

12 August 2024

The Hon Alannah MacTiernan
Chair, Regional Telecommunications Independent Review Committee
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
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Dear Chair

2024 Regional Telecommunications Independent Review

The Australian Small Business and Family Enterprise Ombudsman welcomes the opportunity to make a submission to the 2024 Regional Telecommunications Independent Review. Access to affordable and reliable telecommunications is increasingly vital to modern economies, as the use of technology has become essential to running a business and engaging with government.

Technological innovations such as artificial intelligence, the Internet of things and ecommerce, have expanded international connections and helped grow the economy. However, the impact of disruptions such as the 2019-20 bushfires, the November 2023 Optus outage and the July 2024 CrowdStrike outage show that digital connectivity poses risks that businesses must manage.

The Australian Communications and Media Authority reported that between 19 December 2019 and 31 January 2020, 1,390 telecommunications facilities were affected either directly or indirectly by bushfires. This includes exchanges, mobile 'phone base stations, equipment shelters, cables and other parts of the networks.¹ While natural disasters are a physical threat to telecommunications infrastructure, software induced outages have also had a significant impact on the wellbeing of small businesses. Associate Professor Mark Gregory of RMIT University estimated the cost of the 2023 Optus outage to customers and the nation to be approximately \$2 billion in economic activity.² With the increasing use of cloud storage and companies supplying cybersecurity globally, Australian businesses are increasingly impacted by international telecommunications outages.

The impending shutdown of the 3G network by Australia's mobile network operators (MNOs) has the potential to adversely affect a diverse array of small businesses. We have heard from stakeholders that vital equipment and software can still rely on 3G networks, including those relating to record-keeping, accounts, bookings, payroll, telephones, EFTPOS, security systems, cameras, asset-tracking tools, surveying instruments, water and environmental monitors, medical alerts and many of the wireless operating systems on farms. Some of this equipment can be expensive and must be sourced from overseas companies with extended waiting lists.

Additionally, some 4G-enabled devices, including emergency alert systems, have elements or functions that are powered by 3G and users may be unaware of these components until they stop working. Loss of access to these services, owing to a disconnection from telecommunications services, could have catastrophic effects on the viability of small businesses.

¹Australian Communications and Media Authority (ACMA) Impacts of the 2019–20 bushfires on the telecommunications network, ACMA, April 2020, p 1

² M Gregory, Analysis of the Optus National Outage, Journal of Telecommunications and Digital Economy, 2023, Vol 11(No 4), p. 9

In the ASBFEO's appearance on 24 July 2024 before the Rural and Regional Affairs and Transport References Committee hearing on the shutdown of the 3G network, we noted that small businesses may be unaware that they were using 3G technology until the point of failure. The committee's interim report, released in August 2024, observed that ASBFEO:

[H]ad communicated the need for mobile network operators to be more proactive in advising the community of the effects the shutdown will have beyond mobile handsets: We've encouraged the telcos to step up and be more frank about where this technology is embedded. There are a number of websites, but even those websites – the Australian Mobile Telecommunications Association website is a good resource but focuses very much on the handset. It doesn't go very far at all into these embedded 3G applications.³

The National Farmers Federation (NFF) and the New South Wales Farmers Association noted at the Committee's hearing that while improvements to the telecommunications infrastructure are needed, it is essential that any replacements are comparable in quality and reliability to what is provided in urban areas.⁴ The NFF has further noted that its members are primarily concerned about how insufficiencies in telecommunications access adversely affects their safety and reliable access to essential services like healthcare and education.

The ASBFEO provides the following recommendations.

Recommendation 1: The Australian Government should classify mobile networks as an essential service

The Australian Government should consider classifying mobile services as an essential service that require the same guarantees as Statutory Infrastructure Providers (SIP) and universal service obligations (USO) contracts. While there are statutory obligations to provide NBN and voice connections to all premises in Australia through SIP and USO contracts awarded to NBN.co and Telstra, the Telecommunications Ombudsman has noted that mobile services are not considered an essential service, and there are no minimum service requirements that telecommunication providers must guarantee.⁵ This echoes the Australian Communications and Media Authority in recognising the essential nature of telecommunications for work, education, health and government services.⁶

The obligations placed on SIPs require that all Australian premises can gain access to superfast broadband with download speeds of at least 25 megabits per second (Mbps). The government should review the benchmark of 25 Mbps, which places Australia at a competitive disadvantage in boosting productivity in existing businesses and attracting technology companies (which rely on consistent and high-quality internet connectivity).

SIP arrangements began on 1 July 2020, with NBN.co as the default SIP for the general service area in Australia. Telecommunications technologies are continually evolving, with Japan's National

³ Rural and Regional Affairs and Transport References Committee, *Shutdown of the 3G mobile network: Interim report*, The Senate, Australian Government, August 2024, p 14

⁴ Rural and Regional Affairs and Transport References Committee, *Shutdown of the 3G mobile network, Proof Committee Hansard*, The Senate, Australian Government, 23 July 2024, pp 29-30.

⁵ Australian Broadcasting Agency (ABC), *Telecommunications ombudsman calls for change to make mobile phones an essential service*, ABC, 17 July 2023.

⁶ Australian Communications and Media Authorities (ACMA), *ACMA calls on telcos to improve support for customers in hardship*, ACMA, 2 May 2023.

Institute of Information and Communications Technology (NICT) transmitting data through commercial optical fibre at a record rate of 402 terabits per second, which NICT expects to make a significant contribution to expand the communication capacity of optical communication infrastructure as future data services rapidly increase demand.⁷

According to Speedtest.net, the global average download speed for fixed broadband internet is 93.93 mbps. On SpeedTest's June index of fixed broadband speeds worldwide, Australia is ranked 82nd at 66.58 mbps, comparing poorly with peer nations (for example, New Zealand is ranked 21st and is achieving download speeds of 177.96 Mbps).⁸ The Australian Bureau of Statistics' 2023 Characteristics of Australian Businesses found that only 44% of regional businesses reported that the performance of their internet connection was sufficient.⁹ Additionally, the Bureau of Communications, Arts and Regional Research found evidence of a link between a firm's productivity growth and their use of high speed broadband.¹⁰

Recommendation 2: Where upgrades are made to broadband infrastructure, mobile 'phone transmitters should be installed or enhanced as well.

Access to reliable and affordable telecommunications services is essential for small and family businesses to conduct their business. In continuing to fund the expansion and upgrading of broadband infrastructure, the government should take every practicable opportunity to install mobile telecommunications infrastructure. This will help energise enterprise in regional Australia and support their engagement in Australia's technology-driven economy.

Recommendation 3: The government should conduct a coordinated education and awareness campaign targeted to local government to raise awareness of grants and assistance available.

The Department of Infrastructure, Transport, Regional Development, Communication and Arts empowers regional stakeholders through its the Better Connectivity Plan for Regional and Rural Australia, which provides grants funding the delivery of place-based telecommunications infrastructure. The Committee might consider examining how public funding to address 'black spots' could best be leveraged to deliver MNO-agnostic services for optimised utilisation in benefitting underserved areas.

Access to reliable and affordable telecommunications services is essential for small and family businesses to conduct their business. In continuing to fund the expansion and upgrading of broadband infrastructure, the government should take every practicable opportunity to install network neutral mobile telecommunications infrastructure. This will help energise enterprise in regional Australia and support their engagement in Australia's technology-driven economy.

The 2021 Regional Telecommunications Review identified a 'patchwork quilt' approach to connectivity in regional areas where local governments and regional stakeholders are increasingly expected to facilitate telecommunications service delivery. Despite these expectations local

⁷ National Institute of Information and Communications Technology (NICT), *World Record 402 Tb/s Transmission in a Standard Commercially Available Optical Fiber*, NICT, 26 June 2024.

⁸ Speedtest, *Speedtest Global Index – Median Country Speeds Updated June 2024*.

⁹ Australian

¹⁰ Bureau of Communications, Arts and Regional Research (BCARR), *Productivity impacts from improved Broadband*, BCARR, March 2023, p 5.

governments and regional stakeholders are not adequately resourced to identify and action connectivity issues.¹¹

Recommendation 4: Universal Service Obligation duties should be expanded to be technology agnostic to improve access and competition in regional and remote communities

The ACCC's Mobile Infrastructure Report 2023 notes that at the beginning of 2023 Telstra continues to have the most mobile sties with significant dominance in regional and remote areas. As noted in the previous two points, there are no universal service obligations on mobile services, and local governments and regional organisations rarely have adequate resources to identify and action connectivity issues. The *2021 Regional Telecommunications Review* recommended expanding the USO to be technology agnostic and ensure that alternative service technologies exceed the existing reliability standards of the current solution allowing new solutions to be affordable for regional users.¹²

During the Rural and Regional Affairs and Transport References Committee hearing into the shutdown of the 3G network Dr Ormond Parker noted research had shown that 32 percent of people in very remote communities only had access to mobile internet coverage, and in some remote communities very few households have a fixed line or a fixed internet connection, so a mobile device is essential.¹³

Recommendation 5: The government should require mobile network operators to clearly define their parameters in generating coverage maps which can be compared to the government's Mobile Audit Visualisation Tool

The ACCC's Mobile Infrastructure Report 2023 identifies that the coverage maps created by MNOs to allow consumers to make an informed choice between competing MNOs are modelled on predictive coverage and may not reflect 'on-the-ground experience'. Concerningly, coverage maps are not directly comparable due to a lack of common parameters in predicting coverage.

The government should require MNOs to clearly define their parameters in generating coverage maps which can be compared to the government's Mobile Audit Visualisation Tool. This will improve consumers ability to accurately assess mobile coverage when making decisions to purchase mobile plans.

The National Audit of Mobile Coverage, which is expected to conclude in June 2027, will be vital to mapping the locations of areas that do not have access to 4G and 5G coverage. The Mobile Black Spot Program, Regional Connectivity program and State and Territory co-investment programs have been essential in ensuring rural and remote small businesses have access to quality telecommunication services, however communications expenses are estimated to decrease from 2024-25 to 2027-28. The Australian Government should continue to ensure small businesses have reliable access to telecommunications technology and support measures to improve the resilience, redundancy and availability of telecommunication services.

¹¹ Regional Telecommunications Review, *2021 Regional Telecommunications Review, A step change in demand*, Regional Telecommunications Review, 13 December 2021, p 4.

¹² Regional Telecommunications Review, *2021 Regional Telecommunications Review, A step change in demand*, Regional Telecommunications Review, 13 December 2021, p 12.

¹³ Rural and Regional Affairs and Transport References Committee (the Committee), Shutdown of the 3G mobile network, the Committee, p 64.

Recommendation 6: The government should enhance promotion of what the Telecommunication Industry Ombudsman can do to help small businesses.

The government should continue to support the Telecommunication Industry Ombudsman (TIO) in promoting its services to telecommunications consumers, including through business.gov.au. [Business.gov.au](https://business.gov.au) centralises information, grants, services and support from across government to help businesses succeed. The useful information on business.gov.au about the role of the TIO in resolving telecommunications disputes – which links to ‘Telco tips for small businesses’ by the Department of Infrastructure, Transport, Regional Development, Communication and the Arts – should be maintained and disseminated through relevant and effective communication channels.

The department’s tips clarify when the TIO can assist small businesses and consumers, and when they may need to pursue alternative options, such as the Australian Competition and Consumer Commission and the Australian Communications and Media Authority.

The TIO provides a free and independent dispute-resolution service for consumers and small businesses who have an unresolved complaint about their ‘phone or internet service. The TIO commissioned the Consumer Policy Research Centre to investigate:

- who experiences difficulties with telecommunications services in Australia
- what the most common problems are
- what the customer-complaint experience entails.¹⁴

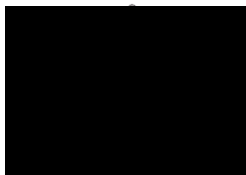
The Consumer Policy Research Centre found that while 55% of consumers had experienced at least one challenge with a telecommunications service in the past 12 months, only 54% of those chose to complain. Forty-six per cent of Australians with telco issues did not lodge a complaint, and 40% of people who did not complain believed a complaint wouldn’t help.

Less than half (42%) of Australians who complain to their telecommunications provider are satisfied with the process; and approximately a third of people who made a complaint said their telco took longer than a week.

Only 10% of complainants escalated their complaint to the TIO, which appears to be facing falling levels of awareness. The ASBFEO will continue to promote the Telecommunication Industry Ombudsman and escalate disputes relating to digital enablement to the TIO where appropriate.

If you require any further information, please do not hesitate to contact the ASBFEO Policy and Advocacy team, via email at advocacy@asbfeo.gov.au.

Yours sincerely



The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

¹⁴ Consumer Policy Research Centre, *Barriers to Effective Dispute Resolution in the Telecommunications Industry - Key insights report*, Telecommunications Industry Ombudsman, July 2024.