side towards Our Telekom. If you look at it, I think the present service provider holds the upper hand, but we cannot blame them because it is their Bill. We must think very carefully about it because it is a very important Bill to provide a very important thing, which is communication for Solomon Islands. When I was still in the government and we dealt with the draft federal constitution, I always repeat the statement that we must never allow somebody to finance our federal constitution. Never allow somebody else to give any idea to our constitution because we must feel the ownership of the federal constitution. That is why I said that we must only ask the Solomon Islands Government to finance it and all the ideas must be from Solomon Islands. Never let any foreigner touch our federal constitution, we must do it ourselves.

This is not the case with this Bill. This Bill does not belong to us. Somebody else finances it, somebody else spent his effort and time to make it, and so it is not ours. I know you understand what I meant.

That is always my advice to my staff all the time when I was Minister for Provincial Government. I want to reemphasize this because when reading this Bill I can tell that it is not us. The Minister for Communication, how many times do you spend reading this Bill and what is your drafting instruction to the person drafting the Bill. The 1997 Provincial Government Act that I made, those words were from one of our lawyers who is the Minister for Lands now, and they are the people whom I told to follow what I said because it is my responsibility as the Minister to tell them the instructions on how to draft the bill. I am emphasizing this point because this is our bill, it is our law.

I now come to my second point. My second point is if you look at page 13 of the Bill it says, "Solomon Telekom shall at the commencement date be deemed to be a dominant service provider in all telecommunications market except the market for mobile telecommunications". Last night I looked up the word 'dominant' in the dictionary and it means 'most influential'. That is the meaning of this word in my dictionary at home. It means 'most influential'. Is that competition? Is competition just in mobile?

When the Minister moved this Bill yesterday he talked very proudly about it but I hope you know all of it; you know what is inside it. Because some of these things if you can see, if we are not careful the commencement date, I am

afraid the government and Digicel will be going through all the costs including licenses until all the things are finished instead of creating competition. We must be careful because I can smell a lot of costs incurred at the commencement date until the date everything is settled. That is how I see it. That is why when the Bills Committee looked into this Bill I reproved Solomon Telekom's lawyer. I told him that they are throwing their weight into this Bill because they have vested interest in it. I am fighting for my own country. I am standing for the right of this country and protect the country where I was born and I am going to be buried.

This is a very important Bill. But why are we saying there is going to be competition and we only allow competition in mobile services and the Solomon Telekom still holds the upper hand. Is that competition? I see there should be competition with Solomon Telekom in this country. There must also be competition with Solomon Airlines and there must also be competition with the SIEA, SIWA and others. There must be competition with these entities.

This Bill has a good intention, but I can smell many dead things inside this Bill. And whoever takes over the government next year will continue to spend a lot of money on costs. You start off with \$109million and then you go on. Because a little bit of move we may want to make, they will say compensation. That is it. It will be compensation all the time, which will continue on may be after six months or even one year or what. That is how I see it here.

As I have stated already, the Minister when you moved the motion yesterday did you ever ask this question? When we come to the committee stage you must answer me what is meant by this word 'dominant' to you. I know the lawyers know it but my question is on this word "dominant". I do not think this is competition.

Digicel, as I said, will be the first to be at risk and our government by this exercise created by this Bill.

Hon Fono: Point of order. I would like to clarify one thing that the Bill does not identify Digicel as the entrant. It only identifies in general a new entrant. The process of identifying whoever that new entrant is will come later; it is an administrative matter that will be done later.

To single out Digicel as a new entrant in our debate is not fair because there are other bidders. I want to explain this so that it is clear so that in our discussions and our debate we should only refer to it as a 'new entrant' but not identifying Digicel because there are other bidders as well.

Mr Waipora: I must thank the Deputy Prime Minister for his point of order. I mentioned Digicel because who appeared before the Bills Committee? Which

group appeared before the Bills Committee? Where is this group from? That is why I mentioned Digicel in here. And so I cannot withdraw my statement in mentioning Digicel because I am a member of the Bills Committee and I asked questions to them.

One of my concerns is that I think consultation is not enough because the Law Reform Commission, if you have read the report of the Bills and Legislation Committee, I was very surprised that one of the most important people dealing with the laws of this country has never been consulted. I was the one who questioned them as to why is it that they just raised this issue now. They replied saying that that was their first time to see the Bill. And the point of concern of the Law Reform Commission, and with your indulgence, Mr Speaker, may I read their point of concern. Their first point is that transparency and accountability of the Minister in the performance of his/her duties and functions. Their point of concern is on Clause 5 of the Bill. Their second point is on the powers of the Prime Minister in the case of a public emergency. The third is on application of corruption offences contained in the penal code to the Telecommunications Commissioner, the Minister and employees, officers and consultants of the Telecommunications Commission. The fourth point is on the relationship between violation and criminal offences on Parts 18 and 19. The fault or mental elements prescribed for many of the offences contained in Part 19 may make prosecution difficult. Another one is the offence of using telecommunications for the purpose of harassment is potentially narrow. The seventh point is that other offences contained in Part 19 do not have any specific fault element. Those are the points of concern by the Law Reform Commission, and that is why as a Member of Parliament dealing with this bill, those are some of my concerns and observations on this Bill.

This Bill is a very important bill and is also a very thick book and I am very sad as to why we have to bring it to this house last. If the government sees this Bill as very important it should have arranged for it in such a way that when we come back in September we should debate it properly because it has 20 parts. I see this as a very good bill for this country. Successive governments have also seen it very important for competition to be in telecommunications in our country because when we changed from SOLTEL to Telekom, from that time until now we have been trying to find ways to allow for competition so that telecommunication services to our people is much cheaper. Because at the moment, as the Minister has rightly mentioned yesterday, people are finding the services of Telekom very costly and also other services that people need in other parts as well as in remote parts of the country are not there. Because of that the present government and even previous governments too are looking into the importance of having that kind of arrangement.

I am very happy indeed that our staff of the Our Telekom when they went on strike last time was very good. I think they did a very good job because it is time to shake up the people who are trying to build their own little kingdoms and watchtowers here in our country.

There are people here, I can comfortably say, who are really dominating some very important investments in our country today. They are throwing their weights around to make sure they build their own kingdoms here. I think the government has done the right thing in bringing this Bill. But in order for the Members to be satisfied with the Bill if they properly digest the things inside, I think some Members may be are satisfied with it and some may be not, and I am one of them that need to look into this Bill again. But it is alright that you have brought in this Bill now and it is up to us now to look at any loopholes in the Bill and whoever is the next government will look into it. But my only concern is that we should be very careful about very big investments like this, in that we should safeguard the interest of our own people and the interest of our government to make things fair.

At this time I am a bit hesitant in supporting this Bill because my reading of this Bill tells me that it is one-sided. But anyway let those who deal with this Bill and let the Parliament deliberates on it and we will see what would happen. But as I said the main thing is that this Bill is going to put a big commitment upon the government and whoever is going to come and compete in this arrangement. They will surely find the answer because I have already seen it.

I do not think I have anything more to say except to say that as I said at the beginning that I will go straight to the point that, in my view, is not right and so with those few remarks, I resume my seat.

Mr Speaker: Before we proceed, as a point of order, I would like to remind honorable Members that this is a general debate on the principles of the Bill and unless the Standing is violated, points of orders may be restrained a bit. You will have your turn to answer what you think another Member has said is not right. Thank you.

Hon. WALE: I would like to add my voice to that of the Minister and my honorable colleague, the Acting Leader of Opposition and MP for West Makira.

This Bill indeed marks an important and a very significant milestone for our beloved country and this government. Upon taking office in December 2007, the Honorable Prime Minister, Dr. Derrick Sikua pledged the government's commitment to deregulate the telecommunications sector as an important part of its economic reform agenda. This is an important legacy to bequeath to our beloved nation.

Sir, before going any further, allow me to draw some backgrounds to deregulation in the telecommunications industry worldwide. The pressure for the liberalization of the industry has been due to a number of factors, principled among which is the rising demand for affordable and reliable quality services and an increased public awareness of the problems associated with monopolies and the benefits of competition. There is the availability of new technologies and the falling costs of supply and the realization that the monopoly service provision model is no longer relevant and that more private sector investment is needed to meet demand in this particular sector. The global and regional trend is characterized by fast changing technologies that are increasingly becoming cheaper, faster bandwidth. The technologies are becoming more widely available and therefore giving rise to quite a dramatic growth on the mobile telephony.

Also the deregulation of Telekom markets worldwide has become the standard. It is very important as seen worldwide that a lot of economies and lots of governments are deregulating their telecommunications markets. And also, of course, the recognition that increased competition is far more preferable to monopolies. Also the increasing consumer awareness of their rights and their increasing willingness to insist on those rights, and of course changes in laws and regulatory regimes to support competition and protect consumers.

The experience from other countries after deregulation has shown that more ordinary people are able to communicate easily and relatively cheaply. Health workers, teachers and students have better and easier access to information. There is easier communication and so it enhances access to markets and information by village farmers and rural economic actors. It spurs growth in employment and economic opportunities in related support services. The experience has been that lower communication costs for business spurs new investment opportunities and so there is growth in other sectors as well such as tourism.

Experience has also shown that after deregulation there is increased and sustainable government revenues from increased and expanded telecommunication services. More people are accessing the networks and using it, and the government benefits too from revenues. The Member for West Makira need not be afraid that side of it.

Experience has also shown after deregulation that overall there is a dramatic growth in the size of telecommunications markets, initially perhaps the incumbent will lose market share but over time into the midterm, the size on the total market on telecommunications will grow, and so it is not something for Solomon Telekom to fear, but it is something that all of us must welcome because the commercial pressure is healthy for Solomon Telekom so that it forces it to

have internal restructuring to ensure efficiency and that there are better value services offered to the customers.

As we know, Solomon Islands is a small island economy and providing affordable infrastructure services is a major challenge for development. Given the geographic spread of our islands and the associated population spread, it is a real challenge to provide services at reasonable costs without unsustainable subsidies. The government is always mindful of this critical challenge.

Also in our context, we have seen the monopoly model simply not working. The exclusive license is perhaps immoral. The monopoly could not be effectively regulated. The monopoly as we have seen became a bully both of consumers and a bully of the government. The monopoly not only ensured extremely expensive communication costs to business and the economy but also extremely poor quality services all round. Try and get on the net and you will find the speed very slow and the bandwidth very small. Try to make a call on the mobile and maybe you will get through in the fourth or fifth round. We have seen that monopoly is very insensitive to consumer concerns and seem to feel no pressure to change its behavior. We have also seen that monopoly has been an obstacle to new, more efficient and reliable technologies in the telecommunications sector. We have also seen that the monopoly was never really interested in expanding services into remote and rural areas and would never respond to any, whether market or otherwise, pressured to do so as a result. And so we have seen that the monopoly has kept the country's integration into the information highway extremely retarded. The implication of this has been very significant in education, health, business investment and so on. The foregone opportunities to the country because of this situation is something we will never fully know but suffice to say the country gave up far too much to hold on to keep a monopoly. And so therefore the object of this bill comes into focus, it comes into context and it makes sense. The monopoly situation obviously is not one that we want to see continue one more day than is necessary. Gone are the days when telecommunications was only for the few privileged people who are able to afford a telephone or recently a mobile. Telecommunications is now an integral part of a modern society and nation. It is integral to building the economy and educating the people and it is essential to delivering services. It is integral to government and the role of the people to keep government accountable. Telecommunications is simply far too important to be monopolized by a single operator whose bullying behavior has been an obstacle to progress.

The Bill lists 10 objects but the overall primary object is the liberalization of the telecommunications sector in Solomon Islands. All the other objects listed

in the Bill are there to support and ensure the successful achievement and sustainability of this primary object.

The exclusive license granted to Solomon Telekom, now Our Telekom has been a strangle hold on any progress in information and communications technology and services in Solomon Islands, and the government is right in seeking to remove this exclusive license from the monopolist.

Solomon Telekom has lived and acted out the textbook case of a monopolist. We all know the frustration of having to deal with an unresponsive provider of unreliable and poor quality services that costs far more than better quality services in other similar sized nations.

The deregulation of any sector immediately calls for the establishment of an appropriate regulatory regime and an agency to ensure effective enforcement. So the Bill seeks to establish an independent telecommunications commission to be the regulator. This is a highly specialized professional skill set that we do not yet possess in this country and one that will continue to pose a major development challenge. The regulator is the critical success factor to this reform. We want to see effective competition therefore we want to ensure that Solomon Telekom is able to survive, adapt and do well in a competitive environment and it is the role of the regulator to ensure a level playing field where rules are clear to all.

If Solomon Telekom should die as a result of a new entrant coming in or a couple of new entrants, well at least of the first entrant, we would be back to having a monopoly again or be it perhaps the gain from that would be that nobody would have an exclusive license, as is currently the situation with Solomon Telekom.

It is also significant to note that because of the exclusive license held by Solomon Telekom, this Bill comes to Parliament as a consequence of a negotiated settlement with the monopolist. The government, in its desire to remove the exclusive license, has almost had to bend over backwards to arrive at a settlement with the monopolist. I think a cursory reading of the Bill will reveal the fact that there is a high level of distrust of government and of competitor written into the Bill as part of the negotiated settlement. This is perhaps an unnecessary evil in the circumstances. There are therefore aspects of this Bill that would be very different had the government had a freer hand in setting directions. These areas may require review in a few years time.

Regulation is intended to create rules and incentives that will lead to fair and reasonable prices and good quality services. Effective regulations can also create the incentives that will leave providers to innovate and develop service delivery options suited to our small island context. Interconnection

arrangements contained in the Bill are intended to do this by promoting innovation and the application of new technology.

New licensing will ensure that barriers to market entry are removed and interconnection between a new entrant and Solomon Telekom can be effected fairly ensuring better services to the customer. The comment by the Member for West Makira on the dominant service provider looks like he read the definition part of the Bill and not the appropriate clauses of this Bill. If he had read the clause it is clear enough what that term means within the context of broader government policy to raise the platform to have more competition and less obstruction.

The Bill seeks to create rules that limit discretion as much as is practicable. This is important to ensure a regulatory environment with more certainty, reducing risks in the hope of promoting sustainable investments in the sector. Too much discretion, as we know, usually means too much risk and could be a disincentive to investment.

The future in the globalize world is in information and telecommunications technology. It is important that Solomon Islands takes ICT seriously and makes a serious investment in it. The Bill therefore is a serious step in that direction to establish the regulatory platform and assist in the building of appropriate ICT infrastructures. This, obviously, will need to be an ongoing responsibility in a fast changing technology sector. Broadband capacity provided at reasonable costs is a very important aspect of this, if Solomon Islands is to move forward in this critical area.

There are some regulatory and policy implications as we enter into deregulation. For instance, policy must be forward looking as ICT is a fast changing frontier in the global economy. Regulation must be continually reviewed to ensure relevance in a sector driven by fast changing technology. Backbone infrastructures should be kept accessible on fair terms to all service providers. There is great need for more private investment in this infrastructure to deliver quality broadband internet and data services even to rural areas over time. There is need for capacity in the Telecommunications Commission to provide effective oversight to a very dynamic sector. This capacity will be expensive to attract and retain and so perhaps we need to seriously explore the question: is there a place and role for a regional regulator at some stage in the medium term?

Regionally, there is a shortage of appropriate technically qualified people to start regulatory agencies. And so staff retention will be a very real problem to ensuring a functioning regulator. A major challenge will be the higher overhead costs of maintaining the regulator and the skills required and not readily

available. The Bill therefore recognizes that the regulator is able to contract the expertise it needs outside from time to time.

Another implication policy and regulatory obviously is the independence of the Commission itself. This is critical to an arms length approach to business and will be difficult to maintain in our small community context in which most people are known to each other. All stakeholders need to be committed to ensuring that this independence for the regulator is protected and, of course, government and donor investment is required in the spin undersea cable project to under right progress in ICT development, not only in Solomon Islands but also in the region.

Over time we will see greater use of ICT in education, in new skills development, teacher training learning resources, digital learning materials and school connectivity essential to the delivery of quality education to our people at all ages and levels of our society in most, if not all, locations throughout our country. We will also expect high demand for high speed data capability, broadband internet including perhaps by mobile phones in the mid term. These will be important growth catalysts for our country. Our human resource being our greatest resource, the progress in ICT will enhance the skilling and education our people to better engage with the outside world. Without it or with a retarded ICT infrastructure and services, we are always on the back foot; our people are always at a disadvantage.

For many years successive governments have sought the expansion of telecommunication services to the rural areas but to no avail. For various reasons some structural, some commercial, this policy objective has remained illusive, and so the Bill proposes the universal access fund as an important tool to achieving this important public policy objective. The Bill therefore recognizes the need for a subsidy mechanism that will be properly funded and administered transparently to ensure reliable services reach rural areas. Over time this may include internet and data services as new technology emerges and costs come down.

Fixed line and mobile penetration in Solomon Islands is the lowest among a number of regional countries, for instance it is lower than East Timor, lower than Fiji, lower than Palau, lower than FSM, Tonga, Marshall Islands, Vanuatu, PNG, Samoa and Kiribati based on the 2008 data. Of that data, we do not have data available for breakdown between penetration in mobile and fixed line. But perhaps both are lower than those countries as well. And so the purpose of this Bill in bringing in competition is very important so that the outreach is expanded.

It will be absolutely critical to the sustainability of the regulatory platform established by this Bill that there is guaranteed funding for the regulator and the

Bill provides for this. That there is regulatory independence and the Bill provides for this. There is genuine commitment of government and decision makers. This is political will that we must continue to lend to this platform and that there is open and transparent processes and consistency in the application of laws. This is essential in maintaining confidence and a level playing field. There is need for continuous review of legislation, systems and processes so that we are not left behind when technology is changed. And that there is technology neutrality that we do not prefer one to another but we would want to see technology that is advanced, that changes and moves forward.

There is need for highly trained and competent staff. This is a major challenge that we need to seriously take on and the objective of getting Solomon Islanders to be trained with these appropriate skill sets. There is also the need of having an open, efficient and effective dispute settlement mechanism, which the Bill also provides for. These represent not only fundamentals to an effective regulatory platform but are also perhaps the challenges that must be managed by both policy makers and the regulator itself once the bill passes into law.

It is clear as the Acting Leader of Opposition has pointed out that the Bill is not perfect because it is coming out of a negotiated settlement with a monopolist who holds an exclusive license. However, it is sound as it provides for an independent regulator, fair rules and processes and efficient dispute resolution mechanism and a viable self-funding scheme. It truly is a milestone in our country's development and so it does deserve our support.

Whether we like it or not Solomon Telekom is holding 15 year licenses, which grants it exclusive right to provide telecommunication services in Solomon Islands. This license is not due to expire until 2018. The Government recognizes that Solomon Islands is missing the benefits of competition, which are being seen all over the world including the Pacific. That is why the government entered into commercial negotiations with Solomon Telekom with the objective of having Solomon Telekom relinquishing its license, and so you note from media reports that government agreed on a compensation package, which includes money and some conditions. It is clear common sense that Telekom holds an exclusive license, and the exclusive license is a property that is guaranteed by the Constitution. We cannot come to Parliament and legislate out that property right unless we change the Constitution. And if we are to change the Constitution we would be scaring other investors that hold properties because each time we disagree with them we would change the Constitution to get rid of them or their rights and so it would be sending the wrong signals to investors and the economy. If we do not change the Constitution and we legislate, that legislation would probably be null and void because it would be ultravires and unconstitutional. But Telekom holds the exclusive license and so

it is commonsense and Government therefore decided its first option is to negotiate with Solomon Telekom on commercial basis. Negotiations with Solomon Telekom is based on their foregone earnings for the number of years remaining on its exclusive license, and that is valued and other conditions are written into the Bill to ensure it welcomes competition but that competition is not killing them but also the interest of a new entrant too so that the new entrant does not come and Solomon Telekom always has dominant position within the telecommunications market here in Solomon Islands. I think all of those factors considered the policy rationale that has brought this Bill about, is commonsense. The exclusivity of the license has tied the hands of the government a bit and to some extent Parliament. The commercial reality and the dictates of maintaining confidence in the investment market, all of those, conspired in ensuring this Bill tried to hold all of those objectives in balance. I think it does that effectively and therefore deserves our support and it certainly does have my support. Thank you very much.

Hon SOFU: Thank you for giving me this opportunity to contribute to this very important Bill.

I would also like to join the Minister of Education, Member of Parliament for Langa Langa and the Deputy Leader of Opposition, Member of Parliament for West Makira to also participate in the debate of this very important Telecommunications Bill 2009. I also wish to thank my colleague Minister for Telecommunications and Aviation for bringing this Bill on behalf of the CNURA Government to Parliament for us to deliberate. I want to thank him and his staff in the Ministry of Aviation and Communication for the good work in compiling this Bill together. I must also not forget to thank the Attorney General and staff of the Attorney General's Chamber for their good work in vetting this very important Bill. I must also thank the Chairman and the hard working committee members of the Bills and Legislation Committee for the good work in scrutinizing this very important Bill. I must not forget to also register my thanks to the World Bank for a good work in drafting this very important Bill.

I was listening to the Minister of Aviation and Communication during his presentation of this important Bill saying there is nothing perfect but we have to start somewhere, somehow. The Member for West Makira said earlier on today that the Minister of Aviation jumped from the other side and that he accused him as being very smart in presenting the speech. He even questioned whether the Minister knows everything in the Bill. He is the Minister of the Crown and has qualified staff and technical advisors to guide him in this very important Bill. But I think it is very important that we have to start somewhere, we have to start

together and so I must thank my colleague Minister for Aviation for bringing this important Bill in this house for us to deliberate and share our views on it.

I must take this opportunity to thank Solomon Telekom for sharing our difficulties in past decades. It has been a long struggle in keeping abreast with changing technologies, especially in the area of telecommunications. Telecommunications is a beacon and an important tool in doing business. Although it is very slow to reach our rural communities for them to be able to keep track when ships will reach them. Solomon Islands is divided by the ocean into islands and provinces and so the only means to get information from one island to another is through telecommunication. Telecommunications is very important in business dealings. Those of you who run business know this very well.

We have our main islands where transportation of goods is from one point to another point. This is very important. A rural person can just hold a mobile phone and ask for what time the pickup truck will reach him. And so he would get his bags of cocoa and copra and have them ready for the time the vehicle arrives. And so mobile service is very important as it would greatly help business operations and therefore can attract investors to go and invest in our rural areas in Solomon Islands.

Our Telekom has very recently started to reach out to our islands, not only on fixed lines but also mobile phone services. During the weekend I listened to the radio and I can hear people calling through mobile from the northern part of Malaita, putting in their request to the SIBC. You see that is a means of communication. It is very slow but at least it started to reach the remote parts of the country. Unfortunately, the available infrastructures seem not to be able to cater or accommodate the very high and increasing demand. This could be because Our Telekom is in old age or has inadequate capacity and that is why the services we want in the rural areas are very slow in reaching them. This is becoming more evident in mobile phone connectivity. We can find this today in some parts of our country in some provinces that they can ring us here in Honiara using mobile phones. And so the government sees fit to allow another provider that can help share the high demand in communication in our country to come in to fast track the distribution of communication infrastructures throughout our islands.

It is becoming public knowledge, which my two colleagues Members of Parliament who have spoken today have stated very clearly that when one provider provides communication there is no competition and so we need a new entrant to compete with the current Our Telekom. It is very obvious that when one person provides a service and there is no competition, the rate certainly will

sky rocket and so it is very important that there must be another entrant to encourage competition.

Our Telekom charges are one of the highest in the region or maybe in the world. The high charges are not encouraging to a rural person at home, a fisherman at home, a copra cutter or a cocoa farmer. That poor fellow from his rural village comes to the provincial centre trying to find out when a ship arrives or when a ship from overseas would come to take his cocoa. And when he buys a \$50 phone card and tries to make a call, it would only take him a few minutes to talk and the phone card is empty. This is not encouraging. And so that poor fellow has to buy another \$50 card. This will continue until someone comes in to compete. I see this Bill as the right way forward.

The opening up of telecommunications to allow for more than one provider would provide for a competitive environment where providers are able to compete in charging rates and services will improve with the introduction of new products. The indication of a new entrant into Solomon Islands in the telecommunications market appears to have triggered a reduction in Solomon Telekom telephone charges. These are the things the government is considering as it is very important for a small country like Solomon Islands that has many islands. And we need to have access to such services so that our products are advertised in another province or to get information relating to the market.

The lower charges have attracted more subscribers so that the system could no longer cater for the increases. Therefore, the best Solomon Islands can do is to open up the market to allow additional providers share the burden. That is what we want to see, especially our rural populace, our farmers; that is what they want to see. Do we want only one service provider to continue with its very high charges? And we keep on watching, close our hands and do nothing about it?

I think the Minister of Aviation and Communication rightly stated in his speech that we need to start somewhere and so he brought this very important Bill to this floor of Parliament for us to consider to provide services to our people in the rural areas in terms of telecommunications.

While the idea is to open up the market, it is important to note that Solomon Telekom was involved. I must take this opportunity to thank the CNURA Government for acting rightly in establishing a negotiating team to negotiate with Solomon Telekom. Telekom cannot disagree to what the government is going to say, and so the government is doing the right thing by setting up a taskforce to negotiate on behalf of the government to find out what would be Telekom's views. I would like to thank the taskforce for its hard work of negotiation with Telekom.

I would also like to congratulate Telekom for accepting the taskforce established by the government in their negotiations and they came up with certain agreements. The settlement agreement form has been signed, which is the understanding between Telekom and the negotiating team on behalf of the government. And so we need to respect each other; Solomon Telekom and the Government. I must thank them for having that understanding.

Once again I would like to thank Solomon Telekom for being the only provider of telecommunications services in the country for many years. The Solomon Islands Government respects Solomon Telekom hence have come to some agreements to be honored as and when telecommunication service is open for competition.

Because the Minister who presented this Bill has appealed to all of us Members of Parliament to support this important bill, and so the Minister for Infrastructure Development supports the Minister for Aviation on this Bill. With these few remarks, I resume my seat.

Mr. KWANAIRARA: I rise to contribute to this very important Bill, the Telecommunications Bill 2009. This is the Bill to replace the old Telecommunications Act and the Solomon Telekom (Limitation of Liability) Act.

I would like to thank the Minister and the Ministry responsible for communication and aviation for bringing this Bill in Parliament. It is the result of timely liaison and cooperation between the CNURA Government and the World Bank. It is also a result of responsible public servants working hard for years to achieve needed goals. Negotiations on the Bill began in 2005 and as a result the government is able to have this Bill ready for debate today.

This Bill is proposed to bring Solomon Islands up-to-date with communication the world over. I must say that this Bill must be properly administered and closely monitored so that in the end, Solomon Islanders receives maximum benefits. But I must sound a warning here that the government needs to closely monitor the work of telecommunication providers. Today, despite numerous assurances given by telecommunication service providers on improvements that should make communication easier and more convenient as new facilities are provided, we continue to experience difficulties. In that manner, it is important that the government has an upper-hand over the proposed Telecommunications Commission in the present Bill. This is because, in this Bill, there will be a single Commissioner who has great and easily overwhelming powers. Powers vested on the Commissioner has to be properly checked and balanced. The Commissioner's powers are so great that it appears he/she is on par with the Minister responsible for Communication and Aviation. In the performance of his duty, the Commissioner would exercise greater powers

than the responsible Minister. The commissioner can, for example, advise the Minister on important issues including functions and duties of the commissioner. The exercise of the powers of the Commission and the administration of the Act itself, all these are vested in the Telecommunication Commission which consists of a single person, the Telecommunications Commissioner. I hope the government ensures the Commissioner is a Solomon Islander, if we can find a Solomon Islander to do the job.

I want to say that even the Evaluation Committee that makes recommendations to the Minister responsible for communication in deciding who the Commissioner is, appears to be a committee that can be described as quite 'thin'. The present proposed committee includes: (1) the Chairperson of the Solomon Islands Chamber of Commerce; (2) the Chairman of the Law Reform Commission; (3) the Governor of the Central Bank. There should be a few more members from the communities to be included to represent a larger section of our society. These should include members of the civil societies, the churches and even our village committees.

In view of the Commissioner, most of the criteria stated appeared more likely that we would get an expatriate for the post, and the expatriate required seems to be non-existent in Solomon Islands. I have not known of any job that Solomon Islanders have not taken up. Even exotic areas like telecommunication have been graced by Solomon Islanders. Because the post of the Commissioner is very powerful, as I have stated, the decision the Commissioner takes would have greater impact on the lives of most Solomon Islanders. In the world over, experience has shown that the only people from our own country, society and communities have the sympathy and the time to understand us. Other people can assist our people but only for a time. If we are not careful, the Commissioner would be a form of monopoly as we have had with the Telekom Company. This time it is another form of monopoly in the form of a commissioner and not necessarily the telecommunication provider (the company) itself.

I can fully understand that the Telecommunications Bill will enhance the nature and form of telecommunication services our consumers would receive. It will also keep Solomon Islanders up-to-date with the type of telecommunication technologies that exist in the rest of the world. That, we would have to wait and see. But there is no guarantee that what transpires will benefit the majority of Solomon Islanders. In that regard, it would be good if there is a periodic review process inserted in the Bill. I know review exists in the Bill and this would enable the government to ensure that whatever telecommunications promised is provided at the end of the day. But this will not be reviewed on the best practices alone, as provided for in Clause 15(5) of the present Bill. But it is a review to ensure Solomon Islands consumers' needs and interests are catered for.

It appears that if we are not careful, a large portion of the benefits that should accrue to Solomon Islanders would go to outsiders and not necessarily Solomon Islanders. The nature of telecommunications is difficult enough. If nothing is done to make necessary changes, much of the legal and consultation work would be carried out by race-horse lawyers and high powered accountants from outside and not necessarily Solomon Islands. We will have to gauge properly this trend of employing people from outside would increase, not decrease. But important posts like the Telecommunication Commissioner must, in the end, be given to a Solomon Islander and not to individuals from outside.

With these few remarks I support the Bill and I now resume my seat.

Hon. LILO: Thank you for giving me this opportunity to contribute briefly to this Bill, maybe just to take us up to lunch time.

First of all, I would like to thank the Minister of Communication and Aviation for taking the leadership in developing this Bill together with the advisors and officials from the Attorney General's Chamber who have helped the Ministry in coming up with this Bill.

The object of the Bill as we can note from page 200 of this Bill is very clear. The first one is a very interesting one, and I think is one that has given rise to a lot of criticisms that some colleague who have contributed to this Bill have raised some concern about, and that is the exclusivity license that has been issued to Telekom. The first object of this Bill is to remove that exclusivity and to ensure that the market for telecommunications in this country is liberalized and that we should be able to have competition again or introduce competition in the telecommunications market.

I think one thing we have to understand is why there have been a lot of criticisms about this Bill is how we came out of that situation. We came out from a very imperfect situation, as you know, as a result of this exclusivity license issued to Telekom. Because of that very imperfect situation, we must also understand that somewhere to get out of it too is always not that perfect too. There has to be some kind of compromise to get out of that situation. I would like to commend the team, especially the government's negotiation team who has been involved in the negotiation process, which has led to the government being able to establish some understanding with Telekom to break out from this exclusivity license which is now entrenched inside this Bill. That situation came about as a result of some histories too. We have to be aware of those histories as to why it happened that way.

Firstly I would like to explain why the exclusivity license was granted to Telekom in the first place. It was granted as a result of the situation that Telekom faced in the past, especially during the tension period when most of Telekom's

infrastructure and even the Telekom business was severely affected as a result of the tension. Unfortunately Telekom has never been compensated for that situation instead there were two successive governments that continued to promise Telekom that it would be given exclusivity license so that it would be able to recoup the damages and losses it has incurred in the past. That led to the exclusivity license granted to Telekom. That is the reason why the exclusivity license was granted to Telekom. But as situation improves and we begin to see the markets improving and there is prospect in seeing some good developments in telecommunications inside the country and the economy as a whole, the discussion of liberalization telecommunications started to come back again. It came back again and, of course, donors came in to help us blow up this idea and this whole concept of liberalizing the telecommunications market in Solomon Islands as a way for us to promote fair competition. As a result we have to wait this long, about five years as provided for under the exclusivity license for the time to review this license, and that opportunity really falls within the time frame that CNURA Government is in power. The CNURA Government sees that opportunity and it is that opportunity that leads to what is now before us in this Bill. This is a good thing for this country that once again with that understanding we have established and all the settlements we have agreed upon in the agreement as entrenched within this Bill, will now lead to removal of the monopoly.

Some speakers did mention the bad things about monopoly, which is very true especially telecommunications in Solomon Islands. But in theory monopoly is not all that bad. In fact, in some sectors monopoly is also good, it is good because it leads to, as what economists normally refer to as 'creating economies of scale' where if it is introduced to competition, the price would have been more expensive, the services would have been more expensive than otherwise if it is in monopoly. But the situation here in telecommunications is a bit different and in fact in other jurisdictions too. It does not happen that way. Monopoly is really different; prices are very expensive, services to people are poor and especially our rural people, the majority of our people have been disadvantaged as a result of this monopoly. In our case monopoly in the telecommunications sector does not work out good and is really bad and that is why we have to move along this direction. And I must congratulate the CNURA Government under the leadership of the Prime Minister now in making the right choice by breaking the monopoly in our telecommunications market.

One aspect that is affecting business in this country, investment in this country, the consumer interests in this country is telecommunications and so at least we have to find a way out from what we have been experiencing through very high prices, very inefficient services and in some places total neglect of

services in some parts of our country. Therefore, it justifies the need of liberalizing the market and ensuring that competition comes inside. That is one objective of this Bill.

This Bill aims to create a liberalized market so that we can liberalize the market and introduce fair competition. I said fair competition in a very qualified way because competition in every jurisdiction is not always that fairness or that total competitive nature as what people might think of it in the literal sense. Of course, there will always be some differences, some variances in the way that businesses are regulated to ensure competition. We have seen that too in the way this Bill was drafted. But like what the Minister for Education has said, the good thing about it is that we also have a mechanism in here that we should be able to have a process of finding resolution out of some of those concerns if ever those concerns are raised about anti competitiveness or unfairness by players within the industry or even the regulator too. This Bill provides for that kind of mechanism and so this is a very, very proactive Bill.

At the same time as we are looking at this Bill, we see it as being very, very smelly; some people are using that language; they said it smells. I only have a paper in front of me here and I cannot smell anything out of it. But some people have said it smells and so I do not know. It is only now that I know a paper smells and I just want to find out from you how a paper smells because I could not find how a paper smells. But if what we are referring to is unfairness or that we read something very suspicious inside this Bill then that is what I have said. This Bill came out as a result of a very imperfect situation. It is a monopoly; a monopoly that was created out of some kind of a situation that all of us cannot control in the first place. It is a very justifiable reason as to why that monopoly also happened; it is very justified. Using the words of the leader of the government at the time who executed this exclusivity license, 'it is a very abnormal situation and so a lot of decisions are abnormal too'. That is what he said. It is a very abnormal situation. But this is it. We have to come out of those imperfect situations, and coming out of imperfect situations means you would not be totally perfect. You do not expect to come out and be totally perfect. No, you cannot, you cannot be in that situation. You cannot have a situation where you come out from a very imperfect situation and say you are very perfect. No, you cannot have that. By all circumstances, in all fairness, I can guarantee you that you cannot come out in a good situation like this. For instance, when we come out from the crisis and we brought in RAMSI, the Facilitation Act, there is something really wrong with the Facilitation Act too; it was really wrong. Some parts of the Act are contrary to our Constitution but we adopted it so that we come out of it, come out of the trouble, make something good and then we move forward and improve. This Bill has that nature; it has the nature of coming out

of an imperfect situation to a near or a compromised situation and then moving forward from there. That is one thing I commend about this Bill. It came out of such a situation like that. There are mechanisms in there that allows us to find a way out of some of the very troubled situation we have been facing in the past; a troubled situation that we faced in a very practical situation; a troubled situation in terms of the theory in the way how these bills are happening. That is one thing I commend about the bill. I encourage us to accept the Bill, it is a very good bill because firstly this will be the first time and I must commend the CNURA Government for breaking the monopoly and the first time that we will ever introduce competition in one sector within the Solomon Islands economy. This is the first time that we will introduce that kind of situation by way of legislation. Coming out of a monopoly, liberalizing the market and introducing competition, is a very good situation.

At the same time there are mechanisms in here provided for in this bill to ensure we provide for a fair competition, to regulate competition to regulate that there is no anti competitive behavior or practices within the industry or within the telecommunication market. By looking at the way this particular mechanism is created in this Bill, you will find that it is a one single commission. It is the first time ever that we have a commission that is a one man commission body. All other kinds of similar entities like that would normally have a board and an entity, a board that is a governing board and an entity there. But with this particular case, this telecommunication commission is only one body, a one person body. But there is also provision there that will allow for a kind of check and balance in this Commission and that is the Evaluation Committee, an Evaluation Committee that will comprise some very credible positions, credible persons to occupy the positions. For instance the Evaluation Committee will comprise the Governor of the Central Bank, the Chairman of the Law Reform Commission and the Chairman of the Solomon Islands Chamber of Commerce. This will be the Evaluation Committee; an Evaluation Committee that will provide some kind of a check and balance in the way that this single entity commission will be performing its task. We must also understand too that because it is the first time that we will be able to open up competition in this market that we will need a well professional, qualified and experienced person who is knowledgeable of competition in the telecommunications industry and with good experience to be able to man this Commission. There are provisions in this Bill that provides for that. These are the checks and balances. Checks and balances to ensure that the kind of competition, the kind of market that we wanted to create out of this telecommunications industry can be guaranteed like that.

One other aspect that stands out very prominently in this Bill, and which in a way cements further the resolve by the CNURA Government to promote inside Solomon Islands in terms of the application of rural policy is the universal access regime. This universal access regime is borne out of the whole idea of universal service obligation, and that is areas that would normally have the benefit if it is through fair competition in the market or based on real commercial principles, these markets will never be services. Under the present monopoly situation and even before too, even before a past monopoly situation where we never open up the market, a majority part of our country has no access to telecommunications. And so this is the first time we have been able to come up with an arrangement provided by law where a proper regime is established to ensure that an affordable subsidy scheme can be made available to any operator in a competitive situation to be able to provide telecommunication services to our uneconomical regions in the country. And so we must welcome this Bill in that regard because it guarantees provision of telecommunication services to those regions that would otherwise have not been able to have the benefit of those services if commercial practices and behaviors are strictly followed because of the uneconomical situation in those regions. In this particular case that is being provided for through this universal access subsidy arrangement and therefore we must welcome this Bill in that regard. It can be guaranteed because as technology increases, and again given the monopoly situation of Telekom at this point in time, they know very well that with the kind of technology they have they would not be able to continue provide services to these remote areas. But with competition being opened up and technology increases and with changes in technology, they would choose to opt for technologies that is least costly but increase in efficiency and be able to reach out to regions that they would normally not provide for if it is still under the monopoly situation.

I thought that is one good part of this Bill, and in that regard I fully agree with others who have spoken that we need to support this Bill. I do not want to talk very long because it is going up lunch time now and I know our sugar level is dropping and so we need to go out. But I really commend this Bill as it is a very good bill, it is a bill that is not all that perfect, we will not experience any perfect situation in the first year of its operation but this is the first time that we will ever see some very aggressive competition that will happen in the telecommunications industry.

The main thing that the people of this country would want to know as a result of this Bill and the settlement the Government has been able to strike with Telekom is that by 1st of April 2010 we would be able to have a new competitor in our mobile services in this country. I think that is good news for the people of this country because it will ensure a good situation for investment to grow; it will

ensure that the interests of consumers will be guaranteed; it will also ensure that this country will be on the right track towards progress and growth now and into the future. With those remarks, I support the Bill

Sitting suspended for lunch break at 11.45.am

Parliament resumes

Mr HUNIEHU: I take this opportunity to add my humble voice to the debate of this very important Bill now before Parliament for our deliberation of the Telecommunications Bill 2009.

Before doing so, I take this opportunity to thank and congratulate the Minister for introducing this Bill at this appropriate timing for our deliberation. Also the administration of the Prime Minister who has seen it fit in bringing this piece of legislation for all of us to consider.

Telecommunications in any developing country or developed country is a very fundamental issue in terms of business development and general development for that matter and therefore how telecommunications is regulated or deregulated in any developing country is very important.

To give you some background to this Bill, 20 years ago I remember there were many business interests undertaking negotiation with the government in terms of memorandum of understanding to set up partnership with the Solomon Islands Telecommunications. I remember that the British Telecom and also Cable and Wireless were here during those days. Unfortunately, the British Telecommunication lost the bid to Cable and Wireless, simply because it was considered at that time that Cable and Wireless had the international networking that can help Solomon Islands develop very active telecommunications service in our country. And so the partnership in terms of a memorandum of understanding had been ongoing for almost 20 years. There were some ups and downs but at least this memorandum of understanding and partnership, I must say, has been very successful.

The partnership and memorandum of understanding between Solomon Telekom and the Solomon Islands Government were made on the basis of equal benefit and understanding that both parties will work together in addressing the telecommunications industry in Solomon Islands. It was never considered to be a short-term issue. Any partnership to do with telecommunications must be long-term and so we have seen there were so many improvements in the telecommunications sector throughout the country during the last 20 years. Although many people would argue that the final outcome of the services is that the price is not good enough, but at least we must congratulate Solomon

Telekom for the partnership that we have entered into with them had led to the provision of services to, at least restricted areas of the country, mainly the urban areas. Who knows if this partnership were continued to exist for another 10 or 20 years maybe it would be extended to many other parts of the rural areas. But as you know, the business of technology, the business of telecommunications is about cost effectiveness and technology being provided. Maybe the competitor in this market will be providing a much cheaper technology that will be enjoyed by the general public. But I must say that one of the reasons why Solomon Islands Telekom could not provide cheaper services to our people is because of the capital input it has been able to put throughout the country. This can be seen in Taro, Auki, Gizo, Munda and in almost all other substations that have these equipments. These equipments cost Solomon Telekom huge amounts of capital and when you invest in huge amounts of capital, the public has to pay. I think that is one of the reasons why the public is paying huge amounts of telephone fees at the end of each month.

Also as a consequence of this memorandum of understanding, I was made to understand that Solomon Telekom demanded the government to provide some concessions in its service delivery in terms of taxation, customs duty exemptions and others. But we have noticed during the last 20 years that at the end of every year Solomon Telekom used to pay dividends to the Government through ICSI. I do not think we should deny this very fact. That is why we have seen during the last two years Solomon Islands Telekom advertising in the newspapers the benefits that the Solomon Islands Government and the people will derive from their partnership with the Solomon Islands Government. It is only encumbered upon them to provide those kinds of information to the general public to know. Perhaps it is an indirect way of saying, 'we have already done much, why do we need competition'? Or perhaps they are doing so because of their desirability to educate the general public of the benefits from their share with Cable and Wireless.

This Bill has very noble intentions and it supersedes any other considerations one may have about these issues, one may have about past partnerships because this is what business is all about. If I can take the words of the Minister himself and I quote: *'competition will deliver lower prices, increase consumers choices, improve service quality, improve service coverage and improve incentives for investors to invest and innovate in the sector. 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'*. This is what the Minister said. Of course, I am a Member of Parliament who believes in competition, and I just do not believe in competition but I practice it. I de-monopolize institutions when I have to if I

think that time is right to de-monopolize and to deregulate. I believe there are a few more government institutions that are ready to be de-monopolized, but at the same time I must say that there are certain institutions that must not be de-monopolized or deregulate. The government must control these institutions. For example, institutions like Water Authority and SIEA can be controlled by the government so that if at all possible government will still continue to control the price.

But coming back to the statement by the Minister, over competition can also kill business. Let us suppose we allow two licenses to compete against each other and the cream of the business is gone. If the cream of the business is to be shared equally amongst the two competitors or if one takes a greater share of the cream of the business, it only leaves to say the other will go out of business and go bankrupt. I will be very sad to see Solomon Telekom going bankrupt because it is owned by our people, the members of the NPF. I want to know who the owners of Digicel are. Is it the investors? The outcome of fair competition, of course, will benefit our people. The outcome is that we are anticipating the rates of telephone bills to go down and there will be more satellite networks built around the country. As I am talking now there is one being constructed at my own home village, which should be functioning at the end of next month, so they said and it is constructed by Solomon Telekom and not the new provider or the new competitor. When they come into full swing, of course, they may be doing many more. But I suppose these are the issues the Commission should be looking into very closely otherwise both businesses go bust and we will be experiencing a situation where there is total blackout in terms of communication network or what we expect should not happen might happen because when it falls into the hands of one provider who knows the price might go up again.

Deregulation is an important aspect in business, and it is a word being used more and more now in modern business development. It is good to see this new piece of legislation as it is all about deregulation or removing the exclusivity provision from the old Act. There was the claim that the exclusivity given to Solomon Telekom was because of the losses it incurred during the social ethnic tension. I do not believe that. I believe the application for exclusivity was because of the fear that competition was coming at that time from Digicel because at that time Digicel already made several moves to buy Solomon Telekom or set up for competition. The Solomon Telekom at that time was totally opposed to any moves like that and was using its rights and privilege as a partner with the Solomon Islands Government to deter that kind of idea. But it is time to move on. I think the policy to continue to monopolize institutions like the Telekom is out of date and out of note. What the Government is doing is the step in the right direction for the future of the people of Solomon Islands. I am

rising these issues just for the information for Members of Parliament and the public that we have enjoyed a good partnership with Solomon Telekom. Solomon Telekom must understand that this is our country and we have decided that 20 years of monopoly is enough, it is time now to de-monopolize and deregulate so that the masses of the people of Solomon Islands will benefit from telecommunications network that is planned for this country.

I make mention of Solomon Telekom's partnership with the Government, and now that the Government sold its shares to the Solomon Islands National Provident Fund, which only means dividends to the National Provident Fund might be shrinking or going down. If it is because of this policy change then we can only apologize. But if the NPF can invest in big hotels like the one in the Mendana Hotel, look for some good investments with your huge capital. It is time to start spreading NPF's investments into wider investment areas to earn more for your members. Do not just depend entirely on revenue from this Telekom partnership.

The speakers this morning have already exploited the vocabulary of this Bill, especially the Minister of Education who well covered in his speech this morning the reasons as to why deregulation is a must and the reason as to why this bill will address the issue of price structure in this country. We only hope the calls by Members of Parliament would be protected by the Commission that will be appointed when this piece of legislation is passed. I believe that people of Solomon Islands are now looking forward to see their telephone bills and all other associated costs starting to go down and so let us make it a reality. And for that reason, this Bill has my tacit support.

Mr. NUAIASI: Thank you very much for giving me this opportunity to contribute very briefly on this Telecommunications Bill 2009. I will be very general in my contribution as the Bill itself is very complex and has a lot of things that needs a qualified to explain. However, I would like to contribute because of what the Bill would bring to Solomon Islands and what Telekom has been doing for Solomon Islands in past years.

Today we are discussing in this Parliament Chamber a new bill that will enhance competition in the telecommunications sector, which most of us think will enhance competition and reduce charges to customers, which all of us agree and say will benefit users of the services. That is what all of us who are speaking here are saying about this Telecommunications Bill 2009. However, this is yet to be tested. Competition may not give the price for the good services that all of us are expecting and may be anticipating at this time economic crisis or recession which Solomon Islands too is facing. But one thing is clear, and that is the

telecommunications bill is here to provide competition with other companies that are selling the same products as Telekom.

Today on the floor of Parliament, I would like to thank Solomon Telekom for what it has been doing and has done for Solomon Islands so far. It has established the telecommunications network, it has established business entities, in which some major companies or statutory authorities are shareholders declaring dividends which the Solomon Islands Government is enjoying as well as the National Provident Fund as a major shareholder in Telekom. Those are the good things Solomon Telekom brought to Solomon Islands in relation to this business.

Some of us are saying that Telekom has not reached the remote areas or the provinces. But from a layman's point of view, I think the reason why Telekom is not branching out to all remote areas is because it is a business entity, and so it follows the common saying in business where supply and demand determines the type of service and business to be established in any province or in any remote areas. I believe Telekom would not invest in a place where it would incur loss as that would jeopardize or hinder its business development in the country. I believe it is timely for this Telecommunications Bill to come before Parliament. We are growing in population and the centres are now growing as well, there is need for competition now. I think this is the right time for any company to come and compete with Telekom. But one thing that all of us must be clear about and know is that whatever competitor comes in to compete, we all know that it would only compete in the mobile sector thus leaving other areas to Telekom to oversee and still control. That is why some have said that Telekom still has an upper hand in this Bill. This is because all the networking in this technological world we are living in, where things are changing very rapidly every now and then, it is not cheaper and not easy to grasp things and put them right in a matter of seconds. So whilst we now appreciate competition in the telecommunications market, we should also realize the burden which Telekom has been carrying on its shoulders until now.

The Bill itself, as I have said, is very complex and from a layman's point of view, I think it is right that we pass this Telecommunications Bill 2009 because the implementers and the people who will be guided by this piece of legislations are already there. The implementation of this Telecommunications Bill 2009 by these people will ensure that nothing goes wrong for Solomon Islands, for Telekom or whatever company that would come or for the Solomon Islands Government for that matter.

Whilst we appreciate all these things, the modern world we are living in needs good communication, it needs a lot of competition in communication but as far as we are concerned, this product is not seen nor cannot be felt. It is a

product that everybody uses for economic development or any other development for that matter to ensure that messages are passed to each and everyone in the nation and to all nations on this Planet Earth.

Having read through this Telecommunications Bill 2009, and as I have already said that I will be very general on the Bill because of its complexity, the formation of the Commission as stipulated in this Telecommunications Bill that is before us is what I am questioning. Whoever is custodian to this piece of legislation, I only hope the Commission that is going to be appointed does not dictate the way in which companies or Telekom will be operating and helping Solomon Islands. That is the area I am very much concerned about because that person must be a neutral person. He must be a person who understands the operations and the work of communication within our own country and the Bill itself so that there is no complication when implementing this important Telecommunications Bill 2009. This is a very important area the government must consider and the management of Telekom or whoever is coming so a clear and impartial establishment of a commissioner is done so that a better way of seeing how the Commission should be set is recommended may be in the near future.

With those general remarks I have put across on this floor, I do not see much difficulty supporting this Bill as it is the first of its kind in telecommunications that would enhance competition to be carried out in Solomon Islands. All of us are looking forward to this Bill as it will ensure a better service of communication is provided and that communication we will be using will be affordable to all of us in Solomon Islands and in the rural areas so that all of us enjoy the services.

With these few observations, I support the Bill.

Hon. SIKUA: I rise to add my voice and contribute to the debate on the Telecommunications Bill 2009. At the outset let me thank the responsible Minister, the Minister for Communications and Aviation, his staff and the government's negotiating team as well as our good donors, namely the World Bank, AUSAID and RAMSI as well as the Attorney General's Chambers for the hard work which ensures CNURA Government delivers on one of its policy statements, namely and I quote, *"liberation in the telecommunication industry with a view to introducing another service provider and install telephones and email services in provincial substations and strategic locations in each constituencies"*.

Let me also state clearly at the beginning the problems we are trying to rectify with the introduction of this Bill. The problems could be well summarized as follows and I quote: *"The continual development of Solomon Islands is being hampered by our poor communication service. Our telecommunication services*

are limited in coverage, unreliable, poor quality and the prices for these services are amongst the highest in the Pacific. This is stifling both the social and economic growth of our country. Around the Pacific and the world more generally, competition in the telecommunications sector has brought a number of economic and social benefits. Solomon Islands cannot afford to miss out on these opportunities and we need to act now to the benefit of all our people, particularly our rural people”.

Before I continue, I wish to highlight the object of this Bill which goes to show how this framework will rectify the problems underlying our telecommunication industry and the development of our country. The principle object is outlined in Section 3(1) of the Bill and I quote. *“To enhance the long term well being of the population of Solomon Islands, the inclusiveness and fairness of its society and the productivity of its economy by improving the availability, affordability, quality of service and kinds of telecommunication services in Solomon Islands’.*

With the above in mind, I would like all of us in this House and the public to reflect on these problems and the solutions that have been proposed herein in light of what we have had since independence under Solomon Telekom Limited (STL). Individual Solomon Islanders and businesses have been forced to enjoy poor service; they have been forced to use a service that is unreliable; they have been forced to pay for a service that is very expensive, and most recently we have seen customers being forced into deception. Solomon Telekom Limited has announced a 50% reduction on the prices of mobile services yet you cannot make a call on the mobile because the mobile always says ‘network busy’.

Recently, I am keenly becoming aware that mobile phones only work on certain days of the week mainly on Mondays, Tuesdays, Wednesdays, Saturdays and Sundays. On Thursdays and Fridays it is almost impossible to make a call on your mobile phone. Whilst there has been an announcement of 50% reduction on prices, the quality of service continues to decline and deteriorate. And so I said that customers have been forced because of the monopoly given to Solomon Telekom Limited.

In or around 2002 the Government gave in to a demand by Solomon Telekom Limited for the sole telecommunications license for 15 years. This locked the Solomon Islands Government into accepting a monopoly in the telecommunication sector and it also locked Solomon Islands consumers into very high costs telephone and internet services because they had absolutely no choice. We have heard huge profits declared year in year out and yet year in year out the quality, reliability and affordability of Solomon Telekom Limited services continues to decline and deteriorate.

I now wish to turn to the policy basis underlying this reform. The policy basis is the premise upon which this law has been proposed. The overriding

policy objectives of reforming the telecommunications sector, as already mentioned by my Minister for Communications and Aviation are:

- (a) to achieve rapid expansion of telecommunications infrastructure and services in Solomon Islands and make available to the population the widest possible range of efficient, reliable and affordable telecommunication services competitively provided in a fairly regulated market; and
- (b) to enhance national economic and social development particularly beyond Honiara 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 five years.

My Government sees that a reform in the telecommunication sector is necessary to achieving three key goals. These are:

- (1) It signals to the general public, private sector, and internationally that the government is aggressively pursuing its intentions with regard to the telecommunications sector.
- (2) It provides greater certainty to Our Telekom and any potential entrant into the telecommunications market on what the telecommunications environment will look like and enable them to plan accordingly.
- (3) It provides a framework to guide government decisions, which again provides greater certainty to the general public and the private sector.

A key component of this reform is competition. For competition to have the greatest impact for the consumer and the country more broadly, a modern legislative framework is required to regulate the various suppliers of telecommunication services. The key attribute of this legislation, and based on international experience, is that an independent regulator is required to make the necessary decisions to ensure the telecommunications market is operating efficiently and fairly.

This new telecommunications bill presented before Parliament would enable a modern and sound regulatory framework, which is based on international best practice but tailored to Solomon Islands conditions. If Solomon Telekom Limited's exclusive license is to end soon and a competitor is to enter the market soon after, then this legislative framework will need to be in place quickly. With that in mind, I am sure honorable colleagues will see the necessity and urgency with which we must act to remedy the problems in our telecommunications industry.

Having a liberalized telecommunications landscape will radically change the lives of all our citizens. Almost every person in this country will personally benefit from greater access to telecommunication services. Also the country benefits through better productivity, more investment, more employment and increased economic growth. Telecommunications reform is essential and must begin now, not to be left to the next government as the Acting Leader of Opposition was trying to suggest. With the help of all colleague Members of Parliament in this House, let us put a stop to the outrage that our people have had to put up with in the past years in the telecommunications industry.

I now turn to what it will cost us in opening up the market. We have negotiated successfully with Solomon Telekom Limited to end the monopoly. I acknowledge that it comes with a huge price but I think on the whole we will be better off in the long run. After lengthy negotiations the amount Government has agreed to pay Telekom to end the monopoly is SBD\$108,600,000million. This quantum is made up of two components. The first component is compensation to Solomon Telekom Limited however there was a mechanism in the settlement agreement which meant this could be adjusted depending on the calculation of the losses incurred on the fixed line network outside of Honiara. The compensation component was initially for a total of SBD\$84million, but because of the calculations of the losses incurred on the fixed line network outside of Honiara, this has now been calculated and the level of compensation to Solomon Telekom Limited is now SBD\$86,310,000million. That is the compensation component.

Under competition there is no commercial reason for Solomon Telekom to keep the fixed lines outside of Honiara operating. In fact, it is likely Telekom would turn them off. With that in mind it makes sense for the government in the short term, at least, to fund the losses to make sure these phone lines remain operational for five years. After five years, Solomon Telekom could turn them off if they wish or raise the rates so that they are profitable or whatever Solomon Telekom decides or wants to do. It is hoped that after five years mobile phone technology could take over the need for fixed lines outside of Honiara and the policy imperatives to keep the fix lines operational may no longer exist.

In terms of calculating the losses, Solomon Telekom Limited has already made an assessment and following that assessment an independent calculation of Solomon Telekom Limited losses was undertaken. This valuation which has been accepted by Solomon Telekom Limited calculates the losses to SBD\$22,290,000million over the 5 years, and this is the second component. Together, these two components sum up to SBD\$108,600,000million. The settlement agreement outlines the schedule of payments. In regards to funding of the costs, I would like to outline this very briefly. The compensation

component of \$24million upfront payment will come from the Solomon Islands Government which is made up of \$12million or up to \$12million from donors and the other half from the sale of HFL. A further approximately \$8million will come from Solomon Telekom's current license fees from now until 2010. The licensing fees will be placed with the Central Bank of Solomon Islands earning an interest, and on April the 1st 2010, next year, the amount will be given to Solomon Telekom Limited as payment for their compensation. The remaining \$54million will be paid by licensed fees which will be paid to the Telecommunications Commission. Normally the licensed fees would be used for the running cost of the Commission, however, we have reached an informal agreement that donors will fund the Commission's cost for the first five years. For fixed line costs, this will again be paid by donors. In both circumstances we are seeking donor funding and our officials are now working on the proposals. Though no formal agreement has been reached with donors, discussions are well advanced and we do not envisage any problems.

Honorable colleagues if you get the feeling that freedom from monopoly is expensive, you are absolutely correct. The good news is that by April next year 2010, a new entrant will compete in the telecommunications market. The second licensee will be chosen as a result of a public tender process. Expressions of interests were called for in early July this year and four companies are interested and are now being evaluated to see if they can make offers that meet the needs of the country. An independent evaluation committee consisting of the Governor of the Central Bank, the Chairman of the Chamber of Commerce and Industry and the Public Solicitor has been appointed to advise the Telecommunications Authority as to which bids meet government requirements and also requirements under this new Telecommunications Bill that we are soon to enact. Then shortly afterwards, perhaps in late October, the winner of the second license will be announced and the new entrant will then be given time to organize and rollout its equipments, establish its infrastructures and test its systems. Before the coming Christmas we hope to see a new entrant pulling up its network in readiness for full operation in April the 1st 2010. Additionally, it can also test its first 200 customers prior to the 1st of April 2010. On the 1st of April next the new company will compete with Solomon Telekom Limited on the mobile telephone market. After 1st April 2011, one year from the coming April, 1st April 2010, the new company will also be allowed to compete in the provision of internet services. In response to the comments made by the Acting Leader of Opposition, this is how it is going to rollout, and if the acting Leader of Opposition is thinking about fixed lines then that technology will be outdated probably in the next five years where everything will be done on mobile. You can call anywhere on mobile, you can do your banking on mobile, you can read

your emails on mobile and you do everything on mobile. I am asking my good wantok, the Member for Central Guadalcanal to support the Bill as well as the Leader of the Independent group because the honorable acting Leader of Opposition also already given his support. This kind of technology, as my good Minister for Education has already mentioned, technology in this sector is fast growing and we have to approve this Bill to ensure that we benefit from all these new technologies and be at the cutting edge of technology. Therefore, only mobile as of the 1st April next year but as of the 1st April 2011 full competition will be on. I am sure you have been hearing that on the media and everywhere else, and so I do not need to repeat that again.

But we have, as it seems, bent over backwards to accommodate the needs of Solomon Telekom Limited and as a government we do not wish to see Solomon Telekom Limited damaged or we do not want to see it go out of business. Because as has been rightly mentioned by some of the previous speakers, Solomon Telekom Limited belongs to our people who are members of the NPF, and may be some of us in this House are still members of the NPF, including my good Deputy Prime Minister and so we all own the NPF and, of course, the Member for Central Guadalcanal, and so we do not want it to go out of business or see it damaged. And indeed we want it to succeed; we want it to succeed in a competitive market. On this note, I wish Solomon Telekom Limited every success in the open market in the telecommunications sector and also to take this opportunity to thank the Solomon Telekom management and staff, both past and present, for the developments in the telecommunications sector that they have done for our people and our country so far. I would like to thank them very much and wish them every success in the open competitive market when that comes around.

Sadly, some of the compensation the government will pay to Solomon Telekom will be taken by the other partner of the SINPF which, I think, is Cable Wireless, and that is unavoidable. You know a previous government gave away a monopoly license but as you know the price of monopoly is very expensive and this government has to and is paying for that mistake on behalf of our people. Therefore, if anyone is complaining I must reiterate that we are doing this because we thought that this is the best way ahead for our people in terms of the benefits to be derived from the telecommunication sectors. The government, whatever government, whether it is the CNURA Government, the previous governments or future governments are in the business of taking care of all citizens and their economic and social welfare.

The Government is aware that something is wrong with Solomon Telekom Limited in that we all continue to experience poor services and therefore we are being pushed to search for better services. That push must

commence with the passage of this Bill into law. We cannot delay our duty to give something better to our people. We must pass and approve this Bill and follow through. It is like playing golf that if you do not keep your head down and follow through, the ball will not go too far away. I urge all my colleague Members of Parliament to have no doubt that the passage of this Bill will benefit our people. If we delay the passage of this Bill it will delay competition. If we delay competition our people will continue to be disadvantaged. So, we must, for our peoples' sake approve this Bill now and not in the next sitting of parliament or leave it to the new government after the 2010 National General Elections, as was alluded to by my good Acting Leader of Opposition. We must approve this Bill now for the sake of our people because there is no moral or compelling argument for delay. I just want to remind my good colleague, the Member for Central Guadalcanal with all his pages of notes he is going to contribute to his speech that there is no moral or compelling reason for us to delay this Bill, my good colleague MP for Central Guadalcanal. As I have covered above there are compelling social and economic arguments to quickly pass this Bill.

I dedicate and commend the benefits of this Bill to the younger generation of Solomon Islanders, including those of us who are not so young, but I do dedicate and commend the benefits of this Bill to the younger generation of Solomon Islands in the years to come that they will enjoy and benefit from cutting edge technology. Therefore, I will resume my seat and I fully support the Bill. Thank you.

Hon Lonamei: I understand that there are a few Members who wish to contribute to this very important Bill but need a bit of time to tidy up their notes, and so I move that the Second Reading debate on the Telecommunications Bill 2009 be adjourned to the next sitting day.

Debate on the Bill adjourned to the next sitting day

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

The House adjourned at 3.27 pm.