

**PERSIDANGAN KEBANGSAAN MENGENAI MASYARAKAT BERMAKLUMAT  
NATIONAL SUMMIT ON INFORMATION SOCIETY (NASIS)  
7 – 8 SEPTEMBER 2005  
INTERNATIONAL CONVENTION CENTER, BRUNEI DARUSSALAM**

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**Report from**

**Session 2: Enabling Environment and Policies**

**(Thursday, 8<sup>th</sup> September 2005, 8.15am – 10.00am)**

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# REPORT OF THE NATIONAL SUMMIT ON THE INFORMATION SOCIETY

7 - 8 September 2005

International Convention Centre

## **SESSION 2: ENABLING ENVIRONMENT & POLICIES**

### **I. Introduction**

- 1.1 The second session for the National Summit on Information Society (NASIS) was chaired by Dr Yong Chee Thuan, Director of ICT Center, Universiti Brunei Darussalam.

Dr Yong commented that he anticipates active participation and it is hoped that a national e-strategy will be developed by the end of today. He began the session by introducing the keynote speakers and the panelists to the audience.

### **II. Presentation by the keynote speakers and panellists.**

- 2.1 The keynote address was delivered by Dr Somnuk Keretho, Director of Institute for Innovative IT, Kasetsart University, Thailand spoke on "*Enabling Environment & Policies for Paperless Trading [e-Logistics Initiative]*".

Dr Somnuk thanked the organizers for their invitation to participate and share the initiatives by the Royal Thai Government.

In 2003, the National Competitiveness Committee initiated a task force to develop an integrated roadmap for national logistics competitiveness. This includes the flow of physical goods and also payments. Studies show that the logistics cost in Thailand is relatively high.

Thailand Logistics Master Plan 2005-2009 envisions a world class logistics hub for Indochina. Integration or alignment of ICT strategy with economic development is paramount.

Importers and exporters spend a lot of time and incur costs dealing with many Government and logistics service providers. There is duplicity of forms e.g. purchase orders, delivery orders, customs forms, sanitary and phyto-sanitary certificates and resultant costs incurred in the form of manpower and time. Cost and delay are serious burdens to the economic community.

Thailand's vision for a single integrated environment is to create a data network and infrastructure to link all logistics players through a single paperless trade system. Licensing and relevant Government agencies, customs, port and cargo communities and traders will all be linked through an electronic system called Government Data Exchange (GDX). This aims to facilitate cross border trade

and support the APEC paperless trading initiatives and the ASEAN single window initiative.

Open and interoperable standards are important. Cross border trade is hindered by systems that are not interoperable or compatible with those of trading partners. Standard data elements are UN Trade Data Elements & Directory, UN Layout Key and WCO Data model.

Trade facilitation begins at home and is enhanced by regional integration. Strong lead agencies and political support is needed to facilitate the e-Logistic Coordination Framework. USD31 million has been invested for 3 years with an estimated USD6.5 has been secured for 2006. Public-Private involvement and inter-agency cooperation are also important support factors.

2.2 Bernard Chin, Manager, Brusoft Sdn Bhd spoke on "*Pirated vs Original Software, which one will you buy?*"

Pirated software is widely available in Brunei Darussalam. Most consumer software in use in Brunei Darussalam is pirated. There is no indication that the products are pirated and they may even be packaged as original software.

Consumers take the view that they buy a pirated copy to try it out first and will purchase the original if they think it worthwhile. Manufacturers are so remote and there is no immediacy to the problem. Consumers and retailers are both committing IP theft.

Business organizations are more likely to buy original software. Important influencing factors are the support and the quality that can be obtained with an original.

In the absence of pirated versions, will consumers purchase original software? Consumers have indicated that if this happens, they will only purchase necessary software.

No one benefits from piracy in the long term. Only sellers and consumers benefit in the short term from the low cost which maximize profits.

Piracy results in the loss of revenue to software developers (USD33 billion was lost by software developers in 2004) and resulting in the loss of jobs and investor confidence in the industry. This will also result in the prices of original software increasing.

Intellectual Property Rights (IPR) represents the efforts and investment of individuals and should be enforced and upheld by the authorities. This will result in increased investment and increased job availability in the software development industry. However, this must be balanced with consumer protection to ensure that trading standards are met.

2.3 Siti Faten Farina Hj Ramli, Senior Operations Officer, Information Technology Protective Security Services spoke on "*How important is network security in e-transactions?*"

An e-transaction refers to the sale of products and services over the internet as facilitated by online banking and online payment. For the Government, this means that its citizens can make payments online. With e-transactions, there must be a proper infrastructure to manage the identity of users. The lack of network security infrastructure then data via electronic transaction may be in jeopardy. Statistics show that PC users in Brunei Darussalam do not have the necessary security knowledge.

Challenges to e-transactions:

- i. Identification of users – in the physical world, the immigration department identifies citizens through the issue of identity cards and passports but in the cyberworld identification procedures and authorities need to be put in place.
- ii. Non-repudiation of transactions – a mechanism needs to be put in place to ensure that transactions can not be denied after their execution.
- iii. Confidentiality – security of information.
- iv. Interoperability – of systems and processes including those used for authentication.
- v. Liability.

Users need to be aware that security is important in the digital world and that they have a role to play in ensuring network and information security. This works hand in hand with the enforcement authorities.

#### 2.4 Hj Rajali Hj Abu Bakar, Corporate Financing Manager, Islamic Development Bank of Brunei spoke on *“Funding ICT SMEs, are banks willing to help?”*

The Islamic Development Bank of Brunei (IDBB) aims to diversify overall banking activities in Brunei Darussalam, provide commercial banking and development financing based on Syari’ah principles and to satisfy its customers, employees and maximize its share value through consistent earnings.

The Corporate Banking Division is made up of the Corporate & Trade Financing Unit and the SME Service Center to provide financing and investment facilities to corporate customers and SMEs. It also implements the SME Financing Scheme under the Enterprise Facilitation Scheme and Micro Credit Financing Scheme.

IDBB finances companies and firms registered under the Laws of Brunei Darussalam, companies expanding, diversifying, upgrading or setting up its business. However, the undertakings financed must be implemented in accordance with Syari’ah principles, in line with Brunei Darussalam’s economic development policy and be technically and commercially viable and profitable. Further, the company, its proprietors, shareholders or directors must not be blacklisted legally by any bank. There are several types of financing available for working capital, purchase of raw materials and equipment, contract and project financing and other necessary business purposes.

IDBB will negotiate the amount financed, finance period, profit rate, security/collateral needed upon application by the customer.

- 2.5 Pg Sufian Pg Omar, Senior Project Officer, Brunei Economic Development Board spoke on *“Investment in ICT related industries – is it a priority?”*

Is Foreign Direct Investment (FDI) in ICT related industries a priority? This will be the topic of discussion. FDI is the focus as it is BEDB’s mandate to bring in investors from outside Brunei Darussalam.

Studies have been conducted which identified that business services and software development represents a growing segment with FDI potential. The market size for IT enables services was estimated to be USD1 trillion in 2006 indicating enormous economic potential.

Software development is also a strategic fit with the e-Government initiative. Brunei Darussalam’s small market enables efficient product development and we have comparatively low operational costs. However, wage levels in Brunei Darussalam are higher than in competing countries in the region, we are lacking in software development expertise and there is limited communications infrastructure and flight connectivity. Further, IP protection is ineffective as evidenced by the large number of pirated software freely available on the market.

Issues such as accreditation, capacity building, policies and infrastructure are relevant and are being discussed during the course of this NASIS.

BEDB is launching an Innovation Centre in 2006 to encourage and assist local software developers.

The Eco-Cyber Park is another BEDB initiative which is being studied at the moment. The feasibility and necessity of building the infrastructure must be assessed.

- 2.6 Pg Kasmirhan Pg Hj Mohd Tahir, Principal Counsel, Attorney General’s Chambers spoke on *“The Laws of Brunei Darussalam – is it conducive?”*

Brunei Darussalam’s ICT laws:

Electronic Transactions Order (ETO) 2000

Computer Misuse Order (CMO) 2000

Emergency (Evidence Act) Amendment Order 1997

Emergency (Copyright) Order 1999

AiT Order 2001

Telecommunications Order 2001 (not in effect)

Telecommunications Successor Company Order 2001

The ETO 2000 recognises the legal validity of electronic contract and recognizes electronic or computer based records. There is also a commercial code of practice on how parties should conduct online transactions and there is also a legal mechanism to support the setting up of PKI as a key element to support secure online transactions. There is also an e-Government provision.

The CMO 2000 strengthened our criminal law by introducing computer crimes and provided new powers to the police. It imposed tough penalties on computer

related crimes (hacking, cracking, dos attacks) and other offences related to misuse of computers

The Copyright Order and other IPR laws have provided legal recognition of proprietary rights of authors of works, innovators and creators. There are civil and criminal penalties for infringers. Foreign investors are reluctant to invest in Brunei Darussalam as their IPR are not upheld. Law enforcement are seeking solutions to the rampant piracy in Brunei Darussalam. This is a critical issue. The local innovators and talent and the public must support the enforcement of IPRs.

It is suggested that improvements could be made in the form of:

- i. Regulatory framework to address convergence between IT, telecommunication and broadcasting technologies
  - The AiTi Order was primarily intended to be a legislation to allow the opening up of the ICT sector and allow market competition.
  - With convergence of technologies, there is rationale for a single agency for integrated legislative and policy formulation, regulation and industry development.
  - Convergence can be problematic to the authorities especially if separate authorities are responsible for different areas.
- ii. Area of the laws and policy that encourage market competition and investment on the ICT sector (e.g Facility Based Operating (FBO) and Service Based Operating (SBO) licensing framework such as broadband services and in the areas of content development such as domain names “.com.bn”)
- iii. On Government procurement
  - Under the 8<sup>th</sup> National Development Plan, the Government of Brunei Darussalam is spending nearly BND800 million on e-Government and is therefore the major consumer of ICT products and services.
  - A recent article in the Borneo Bulletin criticised the Government's tender process for lack of transparency and clear regulations governing tenders and its processes. There is no channel for review of the decision nor is there consistency between the process followed by different Ministries.

It is recommended that an urgent review of the policy and legislative framework to bring Brunei Darussalam in line with international best practice.

### **III. Question and Answer session**

- 3.1 The Chairman opened the floor for questions.
- 3.2 Major Haris asked about the Innovation Center. Is there room for Government participation? Pg Sufian clarified that the Ministry of Defence is welcome to discuss their software developments incubated in the Innovation Center.
- 3.3 Dr Milagros Rivera, Associate Professor, National University Of Singapore asked about incidence monitoring in Brunei Darussalam. Dyg Siti Faten informed the session that with regard to incidents of hacking in Brunei Darussalam, the ITPSS

were able to deflect the threat. There have also been recent threats of worms and viruses which ITPSS as BRUCert were able to clean up.

- 3.4 Dr Milagros Rivera, Associate Professor, National University Of Singapore asked about policy and content regulation. Pg Kasmirhan clarified that under the IDA Order, the IDA are responsible for the Telecommunications Act of Singapore. This was also the case on adoption of the IDA Order into Brunei Darussalam in the form of the AiTi Order, however there is the stumbling block of the non-enforcement of the Telecommunications Order 2001 in Brunei Darussalam. In effect, as the Telecommunications Act is still in force, there are 2 regulators in Brunei Darussalam at the moment. It is hoped that convergence will be achieved in Brunei Darussalam and eventually AiTi will absorb the IT functions of the Ministry of Finance.
- 3.5 Another audience asked about IPR protection in Brunei Darussalam. Pg Kasmirhan clarified that under the Copyright Order, selling pirated goods is an offence but the copyright owner must lodge a complaint with the police that his copyright is being violated. The authorities cannot act if there is no complaint. The Attorney General's Chambers have ongoing discussions with the agencies representing copyright owners to ask them to lodge a police complaint; however these agencies are reluctant as they consider Brunei Darussalam a small market.
- 3.6 The next audience asked about the non-acceptance of electronic receipts by Government Departments and what action has been taken so far to enable the recognition of electronic receipts. Pg Kasmirhan commented that the ETO 2000 provides for the recognition of electronic documents but does not **compel** any Government Ministry, Department or agency to accept electronic documents.

#### **IV. End of session**

- 4.1 The chairperson ended the session by thanking the panelists for their presentation.
- 4.2 Captain Omar bin Haji Besar, Department of Civil Aviation, Ministry of Communications presented the memento for the chairman, keynote speaker and the panelists.