



Telecommunications Survey

Small businesses' telecommunications issues

December 2020

**BUSINESS
NSW**

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 telecommunications 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

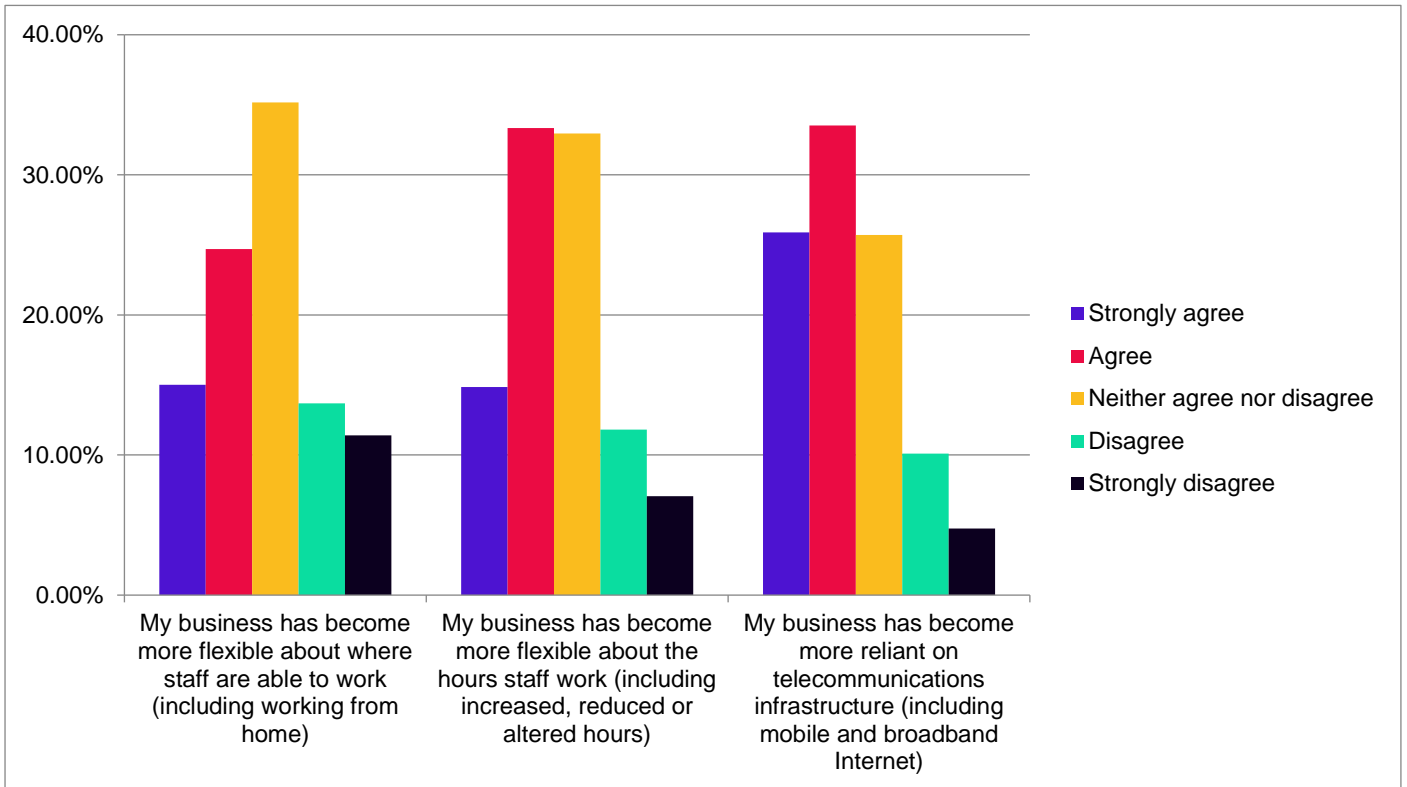
or strongly agree), New England and Northwest (60%) and Eastern Sydney (57%). Businesses in the Central Coast (33% disagree or strongly disagree), Western Sydney, Coffs Harbour-Grafton and Murray (all 27%) were least likely to have changed working times.

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.

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 have sought relief from telecommunications bills

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

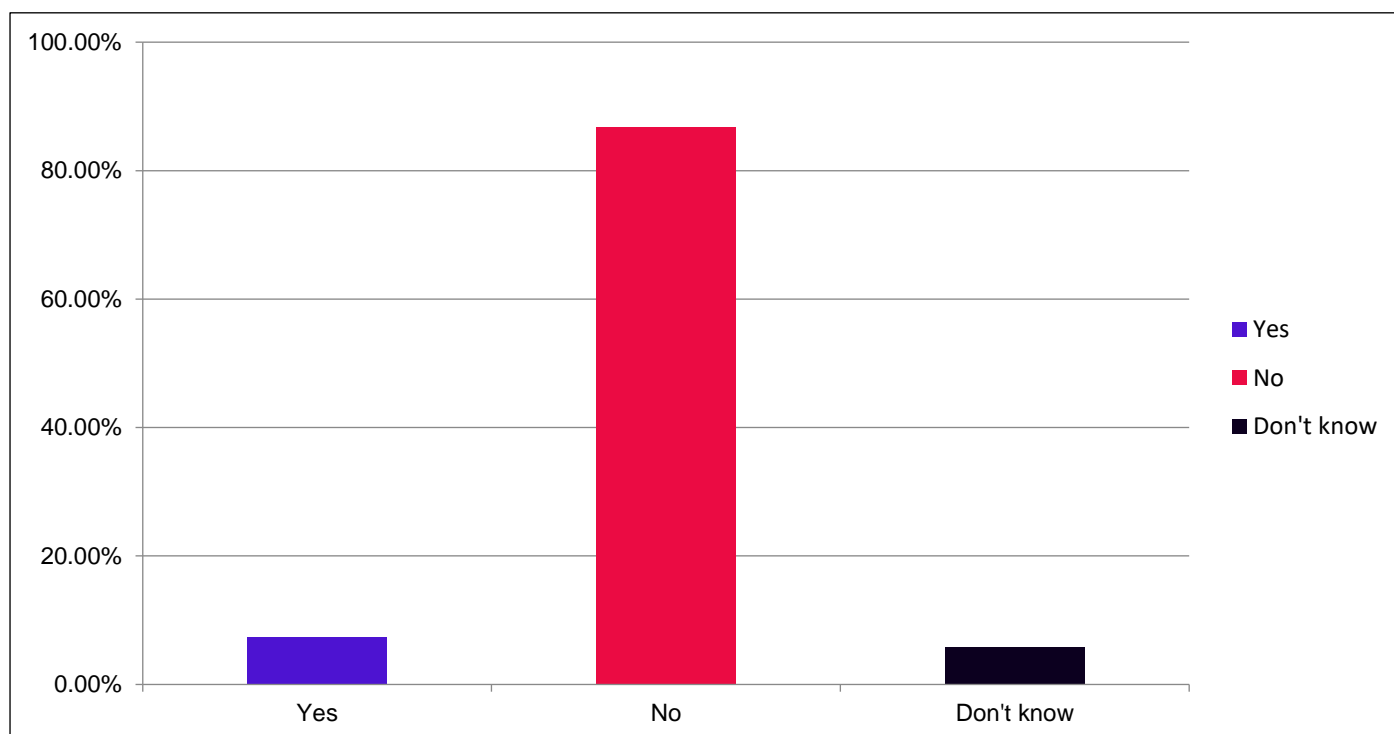
Telecommunications retailers and NBN Co set aside funds to support businesses struggling to pay bills during the pandemic. However, these programmes have seen low levels of take-up, which our survey bears out. Only 7% of respondents said they had sought out any assistance with their bills, even though 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.

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>

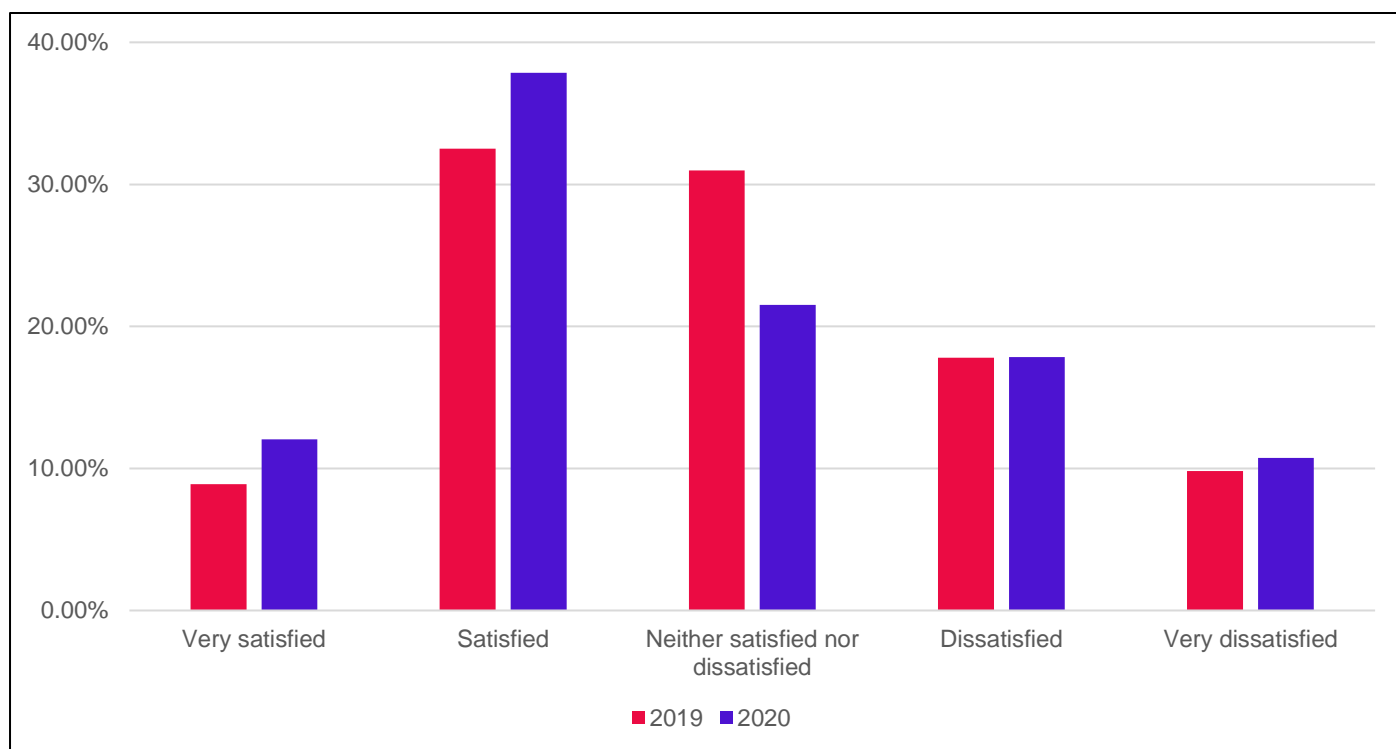
Satisfaction with NBN has improved

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 2019³, Business NSW. N=464. Excludes respondents not connected to NBN.

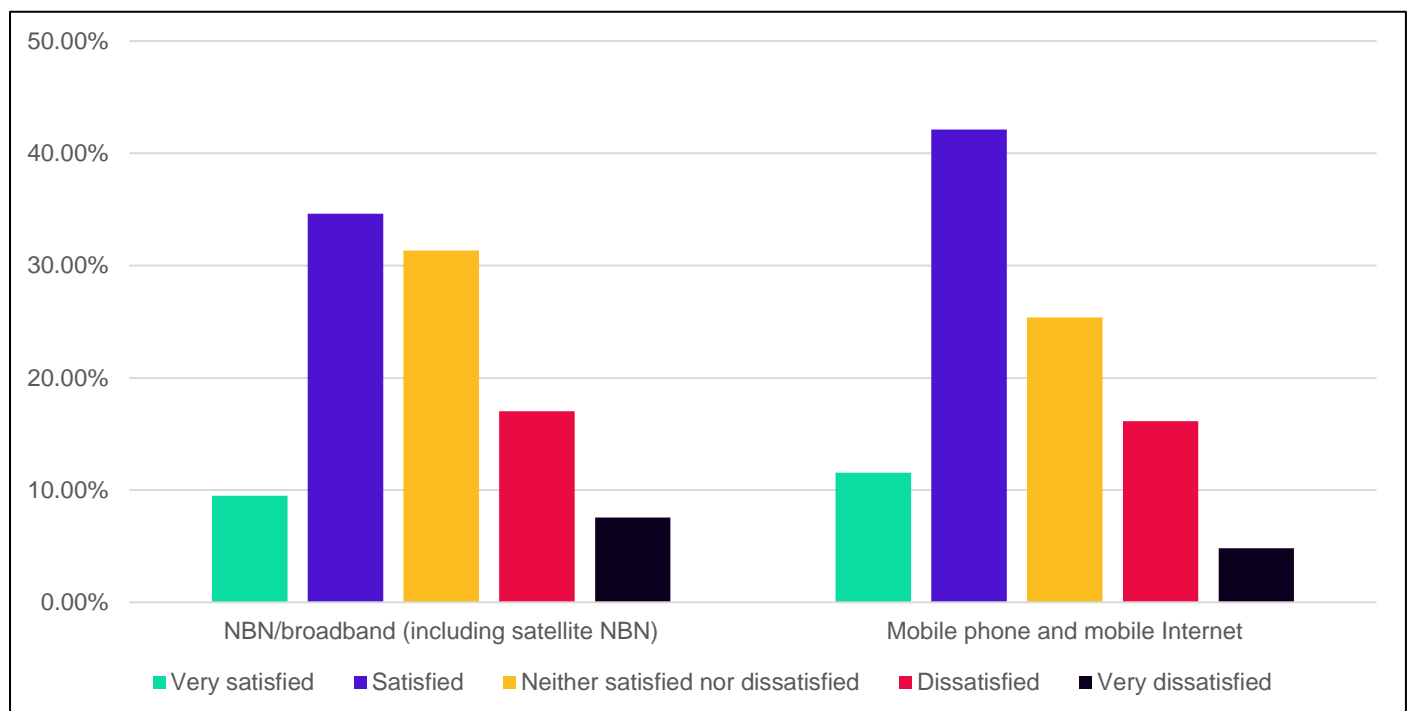
³ <https://www.businessnsw.com/content/dam/nswbc/businessnsw/pdf/NBN-Infrastructure-Survey.pdf>

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

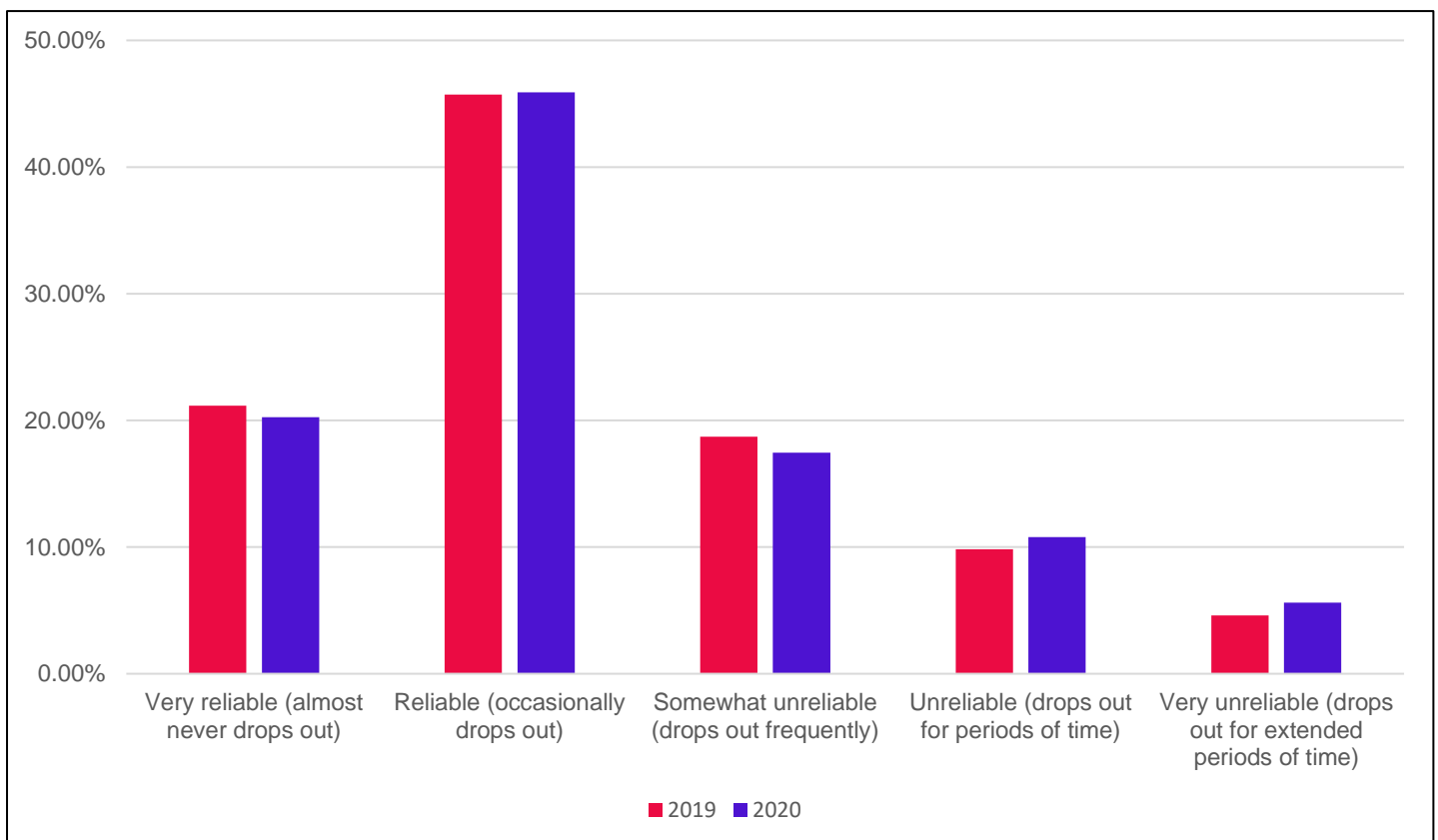
Crisis avoided but room for further improvement

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 NBNCo 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/wifi 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.

⁴ <https://www.nbnco.com.au/corporate-information/media-centre/media-statements/business-fibre-initiative>

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

⁵ This issue was discussed by speakers at the Business NSW event Reboot Connect Recover;

Business comments on telecommunications 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 fiber 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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