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**INFORMATION HIGHWAYS:  
POLICIES AND REGULATIONS IN CONSTRUCTION OF GLOBAL  
INFRASTRUCTURE IN ASEAN**

**CHAPTER I**

**LITERATURE REVIEW**

(Summarized, compiles and quoted from Government Publication)

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The role of telecommunication in any countries at the beginning is to provide means for command and control of the power group or government. So does with Indonesia, telecommunication found in October the 3<sup>rd</sup> 1858, when the government of the Netherlands-Indies lined telegraph between Batavia (Now: Jakarta) and Buitenzorg (Now: Bogor) a city around 60 km south of Jakarta. The body that provides the duties a government body. Parallel with the development of human life, telecommunication role had moved and upgraded from the means of command and control to the means of interchanged information on any aspect of life. It's function become bigger and larger and in this era of information the roles are very dominant in providing service on aspect of economy. Bodies that provide the services are also changed. Starting from Dinas PTT (Post, Telegraph and Telephone Duty) changed into P.N. Telekomunikasi (Telecommunication State Company) then Perum Telekomunikasi (Telecommunication Public Company) and at last it became PT Telekomunikasi Indonesia or PT Telkom (Limited Company). In 1995 PT Telkom become an International Public Company that has 20% shares held by public.<sup>1</sup>

So far, the government did the building and development of telecommunication network and since the government from the scarce resources; the growth of the network was so poor.

**I. DEVELOPMENT OF TELECOMMUNICATION IN INDONESIA<sup>2</sup>**

The lack of budget to develop various infrastructures had become the main problem faced by Indonesia in the early days of independence. At that time, most of the telephone network was still using uncovered copper cables, which hung in the open air.

PTT had to rebuild the telephone installations, which were burned-out during the destruction to drive out the colonialists. In addition, PTT was also facing automation in telephone central offices in big cities.

Effort to convert the status of PTT into an incorporated firm had been starting since 1956 but it only succeeded in 1961 when a Government Regulation on state-owned

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<sup>1</sup> Eman Sumantri, S. "Current Progress in Fixed, Satellite and Cellular Services", Meeting the Challenges of Acceleration Development of Telecommunication Project in Indonesia.

<sup>2</sup> , Kosky Zakaria Editor at all. "Indonesia's Telecommunication Approaches the year 2000" (pp 18-66) Directorate of Foreign Information Services. Directorate-General of General Information Department of Information. Jakarta 1998

corporations (BUMN) was issued. The PTT department previously managed by IBW (Indonesische Bedrijven Wet-today known as BUMN) was in 1961 changed into the Post and Telecommunication State Enterprise (PN Postel). The term telecommunication, which includes the radio, was then used for the first time. In 1964, PN Postel was divided into Post and Giro State Enterprise (PN Pos dan Giro) and Telecommunication State Enterprise (PN Telekomunikasi).

Meanwhile, the development of international telephone services in Indonesia at the time was dependent upon big events, which often needed international telephone connections. The Asian African Conference in Bandung in 1955, for instance, had forced the Government to open radiotelephone connections from Bandung to other cities abroad like Karachi, Cairo, Colombo, Rangoon, Saigon, Shanghai, and Peking. Radiotelephone services from Bandung to Moscow had also been opened in connection with the visit of the Soviet President to Indonesia in 1957.

In addition, the new radio telephone connections were added into the system such as radiotelephone connections between Indonesia and Macao via Hongkong, with Switzerland, with Australia via Bern, and with Hongkong via Bern. The new line from Bandung to Bern in 1957 had practically ended the telephone connection via Amsterdam that had been used for a long time. The location of Bern in The Middle of Europe had made this town a strategic one in connecting other European cities as well as with North Africa.

In 1961, Indonesia for the first time served a leased line system. The first leasing circuit provided Pan American Airways (Panam) with connections between Jakarta and Hongkong and it was followed by the Scandinavian Airlines System (SAS) to connect Jakarta with Manila. Besides, the Ministry of Foreign Affairs had also used circuit leased to connect Jakarta with Singapore. Then, BPM (British Petroleum Matschappij) also used circuit leased to connect Jakarta with Balikpapan.

In 1962, the management of telegram services was transferred from Pos and Giro State Enterprise to Telecommunication State Enterprise.

In 1964, the development of the National Monument enforced the Central Telephone Office of Gambir to move to the new location at nearby Jalan Merdeka Selatan.

Indonesia has reached some achievements in the field of telecommunication. It had acquainted with telephone services only five years after the invention of telephone technology. Indonesia has been also one of the developing countries to become the first member of Intelsat. Indonesia has been the second country in the world after Canada to place its telecommunication satellite in orbit to serve the national telecommunication network. Indonesia is not backward in the telephone technology. Today, Indonesia only needs to increase the quantity and quality of its services.

## 1. NEW ENVIRONMENT

President Soeharto on September 29, 1969 inaugurated the Jatilihur Earth Station, which marked the start of the Nations modern telecommunication system. On the occasion, Director General of Post and Telecommunication Soehardjono signed the agreement with ITT (The International Telephone and Telegraph) to operate this station through INTELSAT (Satellite Telecommunication Industry) until September 29, 1989.

According to regulations in Indonesia, ITT can do business in Indonesia only through a limited liability company. Based on the agreement of June 9, 1967 ITT set up PT Indonesian Satellite Corporation (INDOSAT) on November 10, 1968. The agreement of June 9, 1967 also stipulated the corporation manager would look after the interests of the Indonesian government and ITT.

At the founding of PT Indosat, ITT was represented by its subsidiary namely the American Cable and Radio Corporation (ACR) which was established under the Law of Delaware State.

The Jatiluhur Earth Station has extraordinarily increased the traffic volume of international telephone calls in Indonesia in the first eight-years.

The highly lucrative business made the telecommunication manager regretful of the decision to involve foreign capital.

Since 1974, PN Telekomunikasi was renamed PERUMTEL (Perusahaan Umum Telekomunikasi) for its international communication services and PT INTI, for telecommunication equipment manufacturing. Perumtel, which suffered a loss from the existence of PT Indosat/ITT, was still used for its SSB facilities as backup/standby in case of failure in the satellite system. But PT Indosat/ITT did not pay Perumtel for international telephone calls. If a consumer in Medan needs an international connection with the Netherlands, Perumtel to the Jatiluhur Earth Station connects him or her and then Indosat would further connect him to the Netherlands. But PT Indosat does not pay the long distance call from Medan to Holland to Perumtel.

Because of the Perumtel problem, the Indonesian Government issued Government Regulation No.52 of 1974 allotting 15% of the cost for international calls to Perumtel.

### **Nation's Hope**

When President Soeharto at the time declared the use of the Intelsat Earth Satellite in Jatiluhur in 1969 he promised Director-General of Post and Telecommunication Soehardjono that SKSD (Domestic Satellite Communication System) would be introduced in REPELITA II (Second five-year Development Plan). Satellite communication would accelerate information to all people in all parts of the nation. It would serve not only telephone connections but also radio and television broadcasting transmitters as well as transmissions of various data and information. Satellite footprints would bypass all constraints of distance and time to supply telecommunication services to all regions.

As a nation that had just started its development program, the developed countries deemed Indonesia's satellite program too ambitious. The World Bank was among the skeptics about Indonesia's satellite program. At that time, the United States was in the midst of its microwave technology and did not use satellite technology for its domestic communication.

When addressing the house of Representatives/Peoples Consultative Assembly about the Draft State Budget on January 6, 1975 President Soeharto announced that the Indonesian government agreed to include SKSD and declared it as a National Project. Cost of this project was US\$ 153.4 million.

Indonesia became the second nation in the world to use a satellite as backbone of its telecommunication infrastructure. The first nation, which used this satellite, was Canada by placing a geostationary satellite into orbit named " Anik " in Indian meaning

brotherhood. Like Indonesia, Canada also had territorial problems because people lived far from each other and from the center of growth.

President Soeharto at that time called the Indonesian telecommunication satellite system "Palapa" in accordance with an oath of Gajah Mada to unite the archipelago. The Palapa satellite constitutes an instrument that is able to weave communication lines to all regions of the archipelago. On June 9, 1976 at 6.31 a.m. Western Indonesian Time (WIB), an historical date for the Indonesian nation, Palapa A1 was launched from Cape Canaveral, Florida by using a rocket managed directly by Soehardjono as Mission Director.

Indonesia had entered the satellite era. Now, both domestic and international basic telecommunication services are using the satellite system supported by a modern microwave network, under sea cables and fiber optic cables. So, Indonesia had fulfilled the requirement of inter connectivity determined in CCIR and CCITT. The Committee Consultative International (CCI) is an international board that determined standard for radio (CCIR) and telegraph (CCITT).

In the past, one of CCIR and CCITT standards was Morse code in the form of dots and lines as the start of a digital code. In the new era, Indonesia is using the leapfrog technology to meet the needs of communication and information for all people. Now, the SKSD network has penetrated isolated regions.

#### **Satellite Era**

Decision of the Indonesian government to choose satellite as national communication means places Indonesia as the first developing country that became an operator of a communication satellite and the third country in the world that owned a satellite beside the United States and Canada, so that Indonesia is a pioneer among developing countries in using a satellite. Indonesia began to operate its domestic satellite in 1996, when satellite technology was still in the early stage of development. Neighbor countries also enjoyed the Palapa technology by renting transponders for television and domestic communication.

Until now, Indonesia has launched three generations of satellites, namely PALAPA-A generation in 1976 with the launching of Palapa A-1, Palapa A-2. The first generation was replaced by the Palapa-B generation after the launching of Palapa B-1 in 1983. The generation B satellite has four satellites, namely Palapa B-1, Palapa B-2 (which failed) and was replaced by Palapa B-2P, Palapa B-2R (the retrieved Palapa B-2) and finally Palapa B-4.

Television stations at home and a broad use most of the 24 transponders of Palapa B-2P. Indonesia gives priority to other countries using transponders services. Palapa C-1 is soon to replace the functions of Palapa B-2R.

Palapa C-1 has been designed for 15 years of operations. The launching rocket would bring the satellite to 90.000 km from the earth surface (farthest point of their apogee) and 107 km from the closest point (perigee). The launching process until the satellite is orbiting at the 113° East Longitude location and vehicle control in orbit before the satellite is in operation as well as transfer from Palapa B2-P to Palapa C-1 is executed, would need 50 days. Palapa C-1 started official operation at the end of March 1996.

As replacement of satellite B-2P, Palapa C-1 has a wider scope. Its launching power is stronger and more flexible because Palapa C-1 has been meant to function as a regional satellite. Its reach stretches from Iran to Wladiwostock in Rusia, from china to New

Zealand with the Pacific area as center. The generation B Palapa Satellite's scope only covered ASEAN countries with an operational power of 9 years.

The Ku Band is much used in Europe but because it is not proof against rain, it is unsuitable for Indonesia. While its flexibility is indicated by 12 transponders, which could change its scope to the C Band transponder area, the Palapa C-1, could transmit signals to earth covering two areas.

The Palapa C-2 satellite was launched on March 16, 1996 in Kourou, French Guyana by using Ariane 442. So, Indonesia has now launched 9 satellites since PT Telkom decided to use satellite as the backbone of its telecommunication sources.

## **2. TELECOMMUNICATION REFORM**

In its history the Indonesian telecommunication sector has undergone various reformations. Starting from the domination of 100% government management during the colonial rule as well as under the government of the Republik of Indonesia, through several restructurisations, the telecommunication sector entered the privatization era to be finally ready for global competition. The three phases of reformation can be seen in the development of PT Indonesian Satellite Corporation (PT. Indosat)

In 1981, the government of the Republik of Indonesia launched fundamental restructurization of PT. Indosat. The government acquired the company from ITT/ACR and changed its status into a state-owned corporation. During its development, the corporation has faced waves of reformation, which aims to improve its performance and services.

In 1994, the government launched partial privatization of the corporation by organizing an initial public offering (IPO) on the Indonesian stock exchange and the New York Stock Exchange.

The government started partial competition for international telecommunication and cellular telephones. In the domestic sub-sector of telecommunication, the government has invited participation of the private sector through operational cooperation contract (KSO) and partial deregulation to create a competitive situation.

### **Privatization**

The idea to privatize the telecommunication sector was firstly proposed by Ahmad Tahir, former minister for tourism, post and telecommunication.

At that time, it was felt that Act No.5 of 1964 on telecommunication did not represent the framework or skeleton which organized telecommunication for the future and which enabled it to adopt the development of technology. Besides that, a new act was needed which gave a clear description of the authority, responsibility, and the peoples' rights as users of the telecommunication services.

Another consideration was that the privatization was carried out based on the fact that the government could not fulfill the increasing demand from consumers. Requests for telephone links had invited public concern and complaints, and it was even politicized. The peoples' request for telephone links from PT. Telkom (former Perumtel) took several years.

## **Stop Monopoly**

Act No.3 of 1989 on telecommunication was finally enforced on April 1, 1989 when Minister Soesilo Sudarman headed the Tourism, Post and Telecommunication Department. The act replaced Act No.5 of 1964 and act No.6 of 1963 on telecommunication. The fundamental difference now is that the telecommunication activities are not only organized by the state. Part of the monopoly in telecommunication activities has been abolished and fair competition has started to develop.

Another differences of Act No.3/89 are that the people as users of the telecommunication services are now allowed to propose compensation for their losses when they use telecommunication products and services. The enforcement of Act No.3/1989 has encouraged a booming situation of the non-basic telecommunication services business. The development of the services can be seen from the emergence of radio paging which obtained a warm welcome from the people. The difficulty to get telephone links so far has made the business of radio paging grow significantly in the supporting business sector in various cities throughout the country.

Along with the boom of radio paging, cellular phones followed this success. The cellular phone was firstly offered at RP 20 million per unit. Now, the price of a cellular phone has decreased to RP 500.000, per unit at the lowest. Shops that sell cellular phones have also developed sharply and are scattered throughout the country. Other boom impact of the deregulation has been the emergence of telecommunication stalls either in urban or rural areas. The private sector is participating in the telecommunication business.

Then, Internet fever entered Indonesia. The private sector immediately took advantages of its presence guaranteed by the act as suppliers. In the basic telecommunication sub-sector, a great change occurred particularly after the insurance of Act No.3/1989.

Then, in 1993 - after the government issued Government Regulation No.8/1993 followed by a Decree of the Minister of Tourism, Post and Telecommunication No.9/1993-PT.Satelit Palapa Indonesia (Satelindo) was founded.

" The deregulation was actually born in 1989" according to Secretary General of the Ministry of Tourism, Post and Telecommunication " when Act No.3/1989 was optimally operated with the emergence of Government Regulation No.8/1993 and by the Decision of the Ministry of Tourism, Post and Telecommunication No.9/1993. Thereby, the legal requirement which arranged the inclusion and participation of private companies to organize telecommunication services have been completed."

" Upon closer observation the acts are not deregulation acts and neither that of privatization. The acts constitute a strategic alliance to invite participation of private companies to organize the business of telecommunication services, " he added.

## **Solving problem**

The density of telephones in Indonesia in 1995 reached 1.5 telephone links per 100 of the country's population. In 2000, it is expected that Indonesia will have 4 telephone link stations for 100 people. To reach such a density, private participation is badly needed. To develop telecommunication infrastructures needs big amount of funds. In addition, technology and qualified human resources should go along with the development of technology.

The government, then, decided two things to invite the private sector and the people in accelerating the development of telecommunication infrastructures:

1. To privatize PT Indosat and PT Telkom through initial public offering of the companies shares and list their shares in domestic and foreign stock exchanges. This is aimed at enabling the companies to mobilize fresh money from investors for their expansion programs.
2. To invite private companies to participate in telecommunication development projects through operational cooperation contracts (KSO) which cover 2 million of new telephone links. According to KS, the private companies as partners are granted 15 years to operate telecommunication infrastructures they have built in appointed regions.

This government policy will allow all people to enjoy the national development particularly in the telecommunication sector. In the past few years, the government had to carry the burden of the development itself. This was mainly caused by the inability of private companies, either in the sector of financing, technology or human resources.

### **Competition**

The deregulation has made all telecommunication operators aware of the fact that they have entered the era of competition, where the tariff problem could not give them a competitive edge, so each operator has to improve its services quality.

The deregulation has also created a fair and healthy competition among telecommunication companies in Indonesia. Cutthroat competition, as it occurs in advanced countries, is not found in Indonesia. Based on the above mentioned considerations and strategies, Minister Joop Ave expects the Indonesian telecommunication companies to become world class operators in 2000.

Privatization and liberalization in the telecommunication sector are conceptually different. In their practices, they cannot be separated however. Act No.3/1989 has been an event marking the liberalization, which is a process in itself.

### **3. POLICY AND REGULATIONS IN TELECOMMUNICATION DEVELOPMENT**

As an archipelago country, modernization of telecommunication infrastructure plays an important role in upholding a unitary state and enhancing economic development. Indonesia's economic growth rate (average 7% per annum) and large population call for a rapid telecommunication growth. To date the rapid telecommunication growth has not been achieved yet. For that reason, the government's policy and strategy in telecommunication services in facing the year 2000 is directed towards the improvement of covering the scope and quality of telecommunication services.

In achieving the above targets, the Government issued Telecommunication Law No.3 of 1989, which named two state-owned companies (BUMN) namely PT Telkom which serves domestic telecommunication services and PT Indosat, which serves international telecommunication, services.

Based on above clarification, private companies are allowed to take part in telecommunication services by cooperating with state-owned companies (BUMN) PT Telkom and PT Indosat under supervision of the Department of Tourism, Post and Telecommunication through (1) joint-ventures; (2) operational cooperation (KSO); and (3)

management contract. The private companies may serve telecommunication services by getting the government's licenses.

Based on Tourism, Post and Telecommunication Ministerial Decree No.KM-60/PT. (02)/MPTT-95, dated 14 August 1995, PT Telkom is allowed as:

- (1) Exclusive Authority to serve local telecommunication services by using a fixed-network (wireless and fixed wireless) including telecommunication services on behalf of PT Telkom through operational cooperation for a minimum period of 15 years.
- (2) Exclusive Authority to serve long-distance telecommunication services for minimum period of 10 years.

Most of the telecommunication operator interconnects with PT Telkom's Public Switch Telephone Network (PSTN) in serving their instruments. For example, the Mobile Telephone Network (STBS) usually transits and calls to Telkom's PSTN.

PT Telkom has authority to take part in basic telecommunication services, either as a stockholder in joint venture companies or as a partner in operational cooperation. Those joint-venture companies run basic telecommunication services including three operators of GSM-Mobile Telephone Network; Analogous Mobile Telephone Network; and fixed Wireless Telephone Network. These sectors also have three Analogous Mobile Telephone Networks (STBS) that are run by PT Telkom based on PBH.

PT Indosat serves international telecommunication services, so that other private companies serving in basic international telecommunication have to cooperate with PT Indosat. Up till now, just PT Satelindo (joint venture between PT Telkom, PT Indosat and Private Company) is licensed to serve basic international telecommunication services. Based on a decree of the Minister of Tourism, Post and Telecommunication, PT Indosat and PT Satelindo have exclusive rights to serve international telecommunication services until the end of 2004.

Indosat distributes international telecommunication services between Indonesia and other countries and Satelindo networks. Telkom customer outgoing traffic are served by those two companies' operators through Telkom's PSTN, Indosat and Satelindo receive incoming traffic from foreign telecommunication operators and connect them to their destinations through Telkom's PSTN.

The development in the field of domestic telecommunication is part of a Government policy in the development of the telecommunication network and it is implemented during the Long-term Development Plan (Repelita). In each Repelita, the next Repelita continues economic development. Up to now, five Repelitas have been carried out and the current sixth Repelita will be finished on March 31, 1999.

As a part of the strategy to improve the quality of telecommunication services, the Government through the Department of Tourism, Post and Telecommunication (Deparpostel) observes and decides the target of the success of local and long-distance calls, and Telkom uses ASR (Answer to Seizure Ratio) which is known to measure the success of local and long-distance calls at international standards.

To support the achievement of the target of Repelita VI, Deparpostel and Telkom urged private companies to invest in joint-venture companies and operational cooperation. During the last four years until December 31, 1994, the growth of telecommunication

services grew 24.2% per annum. Until the end of June 1995, 2.76 million telephone lines had been installed so that it increased by 30.1% since June 1994.

#### **Government Policy and Target in Telecommunication Development.**

Telecommunication services in Repelita VI is directed towards the construction of 5.000.000 new telephone lines so that the telephone density becomes 3.91 lines per 100 citizens; improvement of its scope covering all municipalities, sub-districts, and 50% of the villages; and the increase of public telephone and telecommunication stalls (wartel).

To achieve above targets, the Government tries to improve the scope, quality and efficiency of the telecommunication services, develop the telecommunication industries; use radio frequency spectrum and satellites; raise the quality of human resources, knowledge and technology; and improve the development of specific and defense telecommunication.

#### **Implementation and Results of Telecommunication Development:**

##### ***a. Telecommunication Services***

Development of telecommunication services is directed towards the improvement of the scope, quality and efficiency of the telecommunication services. They include the construction of central telephone and transmission system, improvement of service quality, radio frequency control and the utilization of satellites, the enhancement of cooperatives and the private sectors and standardization of equipment.

##### ***b. Transmission System Development***

To improve telecommunication services at home and abroad, the Government continuous to develop terrestrial transmission in Sumatra and Java; expands digital microwave transmissions in Nusatenggara, Kalimantan, Sulawesi, and expands the Surabaya-Banjarmasin Coastal Cable Communication System (SKKL); the optical SKKL Indonesia-French operation which is part of SKKL of Southeast Asia-Middle East-West Europe (SEA-ME-WE)-II and the operation of optical SKKL Jakarta-Surabaya-Australia (Jasurarus). Besides that, the Government has launched Palapa C-2 Satellite with a 36-transponder capacity.

##### ***c. Quality Service Improvement***

During the third year of Repelita VI, the Government made efforts: to integrate the construction of central telephones, cable and radio networks, transmissions and their supporting means; to lessen destruction and repair time, and improve the operation capability and maintenance telecommunication facilities.

##### ***d. Radio Frequency Control and the Utilization of Satellites.***

In the effort to control radio frequency and utilization of satellites in f.y. 1996/97, two fixed stations, four mobile stations, three Automatic Frequency Trace Stations (Automatic Direction Finder) were improved. So that, until the third year of Repelita VI, three had been five established stations, 80 mobile stations, and four Automatic Stations.

##### ***e. Enhancement in the Participation of Cooperatives and Private Sectors.***

The Government allowed cooperatives and privates sectors to take part in development of telecommunication operational cooperation (KSO) at the beginning of January 1996, consisting of new telephone lines at a total of 2,000,000 lines comprising: 400,000 lines for Sumatra (package I); 500,000 lines for west Java (package II); 400,000 lines for Central Java and Yogyakarta (package III); 237,000 lines for Kalimantan (package IV) and 403,000 lines for Bali, West Nusatenggara, East Nusatenggara, East Timor, Sulawesi, Maluku and Irian Jaya ( package V ).

#### 4. UNIVERSAL SERVICE OBLIGATION<sup>3</sup>

The Government goals for its current five-year plan for the domestic telecommunication sector are increasing the accessibility, affordability, and quality of telecommunication services. Consistent with these goals, the Ministry of Tourism, Post and Telecommunication has taken a number of regulatory measures, such as Universal Service Obligation (USO)

Under the Ministerial Decree Number 108/1994, the Government has imposed a USO to all providers of telecommunications services for the construction, development and operation of telecommunications facilities in term of providing public service in Indonesia.

Telkom as the only domestic fix telephone network operator is required to meet the USO. The long-term objective of USO is to ensure that every household wanting telephone service could be connected to the public network at affordable process.

Under the contractual arrangement (JOS), Telkom and its joint operation partners have to allocate 20% of their annual investments on installation in unserved or undeserved areas regardless of commercial considerations. Meanwhile, other carriers like mobile communication and international service providers have to contribute to Telkom's cost fulfilling the USO. This contribution is built in the charge for interconnecting to the networks of the other carriers to the PSTN.

From the technological approach, the policy of USO is implemented through Rural Telecom Project and satellite facilities. Further, from service approach, USO's policy can be provided through Wartel or Telephone Kiosks and Express Connection.

#### Universal Access in Indonesia<sup>4</sup>

Information plays an important role within the global information society. Information should be made accessible throughout the country. Consequently universal access is necessity in the information era.

The provision of universal access means placing affordable telephone service within people's reach. For example, by installing public or community telephones (Wartel or Telephone Kiosks) within walking distance of people's houses. It might be important to note that availability; accessibility and affordability of service are three essential elements of universal access.

As mentioned previously that the GOI has imposed the USO of all telecommunications providers. The USO is one of strategy to fulfill the element of universal access. However, due to the extensive geography of Indonesia and its low telephone density at the moment,

<sup>3</sup> Ditjen Postel Paper (mimiograph) Jakarta 1996.

<sup>4</sup> Ibid

it is therefore, obvious that universal access is difficult to be achieved in short time with traditional network technology.

Recently, the new technology of global (and regional) mobile personal communications by satellite (GMPCS) has been introduced. This new technology creates access to the network, which would be instantly and universally available. However, affordability of GMPCS technology is difficult to be accomplished. The GMPCS's tariff is higher than the current PSTN's tariff. It seems that Indonesia needs a strategy to make Universal Access universally available soon and affordable for targeted users GMPCS.

## II. PRESS, RADIO, TELEVISION, FILM & VIDEO AND DEVELOPMENT OF INFORMATION ORGANIZATION

Information, social communication and mass media re developed and focused on the improvement of the socialization of Pancasila and the 1945 Constitution in all aspects of the people's life. They are also aimed at a more active, healthy, free and responsible press. This will lead toward an active community that participates in the development process and a better distribution of information to reach a larger segment of society.<sup>5</sup>

### 1. Press

The Indonesia Journalist Association (PWI - Persatuan Wartawan Indonesia) was established in Surakarta on February 9, 1946, By Decision of the Information Minister No. 47/KEP/MEN/1975, dated May 20, 1975 PWI was declared as the only organization for Journalist.

The objectives of the Indonesian Journalist Association aim to safeguard and develop the Unitary State of the Republic of Indonesia to defend and uphold the freedom of the press based on Pancasila and the 1945 Constitution<sup>6</sup>

In the past the Indonesian Journalist in carrying out their profession must rely on the principles of a free and responsible press and the 1968 Code of Ethics for Journalist. The Indonesian Journalist Association (PWI) is a member of the Asian - African Journalist Association which was established in 1955, and is also the member of Confederation of ASEAN Journalist which was set up in March 1975. Starting July 1998 PWI will be not the only one Press Association in Indonesia.

The Press Council, established by law in 1967, functions to direct and promote the development and growth of the national press on the basis of Press Laws. The Press Council closely works with the Government in promoting the Development of the national press.

The council must see that on the one hand, the press is not to abuse Indonesia's national interest while on the other hand, the Government is to assist the free in developing its quality and technical know - how.

Apart of that the Press Council also looks after the interest of the Publishers, such as the procurement and allocation of newsprint, the operation of news agencies, foreign press publication, the BPPP (Body for Equitable Distribution of Advertisement), and other matters concerning the promotion of the Press, both from the ideal and material point of views.

Antara was founded on December 13, 1937 as part of the national independence movement. Its founders were journalists with established reputations as popular nationalist leaders.

During the Japanese occupation (1942-1945) ANTARA was incorporated into the Japanese Domei News Agency, but the nationalist's spirit of Antara's journalist remained alive. In 1945 when they managed to stealthily broadcast the Proclamation of Indonesia's Independence on August 17, utilizing Domei's telecommunication facilities.

<sup>5</sup> Kosky, Zakaria Editor at all. Indonesia 1998 An Official Handbook. (pp 217-226) Department of Information Republic of Indonesia. Jakarta 1998

<sup>6</sup> Ibid

In 1946 when the fledgling Republic of Indonesia moved its central government to Yogyakarta, ANTARA followed suit. Both returned to Jakarta following the Dutch recognition of the Republic's sovereignty in 1949.

In the 1963 three other news agencies in the country namely PIA (Press Biro Indonesia, formerly the Dutch ANETA news agency), INPS (Indonesia National Press and Public Services) and APB (Asian Press Board) were merged with ANTARA.

In the gathering of news, ANTARA relies on a corps of 188 journalists scattered throughout the archipelago and eight abroad (The Hague, Tokyo, Kuala Lumpur, Berlin, New York, Yangoon, Manila and Canberra). In addition, it is subscribing to the services of foreign news agencies, particularly for overseas news material.

ANTARA delivers its product and services through printed bulletins, telex service and video terminals. The bulletins appear twice daily in two languages Indonesian and English. Ten bulletins in Indonesian comprise Warta Berita, Warta Ekonomi & Keuangan, Olah Raga, Info Pasar, Info Finansial, Suara Pers, Ikhtisar Sepekan, Spektrum Antara, Rekaman Peristiwa dan Warta Perundang-undangan, while six in English consist of News Bulletin, Financial & Economic News, Daily Market Quotations, Rubber News, Exchange Bulletin, Copper Quotations and Weekly Review.

In cooperation with Reuters and Telerate, ANTARA also supplies financial and economic news and data through VDT to banks, business firm, etc.

At present a total of 55 (virtually all) daily newspapers in the country with a combined circulation of 2.5 million, the national television corporation (TVRI) and radio network (RRI), in addition to some 2,671 government agencies, private companies, etc., are subscribers to ANTARA's news service

ANTARA's overseas news service is transmitted world wide through bilateral, regional and international organizations/networks in which ANTARA is participating actively. These organizations include ANEX (Asean News Exchange), OANA (Organization of Asia Pacific News Agencies), the IINA (International Islamic News Agency), NANAP (Non-Aligned News Agencies Pool) and OPECNA (OPEC News Agency). Bilaterally ANTARA has cooperation agreements with 37 news agencies in Asia, the Middle East, Europe, Africa and Latin America.

The development of National Press is to step up the quality of content, management, circulation or printing quality. Until f.y. 1996/97 283 national press publishers have Licenses for Press Publication consisting of 72 daily newspaper, 91 weekly newspapers, 112 magazines, and 8 bulletins.

The total number of the daily newspaper circulation decreased from 4,461,313 copies published by 77 publishers in f.y. 1995/96 to 4,716,977 copies published by 72 publisher in f.y. 1996/97. During that year 5 publisher had their publishing license revoked due to their management. They are 72 daily newspapers, beside that; there are kinds of magazines which in f.y. 1996/97 the total circulation of weekly magazines was 4,16,391 copies issued by 112 publishers.

In an effort to meet the need for information among the rural communities, the government has launched two projects of newspapers entering the village. These projects are Newspapers for the Village (SKUD) which was launched in 1977 and Newspaper Develops the Village (KMD) was launched in 1979.

SKUD involve three newspapers. They are Suara Karya, Berita Buana and Angkatan Bersenjata with a total circulation of 36,000 copies of daily newspapers. This program covers five provinces. In f.y. 1994/95 the number of newspapers involved has increased to five: Suara Karya, Berita Buana, Angkatan Bersenjata, Pelita and Neraca. They are being distributed in 27 provinces with a total circulation of 2,175,000 copies. In f.y. 1996/97 the number SKUD was increased by two more newspapers, Terbit and Berita Yudha with a total circulation of 2,350,000 copies.

By decision of Information Minister No. 203/KEP/MENPEN/1979 the KMD program involved 34 publisher with a total circulation of 9,775,000 copies distributed in 13 provinces in 1979. In f.y. 1994/95 the number increased to 59 publisher with a total circulation of 125,069 copies. In f.y. 1995/96 they increased to 60 publishers with a total circulation of 135,888 copies, while in f.y. 1996/97 they increased to 61 publisher with a total circulation of 136,581 copies.

On regional and international level in the field of information Indonesia is cooperating with the Committee on Culture and Information (COCI), Conference of the Ministers of Information of Non - Aligned Countries (COMINAC), Organization of Asia Pacific News Agency (OANA) and through ASEAN and confederation of Asean Journalize (CAJ)

The last development, based on the spirit of Reformation on the 5th of June 1998, the Minister of Information has cancelled the Press Publication Permit and developed the new regulation on Press Publication.

## **2. Radio**

### **Radio during Dutch Occupation**

Dutch government 8 September 1911 in Sabang opened RadioTelegraphy for the first time.

In 1912 & 1913, government radio station was opened for public in Situbondo, Kupang and Ambon, meanwhile Dutch Navy operated their own radio station in Weltevreden (Jakarta).

The first radio for the public was established June 16, 1925 called Bataviasche Radio Vereniging (BRV) in Weltevreden. The first program was broadcasted from one of the room at hotel Des Indies in Dutch. In 1925 BRV was established also in Tanjung Priok and later called NIROM (Netherlands Indische Radio Omroep Maatschappij) established 1934.

In 1926 Vereniging van Radio Amateurs was established in Bandung called PMY.

In 1930 sponsored by Meyer another station radio was established called Meyers Omroep Voor Allen (MOVA) in Medan. 12 July 1934 in Surabaya AVRO (Algemene Radio Vereniging Oost Java) was also established.

Initiated by ARVO and PMY in December 26, 1935 Federatie van Radio Omroep Vereniging in Netherlands Indie (FRONE) was established. In Padang 1938 sponsored by Ir. Zeipkust Radio Amateurs Radio Omroep Padang (AROF) was started broadcast.

### **Indonesian Radio Broadcast**

After "Sumpah Pemuda 1928" (Youth Oath 1928), April 1933 Solosche Radio Vereniging (SRV) was started broadcasted, followed by Vereniging voor Oosterch Radio Omroep (VORO) in 1934 in Jakarta, Siaran Radio Indonesia (SRI) in SOLO in 1934 also, CIRVO in 1936 in Surabaya.

### **During Japanese Occupation**

After Dutch surrounded in March 1942, all radio broadcasting totally controlled by Dutch soldier, under Hosokanri Kyoku (Jawatan Urusan Radio = Radio Services). Each big town has a representative of Hosokanri Kyoku.

### **After Independence**

Radio Republik Indonesia (RRI) was established on September 11, 1945, only 25 days after the proclamation of Indonesia's Independence that fell on August 17, 1945

### **Status**

Radio Republik Indonesia (RRI) is the official name of radio broadcasting network in Indonesia, which is a governmental body. The government-owned Radio Republik Indonesia is the broadcasting organization under the Ministry of Information.

It has the status of a Directorate under the Directorate General of Radio, Television and Film of the Department of Information.

### **Programming Policy**

RRI Programming Policy is based on :

1. Pancasila - The philosophical basis of the Indonesian State
2. The 1945 Constitution
3. Broad Guidelines of State Policy

### **Broadcasting System**

RRI has both Domestic and Overseas broadcasts

#### **Domestic broadcast:**

Domestic broadcast is transmitted through 52 stations, namely:

- RRI National Station in Jakarta (1),
- RRI Nusantara Stations respectively in Medan, Yogyakarta, Banjarmasin, Ujung Pandang and Jayapura (5),
- RRI Regional I Stations in the capitals of Provinces (26),
- RRI Regional II Stations in cities considered as important (20)

#### **Program category 1996/97:**

- News (15%),
- Information (10%),
- Education (20%),
- Culture and entertainment (45%),
- Religion (5%),
- Others (5%).

Overseas broadcast (voice of Indonesia): The overseas broadcast is directed mainly to overseas listeners in ten languages namely: Indonesia, English, Malay, Mandarin, Thai, Japanese, Arabic, French, Germany and Spanish.

Total broadcasting hour of the *Voice of Indonesia* is 12 hours per day, consisting of 2 hours in Indonesian, 3 hours in English, and from half an hour to one hour per day in other languages.

Total number of radio broadcast organization in Indonesia:

RRI as the national radio network in Indonesia has appointed the National Station in Jakarta as the center of its broadcast.

A number of programs such as the News and State Programs are broadcast nation-wide and must be relayed by all RRI Stations in the regions.

Non RRI radio broadcast in line with the existing regulation, are obliged to relay the news, current affairs and other important programs.

At present, the total number of radio stations in Indonesia is as follows:

- 52 RRI broadcasting stations (1 national broadcasting center, 5 regional stations and 46 local stations)
- 780 commercial stations
- 133 stations managed by local administrations
- 4 non commercial stations
- 4 stations under the auspices of different Departments.

#### **RRI National Station Jakarta**

##### **Status, Task**

Based on the Decree of the Minister of Information of the Republic of Indonesia number 98/KEP/MENPEN/1979, it was decided that RRI National Station Jakarta is as Technical Management Unit in radio programming and broadcasting, under the Directorate General of Radio, Television and Film, Department of Information, and is directly responsible to the Director General of Radio, Television and Film. RRI National Station has the task to produce and broadcast national radio programs based on technical policy set by the Director General of Radio, Television and Film

##### **Operational Network of RRI National Station Jakarta**

To support the broadcasting operation as a national network, and considering Indonesia's geographic and topographic situation, RRI National Station Jakarta operates in various propagation system, namely, SW, MW and FM

The Domestic Satellite Communication System (SKSD) Palapa has become an important supporting factor for the network, especially for relaying RRI nationwide programs.

Total number of radio receivers in Indonesia (1992's estimation):

Based on the survey conducted by RTF Consultant in 10 provinces throughout Indonesia in random, a conclusion can be drawn that each of the average family has 1 radio set.

The people of Indonesia at present based on the Statistic Central Bureau at 1990 more than 200 million. The Average family comprises father-mother and 3 children = 5 people. So it can be assume that the number of radio set in Indonesia is about 50 million.

Rural broadcast:

About 70% of the Indonesian people live and work in rural areas. Mostly as producer of agricultural products which contributes greatly towards the country's earning.

Rural community therefore is the key to success in Indonesia's agricultural development, which is the main pillar of the national development.

RRI is capable to disseminate information to all layers of the society especially in rural areas instantly and evenly, to motivate people to participate in the national development.

In order to reach the widest possible target audience the State Owned Radio Republik Indonesia has been continuously increasing its broadcasting range.

The State Owned Radio Republik Indonesia (RRI), as an effective instrument to move the people's spirit in the struggle against the colonialists, was founded on September 11, 1945. Up to f.y. 1995/96 RRI had 52 broadcasting stations including five radio relay stations in the cities of Medan (Sumatra), Yogyakarta (Java), Banjarmasin (Kalimantan), Ujung Pandang (Sulawesi) and Jayapura (Irian Jaya) to coordinate 27 stations of the provincial level and 17 stations on district level. The total number of radio transmitter was 458 units with a power of 5,379.2 kW. The total average of RRI broadcasting services increased from 13.0 hours daily in f.y. 1995/96 to 33.2 hours daily in f.y. 1996/97. Besides that in the effort to disseminate information on development in f.y. 1970 non-RRI broadcasting stations throughout the country supported 1996/97, RRI.

Apart from domestic service, in f.y. 1996/97 RRI has also overseas broadcasting services covering 12 hours daily in ten languages namely : Indonesian, English, French, Arabic, Chinese, Malay, German, Japanese, Spanish and Thai. The transmission can be beamed to the Middle East Countries, North Africa, Europe, East and South East Asia as well as the Pacific Regions.

During Repelita VI RRI maintains cooperation with overseas broadcasting organizations, such as the Asia Pacific Broadcasting Union (ABU), the Broadcasting Organization of Non-Aligned Countries (BONAC); the ASEAN Community on Culture and Information (ASEAN-COCI) ; Asia Pacific Institute for Broadcasting Development (AIBD) and particularly with those an ASEAN Region.

### 3. Television

Indonesian television history starting from the MPRS Decree No. II/MPRS/1960 Annex A Chapter 1 Clause 18 and followed by Ministry Information Decree No. 20 SK/M/61 on July 25 1961 regarding the committee to prepare television development (P2TV). On December 29 1961 Mr. Sunaryo and Mr. Kuriyama representing C. ITOH & CO LTD. JAPAN signed Memorandum of Understanding No. 108/M/1961.

Prof. Dr. Ir. Rooseno as Commissariat General approve the blue print of the TV development for the first tower and antenna. Antenna installment was successfully built on August 22 1962 two days before Asian Games opening ceremony day.

The first television built in the country was the state-owned Televisi Republik Indonesia (TVRI) which was founded in August 24, 1962. The opening ceremony of Asian Games 1962 held in Jakarta was the first live broadcast of TVRI. Since then television has become a magic box in every household. Today TVRI stations have expanded all over the country consisting of 1 national broadcasting center, 13 regional stations, 7 mobile production centers and more than 350 transmitters spread out throughout the country. The domestic satellite Palapa that was launch in 1976 has made TVRI broadcast accessible to remote places in Indonesia.

With its various public service programming RRI and TVRI had played an important role in supporting and accelerating the process of national development. Indonesia's domestic satellite Palapa was found to help the viewer acquire a wide range of useful knowledge and information, about national events, about family planning practices and about development programs.

RRI and TVRI had been the only broadcasting channels for so many years. In 1989 the government gave opportunities to private sectors to operate commercial televisions in Indonesia. This deregulation was applied based on three considerations:

1. The government realized that the presence of private television networks was needed to provide more entertainment and more independent information, especially that are needed by urban audiences
2. efforts to control home videos and illegal television broadcasting seemed difficult to conducted effectively
3. People who lived in the border areas preferred to watch foreign television programs which were easier to access than the national television programs, and ;
4. after the domestic satellite Palapa being rented to foreign television networks, Indonesia people could access to many television channels by using parabolic antennas

Since Repelita IV the government has allowed five private television stations to go on air, namely:

- Rajawali Citra Televisi Indonesia (RCTI) in Jakarta
- Televisi Pendidikan Indonesia (TPI) in Jakarta
- Indosiar Visual Mandiri (IVM) in Jakarta
- Surya Citra Televisi (SCTV) in Jakarta and Surabaya
- Andalas Televisi (AN-TV) in Jakarta and Lampung

The private television companies as partners of TVRI can provide the audience some alternatives in television broadcasting programs. The presence of private television helps the role of TVRI in spreading out the information of development.

Those presence of the private television stations is seen very important to give more choices to the audience, to compensate the overflowing transnational broadcasting and to cope with the progress of economy in Indonesia.

In anticipating the impact of commercial network, whose programs are mainly directed to urban and metropolitan audiences, since 1991 TVRI has developed additional channel called TVRI Channel 2. This channel initially was operated only in Jakarta and Surabaya. In the near future TVR Channel 2 will be expanded to the regional stations of Yogyakarta, Bandung, Denpasar and Medan.

Up to f.y. 1996 / 1997 TVRI had 14 units of telecasting stations and 9 units of Mobile Production Units (SPK), 369 units of transmitter stations with a total power of 350.2 kW

and a radius of 828,601 sq. km serving 164,050,000 viewers with a broadcasting operational rate of 151.0 hours yearly

In the effort to expand its range of television broadcasting in f.y. 1996/1997, the Government built four new units transmitter namely in Batu Licin (South Kalimantan), Kisaran (North Sumatra), Waigeo (Irian Jaya) and Linge (Aceh, Sumatra)

### **Current Situation<sup>7</sup>**

Television industry now undergoes very profound changes. Direct satellite broadcasting, pay television, commercial television and interactive communication via information superhighway broadened the choices of audience both in terms of programming content and delivery channels.

There is nothing can stop the ever changing of broadcasting technology advancement. We should ride along with technology and not oppose the change. The dilemma is that no one can accurately predict which service and programming approach that will meet the need and interest of society as we move into the next century.

The main question for public broadcasting is to determine the type of programming which will best meet the future need of the nation within an expanding variety of direct satellite broadcasting and commercial programming.

Hundreds of programming channels coming from International satellite is now available to the public. The audiences now have many more channels to view, to compare and to select. There is a very serious threat that Public Television is losing its positioning just because there is too many channel choices for the viewers.

Hence Public Television is becoming less feasible unless they have comparable strong programs to match. This is something that National Public Television has to be prepared and position them properly. National public television should review its programming policy in order to captivate its viewers.

### **Efforts to redesign Public Broadcasting<sup>8</sup>**

It was mentioned earlier that due to the fast development of broadcasting technology, the audience now has a lot of program choices to compare and to select. There is a threat that public broadcasting will lose its audience who prefer to watch commercial and transnational programming which many of them are more entertaining and better produced, Public Broadcasting have to prepare and position themselves properly in facing this changes. Public broadcasting strategy should be rethought and reexamined in order to be able to continue their role as public service without being left by their audience.

To address the present broadcasting environment, the Indonesian public broadcasting has taken and conducted necessary steps and regulations.

Education and training in the field of broadcasting has been intensified to produce more professional broadcasters by improving their insight, capability and skill in handling public service broadcasting

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<sup>7</sup> Widarto, Suprapti, Public Broadcasting in Indonesia (pp 4) Research and Development of Information Media Departement of Information. Presented in Singapore.

<sup>8</sup> Ibid (pp 4 -5)

Compare to international program material, local programming has more emotional attachment to local audience. Bearing in mind that people like to watch their own face on the screen, priorities have been given to local and relevant programming which meet the need of national audience.

In this era of rapidly multiplying viewers choice it will be difficult for public broadcasting to sustain its traditional "voice of nation" role. Public broadcasting is traditionally organized and regulated in such a manner is not popular since here the broadcasters tend to neglect the audience's wishes and expectation. This kind of "government oriented" approach has been adjusted to be more accommodative to the audience.

Research and surveys have been conducted to find out what viewers want from national public broadcasting. On the other hand, viewers are also given the opportunities to understand the role and function of national public broadcasting. This is done to ensure that viewers understand how programming policy is decided and how far they can be involved.

A major drawback of public broadcasting like RRI and TVRI that is funded by government is the lack of information to evaluate their public services. To address this problem we have been doing periodical audience survey to understand what viewers think of each program and what are their suggestions.

Law on Indonesian broadcasting went into effect on September 29, 1997 after 18 years of lengthy process and deliberations. Lower level regulations and operational guidelines are now being completed. In principle, the broadcasters in Indonesia accept this broadcast law with great relief and enthusiasm. They consider that the regulation is flexible enough to accommodate and anticipate the changing of broadcasting environment.

It is sincerely hoped that the broadcasting law will be able to improve the performance of broadcasting system in Indonesia either public or private.

#### **4. Film and Video**

Film and Video regulated by Act No. 8 / 1992 / Film renewing from Act No. 1 PNPS 1964 and Presidential Act No 13 / 1983.

In f.y. 1996/97 the total number of films circulating in Indonesia was 31,231 national films consisting of 2,249 commercial films, 4,897 non-commercial films and 24,085 videocassettes. Meanwhile the total number of imported films circulating in Indonesia was 92,840 films, consisting of 3,754 commercial films, 29,512 non-commercial films, and 59,574 videocassettes. This fiscal year there were 25 titles of films produced domestically and 184 titles of imported commercial film, 1,274 movies.<sup>9</sup>

In the efforts to enhance quality of film and video for public viewing the Film Censor Institution (LSF) which replaced the Film Censor Board (BSF) based on Government Regulation No. 7 of 1994, evaluates video cassettes and films which will be circulated.

In f.y. 1996/97 the Film Censor Institute (LSF) censored 68 national commercial films and 184 imported commercial films, 78 national non-commercial films and 58 imported non-commercial films. The number of video films that have been censored by the Film Censor

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<sup>9</sup> Kosky, Zakaria Editor at all. Indonesia 1998 An Official Handbook. (pp 217-226) Department of Information Republic of Indonesia. Jakarta 1998

Institute was 6,865 national commercial and non-commercial video films, and 10,48 imported commercial and non-commercial videos.

In line with Presidential Decision No. 13 of 1983, the Government has taken steps to tighten censorship of videocassettes still in circulation. These were taken in the effort to prevent the negative impact of the videocassettes in the way of life and culture of the people and nation.

The companies in charge of the reproduction of videocassette recordings are TVRI, the State Film Production Center (PPFN) and the Lokananta State - Owned Recording Company. In f.y. 1996/97 the total number of videocassettes circulating in Indonesia was 24,085 national film and 59,574 imported films.

### III . DEVELOPMENT OF INFORMATION OPERATION

#### 1. Traditional Communication (Face to Face Communication)

Information operation is directed toward improving the community's awareness about their rights and obligation, and encouraging them to participate actively in the national development activities besides disseminating development information to the society by using various information such as radio, television, film and the press.

In f.y. 1996/97, potential groups in society such as the Listeners, Viewers and Readers Group of Kelompencapir; the Village Information Posts or Pependes; the Pesantren (Islamic Boarding Schools) Information Centers (PIP); the Farmers Communication Organization, and Simulation Group of P4 (the Guidance to the Comprehension and Practices of Pancasila) are developed. Besides that, the Students Listeners, Viewers and Readers Group - Student Kelompencapir in the regions has been developed. The information Groups have increased the quality of the rural community's life and welfare.<sup>10</sup>

Furthermore, in the efforts to spread the development of Information to the community, development exhibitions have been organized as central as well as regional levels. The exhibition activities are carried in conjunction with the commemoration of the National Awakening Day (May 20), Indonesian Independence Day (August 17), and Pancasila Sanctity Day (October 1)

The Department of Information in cooperation with the National Defense Institute (Lemhanas) and provincial government has engaged in activities on Coordination and Consultation Communication Forum of Information (Fokkopen) in Denpasar, Bali in November 1996.

To intensify distribution of development information throughout the community, show groups such as comedians, ketoprak (traditional play), wayang and other traditional shows group have been efficiently used as an effective means to convey information on development

The community information center (Puspenmas) has an important role in conveying development information to the public especially as a place to carry out traditional shows, films and communications among the community's leaders. To support the information activities especially to socialize the information of 1997 general election in f.y. 1996/97 1,466 units of motorcycles and 205 units of cars were made available. Besides, to help

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<sup>10</sup> Ibid

the activities of the information officials in the form of face to face activities in the third year of Repelita VI the Government has made available 3,921 units of megaphones.

## **2. International Services**

To disseminate the information materials about the Indonesian Development for the consumption of foreign countries, the Department of Information has published information materials in the forms of books, magazines, bulletins, brochures and posters in several languages such as "Indonesia in Brief" "Indonesia El Youm" "Gema Tanah Air" along with other information materials such as Films and videos.

## **3. Global Interdependency through the Utilization of Communication Satellites<sup>11</sup>**

The world is entering the era of communication revolution, while many of the developing countries are not prepared to use advanced science and technology as an impetus of the communication revolution. Globalization of communication makes the people aware of the impact of science and technology that can change and alter the shape of society and make changes in their ways of lives. It influences people's mental attitude, behavior and life style. Its sound traditional way of life might also to some extent be affected by the change.

Communication technology supported by information technology has given birth to telecommunication satellite for various purposes of telecommunication for the transmission of radio and television broadcast, weather forecast and the like.

Technology paves the way for the society to get easily involved in communication, namely in storing and acquiring information. In turn, it has brought about an incredible change in the processing, storing and distributing voluminous data and information within a very short time. This progress has caused communication revolution that makes life of the people dependent upon or determined by information and communication.

The utilization of communication satellite has resulted in global interdependency.<sup>12</sup>

Among the developing countries, Indonesia was the first to use a satellite in 1976, designed to meet the need of domestic communication networks to support national development and to shape the future of Indonesia.

In developing countries, such as Indonesia, the application of technology might create discrepancy among the people, due to:

1. different level of communication skill among the target audience
2. the abundance of information available in certain groups of the society, indicating the level of knowledge they possessed
3. the heterogene and interwoven social contacts aiming individuals as well as among the groups
4. different reception and control of selective information of each of the interest group in the society

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<sup>11</sup> Harmoko. Information Strategy in the era of Globalization. (pp 143-146; 147-150) Jakarta 1993.

<sup>12</sup> Ibid

National development that uses the products of modern technology at this time, namely at the time when the year 2000 is approaching, will undoubtedly have to face heavy competition and rivalry to survive.

Indonesia which is now entering a strategic period for a take-off in its national development in the latter part of the 90's motivated its people to work hard and seriously participate in the development to achieve national goals and ideals. For that purpose, the optimum use of information technology, including the services of mass media, is highly recommendable.

The spread of technology made it possible for the people to utilize such facilities as offered by satellite communication system. Domestic Satellite Communication System (DCSC) in the Asia Pacific region includes Palapa of Indonesia, the AUSSAT of Australia, the Yuri of Japan and the Asiasat.

Satellite communication system greatly affected the growth of mass media. To mention a few, the system could be applied to Direct Broadcast System, Teleprinting System and so on. The possibility of using Teleprinting system will help to enhance the growth and development of Indonesia's Press, while at the same time, strengthen the policy of the National Press Council.

We consider that globalization of communication offers advantages and benefits to Indonesia's national development. Although, it is still has to be coupled with the development of human resources to get the necessary professional skills. To support development activities, professional skills are indeed needed, including professional skills in scientific research, and other researches in socio-political field, training of technician, doctors, agricultural experts, administrators, managers, and other expertise, who will be playing a dynamic role as agents of development.

University students in particular, and people of higher learning in general, whom our national development counts on, are playing a vital role in the struggle for nation and for development. Boedi Oetomo movement in 1908, Youth pledge in 1928, Proclamation of Independence in 1945 and the birth of Reformation Order, replacing the Old Order in 1966 and New Order 1998 are evidences what the people belief in.

The Indonesian concept of development counts on the conscious participation of the people of all social strata. This concept properly corresponds to the research findings of the United Nations Environment Program (UNEP), which revealed that the effective role of the people in development is based upon :

1. identification of social groups interested in development activities
2. supplying the groups with information materials
3. enhancing dialogues in the form of meetings, workshops, correspondence or working teams
4. assimilation of various opinion on development
5. Providing feedback to the interest of people's participation for further development.

The development of National Information by Utilizing National Air Space<sup>13</sup>

Form the history of telecommunication, we can see that national air space as a means for transmitting Electro-magnetic waves, has been used on the basis of the following principles :

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<sup>13</sup> Ibid

1. the Principle of International Cooperation, and
2. the Principle of National Sovereignty, namely those principles, in which other countries acknowledge that national air space of a country is an integral part of that country.

Developed countries generally consider that the application of national sovereignty, on such matters as "spillover" of TV broadcast by satellite, only as an obstacle against their concept of "free flow of information" On the other hand, the consistent application of national sovereignty for developing countries, is the best means to achieve the New International Information and Communication Order of NIICO

National Air Space as part of a country's territorial dimension is becoming an important asset for the development of information. Particularly for Indonesia, located right in the crossroad of international trade and communication. The department of information, ever since the launching of Palapa Satellite in 1976, has tried its best to utilize national air space. The Department of Information has utilized Palapa Satellite to cover the vast area of the archipelago, by operating radio and TV broadcasting networks nation-wide, and with relatively low cost but superbly high technical quality. With the advancement of communication technology, Indonesia is also on the edge of entering the era of long distance printing.

Considering the existing alternatives, we must be careful in choosing the right technology and phases of its application, which will need a thorough multi-disciplinary study. Thus, we will be able to choose the suitable technology, fitting to the environment, and beneficial in the efforts to give substance to the ideal of freedom.

The decision to use Palapa satellite to spread information throughout Indonesia was no doubt the best choice of technology. However, as in most other decision, certain things occur, resulting from the fast progress of communication technology, which could become an obstacle to national development program.

In 1983, Indonesia had not yet decided whether to use DBS. However, due to the rapid development of communication technology, TV viewers throughout Indonesia could enjoy TV Programs broadcast through "normal" or "non-DBS" satellite by using simple parabolic antenna. Thus, although theoretically we only open our air space to receive local and foreign telecast through Palapa, but all other telecast from other satellites could be easily be received, either as "spillovers" or telecast which is purposely directed to Indonesian viewers.

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INFORMATION HIGHWAYS:  
POLICIES AND REGULATIONS IN CONSTRUCTION OF GLOBAL  
INFRASTRUCTURE IN ASEAN

CHAPTER 2

SOCIO-ECONOMIC PROFILE QUESTIONNAIRE

INDONESIA

Country:

Size (Sq. Km):

Capital:

JAKARTA

General Information

1. Demographic Profile

a) Vital Statistics:

	Male	Female	Total
Population: Number	96,944,609	98,580,275	195,524,884
Percentage	49.58	50.42	100.00
Life expectancy at birth:	62	66	64
Infant mortality rate per 1000 live births:			74
Population growth rate:			1.66%
Population density per sq. km:	101		

b) Age Distribution (in 1000)

Age Category	Male (%)	%	Female (%)	%	Total (%)	%
Birth to 9 years	20.5	40.3	19.7	28.8	40.2	69.1
10-19	22.6	48.8	22.0	86.5	44.7	85.3
20-29	16.5	57.5	18.1	86.0	34.7	83.5
30-39	14.7	26.8	15.3	24.8	30.0	51.6
40-4	10.7	80.0	10.1	29.5	20.9	99.5
50-59	6.9	19.5	6.8	21.4	13.7	40.9
60-69	4.1	07.7	4.8	31.9	8.9	39.6
70 and over	2.2	68.9	2.4	56.6	4.7	15.5

(Please give total and the percentage(%))

C. Languages

Name of Language	Percentage
1. Indonesian	18.71
2. Javanese	37.12
3. Sundaese	13.90
4. Madurase	4.00
5. Batak	1.88
6. MINANG	2.29
7. Balinese	1.52
8. Buginese	1.92
9. Banjarese	1.75
10. Others	16.46

C. Religion

Name of Religion	Percentage
1. Islam	87.5
2. Catholic	3.6
3. Christian/Protestant	6.1
4. HINDU	1.8
5. Buddhist	1.0
6. OTHERS	0.3

**Economic Indicators**

GNP: (1996) Rp 402,376.3

in BILLION Rupiah

Per capita GNP (1998)

US \$ 436,3

US \$ 981.

→ (GOVT. Sources  
Ministry FINANCE  
1998.  
ASIA Week, 1998 Sept

**3. Social Indicators**

a. Literacy rate (%)

Male 99.9

Female 81.3

Total 100

**b. Education**

Education Level	No. of Institutions	No of students	Percentage
Primary	149,954	25,948,023	
Secondary	30,094	10,388,895	
Technical	1,120	661,256	
University	1,305	2,304,000	
Total	182,473	39,302,174	

**Trade Statistics**

Total Value of Imports (US\$)

Total Value of Exports (US\$)

US \$ 53.6 billion

Top five Trading partners and trading value in US\$ for each.

**Health Services**

Type of Hospital (eg Central, Regional Government/Private etc) & number of each type.

Number of beds under each type

Number of doctors (Classify into Western and indogenous if relevant)

ONE DOCTOR for 6,786 people (1998)

Transport (Distance covered in KM)

Railway 6.774 km

Road

Navigable inland waterways 115 unit.

II Mass Media

1 Print Media

a. Newspaper Organizations

Type of ownership	Number	Per cent
Government	-	
Private	276	100
Other	-	
Total	276	100

b. Circulation

I. Dailies

Name of Daily	Language	circulation	Circulation per 1000 population
1. KOMPAS	Indonesian	525,300	
2. Pos Kota	"	500,000	
3. Suara Pembauran	"	386,824	
4. Republika	"	326,962	
5. Media Indonesia	"	294,086	
6. Suara Karya	"	145,571	

(Use extra paper if more than five)

II. Non-Dailies (E.g. Weeklies, bi-monthlies etc.)

Name of non-daily	Language	Circulation	Circulation per 1000 population
1. FORUM (bi-monthly magazine)	Ind	140.000	
2. GATRA weekly magazine	Ind	145.000	
3. AVRA weekly newspaper	Ind	268.000	
4. BOCA (weekly newspaper)	Ind	445.500	
5. <del>GEMA</del> OLAKHARABA weekly	Ind	284.255	
6. TAMPIL (weekly magazine)	Ind	130.000	

(Use extra paper if more than five)

2. Broadcasting Media

1 Radio

a. Radio stations

Radio station ownership	Number of stations	Per cent
Government Owned	53	5.17
Private Owned	833	81.19
Other	140	13.64
Total	1026	100

b. Radio Receivers

Total: 150 million Per 1000 population: approx : 1250 radio receivers

c. Coverage of Radio broadcasts

Name of Station	Broadcast Channels	National coverage	Only Regional coverage (Names of Regions)	Only local Coverage (Names of Local areas)
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1. RRI NATIONAL ALL-INDONESIA
2. RRI NUSANTARA ————— Repond
3. RRI RIFT ————— Repond
4. RRI Regional ————— Local
5. Private Radio ————— Local

d. Transnational (foreign) Radio services: In this section we have several questions about foreign radio services which could be listened by people in your country).

Do people in your country have access to transnational (foreign) radio broadcasts such as British Broadcasting Corporation's World Service(BBC) Australian Broadcasting Corporation (ABC), Voice of America (VOA), Radio China, Radio Japan etc.

Yes

No

If no what are the reasons? —

Government policies which discourage people from listening to foreign programmes.

People do not understand foreign languages such as English in which the programmes are broadcast.

People are too poor to own powerful radios capable of receiving foreign programmes

People are not interested

Other (Pl specify)

If yes

1. How do people gain access to transnational radio broadcasts?

- a. Through individually owned radio sets
- b. Through informal shared arrangements with friends and neighbours.
- c. Through wired redistribution services such as rediffusion.

(d) Through community radio sets

(e) Through national/local radio stations which rebroadcast foreign radio services on a regular basis.

f. Other (Please specify)

ii. If all the above methods are in use which is the one that is used by most people (a) b. c d or e?

iii. Around how many short wave radios are in use in your country. If exact data are not available please give a guestimate.  $\pm$  : 500.000

iv. Around how many families have access to transnational (foreign) radio programmes? Again if exact data are not available give us an guestimate.  $\pm$  500.000

v. What are the three most popular foreign radio stations? Please write 1, 2, 3 against the stations given below.

BBC 1

ABC 2

VOA 3

Radio China (Beijing) also

Radio Japan also

All India Radio also a little

Other (Pl specify) : Deutsche WELLE

vi. Do transnational radio broadcasters use local languages?.

a. Yes

(b) No

vii. If yes please name these languages and the name of the transnational radio station.

Name of Station	Language(s)
1	
2	
3	
4	
5	

vii. In your opinion what is the primary purpose for which listener's use transnational (foreign) radio services? Please write 1 against the most important reason and 2 for the second most important reason.

a. To obtain news      **1**

b. For entertainment      **2**

c. For information

d. For education

e. Religious/cultural

f. To keep in touch with mother country. (E.g. People of Chinese or Indian origin listening to radio programmes broadcast by the mother countries).

g. Other (Please explain)

viii. Are short wave radio sets capable of receiving foreign stations manufactured in your country?

a. Yes

b. No

ix. If no from where do people get these radios?

a. From commercial companies that import dishes

b. People manufacture/assemble their own radios

c. Government allows people to import radios from abroad

d. Other

x. What is the average cost of radios that are commonly used by people  
*US \$125,- = Rp 200.000 (two hundred thousand)*

xi. Do most people find these costs excessive? *NO*

xii. How much trust do people have on information and news given by foreign radio stations? From a score of 1 to 6 with 1 being most trusted and 6 being least trusted, how would you rank the following radio stations?

	Highly trusted (1-2)	Somewhat trusted (3-4)	Distrusted (5-6)
BBC World Service		✓	
ABC		✓	
VOA		✓	
Radio Japan		✓	
Radio China		✓	
All India Radio		✓	
Other (Specify) <i>Deutsche Welle</i>		✓	

xiii. What is the general assessment by listeners of the quality and relevance of radio programmes produces by transnational radio such as BBC, VOA, ABC etc. Please comment freely. Use extra paper if necessary.

Television

a. Television Stations

Ownership/Management of TV Station	Number	Per cent
Government	1	18%
Private	5	82%

Other (Explain)

Total 6 100%

b. Television Receivers

Total: 7.498.900 Per 1000 population: 438

c. Areas covered by television: Area (territory) Covered: 42.50%  
Population Covered: 82%

Name of TV Station	Broadcast Channels	National Coverage	Only Regional Coverage (Name of Regions)	Only Local Coverage (Name of localities)
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- 1. TVRI ✓
  - 2. TPI ✓
  - 3. RCTI ✓
  - 4. SCTV ✓
  - 5. AN.TV ✓
  - 6. INDOSIAR ✓
- (Use extra paper if more than five)

d. Transnational television services:

Do people in your country have access to transnational (foreign) television services such as BBC world Service, CNN StarTV etc.?

Yes ✓

No

If no what are the reasons?

Government policies such as not permitting satellite dishes

- a. People are too poor
- b. Most people do not understand foreign languages such as English in which the programs are broadcast
- c. People are not interested
- d. Other

If yes

i. How do people gain access to transnational television?

- a. Through individually owned satellite dishes ✓
- b. Through informal shared arrangements where one satellite dish is wired to service a number of homes ✓
- c. Through cable-TV service providers
- d. Other (Please explain)

ii. If all the above methods are in use which is the one that is used by most people?  a b. c or d?

iii. Around how many satellite dishes are in use? If exact data are not available give as a guestimate or an impressionistic figure. *DK*

iv. What is the typical size of satellite dish? *3 meter (9 feet)*

v. Around how many families have access to transnational (foreign) satellite programmes? .. Again if exact figures are not available give us an guestimate. *DK*

vi. What services are most widely watched? BBC World Service,  CNN, StarTV, Other?

vii. Are transnational satellite TV programmes available in local languages.

a. Yes

b. No ✓

vii. If yes please name these languages.

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viii. In your opinion what is the primary purpose for which viewer's use transnational satellite services? Please write 1 against the most important reason and 2 for the second most important reason.

a) To obtain news      1

b) For entertainment      2

c. For information

d. For education

e. To be in touch with mother cultures. (E.g. persons of Chinese or Indian origin listening to satellite TV programmes from China or India).

f. Religion

g. Other (Please explain)

ix. Are television receiving dishes manufactured in your country?

a) Yes

b No

x. If no from where do people get dishes?

a. From commercial companies that import dishes

b People manufacture/assemble their own dishes

c. Government allows people to import dishes from abroad

d. Other (Pl explain)

xi. What is the average cost of dish that is commonly used by people      Rp 7.500.000  
US \$ 750. -

xii. Do most people find these costs prohibitive/excessive?

NO

xiii. How much trust do people have on information and news given by transnational television? From a score of 1 to 6 with 1 being most trusted and 6 being least trusted, how would you rank transnational television?

	Highly trusted (1-2)	Somewhat trusted (3-4)	Distrusted (5-6)
BBC World Service		✓	
StarTV		✓	
CNN		✓	
Australian Television		✓	
Other (Specify)			

xiv. Do people who own dishes have access to digital satellite technology?

Yes

Only very few ✓

No

xv. In your opinion will digital technologies become easily available for people in your country within the next 5 to 10 years?

① Yes ✓

ii. No

### 3. Cinema

a. Total Annual Film Production in 1996:

b. Type and number of films produced

Language	Features	Documentary	News	Other(Specify)
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Total

c. Number of cinema Halls:

- d. Cinema seats per 1000 population:
- e. Number of foreign films shown in 1996:
- f. Number of local films shown in 1996:
- g. Number of local films exported in 1996:

**4. Telecommunications:**

- a. Total number of telephones: 7,392.197 (1997)
- b. Number of telephones for 1000 population: 25 (1997)
- c. Total number of fax machines:
- d. Total number of computers:

Main Frame/Mini:

Personal:

(If exact data are not available for a to d, please give guesstimates or approximate/impressionistic numbers).

**Media Consumption Habits:**

a. What are the primary sources of information for people in your country? Indicate the three most important sources by writing against these 1 (for the most important), 2 (for the next) and 3 (for the third most important).

Newspapers 3

Radio 1

Television 2

Public meetings

Friends/relatives or some other persons

Other (Please name the source) ←

b. In your experience what are the most commonly used sources of information to obtain information about:

I. Local Events **TV**

II. National Events: **R**

III. International Events: **NP**

Please indicate these sources by writing against each of these the letters R, for radio NP for newspaper, TV for television, PM for public meeting, F for friends/relatives etc. If there are other sources kindly write these against the three types of events given above.

*Comments:* (You are invited to comment freely. Use extra paper if necessary).

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c. What are the different ways people in your country use communication media? Do people use different media for different purposes such as for education, entertainment and information? In your opinion which media is generally preferred by people for:

Information/news **NP**

Entertainment **TV**

Education **R**

Please indicate your response by writing R, NP, TV or other. In case of "other" kindly explain. Please comment freely if you wish. Your comments are greatly valued. Use extra paper if necessary.

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INFORMATION HIGHWAYS:  
POLICIES AND REGULATIONS IN CONSTRUCTION OF GLOBAL INFRASTRUCTURE IN  
ASEAN

CHAPTER III

DESCRIPTION OF LAWS, RULES, REGULATIONS AND PRACTICES RELATING TO  
BOTH NATIONAL AND INTERNATIONAL COMMUNICATIONS IN INDONESIA  
(Summarized, compiled and quoted from Government Publication)

*By Dr. Naswil Idris*

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Political reform in Indonesia influenced substantially to the regulatory on telecommunications, broadcasting and printed-media (press). Indonesian government together with NGOs (Non Government Organizations) like MASTEL (Indonesia Telecommunication Society) worked hand by hand preparing new draft telecommunication act to reform telecommunication act no. 3/1989. The new telecommunication act is hopefully will be anti monopoly, cover seriously universal service obligation, customer protection and to make clear distinction among function of policy, regulatory and operation. The government will withdraw gradually their influence from regulatory and operational aspect.

The broadcasting act no. 24/1997, Eventhough considered, as a new broadcasting act in Indonesia will be revised soon. It will be less domination of the government in managing internal affair of the each broadcasting station. It will be less hours of relaying government news by private broadcasting station. As minister of information mentioned lately, government broadcasting can broadcast positive thing as well as negative thing about government development program.

Press act no. 21/1982 on Amendments to act no. 11/1996 concerning basic principles of the press as amended by act no. 4/1967 also will be reformed soon and to some extent will be combined with broadcasting act **in the form of one MEDIA ACT**. The significant change in the new policy of the ministry information is removing publishing "license" to the newspaper and magazine.

For the time being before government and parliament of Indonesia approve a new act the current acts are still valid.

***Telecommunication Act No. 3 / 1989***

There are number of governments bodies involved in developing and approving telecommunication laws and regulations<sup>1</sup>.

1. Ministry of Tourism, Post and Telecommunications (MTPT) prepares draft laws and regulations and ensures they are adhered to by operators. MTPT is also responsible for

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<sup>1</sup> The legal and regulatory manual Volume 1 – Asia Pacific Indonesia. B8 – INDONESIA Regulatory Environment

- drafting and approving Ministerial Decrees covering telecommunications and postal issues.
2. The Dewan Perwakilan Rakyat (House of Representatives) is responsible for approving all telecommunications laws.
  3. The Cabinet Secretariat approves all government regulations.

There are three major telecommunications laws and decrees in Indonesia:

1. Telecommunications Law No. 3 of 1989
2. Government Decree No. 8 of 1993
3. MTPT Decree No. 39 of 1993

#### Telecommunication Law No. 3 / 1989

Under the terms of the Law, only state-owned companies can provide telecommunications services in Indonesia. The involvement of private companies including foreign operators is limited to joint venture, joint-operation of management agreements with local operators.

Listed below are the main sections of the Law:

1. General Definitions
2. The Purpose and Basic Principle of the Established of Telecommunications.
3. Telecommunications Directive
4. Establishment of Telecommunications
5. Prevention of Disturbance, Protection and Security in the Establishment of Telecommunications
6. Relationship among state telecommunication operators, other Telecommunication Operators, and the Public in the Establishment of Telecommunications Services.
7. Confidentiality of Message
8. Telecommunications Advisory Board
9. Stipulation of Condemn
10. Investigation
11. Stipulation of Transition
12. Stipulation of the Enactment of Law

#### Government Decree No. 8 of 1993

This decree replaces Government Regulation No. 24/91 regarding the establishment of telecommunications services. Under the terms of Decree No. 8, state-owned companies lost their monopoly of providing basic services (with the exception of local and long distance), The Decree also requires new service providers to obtain a license from the government prior to offering services.

#### MTPT Decree No. 39 of 1993

Decree No. 39 established KSOs to provide basic telecommunications services in Indonesia. KSOs are a form of mutual co-operation between the principal operator, PT Telkom, and local and foreign companies to provide domestic network infrastructure in five of the seven regions of the country:

The decree also authorizes MTPT to determine international telecommunications tariffs.

Policy on the development of telecommunications service has been and still be increasingly driven by the emergence of new realities, such as:

1. The convergence of telecommunications and television
2. The appearance of global mobile satellite system
3. The increasingly meaningless distinction between international and domestic telecommunications
4. The tradability of telecommunications service.

The organization of telecommunication is aimed at contributing to national unity and integrity, promoting the welfare and prosperity of the people in a just way, supporting economic life and the activities of the government, and at enhancing International relations. Telecommunications is organized on the basis of benefit, fairness and equity, and self-confidence.

### **Broadcasting Act No. 24 / 1997<sup>2</sup>**

The new things in the Broadcasting act are:

1. The broadcasting aims to :
  - a. Increase the quality of human resources
  - b. Channel constructive public opinion in the social, national, and state life as well as enhance the active role of society in development
  - c. Enhance the national cultural resilience
  - d. Improve the national economic capability in order to realize its even distribution and to reinforce its competitive edge
  - e. Enhance legal awareness and national discipline
  - f. Strengthen a viable and dynamic national stabilization
2. Broadcasting organization :
  - a. Broadcasting is under the authority of the State, with its development and supervision done by the Government
  - b. In carrying out the development and supervision as referred to under Clause (a), the Government is assisted by BP3N
  - c. The broadcasting is organized under the National Broadcasting System
  - d. The National Broadcasting System exerts guidance in organizing broadcasting
3. Type of broadcasting
  - a. The types of broadcasting which become a sub system of the National Broadcasting System consisting of broadcasting services and information services which reach society at large, are as follows:
    - i. Radio broadcasting or television broadcasting
    - ii. Radio and/or cable television broadcasting
    - iii. Broadcasting to be channeled as program material of radio and television broadcasting or material of cable broadcasting channels
    - iv. Audiovisual broadcast in limited open areas (closed circuit TV)
    - v. Broadcast through satellite with one channel or more
    - vi. Radio and / or television broadcast for a limited audience
    - vii. Audiovisual broadcast based on demand (video on demand service)
    - viii. Voice information services with text (audiotext services)
    - ix. Pictorial information services with text (videotext services)
    - x. Multimedia information services

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<sup>2</sup> Republic of Indonesia Act No. 24 / 1997 concerning Broadcasting. Directorate of Foreign Information Services Department of Information (pp 4-16). Jakarta 1997.

- xi. Broadcasting services, broadcast services and other information services
  - b. The type of broadcasting as meant in clause (a) letter a shall be organized by government broadcasting institutions and private broadcasting institutions.
  - c. The type of broadcasting as meant in clause (a) number ii to number xi, shall be organized by Special Broadcast Management Institutions.
4. Government Broadcasting Institutions
- a. A Government Broadcasting Institutions is an organic working unit in the field of broadcasting in the Department which is given special authority under and is accountable to the Minister, and situated in the capital city of the country, the capital city of a province, and the capital city of a regency/municipality which is considered necessary.
  - b. The Government Broadcasting Institutions shall give priority to broadcasting services equitably to all layers of society throughout the territory of the Republic of Indonesia.
  - c. The Government Broadcasting Institutions consist of Radio Republik Indonesia, Televisi Republik Indonesia, the Indonesian International Radio Broadcasting Services and the Indonesian International Broadcasting Television Services, which are managed professionally.
  - d. Radio Republik Indonesia and Televisi Republik Indonesia respectively organize various broadcast programs through some programs/channels, one of which is an education program channel.
  - e. The Government Broadcasting Institutions may organize cable/subscribed broadcast and additional radio data broadcasting services through radio broadcasting (radio data services) and text information through television broadcast (teletex)
  - f. The Government Broadcasting Institutions may cooperate with a national private or national private parties in the field of broadcasting or other business areas that may support broadcasting activities.
  - g. Financial sources of the Government Broadcasting shall come from :
    - i. The state budget (revenues and expenditures state budget)
    - ii. Fund allocation from broadcasting dues, contributions, and permit costs of broadcasting organizations
    - iii. Fund allocations from commercial advertisements broadcast of Radio Republik Indonesia; and
    - iv. Other legal business
  - h. Further provisions concerning the Government Broadcasting Institutions shall be regulated by Government Regulation
5. Private Broadcasting Institution
- a. A Private Broadcasting Institution is a broadcasting institution having the form of an Indonesian corporate body and its special business is to organize radio and television broadcasting
  - b. The Private Broadcasting Institution shall be established by an Indonesian citizen or corporate body that has never been declared guilty of activities against Pancasila by the court of law.
  - c. It is prohibited to establish a Private Broadcasting Institution which specializes on broadcasting programs promoting certain politics, ideology, religion, sect, individualism or group.
  - d. The Private Broadcasting Institution is set up with capital fully owned by an Indonesian citizen(s) or corporate body of which all capital shares are owned by Indonesian citizen(s).
  - e. The following additional or supplementing capital for the development of the Private Broadcasting Institution shall be provided only by the broadcasting institution concerned after getting government approval.

- f. The additional or supplemental need for capital through a stock exchange shall be in accordance with statutory regulations in the field of stock exchange.
  - g. Any Private Broadcasting Institution is forbidden from receiving financial assistance from foreign parties.
  - h. Financial resources of the Private Broadcasting Institution are derived from commercial advertisements broadcast and other broadcasting organization-related business.
  - i. Any Private Broadcasting Institution is prohibited from collecting compulsory subscription fees, except an institutions which serves cable broadcasting.
6. Special Broadcasting Institution Management
- The Special Broadcasting Institution Management consist of :
- a. Subscribed broadcasting through satellite
  - b. Subscribed broadcasting through terrestrial transmitter
  - c. Subscribed broadcasting through cable
  - d. Broadcasting to be channeled for subscribed radio and television or into broadcasting management as part of its broadcasting
  - e. Close-circuit TV, limited audiovisual services in an open area
  - f. Broadcasting distributor in a limited circuit
  - g. Audiovisual services management based on demand (video on demand services)
  - h. Audio-text information services (audiotext services)
  - i. Text pictorial information services (videotext services)
  - j. Multimedia information services
  - k. Other special broadcasting institutions.

## **Internet**

### **Role of Government**

The Internet industry is launched for the first time in 1994. During that time there were collision between the Department of Tourism, Post and Telecommunication, Department of Information and the Department of Transportation as a body to represent the government for issuing license, monitoring and issuing other regulations regarding the Internet business development. Despite the Reformation Cabinet led by President BJ Habibie, those uncertainties was vanished because of the appointed Department of Transportation Post and Telecommunications as the department responsible for the ISP business.

### **ISP Regulation: License Processing**

To process the internet license normally will take at least 3 months with the issuing of the issuing of the principle agreement and hereafter for the issuing of the operating license will take another 9 months. Normally, the license is valid until the company sees to operate & will be review by the Government every 5 years. The cost of obtaining the license is very depending on the needs, and time frame requirement. The following are regulations regarding the ISP issued by the former Department of Tourism Post and Telecommunication, which now becomes the Department of Transportation, Post and Telecommunication that is lead by minister Giri Suseno.

Decision of Ministry of Tourism, Post and Telecommunication No. KM. 114 / PT.102/MPPT-97 concerning The Internet Service Provider

1. General Legislation
  - a. Internet services is means of communications system services that link the globally spread Internet network (regionally or internationally) through an Internet Protocol
  - b. The Provider is own by the government, which are formed accordingly to the standing legislation that acts as the sole holder of the Telecommunications Service Provider
  - c. Other providers are legal bodies outside the provider, former as Co-operative, local company that is own by the government and privately own national company, that runs in the Telecommunications Service Provider.
  - d. Internet Service Provider could act as an Internet Access Provider and Information Service Provider
  - e. The provider as mentioned on point 1, could provide Internet Service for users such as :
    - i. Permanent subscribers
    - ii. General public that is not considered as a subscriber, which provided with services in places such as Cyber Café.
2. Licensing Arrangement
  - a. Every Internet Service Provider by other bodies will be done accordingly towards the Minister decision.
  - b. License from the Minister (as mentioned on point a), will be given after evaluation by the evaluation and selection team formed by the minister.
  - c. Proposal for providing an Internet service by the other body, have to be forwarded to the minister in written form.
  - d. The Proposal as mentioned on point c must enclosed with :
    - i. A copy of the letter of Establishment act. Legalizes by a legal body and
    - ii. A Business Plan that consist of infestation, estimate earning, target market, tariff proposal, technical specification, system and hardware that would be use.
  - e. The license acceptance or refusals should be submitted at least 60 days after the proposal is received.
  - f. If in 60 days period the decision has not been made, the proposal is consider to be granted.
  - g. The license will be valid as long as the company can operate accordingly
  - h. Evaluation towards the Internet Service Provider will be done every 5 years.

By advertising via the Internet, products can reach potential customers anywhere in the world. Also, although there are still security concern, the number of local companies engaging in electronic commerce in increasing. Browsing for information is the most time consuming activity engaged in by Internet users, occupying more than 80% of total connection time. People search the Internet every conceivable type of information, in areas as diverse as science, art, health care, sport and politics. Even more popular are web sites, which specializes in pornography and exchange rate and political information. Playboy.com and penthouse.com are particularly popular in this country, as these magazines are unavailable in Indonesia. People who are not satisfied with the news coverage presented by local publications turn to Indopubs.com a clearing-house for rumors concerning Indonesian politics. This site in particular ran hot during Soeharto's (the former president) last days in office. Although accessible from Indonesia for the last ten years, it has only been over the last three years that growth rates in terms of usage have skyrocketed, with annual growth rates consistently exceeding 100% a years, the number of internet users is currently estimated at 300.000 including both individual and corporate users. With the growth in demand many business have opened shop internet service provider (ISP) currently there are 42 companies in the country holding a license to operate as an Internet Service Provider.

### **Press Act of Indonesia<sup>3</sup>**

Indonesian journalists have to meet the following requirements:

Be an Indonesian national;

1. Fully understand the position, function and obligations of the press as mentioned in Articles 2 and 3 of the Press Act;
2. Be imbued with the spirit of Pancasila and never betray the national struggle;
3. Possess skills, experience, training, high morals and responsibility.

The government, after hearing considerations from the Press Council, determines further provisions concerning journalists.

Article 2 of the Press Act:

Tasks, Functions, Rights and Duties of the Press.

The national press, an instrument of the national struggle, has to assume the role of an active, dynamic, creative, educational, informative mass medium. It has the social function of stimulating and encouraging progressive thinking, and covering all manifestation of life in Indonesian society.

The national press has the task and duty:

1. To preserve and popularize Pancasila as specified in the preamble to the 1945 Constitution and to follow the guidelines for the substantiation and implementation of Pancasila.
2. To fight for the realization of the message of the people's sufferings on the basis of Pancasila democracy.
3. To fight for truth and justice on the basis of responsible freedom of the press.
4. To fan the spirit of dedication to the nation's struggle, to strengthen nationality and integrity, to heighten responsibility, feeling and national discipline, to help promote the nation's intelligence and the enthusiastic participation of the people in development.
5. To fight for the realization of the new international information and communication order on the basis of national interest and self-confidence in fostering regional, inter regional and international cooperation, especially in the field of the press.

In the framework of enhancing its role in development, the press has to function as the disseminator of objective information, as the channel of the people's aspirations, as the means to widen communication and participation in the community and to exercise constructive social control. In this respect, it is necessary to develop positive interaction between the government, the press and the community.

Article 3:

The press shall have the right of control, criticism and correction, which shall be constructive in character.

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<sup>3</sup> Press Act of Indonesia. Department of Information Republic of Indonesia. 1996

### **Satellite Transmission<sup>4</sup>**

The development of satellite technology very much influences the operation of telecommunication in the world, including in Indonesia. The presence of satellite transmission technology is a great advantage for human being. With its greater capability and wider coverage, satellite is capable of minimizing various obstacles in telecommunications. Indonesia, occupying an area of 1,919,444 square kms, only needs to operate 2 Palapa satellites (Palapa B1 on 10 degrees East Longitude and Palapa B2 on 113 degrees East longitude towards geostationers orbit)

The coverage will even be greater by the operation of Cellular Mobile Satellite Garuda. The area will be covered by 4 satellites; two for operational and two for back up. Not only that, the coverage of these satellite will expand to India, China, Korea, Southern Japan, Hong Kong, Taiwan and Indochina.

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<sup>4</sup> Departemen Pariwisata Pos dan Telekomunikasi. Profile of Indonesian Telecommunications Industry and Development (pp 53). Jakarta 1997

Reference :

1. Departemen Pariwisata Pos dan Telekomunikasi. Profile of Indonesian Telecommunications Industry and Development (pp 53). Jakarta 1997
2. Press Act of Indonesia. Department of Information Republic of Indonesia. 1996
3. Republic of Indonesia Act No. 24 / 1997 concerning Broadcasting. Directorate of Foreign Information Services Department of Information (pp 4-16). Jakarta 1997.
4. The legal and regulatory manual Volume 1 – Asia Pacific Indonesia. B8 – INDONESIA Regulatory Environment

**INFORMATION HIGHWAYS:  
POLICIES AND REGULATIONS IN CONSTRUCTION OF GLOBAL INFRASTRUCTURE IN  
ASEAN**

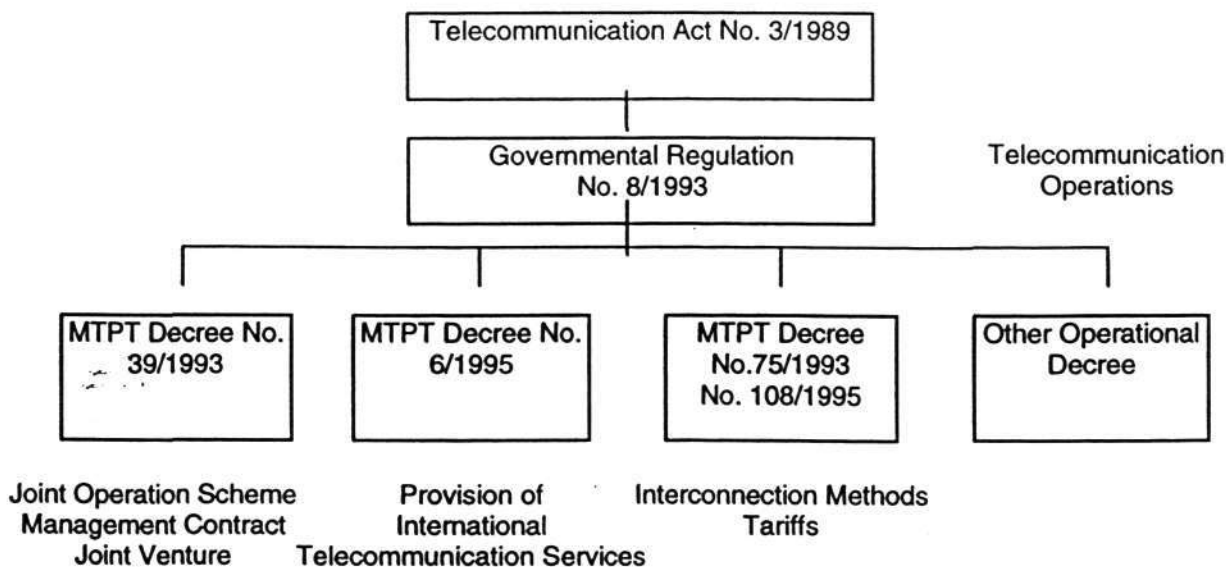
**CHAPTER III  
ELABORATIONS**

**DESCRIPTION OF LAWS, RULES, REGULATIONS AND PRACTICES RELATING TO  
BOTH NATIONAL AND INTERNATIONAL COMMUNICATIONS IN INDONESIA**  
(Summarized, compiled and quoted from Government Publication)

**I. TELECOMMUNICATION**

The aims of regulations:

- To provide a solid legal basis for the national telecommunications, broadcasting, Press and so on
- To provide a regulatory frame work which has a future vision and is able to accommodate the fast technology development
- To give clear and straightforward definition on the authorities, liabilities, and rights of the telecommunications / broadcasting, press and so on of users / public providers (operating bodies), government / regulator etc.

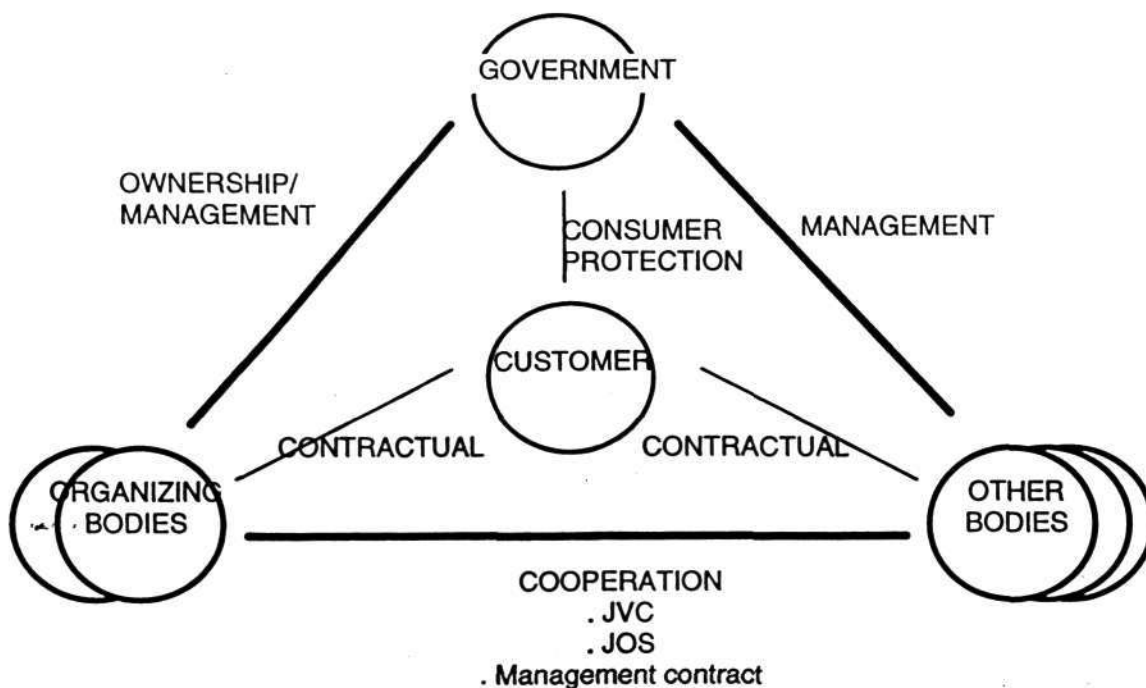


**Telecommunication Act No. 3/1989**

- Strengthening and promoting national unity and integrity
- Improving social welfare and the prosperity of the people
- Smoothing the activities of the government and the development of all parts of country
- Encouraging economic growth

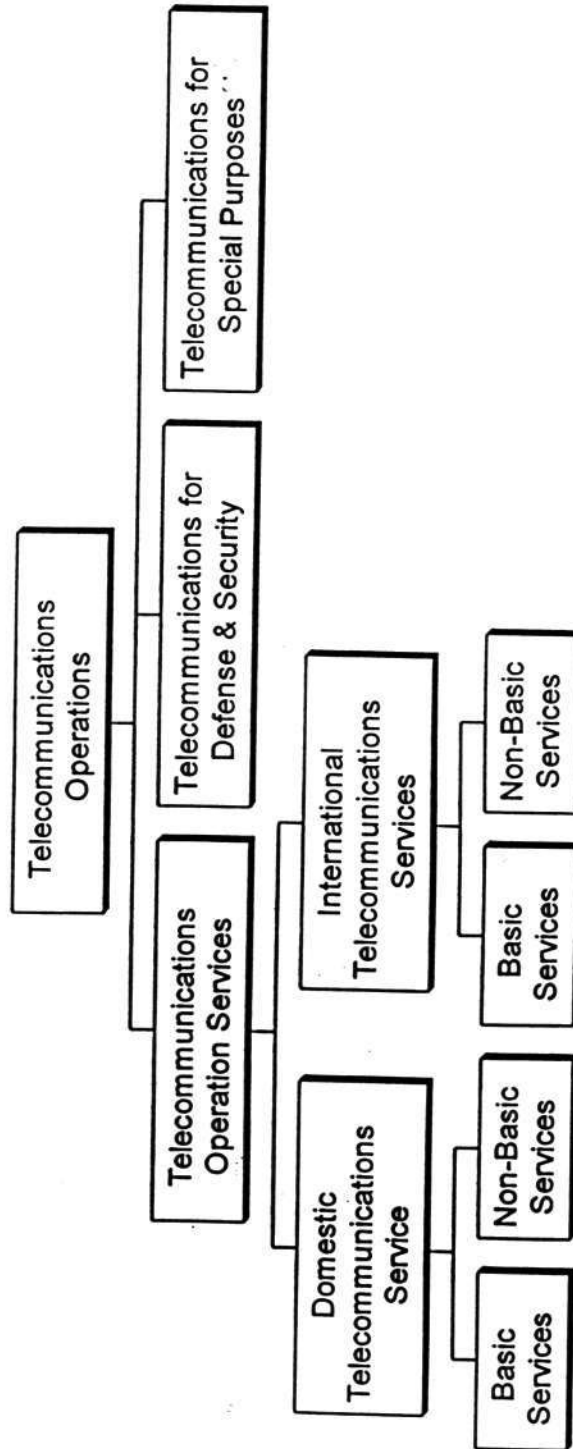
- Strengthening a sound and dynamic national stability
- Fostering relations between nations
- Telecommunication provision is controlled by the state, development carried out by the government
- Organizing Bodies entrusted to establish service
  - Organizing Bodies are state-owned enterprises whose form of business are in line with the prevailing statutory regulation, acting as the authority in the running of telecommunications services
  - Other Bodies are corporate bodies other than the Organizing Bodies in the form of a cooperative, regional administration company, and national private company, engaged in the running of telecommunications services
- Other Bodies may participate in cooperation with Organizing Bodies
- License is required by other bodies
- Tariff regulated by the government

Relationship among Telecommunication Providers



Governmental Regulation No. 8 / 1993

### Classification of Telecommunication Operations



## Telecommunication Provisions

- Telecommunications Provision is conducted by the Government which includes
  - Telecommunications Operation Services
  - Telecommunications for Special Purposes
  - Telecommunications for Defense Purposes
- Telecommunications Service Provision, includes
  - Authorization of Provision
    - \* The Government assign the authority of Telecommunications Service Provision to the Organizing Bodies (for the provision of domestic and international basic telecommunications service)
    - \* Other Bodies other than the Authorized Organizing Bodies may provide Basic Service based on a cooperation with the Authorized Organizing Bodies in the framework of Joint Operations Scheme, Management Contract or JVA
- Service Category
  - Basic Service
    - \* Telephony, Telex, Telegram, PSDN, Leased Circuit and Telecommunications Channel
  - Non-Basic Service
    - \* Switching type, terminals, data base access, other transactional service which will be defined by MTPT Decree
- Service Provider
  - Basic Service
    - \* Organizing Bodies (State-owned Companies), ie. : PT Indosat (International) and PT Telkom (Domestic)
    - \* Other Bodies under MTPT license and in cooperation with Organizing Bodies through:
      - Joint Venture Company
      - Joint Operation Scheme
      - Management Contract
  - Non Basic
    - \* Open to free competition (subject to licensing)
    - \* Licensed by the MTPT
    - \* Obligated to use the Organizing Bodies' transmission facilities (PT Telkom and PT Indosat)
- Telecommunications Network
  - The Organizing Bodies are obliged to build the telecommunications network/infrastructure
  - Telecommunications Service Subscriber may provide its own terminals for its own use and telecommunications wiring within a building subject to the rules declared by an MTPT Decree

- Tariffs are categorized in two types
  - Basic Services' Tariffs
  - Domestic tariffs are determined by MTPT
  - International tariffs for basic services, determined by the MTPT taken into considerations the international agreements and binding treaties
  - With regard to the accounting rates, IndoSat is authorized to negotiate with foreign administration
  - No competition in tariffing in basic service provision
- Non Basic Services' Tariffs
  - Maximum collection tariffs are set by MTPT
  - Open to free competition
- Confidentiality of Information
  - Organizing Bodies are bound by the provisions on the confidentiality of Information as governed in Clause 31 of Tel. Act No 3/1989
- The Government of Indonesia has targeted an additional of 5 millions access line for the next five years
  - The Government through PT Telkom will construct the 3 millions access line through its own resources
  - The remaining 2 million lines will be built by 5 consortia of foreign and domestic entities through a Joint Operations Scheme
  - In this Joint Operations Scheme, the Consortia will build the infrastructure within 3 years period (commencing 01/01/96) and be granted a 15 years concession to operate the network based on agreed arrangement with the Government
  - After the JOS period, the consortia will transfer the infrastructure to the Government at no cost
- Business Scheme
  - BOT (Build Operate and Transfer)
    - \* Whereby a JVC is established to invest and operate facilities based on a license fee until the end of term, then transfer to MPT with no cost at transferring.
  - BTO (Build Transfer and Operate)
    - \* Whereby a JVC is established to invest and operate facilities based on a profit sharing until the end of term, MPT owns all facilities right after construction
  - BCC (Business Cooperation Contract)
    - \* Whereby Investor invests and transfer ownership after construction to MPT and MPT controls the operational activity
  - JOS (Joint Operations Scheme)
    - \* Whereby Investor invests and operates under the control of Investor and MPT based on revenue sharing and license fee
- Interconnection Agreement
  - All interconnection made at point of interconnection
  - Responsibility of Service Providers ends at point of interconnection

- \* Establishment of Interconnection Facilities
- \* Operation and Maintenance
- \* Quality of Service
- Interconnect dimension determined by DGPT based on regular traffic meeting
- Interconnect charges are determined by MTPT based on access (per call), usage (per minute), and universal service obligation (per minute)

## Regulatory I (More about Telecommunication Regulations)

### 1. Role of the regulator

In general, the role of the regulator is to establish control, in order to create a healthier and more dynamic telecommunications climate by adhering to the broad outlines of the Nation's Directory (GBHN). The role of the regulator was established in policy documentary and telecommunication regulations for furthering national interests.

#### Regulatory Aspect

The main emphasis of the regulatory aspect is on the regulation of operations, licensing and standardization. This regulatory role is a most important aspect, which must be periodically reviewed and tested in order to remain capable of keeping abreast of changes, needs and improvements in the system. One of the regulatory aspects, which are so prominent in this existing situation, is the regulation of interconnection among telecom operators.

### 2. Interconnection

It is essential to establish a favorable environment for interconnection of new network operators and other providers of telecom services. This means real opportunities for fair and reasonable interconnection.

**Non-discrimination interconnection and cost-based access charges are an absolutely essential pre-requisite for the development of competition. Interconnection must be designed to assure that there is parity of prices, terms and conditions among the various new competitors in the telecommunication industry.**

Rules must be established governing the inter-relationship between the various players. The rules of interconnection must also create equality between the new entrants and the incumbent telephone operators. Inter-connection arrangement tariffs can be fixed and made available to the customers and competitors alike.

**To have a fair and workable competitive market place, there must be interconnection rules which ensure that access prices of the incumbent's competitive services are the same as access prices that new competition must pay.**

The main problem of interconnection is that charges are increasing and so regulation is necessary in order that telecommunication networks can be used optimally with equal treatment and balanced and benefit, to achieve reliable telecommunication service performance, which has a wide are coverage of high quality

The charges must be related to the cumulative detailed data of a conversation and the service facility provided. The data is needed to estimate the cost of the service facility used by the customers or other network operators.

The costing policy needs to be formulated in the framework of:

- a. Protecting the customer's interest
- b. Estimating the charges to the public for use of a telecom service facility is achieved by accurate accounting, which is based on reliable, transparent and detailed records. This can be of help in case any clarification is needed in the future. It can also give satisfaction to the customers that charges are based on services rendered.
- c. Creating a healthy competition condition
- d. Charges for an interconnection service, operated by a network for another network should be made on a fair accounting basis. The estimating process must be efficient, cost oriented and appropriate to the network resource used in the interconnection operation. It must also ensure that the return of the network operators' investment will not be realized over too long a time period. The charges should be the same for all customers, without discrimination.

### 3. Standardization

#### 3.1. Promulgation of Telecom Standardization

Under the telecommunication law No. 3/1989 followed by the Ministry Decree No. 266/1991, Directorate General Postel was designated to carry out technical standard setting, certification and type approval for telecommunication facilities.

In line with the government regulation No. 8/1993 and the Ministry Decree No. 266/1991, Directorate General Postel approves equipment through an efficient, simplified and streamlined process

1. Users can use any equipment connected to networks without further inspection of telecommunication carriers. Any equipment except for that connected to networks (e.g. trial, demonstration) can be connected to networks only with carriers' inspection, with the approval of Directorate General Postel.
2. Approved equipment must be marked with an "indication label" to show its conformity with technical standards.

#### NOTE:

Some important matters found in that policy aspect include the following regulations:

- 1 Strategic Development Plan (KM 27 PB.03/MPPT-1995) which is a regulative step for telecommunication developing to anticipate the challenge of the future
- 2 Fundamental Technical Plan which is a technical regulation includes ; ISDN, interconnection, allocation of radio telecommunication, synchronization internetwork
- 3 Joint Operation Scheme (KSO)  
To enhance the participation of private parties in the development of telecommunication starting from January 1, 1996 to January 1, 2011
- 4 The Decree of the Director General of Post and Telecommunication Number 24/Dirjen/1995 regarding Guidance of Developmental Plan in the pioneering region. This regulation regulates the obligation of the KSO partners in the development of rural telecommunication network as an integral part of the trusteeship of KSO policy.

- 5 The Decree of the Director General of Post and Telecommunication Number 34/Dirjen/1995 regarding the Rule of Certification Implementation and the Labeling for Telecommunication Equipment's standardization which is done by the Government to guarantee the quality of telecommunication services offered to the society.
- 6 Policy of Joint Operation Scheme (KSO)  
According to the prevailing Law, that is Law No.3/1989 regarding Telecommunication, the Government Regulation No. 8/1993 regarding the Implementation of Telecommunication, and the Decree of the Minister of Tourism, Posts and Telecommunication No. KM39/KS.002/MPPT-93 regarding Co-operation in the implementation of Basic Telecommunication Service, PT Telkom as the operator is given an authority to form such Joint Operation Scheme with private sectors for the development and operation of telecommunication facilities. The period of Joint Operation Scheme determined for 15 years, starting from January 1<sup>st</sup>, 1996 to January 1<sup>st</sup>, 2011.

By means of an evaluative procedure stated in the document of working plan and tender requirements for the project of the VI Repelita Joint Operation Scheme, selected business partners have been decided, that are Pramindo Ikat Nusantara (for Sumatra Region), Aria West (for West Java region), MGTI (for central Java region), Daya Mitra Melindo (for Kalimantan region) and Bukaka Singtel (for eastern region of Indonesia)

- 7 The Decree of the Director General of Posts and Telecommunications Number : 124/Dirjen/1995 regarding Determination of Guidance for the Rural Telecommunication Network Development Plan in the Pioneering Region / Rural Region in the VI Repelita

This Decree regulated the following:

- a Guidance for the telecommunication network development plan in the pioneering / rural region at the end of the VI Repelita
  - b KSO Business partners and PT Telkom are obliged to :
    - i Execute the development of telecommunication network in accordance with the guidance of development plan.
    - ii Compose the development implementation plan and convey the implementation to the Director General to obtain affirmation
  - c PT Telkom is obliged to assist KSO business partners
  - d Assign the Deputy Director General for Telecommunication to supervise the implementation of this decree
- 8 The Decree of the Director General of Posts and Telecommunication Number : 130/Dirjen/1995 regarding Technical Stipulation for Personal Cordless Telephone Equipment (TTKP)

This Decree regulates the following:

- a Technical requirements include :
    - i The physical unit of the TTKP equipment consists of a base unit and a handset
    - ii The TTKP equipment uses radio frequency with low transmitting power and having a maximum reaching radius 200 m from the installed fixed unit.
    - iii The transmitting part has a maximum power of 10 mili-watts
    - iv Frequency allocation of TTKP equipment
    - v TTKP equipment's is forbidden equipping with a booster apparatus
  - b All consequences done to the pulse system of the connected telephone in the public telecommunication network due to the use of TTKP by the Subscriber are the subscriber's responsibility
  - c Certification and Labeling procedure, certification and labeling expense, and supervision and penalty
- 9 The Decree of the Director General of Post and Telecommunication Number 34/Dirjen/1995 regarding Determination of the implementation Certification and Labeling

- for Telecommunication Equipment / Apparatus on April 26, 1995. This decree arranges the existence of a certificate on telecommunication products that provides quality insurance to the society for using telecommunication products marked with a label
- 10 The Decree of the Minister of Tourism, Posts and Telecommunication Number: KM.102/UM.001/MPPT-1996 regarding with the Certification and labeling of Posts and Telecommunication Equipment. This regulation regulates that the equipment or hardware of posts and telecommunication, which will be used, operated or traded, shall be firstly got an official certification and labeling.
  - 11 The Decree of the Director General of Posts and Telecommunication of Number : 22/Dirjen/1996 regarding with the House/Building Cable Installation provisions (IKR/G) which regulates the implementation of installation and the maintenance of house / building cable installation by the IKR/G Legal Entity Installer which has obtained a permit in accordance with the regulation stipulated
  - 12 The Decree of the Director General of Posts and Telecommunication of Number 33/Dirjen/1996 regarding with the Procedure of Operational Worthiness Test of the Telecommunication Network Constructing Result. In this Decision it is regulated that any telecommunication network construction implemented by the Organization Agency or other Agency (KSO partners or KSO unit) prior to operation shall be tested on the operation worthiness conducted by the Directorate General of Posts and Telecommunications.
  - 13 Decree of the Minister of Tourism, Posts and Telecommunication of Number: KM.26/KU.208/MPPT-1996 regarding with the Administrative Cost Collection of Organizing / Controlling Radio Amateur. This decree regulates :
    - a For radio amateur testing participant candidate, he / she is born on administrative cost collection of organizing/controlling radio amateur.
    - b Administrative Cost Collection of Organizing Controlling Radio Amateur is state's non income tax deposited to state cash
  - 14 Decree of the Minister of Tourism, Post and Telecommunication of Number: KM.103/PT.102/MPPT-1996 regarding with the allocation of Indonesia Radio Frequency Spectrum. This decree regulates :
    - a Allocation of radio frequency in Indonesia is stipulated by referring to the international radio frequency spectrum for region 3 in accordance with the radio regulation stipulated by International Telecommunication Union (ITU)
    - b The stipulation on the use of radio frequency is carried out by the Directorate General of Posts and Telecommunications
  - 15 Decree of the Minister of Tourism, Posts and Telecommunications of Number: KM.104/PT.303/MPPT-1996 regarding with the Implementation of Public Phone. This decree regulates :
    - a Organization of public phone services
    - b Organization of public phone telecommunication services
    - c On the efforts in organizing the public phone telecommunication service, other agency is entitled to obtain the revenue part of public phone telecommunication service organization in accordance with the provisions stipulated by the Minister.
  - 16 Decree of the Minister of Tourism, Posts and Telecommunications of Number: 105/PB.103/MPPT-1996 regarding with the Telecommunication Organization for Special Needs. This decree regulates :
    - a Special Telecommunication Organization
    - b Type of special telecommunication organization
    - c Special Telecommunication organization for person
    - d Special Telecommunication organization for legal entities :
      - i PRIVATE BROADCASTING RADIO
      - ii PRIVATE BROADCASTING TELEVISION

- iii Train Telecommunication
  - iv Concession Radio for oil mining and natural gas activities
  - v Concession Radio for forest exertion company
  - e Special telecommunication organization is executed based on the permit of the Director General of Posts and Telecommunication and includes the permit for the use of radio frequency
  - f Special telecommunication organization executed by person or certain government institution.
- 17 The Decree of the Minister Tourism, Posts and Telecommunication of Number: KM.119/UM.208/MPPT-1996 regarding with the Forum of Co-ordination and National Satellite Consultation. This decree regulates :
- a Forum of co-ordination and national satellite consultation
  - b Satellite Forum Membership
- 18 The Decree of the Director General of Posts and Telecommunications of Number 03/Dirjen/1996 regarding with the Technical Condition of Trunking Radio Terminal.

## Regulatory II

(Elaboration; More about Telecommunication Regulation such as Minister Decree in different fields)

- Value Added Data

1. Decree of the Minister of Tourism Posts and Telecommunication No. KM.11/PR.301/MPPT-1996 dated February 14, 1996, concerning Rates for Value Added Data Processing Services at Ports.
2. Decree of the Minister of Tourism Posts and Telecommunication No. KM.14/PR.301/MPPT-1996 dated March 7, 1996, concerning International Intelligent Network (IN) Services Rates
3. Decree of the Minister of Tourism Posts and Telecommunication No. KM.92/PR.301/MPPT-1995 concerning the Tariffs for International Integrated Service Digital Network (ISDN)
4. Decree of the Minister of Tourism Posts and Telecommunication No. KM.93/PR.301/MPPT-1995 concerning the Tariffs for International Integrated Service Digital Network (ISDN)
5. Decree of the Minister of Tourism Posts and Telecommunication No. KM.11/PR.302/MPPT-1993 concerning the Charges for Telephone Added Value Services

- Interconnection

6. Decree of the Minister of Tourism Posts and Telecommunication No. KM.13/PR.301/MPPT-1996 dated February 26, 1996, concerning Amendment to Decree No. KM.108/PR.301/MPPT-1996 concerning Telecommunication Network Interconnection Rates

- Satellite

7. Decree of the Minister of Tourism Posts and Telecommunication No. KM.25/PR.301/MPPT-1996 dated April 16, 1996 concerning Palapa Satellite Transponder Leasing Rates
8. Decree of the Minister of Tourism Posts and Telecommunication No. KM.37/PB.103/MPPT-1994 dated April 30, 1994, concerning the Organisation of Inland Mobile Satellite Telecommunications Service (INMARSAT) in Indonesia

9. Decree of the Minister of Tourism Posts and Telecommunication No. KM.64/PR.301/MPPT-1993 concerning the Charges for Palapa Satellite Transponder Rental
10. Decree of the Minister of Tourism Posts and Telecommunication No. KM.74/PT.102/MPPT-1993 concerning the Provision of Satellite Telecommunications
11. Decree of the Minister of Tourism Posts and Telecommunication No. KM.115/PT.102/MPPT-1997 concerning Operation of Global Satellite-based Mobile Telecommunications Services

- Basic Telecommunication

12. Decree of the Minister of Tourism Posts and Telecommunication No. KM.28/HK.501/MPPT-1996 dated April 30, 1996, concerning the Licensing of Basic Telecommunications Service Providers.
13. Decree of the Minister of Tourism Posts and Telecommunication No. KM.58/PR.301/MPPT-1996 dated July 31, 1996, concerning Amendment to Appendix to Decree of the Minister of Tourism Posts and Telecommunication No. KM.104/PR.301/MPPT-1996 concerning the Domestic Telecommunications Service Rates
14. Decree of the Minister of Tourism Posts and Telecommunication No. KM.104/PR.301/MPPT-1994 dated December 23, 1994, concerning the tariff for local Telecommunication Services
15. Decree of the Minister of Tourism Posts and Telecommunication No. KM.27/PR.301/MPPT-1994 dated March 17, 1994, concerning the Tariff for Circuit and Long Distance Services
16. Decree of the Minister of Tourism Posts and Telecommunication No. KM.47/KU.506/MPPT-1993 concerning the Costs of the Right to Provide Telecommunication Services

- Internet

17. Decree of the Minister of Tourism Posts and Telecommunication No. KM.59/PR.301/MPPT-1996 dated July 30, 1996, concerning the Internet Network Services Tariffs.
18. Decree of the Minister of Tourism Posts and Telecommunication No. KM.29/PR.301/MPPT-1994 dated April 13, 1994, concerning the Tariff on Infonet Services
19. Decree of the Minister of Tourism Posts and Telecommunication No. KM.32/PT.102/MPPT-1994 dated April 27, 1994, concerning the Tariff on Indonet Services
20. Decree of The Minister of Tourism Posts and Telecommunication No. KM.114/PT.102/MPPT-1997 concerning Internet Services

- Domestic Telecommunication

21. Decree of the Minister of Tourism Posts and Telecommunication No. KM.61/PT.102/MPPT-1995 concerning the status of PT Telekomunikasi as Domestic Telecommunication Provider

- International Telecommunication

22. Decree of the Minister of Tourism Posts and Telecommunication No. KM.72/PT.103/MPPT-1994 concerning the prohibition of the International Telecommunication Service Application with the Callbac
23. Decree of the Minister of Tourism Posts and Telecommunication No. KM.3/KU.506/MPPT-1995 concerning the Payment Procedures in the Telecommunication Sector and for Public Services Provided by PT Indosat
24. Decree of the Minister of Tourism Posts and Telecommunication No. KM.3/KU.506/MPPT-1995 concerning the Basic International Telecommunications Services
25. Decree of the Minister of Tourism Posts and Telecommunication No. KM.84/PR.301/MPPT-1994 dated April 30, 1994, concerning the change to the Appendix of the Decree of the Minister of Tourism Posts and Telecommunication No. KM.74/PR.301/MPPT-1993 regarding the Tariff for International Telecommunications services

- Radio Frequencies

26. Decree of the Minister of Tourism Posts and Telecommunication No. KM.103/PT.102/MPPT-1996 dated November 7, 1996, concerning Allocation of Radio Frequency Spectrum in Indonesia
27. Decree of the Minister of Tourism Posts and Telecommunication No. KM.57/PR.301/MPPT-1993 concerning the Charges for Radio Paging Services
28. Decree of the Minister of Tourism Posts and Telecommunication No. KM.75/PR.301/MPPT-1993 concerning the Charges for National Radio Trunking Services (JRTR)
29. Decree of the Minister of Tourism Posts and Telecommunication No. KM.7/PT.307/MPPT-1993 concerning the Radio Frequency Allocation to provide Telecommunication for State Security and Defences
30. The Decree of the Directorate General of Posts and Telecommunication Number : 92/Dirjen/1994 for Application Stipulation for KRAP (Citizen Band)
31. Decree of the Minister of Tourism Posts and Telecommunication No. KM.74/PS.301/MPPT-1993 concerning the Charges for International Telecommunications Services
32. Decree of the Minister of Tourism Posts and Telecommunication No. KM.113/UM.001/MPPT-1997 concerning Use of radio station identification

- Telecommunication For Special Purposes

33. Decree of the Minister of Tourism Posts and Telecommunication No. KM.105/PT.103/MPPT-1996 dated November 7, 1996, concerning Telecommunications Operations for Special Purposes.
34. Decree of the Minister of Tourism Posts and Telecommunication No. KM.26/PR.301/MPPT-1994 dated March 17, 1994, concerning the Tariff for International Micro Earth Station Communication System Service
35. Decree of the Minister of Tourism Posts and Telecommunication No. KM.73/PT.402/MPPT-1994 dated September 5, 1994, concerning the Telecommunication for the Special Needs of Radio and Television Services

- Joint Ventures

36. Decree of the Minister of Tourism Posts and Telecommunication No. KM.69/KV.506/MPPT-1994 dated August 18, 1994, concerning the Income Sharing for the Operation of Public Card Telephones
37. Decree of the Minister of Tourism Posts and Telecommunication No. KM.39/KS.002/MPPT-1993 concerning the Co-operation in the Organisation of Basic Telecommunications Services
38. Decree of the Minister of Tourism Posts and Telecommunication No. KM.39/KS.002/MPPT-1993 concerning the Co-operation in the provision of Indonesian Telecommunication Services.

- Administration

39. Decree of the Minister of Tourism Posts and Telecommunication No. KM.77/PT.102/MPPT-1993 concerning the Provision of Microwave Earth Station Telecommunications
40. Decree of the Minister of Tourism Posts and Telecommunication No. KM.14/UM.001/MPPT-1993 concerning the Regulation for Telecommunications Security

- Wireless / Cellular

39. Decree of the Minister of Tourism Posts and Telecommunication No. KM.106/PT.102/MPPT-1994 dated October 28, 1994, concerning Wireless Telephone
43. Decree of the Minister of Tourism Posts and Telecommunication No. KM.107/PR.301/MPPT-1994 dated October 28, 1994, concerning connection tariff for mobile cellular phones
44. Decree of the Minister of Tourism Posts and Telecommunication No. KM.94/PR.301/MPPT-1995 concerning the Tariff for Public Cellular Telephone Services.
45. Decree of the Minister of Tourism Posts and Telecommunication No. KM.18/PR.301/MPPT-1993 concerning the Charges for National Mobile Telephone Networks (STBN)
46. Decree of the Minister of Tourism Posts and Telecommunication No. KM.91/PT.303/MPPT-1993 concerning the Provision of Cellular Mobile Telephone Network Services
47. The Decree of the Directorate General of Posts and Telecommunication Number : 06/Dirjen/1994 for multiplexing Prohibition and Effort in Security for the Number of Cellular Mobile Telephone Network

- Universal Service Obligation (USO)

48. Decree of the Minister of Tourism Posts and Telecommunication No. KM.9/PT.102/MPPT-1995 concerning the Revenue Sharing at Public Telecommunication Outlets (Wartels)
49. Decree of the Minister of Tourism Posts and Telecommunication No. KM.26/KU.506/MPPT-1995 concerning the exemption from new telephone line connection and monthly rental charges for telecommunication services public outlets and public telephone
50. Decree of the Minister of Tourism Posts and Telecommunication No. KM.3/KU.307MPPT-1993 concerning the Adjustment of Charges for the Direct Long Distance Telephone Call Network (DLDTCN) through Customer's Telephone Unit and Telecommunication Services Centres (Wartels)

51. The Joint Decree of the Director General of Posts and Telecommunications Number :18/Dirjen/1994 and the Director General of Rural Co-operation Guidance Number : 01/SBK/PKD/II/1994 for the Implementation of Wartel (Telecommunication Service's Bureau) by the Koperasi Unit Desa Mandiri (KUD Mandiri)
  52. The Decree of the Directorate General of Posts and Telecommunication Number: 25/Dirjen/1994 for Technical Stipulation of Card-operated Public Telephone Application
  53. The Joint Decree of the Director General of Posts and Telecommunications Number: 45/Dirjen/1994 and the Director General of Moslem Institution Guidance Number: E/HMOI/176/1994 for the Application of Wartel by Co-operation / Pondok Pesantren (Scholl of Koran Studies for Children and young people)
  54. The Decree of the Directorate General of Posts and Telecommunication Number: 120/Dirjen/1994 for Technical Stipulation of the Coin-operated Public Telephone Application
  55. Decree of the Minister of Tourism Posts and Telecommunication No. KM.108/PR.301/MPPT-1994 dated April 30, 1994, concerning the Interconnection Tariff for Telecommunications Network among Telecommunications Service Providers
  56. Decree of the Minister of Tourism Posts and Telecommunication No. KM.75/PT.102MPPT-1993 concerning the interconnection of Telecommunications Networks between Telecommunication Service Providers
  57. Decree of the Minister of Tourism Posts and Telecommunication No. KM.104/PT.303/MPPT-1996 dated November 7, 1996, concerning Operation of Public Telephones
- Cross Border
58. Instruction of the Minister of Tourism Posts and Telecommunication No. IM.14/PT.102/MPPT-95 concerning Transfer of the Provision of Cross Border Communications
  59. Decree of the Minister of Tourism Posts and Telecommunication No. KM.76/PT.102/MPPT-1993 concerning the Border Crossing Communication
- Facsimile
60. Decree of the Minister of Tourism Posts and Telecommunication No. KM.73/PR.301/MPPT-1993 concerning the Charges for Facsimile Storage and Forwarding Added Value Services
- Television Broadcast
61. Decree of the Minister of Tourism Posts and Telecommunication No. KM.15/PR.301/MPPT-1995 concerning the Tariffs for Televue Services
  62. Decree of the Minister of Tourism Posts and Telecommunication No. KM.37/PR.301/MPPT-1995 concerning the Tariff for Use of International Telecommunications Networks for Relaying of Television Programs
  63. Decree of the Minister of Tourism Posts and Telecommunication No. KM.38/PR.301/MPPT-1995 concerning the Tariffs for Use of International Telecommunication Networks for relaying of television News Broadcasts
- Nusantara 21
65. Decree of the Minister of Tourism Posts and Telecommunication No. KM.11/UM.001/MPPT-1997 concerning Appointment of "Nusantara-21" as the Information System Network

- Pager

67. Decree of the Minister of Tourism Posts and Telecommunication No. KM.112/PT.102/MPPT-1997 is concerning Operation of Pager Services for the Public.

## II. BROADCASTING

In accordance with reformation era several policies under discussion (has been and will be decided):

1. Obligation of relaying government news by private radio station.  
Ministerial Decree No. 226/KEP/MENPEN/1984 regulated to obligate relaying news, license using the material from abroad and using languages beside Indonesia language have been changed through Ministerial Decree No. 134/SK/MENPEN/1998: the obligation to relay 13 times a day in the past was changed to 3 times a day: 06.00 a.m., 13.00 p.m. and 19.00 p.m. and the only one time to relay local news.
2. Organization of private radios broadcasting.  
Ministerial Decree No. 242/KEP/MENPEN/1997 jonto No. 245-B/KEP/MENPEN/1985 regarding organization of private radio broadcasting in Indonesia will be changed in such way will be more than one of the organization of private radio broadcasting or PRSSNI. The decision of minister information of this regard will be issued soon.
3. The simplicity of licensing mechanism of private radios broadcasting.  
Directorate General of RTF Decrees No. 1050/RTF/RSS/K/87, No. 175/RTF/K/II/89, No. 100/RTF/K/I/92 and No. 1351/RTF/K/VIII/93 regarding simplicity licensing mechanism of establishing private radio broadcasting in the past is complicated had been changed to the very simple procedure.
4. TV owner monthly tax.  
The regulation regarding TV owner monthly tax will be terminated because TV terminal is not part of tax target.
5. Advertisement in TVRI  
Advertisement in TVRI will be considered not to be implemented because TVRI had got already 12.5% sales of 5 private TV Stations in Indonesia.
6. Broadcasting License for Private Television Station  
Ministry of Information will give opportunities to established private broadcasting TV stations. Clause 27 point 2a Ministry Decree No. 04A/1993 will be deleted. It means the total number of private TV Station will be more than 5 (five) stations.

The Government has successfully issued Act No. 24 of September 29, 1997 concerning broadcasting. According to the Act, broadcasting consists of central broadcasting, which is conducted by the Government, joint broadcasting by Government and or private institutions, national broadcasting, regional broadcasting, local broadcasting, international broadcasting, and special broadcasting for the consumers. Broadcasting has function as information media, education and entertainment, which strengthen Ideology, politic, economy, social culture, and defense and security. In guiding and controlling the implementation of broadcasting the Government is accompanied by the Agency for Consultative and Controlling National Broadcasting (BP3N)

In line to the Act, foreign broadcasting agencies are not allowed to operate in Indonesia. A foreign agency can only conduct broadcasting activities irregularly and or journalism activities in Indonesia by the complement of the Indonesian Government. This Act takes effect as of September 29, 1998.

From that date on Minister Decree No. 111/KEP/MEMPEN/1990; No. 84A/KEP/MENPEN/1992; and 04A/KEP/MENPEN/1993 are not effective anymore.

### III. PRESS ACT OF INDONESIA

Laws effecting journalistic practice in Indonesia comprises two types of regulations – law which were passed by the House of Representatives in the form of Acts, and rules enacted by the minister of information. The Acts specify the general rules, whereas the rules and regulation prescribe the procedural applications of the Acts

In addition, a number of sections in the national Penal Code (KUHP) stipulate legal constrains and sanctions against violation of privacy, defamation, sedition, etc.

In this chapter are listed Acts and Regulation as follows:

- a. Act No. 21 of 1982 which amended Act No. 11 of 1966 forming the basic legal provisions affecting the Press
- b. Elucidation on Act No. 21 of 1982
- c. Act No. 11 of 1966 on the Basic Principles of the Press
- d. Act No. 4 concerning additional provisions to Act No. 11 of 1966
- e. Elucidation to Act No. 4 of 1967 concerning additional provisions to Act No. 11 of 1966 on the Basic Principles of the Press
- f. Decision No. 214A of 1984 of the Minister of Information concerning the procedures and requirements for the application of the Press Publication Business License (SIUPP)
- g. Decision No. 01 of 1984 of the Minister of Information on Press Publication Business License (SIUPP)
- h. Decision No. 22 B of 1972 of the Minister of Information concerning the regulation governing the foreign press and journalist in Indonesia
- i. Presidential Decree No. 1 of 1984 on the Press Council
- j. Presidential Decree No. 5 of 1985 on the National Press Day
- k. The 1945 Constitution of the Republic of Indonesia
- l. Decree of Minister of Information No. 133/SK/MENPEN/1998 concerning cancellation of Press Publication Permit, June 5, 1998
- m. Regulation of Minister of Information No. 01/PER/MENPEN/1998 concerning New Regulation on Press Publication, June 5, 1998

### IV. THE INDONESIAN JOURNALIST ASSOCIATION JOURNALISTIC CODE OF ETHICS

#### Preamble

Freedom of the Press constitutes the realization of freedom for expressing opinion as prescribed in Article 28 of the 1945 Constitutions of the Republic of Indonesia, and therefore, all parties shall honor such freedom.

Freedom of the Press constitutes on of the characteristic of a law State as stipulated in the elucidation of the 1945 Constitution. The freedom of the Press shall therefore be exercised

with social responsibility and in the spirit of Pancasila for the General welfare and safety of the Nation and the State. For that purpose, the Indonesian Journalists' Association (PWI) draws up this journalistic code of ethics to preserve the principles of responsible freedom of the press.

#### Article 1. Identity of Indonesian Journalists

An Indonesian journalist shall be a citizen having a personality reflecting the following character traits:

- a. Devoted to the Almighty GOD
- b. Faithful to Pancasila
- c. Loyal to the 1945 Constitution
- d. Patriotic (knightly)
- e. Highly respectful of the fundamental human rights
- f. Dedicated to the Emancipation of the Nation in all fields

With all these traits, an Indonesian Journalist shall be committed to the safety of the Indonesian Society as a member of the International community in the world.

#### Article 2. Responsibility

- 1 An Indonesian journalist shall consider with full responsibility and discretion whether or not a newsreport, article, photograph, or cartoon and the like is fit to print
- 2 An Indonesian journalist shall not publish :
  - a Anything that may be destructive and prejudicial to the Nation and State
  - b Anything that may create social chaos (disorder)
  - c Anything that may offend the common standard of decency, religion, faith or belief of a person or a group protected under the law.
- 3 An Indonesian journalist shall discharge his/her duties under a responsible liberty for the public safety. He / she shall not abuse his / her authority and skills for seeking personal advantage and / or group interest
- 4 An Indonesian journalist, in carrying out his/her journalist duties bearing on other nations, shall give precedence to Indonesia's national interest.

#### Article 3. Ways of Reporting and Expressing Opinions

- 1 Indonesian journalists shall to honest methods in information gathering for newsreport by making his/her identity as a journalist known while on a reporting duty.
- 2 An Indonesian journalist shall verify the truth and accuracy of a newsreport or information before it is ready for publication by taking into consideration the credibility of the news sources.
- 3 In writing a newsreport, an Indonesian journalist shall make a clear distinction between facts and opinions so as not to mislead by jumbling facts and opinions
- 4 Headlines shall be fully warranted by the news content
- 5 In a byline story expressing opinions on factual events, an Indonesian journalist shall make every effort to be objective, honest and fair based on the responsible freedom. He / she shall not report news in a manner implying an invasion of one's privacy, sensation, immorally bad taste or an offence to the public decency.
- 6 Publications of a newsreport or article containing unfounded allegations rumors, or sedition endangering the safety of the Nation and the State, slander, distortion of factual events, constitutes a grave offence to the journalistic profession
- 7 Reports of criminal court proceeding must reflect recognition of the principle of presumption of innocence. A defendant shall be treated guilty of criminal charges only after the court's guilty verdict has been pronounced permanently effective.

- 8 Publication of a full name, identity and photograph of a person publicly accused shall be handled with full discretion. In cases involving moral decency or children, publication of names, identity and photograph shall be avoided. Reporting shall always give a balanced account of both the allegations and defenses to avoid implications of a trial by the press.

#### Article 4. Right of Reply

- 1 Any reporting proven to be factually inaccurate or containing misleading factual accounts shall be retracted or rectified at a journalist's own consciousness.
- 2 Persons feeling offended by an inaccurate reporting shall be given the earliest opportunity to respond or to correct the report. Such correction shall be given equal prominence and space in a page where the inaccurate report was placed provided that the response or correction is fair.

#### Article 5. Attribution of New Sources

- 1 An Indonesian journalist shall honor and protect the identity of a news source who refuses to be attributed. The journalist and/or publisher shall stand accountable for a publication on unattributed information.
- 2 Information given off the record shall not be published, except when the journalist can clearly prove that he/she has already acquired such information prior to its off-the-record announcement. If a journalist wishes not to be bound to an off-the-record restriction on an information, he/she may decide not to attend the off-the-record press briefings.
- 3 An Indonesian journalist shall honestly identify the sources of news, photographs or articles quoted from other domestic and foreign publications. Plagiarism as implied by non-attribution of sources of news, photographs and articles is an unforgivable and grave offence to the journalistic profession.
- 4 Acceptance of favors or promises to publish or suppress news, photographs or articles giving advantages or disadvantages to a person, a group or a certain party is strictly prohibited.

#### Article 6. Enforcement of Code of Ethics

- 1 This code of ethics is based on the principle that the responsibility for ensuring the faithful observance of the professional ethics shall rest mainly upon the conscience of every Indonesian journalist.
- 2 Nothing set forth in this code of ethics may be interpreted as implying any justification for anyone outside the Indonesian Journalists' Association to intervene, impose or sanction against any Indonesian journalist of press publication in Indonesia based on any part of this code of ethics. The right to impose sanctions against violation of this code of ethics is the organizational prerogative of the Indonesian Journalists' Association.

#### IV. COMPUTER

##### Impact of PP (Government Regulation) No. 20<sup>5</sup>

It is identified that strategic weakness in the growth of the computer hardware and software service industries in Indonesia. Stimulating foreign investments in this area is cited as a priority for development of a national IT Policy. This is worth examining in some detail. New foreign investment regulations introduced in 1994 (PP20) have substantially changed many long-standing rules applicable to foreign investors in Indonesia in the non-financial sector. Key policies have been scrapped, including the general policy that most foreign investment should be implemented through joint ventures with Indonesian partners, the policy prescribing a minimum investment of \$1 million in manufacturing ventures and regulations requiring foreign share ownership to be divested to 49% or less after 20 years.

However, a key policy was left unchanged, arguably with significant negative consequences for development of IT infrastructure, particularly as it relates to computer software development, namely, that trading and distribution activities remained closed to foreign investment. Generally it is still the case, as previously, that in order for a foreign investor to invest in a particular industry or service sector, that industry or sector must be open to foreign investment. Establishing in a particular case whether a sector is open thus continues to be a threshold issue. The current so-called "Negative List" and "Domestic Trade Supporting Activities" among business fields not open to foreign investment. Certain agencies have also adopted limiting rules from time to time.

#### V. INTELLECTUAL PROPERTY RIGHT<sup>6</sup>

During the past decade, Indonesia has taken significant steps to protect intellectual property and to align its laws in this area with international norms. Some steps remain to be taken, however, such as those referred to below. In 1992, a new Trademark Law (no. 19/1992) was promulgated. It became effective on April 1, 1993. A patent Law (No. 6/1989) became effective on August 1, 1991. Previously, a Copyright Law (No. 6/1992) amended in 1987, was passed. Today, the Indonesian Government, through the State Secretariat and the Department of Justice, is also strengthening the national system for the protection of intellectual property by way of public educational activities such as seminars, workshops and other training, including by cooperation with the World Intellectual Property Organization. WIPO has provided the Indonesian government with many kinds of support, including professional staff in the Directorate General of Copyrights, Patents, and Trademark, to assist in the computerization of records, information services and training of examiners etc.

Indonesia has ratified the GATT Agreement of Trade-related Aspect of Intellectual Property Rights (TRIPS). As a result, the Indonesian government must review its trademark, patent and copyright laws so as to conform them to the requirements of TRIPS. Indonesia must also prepare new regulations regarding the protection of certain intellectual property, such as industrial design, confidential information and layout designs of integrated circuits, which should, according to TRIPS, be in effect by 1999

The reliable sources that the Indonesian Government has proposed a draft revision to the Copyright Law. These sources advise that the draft revised Copyright Law will cover, among

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<sup>5</sup> Duane J. Gingerich. Legal Framework of an Information-Intensive Economy. Presented at the Conference on Ensuring National Competitiveness in the Information Economy. (pp 8-10) Jakarta 24 April 1996.

<sup>6</sup> Ibid (pp 14-15)

other things, new regulations regarding "rental rights" for cinematography, film, video film works, the obligation to protect performing rights, producers of phonograms and broadcasting bodies. There will also be some amendments to the law to provide for longer copyright protection for computer programs to 50 years (in the current Copyright Law it is only for 25 years)

Indonesia is not presently a member of the Universal Copyright Convention or the Berne Convention. It has been considering rejoining the Berne Convention from which it withdrew in 1958. However, the Indonesia Government has bilateral agreements on copyright with a few countries, namely :

- ◆ Bilateral Agreements with certain members of the European Community on protection for sound recordings, effective on 27 April 1988
- ◆ Bilateral Agreement on Copyrights with the United States of America, effective on 1 August 1989
- ◆ Bilateral Agreement on Copyright with Australia, effective on 15 May 1993
- ◆ Bilateral Agreement on Copyright with the United Kingdom, effective on 28 July 1994

These bilateral Agreements represent the first stage of the Indonesian Government's move towards providing more comprehensive protection for copyrights.

The negative news is that software piracy is still rampant and enforcement is sporadic. This is a serious problem for the development of the IT infrastructure in Indonesia. Under the law an infringer of a copyrighted creation may be sentenced to a maximum of seven years imprisonment and / or a maximum fine of RP 100,000,000 or at least two years imprisonment and/or a minimum fine of RP 15,000,000, depending on the type of violation. Goods, which constitute a copyright violation, may be confiscated and destroyed by the State. Not many people have spent much time in jail for copyright violations, but not for lack of candidates.

Realistically, we do not expect that the Indonesian Government will be in the forefront of the battle to root out cyber pirates in the vast reaches of the computer piracy at ground zero to work on for the rest of this century and unless seriously and sustained effort and money is put into this, Indonesia's national competitiveness in the global information economy will be severely compromised.

### Privacy and Security<sup>7</sup>

The Privacy implications of telecommunications services made possible by new technologies are complex. Among the issues are:

- ❖ Conditions of use or operation which are needed to protect the privacy of individuals in relation to :
  - Developments within the telecommunications system such as calling number display
  - The use of services which incorporate technologies such as automatic calling equipment and voice response systems
- ❖ Service that makes unsolicited phone calls and sends unsolicited faxes.
- ❖ Whether these matter should be dealt with as general privacy issues or treated as specific to telecommunications
- ❖ What weight to give to privacy considerations vis-à-vis the potential economic and social impacts of telecommunications services in terms of cost-benefit analysis

### Content Regulation

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<sup>7</sup> Ibid (pp 16)

Legal issues arise in respect of the operation/content of databases and other content services. It is theoretically possible, I am informed, and that under the Indonesian Criminal Code in Internet Service Provider could be liable, for example, for "cooperating" in the "publishing" or "distribution" of obscene or seditious materials sent out by a user. Not surprisingly, however, the Criminal Code makes no specific reference to IT infrastructure language and any liability would require creative application of traditional print media concepts of publication and distribution of prohibited literature and materials.

## VI. INTERNET

Internet Service Provider (ISP) should apply for a permit from MTPT or DGPT for using telecommunication facilities. However, under the new Broadcasting Act No. 24/1997 ISP also have to provide another permit from the Ministry of Information starting Sept. 1998. ISP will be considered as a "special broadcaster". Elaboration of the Act is still in the process (will be elaborated in special section).

So far Internet activities in Indonesia is still free from outside interference. Some time the government officers complained about the content of Internet, especially regarding "bad news" about the government activities. But, they couldn't do anything to ISP, compare to the Press and Broadcasting.

Internet is getting popular in the business, education, trade and government activities. Even the new President Habibie encouraged government officials using internet (E-mail) in intergovernmental communication.

There are around 40 Internet ISP and about 200.000 Internet costumes in Indonesia. Internet is regulated by the government through Minister Decree No KM 59/1996 and KM.114/1997 concerning the Internet network service provider, permit and tariff.

Decision of Ministry of Tourism, Post and Telecommunication No. KM. 114 / PT.102/MPPT-97 concerning The Internet Service Provider

### 3. General Legislation

- a. Internet services is means of communications system services that link the globally spread Internet network (regionally or internationally) through an Internet Protocol
- b. The Provider is own by the government, which are formed accordingly to the standing legislation that acts as the sole holder of the Telecommunications Service Provider
- c. Other providers are legal bodies outside the provider, former as Co-operative, local company that is own by the government and privately own national company, that runs in the Telecommunications Service Provider.
- d. Internet Service Provider could act as an Internet Access Provider and Information Service Provider
- e. The provider as mentioned on point 1, could provide Internet Service for users such as :
  - i. Permanent subscribers
  - ii. General public that is not considered as a subscriber, which provided with services in places such as Cyber Café.

### 4. Licensing Arrangement

- a. Every Internet Service Provider by other bodies will be done accordingly towards the Minister decision.
- b. License from the Minister (as mentioned on point a), will be given after evaluation by the evaluation and selection team formed by the minister.

- c. Proposal for providing an Internet service by the other body, have to be forwarded to the minister in written form.
- d. The Proposal as mentioned on point c must enclosed with :
  - i. A copy of the letter of Establishment act. Legalizes by a legal body and
  - ii. A Business Plan that consist of infestation, estimate earning, target market, tariff proposal, technical specification, system and hardware that would be use.
- e. The license acceptance or refusals should be submitted at least 60 days after the proposal is received.
- f. If in 60 days period the decision has not been made, the proposal is consider to be granted.
- g. The license will be valid as long as the company can operate accordingly
- h. Evaluation towards the Internet Service Provider will be done every 5 years.

## VII. LICENSING<sup>8</sup>

The issue of licenses is the responsibility of both MTPT and DGPT:

- MTPP issue licenses for public telecommunication services,
- DGPT issues radio licenses and licenses for all private telecommunications network service providers.

The Directorate of Frequency allocates radio frequency to mobile operators.

The number of licenses issued for fixed services is limited. Only one operator -PT Telkom- is licensed to provide local fixed line services (until 31 December 2010), and domestic long distance services (until 31 December 2005). Two licenses were issued for international service-to PT INDOSAT and PT SATELINDO-under the terms of MTPT Decree NO. 6/102/95. Both operators were awarded a license to operate international service exclusively until 31 December 2004.

Under the terms of their license, a telecommunications operator is prohibited from providing broadcast cable TV service. A separate license is required from the minister of Information if a network operator wishes to provide cable television services. (Likewise, cable TV companies cannot provide telecommunications service without a license from MTPT/DGPT)

### Radio Frequency

The government limits the number of licenses for each type of mobile service. For example, only three GSM operators are currently licensed to provide services.

During the first half of 1997, the government awarded five PCN licenses and announced it will be issued 11 new cellular licenses for DCS-1800 and PHS services by the end of the year (1997.). However, the heavy economic crisis made the candidate operator couldn't keep the schedule.

## VIII. IMPLICATION OF GATS / WTO AGREEMENT IN BASIC & NON BASIC TELECOMMUNICATION SERVICES AND INFORMATION TECHNOLOGIES IN

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<sup>8</sup> The legal and regulatory manual Volume I – Asia Pacific Indonesia. B8 – INDONESIA Regulatory Environment (pp 7-8)

## INDONESIA. GATT AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS (TRIPS)<sup>9</sup>

### 1. Basic and Non Basic Telecommunications Services

- Telecommunications has entered a period of explosive, global growth
- This Telecommunication Revolution has been marked by :
  - The unleashing of technological change
  - Competitive forces and privatization of state monopolies
  - The creation of consortia of service providers which are global in scope and of wholly new services embodying advanced capabilities
- The great potential significance to the future growth and stability of the industry, has been the beginning of a multilateral governmental response to this telecommunications revolution.
- It was expressed when the Marakesh agreement signed in 1994. This agreement established the general agreement on trade in services (GATS), which applies to trade in services including telecommunications services. It also established the World Trade Organization (WTO), the institutional framework within which the GATS operates.
- One of GATS' annexes is a telecommunications annex, which clarifies and extends some of the GATS provisions as they apply specifically to telecommunications.

### Supplementary Agreements

Supplementary to the GATS is a number of ministerial decisions and declarations of specific relevance to telecommunications is the decision on negotiations on basic telecommunications. This decision formally established the NGBT and states its aim as the achievement of the progressive liberalization of trade in telecommunications transport networks and services (or basic telecommunications)

### Indonesia' s schedule of commitments (SC)

The conclusion of the negotiations has been reached in February 1997 and Indonesia has submitted the schedule of commitments on basic telecommunications. The implementation of all scheduled commitments is on 1 January 1998.

### Indonesia "SC" on Non Basic Telecommunication (9 sectors):

1. Voice Mail Service
2. Electronic Mail Service
3. Computer Time Sharing Services
4. Videotext Services
5. Electronic Mail Box
6. File Transfer Services
7. Home Telemetering Alarm
8. Entertainment Services
9. Management Information Services

### Indonesia "SC" on Basic Telecommunications

- Indonesia "SC" is based on all prevailing regulations and domestic conditions
  - Local Services : The period of exclusivity for local services expires in 2011\*

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<sup>9</sup> Jonathan Paparak, Department Pariwisata Pos dan Telekomunikasi Jakarta 1997.

- Long Distance : The period of exclusivity for long distance services expires in 2006\*
- International : The period of exclusivity for international services expires in 2005\*

\* Notes: The Government will conduct a review of policy with respect to whether to permit additional suppliers of such services upon the expiry of the period

Attachment to the Republic of Indonesia's "SC" on Basic Telecommunications:

1. Competitive Safeguards
2. Interconnection
3. Universal Service
4. Public Availability of Licensing Criteria
5. Regulatory Authority
6. Allocation and use of scarce resources

Industry Structure

		Segment			Structure	Providers	
Service	Basic	Domestic	Local	Cable	Monopoly	Telkom	Jvc Allow Jos
				Radio	Duopoly	Telkom Ratelindo	Jvc
		Long Distance		Monopoly	Telkom		
		International			Duopoly	Indosat Satelindo	
	Non Basic	Mobile	Cellular		Oligopoly	Telkom Indosat Private	Amps Gsm Nmt
			Paging		Oligopoly	Telkom Private	
		VAS (Value Added Service)			Competition	Various Provider	Coopera tive Young Proff.
		Private Network			No Resale	Various Provider	
CPE	Full Competition						

- Indonesia has already participated in GATS service negotiations through involvement in the NGBT
- The schedule of commitments itself is a binding document, so Indonesia must comply with GATS general obligations, its scheduled commitments.
- There are several "potential risk" associated with participation in NGBT - WTO :
  - The increased overseas scrutiny of Indonesia's management of its telecommunications sector
  - Demand for increased levels of market access
- Indonesia must also consider :
  - The potential benefits of achieving increased access to markets outside Indonesia
  - Greater certainty for investors in Indonesia

- Some of benefits
  - The telecommunications industry in Indonesia is currently experiencing rapid growth and this likely to lead an increasing focus on overseas investment opportunities in the future (PT Indosat has already started to invest in countries outside Indonesia, such as Canada, Tan's Countries and Cambodia)
  - Any gains that achieved in terms of market access now hold potential benefits for the Indonesian Telecommunications Industry
  - By Scheduling commitments in the WTO / GATS, the government is effectively giving an increased level of certainty to potential and existing investors in Indonesia by providing additional reassurance of the stability of the investment climate. This may hold benefits such as stimulating investment in the telecommunications sector and increasing share prices for existing market participants.

## 2. Information Technology

With regard to Information Technology, discussions were held separately by interested nations. Besides that which was expressed in the Ministerial Declaration, a separate declaration was issued by 14 countries, including Indonesia, to negotiate the modalities by January 31, 1997 of the agreement to reduce tariffs to zero percent in the year 2000, giving suitable flexibility on the staging and the scope of products.

Declaration among others :

Each party's trade regime should involve in a manner that enhances market access opportunities for information technology products.

Attachment B :

Positive list of specific products to be covered by this agreement wherever they are classified in the HS. Where parts are specified, they are to be covered in accordance with HS notes 2(b) to Section XVI and Chapter 90, respectively.

1. Computers
2. Electric Amplifiers
3. Network Equipment : Local Area Network (LAN) and Wide Area Network (WAN)
4. Monitors
5. Optical Disc Storage Units
6. Multimedia Upgrade Kits

## 3. GATT Agreements on Trade-related Aspects of Intellectual Property Rights<sup>10</sup>

As result, the Indonesian government must review its trademark, patent and copyright laws so as to conform them to the requirements of TRIPS. Indonesia must also prepare new regulations regarding the protection of certain intellectual property, such as industrial design, confidential information and layout-designs of integrated circuits which should, according to TRIPS, be in effect by 1999.

Implications of WTO decisions on Intellectual Property Rights arising out of satellite transmission in Indonesia is still in the process (in parliament office). (The Indonesia ratification are in the form of Oral Support in International Meeting)

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<sup>10</sup> Ibid

## IX. THE POLICY AND STRATEGY FOR THE USE OF NATIONAL AIR SPACE FOR INFORMATION<sup>11</sup>

After understanding the opportunities and obstacles that may arise from the use of national air space for information, the Department of Information issued its policy and strategy as follows:

First, to uphold the policy of national integrity on national air space, while continuing the policy of international cooperation. The application of this policy is aimed at creating the foundation for the growth of cultural and spiritual stability of our people, in facing the globalization of information and the "free flow of information"

The application of the policy of national integrity means that the use of the Indonesian national air space for the purpose of national information, is the sole right and obligation of the Indonesian Government.

Within a certain limit, the Government may appoint other parties of national private companies to participate in carrying out the duties of Information (such as public service broadcasting or industry broadcasting, carrying programs which reflect the unity and integrity of the Indonesian people.

Second, to face the advancement of the world communication technology, and the negative effects of information spillover, the Department of Information developed a concept, and took steps as follow:

Development of communication/information technology cannot be prevented, the best thing for us to do is to give direction and make use of technology to serve our national interest;

the Indonesian people is heterogeneous with so many ethnic groups and different culture, religion, beliefs, history and living standard; changing the value system, as a result of development, as a renovating process in all sectors of life.

The use of communication satellite, besides speeding up the globalization of information, is also important for Indonesia in spreading information throughout the archipelago;

The Indonesian people must be able to develop a value system, in conformity to the demand of development, based on those values as sanctified in the philosophy of Pancasila; thus modernization in Indonesia would mean materialization of people's aspiration in accordance with the trends of the era, while adhering to Indonesia's national identity and personality;

The challenge faced by the Indonesian people at present is how to adopt universal standards as a modern nation, while adhering to Indonesia's own identity, with cultural background imbued with the values of Pancasila for the maintenance of National Stability and the Archipelago Outlook

To minimize the negative effects of information globalization in Indonesia, we must try to strengthen the ideological, political, economic, social, cultural and defense and security resilience by;

- increasing development effort to strengthen national unity and national resilience
- increasing efforts to impart national vigilance
- increasing religious information activities

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<sup>11</sup> Harmoko. Information Strategy in the era of Globalization. (pp 150-155) Jakarta 1993.

Developing regional cultures through the media, to foster Indonesian national culture.

The Department of Information has issued regulations on the parabolic antenna as follows:

1. On the usage of the antenna, the public are requested to use their own discretion, with the confidence that they are in the position to consciously select and choose which programs are useful, to prevent the weakening of national stability
2. The Antennas are privately owned, and the Department of Information, c.q. the TVRI, is not responsible for the installation, operation, maintenance and the risk of ownership

People may use Parabolic Antenna System of Distribution, under the condition that:

1. The distribution System is only permitted to received and distribute TVRI telecast and those programs transmitted through SKSD Palapa
2. The distribution system can be installed by the regional governments, official institutions or social groups coordinated by the local government, at their own expense, especially for those places which could not be reached by TVRI telecast (blank spots)
3. The permit to install Parabolic Antenna Distribution System is issued by the Department of Tourism Posts and Telecommunication c.q. The Directorate General of Posts and Telecommunication, with a reference letter from the Department of Information c.q. the Directorate General for Radio, Television and Film.

As a conclusion on the policy and strategy concerning the utilization of national air space for information as follows:

1. In order to strengthen National Stability, to implement the Archipelago Outlook and to improve the prosperity of the people, the Indonesian Government has consistently upheld and applied the principle of national sovereignty over national air space, while adhering to the principle of international cooperation
2. The concept of "free flow of information" being upheld by the advanced countries, can give negative impact on the growth and development of the value system and culture of a nation, if the implementation is not followed by the efforts to uphold a balanced flow information between advanced and developing countries, as expected in the New International Information and Communication Order.
3. In order to uphold the national sovereignty over national air space, and to prevent the negative effects of the implementation of the concept of the "free flow information" the Department of Information, on behalf of the government, has taken the following steps :
  1. Issued regulation which will guarantee the upholding and implementation of the rights and authority of the government, as the sole decision-maker in the utilization of the National Air Space, for the interest of national information, which covers hardware, software and manpower aspects.
  2. To utilize expediently, progress in the fields of information and communication technology, and direct its implementation for the national interest.
  3. Together with other developing countries, strive to create the NIICO or New International Information and Communication Order, at International forum.

## X. RECENT REGULATORY AND POLICY DEVELOPMENT IN INDONESIAN TELECOMMUNICATION<sup>12</sup>

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<sup>12</sup> Directorate General Post and Telecommunication. Mimeograph. 1996/97 Jakarta.

The Indonesian telecommunications sector is experiencing unprecedented transformation. Under the Telecommunication Law Number 3/1989 the Government of Indonesia (GOI) has implemented steps to significantly restructure the sector by diversifying the provision of telecommunication services and allowing the participation of private sector to provide basic telecommunications services.

Since 1993 the GOI has licensed new operators to provide basic telecommunications services. SATELINDO, a domestic private company, has been licensed to provide international, satellite and GSM mobile communication services. The policy of the government is to maintain the duo-poly in the provision of basic international telecommunication services for the next ten years since 1994. However, full competition has been opened in providing nationwide GSM mobile telephone services. In addition to the Satelindo GSM license, two more licenses have been issued to other domestic companies. Meanwhile, foreign mobile operators have been permitted to buy substantial stake in all the three Indonesia's GSM operators.

Likewise, privatization of state-owned telecommunication companies has been pursued. In October 1994, the state-owned international carrier INDOSAT offered its shares through an Initial Public Offering (IPO) on both the New York and Jakarta Stock Exchanges. After this combine offering, the government of Indonesia would own 68% of the outstanding stock of INDOSAT and will retain control of the company. A significant privatization step was undertaken in 1995. In that year, TELKOM, another state-owned company that provides domestic telecommunication services offered its shares through an IPO to overseas and domestic stock markets.

Immediately after this combined offering, the government retains not less than 72.5 % ownership of TELKOM.

However, for TELKOM, the GOI has had promoted a two rounds privatization strategy. First, TELKOM initiated a Joint Operation Scheme-known under its Indonesia acronym KSO and as the second round, the company undertook the IPO that shortly followed the first.

Under the KSO scheme, five private JVCs (Joint Venture Companies) entered into KSO agreements with TELKOM, where by each JVC includes a PTO (Public Telecommunications Operator) with significant expertise and experience such as France Telecom, US West, Telstra, Cable & Wireless and Singapore Telecom. In a specific KSO region, each JVC has to plan, design, and construct, finance and operate, during 15 years, the local Public Switched Telephone Network (PSTN). The total access lines to be constructed by the five JVCs is the about 2 millions during the coming three years. In the same period, TELKOM is constructing three millions access lines, primarily, in the two remaining regions where it continues to be the incumbent local network operator. In addition, TELKOM will be the only long distance telecommunication service operator for the next ten years. Each KSO Unit will be responsible for payments to TELKOM a one time initial payment, and agreed monthly Minimum TELKOM Revenue (MTR) and a percentage between 49 % and 30 % for the 15 years period of the KSO Unit's revenue after deduction of the MTR and allowable operating expenses, but before depreciation and financing charges. In total the JVCs have to pay TELKOM more than \$ US 6 billion under the KSO agreement.

The KSO scheme is not only to mobilize private capital in network expansion and to generate cash flow for TELKOM, it is also to-raise the domestic telecommunications service to a world class level. To this end, the KSO JVC are contractually obliged, after a specified years of operation, to achieve a defined set of performance targets

commensurate with a world class operator's level of performance. The performance targets include defined values for call completion rate of local, national and international calls, operator response time, completion of new service requests, and fault rate per line per month.

Penalty will be imposed in case the KSO JVC fails to meet the requirements. At the same time, the JVCs have to contribute to staff training and R&D. Given the massive involvement of world class operators in the scheme, as expected it has had a positive impact on the outcome of TELKOM's that immediately followed the conclusion of the KSO agreement.

As a result of these developments mentioned above, the Indonesian telecommunication is evolving from a state-owned monopoly environment to a sector with competitive multiple operators with private privatization. Existing as well as new operators are extensively investing in the expansion of the telecommunication infrastructure to close the gap between demand and supply of the service. Substantial parts of the investment are also intended to introduce new services such as mobile and intelligent network, which are demanded by a modern society.

## 1. Regulatory Changes

Currently, in Indonesia's telecommunications environment there is basically a separation between the regulator and the regulated. While the Government through the Minister of Tourism, Posts and Telecommunications (MTPT), in particular the Directorate General of Posts dan Telecommunications (DGPT), regulates the telecommunications industry, the incumbent operating agents, TELKOM and INDOSAT, and the other private entities are the operators of the networks. Especially after their IPOs, TELKOM and INDOSAT are obliged to operate and carry on as normal business entities without public administrations functions.

The Government goals for its current five-year plan for the domestic telecommunication sector include increasing the accessibility, affordability and quality of telecommunications services for the residents of Indonesia. Consistent with these goals, the Ministry of Tourism, Posts and Telecommunications (MTPT) have taken a number of regulatory measures. Among those the following are worth reporting.

### a. Exclusivity

Pursuant to MTPT Decree 60/1995, with effect from January 1, 1996, the MTPT has granted TELKOM :

- 1) Including the KSO JVCs that operate for and on behalf of TELKOM, the exclusive right for 15 years to provide nationwide local fixed line (wireline) telecommunication service;
- 2) The exclusive right to provide domestic long distance telecommunications services for 10 years;

On the other hand, pursuant to MTPT Decree 6/1995, with effect from March 1, 1995, the MTPT has granted the exclusive right to provide international long distance telecommunications services for 10 years (for INDOSAT and SATELINDO);

b. Tariff Structure

- 1) With effect from January 1, 1997, the MTPT effected new tariff structure for domestic, adopting from CPI-X formula which includes the adjustment for monthly fee, long distance fee, and local fix line fee;
- 2) Since January 1997, the MTPT decided the maximum interconnection tariff amongst cellular operators and PSTN operators;
- 3) Adjustment international tariff based on the international settlement rate, since January 1997;
- 4) The provision maximum air time tariff for subscriber in the cellular service.

c. Universal Service Obligation

TELKOM as the dominant operator for domestic service is required to meet the Universal Service Obligation (USO). The long-term objective of Universal Service is to ensure that every household wanting telephone service could be connected to the public network at affordable prices. To this end, TELKOM and the JVC's are required to allocated 20 % of their annual investment on installations in unserved or undeserved areas regardless of commercial considerations.

2. Policy on The Development Of The Telecommunications Infrastructure<sup>13</sup>

Although the government remains to play a major leadership role in the development of telecommunications, the ultimate responsibility for funding the investment in and developing the infrastructure will in principle rest with the private sector. The trend in the development of fixed national telecommunications network can be summarized as follows:

- a. Expansion of the coverage and increasing the density of basic telephone system from the present 1.42 to 8.7 lines per 100 populations in the year 2004;
- b. Modernizing the network by deploying narrow-band ISDN and Intelligent Network (IN) mainly to cater the business segment of subscribers;
- c. Gradually deploy wide band network within and between big cities based on MAN (Metropolitan Area Network), especially for inter-LAN connections and as a tesbed for the NII (National Information Infrastructure);
- d. Focus on applied R&D activities for preparing the impact from future telecommunications technology application, like low earth orbit satellite and B-ISDN (broadband ISDN);

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<sup>13</sup> Ibid

- e. Preparing National Information Infrastructure (NII) through Nusantara-21 concept where in the year 2001 Indonesia will be accommodated by multimedia integration system which will increase the capability of all economic sectors in order to be able to compete in the global environment.

As a result of the Government's licensing policy, the development of the infrastructure for mobile communication has been and will continue to be undertaken almost entirely by private sector. Obviously, the number of licenses to mobile telephone services is limited by the shortage in radio spectrum.

The development of mobile communications network will include :

- a. Expansion of the digital cellular network in the 900 MHz (GSM) and the roll out of mobile network in the 1800 MHz band (DCS 1800);
- b. Facilitating the expedient roll out of low cost mobile telephone network for the masses, like the Personal Handyphone System (PHS). According to prediction, growing demand for access to phone service in developing countries, including Indonesia, will increasingly be met by mobile communication, especially the low cost one.

Needless to say that the above mentioned development shall always consider and take into account national security and emergency preparedness which relies on efficient and ubiquitous telecommunication network.

### 3 Policy on The Provision Of Telecommunication Services

Policy on the development of telecommunications service has been and will be increasingly driven by the emergence of new realities, such as:

- a. The convergence of telecommunications and television;
- b. The appearance of global mobile satellite system;
- c. The increasingly meaningless distinction between international and domestic telecommunications;
- d. The tradability of telecommunications service.

In this connection, the GOI has issued licenses to service providers that include:

- a. PT. ACES Indonesia to provide regional mobile satellite service based on the geo-stationary mobile satellite Garuda that will be launched in the 1998 time frame.
- b. PT. RATELINDO to roll out and operate a fixed wireless local access telephones services as a Competitive Access Provider (CAP). This service has been offers since August 30, 1995.

To provide an idea about the variety of other services offers and the number of licenses granted, a selection of those is shown in the following lists.<sup>14</sup>

	SERVICE	NUMBER OF LICENSES
a.	digital/analog mobile communication	7

<sup>14</sup> Ibid

b.	fixed cellular access service	1
c.	internet service providers	41
d.	public telephone card service providers	12
e.	national paging service	11
f.	radio trunking	7
g.	satellite service	3

4 Policy to the International Community

Indonesia has participated actively during the negotiation process of Group on Basic Telecommunications (GB-WTO) on February 1997 in Geneva. As a result, Indonesia has submitted the Schedule of Commitment on basic telecommunications services.

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**INFORMATION HIGHWAYS:  
POLICIES AND REGULATIONS IN CONSTRUCTION OF GLOBAL INFRASTRUCTURE  
IN ASEAN**

**CHAPTER IV  
FUTURE PLAN FOR THE DEVELOPMENT OF COMMUNICATION FACILITIES IN  
INDONESIA**

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**FUTURE DEVELOPMENTS**

Indonesia's Sixth Five-Year Plan (Repelita) runs from April 1994 to March 1999. The government's aim during this periods to:

- ◆ Provide an additional five million telephone lines thereby doubling national exchange capacity to 10.6 million lines and increasing line penetration to 4%
- ◆ Increase the number of radio paging subscribers from one million to three million
- ◆ Improve successful call completion to 65% for local and 45% for long distance calls.
- ◆ Install over 3,500 new payphones throughout the country
- ◆ Ensure at least half the country's villages have access to a telephone

By the end of Repelita VII (March 2004), the government wants to increase the local exchange capacity to 19 million lines (equating to 8.7% line penetration) and by the end of Repelita VIII, to over 29 million lines.

Nusantara 21 is Indonesia's national information infrastructure project that began in 1996. The initial phase involves the construction of a countrywide 155 Mbit/s fiber backbone networks. This will be linked to regional fiber networks over which broadband multimedia services will be offered. Services are expected to be available in major cities by 2001.

MTPT has plans to introduce new technologies and services such as intelligent networks, narrow-band ISDN and PHS services. The government recognizes that as the sector advances, the laws governing telecommunications may need to be amended to take into account new operators, interconnection rates, tariffs etc.

The government has no plans at present to sell further shares in PT Telkom or PT Indosat but late 1998 expect an initial public offering from PT Satelindo.

**1. TELEMATIKA PROJECT / NUSANTARA-21 (N21) AS A WHOLE<sup>1</sup>**

**Network and Information System Nusantara-21**

Nusantara-21 represent the continuation of vision of the nation in realizing a multiple society prosperity and spread out in the vast Nusantara zone through telecommunication and information technology, i.e. vision which contained in the utilization of domestic communication satellite Palapa in 1976. As developing country with all its uniqueness, Palapa has been proven to be strategic and right in supporting development progress of the whole branches of lives of the Indonesian community.

<sup>1</sup> Based on the President Decree No. 30/97, July 31, 1997 And Minister Decree 111/1997

In the more fitting context as well as in the framework of international trade globalization process, Nusantara-21 is proclaimed to strengthen and modernize the development process of the Indonesian community that is just and prosperous in a peaceful and prosperous world. Type of technology used in Nusantara-21 is more vary and the capability is higher, in accordance to the rapid development of science and technology, particularly telecommunication and information technology. Nusantara-21 is also standing on the fact of varied ways lives of Indonesian community and contains many uniqueness.

#### Target of Nusantara-21

Development and utilization of NUSANTARA-21 contains the purpose of prospering the Indonesian society with infrastructure and capability of managing and utilizing information so that the Indonesian community is capable of having a role and takes the best benefits from the economy of the very competitive global information.

#### Macro Conception of Nusantara-21

In the early stage Nusantara-21 is established as information infrastructure connecting the 27 capitals of provinces in the whole Nusantara and their connection with regional as well as global information infrastructure, with the priority given to the interest of the development of the role of Indonesian economy in regional and global trade, as well as the role of Indonesia within the non-block countries.

#### Multimedia Cities

The development of Nusantara 21 coverage at big cities in trading centers and economic as well as social activities in form of the availability of SDH "ring" and "fiber optic" in the cities, as well as the availability of medium band or wide band access in the whole city area. From stage to stage the number of multimedia cities will keep developing.

#### Nusantara Multimedia Community Access Centers

The development of Nusantara-21 so that it can cover the whole levels of Nusantara community with "density" orientation is not realistic. In the context of Nusantara-21 community access centers concept is developed which covers broadband payphone, broadband business centers, networked e-library and multimedia community kiosks.

With the establishment of "network of networks" of Indonesian Super Highway Nusantara-21 (N21), the activities for the utilization of N21 can be carried out clearly, which comes into the way of life of the community in Indonesia which covers the main categories as follows.

#### 1. Government Sector

This milestone reflects the level of utilization of N21 in conducting government in various sectors. Several possibilities of utilization in Government sector have been identified above. This milestone will give in detail how many Government institutions will be active in the utilization of N21 for conducting management and administration with their community as well as in their connection with services to the community with indication of daily utilization level which can be expressed in "utilization per day" by the agency. The number of harbors and airports operating with full information technology basis also represents an important aspect in the utilization in N21 by Government sector.

- a. **Conducting of Government**  
 Efficiency and effectiveness of conducting government at central or regional level and functions of state high institutions, including BPS (Central Bureau of Statistic) can be improved through N21.<sup>2</sup>

No	Indicator	Milestones	
		1999	2001
1	Number of departments in the cabinet which have been fully operating with information technology for their activities and administration	38 departments	38 departments
2	Number of harbours which can carry out transaction of expedition administration information between national / international harbors	5 harbours	10 harbours
3	Number of airports which can carry out administration information transaction between national / international airports	4 airport	20 airport
4	Number of Government public service offices which can communicate electronically and open web site about service information accompanied by interactive communications	27 government public service	100 government public service

- b. **Education Sector**  
 Education sector is an area which is relatively most ready for the utilization of N21 so that in the national initiative N21 will immediately connect main state and private universities all over Indonesia including Open University (UT) for education and scientific forum activities as well as education administration activities. Aside of that the number of high schools, junior high schools, and elementary schools which are considered ready to enter N21 era will also be caught by N21. This plan is indeed considered as the vision of Indonesia people in preparing the next generation to ready and capable to participate in the global information community era. Still in connection with education, for as many elementary schools and junior high schools all over Indonesia as possible, which in the initial stage of N21 cannot be caught, the availability of line electronic library will be programmed which in due time will be intergrated into N21.<sup>3</sup>

No	Indicator	Milestones	
		1999	2001
1	Number of Elementary Schools which are connected to N21 and have on-line library facilities	7 elementary Schools	27 elementary Schools
2	Number of Junior High School which are connected to N21 and have on-line library facilities	14 Junior High School	54 Junior High School
3	Number of High School which are connected to N21 and have on-line library facilities	21 High School	81 High School
4	Number of universities which can conduct long distance lectures	35 Universities	135 Universities

<sup>2</sup> Keputusan Presiden Republik Indonesia No. 30 tahun 1997 tentang Tim Kordinasi Telematika Indonesia. & Network and Information System Nusantara 21 1997

<sup>3</sup> Ibid

c. Health Services

Inclusion of hospitals and medical personnel which are relatively small in number, into infrastructure such as N21, is considered very relevant at this moment for conducting national health service sector, so that information exchange and supply of health services which are not necessarily restricted by distance and locations can be carried out, so that the services of medical personnel can be benefited by more members of the community.

Inclusion of medical experts through N21 can also increase the access of national medical experts to global networks. "Telemedicine" technique has started to be prepared at several universities and big hospitals and can appear in various specific forms, such as "Telecardiology".

Several examples of projects which can be carried out are: communication of rural health service center with central hospital, communication and access of doctors to data center at a hospital for diagnostic, access on health research etc., transfer of diagnostic information such as X-ray photograph and ECG and various other applications.<sup>4</sup>

No	Indicator	Milestones	
		1999	2001
1	Number of hospitals which can enjoy on-line services of experts and specialist	15 hospitals (big & medium)	27 hospitals (small)
2	Number of hospitals in big cities which have access to partner hospital in other country in the framework of exchange of information, joint research or transfer of new expertise as well as scientific discussion	7 hospitals	10 hospitals

d. Conducting research

Efforts of conducting research through wide band information networks had been pioneered since 1993 between LIPI, ITB, and TELKOM with the establishment of INFORIS (Research Information Infrastructure). N21 will increase the capability of INFORIS so that interaction between researchers and research programs, development and innovation programs can be simultaneously carried out in a more intensive and efficient way.<sup>5</sup>

No	Indicator	Milestones	
		1999	2001
1	Number of national research institutions collaborating in research and other research activities.	10 institutions	20 institutions
2	Number of national research institutions collaborating in joint research program with foreign research institutions	2 institutions	5 institutions

e. Cultural Sector

N21 will become a standpoint of Web Servers which will enable galleries, museums, and cultural centers be enjoyed by the general public in an instant way and at any moment. If access of N21 can be spread out to the whole areas in the country, art and cultural centers can be encouraged. There are many examples at this moment, i.e. "website" of artists in form of virtual

<sup>4</sup> Ibid

<sup>5</sup> Ibid

galleries and simultaneously as meeting media among artists for appreciation of the arts.

## 1. Private Sector

Level of utilization of N21 here is similar to the utilization in Government sector except that in this case it is for private sector.

- a) **Banking Industry**  
Looking at the fast growth of banking industry in Indonesia and the operation area which covers the whole area of Indonesia as well as the fact that national banking industry is very progressive in utilizing technology to support the efficiency of their operation, banking industry is predicted to be the most interested party in utilizing infrastructures like N21
- b) **Mining Industry**  
Mining industry is an industry which still has an important role in Indonesia with operating area all over Indonesia and even in remote locations. On the other side, mining industry is known as industry which transfer a lot of data from the sites to central point position in big number (bulk)
- c) **Manufacturing Industry**  
The existing big manufacturing industry in various parts of Indonesia is predicted to be able to increase its productivity by increasing the utilization of N21, especially in communicating with its supplier.
- d) **Tourism Industry**  
Because tourism industry represents main industry for Indonesia for getting foreign exchange and tourism industry is quite intensive in spreading information in the framework of global marketing as well as community in the framework of transactions, then, eventhough bandwidth needed can vary, yet in principle, the wider the bandwidth of information infrastructure, the more effective the support on the growth and operation of tourism will be.
- e) **General Trading and Retail**  
General trading and distribution develop very rapidly, particularly within the developing country which is relatively big and covers a vast area such as Indonesia and needs the support of facilities such as N21 very much.

## 2. Development of Local Industry

Here we look at the development of local industry as the result of the existence of N21. Local industries which cover the existing industries as well as new industries which theoretically have a very good change in the transformation process towards information community and economy. The opportunity covers a wide spectrum from big industry to small industries and from hardware and software manufacturing industries to "brainware" services industries. The observation of the growth of various types of industries in various scales is important to do as the result of the impact of N21 on economic activities should be positive in the context of the development of manufacturing as well as services industries.

## 2. GMPCS<sup>6</sup>

For several decades we have recognized the missing link, the still missing link, the missing telecommunications services in developing countries and specifically in rural areas. The issues of lack of expertise, capital and technological competence has dominated many conferences, including. The new technology which has the potential to close the gap, not only between the developing and developed countries, but also between urban and rural areas within a country. The technology is GMPCS.

Indonesia is the largest archipelago nation of the world with over 17,000 islands and a population now exceeding 200 million people. Providing nationwide communications is certainly not an easy challenge. Indonesia leapfrogged in the use of satellite technology for the provision of instant telecommunications national coverage.

If Indonesia led the developing world in the use of GSO satellites for domestic communications through the operation of the Palapa satellite system in 1976, Indonesia will again lead the world in the development of regional mobile communication through satellite using Aces satellite. Aces are a type of GMPCS developed for regional use, owned and operated by a regional consortium. The satellite will be launched in 1999 and will provide services for several countries in the region.

Another Indonesian initiative is the M2A satellite system, which will provide fixed multimedia satellite services throughout the Asia Pacific. It is a cost competitive, satellite-based, two-way direct-to-subscriber, telecommunications platform.

Speedy implementation of GMPCS needs an appropriate, conducive, regulatory regime. Major issues to be addressed include:

- Regulations concerning free circulation of GMPCS user terminals
- Regulation concerning the license to operate and establish a gateway
- Regulations concerning tariff structures.
- Regulations concerning interconnection
- Regulations concerning universal access.

Indonesia has taken major steps to ensure an early implementation of GMPCS for the benefit of the business community and the people as a whole. These step include:

1. Free circulation of user terminals and "in principle" applying no import duty for terminal equipment
2. Issuing licenses for the Aces, M2A, and other GMPCS operators in accordance with the existing regulations (ICO, Iridium)
3. Regulation relating to interconnection

Indonesia expects that GMPCS will play an important role in meeting telecommunications needs of its 200 million people, including those in isolated areas and islands.

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<sup>6</sup> Parapak, Jonathan. Global Mobile Personal Telecommunications by Satellite (pp 1-3). ITU International Meeting, Johannesburg, May 1998.

### **3. Indonesian Government Projects assisted by World Bank to support N21 Program (until December 31, 2002)<sup>7</sup>**

#### **Description of the Project**

The objective of the Project is to assist the Indonesia in enhancing private sector participation in the provision of information technology, post and tourism services through the removal of existing barriers to said participation

The Project consists of the following parts, subject to such modifications thereof as the Indonesia and the Bank may agree upon from time to time to achieve such objectives:

#### **Part A : Improving the Legal and Regulatory Framework**

1. Strengthening the Indonesia's enabling legal and regulatory framework, including the preparation of laws and regulations and the carrying out of policy studies in the areas of :
  - a) examination, registration, administration and protection of IPR, specifically with regard to information technology including integrated circuits, industrial design, undisclosed information, trade secrets and data transmission; and
  - b) electronic commerce, software competitiveness, and data security and encryption
2. Strengthening the skills of staff of the Indonesia responsible for the development and implementation of the legal and regulatory framework under part A.1. above, through the development of IPR curricula and the provision of training, including in-country workshops.
3. Strengthening the strategic policy capabilities of Indonesia for the coordination of IPR through the provision of advisory services to Cabinet Secretary
4. Strengthening the institutional capacity of DGVPT to (a) register and manage IPR and establish common IPR data sharing with relevant government agencies, through the provision of advisory services and acquisition of automation and office equipment; and (b) design a long-term institutional development action plan, through the provision of advisory services.
5. Strengthening the capabilities of the N21 Steering Committee Secretariat to manage and implement the Indonesia's National information infrastructure program, through the provision of advisory services and office facilities
6. Strengthening the institutional capabilities of BAPPENAS by :
  - a) improving the management of information technology within the public sector and designing and implementing technical guidelines to develop national information system (IT Framework), through the provision of advisory services ; and
  - b) improving the integration of development planning information systems within the public sector, through the carrying out of a pilot project, including the provision of equipment, aimed at testing the standardization and sharing of common planning data among public sector agencies (SIMRENAS)

#### **Part B : Expanding the Science and Technology Network**

1. Improving access to on-line technology information available to IPTEKnet users through :
  - a) the provision of regional nodes and networks; and
  - b) the design and use of databases

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<sup>7</sup> World Bank. Loan Agreement (Information Infrastructure Development Project). Between Republic of Indonesia and International Bank for Reconstruction and Development. December 15, 1997

2. Strengthening the capabilities of IPTEKnet staff, including the provision of practical professional training, through the implementation of a twinning arrangement with an international network provider.
3. Strengthening the capabilities of users and potential users of on-line scientific and technical information, through the provision of training and awareness workshops.

**Part C : Expanding Communication and Information Networks**

1. Enhancing private sector participation in the provision of postal services, through the provision of legal advisory services to review the Indonesia's postal legal and regulatory framework and prepare laws and regulations
2. Improving the institutional capabilities of DG Tourism to develop a regional electronic tourism system (ETIS) through :
  - a) the development of a business model for ETIS, through the provision of advisory services; and
  - b) the improvement of regional access to telecommunications and information-related services, through the design and implementation of pilot projects

**Part D : Technical Assistance and Training Program**

1. Undertaking a program to strengthen the development, dissemination and adoption of appropriate information technology practices by Beneficiaries through :
  - a) the provision of TATP Grants to Beneficiaries to finance the carrying out of information technology investment projects; and
  - b) the improvement of public awareness of the TAT Program including the provision advisory services and the carrying out of studies
2. Strengthening of MOIT's institutional capabilities to administer the TAT Program, including the provision of management advisory services

**Part E : Project Management**

Strengthening of Project Management capabilities of CPMIU and the PMIU's through the provision of advisory services, office equipment and computers.

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