

2018 Regional Telecommunications Review

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ABOUT VACC

The Victorian Automobile Chamber of Commerce (VACC) is Victoria's peak automotive industry association, representing the interests of more than 5,000 members in over 20 retail automotive sectors that employ over 50,000 Victorians.

VACC members range from new and used vehicle dealers (passenger, truck, commercial, motorcycles, recreational and farm machinery), repairers (mechanical, electrical, body and repair specialists, i.e. radiators and engines), vehicle servicing (service stations, vehicle washing, rental, windscreens), parts and component wholesale/retail and distribution and aftermarket manufacture (i.e. specialist vehicle, parts or component modification and/or manufacture), and automotive dismantlers and recyclers.

In addition to VACC, its sister organisations – the Motor Trade Associations, represent the automotive industry for their respective states.

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VACC response to questions

1. What are the main barriers to people in regional communities increasing their use of digital technologies and possible solutions for overcoming these barriers?

Feedback received by VACC from regional member businesses across Victoria indicates that whilst access to telecommunications services is generally available for most businesses, there exists a number of key barriers that inhibit the increased use of digital technologies by small business in regional areas.

These barriers include:

- The cost of digital technologies for regional businesses
- Variability in the performance and quality of digital services across regional communities
- A lack of effective customer support from many telecommunications service providers
- A lack of appropriate digital skills amongst certain cohorts of the business population.

These barriers are explained more fully below:

Cost of digital technology

Member feedback received by VACC indicates that some digital technologies remain unaffordable for many small regional businesses across Victoria. In particular, the cost of the NBN Sky Muster satellite service is cited as being a barrier towards its greater uptake by many businesses. The cost of the National Broadband Network (NBN) is also prohibitive for many businesses.

Variability in the performance and quality of digital services

The quality of digital services across Victorian regions remains a key issue for many businesses and is generally described as being either 'patchy' or very poor. Key problems include the following:

- The performance of the NBN is viewed as a huge disappointment across many regional communities both in terms of actual download speeds and constant disruptions to the service, with dropouts reported to be occurring four to five times per week, with some outages lasting for up to 7 hours at a time. Residents and businesses in Bacchus Marsh that were amongst the first in Victoria to complete the transition to the NBN, are experiencing such acute service problems on a regular basis
- Some businesses have also bemoaned the fact that they are paying \$1,000 or more per month for the NBN service, as well as \$20 per month for a back-up NBN dongle, and still need to permanently divert their phone to mobile, due to the regularity of NBN dropouts. Some businesses are also reportedly avoiding the NBN altogether due to the negative publicity, and are advised to avoid the service altogether by their own IT departments
- Businesses have also reported problems with Cloud technology with many showing a reluctance to use Cloud services, due to reports of data hacking and other security breaches that have been recently publicised involving banks and other institutions
- There are reports of poor mobile phone reception - usually only 1 bar out of 4 - in regions as diverse as Dromana, Bairnsdale, Horsham and Ararat. Such poor-quality reception limits effective communication between businesses and customers, resulting in many missed calls and the loss of valuable business.

Lack of effective customer support

A lack of effective customer support is also cited as a key barrier affecting the uptake of digital technologies in regional areas. Regional businesses claim that the ability to get access to technical help from service providers and resolve issues remains a difficult process, causing considerable frustration as well as loss of income.

In some towns or regional centres there may be only one Telstra shop, and staff are generally so busy that it is often difficult to get a response. This has resulted in many regional businesses across the state switching from broadband back to ADSL cable, to ensure they have a service when there are power outages, and to avoid the delays and frustration in obtaining technical support.

Many businesses feel that there is a lack of responsibility and accountability on the part of service providers to guarantee the provision of the service or provide effective customer support. Often businesses are blamed for the service difficulties they experience, with overseas call centres failing to effectively deal with the problems.

Lack of appropriate digital skills

Some business owners have reported that they do not utilise digital technologies and avoid their use for various reasons. Often these business owners are sole proprietors who are at or approaching retirement age, are not technologically savvy, and have never felt the need to revert to these technologies for the purposes of operating their business. Whilst this cohort may account for a minority of businesses overall, its representation may be greater across regional communities than within city or metropolitan areas.

Solutions to overcoming barriers

Feedback received from VACC member businesses suggests that there are many possible ways to overcome the barriers associated with the uptake and greater use of digital technologies in regional communities. These include:

- Making digital services more affordable in regional areas
- Improving the access, reliability and quality of internet and other digital services
- Providing more choice in service providers for regional communities
- Providing more digital literacy training to improve digital skills
- Improving the effectiveness of telecommunication service providers response to business issues.

VACC believes that improving the affordability, choice and quality of digital services would facilitate their greater uptake and usage within regional communities as well as increase business productivity and incomes. A more reliable and better-quality internet service would reduce business down time, and the provision of more information and digital training would improve confidence and digital literacy levels within regional communities and facilitate the greater uptake of digital technologies.

2. How are people in regional communities currently using their broadband service and how might they increase the benefits of using this technology?

Feedback received from regionally based VACC automotive businesses indicates that they are using their broadband in the following ways:

- Communicating with customers
- Undertaking financial activities including on-line banking, invoicing and making payments
- Advertising/ social media
- Using the MYOB accounting/finance package
- Accessing business information
- Buying and selling motor vehicles and spare parts for cars, trucks, motorcycles, tractors and farm machinery
- Communicating with farm staff infield steering tractors
- Submitting quotes via the internet
- Uploading of software for photos, videos, technical diagrams and business marketing

The use of broadband has had positive implications for business productivity, market share and business incomes in regional communities. The limiting factors, as described, remain the problems associated with the affordability, quality and reliability of the service in regional areas, along with generally poor levels of customer technical support. These issues dilute the value of the broadband service and for some businesses are a contributing factor in a lack of up-take of the service.

3. What data-intensive activities are occurring in regional, rural and remote Australia? What digital technologies are needed for these?

There has been a rapid escalation observed in farm machinery technology in recent years and this trend has continued to rise. Farmers require the ability to be able to use tractors in paddocks with a reliable mobile connection. Also, tractors, harvesters and other agricultural machinery now interconnect via satellite services. At a minimum, 4G communication is required throughout agricultural communities as tractors and machinery utilise service and diagnostic capabilities built into their systems that communicate through 4G technology. GPS technology is also used over a wide range of agricultural applications and requires supporting communication.

There is also a strong argument made on behalf of some farming communities, that they require 5G communication well before that of cities and metropolitan areas.

4. How can regional businesses better utilise digital technologies to maximise economic benefits?

As described, many regional businesses are utilising digital technologies in a variety of ways to generate greater productivity and profits. The key issue however, is that for many regional businesses the quality and reliability of digital technologies is disappointing, and this reduces their ability to maximise profits, grow and employ more people. Some businesses have also indicated that they consider the NBN system to be outdated, and that many third world countries possess far better telecommunication services than Australia.

7. What skills do people need to get the most from their digital technologies, and where can they learn these skills?

As outlined previously, for some cohorts of the population a lack of sufficient digital literacy is an issue that inhibits their ability to exploit digital technologies for their greater benefit. Some businesses have indicated that they are unaware of how or where they can receive such digital skills training, or what information is available that may assist them as such.

Furthermore, many small business owners have also indicated that they are very time poor and that on top of all the challenges faced with running a business, there is little time available for keeping up with technology. This reinforces the need for the development of digital training that is short, sharp and fit for purpose.

8. Have you had ongoing issues affecting your satellite or fixed wireless broadband service? If so, how have you overcome these issues?

VACC has received reports of some businesses switching from wireless broadband back to cable to avoid the issues of slow broadband speeds and irregularities in their wireless broadband connection. Some have installed giant antennas to fix problems with their satellite connections, whilst other businesses and communities have indicated that they have successfully lobbied Telstra and local government for extra funding to eliminate mobile phone black spots through the installation of boosters.

9. If you are in an area with access to the Sky Muster satellite service and you have not taken it up, why not?

VACC has received reports from businesses that the cost of the NBN Sky Muster satellite service remains prohibitive, and thus they have not taken up the service. There are also reports of people trying to use the service, however they were unsuccessful in getting it to work properly. Others have also indicated that are unfamiliar with using the service and were not sure how it would apply to their respective business models.

10. What economic or social indicators could be used to guide investment to further improve mobile coverage?

There is an inherent danger in relying on isolated economic or social indicators to shape future investment in mobile coverage. Reliance on such indicators in isolation may skew or curtail investment to the disadvantage of some communities.

From a policy perspective however, there is a strong argument that good mobile phone coverage is both an economic and business imperative as well as a 'social good', and as such governments need to support and facilitate both public and private investment in improving mobile phone coverage across all communities.

11. Is information readily available regarding how to use devices to improve mobile reception in areas with poor coverage? E.g. information about external antenna equipment?

Feedback received from VACC from its business members indicates that there is very little information available to businesses and households across regional communities on what devices can improve the quality of mobile phone coverage. VACC would welcome better communication with communities on this issue, as well as the widespread dissemination of information concerning specific actions that individuals and communities can take to improve mobile phone reception in their respective areas.

12. What emerging digital services will be of most benefit to regional businesses and what are the data needs of these services?

Given the inherent problems with digital services experienced by many regional businesses and communities as outlined in this submission, the indications are that most businesses are eagerly awaiting the adoption of the 5G network for a faster fixed wireless internet, lower latency, more simultaneous connections and more reliable and higher quality video streaming. The 5G network is anticipated as a better and more viable alternative to the National Broadband Network by regional communities and is seen as particularly important by the farming community.