REGIONAL TELECOMMUNICATIONS REVIEW 2021

Business NSW Response to Issues Paper

September 2021

BUSINESS NSW

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Business NSW Response to Issues Paper

Business NSW welcomes the opportunity to respond to the 2021 Regional Telecommunications Review. As NSW's peak business organisation, Business NSW has more than 30,000 member businesses across NSW. We work with businesses spanning all industry sectors including small, medium, and large enterprises. Operating throughout a network in metropolitan and regional NSW, Business NSW represents the needs of business at a local, state, and federal level.

This submission addresses the questions posed in the Issues Paper and is structured accordingly. Priorities for our members that are covered in this response include:

- The essential nature of telecommunications for modern businesses
- The costs and consequences of poor business connectivity, and some proposals to improve access
- The economic and social changes resulting from the COVID-19 pandemic, and their impacts on businesses' telecommunications needs.

This submission has been supported by the findings of our 2020 business Telecommunications Survey (see Appendix), and also by a call for evidence inviting comments from member businesses in regional NSW. Some of those businesses' stories can be found in the relevant sections of the submission.

1. What telecommunications services are required in regional Australia to meet current and future needs? Are there any things regional communities and businesses need to do, but can't, on their existing services?

Regional NSW suffers from inconsistent telecommunications services, which can impede businesses' ability to meet their needs. Slow broadband speeds, patchy mobile coverage, and reliance on the underpowered Sky Muster service are the leading problems. Initiatives underway from government (the Regional Connectivity and Mobile Blackspot Programs), NBN Co (Business Fibre Zones) and new market entrants (such as the arrival of Starlink) hold promise, but demand from business is also changing. Telecommunications infrastructure provision needs to improve rapidly just to keep pace with changing business and customer expectations.

Limited telecommunications services impose constraints on different types of businesses. Tourism and accommodation businesses located in areas with low levels of connectivity are limited in their ability to pivot their operations to run digitally, such as by adopting online booking systems, interactive websites, or video content. An agricultural business member reports the need for uniform coverage with micro satellites – which will allow real time data collection from paddock and individual animal sensors. Across the business community, the increase in cloud-based services (for example, most accounting software is now cloud-based) requires reliable service.

Businesses' capability, experience, and ambition with using IT to solve problems can vary markedly. For some businesses, the next step might be something as seemingly basic as setting up the ability to process a transaction online, or to allow staff to access work systems remotely. At the other end of the spectrum, we have members who are exploring the use of technologies including real-time remote monitoring and sensing, blockchain-based product tracking, and other applications of IT that, in the words of one member, "enhances productivity, reduces costs and frees up capital to be invested more productively in activities which generate economic growth… [The business aspires] to further advance its predictive analytics capability to improve our sustainability and improve quality and crop production" (agriculture business, New England).

As a result, while telecommunications services can be a constraint to regional businesses, many businesses recognise opportunities stemming from the greater use of IT and telecommunications services (see also Question 6).

This is not just limited to direct business applications. Improved technology and connectivity can make regional communities more attractive places to live. Consequently, infrastructure needs to be able to cope not only with direct business needs, but also for example for educational institutions to allow young Australians to remain in regional areas to complete their education and pursue qualifications and training.

Nor are the potential opportunities limited to existing businesses. Improved telecommunications infrastructure, alongside other investments in critical infrastructure in regional NSW such as Inland Rail and renewable energy zones, creates an opportunity for new types of businesses to locate in regional NSW. The market for data centres/server farms outside of metropolitan areas is growing and may benefit further from the ability to collocate with renewable energy zones. Advanced manufacturing, and higher-tech approaches to agriculture and agritech, have been among the prospective industries the better connectivity of Inland Rail could enable in the parts of NSW serviced by the line.

The need for many businesses to adapt to working from home has changed their business needs. It is no longer only (or mostly) the quality of services at a business's premises that matters; the quality of telecommunications services at staff members' homes are now a critical part of the business's operations and can constitute a barrier to their productivity. Meanwhile the need to accommodate activities such as remote access to business files can place an additional burden on IT and broadband set-ups at business premises, even as the use of cloud-server based software also increases.

Therefore, for most businesses, telecommunications must now be seen as an essential service, with oversight to match. Telecommunications have occupied a grey area, not quite seen as a full essential service akin to electricity and water, but still subject to considerable regulation and oversight. Early in the pandemic the Commonwealth acknowledged that "during the pandemic…telecommunications services are essential", but for businesses this essential status is not time-limited nor conditional on there being pandemic conditions. It is simply impossible for most to carry out their business without affordable, reliable connectivity.

Recommendation 1

Telecommunications should be given full essential service status, with matching obligations to provide service to all potential users including those in regional and remote locations.


"Some of my staff working from home have either access to no internet (black spot) or have work phones on a network with poor coverage. Not far from Armidale in both cases... Even in town those of us working from home with kid's home schooling do not have adequate service without boosters" Professional services business, Armidale.

In the past year, NBN Co has begun to rollout new Business Fibre Zones in regional towns (as well as metropolitan suburbs). Business Fibre Zones have the potential to address some of the common issues raised by businesses in these locations, by providing a faster solution and business-level customer service at a significantly lower price point than was previously offered. *Business NSW* is hopeful that Business Fibre Zones will result in a meaningful improvement in business connectivity in the locations covered. However, with the program only a few months into operation, it is too soon for us to be able to identify outcomes across our membership. *Business NSW* will continue to monitor the effects of the Business Fibre Zone deployment. As part of our ongoing engagement with NBN Co and the ACMA we will keep them informed of any future findings about Business Fibre Zone performance.

For businesses outside the NBN's wired network footprint, connection costs remain a significant barrier. Two businesses in the Illawarra area received quotes for NBN fibre connections, each requiring 11km of fibre to be installed. One business was quoted around $350k, the other over $1mn. In both instances the costs proved prohibitive. It is difficult as a third party to assess the basis for those quotes, nor why similar installation distances can have a threefold variation in costs We recognise that installation of hard-wired infrastructure is expensive, and

(assuming the quotes provided were reflective of the costs required) will not be appropriate in all instances. This places extra weight on the non-wired solutions offered, both by NBN Co and other telecoms providers, to provide viable, business-standard alternatives.

The geography of regional NSW is one of the major impediments to better telecommunications connectivity. The distances involved make installation of hard-wired services often not cost effective, and the coverage ranges of mobile phone towers still leave large gaps (Map 1)
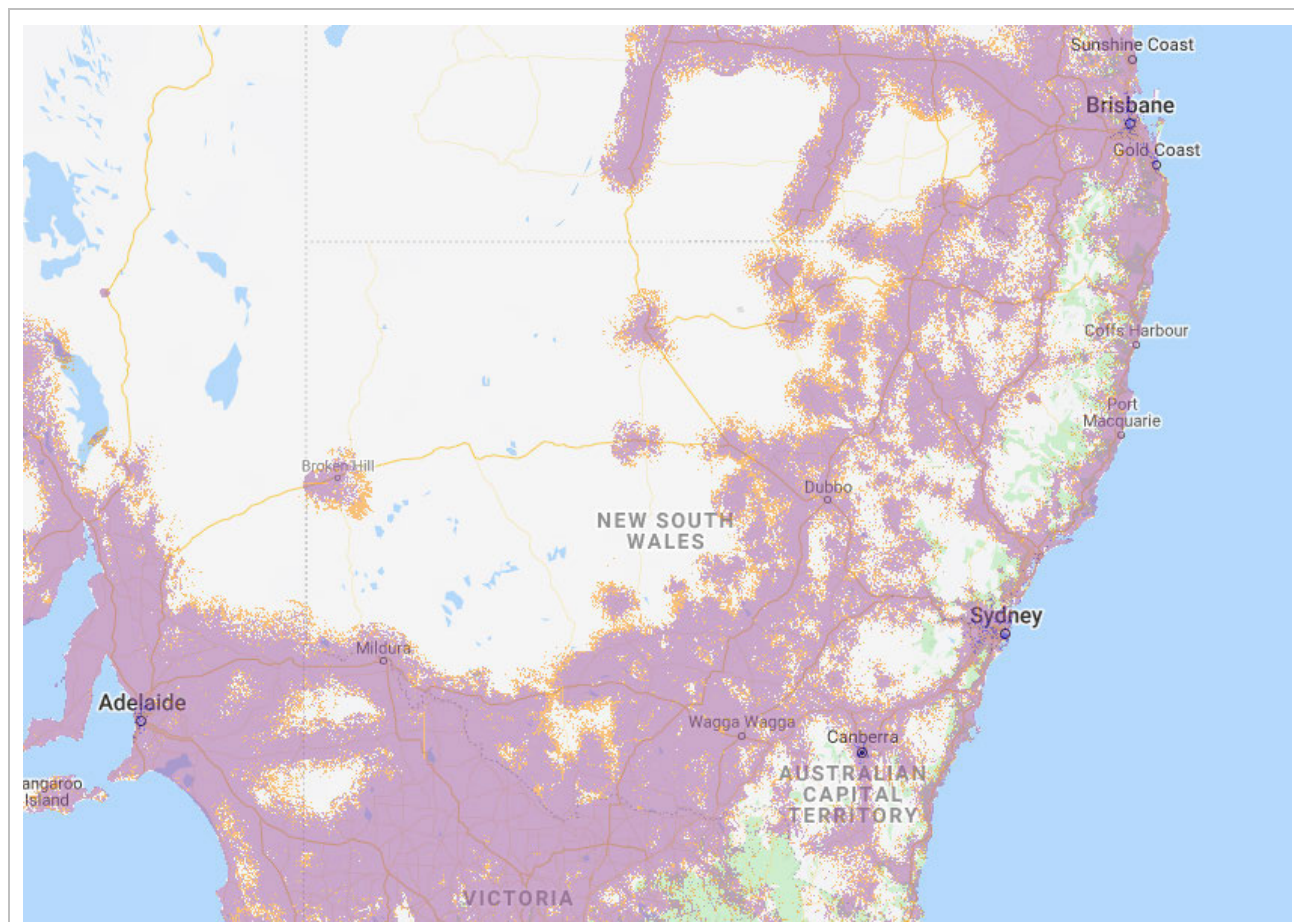
Map 1: Example mobile coverage map of NSW

Services including fixed wireless and satellite (Sky Muster) exist to address some of these coverage gaps, although historically business experience of both has been poor. The Sky Muster service is both slow and subject to data caps, making it unappealing for some businesses' activities, while the range of fixed wireless systems constrains their use. NBN has announced plans for upgraded technology and begun to deploy it. *Business NSW* is hopeful that these initiatives will help to address key areas of need businesses have highlight, but so far, we have yet to see the impact of those technologies reflected in member feedback.

"Most towns have good coverage, but just outside you're on Sky Muster which is useless" Professional services business, Tamworth.

A few members have also indicated enthusiasm for the arrival of Starlink into the Australian market. It is seen both as a potentially superior offering to the Sky Muster service, but also as a way of forcing Sky Muster to 'raise its game' by subjecting it to genuine competition in remote locations. Start-up costs of around $1000 may prove prohibitive for some smaller businesses, though if the alternative is $1 million+ for a hard-wired connection that may appear more attractive. *Business NSW* is also hopeful that there will be a positive impact from the arrival of Starlink (and potentially other services using similar technology), but again so far it is too early to know what the actual impact of their entry into the market will be.

2. What changes in demand, barriers or challenges need to be addressed when it

Mobile coverage gaps

Gaps in mobile phone coverage are one of the biggest sources of business irritation with telecommunications. With a large geographic area to cover, providing gapless mobile coverage is a challenge. Nevertheless, there are still key locations for business activity where improving connectivity should be a priority.

Mobile coverage gaps pose a particular challenge for the visitor economy. Overseas tourists visiting NSW often come with expectations about mobile connectivity based on their own countries. The main transport corridors through regional NSW should be a priority for future rounds of investment in mobile infrastructure. This should entail not only filling gaps where there is no coverage, but also ensuring that existing towers are upgraded to 4G and 5G standards.

Recommendation 2

Government and industry should invest in eliminating mobile coverage gaps along major arterial highways and rail routes in NSW, including:

- M1 Princes Motorway / Princes Highway
- M31 Hume Motorway / Hume Highway
- M23 Federal Highway
- Pacific Highway
- Great Western Highway
- Picton Road

Mobile connectivity is patchy around many regional towns. *Business NSW* invited member businesses and local chambers of commerce to identify locations where mobile connectivity needs to be strengthened. The list is not meant to be comprehensive but does highlight some potential priority locations in NSW when the next funding rounds for coverage improvement initiatives like the Regional Connectivity and Mobile Blackspot Programs.

Recommendation 3

The following list includes communities in NSW highlighted by *Business NSW* members as coverage blackspots. These locations should be targeted in future rounds of Regional Connectivity and Mobile Blackspot programs:

- Central Tilba and Tilba
- East Wardell
- Eurobadalla
- Myocum
- Mystery Bay
- Rylstone
- Suffolk Park
- Tocumwal
- Wingham
- Yamba
- Areas surrounding Berrigan and Barooga, NSW, and Cobram, Vic
- Areas surrounding Boorowa
- Areas surrounding Gunnedah and Mullaley
- Areas surrounding Narooma
- Areas surrounding Nimbin

Customer service

Problems with the physical infrastructure of telecommunications networks can be compounded by poor customer service from telecommunications providers. Businesses have described some of the challenges in getting issues

solved or new connections installed. One member reports still waiting (as of mid-September 2021) for the connection of an order placed in February 2021. The absence of a consistent point of contact can be a particular source of frustration, with offshore call centres being a focus for complaints. Barriers with language, time zones, calls not being returned and having to speak to a different person every time complaints are followed up lead to unsatisfactory customer experience. Early in the Covid-19 pandemic, Telstra promised to bring call centres back onshore, which may address some of these concerns, but that process is not expected to be completed until the middle of 2022.

Provider choice

Telecommunications markets rely on competition between providers to maintain pressure on prices and ensure adequate customer service. Unfortunately, in parts of regional NSW there is only one provider, resulting in worse outcomes for customers. As a result of its historical position, Telstra is usually the sole provider in communities where there is only one, and as such tends to be the focus of the bulk of member issues raised. But Telstra is also the preferred provider for many businesses – for example one who said they select Telstra because, despite being "expensive, at least [Telstra is] more reliable".

Where Telstra, or any other provider, is the sole available operator in a location, there should be additional expectations placed on them to meet customer services and pricing objectives and ensure that an effective monopoly position is not being abused. It may be appropriate to engage the ACCC in investigating the specific competition issues affecting business telecoms customers in regional and remote locations, building on the 2018 'regional mobile issues' investigation.

"Weeks without ADSL this year - no explanations or ability to easily contact Telstra and no compensation.... Any other business with this poor contact and or customer services would not be in business, but we are so limited here in regional NSW for carrier options" – property business, Murray-Riverina

> **Recommendation 4**
>
> The ACCC should resume its work to ensure that lack of competition for telecommunications provision in regional locations does not lead to detrimental outcomes for businesses and other telecoms customers.

3. How have the Government's policies and programs affected telecommunications service outcomes in regional, rural, and remote Australia? How can these be improved?

Regional communities recognise when they have benefitted from government supported investments in telecommunications infrastructure. Multiple responses from member businesses highlighted the value of the Regional Connectivity and Mobile Blackspot Programs and encouraged government to continue operating them. However, some respondents felt that more emphasis should be placed on telecommunications service providers to invest in regional communities, rather than relying on government subsidy.

During the COVID-19 pandemic, government policies have also imposed new requirements on businesses' use of telecommunications. Businesses in NSW are required to check in guests via the Service NSW app and displayed QR codes. This has created problems in locations with no or poor mobile connectivity. As a result, we are aware of instances of some businesses being unable to meet Service NSW requirements for QR Codes to keep their business compliant and visitors safe. One business in Mount Seaview was fined for not displaying their QR code, despite there being no mobile reception in the area for customers to access the app.

"The Federal Government's Regional Connectivity Program funding is an important first step in the rollout of and investment in new telecommunications solutions in regional areas." Agriculture business, Guyra.

4. How do service reliability issues impact on regional communities and businesses? How do outages, including in natural disasters, impact on communities and businesses?

Business feedback on telecommunications services has focused on two fundamentals – speed and reliability. Outages disrupt business and can lead to lost time or lost sales. Situations where a business can be left with no working phone for days show that much work is still needed to improve reliability. Key services like ETFPOS transactions and banking now depend on access to telecommunications networks. Many micro businesses are at a significant disadvantage as their unreliable access to communication with customers results in the loss of work opportunities or lack of access to new channels. As the economy moves away from cash and towards ever greater use of electronic means of transaction, reliable telecoms provision is indispensable.

There are various causes of outages that affect business, from the acute and high-profile – such as a natural disaster like a bushfire or flood – to the mundane – delays in installing a new service or mismanagement of a transfer from one service to another. Businesses' issues with reliability are not just those caused by network level outages, but also issues specific to their premises – the impact of being off service is the same whether the cause is widespread or localised. While it is the high-profile scenarios that get the majority of policymakers' attention, improvements to day-to-day customer service and telco operations can also make a meaningful difference. Engineers and installers need to turn up when they are supposed to, gaps between service should be avoided, and coordination between retailers and infrastructure providers improved to ensure customer needs and expectations are met.

Businesses, especially smaller businesses, have proven reluctant to pay extra for additional reliability (for example, for 1 day rather than 3 day guaranteed repair times). There is an attitude that when businesses a paying for a service, it should be the responsibility of the provider to make sure that service is provided. With NBN's new business strategy meaning there is less of a price gap than was the case previously between household-spec products with a lesser reliability guarantee (which many smaller businesses were using) and the business-spec products which offer those faster repair times amongst their other features, we hope to see more businesses being able to meet their broadband reliability expectations affordably.

Lessons about telecommunications resiliency were learned during the bushfires of 2019-20. The vulnerability of some communities' telecoms connectivity, not just to the direct effects of fires, but also as a result for example of loss of electricity supply, has been covered at length elsewhere. It is striking that some communities described better telecommunications service during the period when emergency temporary transmitters were brought in, to cover for bushfire-damaged units, than was the case with the original infrastructure

Emerging from the bushfires, connectivity also mattered. Out of 400 businesses who have received one on one business advisory facilitation services in NSW bushfire affected LGAs through the Strengthening Business Entrepreneurs' Programme, 99% of businesses were assessed to need a moderate to high improvement of their digital capability. Digital improvements ranged from upgrading their website for responsiveness, video content and online shopping carts through to improved social media outreach and database management and conducting webinars.

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During the pandemic, these consequences can be exacerbated as businesses can lose market share and customer loyalty. The inability to communicate to their customers about changing operational practices like hours of operation, or how their business will continue to provide a service but in a different way, affects their profitability and

sustainability. Having a meeting via Zoom or Teams cannot be guaranteed to work.

Another consequence of telecommunications outages and unavailability is the inability for businesses to access online assistance like business improvement webinars or learning programs which assist them with grant applications. This means that their recovery may be slowed.

"I am currently heading into my 3rd week of reduced business due to Telstra ADSL turning off their network. In the first week they were unable to forward the calls from my old landline ... After NBN finally contacted us last Friday they have decided to try and connect the wrong address even forwarding the equipment to set it up to that wrong address…As the internet was also disconnected, we had no Eftpos services for our clients. We are unable to send out appointment confirmations and now have a staff member dedicated to ensuring all clients receive a manually typed text message to confirm." Retail business, Inverell.

5. How might such impacts be addressed to ensure greater reliability? How can the network resilience be addressed in regional areas?

Full interoperability of networks in regional areas could address the problems, and would be very popular with members, would entail all providers allowing access to all other providers equipment and services, avoiding situations like this member describes: "a staff member has a remote service with a Telstra dish, which can't be used with work phone as it's on Optus". While we acknowledge that technical and commercial barriers are significant, they are not insurmountable. In locations where there is an effective one-provider monopoly, creating interoperability would be one way of adding competitive pressure. We encourage the ACCC to explore options to make this workable without discouraging investment in regional telecommunications infrastructure.

> **Recommendation 4**
>
> If the ACCC resumes its work on regional telecommunications competition (see Recommendation 3), it should evaluate options to incentivise or require interoperability of networks in regional areas, allowing access to all other providers equipment and services

Similarly, combining equipment supporting multiple carriers on single towers allows installation costs to be minimised. Government has a role in encouraging carriers should be encouraged to find further opportunities to collaborate on joint towers. It can also continue to ensure that any towers it funds through its investment programs support as many carriers as is practical. Handled well, the upcoming deployment of 5G technology can be an opportunity for solutions that facilitate multiple networks. Handled badly, it could end up reinforcing the existing problems in the market.

Improving network resilience also requires being prepared for the pressures imposed by the climate, both those already being observed and those that will arise with the further changing of the climate. There are already businesses who report, for example, that they can go days with no landline function after it rains. To guard against the potential for damage from bushfires, high temperatures, flooding, windstorms and other weather driven impacts, equipment and design standards will need to keep up with likely operating conditions. Work being carried out by Infrastructure Australia, CSIRO, and the newly established Australian Climate Service must inform the technical/engineering standards and investment plans for telecommunications infrastructure over the coming decades.

"During the black summer bushfires, we were … relying on a single local/employee who had a satellite phone at his rural property to ride into town (on his motorbike with his rapidly dwindling petrol reserves) who them messaged us an update when he got back to his house. We would then post an update for the people of the area onto our own FB page, and this would be picked up as and when people could get online. This is clearly not acceptable in future." – Accommodation and hospitality business, Central Tilba.

6. How did the use of digital services change for regional consumers and businesses during the response to the COVID-19 pandemic? What insights for future service delivery does this provide?

The COVID-19 pandemic has significantly increased the need for fast reliable Internet for businesses. The move to remote working has placed new demands on regional businesses, requiring them to put in place new systems or rapidly accelerate plans to digitise. Meanwhile, the pandemic has also accelerated the phenomenon of workers at metropolitan-based businesses being enabled to work remotely. People moving away from cities into NSW's regions demand telecommunications capabilities that allow them to work productively.

Yet many in regional areas report encountering significant difficulty in performing basic administrative tasks, such as file sharing over email, being able to access multiple servers, cloud-based software services and reliable quality video conferencing. When these services only work slowly it negatively impacts productivity and standard of living. The additional demands on the network place responsibilities on network providers, not just to expand network coverage to

NSW Business Conditions – September 2021

Performance of the economy

According to the September 2021 Business NSW Business Conditions Survey, the NSW business confidence index fell sharply in the September 2021 quarter, with far more businesses viewing the economy as getting weaker (82 per cent) than viewed it as getting stronger (6 per cent).

This result is virtually the same as confidence levels during the June 2020 lockdown, when 80 per cent of businesses considered the economy to be getting weaker and 9 per cent considered the economy to be getting stronger. The impact of this lockdown has been uneven across industries. Unsurprisingly, the population serving industries (including Arts and Recreation Services, and Accommodation and Food Services) have been the hardest hit, with the largest reported declines in confidence and business performance of any industry. Accommodation and Food Services and Retail and Wholesale Trade have seen a far greater drop in confidence and performance than during the major lockdown of mid-2020.

Other industries however, such as Construction and Manufacturing, are performing better than they did during the major lockdown of mid-2020.

All regions in NSW demonstrated a substantial drop in confidence and business activities compared to the previous quarter, with Sydney, particularly Western areas, Hunter Valley, and Mid North Coast the worst affected.

Business downsizing

Businesses have scaled back capital spending and staffing levels. Around 28 per cent of respondents indicated their staffing levels were lower compared to the previous quarter while 53 per cent indicated capital spending was down.

However, the drop in key measures of business performance, particularly staffing levels, is not as significant as in June 2020.

Businesses remain at risk

Businesses remain vulnerable with difficult trading conditions. A larger proportion of firms (43 per cent) indicating solvency became less manageable during this current lockdown compared to 33 per cent in last year lockdown reported in June 2020.

Businesses optimistic about the future

The NSW expected performance index declined compared to the previous quarter. However, 36 per cent of businesses reported that they expected the NSW economy to be somewhat or much stronger in the next three months, compared to 21 per cent in June 2020.

new locations, but also to ensure that existing coverage is able to keep up with capacity. What was adequate as little as two years ago may no longer be up to the job of handling video conferencing, streaming and other high bandwidth services.

However while noting these present shortcomings, businesses in regional NSW recognise that the changing work and lifestyle patterns emerging from COVID-19 present a potentially considerable opportunity for regional NSW's communities. Rapid, enforced adoption of practices including working from home, telehealth, e-commerce, and e-learning has demonstrated that they can work. As a result, this may reduce some of the concerns people or businesses have when considering locating in the regions. But as noted above, these services also place increased demands on existing networks. Medical scan files are often large and uploading them for specialist evaluations has proven challenging as one member reports. Zoom meetings are often of poor technical quality. Growing demand for

these services will require commensurate improvements in the telecommunications networks.

"Plenty have problems - especially during Covid when many people have been forced to work from home. There are lots of black spots, people have used up their downloads, NBN goes out if the power is down (which happens all too often), fixed lines tend to have become a thing of the past, ADSL can be extremely slow or unreliable, there are continual complaints on social media about internet connections. The volume of scam calls is unbelievable and wastes inordinate levels of business time" – Nimbin Business Chamber

7. What can be done to improve the access and affordability of telecommunications services in regional, rural, and remote Indigenous communities?

See responses to other questions

8. How can investment in telecommunications infrastructure work with other programs and policies to encourage economic development in regional Australia?

See responses to other questions

9. What role could innovation, including new models, alternative investors, or new ways of doing business, play to encourage investment in regional telecommunications infrastructure? What are the barriers?

See responses to other questions

10. To what extent will new technologies enable significant change to the delivery of telecommunications services in regional Australia over the next 5-10 years? Are there any barriers to accessing these technologies?

See responses to other questions

11. How can Government better support the rapid rollout of and investment in new telecommunications solutions in regional areas?

With their work still far from complete, continuing to fund future rounds of the Regional Connectivity and Mobile Blackspot programs should be the main priority for Government. See question 2 for recommendations about where to target future investments in NSW.

However, to truly address the needs of regional businesses, it is necessary to go beyond plugging coverage gaps to ensure businesses are able to exercise choice and not subject to detrimental practices by monopoly providers. In recommendation 3, we proposed that the ACCC resume its work looking at competition in regional telecommunications.

One option that appears to be going underutilized would be to get multiple mobile network operators to co-operate on towers. Multiple respondents to our call for evidence reported that opportunities to co-locate on towers have not been realised in their communities. It is particularly frustrating for business owners when they can see a mobile tower from their property yet cannot get a signal because of technology or network restrictions. It is not only government, but also network providers, who need to invest. There may be an additional role to be played by government in encouraging, coordinating, and possibly incentivising shared use of infrastructure like mobile towers to ensure that competition, as well as coverage, goals are met.

See also responses to other questions

12. How can different levels of Government, the telecommunications industry and regional communities better co-ordinate their efforts to improve telecommunications in regional Australia?

See responses to other questions

13. What changes to Government investment programs are required to ensure they continue to be effective in delivering improved telecommunications?

See responses to other questions

14. How can regional consumers be better supported to identify, choose and use the best connectivity options for their circumstances, as well as to understand and use their consumer rights?

Several businesses highlighted the need to improve education and information quality about connectivity options. Information about telecommunications products can focus on technical aspects that prove difficult to interpret for some businesses without technology backgrounds. Important information about service standards, particularly information relating to reliability and repair times, is backgrounded with the main focus being on claims about speed and data limits (where relevant). The ACCC has done valuable work in recent years to motivate providers to make claims about speed that are more likely to correspond to users' experiences. However, in regional areas where location and distance have a bigger bearing on the speeds users experience, those claims about speed are less dependable than in urban areas where speeds tend to be more consistent.

Some businesses also requested education programs targeting small businesses that would detail changes to the telecommunications market that are coming. In recent months, *Business NSW* has worked with NBN Co to run a series of forums in regional communities to highlight the arrival of Business Fibre Zones in those areas. However, it appears there is demand for more information, including on non-NBN products and services including mobile networks and Starlink and potentially other low-earth orbit satellite providers who may enter the Australian marketplace.

15. To what extent is public information on connectivity options, including predictive

coverage data and speeds, sufficient to help regional customers make informed decisions? What other information is needed?

There is a greater demand on mobile coverage maps in regional areas to be accurate than in other, better served parts of the country. Because there are few, or sometimes no, alternative providers, knowing whether a particular network can be accessed at a particular location or not can make the difference between a service being useful and it being useless. We received a number of comments, unsurprisingly largely from farm or remote businesses, saying they had been told to expect that they would be able to access a mobile network from their house, only to discover when trying to use it, that they have to go to particular rooms, or outside, or across the property, in order to get a signal. Maps published on provider websites or put up in retail shops also proved unreliable guides to whether a location could actually get service.

Allowing businesses to test the connection at their premises under real world conditions for several days, before signing up to a contract, is good practice and should be encouraged of all mobile providers and retailers.

16. What other matters should the Committee consider in its review and why are they important?

No response

Appendix

Telecommunications Survey

Small businesses' telecommunications issues

December 2020

INTRODUCTION

Fears of a crisis were averted, but minimal progress was made on key issues for business in what has been a challenging year.

The COVID-19 pandemic put unanticipated strains on businesses' telecommunications services, but for the most part networks have held up well and coped with surging demand. Switching to online retailing and order processing, teleconferences and Zoom meetings, has made business more telecommunications-dependent than ever.

Fundamentals of speed and reliability remain the primary concerns for businesses. In the next year, NBN Co will begin a new phase of deploying Business Fibre Zones in regional towns and city suburbs, which may bridge the gap between businesses' expectations and the service they are receiving.

Although telecommunications service providers allocated funding to support businesses struggling with bills during the pandemic, a lack of publicity and competing priorities for owners' attention left take up at low levels.

A review of the effectiveness of targeted support measures across the essential utilities sectors would be valuable in understanding how better to reach businesses in need in the event of future emergencies.

As the pandemic and associated lockdowns forced businesses to become accustomed to remote working, many are looking to make some of those changes permanent. The NSW economy that emerges from the pandemic is more likely to be one where employees have greater freedom about how they work. This has already led to speculation about increasing options for workers to live outside of NSW's metropolitan centres, while still having access to the opportunity from businesses based there. If we do see an increase in demand for living in regional areas beyond traditional commuter belts, that will also lead to a growing pressure to significantly improve telecommunications services from those areas.

This also leads to a blurring of the historical distinction between residential and business specifications for telecommunications products. If an increasing proportion of the demand businesses place on telecommunications products derives not from their own premises, but from their employees' homes, that changes the needs for both enterprise and residential products. It remains to be seen whether the composition of services will change to match the change in usage patterns.

BUSINESS NEEDS HAVE CHANGED DUE TO THE PANDEMIC

Impact of initial lockdown

Over the course of the pandemic, businesses have been forced to change the ways they operate. Forty percent of members have changed how their staff work, and 49% have changed when their staff work during the pandemic. Nearly 60% said they have become more reliant on tele-communications infrastructure including broadband and mobile phone networks.

Sectors which have embraced working from home or other kinds of remote working include Professional, Scientific and Technical Services (69% agree/strongly agree), Education and Training (65%), and Rental, Hiring and Real Estate Services (62%). Those least likely to be able to work remotely are Health Care and Social Assistance (43% disagree or strongly disagree), Accommodation and Food Services (42%) and Retail Trade (34%).[1] The Hunter Valley excluding Newcastle (63% agree/strongly agree), Illawarra (53%) and Newcastle - Lake Macquarie (49%) are the regions where businesses have been most likely to move to home working. Businesses in the Central Coast (40% disagree or strongly disagree), Western Sydney (39%) and Riverina (38%) were most likely to disagree that working remotely has become more viable.

Businesses which have been most likely to change or reduce staff hours worked include those in the Education and Training (65% agree or strongly agree), Professional Scientific and Technical Services (63%) and Construction (62%) sectors. Accommodation and Food Services, Health Care (30% disagree or strongly disagree), Information Media and Telecommunications (30%) and Health Care and Social Assistance (29%) are those sectors least likely to have changed working times, although in every category businesses were more likely to have changed times than not. Working hours were most likely to have changed in the Riverina (63% agree or strongly

agree), New England and Northwest (60%) and Eastern Sydney (57%). Businesses in the Central Coast (33% disagree or strongly disagree), Western Sydney, Coffs Harbour-Grafton, and Murray (all 27%) were least likely to have changed working times.

Businesses in Education and Training (88% agree or strongly agree), Health Care and Social Assistance (81%) and Professional Scientific and Technical Services (79%) sectors are those most likely to report becoming more reliant on telecommunications services during the pandemic. In contrast, Accommodation and Food Services (37% disagree or disagree strongly), Agriculture Forestry and Fishing (20%) and Other Services (17%) are those most likely to disagree, though it should be noted that in all sectors apart from Accommodation and Food Services, more businesses agree than disagreed that reliance on telecommunications has increased. By region, businesses in Central Coast, Riverina and Richmond-Tweed are those where reliance on telecommunications has increased most. Central West, Illawarra and the Southern Highlands/Shoalhaven have the most businesses whose reliance on telecommunications has not changed.

The move to widespread working from home presents challenges for telecommunications providers. The sector has established a separation of products between the residential and business/enterprise categories. As those distinctions start to blur, home telecommunications activity is taking on some characteristics of business activity. It may prove more challenging to persuade businesses to take up high-spec enterprise solutions for offices when employees are carrying out tasks from home.

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[1] Among sectors/regions with more than 10 respondents

Chart 1 – COVID-19 impact on business requirements
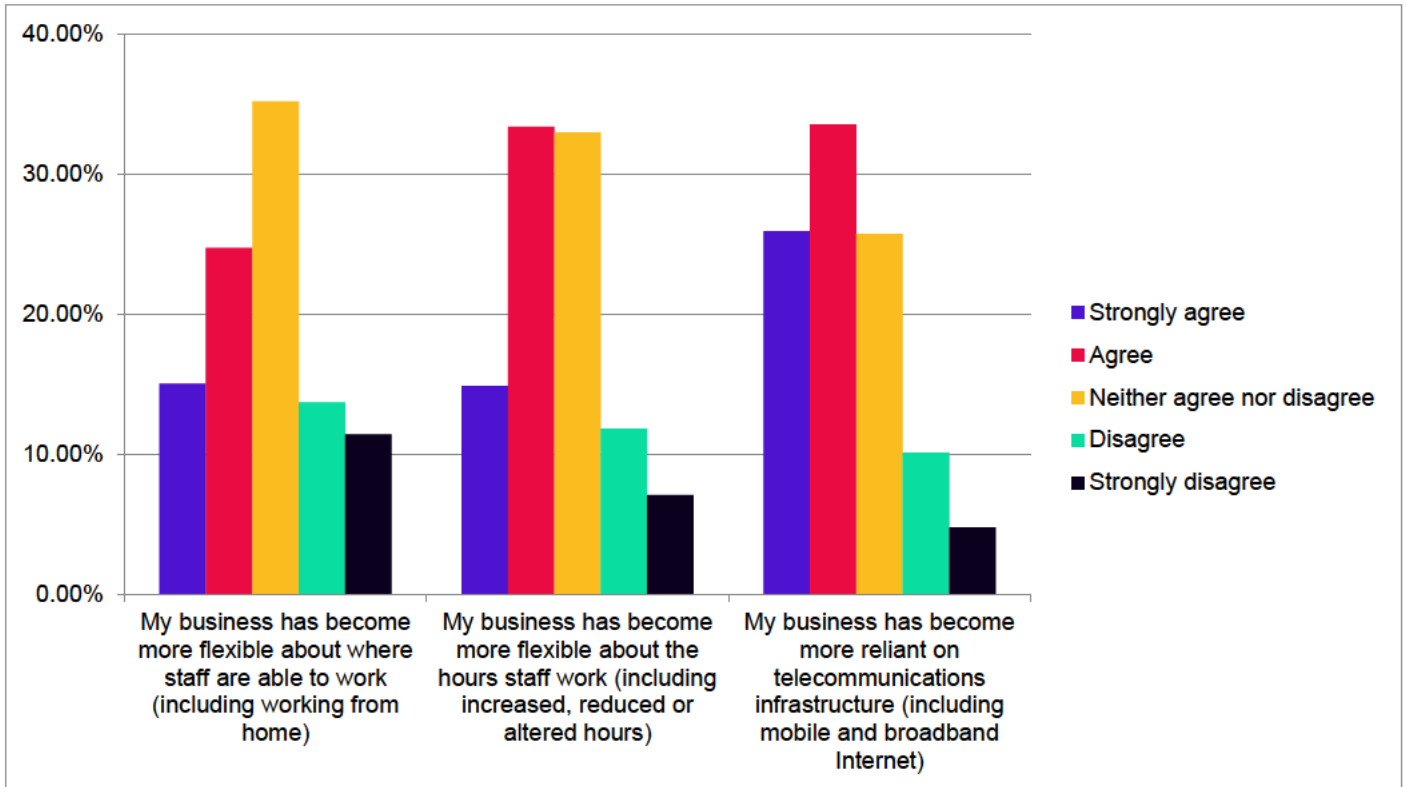
Source: Business Conditions Survey, Business NSW. N=526.

ONLY 7% OF BUSINESSES SOUGHT RELIEF FROM TELECOMMUNICATIONS BILLS

## Relief offerings have not been fit for purpose and have been badly communicated

Telecommunications retailers and NBN Co set aside funds to support businesses struggling to pay bills during the pandemic. However, these programmes have seen low levels of take-up, which our survey bears out. Only 7% of respondents said they had sought out any assistance with their bills, even though in the same survey 11.5% of respondents said they were at risk of insolvency at the time of the survey, and 25% said they were at risk of failure when JobKeeper supports end.

To explain the causes of the failures of the relief programs available to business telecommunications users,

the Australian Communications Consumer Action Network (ACCAN) carried out a national survey at the same time as the BNSW Business Conditions Survey.[2]

ACCAN found that just over 60% of their SME respondents stated that they did not need financial hardship assistance in the last 6 months. Over one third of respondents were not aware that financial hardship assistance was available, and 9% did not see value in applying for financial hardship assistance.

Chart 2 – Some telecommunications providers have offered support for businesses affected by the pandemic. Has your business sought help with telecommunications bills?
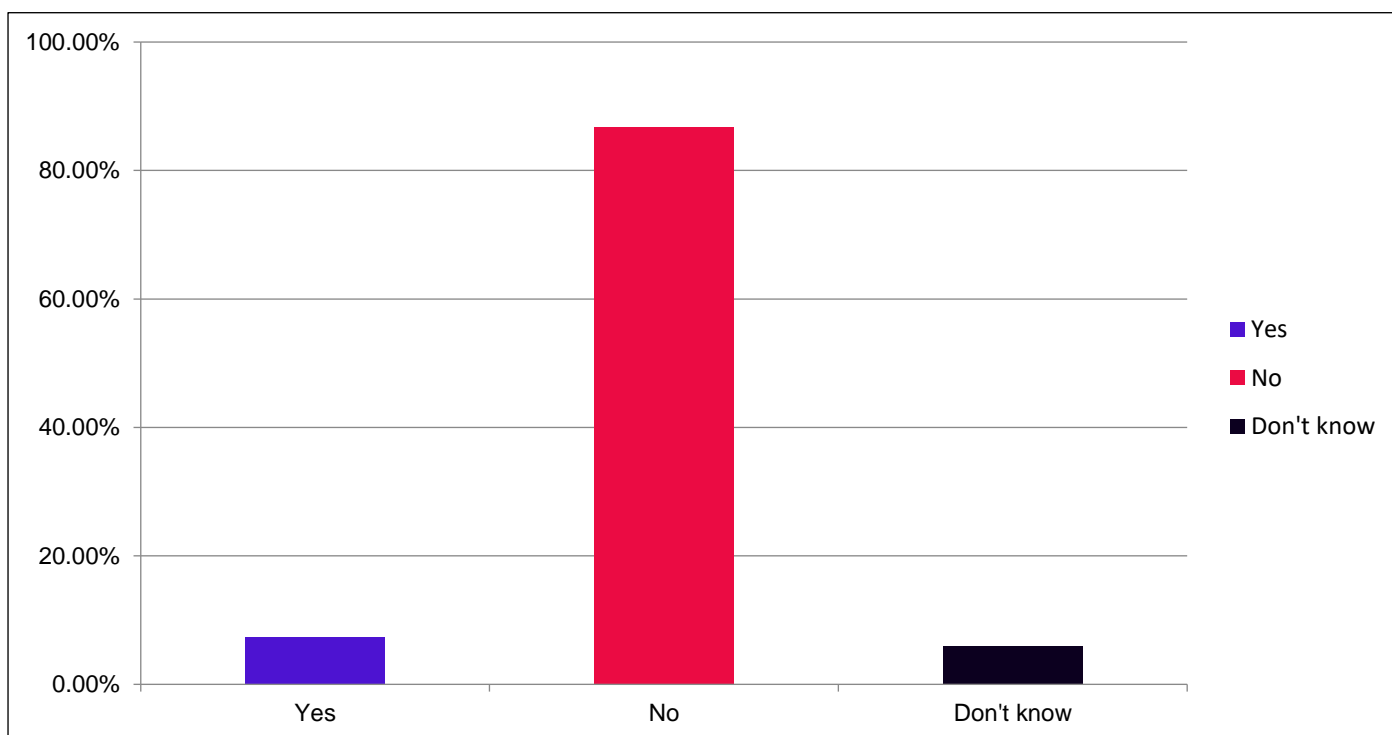
Source: Business Conditions Survey September 2020, Business NSW. N=527.

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[2] ACCAN; SME Survey - COVID 19 and Financial Hardship Assistance; 2020; https://accan.org.au/media-centre/hot-issues/1819-telco-service-essential-to-small-business

SATISFACTION WITH NBN HAS IMPROVED

A quarter of business remain dissatisfied

There has been a small improvement in satisfaction with NBN, compared to when we last asked at the end of 2019. Levels of dissatisfaction have stayed stable, but around 10% of responses have shifted from 'neither satisfied nor dissatisfied' to 'satisfied' or 'very satisfied'. Around a quarter of our respondents still report low levels of satisfaction with their NBN service overall.

As the rollout phase of the NBN has ended, NBN Co and telecommunications retailers need to focus their attention on improving speed, connection reliability and customer service standards.

Chart 3 – How satisfied are you with your NBN service overall
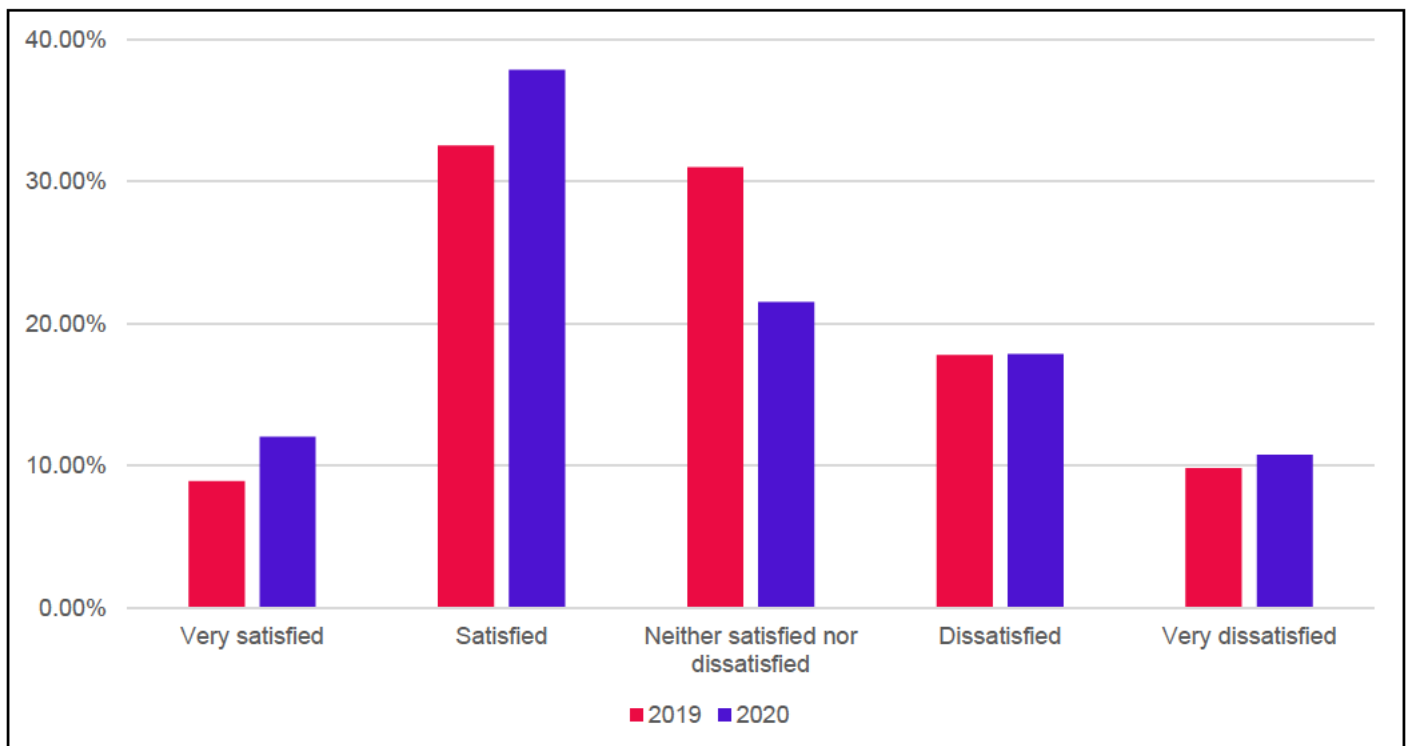
Source: Business Conditions Survey September 2020 and Infrastructure Survey December 2019[3], Business NSW. N=464. Excludes respondents not connected to NBN.

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[3] https://www.businessnsw.com/content/dam/nswbc/businessnsw/pdf/NBN-Infrastructure-Survey.pdf

BUSINESS SATISFACTION WITH MOBILE TELECOMMUNICATIONS IS MARGINALLY BETTER THAN WITH NBN

Mobile telecommunications perform better than fixed line internet for business user satisfaction. Forty four percent of business are satisfied or very satisfied with their fixed line systems, compared to 54% satisfied or very satisfied with their mobile services.

Chart 4 – Satisfaction with NBN/broadband compared with mobile phone and mobile Internet
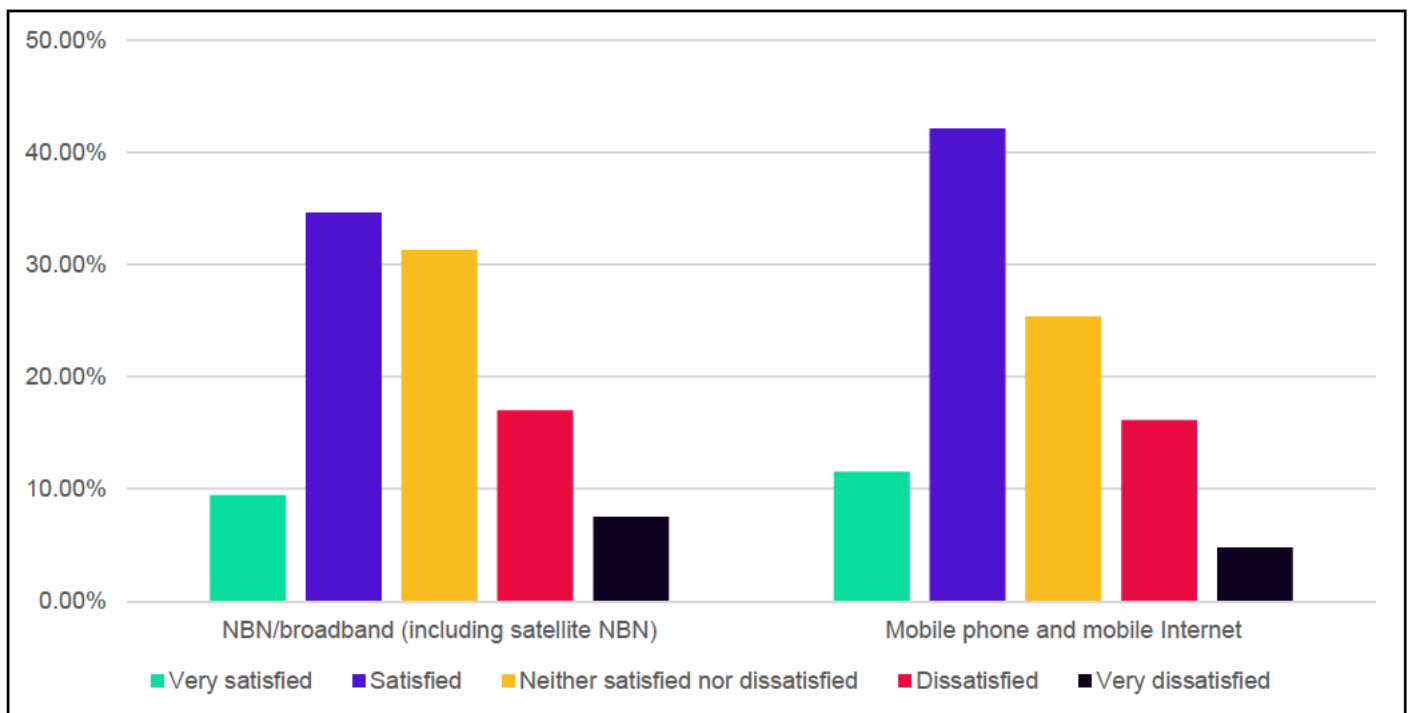
Source: Business Conditions Survey September 2020, Business NSW. N=528.

# NBN RELIABILITY IS UNCHANGED

Crisis avoided but room for further improvement

Over the course of the last year, businesses' experience of NBN reliability has remained stable. While in the context of the pandemic this may be seen as good news – early fears of the NBN collapsing under the weight of increased business traffic proved unfounded – it suggests NBN Co and telecommunications retailers still have work to do now that the initial network rollout has been completed. The fibre upgrade program announced by NBN in October 2020 may help address some of these issues, by getting more businesses onto faster and more affordable business-grade products.[4]

Business experience of the NBN depends not only on the wholesale NBN network infrastructure, but also on the networks of individual retailers and the IT/Wi-Fi setups at users' premises.[5]

Chart 5 – How reliable has your NBN connection been (i.e. do you experience any dropouts in service or bandwidth limitations impacting your work)?
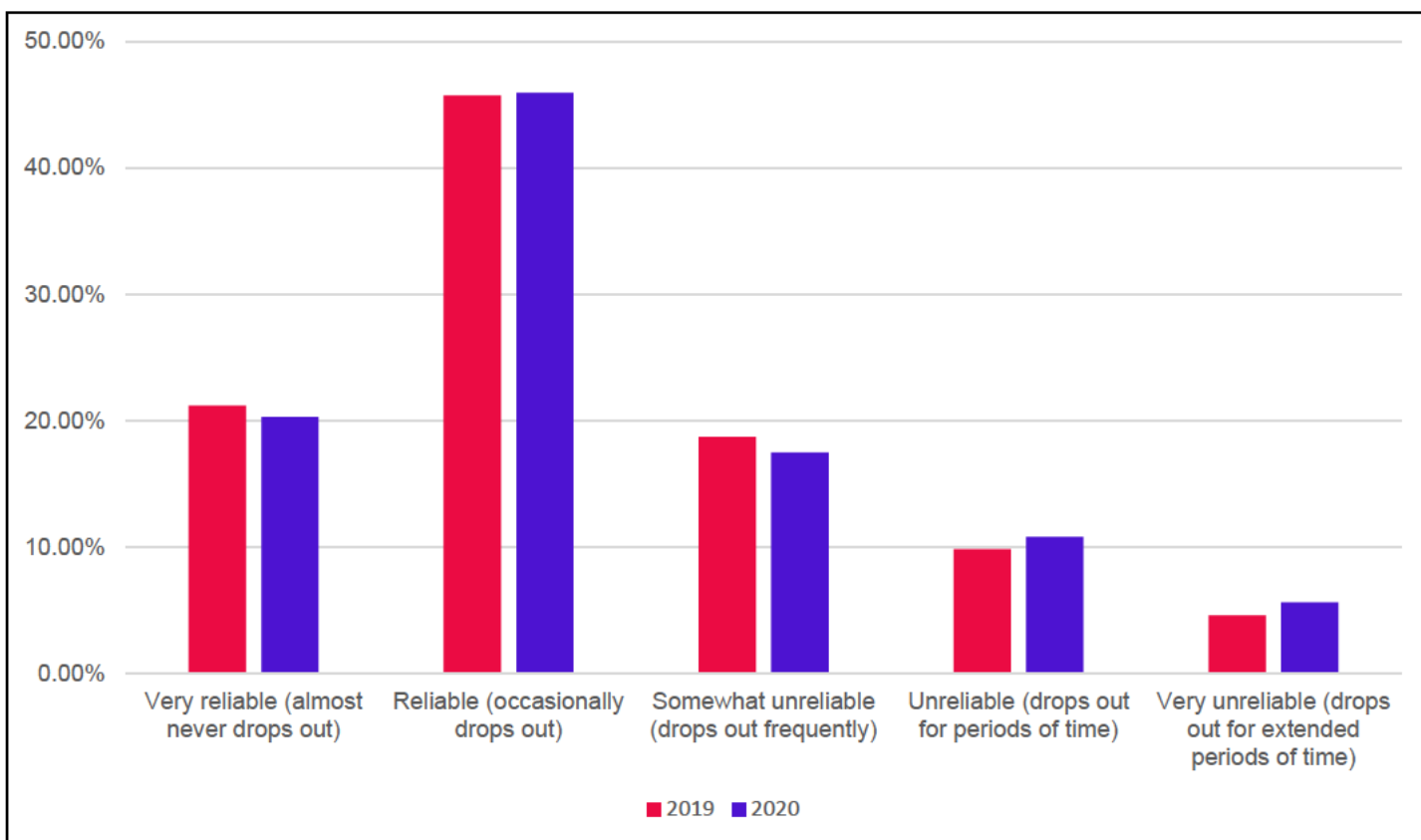
Source: Business Conditions Survey September 2020 and Infrastructure Survey December 2019, Business NSW. N=464. Excludes respondents not connected to NBN.

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[4] https://www.nbnco.com.au/corporate-information/media-centre/media-statements/business-fibre-initiative
[5] This issue was discussed by speakers at the Business NSW event Reboot Connect Recover;

https://www.youtube.com/watch?v=6UU1DxDf05w&feature=youtu.be

BUSINESS COMMENTS ON TELECOM-MUNICATIONS ISSUES

Problems accessing support

- "They would be better if they actually provided a service when you called them."
- "No assistance offered other than deferrals."
- "What's the point - they will put you on hold and tell us your call is important to us then it will drop out"

Bushfire recovery

- "We lost most of our telecommunications infrastructure during the fires. It has been repaired but the NBN drops out constantly. I run square reader for my business and constantly have to reconnect if NBN demand is high. On average this takes 2 or 3 minutes."

Working from home

- "To carry out any work at home, we rely on good home internet. It has been unreliable, so updating our website, using social media, emailing customers etc. is difficult when we have internet outages."
- "As some of the functions in our business can be done from home, (web update and social media) where possible we do this. However, the home internet connection has become unreliable."
- "NBN was great working from home. Mobile network was rubbish, for myself and most of my staff."

NBN Issues

- "We have delayed getting NBN first because of lockdown and then because everyone we know who has installed it says it is slower than what they had."

- "I have made an inquires with Telstra that I need to pay more if connect to NBN"

- "Make 5G available in more areas very soon, cost of changing over to NBN is too expensive."

- "We are still waiting for NBN"

- "Very disappointed that the Government apparently halted further connection to the nbn even when the infrastructure had been already in place; this was the case with us."

- "It's ok but I can't afford to pay for higher speed"

- "Let's get fibre to the home."

- "The mobile network has degraded in my area over the past 6 months. My NBN service is slower, less reliable than my previous ADSL service and 20% more expensive. There are far fewer VoIP providers in Australia than before NBN, so there is no competition for telephony services = poorer quality, higher prices."

- "NBN network in place is wholly insufficient for the future of this country's needs, but to my surprise it has actually supported the traffic mostly reliably; it is just not fast enough and getting access to the speeds we need is almost impossible. We're looking at 5G"

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