

Shutdown of the 3G network

Submission to the Rural and Regional Affairs and
Transport References Committee
May 2024

Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide comments to the inquiry into the shutdown of the 3G network.

ACCI is Australia's largest and most representative business network. Our members are state and territory chambers of commerce, national industry associations and a council of business leaders from individual enterprises. Together, we represent Australian businesses of all shapes and sizes, across all sectors of the economy, and from every corner of our country.

We are the pre-eminent peak body representing small businesses in Australia. Within our membership of close to 70 industry associations, many have small business owners from across a vast array of sectors, from builders, mechanics, plumbers, electricians, pharmacists, restaurants, retailers, regional accommodation providers, vets, convenience store owners, dentists and travel agents to name a small fraction.

ACCI and its members have serious concerns about the impact of the 3G shutdown on businesses, particularly small businesses.

We note that TPG Telecom/Vodafone have already terminated their network, with Telstra and Optus scheduled to do the same on 31 August and from September 2024, respectively. For Telstra, this date is a delay from the originally planned 30 June date, which ACCI welcomes.

Even with this delay, we are concerned that the shutdown will impact a range of industries that may not be aware of the shutdown at all, or that it will have implications on their operations.

While we appreciate that the shutdown of the 3G network will likely have implications for operation of triple zero services, we have confined our comments in this submission to the impact the shutdown will have on industries that currently rely on the 3G network.

Impact on industries that use 3G devices

The 3G network is used for more than mobile devices. Some industries rely on the 3G network to operate their equipment, for example.

As outlined above, ACCI represents a range of industries and many of these will be impacted by the shutdown of the 3G network, through the equipment they use or on account of their location.

For example, surveyors use equipment that operates over the 3G network. Much of this equipment cannot be upgraded, it needs to be replaced entirely. Without functioning equipment, surveyors are unable to carry out their work. This could have a significant impact on the construction of housing, which will in turn severely impact the ability of the Government to deliver on its ambitious housing targets.

For the plumbing industry, the shutdown of the 3G network may affect devices such as automatic pumping and warning systems which still operate on the network. The shutdown may also have an impact on water and waste infrastructure.

The 3G network is also used for many EFTPOS terminals, industrial routers, scanners, telematics, asset tracking, and security monitoring devices utilised by retailers, service stations and convenience stores.

These are just a few specific examples from industries who are currently aware that the 3G network will be unavailable to any telecommunications company customer from 1 September 2024. ACCI believes that there may be more examples where industries and business are not yet aware that the shutdown is occurring.

While we note that some telecommunications companies have established websites and resources for customers to check whether a device requires upgrading, this is not usable for all devices which may operate on the 3G network.

Further, many businesses are not even aware that they should be checking whether their devices operate on the 3G network. This could be because the device appears to indicate it is using 4G whereas it actually reverts back to the 3G network in some instances, or because the device does not indicate the network.

For example, many businesses have EFTPOS machines that use 3G. Many of these businesses may not be aware that this is the case, and may not be aware that they should be checking these devices in the first place.

We also understand that some elevator, fire and security systems may also operate on the 3G network. These are all crucial to facilitate safe business operations, yet it may not be possible for businesses or building managers to check what network they operate on, if they are even aware that this is something they should be checking.

Many businesses are not aware that the 3G shutdown is occurring in the first instance.

Some of our members heard for the first time this year – from ACCI – that the 3G network would be unavailable by the end of the 2024. This is despite telecommunications companies informing us that they have engaged in extensive communication campaigns to advise customers of the forthcoming network changes.

We note that some networks have had these plans dating back to 2019 however, with many businesses unaware of the shutdown, there is still much work to do to ensure there will be minimal impacts once the 3G network is no longer available.

A brief survey of automotive businesses conducted by an ACCI member found that over 30 per cent of those surveyed were not aware that the 3G shutdown was occurring. Noting that the shutdown is scheduled for the coming months, this is a significant proportion.

The same survey found that over 61 per cent of respondents' businesses would be affected by the discontinuation of the 3G network. For many of these respondents, this impact will be as a result of their location.

Many of the businesses we represent are in regional or rural areas. These businesses operate partially or completely on the 3G network due to their location and are understandably concerned about being able to continue operating once the network has been shut down.

For example, businesses in the automotive industry have noted that their location and reliance on the 3G network, the absence of access to which will limit their ability to take bookings, communicate with customers and generate invoices – fundamental operations for all businesses.

It will be important for telecommunications companies to ensure that there are services on either the 4G or 5G networks available to those customers who live or operate businesses in areas previously serviced by 3G. We would welcome a recommendation from this Committee which encourages this action and, as needed, support from Government to enable this to occur.

Any other related matters

As outlined above, some industries will be required to upgrade their equipment to that which will operate on the 4G or 5G network. This will be a costly endeavour for some businesses and industries more broadly, and may be impeded by supply chain issues where many have left these upgrades to the end of the financial year or until just before the 3G network is no longer available.

While we note that it may not be feasible for the Government to support all relevant industries to make these upgrades, there are previous Government commitments which, if implemented expediently, could assist businesses to purchase this equipment.

For example, the Government could legislate the extension of the instant asset write-off (write-off). Extending the write-off at the budgeted level of \$20,000 for businesses with up to \$10 million annual aggregated turnover will enable those businesses with 3G-only compatible equipment to upgrade this without any significant cost to their business.

ACCI has previously recommended that the increase be raised for the eligible amount to be \$30,000. We have also recommended that the write-off be available to businesses with an annual aggregated turnover of \$50 million. It is our view that limiting the eligible amount to \$20,000 may not be sufficient to generate the level of stimulus needed, with many assets exceeding this cost and therefore not eligible. While this amount may enable a small business to purchase small, short-lived assets such as a computer for an office or a fridge for a kitchen, it will not be sufficient for investment in equipment, plant and machinery, which are likely to provide more substantial productivity benefits. This outlay may also be necessary for some businesses to upgrade equipment which may be incompatible off the 3G network.

We note that despite being a 2023-24 Budget commitment due to expire on 30 June 2024, the legislation to implement the extension is still before the Parliament. An unlegislated measure provides no assurance to businesses who may take advantage of the write-off for business investment and does not enable those businesses wishing to upgrade their 3G-compatible devices to do with the certainty that the asset will be depreciated quickly.

We would encourage Government to legislate this measure, at the higher threshold, as quickly as possible.

We would also welcome any additional support from Government to assist those affected industries and businesses to make the transition.

Next steps

ACCI notes and appreciates the delays to the shutdown announced by Telstra. This will enable more businesses to prepare for the transition to the 4G or 5G network and ensure their equipment is compatible. This will also enable telecommunications companies and Government more time to alert more businesses to the shutdown where it may impact their operations.

We would strongly encourage telecommunications companies to engage more thoroughly with their customers, both business / enterprises and private, where their devices may be affected by the shutdown of the 3G network. As set out above, this engagement has been lacking for many customers to date. This engagement should extend to working with other industries and suppliers which may have devices used by businesses which operate on the 3G network. For example, this should include working with financial institutions to ensure that customers with affected EFTPOS facilities have made appropriate upgrades.

Should you require any additional information or clarification of any points contained within, please contact David Alexander, Chief of Policy and Advocacy at david.alexander@acci.com.au or Samantha McKenna, Senior Policy Adviser – Small Business and Tourism at samantha.mckenna@acci.com.au.

About the Australian Chamber of Commerce and Industry

The Australian Chamber of Commerce and Industry (ACCI) is Australia's largest and most representative business network. We facilitate meaningful conversations between our members and federal government – combining the benefits of our expansive network with deep policy and advocacy knowledge. It's our aim to make Australia the best place in the world to do business. ACCI membership list can be viewed at www.australianchamber.com.au/membership/current-members/

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