

Does a national broadband plan matter? A comparative analysis of broadband plans of Hong Kong and Singapore

POLICY BRIEF

Broadband has become a buzzword in recent years with both the public and private sectors trumpeting strong rhetoric in support of greater broadband access. It has become a “motherhood and apple pie” issue with no against more of it (Atkinson, 2007). At the international level, the broadband rhetoric is not without support. At the forefront of advocating for greater broadband access is the UN Broadband Commission which went as far as declaring access to Internet forms part of our basic human rights. The high level of interest and focus on broadband among countries worldwide is premised on the perceived economic and social benefits broadband carries (Firth and Kelly, 2001). The impetus is also coming from the perceived “too slow” diffusion of broadband (Bauer, 2002). The challenge for governments around the world now is to determine how to unlock the potential benefits of broadband in their own territory and clarify the role government can play in implementing a national broadband plan. The 2 countries selected for this study- Hong Kong and Singapore- were chosen because of their relative success in rolling out broadband in their country albeit taking different routes. The divergent paths they have taken are instructive for countries who are trying to come up with their own set of policies and framework for the diffusion of broadband. Insights from this paper will help policymakers in the determining the shape and form of their own broadband policies and programs.

KEY FINDINGS

- (i) A state sponsored national broadband plan is not a necessary and sufficient condition to achieve desired high level of broadband penetration.
- (ii) It is possible for the market to drive network roll-out with minimal government intervention and subsidy as seen in Hong Kong’s case.

JUSTIFICATION

- (i) A state sponsored national broadband plan is not necessary to achieve desired high level of broadband penetration.

One of the key differences between the approach taken by Hong Kong and Singapore is the absence of a national broadband plan by Hong Kong as opposed to Singapore which has the iN2015 master plan. Hong Kong has taken a light-handed approach in developing the broadband ecosystem in their country while Singapore is involved even in the network roll out of fibre in the country.

Despite the absence of a national plan, broadband penetration rates are higher in Hong Kong than in Singapore (in both fixed and mobile internet subscribers per 100).

Broadband Penetration Rates 2010

	Hong Kong	Singapore
Fixed broadband Internet subs per 100	29.9	25.0
Active mobile broadband subs per 100	74.5	69.7

Source: World Bank, *World Development Indicators Online*

While Hong Kong has no explicit national broadband plan *per se*, the government is still involved in pulling demand for broadband-enabled services by promoting awareness and attractiveness of broadband use.

The absence of a national broadband plan of course should not preclude other states to spur broadband development in their own country. Singapore takes a holistic approach in the case of broadband focusing not just on the network infrastructure but also with the related upstream, downstream and complementary industries that will be affected by broadband. The approach is helpful in Singapore’s context but comes with a price tag not many countries, especially in the developing world, can afford.

Hong Kong and Singapore broadband policy in a nutshell

	Hong Kong	Singapore: Next Generation Nationwide Broadband Network
Policy strategy	-Market-driven approach; Minimum market intervention	-Infrastructure push: SGD750 million funding for full deployment of fiber optics in Singapore by 2012
Policy targets	-Competitive pricing; Services provided in the most economically efficient manner	-High downlink and uplink access speeds; Pervasive nationwide coverage; Competitive pricing; High level of adoption
Key policy measures	-Timely release of radio spectrum; Registration scheme for buildings with optical fiber-based access networks; Coordination of lands development projects and public works; Facilitating landing of submarine cables in Hong Kong; Improving access to broadband for needy families; Allowing use of government/ public facilities by operators for network roll out; Facilitating extension of mobile broadband coverage	-Structural and operation at the infrastructure and network level; Provide support to possible next generation services such as telemedicine, IPTV, grid services and the like.
Supply push	-Private sector led	-Network fiber roll out funded by the government
Demand pull	Government involved in promoting awareness, affordability and attractiveness of broadband use	Government involved in promoting awareness, affordability and attractiveness of broadband use

(ii) It is possible for the market to drive network roll-out with minimal government intervention and subsidy as seen in Hong Kong's case.

One critical assumption that should be noted with regards to the case of Hong Kong is that it has a consistent pro-market and pro-consumer policy regime overseen by an effective and competent organization overseeing the industry. The regulator is clear on its role to provide a transparent and predictable regulatory regime, ensure effective competition and maintain a level playing field for all market players.

For many countries, an effective regulator does not exist. This can be due to many reasons- lack of necessary human capacity within the regulatory agency, lack of monitoring and enforcement capability of the regulator, a politicized regulatory agency, regulatory capture etc. What other countries can learn from Hong Kong is that an effective regulator is important especially in the case of increasing broadband access. By ensuring a competitive market for broadband, it is possible for the market to drive network roll out with minimal government intervention and subsidy. For governments with not enough funding to support a full-fledged network roll out, ensuring a competitive market regime is one cheap alternative solution policymakers/ regulators can consider.

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