



Pacific Institute
of Public Policy

Key messages

- » The internet is here to stay. Leaders who accept it and engage with an increasingly connected citizenry will benefit.
- » Some may see this trend as a threat, but it's manageable, especially by getting ahead of the game and helping, not hindering, this proliferation.
- » Open competition and a strong independent regulatory environment generate the most benefit for everyone. Healthy competition also allows government to maintain balance in an economic sector whose value will only increase.
- » Online social networks have a lot in common with traditional society, which gives Pacific islanders a distinct edge as they learn to apply new tools to age-old tradition.

Discussion
paper:

20

APRIL 2012

NET BENEFITS

Upgrading the coconut wireless: Internet uptake in the Pacific

“Bloody ‘avin a rough time at sea on board the Rabaul Queen...” wrote Philip Batari on Facebook, as heavy waves began to engulf the doomed vessel. It proved to be his last, haunting post. It joined thousands of other messages and photos in the Sharp Talk Facebook group, sparking an outpouring of grief, outrage and debate amongst Papua New Guinea’s online community. Internet use is on the rise throughout the Pacific. From Fiji’s warring blogs, to new online businesses in Vanuatu, to Tonga’s inflows of cash and cultural influences from nationals living abroad. Across the Pacific the internet is ending the tyranny of distance and strengthening social bonds. The region’s leaders are notably absent, but the online conversation goes on without them.

Online social networks are strikingly similar to traditional social dynamics in the Pacific

Over the past few years, attitudes towards telecommunications in the Pacific have shifted. Complacent monopolies are being replaced by greater policy engagement, and a more competitive marketplace. Wireless networks are significantly cheaper to roll out than cable-based ones, especially in areas lacking significant road and power networks. As wireless capabilities increase, so too do revenue opportunities as we are now seeing with the delivery of data services via mobile phone networks.

As with mobile phone services, the internet is being used as a means of social bonding, reinforcing extended family connections and discussion of topical issues including politics¹. Online commenters, the vast majority of them young professionals, are increasingly demanding engagement from the powers that be. “It is the right of the voters to really know who they are voting for”, writes one Facebook member. Dialogue is generally imbued with the respectful tones characteristic of public discourse in the Pacific. As PNG’s Parliament met to consider an election writ, one Sharp Talk member wrote, “In today’s Parliament sitting I pray that all the members truly have the interest of their people and the nation in their hearts.” But the conversation diverges from what one might hear at a community or family meeting in two important respects: There is little tolerance for empty platitudes, and there is a marked absence of deference to hereditary authority. Another Facebook member writes, “We hope for a leader who has integrity, courage, wisdom, vision to carry our aspirations forward. Most important, we want a servant leader...”

¹ See, for example, this listing of PNG social networking groups: <http://www.pngperspective.com/news/papua-new-guinea-social-media-directory/>

Across the Pacific, political and social leaders are not taking advantage of the internet to connect with the views and needs of the people. While often vocal in opposition, it seems the trappings of government can silence the online voice of many parliamentarians. Ingrained social and organisational conservatism may make the internet appear newfangled, unnecessary to conducting the business of political survival. The tools may be new and the audience may be small, but it's growing. Furthermore, the dynamics of social networks are strikingly similar to the age-old family and community based social dynamics found in all Pacific societies. Given the chance to adapt, mainstream leaders might find themselves entirely at home. Tradition and culture are not in opposition to the information revolution—they are forming the basis of the initial online social networks in the Pacific.

The internet has no off switch

The tighter the constraints on internet discourse, the greater the damage when people inevitably find their way around them.

Indonesia, whose broadband sales tripled in the first half of 2010² has found that the internet can be an unruly beast. For decades the government has sought to control messages coming out of West Papua. But there was no avoiding the outcry that followed the widespread online distribution of footage documenting the torture of a man suspected of membership in OPM,³ the Papuan freedom movement. Despite restrictions on reporting in the area, West Papua Media Alerts⁴ has been releasing reports from the area to international media and the online public. Stories that might once have taken weeks to surface now reach the outside world in a matter of hours. In what may be the shape of things to come, pro-independence activist group Rize of the Morning Star has prioritised its iPhone application over its website,⁵ which was still under construction when the app was released. Increasingly mobile communications are being seen as more important than traditional computer (laptop/desktop) platforms.

We are witnessing the internet giving rise to Pacific voices on the international stage. Increasingly mainstream media outlets are contacting Pacific islanders in relation to news and events—because they can now find them—and their interests—online via Twitter and Facebook. During the December 2011 constitutional crisis that gripped PNG and sparked much regional interest, tweets coming out of Port Moresby influenced reporting—in one case popular pressure leading to a reversal of sensationalist reporting.

With a mobile phone everyone is potentially a (citizen) journalist, which may be alarming for any government that seeks to quell inquiry.

Internet services have proliferated in Fiji, due largely to its strategic placement as a landing point for the Southern Cross undersea cable, which means Fiji has the cheapest internet fees in the region. Post coup, state censors quickly silenced criticism amongst traditional media outlets, then began a running battle with anti-coup blogs and other online dissidents. Unable to monitor or silence them all, the military government resorted to fighting

² <http://www.internetworldstats.com/asia/id.htm>

³ Organisasi Papua Merdeka

⁴ <http://westpamuamedia.info/>

⁵ <http://www.rizeofthemorningstar.com/>

Internet business: still blocked

Pacific islanders and investors face higher hurdles than most when trying to use the internet for business. Most nations have few if any banks willing to provide merchant accounts to local businesses. The few that do often have onerous reporting and qualification requirements.

“Not too friendly for the Fijian environment,” is how Ashraf Mohammed describes the only internet purchasing gateway in his country. Would-be purchasers also complain that many US and European companies won't accept payment from credit cards issued in Fiji and most other Pacific countries. Paypal, too, is not so friendly to Pacific islanders, refusing to deal in most countries. Some sites do not even recognise all Pacific island countries. On top of these lie the age-old hurdles of currency exchange and banking service fees. The dream of a global market for countless boutique product vendors is still tantalisingly out of reach.

fire with fire—and a number of more decidedly supportive blogs began to appear, countering the accusations aimed at the regime. Alone among Pacific governments, Fiji has its own official blog.

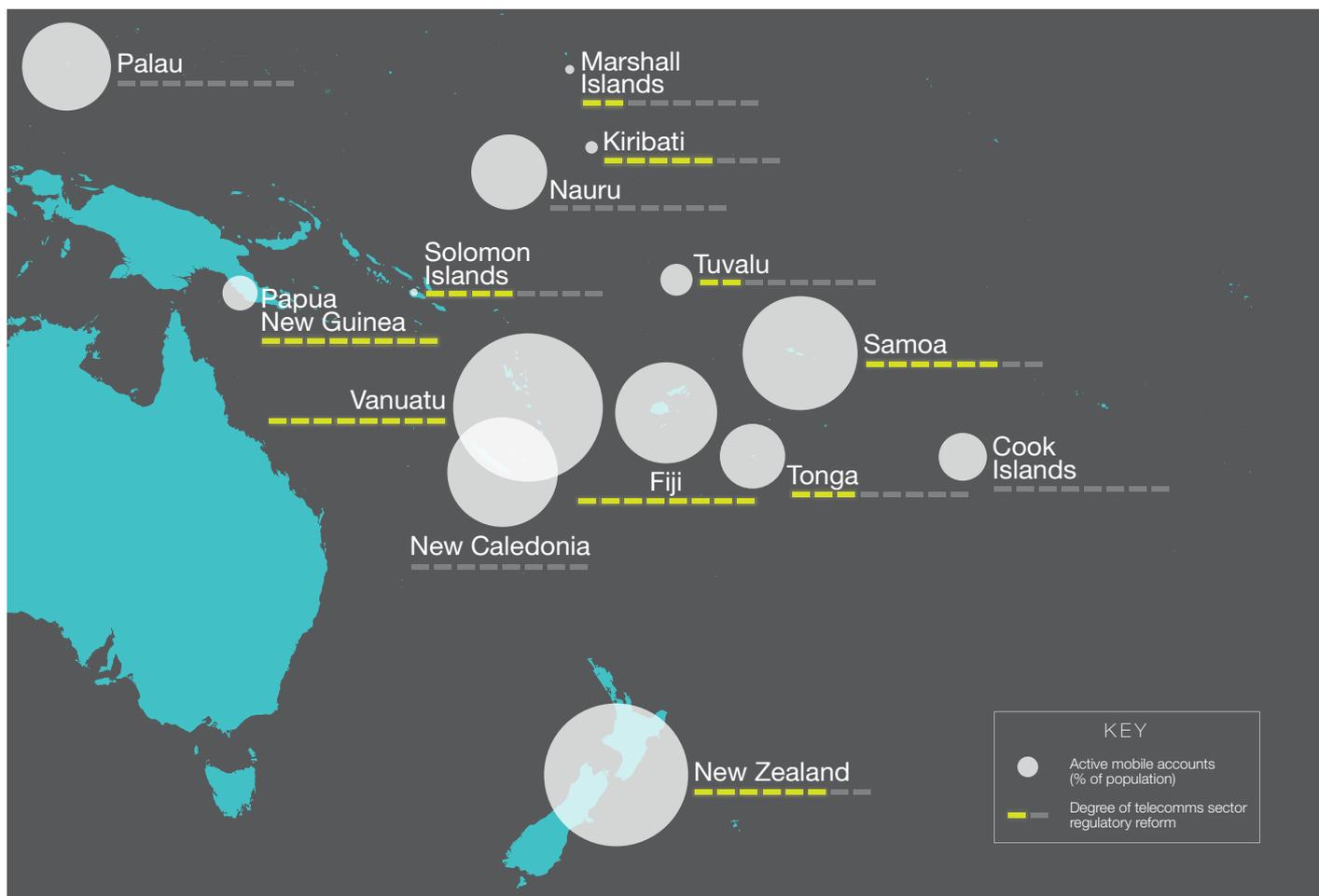
Within weeks of the Rabaul Queen disaster, the government in PNG sought to clamp down on what it viewed as online dissent. Faced with a deluge of questions and criticism, the government announced⁶ that it would be monitoring the internet and urged citizens to report anyone spreading “malicious and misleading” anti-state material online or via text messages. The warning did little to quell the eruption of online commentary.

There are, however, few indications yet that the Pacific is about to experience its own version of what happened in the Arab Spring. Social media services like Twitter and Facebook served a largely logistical role in mobilising the Arab protests. They did not formulate the philosophy of rebellion so much as focus it. Although at times harshly critical of the status quo, voices and concerns across the Pacific are diverse and often highly localised, anchored in the traditional bonds of family, language and birthplace. It remains to be seen whether any unifying forces will arise.

In mid-March 2012, organisers of the 4,000 member (and growing) Sharp Talk Facebook group announced a real-life meeting of its members in Port Moresby. Over 400 people indicated that they would attend, but only 20 showed up on the day. The Pacific's newfound interest in online dialogue has yet to fully integrate itself into daily life.

Re-purposing internet tools to island needs will require a degree of ingenuity and attention, but given the close resemblance between online and traditional social networks, success is well within reach. There is great scope for leaders across the gamut of society to find ways to give focus to the emerging power of online communication and collaboration.

⁶ *Post Courier*, 24 February 2012



Mobile penetration and regulation in the Pacific 2010 Source: International Telecommunications Union Statistics service

Mobile telephony has become an integral part of many Pacific islanders' lives. Government policy commitment to universal access is necessary to make a start. Subsequently, robust, independent regulatory structures to enforce competitive markets (e.g. Vanuatu, Fiji and Samoa) can promote the widest possible access.

Widespread internet access is inevitable

Edwina steps outside her house on a Pentecost island mountainside to make a call. The floor inside is mud, food is cooked over an open fire, and mains power is still a dream. But she holds two mobile phones in her hands, one for each local phone network. One way or another, she finds a way to communicate with her sister in the capital. Across the ocean in Samoa, residents in the southern part of Upolu collaborate via email to develop a disaster management plan. Having borne the full brunt of the 2009 tsunami, people are determined to be better prepared next time. Improved communications are viewed as a lifeline. "I can see the... cell tower from my *fale*; it doesn't look like a detractor of the natural beauty. It looks like a broadcasting beacon of hope",⁷ says a resident.

Widespread rollout of the internet is as inevitable as electric light. Just as low-power LED lamps and torches have made lighting readily available in places miles off the electrical grid, mobile technology is making it possible for people to access voice and data services in even the remotest areas. Micro-generation has yet to catch up with micro-consumption of electricity, but this too will change as technology scales down in size and price. Good policy-making will only enhance that process.

The success of aggressively expanding telecommunications

insurgents such as Digicel is predicated on developing the broadest possible customer base. It's becoming increasingly clear that there's more profit to be had from a deeply integrated, competitive marketplace than from a shallow market with fewer players.⁸

With other service sectors creaking under the weight of inefficiency and parochialism, access to information and data services presents opportunities that people are quick to appropriate to their own needs. *Net Effects*,⁹ the third annual survey of telecommunications in Vanuatu, shows that in the space of only a few years, mobile services have nearly reached the saturation point in Vanuatu. Voice traffic represented the vast majority of early usage, but SMS text messaging has been showing a similar growth curve (albeit blunted by low literacy rates). There is every reason to believe that mobile 3G internet services will see similar growth rates once wholesale costs come down.

Governments have begun to take note of the economic—and therefore political—importance of telecommunications providers. Vanuatu Prime Minister Sato Kilman, recently assumed control of the sector from the Ministry of Infrastructure and Public Utilities (whose minister had tussled with the telecoms regulator). The government has also released a new policy on information and

⁸ For example, International Telecommunication Union (2002) *Competition Policy in Telecommunications*—<http://bit.ly/He3BCz>

⁹ O'Connor, S., A. Naemon & B. Sijapati-Basnett (2012) *Net effects: the social and economic impacts of telecommunications and internet in Vanuatu 2011*. Pacific Institute of Public Policy, Port Vila.

⁷ Murph, D. (2012) 'Bringing wireless to the disconnected: internet tales from the South Pacific', *Engadget*—<http://engt.co/xBQINf>

communications technology (ICT), created the position of Chief Information Officer and is pursuing a submarine cable link to the outside world.

But policy commitment does not always equate to engagement. When IT professional Joseph Toara posted on a 2012 election forum encouraging Prime Minister Kilman to speed up efforts to land the submarine cable, no one was there to reply.

Elsewhere, with Samoa's Prime Minister providing significant impetus, the chair of his government's ICT committee has been lent considerable clout. Samoa recently landed its first submarine cable and is reportedly working to obtain a second. Tonga's government recently embarked on a major expansion of telecoms services, bringing Digicel in to compete with its own locally-owned carrier and announcing its intention to install a submarine cable. These measures have corresponded with a huge rise in social media activity that enables its significant diaspora to stay connected with families and friends. Tongan Facebook groups are among the largest in the Pacific.

Open competition and a strong regulatory environment benefit everyone

The economic weight of telecommunications companies can be significant in small economies. A somewhat outdated report¹⁰ to the Pacific Islands Forum Secretariat indicates that even in the early days of telecoms proliferation, people were spending a small but significant percentage of their monthly income on mobile

“We live in a world of change” writes one Sharp Talk member. “Change is unfamiliar, we ignore it, we avoid it; often we try to resist it. Today we are talking more about it.”

and data communications. Our own research shows that this increased spending represents new wealth entering the economy rather than the reallocation of existing resources.

Competition has driven incumbents to shake off their complacency and, in some cases, take on the insurgents at their own game. BlueSky Samoa recently leapfrogged Digicel's 2G data offering, rolling out cutting-edge 4G service throughout the main island. This level of service has yet to reach some parts of Australia and New Zealand. Not to be caught on the back foot, Digicel has been aggressively pushing out full 3G services in numerous countries.

Faced with the prospect of high revenues and correspondingly high capitalisation costs, both insurgent and incumbent telecoms providers will prove hard to ignore. Governments can benefit significantly by ensuring that legislative and regulatory structures are designed to keep these competitors focused on gaining new ground rather than protecting what they already have.

The temptation may be strong to provide a degree of assurance to some or all of the players in the telecoms market, especially in light of their significant investment in the local economy. Replacing one monopoly with another is not the solution. As evidence suggests, vigorous competition generally results in higher revenues for

all involved.¹¹ Shane Freeman, ANZ Vanuatu's chief executive, observed that he “was shocked to learn that unit costs for data services had dropped to a fraction of what they used to be under the monopoly, but we were actually spending three times more than we did five years ago.” When data services become cheap enough and solid enough to rely on, businesses do rely on them more and more. As this phenomenon moves beyond business into residential services, the opportunities for everyone concerned are considerable.

However, competition does not just happen by itself. In Solomon Islands, bemobile was granted a licence to compete with the Cable and Wireless-owned incumbent, Solomon Telekom. When bemobile failed to meet its performance guarantees, the independent telecommunications commissioner, Nicholas Williams, imposed a forfeiture of US\$1 million from the company's performance bond.¹² This action resulted in significant legal and political furore, and a few months later, while attempts to issue a third mobile licence were embroiled in legal wrangling, Williams left his post. As of 2010, Solomon Islands had one of the lowest mobile penetration rates in the region (see graphic previous page).

Creating an environment of constant, instant contact throughout the population has obvious political implications, especially in countries facing a daily struggle to deliver even basic services.

Demands for engagement and discussion with political leaders are a continuing refrain in Facebook groups and other online forums. The few politicians who have heeded these calls are widely viewed

as exceptional. Being an early entrant into this new arena appears to have significant rewards. At first glance, leaders may feel that opening themselves up to widespread and constant scrutiny promises to be thankless task. But it is happening already, so the only choice is whether to be part of the conversation or not.

The transition is a radical one, but the dynamics of online dialogue, especially here in the Pacific, often make the process resemble a village or family meeting more than anything else.

In any case, the scrutiny, discussion and data sharing will inevitably continue. At issue, then, is not whether to engage with the internet community, but how. The challenge: to hold on to traditional virtues while stepping into a landscape that is being fundamentally transformed.

“We live in a world of change” writes one Sharp Talk member. “Change is unfamiliar, we ignore it, we avoid it; often we try to resist it. Today we are talking more about it.”

¹¹ Telecommunication and Radiocommunication Regulator

¹² *Islands Business* (2012) ‘Telecommunications: bemobile fights not to pay hefty fine’ – <http://bit.ly/HdDqrP>

¹⁰ *Network Strategies (2010) Review of Pacific Regional Digital Strategy*. Pacific Islands Forum Secretariat, Suva.