

25 August 2016

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
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Delivered via email

Dear Mr Sims

BROADBAND SPEED CLAIMS

Thank you for the opportunity to provide a submission to the Australian Competition and Consumer Commission's consultation on broadband speed claims. Our office has two primary functions – advocating for and assisting small business and family enterprise. In performing the advocacy function, our office takes an interest in reviews of key issues that can affect small business and family enterprises, such as broadband speeds.

Access to fast broadband

Small businesses represent the vast majority of businesses in Australia. Small business and family enterprises across Australia rely on access to stable and, preferably fast, broadband services. We would note that access to affordable, stable and reliable broadband is a critical need for small business, particularly in regional, rural and remote areas of Australia.

For small businesses fortunate to be serviced by existing infrastructure, broadband internet services have transformed the way they operate ranging from: the interactions with customers and suppliers; the way they trade via e-commerce; the way they communicate and compete in the marketplace, and how they promote themselves.

Small Business as a consumer

The needs of small business are generally similar to consumers. In many cases, small businesses closely resemble individual consumers. The Australian Bureau of Statistics (ABS) defines a small business as a business employing fewer than 20 people. Sixty one per cent of all small businesses in Australia have no employees. A further 28 per cent have between 1 – 4 employees (the size of many individual consumers' households).¹

Our legislation defines a small business as a business employing fewer than 100 people or with annual turnover of \$5 million or less. This is particularly important as many family enterprises are small businesses though do not usually fit within the ABS definition in terms of employees. In terms of their resources and operations, a majority of these businesses also resemble individual consumers. As such their requirements are similar to individual consumers as well.

Information requirements

Many of the challenges facing small businesses with respect to broadband speeds reflect individual consumer concerns including understanding the technical information available, the differences in specifications of various broadband plans and the availability and quality of broadband services. Many small businesses, like individual consumers, seek to educate themselves on what their broadband needs are when seeking such services. Understanding what they are actually buying, in terms of speed and how it will be used in their business, can be confusing for some.

The consultation paper seeks information on consumer information needs and in this respect making information about broadband speeds more small business friendly would be beneficial. This would include clearer information on actual speed versus advertised speed and easy to understand information on how typical use can affect performance. An example of this could be the impact of using concurrent, data intensive applications and multiple users on bandwidth, speed and data allowances.

With respect to mobile broadband services, we would identify that similar challenges exist, although for some small businesses mobile broadband provides the only available broadband service. From our consultation process we note some small businesses perceive mobile broadband as a more expensive and less reliable option which can provide a limited, albeit costly, backup when existing fixed line broadband services are unavailable (see Case Study 2).

¹ ABS Counts of Australian Business 8165.0, Feb 2016.

Other issues

The rollout of the National Broadband Network (NBN) will provide for universal broadband infrastructure for all Australian residents and businesses. Although outside the scope of this consultation, consideration of some of these issues are important particularly as they relate to access of telecommunications services. These are outlined in the following two case studies which illustrate some of the challenges being experienced by small business and family enterprises.

Case Study 1 – Responsibility for rectification of services

A small business owner had all their personal and business accounts with a retail provider. The small business owner's business phone and fax had ceased working. The fixed line voice service is the only point of contact for customers. The small business owner contacted his retail provider, who investigated and identified that the infrastructure provider had conducted an 'unauthorised transfer' of his business port. Technicians were requested to visit the worksite and this took 5 weeks to eventuate. The technicians confirmed it was not a business equipment fault but a service provider fault. The small business owner has sought rectification from the retail provider, the infrastructure provider and had lodged a claim with the Telecommunication Industry Ombudsman. Both the retail and infrastructure providers had difficulties in communicating to resolve the matter and internal and external escalation processes did not result in a resolution. We worked with all parties and the matter has since been resolved.

Case Study 2 – Unable to access broadband services

A regional small business was unable to access broadband services in the local market as their retail provider had suspended providing commercial packages. The NBN had been rolled out to the region however commercial clients of this retail provider were unable to upgrade to the NBN and clients who were moving premises or commencing business in a new location were unable to access a service altogether (unable to access the NBN nor ADSL services). This represents a significant interruption to the small businesses in the area and forced clients of this retail provider to resort to inadequate personal mobile plans providing expensive and unreliable service.

These case studies represent some of the challenges facing small business and family enterprises prior to discussing the issues relating to broadband speed claims.



Australian Government



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In summary, access to affordable, stable and fast broadband is a critical requirement for small business in Australia. The needs of small businesses and family enterprises closely resemble individual consumers when considering their information requirements regarding broadband speeds. Our comments focus on the availability of small business friendly information and we would suggest retail service providers present such information with realistic examples with information on speeds and use.

We hope these comments assist you and would be happy to discuss these matters further with you. We have provided a copy of our submission to the Minister for Communication, Senator the Hon. Mitch Fifield. Please feel free to contact either myself or Mr James Strachan, by telephone 02 6263 1537 or email james.strachan@asbfeo.gov.au

Yours sincerely,

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Australian Small Business and Family Enterprise Ombudsman

cc: Senator the Hon. Mitch Fifield (senator.fifield@aph.gov.au)

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