

## LETTER TO PARLIAMENT

28 March 2013

Mrs Taeasi Sanga  
Clerk to the National Parliament  
Parliament House  
Honiara

I am pleased to submit the third 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 2012, has been prepared in accordance with the provisions of section 23 of the Telecommunications Act 2009.

The report contains the overview of the telecommunication sector and a summary of the key initiatives of

TCSI on the regulatory issues with specific reference to the functions mandated to it under the Act. The Final Audit report of the Commission has also been included in the report.

Bernard Hill  
**Telecommunications Commissioner**

## THE COMMISSIONER'S MESSAGE

This, the third annual report of the Telecommunications Commission of Solomon Islands is presented in accordance with the provisions of section 23 of the Telecommunications Act 2009.

During 2012 steady progress was made in the Commission's development as an effective institution and in the realization of the sector reform objectives of improving the availability, affordability, quality of service and kinds of telecommunications in Solomon Islands.

In particular there was satisfactory progress in the expansion of mobile telephony service availability nationally, as a result of the effective competition between the two mobile operators. The Commission's efforts in relation to the local market therefore concentrated on monitoring competitive behaviors and improving its internal capability in the field of economic analysis, and technical evaluation, in what is a rapidly evolving technical and commercial environment for electronic communications. The Commission continued to work with the operators on resolving quality of service issues.

The Commission also effected improvements in its enforcement procedures relating to compliance with the requirements for collection of service license fees and market data, and its monitoring of radio licensees' compliance with signal non-interference and other licence obligations in key locations nationally.

An important development during the year was the broadband for development programme financing agreement between local parties and the Asian Development Bank for the building of a submarine cable system connecting Solomon Islands with the existing international cable networks. This milestone project promises to boost economic activity generally and to significantly reduce telecommunications cost and improved internet connectivity throughout the country.

Our sincere thanks goes to the World Bank and AusAID for their ongoing transitional financial support of the Commission's operations and the development of a National ICT Policy unit in Ministry of Communications & Aviation. TCSI has continued to be the Project Implementing Entity ("PIE") of the World Bank-funded Telecommunication & ICT project.

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The National Parliament's passing of the Telecommunications Act in 2009 enabled Solomon Islands to join the many developed countries which have 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 between commercial enterprises.

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.<sup>1</sup> However, particular policy components have still to be fleshed out.

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<sup>1</sup> 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

As noted in this Report, the Commission believes that 2014 is the earliest date to consider preparatory work on a suitable Universal Access scheme. This is because it is becoming 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 cable that is currently negotiated.

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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.

During 2012 the local telecommunications market has continued to mature, with service providers focusing on the launch of new services as well as strengthening their existing offerings.

By the year's end, the mobile market had reached a penetration rate of some 55% by year's end. This was a marginal gain on the 53% achieved in 2011, but a slow increase resulted from high population annual growth rate of around 2%. In that same period, the total number of mobile subscriptions rose from 274,872,500 to 302,147. Moreover the Commission estimates that 2012 saw an overall decline in the prices of mobile services of some 35%.

Accessing internet through mobile handsets (3G) UMTS/HSDPA is increasing rapidly as the two providers upgrade its current network to 3.5G in Honiara, Auki, Gizo and Noro. Statistics reveals that at the yearend some 35,000 subscribers are using this services in which its potentiality of increasing further is imminent. In relation to its increased access, for 2012 alone some 2.0 Terabyte data have been downloaded with some 13million minutes spend browsing the internet.

Increased coverage to 80% by the year-end reflect the increased number of mobile sites installed by Solomon Telekom around the country, with most in operational towards the later part of the year.

Prices for fixed and wireless broadband services during 2012 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 Malaita and Western Province. Service levels and quality of service were not consistent.

However, by the end of 2012 eight companies had registered for the benefit of the class licence, and three of these are likely to be new entrants in the internet service provider market in 2013.

Currently Solomon Islands is connected to the rest of the world, and for some connections within the country, via internationally owned satellites. This is a major factor in the cost of telecom services. A Financing Agreement to fund a submarine cable link has now been signed between the Solomon Islands Government, Solomon Islands Oceanic Cable Company, and the Asian Development Bank.

The key market indicators in relation to the 2012 year are set out in the table below:

Indicator	2009 Actual	2010 Actual	2011 Actual	2012 Actual
Mobile Subscriber	57,000	115,500	274,872	302,147
Mobile Penetration (calculated)^	11%	20%	53%	55%
Mobile Coverage (calculated)^^	**	20%	67%	80%
Mobile Growth rate( CAGR)	**	21%	79%	81%
Fixed Lines	8,801	8,400	8,391	8,060
<u>Internet Subscriber:</u>				
Handsets (3G)	**	8,205	21,133	35,826
Wireless	**	127	128	114
ADSL		1,359	1,422	1,308
DSL		1,163	1,008	824
<u>Internet Penetration:</u>				
Mobile (BB)		1.80%	3.90%	6.50%
Broadband (WW)		0.02%	0.02%	0.02%
Gross Total Revenue:		**	USD39m	USD43m
GDP contribution*	0.1	0.2	0.3	0.7
Number of Mobile Service Operators	1	2	2	2
Submarine -fiber optic				Financing arranged

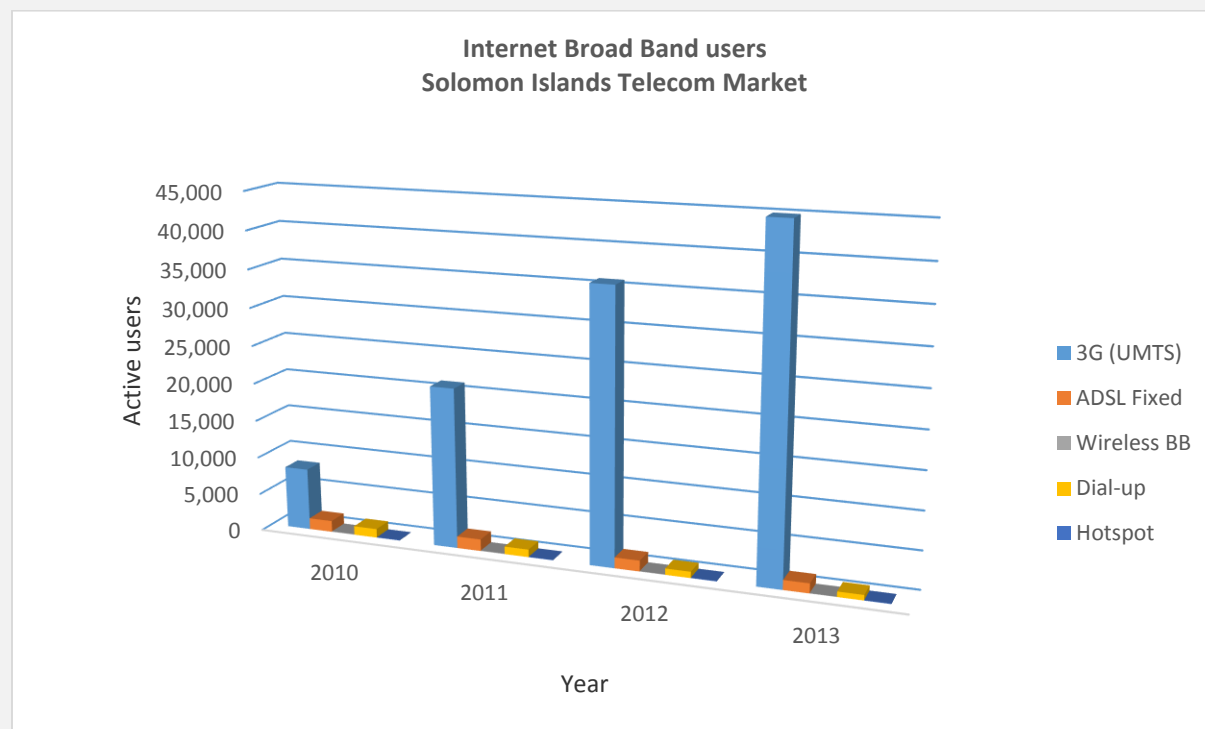
Note:    ^ Total Population based on annual rate of 2%  
              ^^ Calculation based on the coverage area by village population  
              \* Revised GDP figures sourced from CBSI  
              \*\* Available accurate data not available from operators



### 3G Data Services

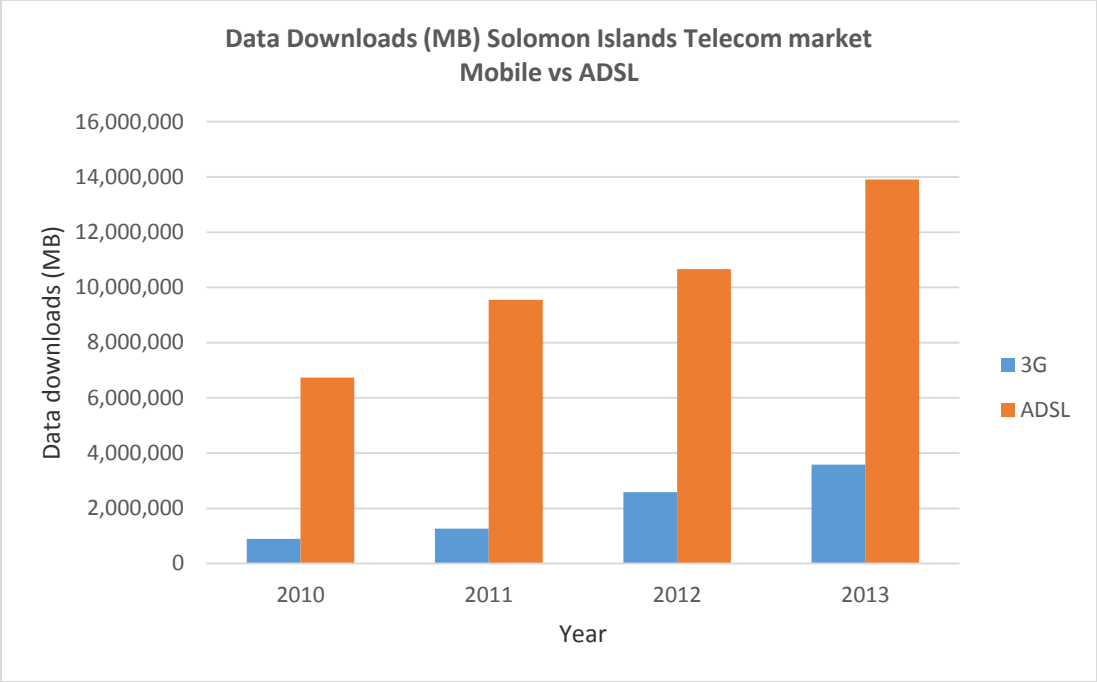
Since the initial introduction of third generation data capability in 2011, the market for data has increased steadily. Network upgrades have led to more users accessing data via 3G handsets in places like Honiara, Auki, Gizo and Noro, and the overall trend is for a decline in the number of data users on fixed line ADSL and dial-up.

The sale of smart phones from suppliers such as Samsung Galaxy S3 & 4, iPhone 5, HTC and Nokia has increased considerably. However the use of 3G for internet access appears to be mainly for social networking, and email communications.



### Data Downloads (MB)

Data downloads using 3G services have increased since 2011 to more than 3.5 Terabytes. However data volumes for ADSL remain higher than for 3G Mobile, an indicator that the high costs of mobile data are beyond affordability for most of the public.



## ACTIVITIES OF THE COMMISSION

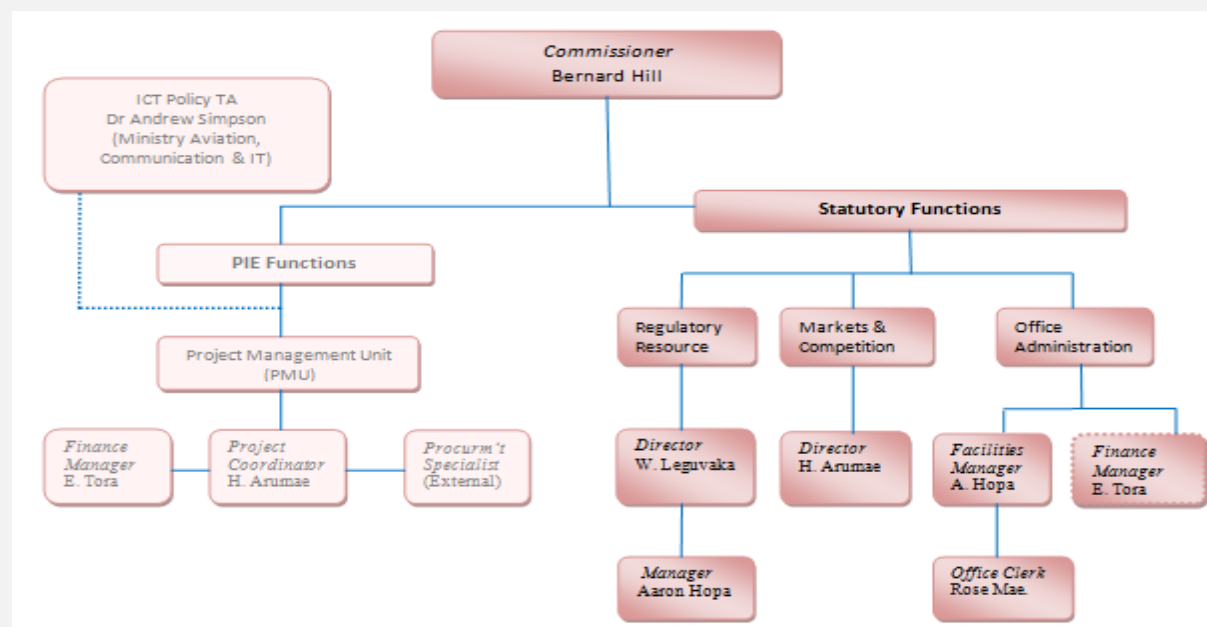
(Section 23(1) (a) of the Telecommunications act 2009)

### THE COMMISSION

At the end of 2012, Bernard Hill remained as the Telecommunications Commissioner, and the Commission employed 5 local staff members to carry out the Commission's statutory functions under the Telecommunications Act 2009, and its temporary role as the "Project Implementing Entity" (PIE) under the World Bank funded *Solomon Islands Telecommunications & ICT Development Project (P1131480)*. The Procurement Specialist (External) position was advertised, however, none of the applicants proved ideal. The Commission recommended to World Bank that the position be abandoned and the tasks carried out in house, with inputs from specialists in other in-country Bank financed projects.

Further to its "PIE" role, the Commission procured the appointment of Dr. Andrew Simpson as the ICT Policy Technical Advisor to the Ministry responsible for Aviation, Communication & IT. His role is to develop the National ICT Policy and assist with establishment of the Communications Policy Unit in the Ministry.

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 2012 the Committee approved the three year rolling budget submitted by the Commission. (The Commission's Activities Plan for 2013 is included in this Report as Appendix A.)

## DETERMINATIONS, ORDERS AND DIRECTIONS

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

No Determinations, Orders and Directions were gazetted during 2012.

## STEPS TAKEN IN CONNECTION WITH UNIVERSAL ACCESS

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

The specific step which may be undertaken by the Commission, in its capacity as the Project Implementing Entity, is the appointment of a Technical Adviser under Component 3 of the Solomon Islands Telecommunications & ICT Development Project. The Technical Adviser would be responsible for reporting on the feasibility of and options for a universal access scheme. 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 2012.

## 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 2012, and it did not receive any written complaints from users and consumers.

## 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 2012.

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 second report in this regard, which confirmed Solomon Telekom was in compliance, was provided to the Government and the donors in November 2012. 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)*

The Commission under its "PIE" function of the World Bank funded Telecommunications and ICT project provides for the funding of a temporary Policy Technical Adviser, who is to be responsible for developing a national ICT policy. This component is contingent on the government establishing a locally staffed policy unit within the renamed Ministry of Communications, Aviation & Information Technology. That expectation was eventually reversed and the appointment of a suitable candidate was made by the end of the year.

## MATERIAL LITIGATION

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

There was no material litigation during the year.

## ASSESSMENT OF PROGRESS TOWARDS STATUTORY OBJECTIVES

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

The Commission considers that during 2012 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 274,872 at the beginning of 2012 to some 302,147 by year’s end.

Network coverage expanded from around 67% of the population at the beginning of the year to some 80% at the year’s close, due to new installed mobile sites. Importantly both STL & Bemobile had been allocated additional spectrum on the GSM band due to demand for additional capacity, improve service quality and expansion of service coverage. Spectrum has also been allocated for the establishment of the Solomon Islands Government Network project.

The affordability of mobile voice calls did improve during 2012, reflecting the level of effective competition in that sector. The Commission estimates that prices for mobile network voice calls declined some 35% 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 remain steady in since going down some 50% in 2011, but data services coverage was mainly in Honiara, Auki and Gizo.

The upgrade of mobile network 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 Regulations<sup>2</sup> fix fees at that level for all licensees. In 2012 the amount of Annual Service licence fees collected was SBD\$6.3 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.

However, towards the later part of the year, the World Bank's Country Representative, Ministry of Finance & Treasury and the Commission come to an understanding that an amendment to the Project documentation to remove any doubt that Grant funds should be used to meet these and other recurrent costs of the Commission. The amendment results in Ministry of Finance and the Commission to reimburse some SBD\$793,000 out of the SBD\$2.8m that declared ineligible in 2011 review.

The summary statement of the Commission's 2012 income and expenditure is set out in **Appendix B.**

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<sup>2</sup> Licence fees are fixed under the *Telecommunications (Transitional Licence Fees) Regulations 2010*.



## LIST OF LICENCES AND EXEMPTIONS

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

No exemption orders were in force during 2012.

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.

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 table below indicates the type of licence and services provided by the end of 2012:

Operators	Type of Licence	Fixed Line Telephony	Mobile	Internet	Leased lines	International Calls	TV	Others
Solomon Telekom	<i>Individual</i>	X	X	X	X	X	X	X
Bemobile	<i>Individual</i>		X	X		X		X
Smile	<i>Class</i>			X				X
Alpha Network Solutions	<i>Class</i>							X
Daltron	<i>Class</i>			X				X
Dema Investments (Satellite Solutions)	<i>Class</i>						X	X
Soltek Communications	<i>Class</i>							X
Solomon Oceanic Cable Company	<i>Class</i>							X
Leeming International Consulting	<i>Class</i>			X				X
Gibson's Communication	<i>Class</i>							X

## LIST OF INTERCONNECTION AGREEMENTS FILED IN 2012

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

No interconnection or access agreements were filed in 2012 although negotiations were ongoing between the two GSM operators.

## SUMMARY OF RADIO FREQUENCIES ALLOCATED

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

The radio spectrum licences issued during 2012 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 2012.

## OTHER MATTERS

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

## NATIONAL ICT POLICY

Solomon Islands have a modern, market driven telecommunications sector. The Telecommunications Act 2009 introduced competition at the network level and established an independent sector specific regulator, the Telecommunications Commission. Telecommunications infrastructure converged and the uptake of mobile telephony continue to grow satisfactorily.

Other aspects of modern communications and electronic connectivity remain substantially underdeveloped however. In law and policy terms, the country is lagging in the areas of broadcasting, e-government; private and public rights in relation to copyright material; other public policy regulation of media and media content; privacy and data protection; control of

spamming and other cyber misconduct as well as the updating of civil and criminal law and procedure for the era of electronic media.

## 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 Limited.

Discussions with Solomon Telekom have continued 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 .sb domain administrative arrangements, and the impact of any new management proposals.

## RADIO SPECTRUM RATIONALISATION

The Commission undertook an initial National Spectrum Band Plan consultation process in April 2011. The plan will bring the Solomon Islands into line with the ITU Regional Regulations and the objectives of the Telecommunications Act 2009.

The Commission continued to deploy its radio signal monitoring equipment in its monitoring of radio licence compliance and enforcement.

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 initial spectrum allocation until 2014.

A key area in spectrum management is also the creation of the spectrum data base using the ITU SMS4DC software which will ensure the management of the spectrum becomes administratively efficient. The Commission staff will undergo the necessary training in 2013.

## SUBMARINE FIBER OPTIC CABLE

In response to the expected greater demand for and benefits from global connectivity, Solomon Islands has undertaken steps necessary for the country to be included in the global network.

Such connectivity is also expected to eventually lower telecommunications costs in Solomon Islands.

A funding agreement for a project to link Solomon Islands to one of the trans-Pacific undersea communication cables was signed in 2012. 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 the project.

The Commission is set to focus its effort over the next 12 months on the following:

- 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, Auki, Gizo and Noro.
- Maintain awareness of the need for a universal access regime.
- Establishment of disputes and appeals panel.
- Creation of spectrum management database.
- Support for the development of new ICT, broadcasting and e-government policies.
- Regulatory framework for the new submarine cable.
- Review of consultations on spectrum allocations, and new spectrum policy and management.
- Consumer awareness and outreach (including awareness raising of Internet potential/opportunities related to the new submarine cable), and increased awareness about the role of the TCSI.
- Consumer protection.
- Internet-related legislation and regulations as needed.
- Settlement of International Telecommunication Union membership arrears.
- Discussions with SIG and World Bank concerning extension of the Project Grants beyond March 2015.

**Solomon Islands Office  
of the Auditor-General**



**INDEPENDENT AUDITOR'S REPORT**

**To the Telecommunications Commissioner of Solomon Islands**

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Telecommunications Commission of Solomon Islands, which comprise the Statement of Cash Receipts and Payments (by category of expenditure), the Statement of Cash Receipts and Payments (by component), the Statement of Comparison of Budget and Actual Amounts, the Statement of Special Account Reconciliations, notes for the year ended 31 December 2012, and a summary of significant accounting policies and other explanatory information.

**Responsibility for the Statement of Cash Receipts and Payments**

The Telecommunications Commission of Solomon Islands is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards: Financial Reporting under the Cash Basis of Accounting (Cash Basis IPSAS) and the Grant Agreements between Solomon Islands, the International Development Association, AusAID and RAMSI and for such internal control as management determines is necessary to enable the preparation of a statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

This opinion is being given to satisfy the requirements of the Grant Agreements between Solomon Islands, the International Development Association, AusAID and RAMSI. In giving this opinion, I do not accept or assume responsibility for any other purpose or to any other

person to whom this report is shown or in the hands it may come save where expressly agreed by my prior consent in writing.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements present fairly, in all material respects, the receipts and payments of the Telecommunications Commission of Solomon Islands for the year ended 31 December 2012 in accordance with Cash Basis IPSAS.

### **Report on Other Requirements**

As required by my terms of reference, I also report that, in my opinion, in all material respects:

- (a) The cash receipts reported on the Statement of Cash Receipts and Payments were used for the purposes of the Project and not for other purposes;
- (b) The receipts and payments reported on the Statement of Cash Receipts and Payments were in accordance with the Grant Agreements between Solomon Islands, the International Development Association, AusAID and RAMSI;
- (c) Adequate supporting documentation has been maintained to support the payments reported on the Statement of Cash Receipts and Payments.



Edward Ronia  
Auditor-General

Office of the Auditor General  
Honiara, Solomon Islands

11 November 2013

**STATEMENT OF CASH RECEIPTS AND PAYMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**FINANCING**

IDA & PRIF grants	7,481,207
IDA grants direct payment	-

**Other Receipts**

Service licence fees	6,322,057
Radio spectrum application fees	59,835
Interest income	35,899
<b>TOTAL FINANCING</b>	<b>13,898,998</b>

**EXPENDITURE:**

**Operational expenses**

Commission remuneration	4,555,157
Legal counsel	66,196
Fixed line audit	99,185
International membership and subscription fees	87,820
Office rent	342,000
Telecommunications charges	394,838
Utilities-Electricity, Gas & Water bills	116,387
Stationery, printing and publications	60,838
Vehicle maintenance & running costs	84,806
Bank fees & charges	9,124
Insurance	29,028
Training & participation fees	87,135
Workshop expenses	219,533
Miscellaneous	133,566
	<b>6,285,613</b>

**Capital Expenses**

Office accessories	2,341
ICT equipment	71,688
Office equipment	3,000
Furniture & fittings	36,512
Motor vehicle	209,000
Motor Vessel	56,657
	<b>379,197</b>

**Other Expenses**

Interest Income Tax	696
Compensations Licence fees	4,879,320
Non Grant Expenses	253,390
	<b>5,133,406</b>

<b>TOTAL EXPENDITURE</b>	<b>11,798,216</b>
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Net increase/(decrease) in cash and cash equivalent	2,100,782
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## APPENDIX C: LIST OF RADIO FREQUENCIES ALLOCATED

Type of Radio Spectrum Licence	Licensees during 2012
<b>Amateur</b>	Bernard Stefan (Germany) David Quan (Solomon Islands) Dr Manfred Gronak (Germany) Frank Rutter (Germany) Georg Knoess (Germany) Gregory Parkhurst (Australia) Jacek Piotr Kubiak (Poland) Jan Ambrozy (Poland) Jurgen Maerz (Germany) Leszek Fabjanski (Poland) Margaret Koi (Solomon Islands) Michael M Shaw (Australia) Noel Anderson (Australia) Phil Whitchurch (United Kingdom) Ralph Kluge (Solomon Islands) Reiner Schlossers (Germany) Shane Lynd (Australia) Siegfried Hari (Germany) Solomon Islands Amateur Radio Club (SIARC) (Solomon Islands) Stephen Gregory (Australia) Vadym Ivliev (Ukraine) Wolfgang Kunicke (Germany)
<b>Aeronautical</b>	Solomon Airlines Ltd
<b>Maritime</b>	Adventist Development and Relief Agency (Solomon Islands) Aggressor Solomon Ltd (Solomon Islands) Anglican Church of Melanesia (Solomon Islands) Atama Shipping Co Ltd (Solomon Islands) Atoifi Community Development Association (ACDC Transport Service - 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) Comship Ltd (Solomon Islands) Concrete Industries Ltd (Solomon Islands) Dalgro SI Ltd (Solomon Islands) Denton Graham Elvin (Solomon Islands) Earthmovers Solomons Ltd (Solomon Islands) Elite Shipping Services Ltd (Solomon Islands)

	<p> El-Shaddai Enterprise Ltd (Solomon Islands)  Glengrow (SI) Company Ltd (Solomon Islands)  GML Shipping Ltd (Solomon Islands)  Golden Harvest Ltd (Solomon Islands)  Golden Springs Int SI Co Ltd (Solomon Islands)  Goodwood (Solomons) Ltd (Solomon Islands)  GRP and Associates Ltd (Solomon Islands)  Guadalcanal Provincial Shipping Ltd (Solomon Islands)  Haura Development Association (Solomon Islands)  Isabel Development Company Ltd (Solomon Islands)  John Wesley Timbers Ltd (Solomon Islands)  Kentor Energy Pty Ltd (Solomon Islands)  Lauru Shipping Ltd (Solomon Islands)  Maopa Shipping Ltd (Solomon Islands)  Max Land (SI) Ltd (Solomon Islands)  Maximus International Ltd (Solomon Islands)  Middle Island Investment Pty Ltd (Solomon Islands)  National Fisheries Development Ltd (Solomon Islands)  Olifasia Shipping Services Ltd (Solomon Islands)  Pacific Ace Pty Ltd (Solomon Islands)  Pacific Islands Ferries Ltd (Solomon Islands)  Pacific Porphyry Ltd (Solomon Islands)  Pacific Venture (SI) Ltd (Solomon Islands)  Samlinsan (SI) Ltd (Solomon Islands)  Shipping (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)  Solomon Tropical Products Ltd (Solomon Islands)  Solomon Ventures 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)  Winlex International SI Co Ltd (Solomon Islands)  Winwood Company Ltd (Solomon Islands) </p>
<b>Land mobile</b>	<p> Augustime Wateani (Watts Security Services)  Bulk Shop Ltd  Customs and Exercise Division  Embassy of Japan  Frangipani Ice Ltd  George Efona (Prince Taxi Service)  Heritage Park Hotel  James Tevita Taeburi (Black Jack Taxi Service)  Michael Lindsay (Ace Fourth Taxi Service)  Paul Manepuri (MP Construction) </p>

	Ramo Dausabea (JRN Enterprises) Silas Salea (Railways Taxi Service) Solomon Kitano Mendana Hotel Ltd
<b>VSAT Satellite</b>	CTBTO (USA) Embassy of Japan Kolombangara Forestry Products Ltd Newmont Ventures Ltd (Solomon Islands) NZ High Commission (Solomon Islands) Punjas Solomons Ltd Solomon Gold Ltd (Solomon Islands)
<b>Handheld</b>	None
<b>Fixed Station</b>	Axiom KB Ltd Bilikiki Cruises Ltd Blossom SI Co Ltd GRP & Associates Ltd Guadalcanal Exploration Ltd JICA Solomon Office Lauru Shipping Ltd Maximus International Ltd Mighty Tiasi (SI) Company Ltd National Fisheries and Development Ltd Newmont Venture Limited – Solomon Islands Russel Islands Catholic Church Solfish Ltd Solomon Ventures Ltd Transol Shipping Co Ltd Satellite Solutions
<b>Broadcasting</b>	Cape West FM G-FM Liberty Communications Media Solomon Islands Ltd Pacific Partners Trust SI SDA Church (Hope Radio FM) U-FM Ltd
<b>Television</b>	Eternity Broadcasting Network (EBN) Media Solomon Islands Ltd One News Ltd Satsol Ltd Seventh Day Adventist Church (SDA) Telekom Television Ltd