

# Subsidy Scheme to Extend Fibre-based Networks to Villages in Remote Areas

Telecommunications Users and Consumers Advisory Committee  
19 July 2018



# 2017 Policy Address

The Government takes the lead to provide telecommunications companies with financial incentives in the form of subsidies to encourage the extension of fibre-based network to villages in remote locations.



# Benefits to the Community

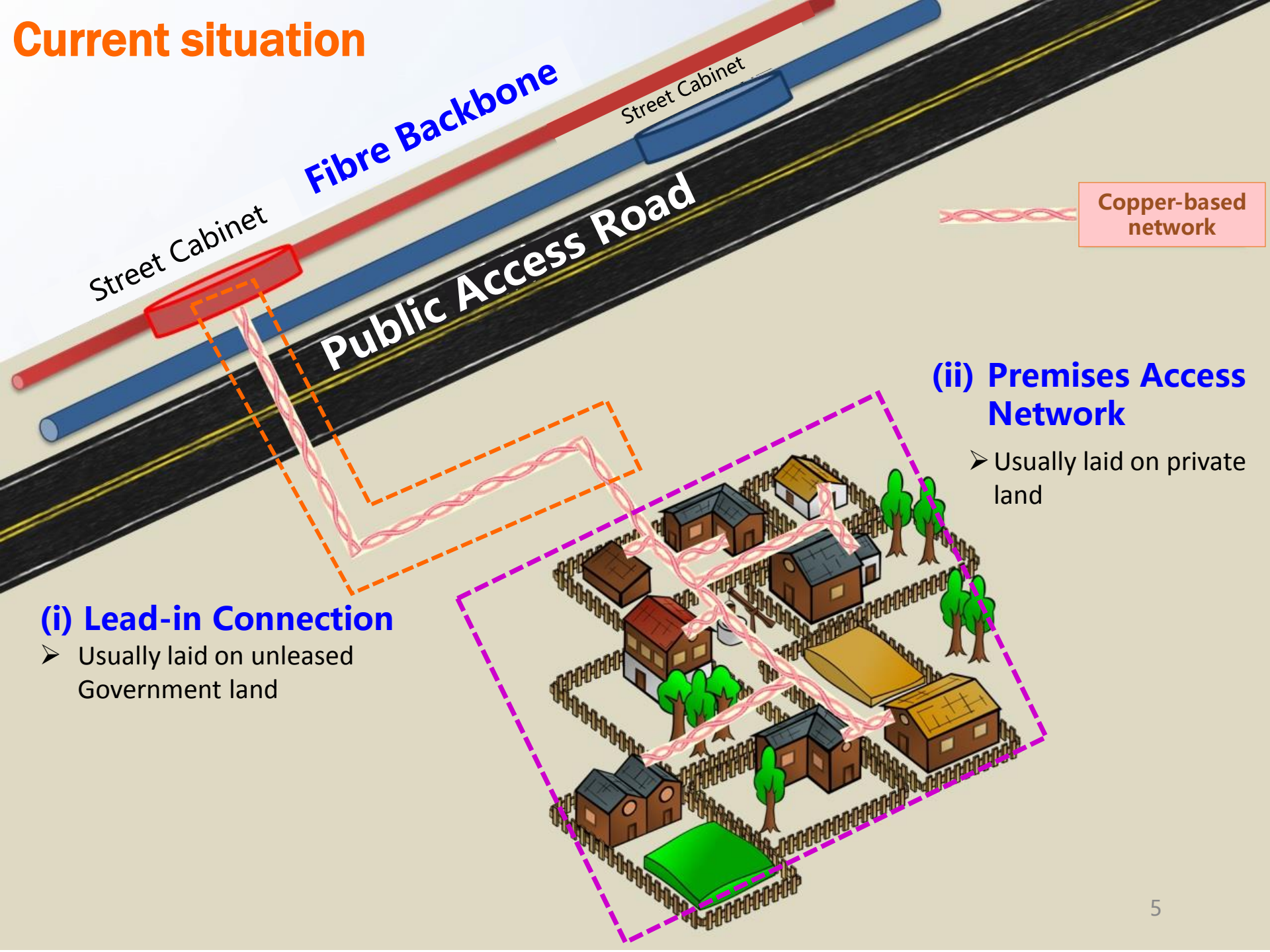
- Beneficiaries : About 300 villages and 170,000 villagers\*
- Increase fixed broadband speed from presently 10 Mbps or below to at least 25 Mbps
- Extend fibre-based networks to the villages concerned in phases from 2021 onwards
- Introduce competition, thereby offering more choices to the villagers
- Enhance the coverage of fibre-based networks in rural and remote areas, and provide the infrastructure necessary for the deployment of other types of telecommunications services

\* The figures are preliminary estimation. The final figures may be adjusted after taking into account the views of the relevant district councils (DCs), rural committees (RCs) as well as the villagers concerned.

# Current Situation of Villages in Remote Areas



# Current situation



Street Cabinet

Fibre Backbone

Street Cabinet

Public Access Road

Copper-based network

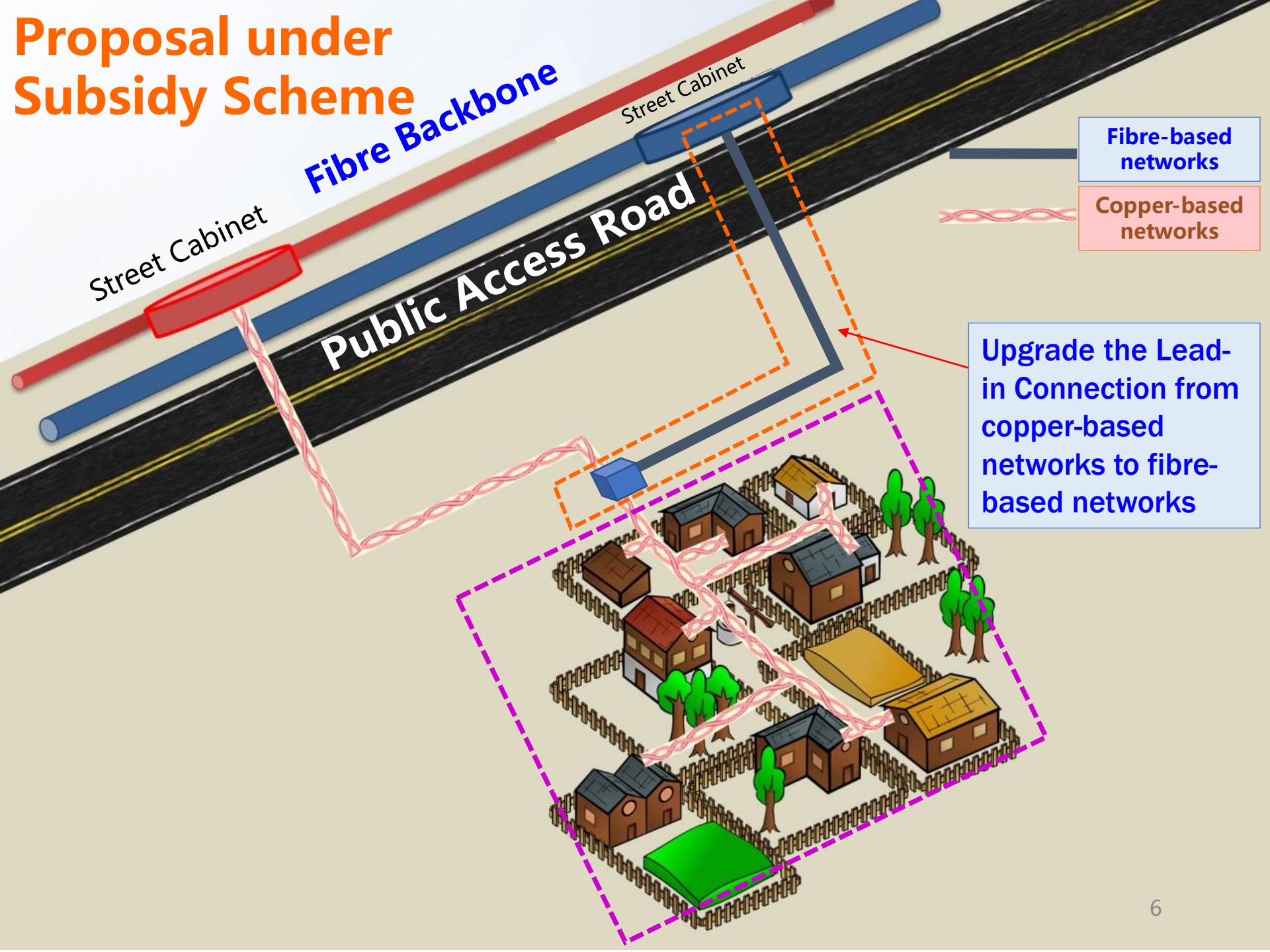
## (i) Lead-in Connection

- Usually laid on unleased Government land

## (ii) Premises Access Network

- Usually laid on private land

# Proposal under Subsidy Scheme



Fibre-based networks  
Copper-based networks

Upgrade the Lead-in Connection from copper-based networks to fibre-based networks

# Improvement of broadband service

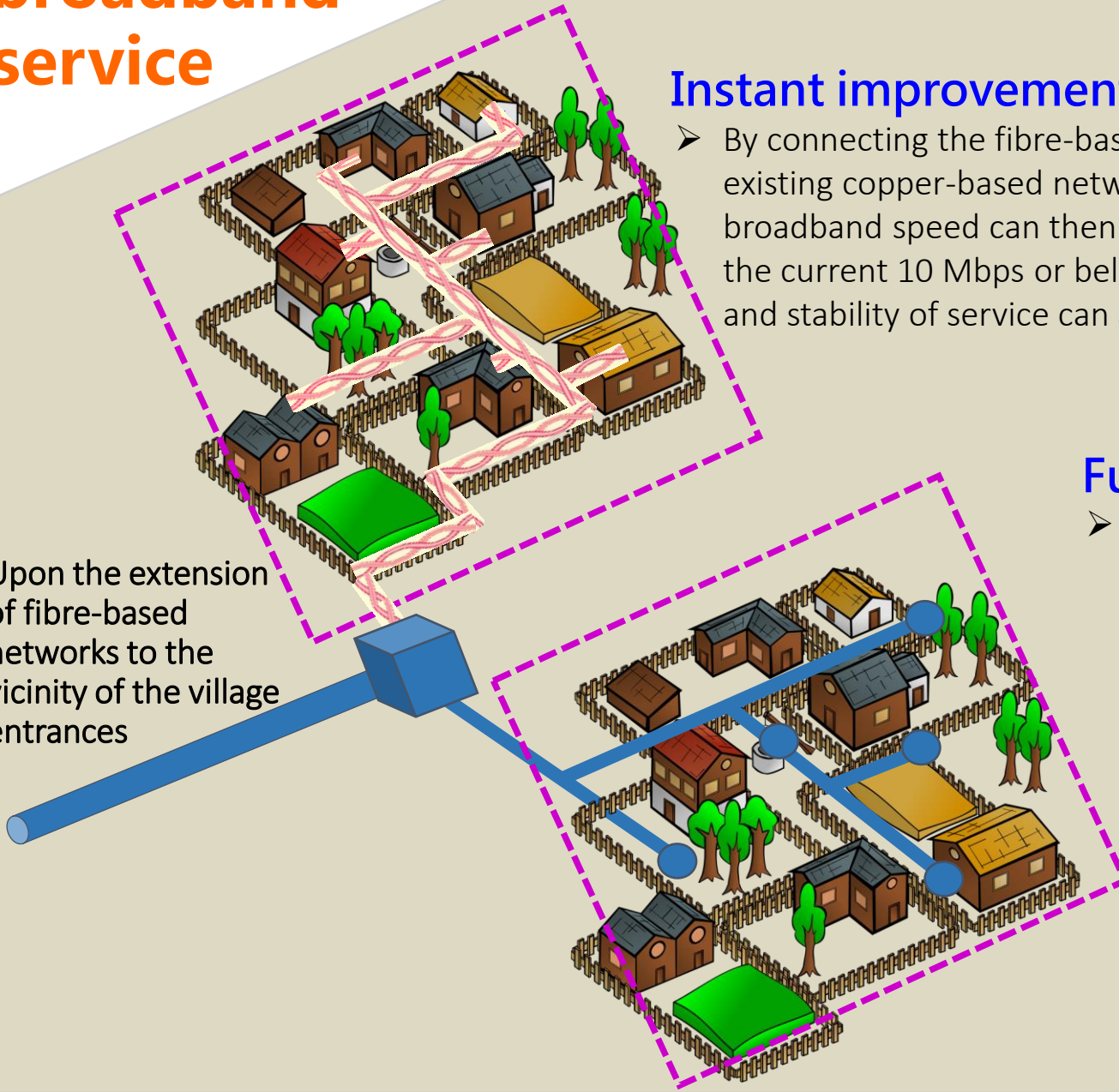
## Instant improvement

- By connecting the fibre-based networks to the existing copper-based networks within the villages, broadband speed can then instantly increase from the current 10 Mbps or below to at least 25 Mbps, and stability of service can also improve.

## Further improvement

- If the villagers reach an agreement with a fixed network operator (FNO) to allow the latter to roll out fibre-based networks within the village, the fixed broadband speed can further increase substantially to a level which is comparable to that in the urban areas.

Upon the extension of fibre-based networks to the vicinity of the village entrances



# Scope of the Subsidy Scheme

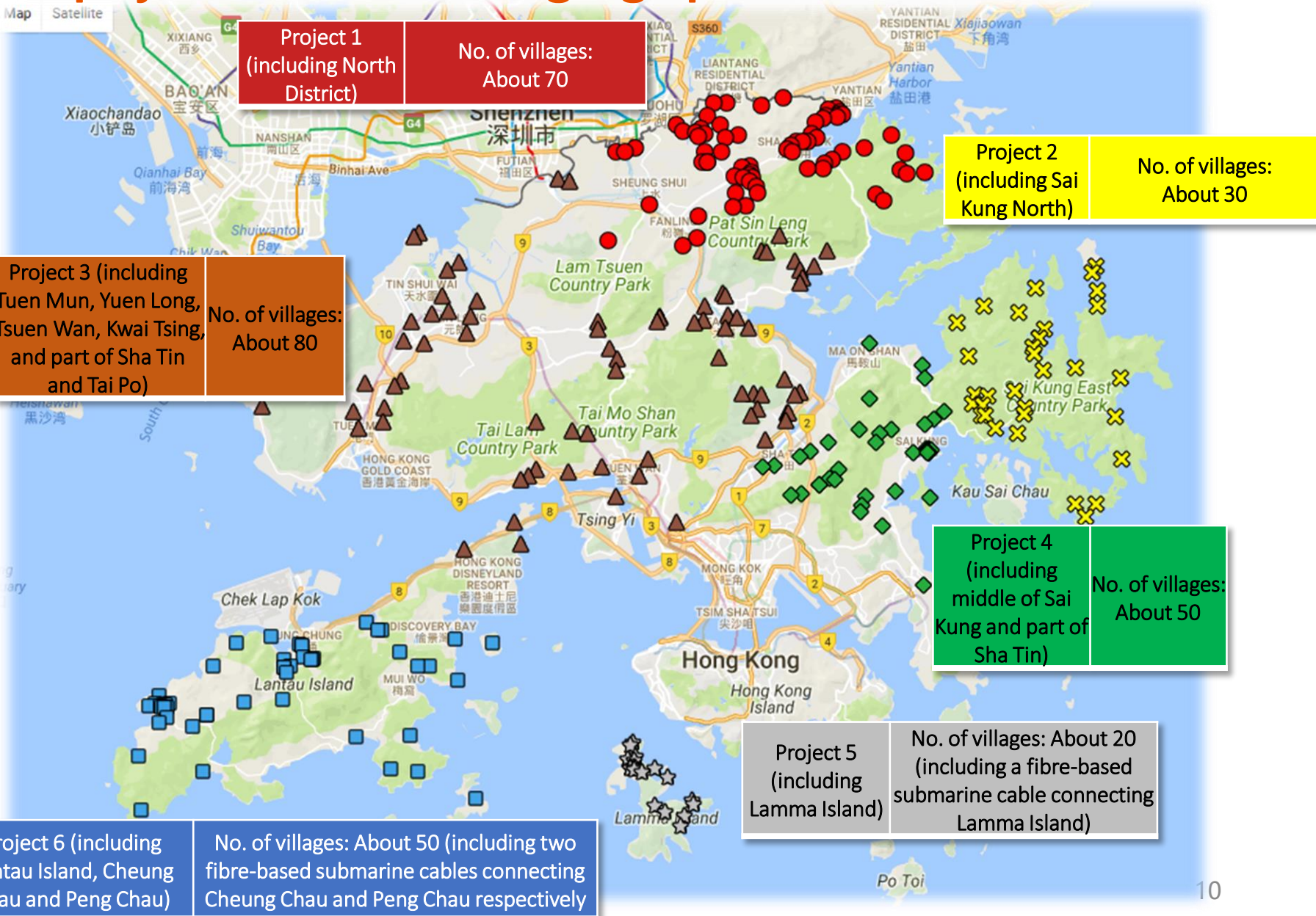




# Villages proposed to be covered

- Number of villages in rural areas: **About 750\***, based on
  - i. Villages specified in the Rural Representative Election Ordinance
  - ii. List of Recognized Villages under the New Territories Small House Policy promulgated by Lands Department
  - iii. Information submitted by FNOs
- Number of villages which already have fibre-based networks reaching the vicinity of the village entrances and with a broadband speed of 25 Mbps or above: **About 450**
- Number of villages not covered by fibre-based networks and with a broadband speed of 10 Mbps or below: **About 300**

# Villages under the Subsidy Scheme are to be grouped into six projects based on their geographical distribution



# Project Implementation

- Six projects under one tender exercise
- Eligible FNOs \* are required to submit proposals for the projects
- For each project, one FNO will be selected to complete the relevant works of network roll-out and will receive the relevant financial subsidies.
- Selection criteria include :
  - Amount of subsidies requested by FNOs
  - Broadband service speed and charges
  - Project completion time

\* FNOs which have obtained approval from the Lands Department to lay telecommunications facilities on Government land.

# Project Implementation (cont'd)

- Selected FNOs must within specified timeframe:
  - roll out fibre-based lead-in connections to the vicinity of the entrances of the villages concerned; and
  - roll out fibre-based submarine cables to Lamma Island, Cheung Chau and Peng Chau
- To introduce competition, selected FNOs will be required to open up at least half of the capacity of the fibre-based networks and submarine fibre-based cables subsidised under the Subsidy Scheme for use by other FNOs for free
- A cap will be set on the number of projects to be awarded to a FNO so that more eligible FNOs would be given the opportunity to participate in the Subsidy Scheme

# Preliminary timetable

## Jan – Jun 2018:

- Collect information from stakeholders
- Consult the relevant DCs and RCs
- Define the detailed scope and requirements of the Subsidy Scheme
- Formulate procedures and arrangements for the tender exercise
- Consult the Panel on Information Technology and Broadcasting of the Legislative Council
- Seek funding approval from Finance Committee of Legislative Council

## Jul – Dec 2018:

- Prepare tender document

## 2021 onwards:

- Depending on the progress of permits approval, views of the villagers concerned and the progress of works, fixed broadband networks will be extended to the villages concerned in phases
- Continue to monitor the project progress



## Jan – Jun 2019:

- Commence the tender exercise
- Assess the tender bids
- Award tender and sign agreements with selected FNOs

## Jul 2019 onwards:

- Selected FNOs start applying to the departments concerned for the relevant permits and commence construction works

# Thank you

