



**Telecommunications Commission
of Solomon Islands**

ANNUAL REPORT

2 0 1 1

LETTER FROM THE COMMISSIONER

30 March 2012

Mrs Taeasi Sanga
Clerk to the National Parliament
Parliament House
Honiara

Dear Madam

I am pleased to submit the second Annual Report of the Telecommunications Commission for the National Parliament's attention. The Report, which is in respect of the financial year ending 31 December 2011, has been prepared in accordance with the provisions of section 23 of the Telecommunications Act 2009.

In presenting this Report, I would like to take the opportunity of thanking the first Commissioner, Mr. Nicholas Williams for his contribution to the Commission's establishment and initial operation through to the middle of 2011. His efforts have provided the Commission with a solid foundation, especially in terms of his recruitment of a small but committed team of local professionals, who have worked diligently in all areas of the Commission's operations.

I would also like to record my special thanks to AusAid for their continued support of 'Mud Alley', the shared office of the Asian Development Bank and World Bank in Honiara. The Commission's experience is that this local presence is proving to be a vital link in building coherence amongst the disparate and far flung operational elements of the World Bank, upon whom the Commission is reliant for its funding in the interim.

Yours sincerely,



Bernard Hill

Telecommunications Commissioner

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PART 1: Situation Report

THE TELECOMMUNICATIONS REGIME

With the National Parliament's passing of the Telecommunications Act in 2009, Solomon Islands joined many developed countries in having a comprehensive framework for the provision of electronic communications services.

The principal objective of this legislation is to enhance the long term well-being, inclusiveness, and fairness of Solomon Islands society. This is an express recognition of the extraordinary power of modern electronic communications to draw people together, no matter how geographically separated, or how modest their incomes, and its role as a catalyst for economic activity and social development at the grass roots level.

The broad societal goal in the legislation is to be delivered by improving the variety, availability, affordability, and quality of telecommunications services which Solomon Islanders can enjoy, principally through the introduction of competition.

This commitment to an essentially market driven approach to the development of nationwide communications infrastructure has fundamentally changed the role of government in this sector. In the past Solomon Islands governments, like governments elsewhere, have been directly involved in the delivery of telecommunication services and more recently the Government was the regulator of radio-communications and the incumbent telephone network operator, which held an exclusive licence for many years.

Under the 2009 regime, the Government's main role now is in the purchase of telecommunications services from the competing private sector companies. In addition it acts as a provider of or conduit for, funding for the Universal Access Special Fund. Both these roles are crucial to the achievement of the legislation's principal objective.

It is through the Fund that the legislation envisages telecommunications services in rural Solomon Islands being subsidized if the extension of network coverage to remote areas is not commercially viable. And as one of the biggest potential users of information and communications technology services, the public sector is in a position to directly stimulate market demand for high speed internet access services around the country.

The reform of telecommunications in Solomon Islands, at least as a standalone sector, is now complete in terms of all the essential components of an effective policy and legal framework.¹ However, particular policy components have still to be fleshed out.

The main one is the introduction of a Universal Access Scheme. As noted in Part 2 of this Report, the Commission believes that 2012 is the right time to start preparatory work on a suitable scheme. This is because it is becoming

¹ Worldwide, telecommunications and associated sectors such as broadcasting, are converging at both the commercial and technology levels. In Solomon Islands, these related fields are substantially under-developed in legal and policy terms. In order to preserve the advances made in telecommunications, reforms in these other areas, under an overall national ICT development policy, are essential in the Commission's view.

clear Solomon Islanders are rapidly taking to the use of mobile services where coverage is available, and there are now good prospects for high-speed internet connectivity in Solomon Islands via an undersea optic-fiber cable².

THE TELECOMMUNICATIONS MARKET

The success of the 2009 telecommunications reforms in initiating competitive service provision is apparent in the mobile market's performance during 2011. Whereas at the beginning of 2011, the mobile market penetration rate was some 25%, by year's end it stood at 53%. In that same period, the total number of mobile subscriptions more than doubled, rising from 115,500 to 274,872. Moreover the Commission estimates that 2011 saw an overall decline in the prices of mobile services of some 29%.

The established mobile operators during 2011 were Solomon Telekom Company Ltd, and Bemobile Ltd, both of which operate networks deploying GSM technology³. Solomon Telekom also operates the only fixed telephone network. At the beginning of the year the Commission took steps to establish the level of interest in the issue of a third GSM service and spectrum licence, by inviting applications for such a licence. No applications were received, and there were strong objections from the two existing operators.

The Commission subsequently withdrew the invitation, and in early September 2011 it issued a class licence, which generally permits the commercial provision of telecommunications services, including mobile services using alternative wireless technologies. New wireless services operators must still apply for an allocation of spectrum in the relevant radio band.

The generally satisfactory picture for mobile telephony during 2011 does not however extend to internet access services. For most of the year, Solomon Telekom was the only internet service provider, via its fixed line internet service, and its 'WiFi' wireless access point service. In the third quarter, both Solomon Telekom and Bemobile launched 3G wireless broadband services in Honiara, with limited capability in Western Province.

Prices for fixed and wireless broadband services during 2011 nevertheless remained expensive mainly because of the limited choices for international connectivity, and the absence of effective competitors at the retail level. Coverage was also largely confined to Honiara and some locations in Western Province. Service levels and quality of service were not consistent. However, by the end of 2011 five companies had registered for the benefit of the class licence, and two of these are likely to be new entrants in the internet service provider market in 2012.

² The possibility of linking Solomon Islands to one of the trans-Pacific undersea communication cables has been under consideration for some years. Maintenance is planned for 2013 on the international cable (PPC-1) which runs from Sydney to Guam. This has created a specific opportunity for the installation of a branching unit and link to the Solomon Islands, which at the closest point, is some 450 kilometres away. A Solomon Islands company with backing from Solomon Telekom and the National Provident Fund has been established, and the Asian Development Bank is now leading a study into the project's viability.

³ GSM stands for 'global system for mobile communications' and is a radio communications technology standard, developed for 'second generation' ("2G"), digital mobile networks, and subsequently enhanced for 3G networks. The standard operates in a specific radio spectrum band.

The key market indicators in relation to the 2011 year are set out in the table below:

Indicator	2009	2011
<u>Fixed Lines</u>		
Subscribers	8,813	8,375
Penetration	1.7%	1.6%
<u>Mobile Network</u>		
Subscribers	57,000	274,872
Penetration rate	11%	53%
Coverage	10%	67%
<u>Internet/Broadband</u>		
Subscribers Access	1,276	21,133
Penetration rate	<1%	4%
Number of Service Providers	1	2
Total contribution to GDP	1.3%	Not yet available
Technologies Deployed	GSM	GSM, 2.5G (GPRS,EDGE); 3G (UMTS)
Total Investment (estimated)		US\$38m

PART 2: Statutory Report

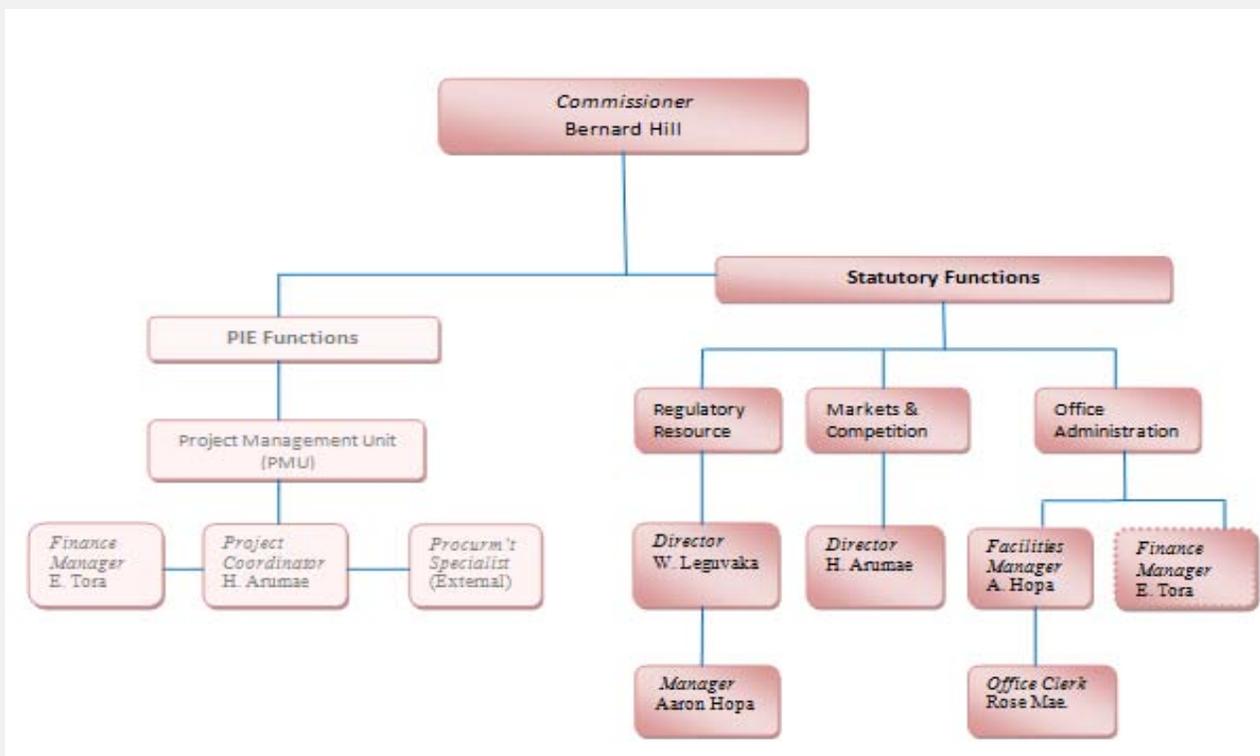
ACTIVITIES OF THE COMMISSION

(Section 23(1) (a) of the Telecommunications act 2009)

THE COMMISSION

The current Telecommunications Commissioner is Bernard Hill, who assumed the position on 16 July 2011, following the resignation of the first Commissioner, Nicholas Williams.

At the end of 2011, the Commission's staff comprised 5 individuals, carrying out some seven roles further to the Commission's statutory functions under the Telecommunications Act 2009, and its temporary role as the "Project Implementing Entity" under the World Bank funded *Solomon Islands Telecommunications & ICT Development Project (P1131480)*. The Commission's structure and current staff complement is illustrated below:



THE EVALUATION COMMITTEE

In addition to its role of recommending appointments to the position of Commissioner, the Evaluation Committee constituted under section 7 of the Telecommunications Act 2009, is the body responsible for maintaining financial and administrative oversight of the Commission. The Committee reviews the Commission's budgets and activities plans.

The current members of the Evaluation Committee, who are appointed *ex officio*, are:

- Mr. Denton Rarawa (Chair) - Governor of the Central Bank of Solomon Islands
- Mr. Tony Koraua - Chairman of Solomon Islands Chamber of Commerce and Industry
- Mr. Douglas Hou - Public Solicitor

In December 2011 the Committee approved the three year rolling budget submitted by the Commission. (The Commission's Activities Plan for 2012 is included in this Report as Appendix A.)

DETERMINATIONS, ORDERS AND DIRECTIONS

(Section 23(1) (a) (i) of the Telecommunications Act 2009)

The Commission issued just one formal determination, order or direction during 2011. This was the Order published in the *Gazette* on 12 September 2011, which established for the provision of telecommunications services in Solomon Islands.

The class licence provides a general entitlement for Solomon Islands individuals and registered companies to carry on business in Solomon Islands in the provision of any or all kinds of local and international telecommunications services.

The wide range of commercial telecommunications activity generally authorized by the class licence is nevertheless subject to the requirements in the Act for a business to pre-register with the Commission, and to re-register annually, as well as the Commission's issue from time to time of standard licence conditions or special conditions.

Those using the class licence must also continue to pay the applicable licence fees.

The class licence does not entitle any person to use Solomon Island's radio spectrum, and any person who proposes to undertake a telecommunication activity which would use radio spectrum must first apply to the Commission for a separate radio spectrum licence.

STEPS TAKEN IN CONNECTION WITH UNIVERSAL ACCESS

(Section 23(1) (a) (ii) of the Telecommunications Act 2009)

Further to the Commission's 2011 Activities Plan, no steps to advance a universal access scheme for any telecommunications services in Solomon Islands were scheduled for 2011. The Commission nevertheless

continued to monitor the situation, and having regard to the satisfactory developments in the local telephony markets during the year, and the prospects for an undersea telecommunications cable link to Solomon Islands in 2013, the Commission is proposing to advance things in 2012.

The specific step to be undertaken by the Commission, in its capacity as the Project Implementing Entity, will be the appointment of a Technical Adviser under Component 3 of the Solomon Islands Telecommunications & ICT Development Project. The Technical Adviser will be responsible for reporting to the Government on the feasibility of and options for a universal access scheme.

Having regard to the trends in other jurisdictions, and the recommendations of the International Telecommunications Union, it is likely that any scheme would need to include the delivery of internet access services, not just fixed or mobile voice telephony services.

There are no financial accounts of the Universal Access Special Fund to be submitted along with this Report because no funds were directed to, or received by the Commission for the benefit of that Special Fund in 2011.

APPLICATIONS, DISPUTES AND COMPLAINTS

(Section 23(1) (a) (iii) of the Telecommunications Act 2009)

The Commission did not receive any formal complaints or notice of disputes between the licensed telecommunications operators during 2011, and it did not receive any written complaints from users and consumers.

The Commission was nevertheless active towards the end of the year in the efforts to resolve what the Commission considered was an unsatisfactory quality of service level on calls between the networks of the two GSM mobile operators, Solomon Telekom and Bemobile. With inputs from the Commission's technical staff, agreement was reached between the operators on an action plan for ascertaining the cause of the noise interference and eliminating it.

The Commission was also invited by Solomon Telekom TV to address alleged piracy of satellite TV signals by other TV operators, as a radio spectrum management issue. The Commission declined to do that on the grounds of lack of jurisdiction. However the Commission held a series of meetings with both the major TV operators, in conjunction with the TV Board, with a view to establishing a voluntary code of conduct, pending the Government's consideration of broadcasting reforms. Changes to the law of copyright, and the regulatory powers over broadcasting are to be considered as part of the wider Telecommunications and ICT Policy Development Project.

INVESTIGATIONS

(Section 23(1) (a) (iv) of the Telecommunications Act 2009)

No formal competition rules or regulatory compliance investigations were undertaken by the Commission in 2011.

Further to an agreement reached with the Government, the Commission did however undertake an investigation into Solomon Telekom's compliance with certain contractual obligations under the 2009 Settlement Agreement, relating to Solomon Telekom's surrender of its exclusive telecommunications licence.

Under the Settlement Agreement, Solomon Telekom is being compensated for continuing to operate its loss-making fixed lines located in the rural areas of Solomon Islands, for a period of five years from the date the new mobile entrant launched services, which was 31 August 2010.

This compensation is principally to be funded by grants and donations directed to a Special Fund established by the Government. The overall compensation amount of some SB\$ 23 million was substantiated and calculated for the purposes of the Settlement Agreement by independent consultants. However In order for the schedule of calendar quarterly payments to Solomon Telekom to be implemented, the Government and donors needed to be satisfied that Solomon Telekom had performed its obligations.

The obligations in respect of the loss-making fixed lines are for Solomon Telekom's provision of substantially the same telecommunications services, at substantially the same quality of service, at substantially the same cost to subscribers, as was being provided at 26 June 2009.

In conjunction with the Commission's function of administering the disbursements from the Special Fund, the Commission has agreed with the Government to undertake the task of investigating Solomon Telekom's performance of its obligations during the 5 years that the compensation remains payable.

The Commission's first report in this regard, which confirmed Solomon Telekom was in compliance, was provided to the Government and the donors in September 2011. Its investigations included Commission staff physically visiting each and every rural local loop location and testing all the local loop's functionalities.

PROCUREMENT AND OUTSOURCING

(Section 23(1) (a) (v) of the Telecommunications Act 2009)

During 2011, the Commission's material procurement and outsourcing items were the appointment of an executive search agency, RP International (Singapore), to find a new Commissioner; the procurement of a new Commissioner, Mr Hill; and the procurement of a internal consultant to act as a project coordinator, Ms Duong. In October 2011 the Commission also completed the procurement of radio signal monitoring equipment from Anritsu Australia Pty Ltd.

MATERIAL LITIGATION

(Section 23(1) (a) (iii) of the Telecommunications Act 2009)

On 16th May 2011, Bemobile and STL commenced High Court proceedings against the Commission in relation to its proposal for the issue of a third individual GSM mobile licence. The action was not pursued after the Commission withdrew its Request for Applications concerning the third GSM licence on the 26th May 2011.

Bemobile also commenced High Court proceedings challenging the legality of the Commission's second draw down on funds from the cash performance bond given by Bemobile in relation to its network rollout obligations. This matter remains ongoing.

ASSESSMENT OF PROGRESS TOWARDS STATUTORY OBJECTIVES

(Section 23(1) (b) of the Telecommunications act 2009)

The Commission considers that during 2011 satisfactory progress was made towards the principal objective in the Telecommunications Act in terms of improvements in the "... *availability, affordability, quality of service and kinds of telecommunications services in Solomon Islands.*"

Services in Solomon Islands are of course predominantly mobile services and their better availability is demonstrated in part by the rapid increase in the number of mobile subscriptions nationally from some 115,500 at the beginning of 2011 to some 274,872 by year's end.

Network coverage as such did not expand dramatically however. The Commission estimates the national coverage at around 67% of the population. Importantly both the GSM mobile operators were provided with additional radio spectrum capacity in the third quarter of 2011, and advised plans for network expansion and enhancement in 2012.

The affordability of mobile voice calls did improve during 2011, reflecting the level of effective competition in that sector. The Commission estimates that prices for mobile network voice calls declined some 29% during the year. Text messaging prices remained constant following a 50% drop in 2010, but regular price specials on weekends were common. Mobile data prices also went down by some 50%, but data services coverage was mainly in Honiara.

The launch of mobile data services by both the GSM mobile operators later in the year did contribute to an overall improvement in services availability and quality of service. The additional spectrum released to both companies, to overcome capacity constraints and interference issues was also instrumental in a noticeable improvement in call quality by the end of the year.

The Commission's plan of activities to advance progress towards the statutory objectives is outlined in **Appendix A**.

SUMMARY OF INCOME AND EXPENDITURES

(Section 23(1) (c) of the Telecommunications act 2009)

Under the Telecommunications Act, the Commission is to be funded by annual fees and special levies from service licensees. The Act caps the upper limit of annual Service licence fees at 2% of a licensee's gross revenue, and the

current Fees Regulations⁴ fix fees at that level for all licensees. In 2011 the amount of Annual Service licence fees collected was SBD\$4.1 million.

Further to the Settlement Agreement between Solomon Telekom and the Government, and the ancillary agreements relating to the donor funded *Solomon Islands Telecommunications & ICT Development Project*, until 2015, all Service licences fees are diverted to the payment of compensation to Solomon Telekom. In the meantime the Commission is entirely dependent on the funds it receives under the Project Grants. These Grants provide a total of SBD \$47.5 million to cover the five year transitional period.

The Commission nevertheless faces some uncertainties in respect of its ability to fully function during the transitional period, as the result of the World Bank's 2011 annual review of the Project. This review has adopted a so called 'strict definition' approach to the meaning of incremental operating costs in the Project documentation.

The full impact of this interpretation means that some SBD 2.8 million of the Commission's costs in 2011 would be ineligible expenditure, and therefore an amount to be deducted from the total Grants amount, or repaid to the World Bank. Important costs which would be ineligible, include payment of the Commissioner's remuneration, and payment of the annual dues for Solomon Islands country membership of the United Nations related, International Telecommunications Union and the Asia Pacific Telecommunity.⁵

The Commission has enlisted the cooperation of the World Bank's Country Representative in an effort to have the review results corrected. The Commission also has the support of the Ministry of Finance & Treasury to an amendment to the Project documentation to remove any doubt that Grant funds should be used to meet these and other ineluctable recurrent costs of the Commission.

The summary statement of the Commission's 2011 income and expenditure is set out in **Appendix B**.

LIST OF LICENCES AND EXEMPTIONS

(Section 23(1) (d) of the Telecommunications act 2009)

No exemption orders were in force during 2011.

Part 5 of the Telecommunications Act 2009 provides for two types of service licences, individual licences and class licences. Individual licences are only issued if particular terms are to apply to the individual licensee.

There were two individual service licences in force during 2011 and both relate to the provision of mobile services in the GSM radio spectrum band. One is held by Solomon Telekom Company Ltd and the other by Bemobile (Solomon Islands) Ltd.

⁴ Licence fees are fixed under the *Telecommunications (Transitional Licence Fees) Regulations 2010*.

⁵ Section 6(8) of the Act obliges the Commission to pay for these country memberships, which are essential to Solomon Islands' telecommunications connectivity to the rest of the world. The Commissioner's remuneration is fixed under a contract between the Commissioner and the Government. Payment of statutory leave passage to the Commission local staff has also been declared ineligible.

A class licence has been in force since 12 September 2011. This class licence provides a general entitlement for Solomon Islands individuals and registered companies to carry on business in Solomon Islands in the provision of any or all kinds of local and international telecommunications services.

The persons who were registered for the purposes of the class licence at the end of 2011 were:

- Point Cruz Communications Ltd
- Solomon Islands Postal Corporation
- Pacific Vaizeds Company & Associates
- Tadezad Technologies Ltd
- Smile Ltd

LIST OF INTERCONNECTION AGREEMENTS FILED IN 2011

(Section 23(1) (e) of the Telecommunications act 2009)

No interconnection or access agreements were filed in 2011.

SUMMARY OF RADIO FREQUENCIES ALLOCATED

(Section 23(1) (f) of the Telecommunications act 2009)

Following the Commission's withdrawal of its invitation for applications for a third GSM mobile licence in early 2011, the Commission responded positively to requests from both Bemobile and Solomon Telekom for additional spectrum to overcome capacity constraints and interference issues for 3G services in Honiara. In October the Commission assigned the remaining unused GSM spectrum to the two companies.

Part 7 of the Telecommunication Act confers the exclusive power on the Commission to allocate all frequencies in the radio spectrum. Following traditional telecommunications practice, the Commission refers to the rights to use particular frequencies as a "radio spectrum licence". The Commission also refers to radio spectrum licensees by their user category. The radio spectrum licences issued during 2011 are identified in **Appendix C**.

SUMMARY OF REGULATED PRICES

(Section 23(1) (g) of the Telecommunications act 2009)

No prices for any telecommunications services were subject to price regulation during 2011.

OTHER MATTERS

(Section 23(1) (h) of the Telecommunications act 2009)

GSM NEW ENTRANT'S NETWORK COVERAGE MILESTONES

Bemobile, the second GSM network operator in Solomon Islands, and the first new entrant in the liberalized telecommunications markets, launched its mobile telephony services at the end of August 2010. Bemobile's licence includes conditions requiring it to meet certain network coverage milestones. Those obligations were underwritten by the Company posting a type of performance bond, of US\$10 million in cash.

As a result of Bemobile missing the first two milestones during 2010, the Commission exercised its rights and drew down a total of US\$4.0 million from the bond funds. Adjustments to the milestones favorable to Bemobile were also made during 2010, and in total, some US\$3.5 million was released to Bemobile from the bond amount in that period. In February 2011, the third milestone was missed, and by the middle of the year it was apparent that, for a number of reasons, Bemobile was not in a position to undertake further network expansion for the time being.

Because of concern that drawing down further funds from the bond monies could have a negative impact on the Company sustaining its market entry, the Commission withheld further action in relation to the third and fourth milestones, pending the Company's efforts to refinance its operations.

The Commission maintained a dialogue with Bemobile during its protracted refinancing with a view to effecting fundamental changes to the Company's licence terms and conditions in 2012. Although Bemobile had not completed its new financial arrangements and detailed planning for a further network expansion by December 2011, the Company did launch 3G mobile services in Honiara.

In August 2011 the Commission entered into an agreement with the Government whereby funds drawn down by the Commission under the Bemobile performance bond are to be remitted to the Government.

INTELLECTUAL PROPERTY ISSUES

Section 80 of the Telecommunications Act 2009 requires the Commission to carry out public consultations concerning the effect of intellectual property laws on the development of telecommunications networks and services, and to make recommendations to the Government about reforms.

The first such consultation commenced in February 2011. The submissions received did not point to obstacles for development in the purely telecommunications realm, but did indicate to the Commission that there are deficiencies in Solomon Islands copyright laws where media content and content distribution are concerned.

Since Component 1 of the *Solomon Islands Telecommunications & ICT Development Project*, calls for a technical adviser to undertake a comprehensive study and to advise the government on the need for reforms in broadcasting and ICT policy generally, the Commissions did not make specific recommendations to the Minister in 2011.

INTERNET DOMAIN NAME MANAGEMENT

The Telecommunications Act 2009 provides for the Commission to assume responsibility for the registration and allocation of internet domains under the “.sb” country code top level domain, either directly, or by delegation. Historically the country domain management task has been carried out by the incumbent telecommunications network operator, Solomon Telekom.

Discussions with Solomon Telekom have commenced so that the Commission can establish the scope of the various tasks and the resources which need to be deployed. The Commission may then undertake a consultation on the costs and benefits of changes to the current arrangements, and the timing of any change.

RADIO SPECTRUM RATIONALISATION

The Commission completed the National Spectrum Band Plan consultation process in April 2011. The plan is designed to bring the Solomon Islands into line with the ITU Regional Regulations and to meet the principal objectives of the Telecommunications Act 2009.

In October 2011 the Commission completed its procurement of the radio signal monitoring equipment which will enable the Commission to undertake its enforcement functions concerning radio frequency use. Training on the new equipment, including trial signal investigations, commenced in November 2011.

As the result of requests from both GSM network operators for additional spectrum to overcome capacity constraints and interference issues in Honiara, and the withdrawal of the proposal for a third GSM mobile licence, the Commission decided to postpone a comprehensive consultation on the rationalization of Solomon Telekom’s historical spectrum holdings until 2012. At that point additional matters, such as the spectrum allocation methodology the Commission should adopt for LTE wireless technology will be more topical.

- Surveillance of the telecommunications services markets in respect of the competition conduct and consumer protection rules in the Telecommunications Act 2009, with particular attention to non-discriminatory access to mobile services distribution channels in Honiara.
- Monitoring of operator services output and pricing, network coverage, service levels and quality of service, with special attention to QOS on network to network mobile calls.
- Enforcement of service licensees' compliance with the current terms of their service licences.
- Commencement of consultations on standard and special service licence conditions.
- Development and commencement of national demand-side market survey programme.
- Development and launch of provincial outreach programme on telecommunications, media, and the internet.
- Collection of service licence fees and collection of market data from service licensees.
- Commencement of studies into universal access.
- Establishment of disputes and appeals panel.
- Enforcement of radio spectrum licensees' compliance with the terms of their radio spectrum licences, including their non-interference obligations.
- Monitoring of radio spectrum use in key locations nationally.
- Review of Solomon Telekom's spectrum allocation and consultation on allocation methodologies for emerging technology radio spectrum bands.
- Creation of spectrum management database.
- Issue of regulations in respect of on telecommunications equipment type approval.
- Commencement of consultation on domain name management.

APPENDIX B: SUMMARY OF INCOME AND EXPENDITURES

Summary of Income and Expenditure for the annual period ending 31 December 2011	
	SBD
Income	
<u>Grants</u>	
IDA & PRIF funds	\$9,742,879
<u>Other Income</u>	
Service licence fees	\$4,161,702
Performance bond draw down	\$7,898,874
Radio spectrum application fees	\$40,400
Interest income	\$120,572
Miscellaneous income	\$395
Total Income	\$21,964,822
Expenditures	
<u>Operational Expenses</u>	
Commission remuneration	\$4,541,490
External consultants	\$3,465,024
Legal counsel	\$580,196
Fixed line audit	\$123,094
International organisation fees	\$517,417
Rent	\$285,000
Telecommunications charges	\$259,164
Exchange losses	\$168,257
Electricity	\$24,706
Stationery, printing and publications	\$103,366
Vehicle running costs	\$30,991
Bank fees & charges	\$8,921
Insurances	\$25,265
Training & participation fees	\$105,970
Workshop expenses	\$75,199
Miscellaneous	\$108,593
<u>Capital Expenses</u>	
ICT software	\$17,571
Computer equipment	\$5,340
Office accessories	\$1,525
Furniture & fittings	\$2,611
Motor vehicle	\$122,000
ICT equipment	\$91,388
Spectrum equipment	\$672,011
Other Outgoings ⁶	\$12,008,968
Total Expenses	\$23,344,066
Surplus/(Deficit)	(1,379,243)

⁶ i) Disbursement to Solomon Telekom of rural fixed line compensation.

ii) Disbursement of Performance bond funds to SIG.

APPENDIX C: LIST OF RADIO FREQUENCIES ALLOCATED

Type of Radio Spectrum Licence	Licensees during 2011
Amateur	David Quan (Solomon Islands) Jacek Piotr Kubiak (Poland) Noel Anderson (Australia)
Aeronautical	Solomon Airlines Ltd
Maritime	Atoifi Community Development Association (ACDC Transport Service - Solomon Islands) Adventist Development and Relief Agency (Solomon Islands) Aggressor Solomon Ltd (Solomon Islands) Anglican Church of Melanesia (Solomon Islands) Bauro and Associates (Solomon Islands) Bikoi Shipping Ltd (Solomon Islands) Bilikiki Cruises Ltd (Solomon Islands) Blossom (SI) Company Ltd (Solomon Islands) Blue Ocean Shipping Company Ltd (Solomon Islands) Bulacan Integrated Food Industries (Solomon Islands) C-Corp Ltd (Solomon Islands) Christian Fellowship Church (Solomon Islands) Concrete Industries Ltd (Solomon Islands) Dalgro SI Ltd (Solomon Islands) Denton Graham Elvin (Solomon Islands) El-Shaddai Enterprise Ltd (Solomon Islands) Glengrow (SI) Company Ltd (Solomon Islands) GRP and Associates Ltd (Solomon Islands) Earthmovers Solomons Ltd (Solomon Islands) Guadalcanal Provincial Shipping Ltd (Solomon Islands) Haura Development Association (Solomon Islands) Isabel Development Company Lid (Solomon Islands) John Wesley Timbers Ltd (Solomon Islands) Lauru Shipping Ltd (Solomon Islands) Maopa Shipping Ltd (Solomon Islands) Maximus International Ltd (Solomon Islands) Middle Island Investment Pty Ltd (Solomon Islands) National Fisheries Development Ltd (Solomon Islands) Pacific Ace Pty Ltd (Solomon Islands) Pacific Islands Ferries Ltd (Solomon Islands) Pacific Venture (SI) Ltd (Solomon Islands) Shortland Shipping Company Ltd (Solomon Islands) SI Copra Exporters Ltd (Solomon Islands) SI Ship Broker Company Ltd (Solomon Islands) Silentworld Shipping and Logistics Ltd (Solomon Islands) Solfish Ltd (Solomon Islands) Solomon Taiyo Ltd (Solomon Islands)

	<p>Solomon Tropical Products Ltd (Solomon Islands) Tansri Marine Ltd (Solomon Islands) Tongs Co-operation Ltd (Solomon Islands) Transol Shipping Co. Ltd (Solomon Islands) Tremax Shipping Ltd (Solomon Islands) UTA Shipping Ltd (Solomon Islands) Winwood Company Ltd (Solomon Islands)</p>
Land mobile	<p>Bulk Shop Ltd Customs and Exercise Division Embassy of Japan Frangipani Ice Ltd Heritage Park Hotel Silas Salea (Railways Taxi Service) Augustime Wateani (Watts Security Services) Solomon Kitano Mendana Hotel</p>
VSAT Satellite	<p>CTBTO (USA) Newmont Ventures Ltd (Solomon Islands) NZ High Commission (Solomon Islands) Solomon Gold Ltd (Solomon Islands)</p>
Handheld	None
Fixed Station	<p>Axiom KB Ltd Mighty Tiasi (SI) Company Ltd National Fisheries and Development Ltd Guadalcanal Exploration Ltd Newmont Venture Limited – Solomon Islands</p>
Broadcasting	<p>Cape West FM G-FM Liberty Communications U-FM Ltd Media Solomon Islands Ltd</p>
Television	<p>Satsol Ltd Telekom Television Ltd Eternity Broadcasting Network (EBN) One News Ltd Media Solomon Islands Ltd Seventh Day Adventist Church (SDA)</p>