

Good morning everyone.

I would like to thank Paul for his kind introduction.

I would also like to thank the Australian Chamber of Commerce and Industry for the work they do in advocating for Australian businesses and their contribution to public debate on a range of issues.

And I would also like to thank Minister Fletcher for his opening remarks.

I know from the many hours that I have spent with him that he is deeply committed to the telecoms sector, and in particular, to ensuring that as an industry we provide great benefits to the Australian Community.

We are nearing the end of the volume rollout of the build of nbn across our nation, our continent, which will be completed in June next year.

It is therefore an opportune time to remind ourselves as to why nbn was created in the first place.

Why build out ubiquitous, high-speed broadband across a nation?

Well, it was to create a stronger society in regional and metropolitan Australia, through enabling better healthcare and better education.

It was to help people connect with loved ones.

And it was to enable a stronger economy through productivity benefits, through stronger regional economies, through enabling entrepreneurs to be successful, and to sell their products and services across the nation and across the world.

At nbn we talk about purpose all the time.

And our purpose, nbn's purpose, is to lift the digital capability of Australia.

And small business is a key plank in this purpose – which is why we are here today.

So, thank you for joining us today for the release of this new piece of research that shows the impact that broadband connectivity and its many benefits are making to Australian businesses.

Ever since the industrial revolution, industries have been disrupted by the people and businesses that are able to grasp technology to figure out ways to deliver products better, faster or cheaper.

Whether it's been the steam engine, electricity, or the rise of the personal computer – these technologies have all led to transformative changes in the nature of work; how we interact with each other; and how economies rise and fall.

Today we are living through the latest wave of this disruptive change as software and broadband connectivity become ubiquitous forces in all our lives.

New software-driven products, underpinned by broadband connectivity, are impacting just about every industry you can imagine – from Amazon in the retail world, to Uber and Airbnb in the transport and hospitality sectors, to Netflix in entertainment, and Xero and AfterPay in the finance worlds.

Underpinning these disruptive forces has been one common factor - broadband connectivity.

What makes this wave of connectivity so different to past technological revolutions is that it impacts every aspect of business, every part of society, and is today the main driver of changes to the global economy.

The benefits and opportunities that connectivity promises for businesses are great – from ways to reach new customers, to better ways to connect with customers, to more insightful analytics, to smarter automation and access to cheaper online services through the cloud.

And thanks to the growing ubiquity of the nbn broadband network, these tools and the benefits they create in terms of productivity and competition, are available to more Australian businesses than ever before.

In the last twenty years, broadband has become a near-ubiquitous feature of small businesses with 99 percent broadband penetration.

This is remarkable if you consider the situation in 1999 when just 3 per cent of small businesses had access to broadband with many using dial up, or simply, no connection at all.

NBN has played an important role here, particularly over the last five years, with the rollout bringing Australian small businesses within reach of a fibre, cable or fixed wireless connection.

At the same time as we have been connecting retail and business customers to the nbn, we have seen average speed available to these organisations increase five-fold over the last ten years.

In 2009, most small businesses accessed the internet via a DSL connection with speeds in the range of 5-12 Mbps

Today, the average small business can access speeds of around 30-50 Mbps.

With almost all Australian small businesses now having access to high-speed broadband, it has redefined the way many operate and compete, and helped create fertile ground where disruption can thrive.

Which brings me back to the reason we are here today – and that's to share with you the findings of this new piece of research from AlphaBeta, titled Connecting Australia: How technology is levelling the playing field for small business.

We know from previous research comparing areas that had access to nbn to areas where nbn had yet to be rolled out, that nbn has enabled growth in employment and business revenue growth. Further, the cost of technology, including internet access, has fallen.

And we all know how important small business is to the Australian economy and how technology is providing new opportunities for both how customers are served, and how business can be run more efficiently.

This further research we are sharing with you today is remarkably robust.

Using Xero Small Business Insights data from tens of thousands of Australian small businesses, this study explores how tens of thousands of small businesses are using technology and what that means for their business.

And particularly what it means for productivity, for revenue growth, and employment growth.

For me, a key finding of this research is that fast, reliable, secure broadband has created an unprecedented technology-based opportunity by levelling the competitive gap between small business and big business.

What I mean by that is, never before have smaller businesses had the same access to tools, at affordable prices, to take on the bigger end of town.

This is a critical point because if we look back a decade ago, there was a gaping 'digital divide' between small and large businesses.

Ten years ago, workers in small businesses were only about half as productive as those in big businesses where access to efficiency-enhancing technologies was far more ubiquitous.

But over the last ten years, that digital divide has been closing thanks to the opportunities ushered in by better connectivity.

For example, the powerful business systems that underpinned the commercial success of large enterprises were historically out of reach for smaller businesses which couldn't afford the high up-front capital investment or ongoing costs of sophisticated IT support.

But improvements in internet connectivity and the rise of cloud-based platforms have irreversibly changed the game for small business.

Cloud technologies in particular have reduced the upfront investment associated with many powerful business applications including accounting, web publishing, human resources, business planning and collaboration tools.

This access to better connectivity and higher speeds has helped drive adoption of business tools: with AlphaBeta research showing that some 42 per cent of all Australian businesses using paid cloud services today, compared with 31 per cent just three years ago.

These new business technology platforms have blurred the line between systems intended for large enterprises and those designed for small businesses.

And smart small business entrepreneurs are taking advantage of everything the technology marketplace has to offer, enabling them to reach more customers, reduce costs and lift productivity.

I shouldn't need to stress the important role that broadband and connectivity has played as the great democratiser of business.

It's as evident as the Uber you jumped in to get here, or the accommodation you booked on Airbnb for your last holiday. These might be multi-billion-dollar, global behemoths today, but they both started out with little more than an idea and a broadband connection.

For those well-established disruptors - and for the ones I know Australia will produce – the message is clear: broadband connectivity makes the world smaller, and markets larger.

Today, thanks to more affordable software and better connectivity, every small business has the same opportunity, the same tools and cloud based apps at their disposal to make their mark on the local and global stage.

However, this research shows that small business still has a way to go in embracing the opportunity. For instance, only 43% of small businesses have a website, and only 32% use social media.

And small business use less technology for business processes than larger businesses – processes such as stock control or marketing or business planning.

And this brings me to what I think is the most important finding of this research – which is, that despite the incredible opportunity that businesses have been presented with

thanks to the tools of connectivity, small businesses are investing a surprisingly small amount on technology.

According to this Alpha Beta research, small businesses on average spend less than 1 per cent of total revenue on technology.

That's just \$5,000 a year on average.

This is an important point, because as AlphaBeta points out in its research, there is a clear correlation between technology investment, profit growth and employment.

The research found that companies with the highest technology spending saw higher rates of revenue and employment growth with their bottom lines growing 3.5 percentage points more and employment growing 5.2 percentage points more than those in the bottom quartile.

When it comes to the positive business benefits that comes from technology investment, the report found that internet spending had the most powerful effect on company performance.

Companies with the highest proportionate internet spend, grew revenue 5.7 percentage points more, and grew employment 5.4 percentage points more than those in the bottom quartile of technology spending growth.

These findings are stark, and simply summed up as: technology helps small businesses grow more quickly; and successful small businesses tend to reinvest in technology.

The conclusion therefore must be that many small businesses have yet to realise the benefits of digital technology, and the barriers to digital investment, whatever they may be, need to be identified and overcome.

So, for our company, nbn, that is focused on uplifting the digital capability of Australia, what are we doing about it?

Today I can announce that we have plans to work with industry to help Australian small businesses overcome this knowledge and capability divide to ensure they reap the flow-on benefits for their profit and growth.

Working with industry bodies such as the Council of Small Business Organisations

Australia, Australian Information Industry Association and the Australian Chamber of

Commerce and Industry, we will seek to identify opportunities to engage with small businesses, including in regional centres, and provide information to help to improve their digital capability by uplifting digital literacy.

Focused on localised, direct engagement, the program intends to build on NBN Co's existing stakeholder activities, business industry partnerships, and ICT channel engagements to deliver small business briefings and forums focused on digital literacy, and integration with existing small business sector initiatives.

We want to support small business to make sure they are in the best position possible to reap the benefits that appropriate technology investment can deliver.

This collaboration is important to us because we want to see Australian businesses succeed.

Apart from building new industry partnerships, we are already doing much to improve competitive landscape in Australia and to help businesses of all sizes unlock the economic benefits of access to fast broadband.

Today there are hundreds of thousands of businesses using the nbn network, and a dynamic market of retail providers looking to make sure they have the business-grade nbn services to help fully realise their potential.

We have launched business grade products and a tool on our website to assist business owners select the right product set for their needs.

We have invested in a dedicated workforce and a business operations centre to deliver upon the needs of certain businesses.

And by working together with industry and business groups, we can continue to make a reality of the findings of this research that underlines what we already know about the nbn - that connectivity is helping to connect businesses to customers and it's helping drive better business outcomes that can be linked with profitability and employment.

It's with great pride that I can stand here and speak of the impact of broadband on Australian businesses, knowing that in just eight months' time the major construction phase of the nbn will be complete, on budget and on time.

We are proud of this achievement because we know how important connectivity is to business, not just as a tool to connect with customers and markets, but as an enabler of better business and productivity tools.

And as this research indicates, those tools and connectivity are important drivers of success for Australia's small business market.

At nbn we are passionate about Australian business, and particularly small businesses because we know the vital role they play in the economic prosperity of nations.

These are the businesses that exist at the frontlines of the economy. They are the ones to see the first signs when economics dip or rise.

They are also uniquely positioned to witness firsthand the threat and opportunity that big business can miss.

This is why we often see innovation rise from the small business sector.

And this is why small and medium-sized business owners are an invaluable resource to Australia's economy and to Australia's competitive edge within the global market place.

It's critically important that NBN supports Australian businesses, no matter their size or location, to help them grow and stay competitive on the local and global stage.

And as we move to focus on how to get the most out of the critical asset that is nbn, it's time we as an industry look towards how we can help the business sector to make the most of broadband.

Thank you.