Administration of the Digital Television Switchover Household Assistance Scheme

Department of Broadband, Communications and the Digital Economy
Department of Human Services

Australian National Audit Office

Canberra ACT
28 June 2012

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Broadband, Communications and the Digital Economy with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Administration of the Digital Television Switchover Household Assistance Scheme*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

ACCAN	Australian Communications Consumer Action Network
ACMA	Australian Communications and Media Authority
AIES	Antenna Installer Endorsement Scheme
BDS	Broadcasting and Digital Switchover
CEG	Consumer Expert Group
CEI	Chief Executive Instructions
CPGs	Commonwealth Procurement Guidelines
CSC	Customer Service Centre
DHS	Department of Human Services
DBCDE	Department of Broadband, Communications and the Digital Economy
DST	Digital Switchover Taskforce
DTS	Digital Television Switchover
DVA	Department of Veterans' Affairs
EQAP	External Quality Assurance Program
HAS	Household Assistance Scheme
HD	High Definition
IAG	Industry Advisory Group
IDC	Interdepartmental committee
MoU	Memorandum of Understanding

OH&S   Occupational Health and Safety

RFT   Request for Tender

SAMS   Switchover Assistance Management System

STB   Set-top Box

SSS   Satellite Subsidy Scheme

VAST   Viewer Access Satellite Television

Glossary

Antenna Installer Endorsement Scheme — The Antenna Installer Endorsement Scheme, which is administered by DBCDE, was developed in consultation with industry, including the Australian Digital Television Industry Association, to ensure consumers have access to knowledgeable and experienced antenna installers.

Consumer Expert Group — The Consumer Expert Group was established to provide advice to government on the requirements of special needs groups and to advise on the most effective ways to target switchover information throughout the community, representing various consumer and disability groups.

Digital Dividend — Describes the radio-frequency spectrum that will become available when the transmission of analog television signals cease in 2013.

Digital Switchover Taskforce — The Digital Switchover Taskforce, within the Department of Broadband, Communications and the Digital Economy, is responsible for coordinating and overseeing Australia's transition to digital from analog television.

Hot Swap — A hot swap conversion of television services is a process by which analog services at a transmission site are switched off and digital services commence with no simulcast period.

Industry Advisory Group — The Industry Advisory Group was established to advise the Digital Switchover Taskforce on issues of concern for industry in relation to the digital television switchover, provide input into the development of switchover strategies, and develop ways for government and industry to coordinate information and education campaigns for consumers to encourage digital take-up.

Re-stack   Re-stacking involves clearing digital broadcasting services from the digital dividend frequency range and re-organising them more efficiently in the remaining broadcasting spectrum. Re-stacking will enable the spectrum to be made available to new users, which will generate revenue for the Australian Government.

Spectrum   Refers to a continuous range of frequencies within which waves have some specified common characteristic, for example audio-frequency spectrum and radio-frequency spectrum. The closure of analog television broadcast will allow the spectrum to be re-stacked to provide a digital dividend in line with that achieved in major developed countries.

Summary and Recommendations

Summary

Introduction

1.   Digital television broadcasts in Australia commenced in simulcast (alongside existing analog channels) in metropolitan areas in January 2001. In 2008, the Australian Government committed to a progressive timetable to switch-off analog television broadcasting services across Australia and move to digital-only television broadcasting during the period from 2010 to 2013.

2.   The switchover from analog to digital television is expected to provide all Australians with access to superior television services in terms of choice, services, accessibility, usability and improved picture quality. A successful digital switchover is also important to allow spectrum to be used more efficiently.[1] The closure of analog television broadcasts will allow spectrum to be 're-stacked' to provide a digital dividend in line with that achieved in major developed countries.[2] This re-stacking will enable the spectrum to be made available to new users and generate significant revenue for the Australian Government.

Digital Television Switchover

3.   In 2007, the Government announced the establishment of the Digital Switchover Taskforce (DST) in the Department of Broadband, Communications and the Digital Economy (DBCDE) to oversee and coordinate the Digital Television Switchover (DTS) initiative, which includes the conversion to digital-only broadcasting. The principal objective of the DTS initiative is to work with industry to support the public's transition to digital television in each of the 33 discrete switchover regions, ensuring that those who currently have access to television in analog form, will continue to have access to television in digital form. As at December 2011, 82 per cent of

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[1]   Spectrum refers to a continuous range of frequencies within which waves have some specified common characteristic—for example, audio-frequency spectrum and radio-frequency spectrum.

[2]   Re-stacking involves clearing digital broadcasting services from the digital dividend frequency range and reorganising them more efficiently in the remaining broadcasting spectrum. The digital dividend describes the radio-frequency spectrum that will become available when the transmission of analog television signals ceases in 2013.

Australian households had already converted to free-to-air digital television broadcasts.[3]

4.   As at 1 March 2012, the DTS initiative had been rolled out to the Mildura/Sunraysia pilot region (June 2010), Regional South Australia and Broken Hill (December 2010), Regional Victoria (May 2011) and Regional Queensland (December 2011).[4] The switchover in Regional New South Wales is scheduled to conclude in November 2012, with the switchover of Tasmania and major metropolitan and remote areas to occur in 2013. The regional switchover timetable was implemented back-to-back, that is, six monthly switchover windows per region, with the design to allow for lessons learned and improvements to scheme delivery to be incorporated into future rollouts as the initiative progresses, culminating in the final year's multiple consecutive switchovers.

5.   The DTS initiative provides funding[5] for a number of interdependent components:

- a communications program to help raise awareness, understanding and support television viewers as they plan, prepare for, and make the transition to digital-only television ($59.1 million over July 2009–December 2011);
- the Satellite Subsidy Scheme (SSS) to provide a satellite conversion subsidy to eligible households currently served by 'self-help' transmission sites that are not upgraded to digital by broadcasters ($99.1 million over 2010–13)[6];
- the Viewer Access Satellite Television (VAST) program to ensure digital television signals are available in areas of signal deficiency (black spots) ($375.4 million over 12 years); and
- the Household Assistance Scheme (HAS), which is the focus of this audit, to provide practical end-to-end technical and installation services

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[3]   Department of Broadband, Communications and the Digital Economy, Digital Tracker Report, Quarter 4 October to December 2011, pp. i–ii.

[4]   The geographical areas for determining switchover are based on licence areas for commercial television broadcasting services.

[5]   The funding amounts for each component represent the announced funding. These amounts have been revised as the DTS has progressed.

[6]   Self-help transmission sites are located mainly in regional and remote areas of Australia and are designed to obtain, or improve, analog television reception in areas unable to obtain adequate reception from existing broadcaster-operated transmission sites.

(including antenna, cabling, set-top boxes (STBs) and satellite access, where warranted) to eligible Australians receiving the maximum amount of specified government pensions, payments and supplements ($381.4 million over 2009 to 2013–14). [7]

Household Assistance Scheme

6. HAS—previously known as the Household Assistance Program—is the largest component of the DTS initiative. The objective of HAS is:

> to provide practical and technical assistance to those who are most likely to have significant difficulties in selecting and installing the appropriate equipment to switch to digital television.

7. The establishment of HAS was in recognition that, for some Australians, switching to digital television would not be a simple or a straight-forward task. HAS provides a targeted safety net of practical assistance for approximately 1.9 million potentially eligible households across Australia where at least one person is in receipt of the maximum amount of the: age pension; disability support pension; carer payment; Department of Veterans' Affairs (DVA) service pension; or DVA income support supplement. Only those potentially eligible households that have not already converted to digital television, and who have a working television, are eligible for assistance under HAS.

8. It is expected that many of the potentially eligible customers will have self-converted to digital television broadcasting before the Scheme opens in each region six to nine months ahead of switchover. In this light, HAS is viewed as a safety-net Scheme, providing support to those eligible in the community who have yet to switch to viewing digital-only television.

Provision of services under HAS

9. HAS provides, at no cost to eligible customers, the supply, installation and demonstration of a high definition (HD) STB, with features to meet the needs of the elderly or those with a disability. Depending on individual circumstances, customers may be entitled to receive:

- a HD STB;

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[7] As a demand driven program, any funds not required have been, and will be, returned to consolidated revenue.

- installation of the STB;

- instructions/demonstration on how to use the STB and remote; and

- any necessary upgrades, including cabling, internal/external antenna and satellite systems.

10. HAS assistance is available to individual customers, with a maximum of one assistance package per couple[8], and is provided by service contractors selected by government. HAS provides customers with 12-month after-care assistance, 12-month in-home warranty for faulty workmanship and 12-month product warranty for equipment provided as part of the service. This arrangement allows customers to continue to receive assistance once the installation of equipment has been completed.

11. Across the first four rollouts, approximately 400 000 potentially eligible customers were invited to test their eligibility to receive services under HAS. As at 1 March 2012, 85 326 services have been provided to eligible customers at a cost of $37 million to DBCDE.[9]

Delivery and funding arrangements

12. HAS is jointly delivered through DBCDE and the Department of Human Services (DHS), with arrangements formalised through a Memorandum of Understanding (MoU) between the two departments. In advance of each region's switchover, DHS identifies potentially eligible customers—that is, those in receipt of the maximum amount of specified government pensions, payments and supplements—using DHS and DVA data. DHS writes to all potentially eligible customers inviting them to contact DHS and test their eligibility for HAS assistance. Where determined eligible, DHS records HAS eligibility information on the customer's record and, with their consent, allocates the customer to a particular service contractor engaged by DBCDE.

13. The Household Assistance Program (now HAS) received funding of approximately $3 million (DBCDE received $2.49 million and DHS received

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[8] Under HAS, where there are two customers on the maximum rate of an eligible payment who are in a couple or couple-like relationship, as defined by Department of Human Services (DHS), only one assistance package is provided to the couple.

[9] The figure of 85 326 installations includes those installations completed in Southern New South Wales to 1 March 2012. HAS expenditure, includes payments to service contractors, the cost of the external quality assurance program and departmental administrative costs.

$0.543 million) to complete the digital switchover in the Mildura/Sunraysia pilot region. As part of the 2009–10 Budget the Government approved a further $69.52 million to rollout HAS to approximately 250 000 households in the Regional South Australia, Regional Victoria and Regional Queensland rollout regions to help households convert to digital television. DBCDE received additional funding of $308.8 million as part of the 2011–12 Budget to complete the switchover across Australia.

Service contractors

14. Service contractors are selected by DBCDE through an open tender process for each switchover region. DBCDE establishes a formal deed of agreement with each service contractor that outlines the roles, responsibilities and services to be provided. DBCDE selected one service contractor for the Mildura/Sunraysia pilot. For the rollout to other regions, assistance has been provided by two service contractors.[10]

15. Before providing services to customers, service contractor personnel and subcontracted installers must either be endorsed under DBCDE's Antenna Installer Endorsement Scheme (AIES)[11] or have successfully completed the relevant units of competency under a registered training organisation. Service contractors are also required to have policies and procedures in place in relation to: Occupational Health and Safety[12]; training; risk management; incident management; electrical safety; unsafe premises and working in restricted spaces; and customer complaints management. DBCDE is responsible for approving all subcontracted installers under the Scheme.

Audit objective, criteria and scope

16. The objective of the audit was to assess the effectiveness of the Department of Broadband, Communications and the Digital Economy's administration of the Household Assistance Scheme.

17. The audit examined whether the:

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[10] Skybridge Australia Pty Ltd and Hills Holdings Limited (trading as Techlife Solutions) have delivered HAS services for the completed rollouts.

[11] AIES is part of the digital switchover initiative. To qualify for endorsement, installers must undertake an on-line testing process, which assesses their skills and knowledge against industry agreed minimum standards. There are three levels of endorsement (based on the complexity of the systems to be installed): domestic; commercial; and/or satellite.

[12] New Work Health and Safety legislation replaced the OH&S legislation on 1 January 2012.

- design of HAS is robust and provides effective mechanisms for delivering the Scheme's objectives;

- tender selection and contract negotiation processes are robust, transparent and subject to continuous improvement;

- DBCDE has effective mechanisms in place to manage delivery of the Scheme; and

- DBCDE effectively monitors and reports scheme performance.

Overall conclusion

18. Digital television broadcasts in Australia commenced in simulcast with analog broadcasts in January 2001. In 2008, the Australian Government committed to a progressive timetable to switch-off analog television broadcasting services across Australia and move to digital-only television broadcasting during the period from 2010 to 2013. The Government also announced the establishment of a Digital Switchover Taskforce (DST) in the Department of Broadband, Communications and the Digital Economy (DBCDE) to oversee the digital television switchover initiative. As at 1 March 2012, the switchover has been completed in Mildura/Sunraysia (the pilot region, in June 2010), Regional South Australia and Broken Hill (December 2010), Regional Victoria (May 2011) and Regional Queensland (December 2011). The switchover in Regional New South Wales is scheduled to conclude in November 2012, with the rollout to Tasmania, major metropolitan and remaining areas of Australia (including remote areas) to occur in 2013.

19.   HAS, with announced funding of $381.4 million, is the largest component of the broader digital television switchover initiative administered by DBCDE. HAS is designed to provide in-home assistance to those households anticipated to experience the most difficulty in selecting and installing the necessary equipment to switchover to digital television. The Scheme recognises that, for some Australians, switching to digital television would not be a simple or straight-forward task. The in-home assistance available under HAS, depending on eligibility, includes: the provision, installation and demonstration of a high-definition set-top box (STB) and remote that has been specifically designed to meet the needs of the elderly or those with a disability; associated cabling; antenna, satellite installations or upgrades, where necessary; and after-care support and warranty services.

20.   The Scheme is being delivered on a region-by-region basis with the service contractors for each region tendered and contracted separately through targeted procurement activities. This approach allows the rollout to be tailored to the specific needs of each region, with lessons learned applied to future regions. As at 1 March 2012, 85 326 HAS services have been provided to households in completed switchover regions at a total cost of $37 million. The cost of HAS installations during the early rollouts (up to and including the rollout in Regional Queensland) ranged from $157 to $1590, depending on the individual package of assistance provided to the customer. The package of assistance provided is influenced by many factors including: a customer's location; and the requirements of the installation which can range from the delivery of a high definition STB to the installation of a satellite access package in some regional and remote areas.

21.   Overall, DBCDE has effectively established and continues to strengthen its administrative arrangements for HAS to deliver a package of safety-net services to those elderly and disabled customers requiring assistance to make the switch to viewing digital-only television. As HAS is a demand driven, opt-in scheme, the department has established effective arrangements to encourage potentially eligible customers to test their eligibility for assistance. The tender selection and contract negotiation processes for HAS service providers were robust and transparent, with DBCDE's progressive approaches to the market for each rollout successfully engaging service contractors based on a value for money assessment. The department has worked closely with DHS and service contractors to provide services to customers that generally meet agreed quality standards within the switchover windows for each region completed to December 2011. DBCDE has also developed sound processes for

monitoring service quality and managing complaints that demonstrate generally high customer satisfaction with the provision of HAS services.

22. HAS services are to be rolled out to more populated and technically challenging areas over the next 18 months. To better manage the delivery challenges facing the Scheme, aspects of the department's administrative arrangements could be improved. Within this context, the endorsement and regular review of HAS project management and operational documentation would support the management of the rollouts, assist in identifying delivery risks, and allow lessons learned from completed rollouts to inform administrative arrangements for future rollouts. In addition, improvements to the department's performance and reporting framework for HAS would enhance management oversight and allow the department to better demonstrate to stakeholders the extent to which Scheme objectives are being achieved.

23. The ANAO has made two recommendations to improve DBCDE's administration of HAS. The first reinforces the need to review, regularly update and endorse project plans, operational documents and administrative procedures. The second recommendation is aimed at DBCDE developing appropriate performance measures and targets against which the achievement of the Scheme objectives can be measured, assessed and reported to both internal and external stakeholders.

Key findings by chapter

Scheme Design and Implementation (Chapter 2)

Design of the delivery model

24. DBCDE was responsible for refining the objective and developing the detailed Scheme design. The department undertook considerable preparation work to plan and design HAS throughout 2008, prior to formal approval by the Government. This work included the establishment of an interdepartmental committee (IDC) to inform key Scheme design decisions. The IDC assessed a range of options, with an in-home assistance scheme preferred over cash payments, vouchers or subsidies, as those options did not address the target population's lack of technical expertise, or their social or regional isolation. In December 2008, the Government agreed to an interim pilot (in the Mildura/Sunraysia region) of the preferred option of a targeted safety-net of practical assistance where at least one person was in receipt of the maximum

level of aged pension, disability support pension, carers payment and equivalent DVA payments.

25.   In September 2009, DBCDE commenced developing HAS guidelines in consultation with DHS, DVA and DBCDE's internal legal group. To inform the development of the guidelines, DBCDE consulted with consumer groups and the Commonwealth Ombudsman's Office to gauge the appropriateness, clarity and accessibility of the guidelines to the target group. The guidelines have been revised for each rollout.

Implementation planning

26.   A draft implementation plan was developed to accompany the 2008 proposal to government for the Mildura/Sunrayisa pilot. DBCDE informed the ANAO that the draft implementation plan was not finalised. While the department did not finalise an implementation plan for HAS at the program level, it did develop project definition plans at the regional rollout level. These plans were designed as working documents, to be updated and refined throughout the implementation of HAS. There would be merit in the department developing, and regularly reviewing and updating an implementation plan to support the delivery of HAS services in major metropolitan and remote areas over the remaining 18 months of the Scheme.

27.   While DBCDE did not develop a HAS risk management plan until November 2011, a series of lower-level risk documents had been developed for the first four switchover regions. However, there was no formal process for reviewing risks as the Scheme matured. The delayed development of a HAS risk management plan, or sufficient evidence of the integration of lower-level risk documents, means that DBCDE did not have adequate assurance that key risks had been sufficiently addressed, reviewed and updated.

28.   In 2011, DBCDE established the compliance and data management section, which assumed responsibility for risk management, quality assurance and compliance audit functions. Scheme risks are now managed in accordance with the department's 2011–13 Risk Management Framework. The alignment of HAS risk management activities with the current departmental risk management framework and the work of the recently established compliance and data management section will allow the department to better integrate and manage risks across HAS for future rollouts.

29.   Staffing numbers for HAS were below those originally envisaged for the Scheme, and staff had limited experience in program delivery, which had an adverse impact on the planning and delivery of the Mildura/Sunraysia

pilot. High staff turnover has also contributed to the loss of corporate knowledge and the lack of continuity in relationship and stakeholder management. DBCDE staff also had a limited awareness of program-level documentation that had previously been developed to guide the delivery of the Scheme. DBCDE developed a wide range of operational documentation, including project tracking and reporting spreadsheets, a project plan and procedures manual. However, the majority of these documents were either incomplete or out of date.

HAS governance arrangements

30.   DBCDE has established sound governance arrangements to support the administration of HAS. In particular, the department has established departmental and DST-specific committees, with 'traffic light reporting' used to monitor the progress of the various elements of the digital switchover initiative, including HAS. To underpin management decision-making, the department has also implemented a management information system which better places the department to report on Scheme progress, undertake compliance checks, validate and pay invoices to service contractors, and record and report on Scheme performance.

Tender Selection and Deed Negotiation (Chapter 3)

Planning the tender process

31.   The procurement processes for HAS involved separate approaches to the market for each switchover region. This staged approach was important as the industry had limited experience in the delivery of government funded services. This model allowed DBCDE to procure the latest technology available with the benefit of any fall in market prices, as well as the opportunity for continuous improvement to the procurement process, through incorporating lessons learned from each request for tender (RFT) process.

32.   As the Government set specific policy parameters for HAS, DBCDE was responsible for establishing the operational policy for procurement processes. DBCDE did not, however develop a procurement plan for HAS procurements. DBCDE advised the ANAO that due to the nature of the Scheme, a one-off national tender response to demonstrate readiness was not possible well in advance of switchover. Notwithstanding the staged delivery of HAS, the region-by-region approach to procurement does not preclude the development of a procurement plan. The development of a procurement plan would outline the key elements of the procurement activities, helping to improve consistency across each procurement process, whilst allowing

flexibility to tailor the plan to meet the needs of specific regions and to incorporate improvements and lessons learned from each rollout.

33. The RFT documents prepared for each switchover region were released on AusTender and promoted in the national media and contained sufficient information to inform the preparation of tenders by potential providers. The RFTs did not, however, outline the relative weightings attached to each of the evaluation criteria. This additional guidance would have assisted tenderers to align tender coverage with the evaluation criteria.

Tender assessment process

34. The tender assessment and evaluation process involved four stages—initial screening, detailed technical evaluation, value for money assessment, and negotiations and debriefing. All tenders were assessed and evaluated as outlined in the RFTs and the endorsed Tender Evaluation and Probity Plans and in accordance with the Commonwealth Procurement Guidelines.

Deed negotiation process

35. The negotiations of deeds of agreement were conducted as part of the final stage of the tender evaluation and assessment process. These negotiations were generally timely, however, there was limited scope within the anticipated and actual timelines to accommodate delays in the negotiation process. As the timely commencement of the switchover in each region is dependent on the engagement of service contractors, any delay in the finalisation of negotiations with tenderers can have wider impacts on the achievement of the Government's objectives for the switchover initiative. Given the limited time available between the switchovers, it is important for the department to effectively assess the risk from delayed selection of contractors and establish suitable mitigation strategies.

36. In general, deeds were awarded in a timely manner, which was due, in part, to the existing good working relationships between DBCDE and the service contractors. All awarded deeds were published on AusTender and DBCDE had appropriately authorised expenditure on the awarded deeds in accordance with financial management legislation.

Scheme Delivery Arrangements (Chapter 4)

Customer communication and engagement

37. The engagement of DHS to act as the service delivery partner under the Scheme provided DBCDE with access to DHS' extensive customer

communication and engagement experience. HAS was promoted by DHS through posters, advertising in DHS magazines, and in the brochures distributed with letters of invitation to potential customers. To early-April 2012, DHS has sent 397 458 invitation letters to potential customers, inviting them to have their eligibility for assistance under the Scheme assessed. DHS has also responded to 170 791 queries requesting information about HAS.

38. DBCDE and DHS have worked collaboratively to establish effective arrangements to invite and encourage potential customers to test their eligibility for assistance under HAS. DHS has undertaken the assessment of potential customers in accordance with agreed arrangements established under the MoU and coordinates the flow of work to service contractors. The departments have developed governance arrangements and established work groups and committees to effectively support customer communication and engagement activities.

Service contractor management

39. The delivery of HAS relies on DBCDE having mechanisms in place to effectively manage service delivery by third-party contractors. Two service contractors have entered into deeds of agreement to deliver HAS services in those regions rolled out to date.

40. In planning for HAS, DBCDE envisaged that a dedicated contract management section in the HAS Branch would coordinate the delivery of HAS services into customers' homes. The skills and staffing profile of the section was adequate to deal with the smaller, early rollouts of HAS, until late-2010.[13] However, the low staffing levels within the section became problematic as the scale of the Scheme increased, placing additional responsibility on the section. Following a staffing and skills profile review in early-2011, resourcing was subsequently increased and now includes a dedicated business/data intelligence capability. The increase in staff and the enhanced skills profile of the section has supported improved business processes, data collection and analysis, and business and quality assurance approaches. As the Scheme will be rolled out to the larger and/or more technically challenging regions throughout 2013, and the potential engagement of additional service contractors to provide HAS services, there would be merit in DBCDE regularly reviewing the capacity of the HAS

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13 A total of three staff, five fewer than first envisaged, were initially responsible for contract management within the HAS Branch.

contract management function to aid the effective delivery of key activities, including controls over payments to contractors.

41. DBCDE monitors the approval and qualifications of HAS subcontractors engaged by the service contractors to: properly manage scheme risks; direct quality assurance activities to appropriate areas of scheme activity; and obtain accurate information about the Scheme for management use and reporting. The use of subcontractors that had not yet been approved by DBCDE (unapproved subcontractors) by one or both service contractors has occurred during each HAS rollout subsequent to the Mildura/Sunraysia pilot.

42. Throughout 2011, DBCDE has worked closely with service contractors to strengthen arrangements to help ensure that unapproved installers were not delivering services under the Scheme. This work culminated in a revised installer approval process. As part of this process, DBCDE confirmed it would no longer approve installers in retrospect and work identified as being undertaken by unapproved installers would be treated as a breach of the deed, resulting in a financial penalty. As at 1 March 2012, DBCDE has withheld approximately $197 815 from service contractors for works completed by up to 11 unapproved installers, involving up to 922 installations. While the use of unapproved installers has occurred under HAS, the department has acted quickly to revise procedures to limit the risk of recurrence.

43. DBCDE developed effective payment validation processes during the early rollouts of HAS that resulted in tax invoices presented for services delivered under HAS being reviewed against the terms agreed to between DBCDE and the service contractors. In the early stages of the Scheme, DBCDE undertook adequate manual compliance checking to ensure the services delivered corresponded to amounts claimed. As HAS matured and expanded into progressively more populated areas, DBCDE revised its service contractor payment arrangements to accommodate a rapid increase in the amount of data and information being presented as evidence of services being delivered. Refined business processes, supported by increased use of information technology, now complement manual claims processing. The revised processes also remedied inaccurate claims for incentive payment amounts (directed at timely service delivery) that were identified during the Regional South Australia and Broken Hill rollout. DBCDE is now better placed to manage the integrity of contractor payments for the increasing scale of the Scheme.

Quality assurance activities

44.   DBCDE, working with DHS and service contractors, has progressively refined HAS quality assurance (QA) arrangements and introduced more stringent requirements over successive scheme rollouts.

45.   DHS is responsible for conducting QA interviews with five per cent of customers that have had an installation completed under HAS. DHS provides this data and information to DBCDE for analysis, which informs further compliance reviews of the services completed under the deeds of agreement with service contractors. The QA activities undertaken by DHS indicate that 82 per cent of customers were found to have been satisfied with the services they received from HAS subcontracted installers under the Scheme.

46.   As part of the deeds of agreement, DBCDE specifically requires service contractors to undertake QA audits on not less than five per cent of all services provided under each deed. The audit requirements comprise two per cent of post-installation audits and three per cent of customer satisfaction/OH&S telephone audits. Service contractors have provided monthly QA reports to DBCDE since the Regional Victoria rollout. In addition, DBCDE has undertaken random QA reviews of subcontracted installers for Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland.

47.   The QA activity, undertaken by service contractors, is undertaken as a self-assessment, and therefore gives DBCDE limited assurance regarding the quality of HAS services. In November 2011, DBCDE established the External Quality Assurance Program (EQAP), to provide an independent assessment of the quality of installations completed under HAS. DBCDE engaged a consultant to develop and manage EQAP inspections of installations. EQAP undertakes three types of inspections for HAS.[14] As at April 2012, 734 out of a planned 1165 EQAP inspections had been completed and, where necessary, remediation action has been initiated. The introduction of an external QA program provides DBCDE with greater assurance regarding the quality of HAS installations, and better places the department to monitor quality standards.

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[14]   The three types of inspections include: a desk-top review of service contractors' Occupational Health and Safety (OH&S) management systems; on-site OH&S inspections of two per cent of installations; and a technical inspection of three per cent of installations.

Complaints Management

48.   Under the deeds currently in place with service contractors and the MoU with DHS, DBCDE has established mechanisms to receive and manage complaints relating to HAS. The department has generally addressed complaints promptly, remedying the issues that have resulted in specific complaints. DBCDE has used the information obtained from complaints to incorporate improvements into the delivery of the Scheme.

49.   Overall, the number of complaints made about HAS have been relatively low, with a total of 1096 complaints made during the Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland rollouts, out a total of 75 791 HAS services delivered. This represents a complaint rate of 1.4 per cent.

Scheme Performance and Reporting (Chapter 5)

Measuring performance

50.   The delivery of HAS, along with the other components of the digital television switchover initiative, contributes to departmental outcomes through the Broadcasting and Digital Television program. Performance information, including key performance indicators, developed to measure scheme achievements was initially established at the broader initiative level during the early roll-out of HAS, reflecting the scale of the Scheme at that time. More recently, the department has established and reported against the HAS specific key performance indicator—*Number of households assisted through the Digital Television Switchover–Household Assistance Scheme*—in its Portfolio Budget Statements and Annual Report.

51.   While the development of a HAS-specific quantitative performance indicator has provided stakeholders with additional insights into Scheme progress, the existing measure does not sufficiently inform an assessment of progress against the Scheme objective. The establishment of a set of performance measures, which are consistent over time, would better position the department to monitor progress and report performance to internal and external stakeholders.

Scheme performance

52.   The cost of the Scheme to 1 March 2012 is approximately $37 million, which represents around 9.7 per cent of the announced $381.4 million budgeted for all rollouts to the end of 2013. The initial relatively low level of expenditure reflects: the early, small population areas that have been serviced

by the Scheme to date; the lower-than-expected take-up rate of the 'safety net' assistance offered under the Scheme; and the conservative approach taken by the DBCDE when developing budgets for future rollouts.

53.   The invoiced cost of HAS installations delivered to customers has ranged from $157 to $1590 during the early rollouts of the Scheme. The cost of installations varies considerably according to the individual package of assistance installed, influenced by factors including: a customer's location; the technology used; and the instruction and follow-up assistance customers require to successfully make the switch to viewing digital-only television. As rollouts continue into major metropolitan and remote areas, the cost of installations is likely to continue to vary considerably.

54.   For the Mildura/Sunraysia, Regional South Australia and Broken Hill and Regional Victoria rollouts, around 95 per cent of potentially eligible customers who opted-in to receive a service under HAS ultimately received assistance. Of the remaining five per cent that did not receive assistance under HAS, service contractors found that the majority of these customers were not in need of the assistance, that is, they had already converted to digital television and were therefore not eligible for the Scheme. The high rate of service completion supports the view that people identified as requiring HAS assistance were provided with the practical assistance necessary to make the switch to digital-only television.

External reporting

55.   DBCDE and DHS have reported some HAS performance information in their annual reports, predominantly in narrative form, related to general information on Scheme establishment. As scheme implementation matured, DBCDE introduced and reported against a HAS-specific quantitative key performance indicator and performance target. In DBCDE's 2009–10 Annual Report, the department reported that over 2562 households received HAS installations during the Mildura/Sunraysia pilot. In 2010–11, DBCDE reported that 37 838 households received assistance under HAS in the rollouts to Regional South Australia and Broken Hill, and Regional Victoria.

56.   The development of an expanded set of HAS-specific key performance indicators encompassing the performance of the Scheme against agreed service standards and customer satisfaction would allow DBCDE to better use the information it currently collects to report on the effectiveness of the Scheme.

Summary of agency responses to the proposed report

Department of Broadband, Communications and the Digital Economy

57.   DBCDE's summary response to the proposed audit report is provided below, while the full response is provided in Appendix 1.

> The Department of Broadband, Communications and the Digital Economy (the department) accepts the two recommendations of the 2012 ANAO audit report on the *Administration of the Digital Television Switchover Household Assistance Scheme*.

> The audit report has clearly articulated the role of the HAS as a safety net to assist those who have not been able to make their own arrangements to switch to digital TV. I am pleased to note the report's conclusions that the department has established effective arrangements to encourage potentially eligible customers to test their eligibility, that procurement processes have been robust and transparent and that the department has sound processes in place to monitor service quality and manage what has been a low level of complaints in relation to the HAS.

> As the department progresses from its regional switchovers to the major task of delivering the HAS in metropolitan areas, I note the further conclusions that some aspects of our administrative processes can be improved to support the management of the HAS. This will continue the successful approach of applying lessons learnt from each rollout.

Department of Human Services

58.   DHS' summary response to the proposed audit report is provided below, while the full response is provided in Appendix 1.

> The Department of Human Services (the department) welcomes the ANAO's performance audit. I note there were no recommendations in the report requiring a formal response from the department, however the audit provided a welcome opportunity to review the processes and procedures the department is using to assist the Department of Broadband, Communications and the Digital Economy to implement the scheme.

> The assurance provided by the audit is particularly timely given that the next phases of the switchover include Australia's large metropolitan areas, with a commensurate increase in customers being included in the scheme, as well as very remote areas of Australia.

Recommendations

Recommendation No.1

Para 2.42

To strengthen the management of the Household Assistance Scheme, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy review, regularly update and endorse project plans, operational documents and administrative procedures.

DBCDE's response: Agreed.

Recommendation No. 2

Para 5.32

To assess and report if the objectives of the Scheme are being achieved, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy develop a set of appropriate key performance indicators.

DBCDE's response: Agreed.

Audit Findings

1. Background and Context

This chapter provides the context for the Digital Television Switchover—Household Assistance Scheme. The audit objective, criteria and methodology are also outlined.

Introduction

1.1   Digital television broadcasts in Australia commenced in simulcast (alongside existing analog channels) in metropolitan areas in January 2001. In 2008, the Australian Government committed to a progressive timetable to switch-off analog television broadcasting services across Australia and move to digital-only television broadcasting during the period from 2010 to 2013.[15]

1.2   The switchover from analog to digital television is expected to provide all Australians with access to superior television services in terms of choice, services, accessibility, usability and improved picture quality. A successful digital switchover is also important to allow spectrum to be used more efficiently.[16] The closure of analog television broadcasts will allow spectrum to be 're-stacked' to provide a digital dividend in line with that achieved in major developed countries.[17] This re-stacking will enable the spectrum to be made available to new users and generate significant revenue for the Australian Government.

1.3   In 2007, the Government announced the establishment of the Digital Switchover Taskforce (DST) in the Department of Broadband, Communications and the Digital Economy (DBCDE) to oversee and coordinate the Digital Television Switchover (DTS) initiative. The DST is responsible for: providing advice to government on policy settings and implementation issues relating to the digital switchover; implementing a program framework, including switchover timetable; convening meetings of stakeholders, broadcasters, retailers, manufacturers and antenna technicians; and developing an in-home assistance scheme.

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[15]   Appendix 2 provides information on the digital switchover timetable.

[16]   Spectrum refers to a continuous range of frequencies within which waves have some specified common characteristic—for example, audio-frequency spectrum and radio-frequency spectrum.

[17]   Re-stacking involves clearing digital broadcasting services from the digital dividend frequency range and reorganising them more efficiently in the remaining broadcasting spectrum. The digital dividend describes the radio-frequency spectrum that will become available when the transmission of analog television signals ceases in 2013.

1.4 The principal objective of the DTS initiative is to work with industry to support the public's transition to digital television in each of the 33 discrete switchover regions, ensuring that those who currently have access to television in analog form, will continue to have access to television in digital form. As at December 2011, 82 per cent of Australian households had already converted to free-to-air digital television broadcasts.[18]

1.5 To 1 March 2012, the DTS initiative had been rolled out to the Mildura/Sunraysia pilot region (June 2010), Regional South Australia and Broken Hill (December 2010), Regional Victoria (May 2011) and Regional Queensland (December 2011).[19] The switchover in Regional New South Wales is scheduled to conclude in November 2012, with the switchover of Tasmania and major metropolitan and remote areas to occur in 2013. The regional switchover timetable was implemented back-to-back, that is, six monthly project implementation timelines for each region (switchover windows), with the design to allow for lessons learned and improvements to program delivery to be incorporated into future rollouts as the initiative progresses, culminating in the final year's multiple consecutive switchovers.

1.6 The DTS initiative provides funding[20] for a number of interdependent components:

- a communications program to help raise awareness, understanding and support television viewers as they plan, prepare for, and make the transition to digital-only television ($59.1 million over July 2009–December 2011);
- the Satellite Subsidy Scheme (SSS) to provide a satellite conversion subsidy to eligible households currently served by 'self-help' transmission sites that are not upgraded to digital by broadcasters ($99.1 million over 2010–13)[21];

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[18] Department of Broadband, Communications and the Digital Economy, Digital Tracker Report, Quarter 4 October-December 2011, pp. i–ii.

[19] The geographical areas for determining switchover are based on licence areas for commercial television broadcasting services.

[20] The funding amounts for each component represent the announced funding. These amounts have been revised as the DTS has progressed.

[21] Self-help transmission sites are located mainly in regional and remote areas of Australia and are designed to obtain, or improve, analog television reception in areas unable to obtain adequate reception from existing broadcaster-operated transmission sites.

- the Viewer Access Satellite Television (VAST) program to ensure digital television signals are available in areas of signal deficiency (black spots) ($375.4 million over 12 years); and

- the Household Assistance Scheme (HAS), which is the focus of this audit, to provide practical end-to-end technical and installation services (including antenna, cabling, set-top boxes (STBs) and satellite access, where warranted) to eligible Australians receiving the maximum amount of specified government pensions, payments and supplements ($381.4 million over 2009 to 2013–14).[22]

Household Assistance Scheme

1.7   In December 2008, the Australian Government agreed to bring forward the proposal to fund an interim package to drive the availability of improved television services as Australia makes the transition to digital broadcasting. In January 2009, the then Prime Minister announced a pilot package of measures, including:

- in-home assistance to help targeted households (HAS);

- a new satellite service to extend access to digital television;

- working with the local community to improve awareness and understanding of the digital switchover;

- a labelling scheme to help consumers easily identify digital ready products; and

- a national call centre and a website providing switchover information.

1.8   HAS, the largest component of the DTS initiative, was established to provide in-home assistance to those households that it was anticipated would experience the most difficulty in selecting and installing the necessary equipment to switchover to digital television.[23] The Scheme was in recognition that, for some Australians, switching to digital television would not be a simple or a straight-forward task.

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[22]   As a demand driven program, any funds not required have been, and will be, returned to consolidated revenue.

[23]   HAS was established as an Executive Scheme. Executive Schemes rely on executive rather than legislative power, and their key advantage is the speed with which they can be established and their flexibility. A challenge in implementing an executive scheme is ensuring that any terms and conditions are clear and enforceable.

1.9 The Scheme is being delivered on a region-by-region basis with assistance commencing approximately six to nine months prior to the date for the region to begin digital switchover and concluding approximately one month after the switchover.

Eligibility under HAS

1.10 An individual may be eligible to access government assistance under HAS where they own a functioning television, have not already converted to digital broadcasts and where they are in receipt of the maximum rate of the: age pension; disability support pension; carer payment; Department of Veterans' Affairs (DVA) service pension; or DVA income support supplement.

Provision of services under HAS

1.11 HAS provides, at no cost to eligible customers, the supply, installation and demonstration of a high definition (HD) STB, with features to meet the needs of the elderly or those with a disability. Depending on individual circumstances, customers may be entitled to receive:

- a HD STB;

- installation of the STB;

- instructions/demonstration on how to use the STB and remote; and

- any necessary upgrades, including cabling, internal/external antenna and satellite systems.

1.12 HAS assistance is available to individual customers, with a maximum of one assistance package per couple, and is provided by government contracted installers.[24] HAS provides customers with 12-month after-care assistance, 12-month in-home warranty for faulty workmanship and 12-month product warranty for equipment provided as part of the service. This arrangement allows customers to continue to receive assistance once the installation of equipment has been completed.

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[24] Under HAS, where there are two customers on the maximum rate of an eligible payment who are in a couple or couple-like relationship, as defined by Department of Human Services (DHS), only one assistance package is provided to the couple.

HAS budget

1.13 In January 2009, the Government announced a suite of measures to improve the availability of enhanced television services as Australia transitions to digital-only broadcasting. The pilot package included approximately $3 million (DBCDE received $2.49 million and DHS received $0.543 million) for the Household Assistance Program (now HAS) to complete the digital switchover in the Mildura/Sunraysia pilot region. As part of the 2009–10 Budget, the Government approved a further $69.52 million to rollout HAS to approximately 250 000 households in the Regional South Australia, Regional Victoria and Regional Queensland television licence areas to help households convert to digital television. DBCDE received additional funding of $308.8 million in the 2011–12 Budget to complete the switchover across Australia.[25] As at 1 March 2012, actual DBCDE expenditure under HAS was $37 million.

Number of eligible households

1.14 The estimated number of households eligible to access government assistance under HAS is more than 1.9 million. Table 1.1 provides an overview of the number of potentially eligible households, the number who opt-in for assistance, installations completed and the installation rate per region to 1 March 2012.[26]

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[25] Australian Government, Portfolio Budget Statements 2011–12, Budget Related Paper No. 3, Broadband, Communications and the Digital Economy Portfolio, p. 14. The total HAS budget is currently being reviewed.

[26] Opt-in refers to the number of potentially eligible customers that have tested their eligibility with DHS, and DHS has confirmed eligibility to receive services under HAS, subject to the customer having a working television and not already being converted to digital.

Table 1.1

Number of potentially eligible households, opt-in households, installations completed and the installation rate per region as at 1 March 2012

Region	Potentially eligible households	Opt-ins	Installations	Installation rate %[1]
Mildura/Sunraysia	7386	3150	2489[2]	33.7
South Australia and Broken Hill	29 387	11 168	10 982	37.4
Regional Victoria	120 434	30 857	30 427	25.3
Regional Queensland	123 351	34 537	31 893	25.9

Note 1:   The installation rate percentage refers to the percentage of installations completed for eligible households over the overall number of potentially eligible households.

Note 2:   Installation numbers differ from the figures reported in DBCDE's Annual Reports, due to updated data provided to DBCDE from the service contractor following the publication of the annual reports.

Source: ANAO from DBCDE information.

Legislative amendments

1.15   The implementation of HAS and the broader DTS initiative required amendment of the *Broadcasting Services Act 1992* and the *Social Security (Administration) Act 1999*. For the Government to implement the proposed digital television switchover timetable by 2013, the *Broadcasting Service Act 1992* was amended by the *Broadcasting Legislation Amendment (Digital Television Switch-over) Act 2008* to set an outer limit for the end of the simulcast period of a particular licence area and to allow specified geographic areas within a licence area to complete the digital switchover before the end of the simulcast period. This has enabled a phased, region-by-region digital switchover timetable to be implemented before the end of 2013. The *Social Security Legislation Amendment (Digital Television Switch-over) Act 2009* amended the *Social Security (Administration) Act 1999*, to authorise DHS[27] (previously Centrelink) to identify and contact people who qualified for HAS.

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[27]   In July 2011, the *Human Services Legislation Amendment Act 2011* integrated the services of Medicare Australia, the Commonwealth Rehabilitation Services and Centrelink into DHS.

Roles and responsibilities

Department of Broadband, Communications and the Digital Economy

1.16 DBCDE is responsible for the administration of HAS. As the delivery of HAS requires access to the records held by DHS and DVA, these agencies also have an essential role in the delivery of the Scheme.

1.17 DBCDE is responsible for:

- contracting suitable service contractor(s) to deliver the services/assistance provided under the Scheme;

- working in partnership with, and providing clear advice to, the service contractor(s) and DHS to ensure that the Scheme is implemented;

- ensuring that the outputs and outcomes contained within the HAS guidelines are being met, and monitoring and reporting on the extent to which the Scheme is meeting its objectives;

- evaluating the service contractor(s)' performance at the completion of each switchover region; and

- implementing fraud control arrangements to identify and minimise the opportunity for fraudulent activities under the Scheme.

Department of Human Services

1.18 HAS is jointly delivered through DBCDE and DHS. This service delivery arrangement is formalised through a Memorandum of Understanding (MoU) between the departments. The roles and responsibilities of DHS are specified in the MoU. Eligibility for HAS is determined during the switchover period for each region by DHS, using DHS and DVA data to identify potentially eligible customers within a region. DHS identifies and contacts potentially eligible customers by letter inviting them to contact DHS and test their eligibility for assistance. Where deemed eligible, DHS records eligibility information on the customer's record and, with their consent, allocates the customer to a service contractor, based on the selection criteria determined by DBCDE.

1.19 DHS is responsible for providing the eligible customer's contact details and the agreed details for installation to the allocated service contractor and DBCDE. When service contractors have completed the installation, relevant information is provided to DHS, and the customer record is updated. All

information and data collected in relation to the installation is stored on DHS systems and provided to DBCDE. (Appendix 3 outlines the HAS process workflow followed by DHS).

1.20 Under the MoU, DHS is required to conduct quality assurance (QA) reviews on five per cent of installations and conducts telephone interviews with customers who have had an installation completed under HAS. The results of these QA reviews are provided to DBCDE for any compliance activity. DHS also provides call centre support on general DTS enquiries and provides transfers to the service contractors' hotlines and DBCDE for more complex issues.[28]

1.21 DHS receives a direct appropriation to deliver HAS services. It received $543 000 for the Mildura/Sunraysia pilot and $15.1 million for the Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland rollouts. To complete the switchover across Australia, a budget of $42.2 million in 2011–12 was initially approved.[29]

Service contractors

1.22 Service contractors are selected by DBCDE through an open tender process for each switchover region. DBCDE establishes a formal deed of agreement (deed) with each service contractor that outlines the roles, responsibilities and services to be provided by both the service contractor and DBCDE. One service contractor was selected for the Mildura/Sunraysia pilot. Since the Regional South Australia and Broken Hill rollout, there have been two service contractors that have successfully tendered for the Scheme.[30]

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[28] These transfers are referred to as 'warm transfers', which is the simultaneous transfer of a telephone call and its associate data from one agent to another.

[29] The 2011–12 Budget included an appropriation of $42.2 million to complete the switchover, however, the amount is subsequently being negotiated. As at May 2012, negotiations are underway to finalise the total amount of funding to be allocated to DHS for HAS.

[30] As Mildura/Sunraysia was a pilot, DBCDE engaged only one service contractor—Hills Holdings Limited (trading as Techlife Solutions). Skybridge Australia Pty Ltd and Hills Holding Limited have delivered services in subsequent HAS rollouts.

1.23 The service contractors are required to provide installation services, that include:

- providing, installing and tuning a HD STB, to receive all available free-to-air channels in the region and an explanation of the operation of the STB to the customer;

- providing a Quick Reference Guide and User's Manual for the STB;

- a dedicated call centre to handle enquires and complaints; and

- a 12 month after-care assistance service, 12 month in-home warranty for faulty workmanship and 12 month product warranty for equipment provided as part of the service.[31]

1.24 Before providing services to customers, service contractor personnel and subcontracted installers must either be endorsed under DBCDE's Antenna Installer Endorsement Scheme (AIES)[32] or have successfully completed the relevant units of competency under a registered training organisation. Service contractors are also required to have policies and procedures in place in relation to: Occupational Health and Safety (including training on asbestos awareness[33] and working at heights); training; risk management; incident management; electrical safety; unsafe premises and working in restricted spaces; and customer complaints management. DBCDE is responsible for approving all subcontracted installers under the Scheme.

Performance reviews

1.25 DBCDE has commissioned both internal and external reviews of elements of HAS.

Continuous Improvement Review—Mildura/Sunraysia pilot

1.26 In December 2010, the department completed an internal review of the pilot rollout of HAS in the Mildura/Sunraysia region. The review aimed to

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[31] The after-care service allows customers to call a designated assistance number for each of the service contractors.

[32] AIES is part of the digital switchover initiative. Details of the requirement to register for endorsement are at <http://industry.digitalready.gov.au/installers/How-to-register.aspx>. Endorsement requires, among other requirements, evidence of relevant experience and completion of training or online assessment.

[33] The requirement for service contractors to have policies and procedures in place for asbestos awareness was not specified in deeds until the Regional Queensland rollout.

provide a summary of the rollout, outline key findings, and identify lessons learned and proposals for the rollout of the Scheme to future switchover regions.

1.27   The review was conducted against the seven key performance indicators (KPIs) identified in the HAS Performance Monitoring Plan[34]: quality and timeliness of digital television installations; barriers to participation; Scheme costs; communications and engagement strategy; Scheme governance; procurement and contract management; and complaints handling. The review made 22 proposals for improvement across the seven KPIs, including: staging the release of invitation letters to reduce the workload on service contractors; regularly reviewing post-installation data from service contractors; and further promotion of alternative forms of customer information. The department has addressed 15 of the proposals for improvement with the remaining seven requiring ongoing implementation and monitoring.[35] A number of the lessons learned were also identified through the review, and have been incorporated into subsequent HAS rollouts, for example adding the Translating and Interpretation Services (TIS) telephone number to the HAS information brochure, providing instructions to service contractors to use TIS, and translating the invitation letter into six priority languages.

Evaluation of HAS in Mildura/Sunraysia, Regional South Australia and Broken Hill Television Licence Areas

1.28   DBCDE engaged a consultant to undertake an evaluation of the Scheme for the period 1 January 2010 to 21 January 2011. This evaluation included: an assessment of HAS' implementation and delivery; a review of the service contractors' performance under the three service agreements (endorsed at that time); the achievement of HAS outcomes; and the value for money provided by HAS.

1.29   The evaluation concluded that, in terms of overall performance, the service contractors performed well, and incremental improvements had

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[34]   A Performance Monitoring Plan was only prepared for the Mildura/Sunraysia rollout.

[35]   These included the regular review and monitoring of: policy papers; the HAS risk register; post-installation data from service contractors; collection of data to identify reasons why customers opt-out of HAS; and the negative results from DHS quality assurance interviews. Two further proposals highlighted that invoices should not be manually reconciled and that an automated invoice checking system should be introduced and that an external audit of installations should be conducted. The Switchover Assistance Management System (SAMS) and the External Quality Assurance Program (EQAP) were established by DBCDE to address these two issues.

occurred in the management and administration of the service contractors engaged to provide the services under HAS. The review also found that HAS had achieved its overall goal of providing practical assistance to people expected to experience the most difficulty in preparing for the switchover to digital broadcasting. The review also highlighted a number of areas for improvement in relation to the implementation and delivery of HAS.[36]

International transition to digital television

1.30 As of March 2011, 18 countries had made the switchover to digital broadcasting, and another 38 (including Australia) had commenced the switchover process. The assistance provided by government for the switchover to digital-only broadcasting differs from country to country in terms of timeframes and approach.

United States TV Converter Box Program

1.31 The assistance program was not limited to those that required practical assistance to switchover and was available to all Americans. The US Government provided US$1.5 billion for an equipment voucher scheme. The TV Converter Box Program provided up to two coupons of US$40 each to be used to purchase eligible converter boxes through certified retailers. Vouchers could only be used to purchase eligible converter boxes within a 90 day timeframe before they expired. Additional funding of US$650 million was provided by the US Government in 2009 to issue an additional 12.25 million coupons, with a focus on ensuring that vulnerable populations were prepared for the transition from analog-to-digital transmission.

United Kingdom Help Scheme

1.32 The United Kingdom (UK) adopted a staged, region-by-region approach to the transition from analog-to-digital-only broadcasting between 2007 and 2012. The UK Help Scheme is a targeted assistance scheme developed

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[36] Areas for improvement included: improve monitoring of incentive payments, more rigorous market-testing procedures to ensure downward pressures are placed on prices for both equipment and labour; a regime of benchmarking (by rollout) be established that provides visibility of continual improvement and performance in a comparable way; risk management regime be periodically reviewed, with a focus on continuing to improve its effectiveness in anticipating, treating and learning from risks and risk-related experience; and introduce a single contract management system that monitors contractual obligations, records payment for services, simplifies reporting and reduces duplication of records.

to assist the physical, rather than the financial, needs of eligible viewers designated as most likely to be unable to switch to digital broadcasting themselves or without community assistance. To be eligible to receive assistance for the UK Help Scheme, potential customers must be:

- aged 75 or over; or

- have lived in a care home for six months or more; or

- in receipt of, or eligible to receive, disability living allowance, attendance or constant attendance allowance or mobility supplement; or

- registered as blind or partially sighted.

1.33   The Help Scheme provides for the supply and installation of easy to use equipment as well as a 12-month after-care service. Approximately 7 million households in the UK are eligible to receive assistance. Many other nations, including Australia, have adopted similar elements of the UK Help Scheme.[37]

Audit objective, criteria and methodology

1.34   The objective of the audit was to assess the effectiveness of the Department of Broadband, Communications and the Digital Economy's administration of the Household Assistance Scheme.

1.35   The audit examined whether the:

- design of the Scheme is robust and provides effective mechanisms for delivering Scheme objectives;

- tender selection and contract negotiation processes are robust, transparent and subject to continuous improvement;

- DBCDE has effective mechanisms in place to manage delivery of the Scheme; and

- DBCDE effectively monitors and reports program performance.

1.36   The audit methodology included: an examination of policy and operational documentation, including guidelines, reports, files and briefing

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[37]   Other countries include Germany, Italy, Sweden, Austria, Norway, France, Switzerland, Ireland, Portugal and Spain.

papers; and interviews with key departmental representatives and industry stakeholder groups.

1.37 The ANAO undertook site visits in Toowoomba and Rockhampton (in Queensland) to review the installation and quality assurance processes employed by the two service contractors. The ANAO also visited a DHS call centre in Tuggerah, New South Wales that is responsible for assessing the eligibility of potential customers and managing the enquiries line. In addition, the ANAO accompanied a representative from DBCDE to attend the training of subcontractors for both service contractors.

1.38 The audit was conducted in accordance with ANAO Auditing Standards at a cost of $470 000.

Report structure

1.39 The structure of the report is outlined in Figure 1.1.

Figure 1.1

Report structure

Chapter 2
Scheme Design and Implementation

- Introduction
- Design of the delivery model
- Implementation planning
- HAS governance arrangements

Chapter 3
Tender Selection and Deed Negotiation

- Introduction
- Planning the tender process
- Tender assessment
- Deed negotiation

Chapter 4
Scheme Delivery Arrangements

- Introduction
- Customer communication and engagement
- Service contractor management
- Quality assurance activities
- Complaints management

Chapter 5
Scheme Performance and Reporting

- Introduction
- Scheme performance
- External reporting

2.   Scheme Design and Implementation

This chapter examines the scheme design, planning and governance arrangements for HAS.

Introduction

2.1   The broad policy objectives for HAS were established as part of the Government's decision on the digital switchover and refined during subsequent Budget processes. The digital switchover is the largest single television broadcasting change to impact on Australian households since television was introduced in the 1950s. As a consequence, the Government considered that it was important that the first switchover be conducted in a pilot region, with existing high levels of digital conversion. In December 2007, the Government requested that the Minister for Broadband, Communications and the Digital Economy prepare an interim proposal for the digital television switchover, with a full submission to be presented to the Expenditure Review Committee (ERC) in October 2008.[38]

2.2   As HAS was established as an Executive Scheme, DBCDE was responsible for refining the objectives and developing the detailed scheme design. As part of this process, an interdepartmental committee (IDC) was established in February 2008, to consider elements associated with the longer-term switchover initiative, including consideration of options for an in-home assistance scheme—HAS.[39] The IDC was responsible for assisting in the design of HAS and other elements of the broader switchover initiative.

2.3   The ANAO examined the design of the delivery model for HAS, implementation planning and the governance arrangements supporting the Scheme.

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[38]   The ERC is responsible for considering major new policy and savings proposals during and between the Budget. Decisions by the ERC must be endorsed by the Cabinet.

[39]   The IDC was chaired by the DBCDE Deputy Secretary responsible for the Digital Switchover Taskforce, and included representatives from DBCDE, the Department of the Prime Minister and Cabinet (PM&C), the Department of the Treasury (the Treasury), the Department of Finance and Deregulation (Finance), the Department of Defence, the Department of Education, Employment and Workplace Relations, the Department of Families, Housing, Communities and Indigenous Affairs, the Department of Human Services (DHS), the Department of Industry, Innovation Science and Research, the Department of Resources, Energy and Tourism, the then Department of Environment, Water, Heritage and the Arts, the Department of Veterans' Affairs (DVA), as well as the Australian Communications and Media Authority.

Design of the delivery model

2.4   DBCDE developed the interim pilot proposal and the full project submission simultaneously, providing broad delivery options for the design and delivery of the scheme to the IDC between May and July 2008. The IDC assessed a range of different scheme design options, including in-home assistance, vouchers and rebates, potential eligibility and roles and responsibilities.

2.5   The Digital Switchover Taskforce (DST)[40] commissioned the Australian Communications Consumer Action Network to conduct research to identify potential issues faced by people who could receive government assistance from an in-home assistance package. The research indicated that the barriers to switchover were not financial, but practical in nature, and that the vast majority of Australia's 8.5 million households would make the switch to digital television by themselves, simply and at low expense.

2.6   The IDC also considered international experience, including from the US where a voucher system was used, and the UK where a pilot was implemented and followed by a staged region-by-region approach. This international experience informed the IDC's decision-making.

2.7   An in-home scheme of assistance was preferred by the IDC over the options of cash payments, vouchers or subsidies. The other options did not address the target population's lack of technical expertise, and social or regional isolation. In addition, providing households with set-top boxes (STBs), without installation assistance or training, would not provide assurance to the Government that target households had successfully converted to digital television.

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[40]   DST, within DBCDE, is responsible for coordinating and overseeing Australia's transition to digital television from analog television. DST is responsible for: providing advice to government on policy settings and implementation issues connected with the digital switchover; implementing a program framework, including switchover timetable; and convening meetings consisting of stakeholders, broadcasters, retailers, manufacturers and antenna technicians.

Refinements to design options

2.8　In the final stages of developing the design options, the IDC agreed on four final options to be included in the proposal to government.[41] All design options developed for consideration by the Government proposed a region-by-region delivery model with government-engaged service contractors separately contracted in each region. Each rollout would commence six months before the specified switchover date, as pre-determined by the broader switchover timetable. The six month window was to allow those that required assistance with time to opt-in and receive assistance. The lead in time was a design feature that allowed those with family support systems to self convert to digital television without the need for assistance. The timeframe also allowed for competition and economies of scale, as well as providing for experiences and lessons learned from each region to be used to inform future rollouts.

2.9　On 12 December 2008, the Government agreed to the interim package of measures for the switchover to digital television in the Mildura/Sunraysia region. This region was chosen as the pilot area, as it provided a suitable test market, with an already high level of digital take-up, with over 70 per cent of households already converted to digital-only broadcasting. DBCDE received $2.49 million in funding to deliver HAS assistance in the Mildura/Sunraysia area, with the switchover window scheduled for 1 January to 30 June 2010. The experience gained from the Mildura/Sunraysia switchover was to be applied to the future rollouts across Australia.

HAS design parameters

2.10　The preferred option included a targeted safety net of practical assistance for more than 1.9 million households across Australia where at least one person is in receipt of the maximum level of aged pension, disability support pension, carers payment and equivalent DVA payments. This option would provide, at no cost to eligible households, the supply, installation and demonstration of a HD STB and, where necessary and eligible, cabling and antenna services, or satellite services.

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[41]　The four options included: providing assistance to people receiving the maximum level of aged pension, disability support pension, carers payment and equivalent DVA payments; all recipients of the aforementioned payments (minimum to maximum); recipients of the maximum of all pensions and allowances, including long-term Newstart and youth allowance, and low income card holders; or all holders of pensioner concession cards and health care cards.

2.11 Eligible persons residing in nursing homes, social housing or people renting would also be entitled to conversion assistance. However, external antenna and cabling work remained the responsibility of the building owner. The provision of assistance to only maximum rate pension and payment recipients was designed to minimise costs, while addressing the practical difficulties this target group would encounter when converting to digital television.

2.12 As part of DBCDE's scheme administration responsibilities, the department was required to develop an MoU with DHS that outlined the responsibilities of each party for the delivery of HAS services. In particular, the MOU was also to enable the identification of potentially eligible customers, administration of invitation letters, operation of the call centre and provision of customer details and data to the service contractors and DBCDE.

2.13 DBCDE was also required to conduct a series of open tenders to procure equipment and services for the Scheme, with government-approved service contractor(s) separately contracted in each region to be responsible for providing the necessary services to ensure that those who opt-in to the Scheme are successfully converted to digital television.

HAS guidelines

2.14 In September 2009, DBCDE commenced developing the HAS guidelines. The guidelines were to outline the operation of the Scheme to installers, householders and relevant stakeholders in the Mildura/Sunraysia, Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland television licence areas. The guidelines were developed in consultation with DHS, DVA and DBCDE's internal legal group.

2.15 The guidelines provide an overview of HAS and outline:

- roles, responsibilities and accountabilities of DBCDE, DHS, DVA and the government-approved service contractors;

- participation in HAS—eligibility, assistance provided, procedures for an eligible customer to receive assistance;

- privacy and confidentiality provisions;

- DBCDE, DHS, DVA and the service contractors' complaints management processes;

- DBCDE review processes and avenues of review through the Commonwealth Ombudsman; and

- contact information for DBCDE, DHS, DVA, the service contractors and the Commonwealth Ombudsman.

2.16   As the guidelines were intended for public release on the switchover website, DBCDE consulted with the Consumer Expert Group (CEG)[42] and the Commonwealth Ombudsman's Office to gauge the appropriateness, clarity and accessibility of the guidelines to target groups. The feedback from the consultation process was generally positive, with DBCDE incorporating relevant feedback.

2.17   Since June 2010, DBCDE has published the HAS guidelines on the Digital Ready website and has reviewed and updated the guidelines to take account of changes to the Scheme. Only minor amendments have been made to the guidelines throughout the Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland rollouts. DBCDE has obtained Ministerial approval for each update to the guidelines.

Policy position papers

2.18   In January 2010, prior to the pilot rollout in Mildura/Sunraysia region, the HAS Branch[43] requested formal approval from the DBCDE Executive on key operational policy parameters for HAS. A set of policy position papers were developed to provide further clarification on the Scheme's eligibility criteria and outlined strategies and potential scenarios that may arise throughout the implementation of HAS. The Executive formally approved 11 policy papers.[44]

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[42]   CEG was created by DBCDE's DST to provide expert advice around consumer issues associated with switchover, including HAS. CEG advises on requirements of special needs groups, and effective ways to target switchover information throughout the community. CEG comprises 13 technology and consumer experts, as well as advocates and representatives of vulnerable or disadvantaged persons. External observers and associate members also attend meetings held in Sydney.

[43]   DBCDE established a branch within the department to administer the Scheme, with responsibilities including policy development, liaison with stakeholders, procurement and contract management.

[44]   The 11 approved policy papers included scenarios that covered: multiple televisions to be converted in a household; residential and respite aged care facilities; moving house; couples; definition of a household; encouraging landlords to upgrade external antennae and cabling; assurance of staff character by service providers; home ownership; upgrading external antennae; television ownership; and unforseen and unexpected circumstances.

2.19   As the rollouts progressed, additional policy position papers have been developed. The papers informed the development of the Scheme, including the request for tender (RFT) documentation, service level agreements and DHS' IT development requirements. The policy position papers were approved subject to review every six months. The original 11 policy positions were not, however, reviewed until February 2011. In December 2011, DBCDE established new requirements that all HAS policy position papers were to be endorsed by the Deputy Secretary Broadcasting and Digital Switchover.

Conclusion

2.20   As the broad policy objectives for HAS were established as part of the Government's commitment to digital switchover and refined during subsequent Budget processes, DBCDE was responsible for refining the objectives and developing the detailed Scheme design. The planning, design and development of HAS was undertaken early in 2008, prior to final approval being given by government. This timeframe gave DBCDE the opportunity to undertake research, consult internationally and develop a sound proposal to support the achievement of the overall objective of the Scheme—to provide practical in-home assistance to targeted Australian households.

2.21   DBCDE has jointly delivered HAS with DHS, with arrangements formalised through an MoU between the two departments. DBCDE has developed HAS guidelines in consultation with DHS, DVA and DBCDE's internal legal group, as well as members of the CEG and the Commonwealth Ombudsman's Office. In addition, DBCDE also developed a set of policy position papers to provide further guidance on specific aspects of the Scheme, including the Scheme's eligibility criteria, and outlined strategies and potential scenarios that may arise throughout the implementation of HAS.

Implementation planning

2.22   The Government's decision to establish HAS required DBCDE to develop an implementation plan that included milestones and clear measures of success for the Scheme.

2.23   A draft implementation plan was developed to accompany the 2008 proposal to government for the Mildura/Sunraysia pilot. DBCDE informed the ANAO that the implementation plan was not finalised. While DBCDE did not finalise the HAS implementation plan, the department developed (in July 2009), at the DST level, a *Project Definition—Household Assistance Scheme* plan. The plan was designed as a working document, to be

updated and refined throughout the implementation of HAS. It defined major aspects of the Scheme and formed the basis for the management of the Mildura/Sunraysia, Regional South Australia and Broken Hill, and Regional Victoria region rollouts, and outlined the:

- objectives and success criteria;

- recommended project approach, scope, deliverables and milestones;

- project roles and responsibilities;

- stakeholders;

- constraints, dependencies and interfaces;

- assumptions and risks;

- communications approach; and

- high-level project schedule.

2.24 While the plan has been revised and updated on four occasions, the last revision occurred in April 2010. The department subsequently informed the ANAO that it had adopted separate plans for each region. There would be merit in the department further developing, and regularly reviewing and updating a program level plan to better manage the HAS rollouts to major metropolitan and remote areas over the next 18 months, and provide the basis for monitoring the performance of the Scheme.

Milestone schedules

2.25 To monitor HAS implementation, project tracking and reporting spreadsheets were developed. These were to be used in conjunction with the *Project Definition—Household Assistance Scheme* plan.[45] A key departmental consideration in the development of the spreadsheets was to provide a single source for Scheme information.

2.26 There were various project tracking and reporting spreadsheets created by DBCDE in the period from July 2009 through to January 2011, with approximately 20 different versions developed. Operational documents relating to the administration of HAS, such as a project plan and a procedures

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[45] These spreadsheets were designed to capture project tracking information. The spreadsheets were divided into individual worksheets to inform: fortnightly and monthly reporting; the monitoring of project deliverables and milestones; assumptions; master document list; risk register; issues register; project contact list; contract financials; and lessons learned.

manual, were also developed throughout the implementation of the Scheme. However, the majority of these documents were incomplete, were not endorsed and were no longer used by departmental staff administering HAS. There would be benefit in DBCDE reviewing and finalising project tracking and operational documentation for HAS to guide the day-to-day administration of the Scheme.

HAS resourcing

2.27   In 2008, there were initially four DBCDE staff assisting with the design of HAS. By June 2009, there were 12 staff responsible for the Scheme, working in two sections—policy and review, and procurement. Planning for an additional section, responsible for contract management also commenced in June 2009. The ANAO was informed by stakeholders that low staff numbers in the early stage of the Scheme, and their limited experience in program delivery, had an adverse impact on the planning for the Mildura/Sunraysia pilot.

2.28   Throughout the administration of the Scheme, there has been high staff turnover in the HAS Branch contributing to a loss of corporate memory and lack of consistency in relationship and stakeholder management. New staff had a limited awareness of key Scheme documentation and business rules developed during early stages of the Scheme. As at February 2012, 40.3 full-time equivalent staff were responsible for delivering HAS.

Managing HAS risks

2.29   In July 2009, DBCDE engaged a consultant to develop a fraud control plan for HAS, including the identification of:

•   specific fraud risks to the HAS Scheme;

•   the controls in place to mitigate risks; and

•   any significant risks impacting on the Scheme that required immediate action.

2.30   The consultant recommended 14 mitigation strategies to reduce the overall fraud risk profile of HAS. An additional 17 action items were developed as part of establishing a fraud control framework for the Scheme and a risk register was developed. The risk register accounted for both internal and external fraud risks to the Scheme (a total of 14 fraud-related risks) and 12 risks that could impact on the delivery of the Scheme.

2.31 The main sources of Scheme risk identified were unlawful access and disclosure of information, and theft of public money. Fraud risk related to service contractors (and subcontracted installers) claiming for work that was either not provided or not required. Three risks were identified as significant, 20 as having a medium risk rating, and three with a low rating. The review found that following implementation of the mitigation strategies, 21 risks were downgraded to a low risk rating and five remained medium. Overall the Scheme had a 'low' fraud risk profile.

Risk management and use of risk registers throughout early rollouts of HAS

2.32 DBCDE informed the ANAO that risks were managed through HAS Branch meetings, weekly managers' meetings and monthly risk management meetings. The ANAO was further informed that, prior to 2011, each separate section (policy and liaison, contract management and program development and implementation)[46] was responsible for the identification, analysis, assessment and mitigation of risks that were within their areas of responsibility. Numerous versions of risk registers have been developed within the HAS Branch as a consequence of this approach.

2.33 The evaluation of HAS in the Mildura/Sunraysia, and Regional South Australia and Broken Hill rollouts, (discussed in Chapter 1) found that:

> the management of risk throughout these rollouts was inefficient, with too many areas of record, lack of timeliness of treatment, and an absence of formal planned review ... if it was done it was in an unstructured way that reduced risk through the professionalism of individual staff, rather than by formal design.[47]

2.34 Departmental records indicate that additional risks were added intermittently to risk registers, but there was no documented process for formal review. A more structured risk management approach commenced in November 2010, with the establishment of the HAS Risk Management Committee and the development of the internal HAS Fraud Control Plan. While the department reviewed existing arrangements for monitoring risks a formal risk management plan was not developed at this time.

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[46] The compliance and data management section (formerly the business assurance section) was not established until mid-2011.

[47] PSI Asia Pacific Evaluation of the Performance of the Digital Switchover Household Assistance Scheme (HAS) (Mildura/Sunraysia, Regional South Australia and Broken Hill Television License Areas), 22 March 2011.

Additional requirements to report on key scheme risks

2.35   In June 2010, in response to lessons learned from government programs, such as the Home Insulation Program (HIP) and the Green Loans Program, the Minister for Broadband, Communications and the Digital Economy was required to report to government and the Prime Minister on HAS budget and implementation risks, and performance and progress to date. The Government also required DBCDE to commission an external consultant to provide a review of Occupational Health and Safety (OH&S) for HAS, particularly in relation to work undertaken in ceiling spaces.

2.36   In response to the Government's additional requirements, DBCDE commissioned a review into OH&S issues for the Scheme. The review found that the existing control measures established by service contractors had reduced the risks from working in ceiling spaces while undertaking HAS installations to an acceptable level. The review provided DBCDE with recommendations to lower residual risk further, which has resulted in DBCDE making several amendments to the deeds of agreement and making OH&S requirements on service contractors more stringent.

Current approach to risk management

2.37   DBCDE received funding in the 2010–11 Budget to establish the business assurance section (now the compliance and data management section), which is responsible for risk management, quality assurance and compliance and audit functions for HAS. Scheme risks are now managed in accordance with the department's 2011–13 Risk Management Framework, which has included the development of a HAS risk management strategy, risk reporting templates (fortnightly and monthly branch Traffic Light Reports), as well as moving to external quality assurance, by introducing the HAS External Quality Assurance Program (EQAP).[48] As part of the new Risk Management Framework, there are quarterly risk register reviews by the responsible Deputy Secretary, Assistant Secretary and program managers for each DBCDE program, Executive level meetings and reviews with the DST, and fortnightly HAS managers' meetings to review and update risks.

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[48]   EQAP has been developed to provide independent assessment of the quality of installations under HAS and the Satellite Subsidy Scheme (SSS). These external quality assurance assessments include the verification that installations are completed in compliance with the HAS and SSS deeds, laws and applicable industry standards, such as those concerning the handling of asbestos. EQAP is discussed further in *Chapter 4—Program Delivery Arrangements*.

Conclusion

2.38 Although planning for HAS was initiated in a timely way, the department did not ensure that key documentation to guide the implementation of the Scheme was developed and endorsed. As a consequence, DBCDE did not have in place an endorsed implementation plan or associated risk management plan at the commencement of the Scheme. The department did develop regional level rollout plans that were designed as a working documents, to be updated and refined throughout the implementation of HAS. There would be merit in the department developing, and regularly reviewing and updating a program level implementation plan to support the delivery of HAS services in major metropolitan and remote areas over the remaining 18 months of the Scheme. Such a plan would provide the basis for monitoring performance and determining the extent to which the Scheme is meeting its objective.

2.39 DBCDE has developed a wide range of operational and procedural documentation for HAS, including project tracking and reporting spreadsheets and a procedures manual. However, the unstructured approach to the development of key Scheme documentation has resulted in numerous documents being developed, with the majority of these incomplete or out of date. There was no formal process to review and update project documentation.

2.40 High staff turnover has contributed to a loss of corporate memory and lack of consistency in relationship and stakeholder management, with new staff having limited awareness of key operational documentation and the business rules developed during early stages of the Scheme.

2.41 DBCDE did not develop a risk management plan until November 2011. A series of operational risk documents were developed to identify, assess and mitigate risk across the various sections. However, these were not integrated and the department was not well placed to determine whether risks were adequately addressed, reviewed and updated. The current risk management framework and the development of a risk management plan in November 2011, as well as the work of the compliance and data management section, should better position the department to integrate and manage risks for future HAS rollouts.

Recommendation No.1

2.42   To strengthen the management of the Household Assistance Scheme, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy review, regularly update and endorse project plans, operational documents and administrative procedures.

DBCDE's response: *Agreed.*

HAS governance arrangements

2.43   The ANAO examined the key governance arrangements for HAS, including executive oversight of the Scheme, and the roles of the DST and the Program Manager. Figure 2.1 outlines the HAS governance and reporting framework.

Figure 2.1

HAS governance and reporting framework
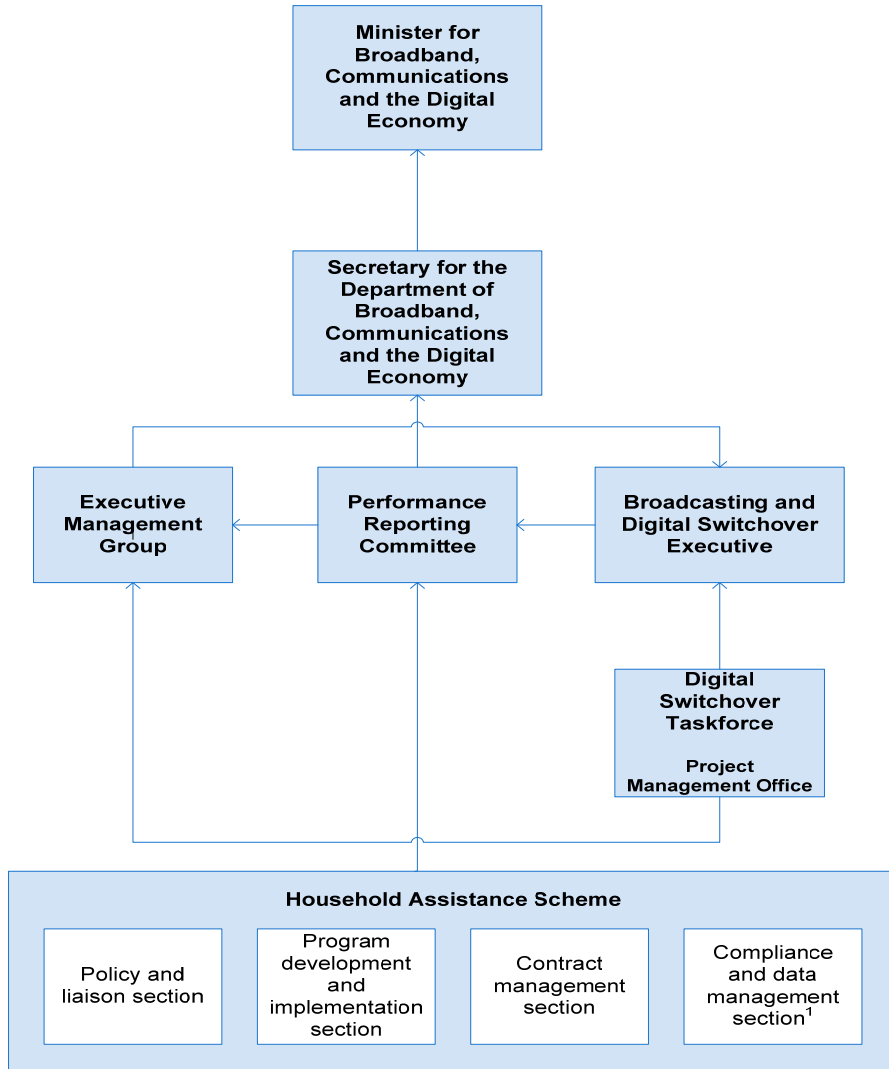
Note 1: The compliance and data management section (previously the business assurance section) did not commence operation until mid-2011, after DBCDE received funding in the 2011–12 Budget.

Source: ANAO analysis of internal reporting undertaken by DBCDE.

2.44 The Broadcasting and Digital Switchover (BDS) Executive includes relevant DBCDE Branch Managers with responsibility for elements of the switchover initiative. The DST is responsible for managing the switchover to digital television. The Deputy Secretary with responsibility for BDS is also the Executive Director of the DST, which has overall oversight and coordination of all programs relating to the digital television switchover.

2.45 DBCDE has two high-level departmental committees that are responsible for providing cross-divisional senior executive oversight of strategy development and program operations. The Executive Management Group is chaired by the Secretary of DBCDE and meets fortnightly with all Deputy Secretaries, First Assistant Secretaries and the Communications and Media Assistant Secretary. This group is responsible for overseeing the strategic direction, corporate governance, accountability and operational effectiveness of the department. The Performance Reporting Committee meets every two months and monitors performance of the department's administered expense items and major programs. The HAS Program Manager provides input into these meetings through monthly traffic light reports, which outline key deliverables, milestones, performance targets, risks and financial profiles of the Scheme.

Digital Switchover Taskforce

2.46 As previously noted, in 2007 the Government announced the establishment of the DST within DBCDE to oversee and coordinate the broader digital television switchover initiatives, of which HAS is a component.[49] The DST is responsible for advising government on policy settings; coordinating with stakeholders; developing a program management framework; and liaising with industry through the Industry Advisory Group (IAG)[50], the CEG, and a number of working groups.

2.47 DST's Project Management Office (PMO) has an oversight role in relation to all digital switchover programs, providing assistance to program areas responsible for delivering the different components of the digital television switchover. The PMO also provides program level reporting to the Performance Reporting Committee.

2.48 During the course of implementation, the PMO was to provide individual program areas with: project management templates; support and monitoring of program performance; review of risk management plans; and

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[49] DST has oversight of all digital switchover programs, including: Satellite Subsidy Scheme (SSS), Viewer Access Satellite Television (VAST) program, the Regional Equalisation Plan, the Terrestrial Equalisation Program and HAS.

[50] The IAG was established to advise the DST on issues of concern for industry in relation to the switchover, provide input into the development of switchover strategies, and develop ways for government and industry to coordinate information and education campaigns for consumers to encourage digital take-up.

monthly program status reports. While the individual program areas were provided with a range of documents to guide implementation, the PMO did not regularly monitor program delivery to ensure that documentation was developed, completed and reviewed. As previously noted, DBCDE did not have an endorsed implementation plan or risk management plan at the commencement of the Scheme.

HAS Branch and Program Manager

2.49   The HAS Program Manager is the DBCDE Assistant Secretary, responsible for the day-to-day administration of the Scheme. The HAS Branch, which is located in the BDS Group within DBCDE, comprises four sections. Table 2.1 outlines the four sections and their administrative responsibilities.

Table 2.1

HAS Branch

Section	Administrative Responsibilities
Policy and Liaison	• Managing the relationship with DHS, provision of maps, invitation and reminder letters; • Developing and reviewing the implementation of policy advice for HAS and for engaging with stakeholders, including the development of policy papers and reviewing advertising material and media enquires relating to the Scheme.
Program Development and Implementation	• Managing the procurements for HAS, including the preparation and management of the tender process and contract negotiations with preferred tenderers; • Maintaining working relationships with internal and external stakeholders.
Contract Management	• Managing the relationships between the Australian Government and the service contractors; • Approval of service contractors' subcontractors; and • Management of enquiries and complaints.
Compliance and Data Management	• Managing the procurement and contract management of the external QA program (EQAP); • Data management and contract compliance; and • Developing and implementing compliance procedures for verifying services undertaken by the service contractors.

Source: ANAO from DBCDE information.

Management reporting

2.50   DBCDE has worked closely with service contractors and its service delivery partner, DHS, to ensure the department has access to data and information necessary to inform management decision-making, and report on progress of the Scheme.

DBCDE data and systems supporting HAS delivery

2.51   Prior to 2011, and throughout early HAS rollouts, service contractors self-reported (in accordance with the deeds) their activity under the Scheme. This self-reporting was DBCDE's primary source of program management information. There were, however, limitations to the data provided by service contractors through regular reports. For example, although the number of installations was known for a specific area, DBCDE was unable to ascertain from reported data how many of these installations resulted in an antenna installation (an additional service made on an as-required basis). The department was required to seek this information directly from service contractors on a case-by-case basis.

2.52   Complaints data and the data from the service contractors' reports were managed via computer spreadsheets, while data received from DHS was imported into an electronic database. DBCDE subsequently identified risks to data integrity arising from different platforms being used to receive data. To manage these risks, a new system to improve access, storage and management of HAS data and information provided by DHS, service contractors and derived from complaints was developed in early-2011—the Switchover Assistance Management System (SAMS).

2.53   DBCDE informed the ANAO that SAMS was: used to exchange data between service contractors, DHS and DBCDE; the primary source for reporting on HAS; and used to validate invoices from service contractors. A customer relationship management (CRM) database was being deployed across DST to capture and manage complaints. The integration of the CRM and SAMS is currently in the testing phase. The establishment of SAMS, including proposed functionality improvements, will better place the department to report on Scheme progress, undertake compliance checks, validate and pay invoices to service contractors and record and report on Scheme performance and complaints information.

DBCDE access to Scheme data

2.54   In accordance with implementation arrangements, DHS assigns an installer to each eligible client to deliver HAS into the customer's home.[51] As such, DBCDE relies on information generated by DHS to effectively manage

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[51]   Around 200 installers were subcontracted by service contractors to deliver HAS into customers' homes in the Regional Queensland rollout.

the Scheme and, therefore, works closely with DHS to ensure it receives the data and management information necessary to administer the Scheme.

2.55 DHS has in place a *Project Management Plan for the Digital TV Switchover Project* framework which sets out DHS' involvement in the Scheme. This framework also provides the basis for delivering HAS management information collected by DHS to DBCDE. As a result of experience gained from previous rollouts, the framework has been amended to reflect improved processes, including: invitation and reminder letters; data files; eligibility workflow; mapping; and access to data. The management information collected by DHS is provided to DBCDE on a weekly basis through systems developed and maintained by a dedicated IT team servicing DBCDE's HAS Branch.

Internal Scheme reporting

2.56 Effective internal reporting enables HAS program managers to understand and assess Scheme performance and outcomes, providing an 'early warning' capacity through which managers and the department's Executive can identify and address problems and implement improvements.

2.57 At the development and planning stage of HAS through to September 2010, the then Policy and Regulation Branch met on a weekly basis to discuss issues relating to HAS progress. To inform these meetings, a monthly program status report was produced and provided to the HAS Branch Manager. The report addressed priority issues in implementation planning, the status of progress, and identifying future activities. These weekly reports and program status documents were also provided to the DST Executive.

2.58 'Traffic Light Reporting' was also employed at the DST level to monitor progress of the various programs contributing to the digital switchover initiative. The HAS Branch provides input into these reports on the progress of key HAS deliverables, milestones, performance targets and risks of the Scheme. Quarterly reports covering the status of the Scheme, budget and expenditure, risks and policy issues, as well as general briefings are also provided to the Minister.

Conclusion

2.59 Overall, DBCDE has established sound governance arrangements to support the administration of HAS. The department established departmental and DST-specific committees, with 'traffic light reporting' used to monitor the

progress of the various elements of the digital switchover initiative, including HAS. The department implemented a management information system which better places the department to report on Scheme progress, undertake compliance checks, validate and pay invoices to service contractors, and record and report on Scheme performance.

3.   Tender Selection and Deed Negotiation

This chapter examines the tender selection and deed negotiation processes for procurements under HAS.

Introduction

3.1   In recognition of the need to provide practical, rather than financial assistance to those needing help in switching to digital television, DBCDE opted for HAS services to be provided by experienced third-party service contractors. A series of open tenders have been conducted to procure equipment and services, with service contractor(s) separately contracted in each region. Since the Scheme commenced in January 2010, there have been five tender processes undertaken for HAS.

3.2   The *Commonwealth Procurement Guidelines* (CPGs) establish the core procurement policy framework and outline the Government's expectations of all departments and agencies subject to the *Financial Management and Accountability Act 1997* (FMA Act) when undertaking procurements.

3.3   The ANAO examined DBCDE's management of the tender selection and deed negotiation processes for the first four[52] HAS procurement processes, taking into account the requirements outlined in the CPGs.

Planning the tender process

3.4   Although the level of planning required depends on the size and complexity of the procurement activity, there are several key planning considerations that an agency should take into account. These include defining outcome(s) for the procurement, clearly defining roles and responsibilities for the procurement activity, and developing fit-for-purpose planning documentation to support an accountable and transparent process.

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[52]   As the NSW procurement process was underway at the time of the audit commencing and deeds were yet to be awarded, the ANAO examined DBCDE's arrangements for the Mildura/Sunraysia pilot, Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland.

Defined outcome

3.5 The Government's decision of 12 December 2008 established the outcome for HAS procurements, that is, to provide in-home assistance to those Australians most in need of practical assistance when converting to digital television. DBCDE further defined the outcome as 'the engagement of service contractors to procure and install STBs and associated cabling, antenna, satellite receiving equipment (if required) and training for people deemed eligible under HAS'.

3.6 The procurement process involved separate approaches to the market for each switchover region. This staged approach was considered important as the industry had limited experience in the delivery of government funded services. While separate procurement processes were conducted for each region, aspects of the process were undertaken in parallel, that is, while one rollout was in the negotiation phase, the RFT would be released for the next switchover region. DBCDE considered that this model had the advantage of procuring the latest technology available and the benefit of any fall in market prices, as well as the opportunity for continuous improvement to the procurement process, through incorporating lessons learned from each RFT process.

Roles and responsibilities

3.7 For the first four rollouts, DBCDE established an evaluation committee that was responsible for overseeing the procurement process and evaluating tenders up to the point where the delegate (a Deputy Secretary) could make a decision (either to enter into negotiations with the preferred tenderer(s) or terminate the RFT process). The evaluation committee included an Assistant Secretary, and generally, three executive level officers, with the membership changing across the rollouts, primarily due to staff turnover.[53]

3.8 The evaluation committee for each procurement activity had responsibility for ensuring that the process was open and transparent, and that procurement related actions were documented, defensible and substantiated in accordance with legislation and government policy. The roles and responsibilities of the evaluation committee were outlined in each of the Tender Evaluation and Probity Plans (discussed later) developed for each

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[53] Two departmental staff remained members of the committee for the Mildura/Sunraysia pilot, Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland procurement processes.

rollout. For all HAS procurements, the evaluation committee had access to personnel from: DHS; the Australian Communications and Media Authority (ACMA); DBCDE's Legal Services Group; BDS; the Chief Financial Officer Group; and the Procurement Advisory Unit.

3.9   All legal, probity and general procurement advice was provided for HAS procurement activities internally by relevant departmental officers. This advice was given informally through emails and direct answers to questions as they arose. The legal and probity officers to the evaluation process, from the department's Legal Services Group, attended the evaluation committee meetings for each procurement activity. In June 2011, the First Assistant Secretary for BDS Group was appointed as an advisor to the evaluation committee for broadcasting and digital switchover matters, to assist in the evaluation process.

Procurement planning documentation

3.10   The ANAO reviewed the documentation developed by DBCDE for the HAS procurements including: procurement plans; the request for tender (RFT); Tender Evaluation and Probity Plans; and additional planning activities and materials.

Procurement Plan

3.11   A procurement plan provides agencies with an outline of the purpose of the procurement(s), addresses the reason(s) for the procurement, consideration of the type of procurement activity to be undertaken, as well as the value of the procurement(s). The Department of Finance and Administration's *Guidance on the Mandatory Procurement Principles*, which applied at the time of the procurement processes for HAS, indicated that agencies undertaking procurements subject to the CPGs and MPPs should prepare a procurement plan.[54]

3.12   DBCDE did not develop a procurement plan for any of the HAS procurements. The department advised the ANAO that because of the nature of the Scheme, a one-off national tender response to demonstrate readiness was not possible well in advance of switchover. Notwithstanding the staged delivery of HAS, the region-by-region approach to procurement does not

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[54]   Department of Finance and Administration, *Guidance on the Mandatory Procurement Principles*, Finance Management Guidance, No. 13, 2005.

preclude the development of a procurement plan. As there were elements common to all procurements, such a plan would have helped to ensure consistency across the procurement activities, and could have been developed to allow flexibility to incorporate the specific needs of each switchover region, through, for example, schedules to the plan. The HAS procurement plan could have been reviewed and updated following each rollout and would have outlined for staff:

- the method of procurement and any requirements necessary to meet government policy and/or legislation;

- the proposed funding, including budget and financial considerations;

- analysis of the market and possible suppliers;

- governance arrangements for the procurement activity—outlining the membership of the evaluation committee, advisers and delegate;

- the procurement process and key documentation to be developed, such as the RFT document, tender evaluation plan and draft deed;

- a risk assessment—identifying key risks that could adversely impact the procurement activity;

- conditions for participation for tenderer(s);

- reporting mechanisms; and

- the activity timeframe and sequence of events for future procurement activities.

3.13 In the absence of a procurement plan for HAS, DBCDE developed project schedules for each region, which provided a timeline for, and a brief description of, the various tasks required for the successful completion of each switchover activity. For example, obtaining approvals required under the financial management framework, drafting of the RFT, and a list of tasks, milestones and deliverables. DBCDE also prepared Ministerial submissions and other departmental briefs documenting the planning approaches and decisions.

3.14 In March 2011, the internal operational guidelines were released. These provided an overview of the Scheme, as well as a step-by-step guide on the specific processes for managing procurements. HAS procurement officers also followed the guidance material provided by the department's central

procurement section, *Preparation for Procurement Process* question and answer document.[55]

Request for tender

3.15 The purpose of the RFT document is twofold: to describe the nature of the procurement; and to establish the evaluation process to be used for tenders received from potential service providers. The RFT provided instructions for tenderers to follow when preparing their tender responses, including a checklist that outlined information and documentation that was required to be included in the tender, such as detailed financial information and technical specifications and pricing schedules. The RFTs did not, however, outline the weightings or relative importance attached to each of the RFT evaluation criteria. The RFTs stated that the department reserved the right to attach weightings to particular evaluation criteria (except compliance and cost). More detailed guidance for potential tenderers on the relative importance of each criterion would have assisted tenderers in preparing their tenders. All RFTs were released on AusTender[56] and in national print media.

3.16 The original RFT document developed for the Mildura/Sunraysia pilot has been used as the basis for future rollouts. While it was challenging for DBCDE to incorporate lessons learned into subsequent procurement processes due to time constraints, a comparison of RFT documents indicates that the department progressively strengthened the tender requirements across rollouts. DBCDE has continued to update the RFT document for each rollout, making amendments as necessary and including new information prior to the RFT's release.

Addenda to RFTs

3.17 All tenderers are to be provided with equal access to procurement information, which includes receiving notification of an amendment to an RFT. For each of the four RFT processes, addenda were published on AusTender. There were 11 addenda in total. Of the 11 addenda, eight contained responses to clarification questions lodged by tenderers. The remaining three were

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[55] The *Preparation for Procurement Processes* is a document that provides a series of questions for line areas developing RFT documents for procurement. The document steps the reader through 28 questions and issues that need to be answered and addressed when developing documentation for procurements.

[56] AusTender is the Australian Government's procurement information system. AusTender provides centralised publication of Australian Government business opportunities, annual procurement plans, multi-use lists and contracts awarded.

notifications of changes to the RFT. The issuing of addenda and amendment notifications to tenderers via AusTender helped to ensure equitable treatment of tenderers and supported compliance with the requirements of the CPGs.

Lessons learned from the RFT process

3.18 DBCDE undertook an evaluation of the RFT process for the Mildura/Sunraysia pilot. The internal review highlighted that, although the Mildura/Sunraysia RFT established the approach for subsequent rollouts, procurement planning could be improved. The report found that the HAS program development and implementation section would have benefited from more structured and coordinated interaction with those areas of DBCDE responsible for providing legal and procurement advice. Although the advice provided by these areas was generally of a high quality, it was often of an ad hoc and informal nature, with questions generally answered via email.

3.19 The review also found that the HAS program development and implementation section would face continuing pressure to rapidly incorporate the lessons learned from previous procurements into subsequent RFTs and draft deeds. The process of developing and updating the RFT and the draft deed was complex, due in part to the technical nature of the equipment and services involved in the delivery of the Scheme, but also as a result of the interaction between service contractors, DHS and the department.

3.20 A key recommendation of the review related to the disclosure of weightings for each of the RFT criteria for future rollouts from Regional South Australia and Broken Hill. The department is yet to implement this recommendation.

Tender Evaluation and Probity Plan

3.21 DBCDE prepared a Tender Evaluation and Probity Plan for each procurement activity. The purpose of each plan was to set out the processes for evaluating the tenders received in response to the RFT. The plans included background information for HAS, such as details on eligibility and the services to be provided by tenderers, and assessment processes, such as probity arrangements and the evaluation overview.

3.22 The five evaluation criteria—service delivery solution, capability, capacity, compliance, technical feasibility and cost—were informed by a range of relevant technical and service delivery requirements, and appropriately reflected the scope and objectives of the tender. DBCDE has consistently

applied the evaluation criteria contained in the evaluation and probity plans with that provided in each RFT.

3.23 While all Tender Evaluation and Probity Plans from the Mildura/Sunraysia pilot to the Regional Queensland rollout specified the membership of the evaluation committee, advisers were not identified. For each procurement activity, evaluation committee members had individually endorsed the plan, acknowledging that they would follow the plan in their assessment of tenders. The delegate also endorsed the Tender Evaluation and Probity Plan for each rollout.

Industry briefing

3.24 DBCDE initially conducted industry briefings in Mildura in June 2009. The briefings were designed to provide general information and respond to questions from potential tenderers. All questions and answers were collated and published on AusTender. Further industry briefings were not undertaken until the Regional Southern and Regional Northern New South Wales RFT process in 2011. The conduct of briefings in subsequent switchover regions would have given the department an indication of the level of interest in the Scheme and provided potential tenderers with further information on which to base their decision to tender.

Conclusion

3.25 The HAS procurement outcome aligned with the overall objective of the Scheme set by government and the procurement process involved separate approaches to market for each switchover region. This staged approach was a key design element as the industry had limited experience in the delivery of government funded services.

3.26 DBCDE did not develop a procurement plan for HAS, with the department considering that a single national tender response to demonstrate readiness was not possible in advance of each switchover. The staged delivery of the Scheme does not preclude the development of a procurement plan, as this could have taken into account the specific requirements of each rollout area and been reviewed and updated following the rollout. A procurement plan would have outlined key elements of the procurement activities and provided assurance that the procurements were conducted in accordance with probity principles and consistent with relevant legislative obligations and Australian Government policies.

3.27 The RFT documents prepared for each switchover region contained sufficient information to inform the preparation of tenders by potential providers, and were released on AusTender and in the national media. DBCDE also demonstrated sound practice, in accordance with the CPGs, by ensuring a fair and transparent process for potential providers through issuing all addenda and amendment notifications on AusTender. Tender Evaluation and Probity Plans were developed for each switchover region and received formal endorsement from the tender evaluation committee and delegate.

Tender assessment

3.28 The CPGs require agencies to assess and evaluate tenders in accordance with the RFT and the Tender Evaluation and Probity Plan, in particular the evaluation procedures and criteria.[57] The assessment and evaluation process for HAS was divided into four stages: initial screening; detailed technical evaluation; value for money assessment; and negotiations and debriefing.

Stage 1—Initial screening

3.29 Stage 1 of the tender assessment and evaluation process, involved the identification of incomplete tenders or those tenders that did not comply with the minimum content and format requirements, and conditions for participation. Each member of the evaluation committee was responsible for determining whether tenders met the requirements. Any decision to exclude potentially non-compliant tenders was first referred to the legal and probity officer. Table 3.1 outlines the tenders received for each region and those that met the requirements for each RFT.

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[57] As mentioned previously in paragraph 3.21, the Tender Evaluation and Probity Plans for the procurement of HAS-related services in each region outlined the: evaluation criteria and weightings applied to each criterion and sub-criterion; the evaluation methodology to be used; and the timeline for the evaluation process.

Table 3.1

Tenders received and passed initial screening in each region

	Mildura/Sunraysia Pilot	Regional South Australia and Broken Hill	Regional Victoria	Regional Queensland
Tenders received	12	6	6	5
Tenders that progressed	6	6	4	3

Source: DBCDE HAS Tender Evaluation Reports.

3.30   Common reasons for tenderers not meeting the requirements of the initial screening stage for each RFT, related to conditions of participation, in particular the failure to:

• submit the tender prior to the closing date;

• provide a certificate of compliance with the STB specifications;

• tender for all services;

• provide sufficient financial information; and/or

• provide a completed declaration by the tenderer of Schedule 1— *Declaration by the Tenderer*.[58]

3.31   For each RFT, DBCDE documented why tenders did not meet requirements and the tender evaluation reports completed by the evaluation committee also outlined the reasons for tenders assessed as non-compliant. For Mildura/Sunraysia, Regional Victoria and Regional Queensland, the legal and probity adviser supported the evaluation committee's decision to exclude tenders from further consideration.[59]

3.32   An internal review undertaken by DBCDE for the Mildura/Sunraysia pilot RFT found that a number of tenderers that failed to complete their tenders to a satisfactory level were smaller organisations, which may have had limited experience preparing RFTs for government. Although the requirements

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[58]   Schedule 1—*Declaration by the Tenderer* is a declaration by the person lodging the tender or is authorised by the tenderer to state that they have understood the RFT and draft service agreement and unreservedly agrees to accept all the terms and conditions of the draft service agreement except for matters detailed in Schedule 4.

[59]   All potential tenderers for Regional South Australia and Broken Hill progressed to Stage 2.

of the RFTs were considered relatively clear by DBCDE, the department considered that more detailed information on the requirements of the RFT may have assisted organisations to prepare compliant RFTs, and improve the quality of the tenders overall. In response to this review, DBCDE amended the content of the RFT for Regional South Australia and Broken Hill and subsequent rollouts to provide more detailed information on the RFT requirements for tenderers.

Stage 2—Detailed technical evaluation

3.33   The Tender Evaluation and Probity Plan outlined the methodology to be used by the evaluation committee to assess tenders. The methodology was designed to be efficient, fair and thorough. Figure 3.1 outlines the tender assessment and evaluation methodology adopted for the detailed assessment and evaluation process.

Figure 3.1

Tender assessment and evaluation methodology

Individual Assessment

Activity:
- read each tender;
- make notes;
- provide scores vertically in assessment matrix for each tender.

Advantages:
- efficient use of time, as committee members can read in their own time;
- enables each committee member to analyse each tender individually;
- provides a 'whole' tender assessment across all criteria;
- enables committee members to become familiar with each tender.

Moderated Assessment

Activity:
- as a team discuss the attributes of each tender for each criterion;
- provide scores horizontally in the assessment matrix for each criterion;
- discuss technical merit, compliance and cost issues for each tender;
- determine recommendations based on value for money.

Advantages:
- efficient use of time, as committee members can read in their own time;
- enabled each committee member to analyse each tender individually;
- provides a 'whole' tender assessment across all criteria;
- enabled committee members to become familiar with each tender.

Evaluation Report

Activity:
- produce a report in accordance with the moderated assessment and comments of the committee;
- review by committee;
- review by legal;
- review by delegate.

Advantages:
- thorough, balanced report based on collective knowledge and understanding of the evaluation committee and department.

Source: DBCDE.

3.34   This stage of the process involved the detailed evaluation of tenders, including an assessment of the quality of the goods and services to be provided, and the tenderer's capability and capacity to provide the goods and services detailed in the RFT. Each member of the evaluation committee separately assessed each tender, using objective scoring in accordance with the Tender Evaluation and Probity Plan. The evaluation committee members used

a rating scale with additional commentary to provide sufficient detail to inform the moderation process. The rating scale used was in accordance with the Tender Evaluation and Probity Plan.

3.35 After raw scores for each criterion were determined, the scores were then weighted in accordance with the weightings assigned to the criteria in the Tender Evaluation and Probity Plans. Evaluation committee members met regularly to moderate scores and identify any non-compliant tenders relating to technical merit. Once the weighting and moderation of scores was completed, a final technical merit score out of 1000 points was determined. Table 3.2 outlines the tenders assessed for each region and those that met the requirements of the Stage 2 technical evaluation.

Table 3.2

Stage 2 technical evaluations in each region

	Mildura/Sunraysia Pilot	Regional South Australia and Broken Hill	Regional Victoria	Regional Queensland
Tenders assessed at Stage 2	6	6	4	3
Tenders progressed	5	6	2	3

Source: DBCDE HAS Tender Evaluation Reports.

3.36 As part of the detailed evaluation of tenders and, in order to inform the committee's understanding of the equipment being provided, some tenderers were requested to present their STB and remote control to the committee for review.[60] For the Mildura/Sunraysia pilot, the evaluation committee was provided with the STBs and remote control(s) for testing and evaluation purposes for all six eligible tenderers. For Regional South Australia and Broken Hill, the four highest ranked tenderers were requested to present their STB and remote control(s); and for Regional Victoria, the two highest ranked tenderers provided presentations on their STBs and remote controls to the committee.

3.37 For Regional Queensland, an initial assessment of STBs was undertaken. As the evaluation committee had a better understanding of the

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[60]   The committee tested and evaluated the STBs provided by tenderers to verify the suppliers' written claims about product capabilities and whether the STB accorded with the technical specifications required. The equipment was assessed to determine its suitability for use by the elderly and people with a disability.

available STB technology, DBCDE elected to amend the terrestrial STB requirements in the RFT. The committee also invited tenderers to share details of 'talking STB' functionality with other tenderers in order to provide an opportunity to resubmit higher specification STBs, if desired. The department sought external legal advice regarding the legality and implications of this process. Three tenderers provided compliant STBs. For all detailed technical assessments undertaken for each RFT process, two tenderers have consistently been assessed as having greater technical merit, particularly in relation to the services and equipment and their capability and capacity to deliver the required services.

3.38   The evaluation committee did not generally obtain additional technical advice to undertake their technical merit assessments of tenders. As part of the technical assessment for Regional Queensland, the evaluation committee provided OH&S documentation from the tenderers to the probity and legal advisor—who specialised in OH&S issues—for consideration and comment. The committee stated in its final report that the advice provided in relation to OH&S issues helped to better inform their assessment against the criteria.

3.39   Departmental records for the Mildura/Sunraysia pilot, Regional South Australia and Broken Hill procurement activities, indicated that the evaluation committee effectively documented the evaluation process, including a detailed evaluation matrix containing individual scoring, as well as moderated/weighted scores against the criteria outlined in the RFT. All evaluation committee meeting minutes were appropriately documented and included the reasons for the decisions taken by the committee. The Tender Evaluation Reports for two regions were endorsed by the evaluation committee and attached to a signed brief to the delegate (a Deputy Secretary), which outlined the reasons for the recommendations of preferred tenderer(s) and sought approval to commence tender negotiations.

3.40   For Regional Victoria, departmental records indicate that a more detailed approach was taken to evaluate tenders. The revised approach included a dedicated committee meeting to address issues of technical merit, tender capability, value for money and presentations of the STB. In relation to Regional Queensland, additional and more detailed analysis was undertaken

on costing calculations, recognition of satellite customers, 'hot swap'[61] towns and comparison of STBs and prices based on assumed opt-in rates. The evaluation committee for Regional Queensland also met with one shortlisted tenderer to obtain more information about its capacity to provide the services as outlined in the RFT, and to substantiate information provided in the tender. Each process was conducted in accordance with the CPGs, with the approach to evaluating the tenders adopted by evaluation committees improving with each rollout.

Stage 3—Value for money assessment

3.41 Stage 3 of the process was to determine those tenders providing the best value for money, at the lowest risk. The committee considered both the cost, represented by the assessment of price, and the value, represented by technical assessment and an assessment of risk. As outlined in the Tender Evaluation and Probity Plan for each RFT, there were a number of factors relevant to risk that required consideration, including:

• assessment of financial viability of the tenderers;

• proposed insurance cover and referees checks; and

• compliance with the department's draft services agreement.

3.42 The Tender Evaluation and Probity Plan identified compliance with the department's standard deed as an indicator of risk associated with negotiating a successful deed and a key factor for consideration at this stage of the evaluation. Table 3.3 outlines the tenders assessed for each region and those that were considered to provide value for money.

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61 A 'hot swap' conversion of television services is a process by which the analog services at a transmission site are switched off, and digital services are immediately commenced to replace them in a single day, with no simulcast period.

Table 3.3

Stage 3 tender assessments in each region

	Mildura/Sunraysia Pilot	Regional South Australia and Broken Hill	Regional Victoria	Regional Queensland
Tenders assessed for Stage 3	5	6	2	3
Tenders progressed	2	3	2	3

Source: DBCDE HAS Tender Evaluation Reports.

3.43   For the Mildura/Sunraysia pilot, the tender with the lowest technical merit rating was excluded at this stage, as it was considered non-competitive based on value for money. The fourth and fifth-ranked tenders were the least expensive, but the evaluation committee considered that the discounted price could not compensate for the lower technical merit score, particularly given the target audience. Two tenderers were ranked highest in terms of technical merit and value for money.

3.44   For Regional South Australia and Broken Hill, all tenders were considered competitive, however the evaluation committee only ranked the top three tenderers. The two tenderers ranked highest for technical merit and value for money were the preferred tenderers. For Regional Victoria, only two tenderers were assessed under Stage 3. The evaluation committee noted in its report that as, DBCDE had previously worked with the two highest ranked tenderers, the risks associated with non-compliance with the services agreement were considered to be low.

3.45   For Regional Queensland, an external consulting firm was engaged to undertake the financial viability assessments. This was the first time that DBCDE had engaged external financial advice to assess value for money. Three tenderers were assessed at this stage, with the two highest ranked tenderers assessed as overall preferred tenderers. The third-ranked tenderer did not progress because of concerns regarding its ability to source both relevant equipment and additional and qualified staff. In addition, the pricing was significantly higher than the other tenderers.

3.46   The evaluation committee also completed a price sensitivity analysis to consider the impact of higher, or lower, take-up on the expected costs. The analysis revealed that the overall price relativities between the two highest ranked preferred tenderers remained roughly consistent.

3.47 At the conclusion of Stage 3, the evaluation committee ranked tenderers in order of preference. For each procurement process, the two highest ranked preferred tenderers were recommended to the delegate as suitable to provide HAS services. All Stage 3 value for money assessments were conducted in accordance with the Tender Evaluation and Probity Plans.

Stage 4—Negotiation and debriefing

3.48 As part of this stage, the evaluation committee was responsible for preparing the Tender Evaluation Report in accordance with the Tender Evaluation and Probity Plan and recommending preferred tenderers to the delegate. Separate Tender Evaluation Reports were prepared for each procurement at the conclusion of the evaluation process.

Tender Evaluation Reports

3.49 Each Tender Evaluation Report prepared by the evaluation committee was provided to the delegate along with a briefing. Through the Tender Evaluation Reports, the committee sought approval from the delegate to award the tenders and to enter into negotiations with the preferred tenderers. The Tender Evaluation Reports provided:

- an overview of the evaluation process and the evaluation methodology, criteria and weightings used to assess tenders;

- information on tenders received;

- detailed assessments of tenders from Stage 1 to Stage 4 of the evaluation process;

- issues to raise in deed negotiations; and

- an overall recommendation of the preferred tenderer(s).

3.50 Accompanying the final Tender Evaluation Reports were: the Tender Evaluation and Probity Plans; any external expert advice received, such as the OH&S information received by the legal and probity advisor for Regional Queensland; independent financial viability assessments; and the department's price sensitivity analysis. The evaluation committee members also considered the costs and benefits of contracting with one or multiple service contractors and outlined its preferred approach.

Recommended tenderers

3.51 In relation to the Mildura/Sunraysia pilot, Regional South Australia and Broken Hill and Regional Victoria, the evaluation committee recommended a

two-contractor model, as it considered that the use of two service contractors would provide an alternative, should a provider fail to deliver services as required under the service agreement. The committee agreed that the awarding of deeds for the provision of services and equipment under HAS would be allocated on the basis of a percentage split (for example, Mildura/Sunraysia 75 per cent for the first-ranked tenderer and 25 per cent for second-ranked tenderer).

3.52 Two tenderers were recommended for the Mildura/Sunraysia pilot by the evaluation committee. The delegate, however, decided to approve the commencement of negotiations with the highest ranked tenderer. The department informed the ANAO that, although the delegate agreed with the evaluation committee in relation to the two preferred tenderers, the delegate selected the highest ranked tenderer in order to ensure that service delivery was simplified through the use of one service contractor.

3.53 In relation to Regional South Australia and Broken Hill and Regional Victoria, two preferred tenderers were recommended to the delegate, based on the preferred two-contractor model. However, for Regional Queensland, the evaluation committee had recommended a multiple-contractor model for delivery of HAS across all six areas. This approach was designed to deliver economies of scale and to minimise risks. The committee proposed to allocate work in recognition of the tenderers' comparative ranking. However, the committee ultimately recommended the two highest ranked tenderers, as it had concerns with the third ranked tenderers ability to source the required equipment and additional, qualified staff.

Notification and debriefing

3.54 As required by the RFT and the Tender Evaluation and Probity Plan, all unsuccessful tenderers for Mildura/Sunraysia, and Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland were notified in writing of the outcome of the tender. The letters also provided unsuccessful tenderers an opportunity to seek written feedback as to why they were unsuccessful. All six unsuccessful tenderers for Mildura/Sunraysia requested, and were provided with, written feedback from DBCDE, including information on their performance against each evaluation criterion.

Conclusion

3.55 The tender assessment and evaluation process involved four stages—initial screening, detailed technical evaluation, value for money assessment,

and negotiations and debriefing. All tenders were assessed and evaluated as outlined in the RFTs and the Tender Evaluation and Probity Plans and in accordance with the CPGs.

Deed negotiation

3.56   The fourth stage of the evaluation process is the negotiation of deeds of agreement. This stage is central to concluding the procurement process and awarding a deed to successful tenderer(s). The ANAO reviewed DBCDE's arrangements for conducting the negotiation process, the timeliness of this process, and the deeds put in place for providing HAS services.

Conducting the negotiation process

3.57   As part of the Tender Evaluation Report, the evaluation committee sought approval from the delegate (a Deputy Secretary) to enter into negotiations with the preferred tenderer(s). The outcomes sought by DBCDE from the negotiation processes centred on ameliorating issues or risks identified by the evaluation committee in the preferred tenderer(s)' original tender. The preferred tenderer(s) generally sought clarification on requirements contained within the draft deed.

3.58   DBCDE prepared pre-meeting briefs to highlight areas in the draft deed to be discussed during negotiations. The briefs identified DBCDE's preferred and minimum negotiation position and were based upon recommendations identified by the evaluation committee in its final report(s).[62]

3.59   As part of the negotiation process, DBCDE provided a briefing package to the preferred tenderer(s) that included:

•   a tailored copy of the draft deed;

•   a detailed list of the issues identified for negotiation with each tenderer;

•   areas in the draft deed where DBCDE proposed changes following the release of the RFT;

•   areas where tenderer(s) had made offers above the requirements in the RFT; and

•   other general points to note in the negotiation process.

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[62]   Staff involved in contract negotiations differed from those involved in the tender evaluation process.

3.60 In general, DBCDE adopted a similar approach to deed negotiations for Mildura/Sunraysia and Regional South Australia and Broken Hill. Common areas of negotiation related to the warranty of equipment and after-care services, changes to the draft deed, interaction with DHS and data security.

3.61 While deed negotiations for Regional Victoria and Regional Queensland followed a similar process, they included an increased focus on issues identified by DBCDE in relation to changes to the draft deed released with the RFT. These changes were in response to lessons learned from the previous rollouts, as well as more stringent requirements placed on the tenderers. Changes primarily related to a greater focus on servicing customers with a disability, milestones to be met, quality assurance activities, OH&S requirements in response to government requests, and 'hot swap' localities and strategies for dealing with these areas.

3.62 On completion of all negotiation meetings and informal follow-up of unresolved issues, DBCDE briefed the Deputy Secretary (BDS Group) and requested approval and endorsement of the draft deed with both tenderers, on behalf of the Commonwealth.

Timeliness of the negotiation process and award of deeds

3.63 A key risk identified by DBCDE in December 2010 was the potential impacts on HAS implementation arising from delays in negotiations and awarding of deeds. Given that the six-month rollout window for each region was set by the Government's broader digital television switchover timetable, there was limited scope to accommodate delays in the negotiation process. The Tender Evaluation and Probity Plans outlined tentative timeframes for the completion of the procurement process. In all plans, DBCDE had anticipated a three-week timeframe for the negotiation process and deed endorsement.

3.64 The time allocated for negotiations was challenging. For example, the anticipated date for signing of deeds for Regional South Australia and Broken Hill was 14 May 2010, however, one service contractor did not endorse the deed until 21 May 2010 and the other did not endorse the deed until 8 June 2010. For Regional Queensland, DBCDE had anticipated that negotiations would be completed by 11 March 2011, and the deeds would be endorsed by 25 March 2011. However, one service contractor did not endorse the deed until 5 May 2011, the day the switchover window was to open, and the other service contractor did not endorse the deed until 21 May 2011. These delays had implications on the timeframes for delivering the services, including the staged distribution of invitation letters to be sent to potentially

eligible customers. Table 3.4 outlines the switchover region, the date of finalising the deeds and the switchover period per region.

Table 3.4

Switchover region, date of finalisation of the deed and switchover window

Region	Date of finalisation of deed	Switchover window
Mildura/Sunraysia pilot.	29 Nov 2009	1 Jan–30 June 2010
Regional South Australia—Spencer Gulf, Mount Gambier/Sth East South Australia.	8 June 2010	30 June–15 Dec 2010
Regional Victoria—North Central Victoria and South West Victoria.	12 Oct 2010	15 Dec–5 May 2011
Regional Queensland—Darling Downs and Wide Bay.	20 May 2011	5 May–6 Dec 2011
Regional South Australia—Broken Hill, Riverland.	21 May 2010	30 June–15 Dec 2010
Regional Victoria—Gippsland, Goulburn Valley/Upper Murray.	22 Sept 2010	15 Dec–5 May 2011
Regional Queensland—Capricornia, Queensland Central Coast, Whitsundays, North Queensland and Far North Queensland.	5 May 2011	5 May–6 Dec 2011

Source: ANAO from DBCDE information.

3.65 In general, deeds were awarded in a timely manner. This outcome was, in part, due to the working relationships that have been developed between DBCDE and the service contractors over successive rollouts. However, for Regional Queensland, negotiations were delayed and the finalisation of deeds occurred once the six month switchover window had commenced. The delays in negotiations related to the agreement of additional requirements placed on the service contractors for improvements and more stringent conditions for service delivery. As DBCDE has progressively strengthened requirements on the service providers with each of the four deeds, it would be beneficial for the department to factor in additional time for the negotiation process, and reduce the risk of adverse impacts on Scheme delivery in future rollouts.

Endorsement of deeds

3.66 Prior to the endorsement of the deeds with the two service contractors, DBCDE sought the required authorisations under the relevant Australian Government financial management legislation, including approval of future spending proposals. The Deputy Secretary and the First Assistant Secretary of

DBCDE's Broadcasting and Digital Switchover Group were briefed and provided authorisation in accordance with the department's Chief Executive Instructions on financial management. The Minster received a 'for noting' briefing for two switchover regions.

3.67 All awarded deeds for each rollout were published on AusTender within six weeks of DBCDE entering into the agreement with the two service contractors, in accordance with the specified timeframes. DBCDE had appropriate delegations in place to authorise expenditure on the awarded deeds and legislative requirements relating to financial management were met.

Conclusion

3.68 Negotiations were conducted as part of the final stage of the tender evaluation and assessment process. DBCDE prepared detailed pre-meeting briefs to highlight those areas of the draft deeds that would be the focus of negotiations. The briefs identified DBCDE's preferred minimum negotiation position and were based on recommendations identified by the evaluation committee in its final evaluation reports. Negotiations were generally timely however, there was limited scope within the anticipated and actual timelines to accommodate delays in the negotiation process. Given the limited time available between the switchovers, it is important for the department to assess the risk of possible delays during the negotiation process.

3.69 In general, deeds were awarded in a timely manner, which was due, in part, to the existing working relationships between DBCDE and the service contractors. All awarded deeds were published on AusTender and DBCDE had appropriate delegations in place to authorise expenditure for the deeds in accordance with financial management legislation.

4. Scheme Delivery Arrangements

This chapter examines the delivery of HAS services, including customer communication and engagement, and the management of service contractors.

Introduction

4.1   As previously noted, DHS (on behalf of DBCDE) approaches potential customers with an invitation to test their eligibility for assistance under HAS. Those customers assessed as eligible for assistance, receive at no cost a range of HAS services tailored to meet their individual needs. HAS services are delivered into customers' homes by installers subcontracted to the service contractors engaged by DBCDE.

4.2   To determine whether DBCDE had effective arrangements to deliver HAS, the ANAO examined the following key elements of the department's delivery model:

• customer communication and engagement;

• service contractor management, including payments;

• quality assurance activities; and

• complaints management.

Customer communication and engagement

4.3   DBCDE has in place a communication strategy aimed at raising awareness of the availability and benefits of HAS to prospective customers. This strategy is informed by ongoing engagement with the Consumer Expert Group (CEG).[63]

4.4   DBCDE has identified the primary audience for its communication strategies as potentially eligible people living in an area that is switching over to digital television that are in receipt of the maximum rate of one of the pensions or social security payments identified for assistance. Nominees for potentially eligible people, who have the authority to act on behalf of a person

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[63]   As previously noted, issues relevant to the Government's switchover program, such as technical implementation, community liaison, updates on HAS rollouts planned and underway are reviewed by CEG, which was established by DBCDE. The outcomes and actions arising from this advice are incorporated into the department's forward-planning to improve future rollouts.

for DHS matters and people supporting potential customers (including family and friends), are also identified as stakeholders.

4.5 DBCDE has developed an information campaign to raise public awareness and understanding of digital switchover. Promotional activities include television, radio and press aimed at potentially eligible customers and their support groups. Advertising campaigns are time and location specific, and are delivered, across various media.[64] The department's Digital Ready internet site also provides customers, their nominees, family and friends with information on HAS and the digital switchover more generally.

4.6 Communication strategies cater for diverse cultural and linguistic backgrounds, tailored to the demographics present in each rollout area. To prepare for rollouts following the Mildura/Sunraysia pilot DHS, in collaboration with DBCDE, translated the invitation letter into seven of the most common languages used across switchover regions. A generic factsheet was also developed, and translated into 23 of the most common languages and made available on DHS' website.[65]

4.7 To overcome social isolation and other barriers to learning about or participating in the Scheme, DBCDE undertakes additional customer and stakeholder activities. For example, DBCDE has communicated key elements of HAS to attendees at community forums and roadshows conducted throughout Australia, highlighting the availability and progress of HAS. The communication strategy also emphasises opportunities for face-to-face engagement at the local level with community leaders—those best placed to encourage others within a switchover area to test their eligibility.

DHS communication initiatives

4.8 DHS supports DBCDE's communication and engagement effort through a HAS-specific Communication Action Plan. DHS trains its call centre staff, and engages and educates its Customer Service Centre (CSC) and Community Access Point (CAP) staff in relation to HAS. It also seeks out opportunities to advertise HAS, through the placement of relevant information

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[64] Advertisements contained information about eligibility, benefits of HAS, as well as a help-line telephone number (1800 556 443) and internet web address: <http://www.australia.gov.au/digitalready>.

[65] DHS customers can request to have all correspondence, including HAS information, sent to them in another language. As part of the continuing review of the Scheme, the fact sheets are now translated into the 18 most common languages used by recipients of the age pension.

in DHS' *News for Seniors* magazine, and those publications in which it routinely advertises. During each rollout, DHS 'shopfronts' also promote information (posters and brochures) to inform and engage those attending shopfronts about the availability and potential benefits of the Scheme.[66]

Evaluation of customer engagement and communication strategies

4.9 DBCDE commissioned market research following the Mildura/Sunraysia pilot to examine the experiences of customers, including why 28 per cent of potentially eligible customers were not aware of HAS. The findings revealed challenges for DBCDE in engaging people whose understanding or awareness of the Scheme may be affected by factors such as disability, cultural and language diversity, or social isolation. Subsequent research following the Regional South Australia and Broken Hill and Regional Victoria rollouts revealed the rate of potential customers being unaware of HAS was 16 per cent and 14 per cent respectively.[67]

4.10 DBCDE also commissioned an external evaluation of its stakeholder engagement strategy. While the evaluation concluded that the strategy was appropriate, it highlighted that further attention should be given to overcoming social isolation factors affecting the target demographic. The research and feedback received from customers and the CEG, resulted in a revised stakeholder engagement and communication strategy for the Regional Queensland rollout. In addition, DST increased HAS-specific advertising, with a particular focus on engaging with people supporting potential customers, such as family and friends, to further encourage potential customers to test their eligibility for assistance.

Invitations to test and the assessment of eligibility

4.11 DHS identifies potential customers and approximately six months before a region's switchover, invites potentially eligible people by letter to test their eligibility for assistance. Table 4.1 provides the breakdown of the 397 458 invitation letters to potential customers by DHS or DVA payment type, as at April 2012.

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[66] For example, during July to December 2011, 3400 brochures and 170 posters relating to the Scheme were delivered to 49 CSCs and CAPs to be made available and displayed during the Regional Queensland rollout.

[67] This figure is based on the percentage of television owners that did not access HAS, not the total potential population.

Table 4.1

HAS invitations by DHS or DVA payment type as at April 2012

Rollout	Aged pension	Carer payment	Disability support payment	DVA aged pension	DVA income Support Supplement	DVA service pension	Total
Mildura/ Sunraysia pilot	5 525	687	3 266	17	406	416	10 317
Regional South Australia and Broken Hill	22 402	2 599	13 277	30	1 145	1 823	41 276
Regional Victoria	98 359	11 443	56 466	312	6 931	8 244	181 755
Regional Queensland	88 292	11 157	52 405	145	4 353	7 758	164 110
Total	214 578	25 886	125 414	504	12 835	18 241	397 458

Source: DBCDE and DHS data.

4.12   To assess eligibility, potential HAS recipients (or their nominees) can telephone a dedicated information line (1800 556 443). As of early April 2012, DHS call centres, have received 170 791 enquiries under the Scheme. DHS customer service operators located at DHS call centres follow assessment and eligibility workflow processes to determine whether a customer is eligible for assistance.[68] Where a person (or a couple) is found to be eligible, DHS records the information on their customer record and allocates the customer to a service contractor.

4.13   Potentially eligible customers are sent a reminder letter before switchover if they have not tested their eligibility (currently around 75 days after the initial invitation letter).[69] The opt-in window for customers to test their eligibility closes approximately one month after switchover, giving potential customers an additional opportunity to access assistance following the switch-off of analog signal.

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[68]   DHS' HAS assessment and eligibility workflow processes is explained at Appendix 3.

[69]   DBCDE commissioned DHS to send out a second reminder letter as part of a trial to increase awareness and take-up rates in the Regional Queensland rollout. This letter was outside of the scope of work agreed between DBCDE and DHS for previous rollouts. The second reminder letter trial cost approximately $195 000.

4.14 The ANAO attended a DHS call centre located at Tuggerah, NSW to observe the handling of incoming calls from potential HAS customers (or their nominees) to test their eligibility. The small number of calls reviewed by the ANAO indicated that, where there was any uncertainty around eligibility, further questions were asked to determine whether a customer was eligible for assistance. The categories of calls reviewed concerned customers located outside the area in which the switchover was underway, nominees calling to update customer address details, general queries relating to the extent of assistance available, including eligibility under the Scheme, and arranging for installers to attend customers' homes.

DBCDE oversight of DHS HAS activities

4.15 As previously noted, DHS' involvement in HAS is governed by the MoU with DBCDE. Since early 2009, DBCDE and DHS have established arrangements to manage customer communication and engagement activities under HAS, including monthly governance meetings. These arrangements have continued and been strengthened as rollouts of the Scheme have progressed. Under these arrangements, committees and working groups involving officers from DBCDE and DHS were established, and tasked with monitoring and progressing Scheme priorities and initiatives under the MoU.

Conclusion

4.16 DBCDE and DHS have worked collaboratively to establish effective arrangements to invite and encourage potential customers to test their eligibility for assistance under HAS. DHS has undertaken the assessment of potential customers in accordance with agreed arrangements established under the MoU and coordinates the workflow to service contractors. The departments have developed governance arrangements and established work groups and committees to effectively support customer communication and engagement activities.

Service contractor management

4.17 DBCDE has outsourced the installation of HAS products and services to two service contractors for the first five rollouts. The effective delivery and success of the Scheme is dependent on DBCDE having in place appropriate mechanisms to effectively manage these outsourced arrangements.

4.18   In respect of service contractor management, the ANAO reviewed:

• DBCDE's contract management capacity;

• service contractor deeds and guidelines;

• approval of subcontractors (installers);

• after-care warranty services under HAS; and

• payments to service contractors.

DBCDE's contract management capacity

4.19   As part of the design of the Scheme, DBCDE envisaged that a dedicated contract management section within the HAS Branch would coordinate the delivery of HAS services into customers' homes. As of June 2009, the contract management section was to comprise eight staff located in Sydney. DBCDE was required to anticipate future contract management capacity, should the program be extended—as occurred in the context of the 2011–12 Budget, concluding with the Regional Queensland rollout.

4.20   The HAS contract management section was relocated from Sydney to Canberra with the bulk of the HAS Branch in 2010. Until late-2010, the relocated section comprised three staff, five fewer than first envisaged, while the scale of the Scheme increased, placing additional responsibility on the section. By late-2010, and during the Regional Victoria rollout, a new draft contract management plan was being prepared. It was not until early-2011, however, that contract management planning and operational documents were revised. This coincided with the staffing and skills profile of the contract management section being reviewed.

4.21   Following this review, HAS contract management resourcing was increased and included a dedicated business/data intelligence capability.[70] The increase in staff and the enhanced skills profile of the section has supported the use of improved business processes, data collection and analysis, and business and quality assurance approaches. As the Scheme expands to include metropolitan and remote areas, there would be merit in DBCDE regularly reviewing the capacity of the HAS contract management function to help ensure the effective delivery of key activities.

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[70]   This business/data intelligence capability moved to the compliance and data management section in January 2012.

Service contractor agreements and guidelines

4.22 Once a potential customer is assessed as eligible for HAS, qualified installers make an appointment with the customer to deliver services into the home. Installers are subcontracted by service contractors. The service contractor remains responsible for service delivery and, subject to the satisfactory performance of installers and the services delivered, the service contractor receives payment from DBCDE.

4.23 The two main sources of guidance for service contractors are the deeds for each rollout, and the *Digital Switchover Household Assistance: Service Contractor Practical Guide* (Practical Guide). The deeds and Practical Guide outline the obligations around the several service items available under HAS. These range from: tuning and demonstrating existing equipment[71]; to the supply and installation of STBs, external antennae and cabling; through to provision and installation of a satellite dish, converter, satellite STB and cabling.

4.24 The deeds and Practical Guide outline the rights and obligations of service contractors delivering HAS, including all ancillary requirements of Scheme delivery (for example, reporting requirements, liaison arrangements, subcontractor approval, warranties and audit). The documents provide practical guidance to service contractors and their subcontracted installers, who are from an industry that has limited experience in partnering with governments to deliver publicly-funded services.

Approval of subcontractors (installers)

4.25 As at 1 March 2012, 75 791 HAS services have been delivered in the first four rollout regions. The scale of the Scheme will increase as rollouts continue into metropolitan and remote areas, requiring a substantial skilled workforce. DBCDE initially approved 92 subcontracted installers for both service contractors at the commencement of the Regional Queensland rollout. The department subsequently approved an additional 95 subcontracted installers throughout the remainder of the rollout in Regional Queensland. As a consequence, the department requires appropriate subcontracted installer approval processes to ensure that Scheme risks are managed, that relevant

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[71] Customers may already have access to some, but not all, of the standard definition channels available in the customer's area.

quality assurance activities occur, and accurate information about the services delivered is reported.

Qualifications held by subcontractors under the Scheme

4.26 As previously explained, service contractors are responsible for delivering HAS services. The obligations imposed on service contractors under the deeds—including those addressing the use of subcontractors and their approval—provides DBCDE with assurances that HAS installers possess the requisite skills and are subject to a range of OH&S requirements. These requirements include: working in restricted spaces (ceiling and floor) and on roofs; the appropriate level of endorsement under the Antenna Installer Endorsement Scheme[72] or alternative competencies; and police checks.

4.27 The deeds entered into for each rollout list the subcontractors a service contractor proposes to use for the approaching rollout, and are approved by DBCDE upon the execution of the deed. Once a rollout has commenced, any additional subcontracted installers are required to be submitted to DBCDE for approval under Clause 9 of the deed of agreement. Figure 4.1 outlines the subcontractor approval process under Clause 9 of the deed.

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[72] Installers can obtain endorsement through the AEIS which is part of the digital switchover initiative. To qualify for endorsement, installers must undertake an on-line testing process, which assesses their skills and knowledge against industry agreed minimum standards. There are three levels of endorsement (based on the complexity of the systems to be installed): domestic, commercial and/or satellite.

Figure 4.1

HAS subcontractor (installer) approval process
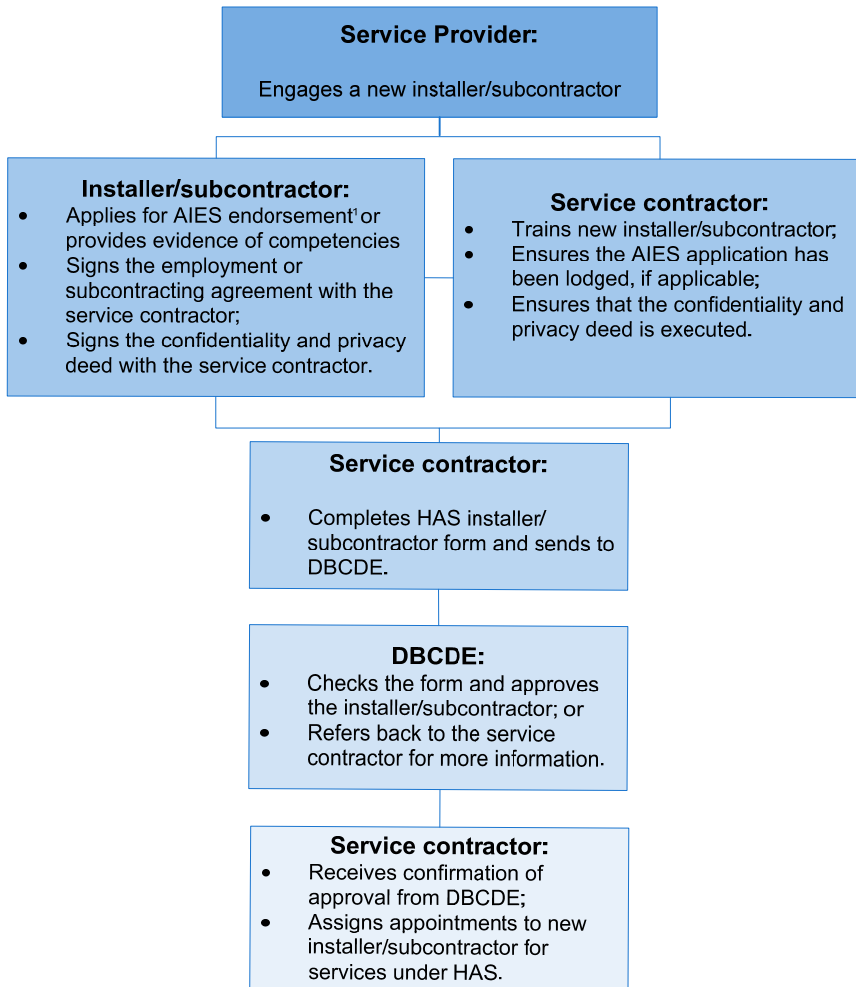
Note 1: In Regional Queensland, installers could be accredited through the AIES, or obtain competency through a registered training organisation.

Source: ANAO from DBCDE information.

Use of unapproved subcontractors by service contractors

4.28 Over the course of Scheme delivery, both service contractors have used subcontractors that had not yet been approved by DBCDE (unapproved subcontractors) to deliver services into the homes of customers, which is in breach of the deed of agreement with DBCDE. Using unapproved subcontracted installers to provide HAS services limits the assurance the department has that minimum qualification and quality standards have been

met, and that management information[73] received from DHS accurately reflects the types of services delivered.

4.29 As part of the quality assurance reviews undertaken by the contract management section on the data provided by service contractors, in February 2011, DBCDE found that some services had been delivered by an unapproved installer during the Regional Victoria rollout. As a result, the relevant service contractor's invoices were rejected for payment. The service contractor could not provide the department with evidence of approval and, as a result, the service contractor sought permission to resubmit invoices, having removed claims for work completed by unapproved subcontractors.

4.30 In March 2011, the department acknowledged that a formal, standard process for approving subcontractors had not been previously implemented and acknowledged that retrospective approval of installers had occurred. In consultation with the service contractors, DBCDE developed an installer approval process and introduced an installer approval request form: *Household Assistance Scheme Installer/Subcontractor Approval Application Form*. The form clearly states that subcontractors 'can only commence installations/appointments from the date approved by the Household Assistance Scheme'. DBCDE advised service contractors that it would no longer approve installers retrospectively. Further, any work identified as being undertaken by an unapproved installer would be treated as a breach of the deed, and would result in financial penalties being imposed.

4.31 During the Regional Queensland rollout, DBCDE identified further cases of unapproved installers delivering HAS services. The service contractor concerned could not provide evidence of having requested approval for the identified installer. The invoices were rejected by the department and the department sought advice from the department's Legal Services Group regarding possible breaches of the deed of service agreement. The advice presented the department with several options. Having considered the advice received, the department's policy on payments, and submissions made by the service contractor, the department decided to withhold payments for all installations undertaken by unapproved installers. The service contractor was

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[73] Chapter 2: *Program Design and Implementation* describes the systems and processes in place to transfer data and management information from DHS to DBCDE under the terms of the MoU between the agencies. DHS retains day-to-day responsibility for collecting data under the Scheme. DBCDE remains responsible for ensuring subcontracted installers are approved to deliver services under the Scheme.

advised to resubmit all invoices and backing data with amounts for the unapproved installers removed. As at 1 March 2012, a total of $197 815 has been withheld from service contractors for works completed by up to 11 unapproved subcontracted installers, involving up to 922 installations.

Police checks and other safeguards

4.32 Service contractors are required to ensure that installers have a current police check in place before delivering HAS services into homes. For the Mildura/Sunraysia pilot through to Regional Victoria, if required by the Commonwealth, the service contractor, at their own expense, had to undertake a police check of all subcontractors that would enter customers' homes. The formal requirement for installers to have a police check was introduced in the draft deed of service agreement accompanying the RFT for the Regional Queensland rollout. The HAS contract management section has since reviewed and modified business rules around police checks and service contractors are now required to provide all police check documentation to DBCDE. The strengthened arrangements for police checks provide the department with additional assurance regarding the subcontracted installers delivering HAS services.

4.33 The deeds between DBCDE and the service contractors also establish a number of additional safeguards for customers. The service contractor must:

- comply with the requirements of DBCDE's security policies;

- ensure that all digital television installers wear clear identification badges and use the nominated password provided by a customer; and

- ensure that all installers comply with the obligations of the deed between the service contractor and the department.

Training of installers

4.34 Subcontractors undertaking HAS installations are required to be provided with training by service contractors. Although training is a requirement of the deeds, DBCDE does not prescribe how the training is to be delivered, with the onus being on the service contractor to ensure that the installers are adequately prepared and trained to deliver HAS services.

4.35 In November 2011, the ANAO accompanied a representative of DBCDE to training sessions for installers of both service contractors. Installers attending this training are given a detailed manual outlining information about HAS and training covering:

- technical aspects of the HD STB and antenna installation;

- safety processes, installation practices and OH&S requirements, including a new section on working with asbestos[74];

- inventory management; and

- customer service.

4.36 One service contractor enlisted aged-care professionals to develop a training package for their installers, including their internal customer service staff. Additional training specific to visual impairment and use of a 'Talking STB' was arranged through Vision Australia.[75] The regular review of training delivered by service contractors would better place DBCDE to gain a greater level of assurance that the training provided to installers is up-to-date and relevant, and would help to ensure contractor compliance with the requirements of the deeds.

4.37 In general, service contractors are meeting the requirements imposed under the deeds in respect of the approval of, and qualifications held by, subcontractors. While the use of unapproved subcontractors has occurred, it has been limited. The strengthened arrangements regarding the approval of installers will assist DBCDE to ensure that HAS services are only delivered by qualified and approved installers.

After-care and warranty services under HAS

4.38 The circumstances of householders targeted for assistance by HAS means that they may have a higher dependency upon post-installation care, technical support and warranty services to successfully switchover to viewing digital-only television.

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[74] In September 2011 (during the Regional Queensland rollout) HAS and the department's Satellite Subsidy Scheme (SSS) were temporarily suspended due to indications that a small number of installations under SSS had been completed in premises where asbestos-containing material was present or presumed. Under existing OH&S obligations in the HAS services deed, and consistent with requirements of Queensland legislation and regulators, HAS service contractors incorporated a safe work methodology specifically addressing the management of asbestos-containing materials. Revised training, manuals and procedures have been developed to support HAS installers who are required to work with asbestos-containing materials.

[75] The 'Talking STB', which was developed and rolled out through a trial in Regional Victoria, was designed to improve access for customers who are blind or have vision impairment. These STBs have a mixed audio description and a 'talking' menu and electronic program capabilities.

4.39   Under the terms of the deed, a service contractor must provide post-installation services, including a warranty for HAS services delivered. Service contractors must:

> arrange for and/or provide an in-home 12 month warranty for faulty parts, manufacture or workmanship relating to the set-top box, cabling, antenna, installation and Satellite Services provided by the Service Contractor for each Customer …

> including a warranty on the STB, antenna, cabling and/or satellite dish, and:

> a 12 month in-home warranty for faulty workmanship relating to the Service Contractor's provision of the Services and any other after-installation services the Service Contractor may offer.

4.40   While the cost of services provided under HAS incorporates the warranty services required to be provided by service contractors under the deeds, the after-care costs may be embedded in any number of cost elements depending on the commercial/pricing decisions made by the service contractor. DBCDE does not incur any separate or additional costs associated with the service contractors' provision of after-care and warranty services.

4.41   Both service contractors are required to provide DBCDE with reports on the number and types of enquiries received in relation to after-care and warranty issues under the deed. The 85 326 HAS installations delivered under the Scheme to 1 March 2012 have given rise to 38 after-care and warranty enquiries. Of these, 25 related to one service contractor, and 13 related to the other service contractor.

4.42   Most after-care and warranty enquiries related to customers' use of the STB and remote, or issues regarding missing channels that are able to be resolved over the telephone or by an installer performing a STB re-scan.[76] Around 90 per cent of after-care and warranty enquiries are resolved over the telephone. The remaining ten per cent of enquiries result in an installer being assigned to attend a customer's home to (most frequently) re-scan equipment.

4.43   There would be merit in DBCDE continuing to analyse post-installation service issues (including complaints) as this will help to identify specific

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[76]   Re-scanning involves an installer tuning and testing the STB to ensure all local digital television channels available in a customer's area are available for viewing.

after-care and warranty issues and better prepare the department for the significant scaling up of the Scheme.

Payments to service contractors

4.44   Before payments are made to service contractors, evidence is required that the goods and services have been received or delivered and have met the required standards of performance.

Data reconciliation and payments for the Mildura/Sunraysia pilot and Regional South Australia and Broken Hill rollout

4.45   The actual number of tax invoices received by DBCDE is limited, as invoices are only required to be submitted monthly. However, the information accompanying each invoice submitted by a service contractor is extensive, and requires detailed compliance checking to ensure services delivered substantiates the amounts claimed.

4.46   Service contractors are required to provide the department with an invoice for the previous month no later than 21 days after the month has concluded. Payments are to be made within 30 days of provision of a correctly rendered invoice. As part of the reporting requirements in the deeds, invoices must be sent to DBCDE along with all customer installation forms and 'backing-data'.[77] DBCDE developed a data reconciliation process that was to be completed by the department prior to the service contractors presenting tax invoices for each installation form provided by the service contractors. DBCDE staff were required to review the installer details, service types claimed (ensuring cost elements match service types delivered), the Modulation Error Ratio (MER) data for all installations, with an additional reading for external antennae[78], signatures and dates, and the customer's declaration.

4.47   Where the data matched the information provided, an email was generated to request the service contractor to submit a corresponding tax

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[77]   Backing-data is all the information that is collected by the installer/subcontractor, including the: job identification number; installation identification number; customer/agent name; customer address; antenna/aerial eligibility indicator; date work order created; installation date; installer's name; service type, service levels, incentive payment with specification of the installation completed within 3 weeks, 3–4 weeks or 4–6 weeks; STB serial number; STB cost elements; total installation cost; service dates; lowest Modulation Error Ratio (MER) reading at outlet; lowest MER reading after antenna installation/upgrade.

[78]   MER is a measure used to quantify the performance of a digital radio transmitter or receiver in a communications system using digital modulation. MER is calculated from the average power of the signal and is defined in decibels.

invoice to DBCDE for all service delivered by approved subcontractors. Where the data did not match the information provided, the service contractor was informed that it must resubmit correct information and a tax invoice.

4.48   In February 2011, DBCDE developed further backing-data checks to identify any duplicates and unapproved installers in the data sent by service contractors. Where any errors or anomalies were found, DBCDE officers created an error spreadsheet to send to the service contractors via email prior to requesting a tax invoice.

4.49   The service contractors informed the ANAO that generally invoices were being paid in a timely manner, although there was inconsistency in the way each invoice was assessed and any anomalies were managed. Service contractors also informed the ANAO that earlier communication from the department around changes to payments processes would have been beneficial.

Revised payment processes for Regional Victoria and Regional Queensland

4.50   In September 2011, revised business processes for quality assurance of the backing-data and invoices submitted by the service contractors were developed by DBCDE to further enhance HAS financial management controls. These processes were further updated in April 2012, and distributed to service contractors within the revised Service Contractor Practical Guide.

4.51   Fifteen key quality assurance (QA) checks were to be completed against tax invoices and supporting documentation.[79] The installations included in each invoice are checked against the approved installer register, and invoices are rejected if an unapproved subcontracted installer is listed. In addition to the QA reviews, further reviews are undertaken on the backing-data and on incentive payments (discussed below) prior to receiving approval for payment by DBCDE.

Incentive payment checks

4.52   To encourage more timely service delivery, HAS deeds include incentive payments, which are awarded if installations are completed within established thresholds. Incentive payments were introduced after the Mildura/Sunraysia pilot rollout, and were in place from the Regional South Australia and Broken Hill rollout. Incentives are paid based on the time taken

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[79]   Appendix 4 outlines the 15 QA checks undertaken on all invoices and backing-data provided to DBCDE.

to deliver services, following a service contractor's initial contact with a customer. The three levels of incentive payment are:

- 10 per cent—within three weeks;

- five per cent—three to four weeks;

- two per cent—four to six weeks.

4.53 Table 4.2 outlines the incentive payments that have been made or accrued under HAS.

Table 4.2

Incentive payments made or accrued under HAS to 1 March 2012

Rollout region	Incentive payments
Regional South Australia and Broken Hill	$179 845
Regional Victoria	$191 610
Regional Queensland	$131 604
Total	**$503 059**

Note: The total amount for Regional Queensland is yet to be finalised.

Source: DBCDE.

4.54 The amount of fees paid to service contractors for the first four rollouts as at 1 March 2012 totals approximately $17.34 million (which includes accrued fees). Incentive fees paid to service contractors represents 2.9 per cent of all fees paid in respect of services delivered under the Scheme.

4.55 In April 2011, the department commissioned an internal audit to assess the controls around verification and payment of contractor invoices. The internal audit found that incentive payments were being claimed at the maximum rate and that reviews on incentive payments amounts were not being conducted as part of the invoice and backing-data checking process prior to payment of service contractors.

4.56 In June 2011, DBCDE introduced new procedures to ensure that the incentive payments attached to invoices were being verified prior to approval to ensure that the contractor had adhered to the established incentive scheme requirements and timeframes as specified in the deed. The parameters of the incentive payments regime has also changed in respect of the commencement date for incentive payments. For Regional South Australia and Broken Hill and Regional Victoria, the commencement date for calculating the incentive was set as the date of the service contractor's initial contact with the customer. From

Regional Queensland, DBCDE strengthened the provisions around incentive payments so that the commencement of the incentive period begins from the date DHS provides the service contractor with the customer's details. Service contractors were informed of the changes to incentive payments and the new business processes as part of the regular monthly contract management meetings.

Conclusion

4.57   Given the anticipated number of HAS services expected to be delivered during the life of the Scheme, a significant network of installers is required to provide equipment and services to assist eligible customers to make the switch to digital-only television. To date, DBCDE has engaged two service contractors who, between them, engage several hundred subcontracted installers. During the early, smaller rollouts of HAS, DBCDE has been able to establish a sound relationship with service contractors, developing systems and processes to enable the department to focus on achieving the aims of the Scheme. This has resulted in DBCDE being able to work quickly to address problems and introduce Scheme improvements, for example: the strengthening of the subcontracted installer approval process; strengthening police check requirements for installers; the introduction of specific training and processes to enable installers to work safely; and improving the timeliness of HAS installations by introducing an incentive payment regime.

Quality assurance activities

4.58   As HAS is delivering services into the homes of elderly and disabled people, a robust quality assurance (QA) program is necessary to provide appropriate assurance regarding the quality of the service delivered.

4.59   DBCDE, working with DHS and service contractors, has progressively refined existing HAS QA arrangements and introduced more stringent requirements over successive Scheme rollouts. The QA activities covering HAS services are undertaken by: DHS, service contractors, and DBCDE's External Quality Assurance Program (EQAP).

Quality assurance activities undertaken by DHS

4.60   Under the terms of the MoU, DHS is responsible for conducting (an agreed five per cent) QA interviews with customers that have had an installation completed under the Scheme. As part of the QA process, DHS officers ask identified customers a series of questions about the services they

received under HAS, for example: 'how satisfied were you with digital television; and were you satisfied with the service received from the digital television installer'. Since the commencement of the Scheme in January 2010 to October 2011, DHS officers had interviewed a total of 2043 customers. The interviews indicated that:

- 1744 (82 per cent) customers were satisfied with the service they received from the digital television installer;

- 117 (six per cent) customers were dissatisfied with digital television generally (but not necessarily the Scheme);

- 182 (nine per cent) were 'neutral', neither satisfied nor dissatisfied with digital television.

4.61 Of those customers that were dissatisfied, the most common reasons related to:

- customers having difficulties with their digital reception (18—less than one per cent of interviewed);

- customers claimed litter had been left in their home or their home had been damaged during the installation (10—less than one per cent of those interviewed)[80]; and

- customers claimed they were charged money during the time of servicing (two—less than one per cent of those interviewed).[81]

4.62 DHS provides all QA data to DBCDE, which the department analyses and uses to inform further compliance reviews on services completed under HAS against deeds.[82] The department advised that corrective action is taken where issues are identified through DHS QA activities. For example, where a service contractor (or subcontracted installer) has either damaged property or inappropriately charged for work undertaken, the department contacts the service contractor to determine the basis of the issue identified. Remedial

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[80] In general, the issues raised under this category did not relate to damage caused to homes during installation. However, DBCDE's records were not complete and follow-up actions were not recorded for all issues raised. The department has indicated that it is currently confirming escalation processes internally and with DHS.

[81] In both cases, DBCDE investigated and confirmed that incorrect charging had not occurred.

[82] Since October 2011 to April 2012, DHS has undertaken a further 972 QA interviews with customers that have received a service under HAS. The results of these interviews have not been analysed by the ANAO.

action may include the requirement to repair any damage or repay relevant service charges.

QA activities undertaken by service contractors

4.63   DBCDE specifically required service contractors to undertake quality assurance audits on not less than five per cent of all services provided under each deed. The audits were to review the: quality of workmanship; obtain evidence of any over-servicing, such as providing an external antenna when not eligible or required; and to determine customer satisfaction and the contractor's compliance with the deed. From the Regional Queensland rollout onward, the deeds have included a template that must be used for QA reporting.

4.64   DBCDE further strengthened quality assurance requirements for service contractors in the deeds established for the Regional Queensland rollout. The department adopted the QA framework from the Satellite Subsidy Scheme (SSS), which required service contractors to provide assurance over additional aspects of service delivery, such as:

- the application of and compliance with OH&S requirements as specified in the deed and all other applicable laws; and

- processes and procedures implemented by the service contractor comply with, are consistent with, or demonstrate comparable performance standards to the requirements of AS/NZS ISO 9001:2008.[83]

4.65   In addition, service contractors were required to submit a draft Quality Assurance Plan to DBCDE during the certification period[84], which once approved, would form the basis for monitoring, evaluating and reporting on the service contractor's implementation of QA procedures, processes and inspection methods.

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[83]   ISO 9001:2008 specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide products that meet the needs of customers and applicable statutory regulatory requirements and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement of the system and the assurance of conformity to customer and statutory regulatory requirements.

[84]   The certification period means the time between contract execution and finalisation of the contractors' procedural documentation that is required to be in place to support the deed. Unless agreed otherwise, certification must be finalised before the service contractor can commence work.

4.66 The QA performance targets are measured against a combination of live on-site audits[85] and post-installation audits (randomly selected technical, customer service and safety audits) of all subcontracted installers by the service contractor. The audit requirements comprised: two per cent of post-installation audits, and three per cent of customer satisfaction/OH&S phone audits. DBCDE provided both service contractors with a template to be used to ensure consistency in reporting. The service contractor QA Self Check Report includes information on: the total number of customers audited against the total number of installations for the month; and a breakdown of the service types.

Reporting QA data

4.67 The service contractors have provided monthly QA reports to DBCDE since the Regional Victoria rollout. At the completion of each switchover region, service contractors also provide an overall report of QA activities and issues identified. For example, in relation to the closure report for Regional Victoria, one service contractor's report highlighted that it had completed 402 QA visits since the commencement of the Scheme in Victoria. Additionally, there were a further 180 post-installation QA activities scheduled over the month of June 2011. The service contractor also conducted further QA activities on 100 per cent of its subcontractors' installations, which involved reviewing completed documentation and quality assurance photos submitted by the subcontracted installers.[86]

4.68 The deeds also require service contractors to collect and retain information on each installer, such as certifications, as the service contractors can be required by the department to deliver subcontractor documentation for QA or review. DBCDE has undertaken random QA reviews of subcontractors for Regional South Australia and Broken Hill, Regional Victoria and Regional Queensland. The department generally informs the service contractors of the

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[85] Live on-site audits are those undertaken by a technician who inspects the subcontracted installer's work as it is being undertaken.

[86] Both service contractors have made the provision of photographic evidence of installations a requirement for each subcontractor for each HAS installation. Subcontractors take photos of the work undertaken, including installation of the STB, any cabling work, antenna installation and a photo of the customers using the quick reference guide, and a photo of the customer's remote control. These photos are time and date stamped and are attached to all installation forms that are sent to the service contractor. This requirement provides another level of assurance that the subcontractors/installers are invoicing for works completed. These photos also provide assistance to call centre operators when speaking to customers in relation to after-care or warranty issues.

QA review of their subcontracted installers and requests: signed confidentiality and privacy deeds; AIES approval, including the level of endorsement, expiry date and endorsement number; and evidence that training has been completed and passed, including OH&S requirements.[87]

4.69 In addition, from May 2011, DBCDE has also sought confirmation from each service contractor of compliance with AS/NZS 62087.2.1:2008[88], and compliance with minimum energy performance standards (MEPS) requirements for digital television STBs.

DBCDE's External Quality Assurance Program

4.70 The QA arrangements for HAS were further strengthened, when DBCDE approved funding for the establishment of the External Quality Assurance Program (EQAP) in November 2011. EQAP provides an independent assessment of the quality of installations completed under HAS by verifying that installations comply with HAS deeds, laws and applicable industry standards, such as those concerning the handling of asbestos. HAS EQAP was based on the lessons learned from the trial external quality assurance program under SSS.

4.71 DBCDE engaged a consultant to develop and manage EQAP inspections of installations under both HAS and SSS in remote and Regional Queensland. DBCDE initially planned for external inspections to be completed retrospectively in Regional Victoria and in Regional and remote Queensland. However, the scope of the project was subsequently reduced and Victoria was removed.[89] A total of $2 million has been approved for inspections to be undertaken in remote and Regional Queensland.

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[87] While the department's random QA reviews identified missing or incomplete documentation retained by service contractors, for example documentation to demonstrate that external OH&S training had been completed, police check documentation was provided for all subcontracted installers (in accordance with the Regional Queensland deed). In each case where the department identified missing or incomplete documentation, the service contractor was contacted and was required to address the issue.

[88] This standard relates to the expansion of AS/NZS 4665—testing power supplies to the Minimum Energy Performance Standard, to include the listing of audio video and related equipment, including digital STBs.

[89] The scope of EQAP was reduced because it was considered that post-installation inspections approximately six months after the switchover date would be likely to increase the risk of confusion among HAS customers and adversely impact installer resources. Ultimately, the department concluded that performing EQAP in regional Victoria would not be a sufficiently efficient or effective use of public funds. Accordingly, both the scope and budget were reduced through the removal of Regional Victoria inspections.

4.72   Under EQAP, three types of HAS inspections are proposed:

• desk-top review of service contractors OH&S management systems;

• two per cent (490) live, on-site OH&S inspections; and

• three per cent (675) post installation technical inspections.

4.73   The desk-top review of service contractors OH&S management systems provides assurance that service contractors have OH&S systems that have been certified under the current Australian and New Zealand Standard for Occupational Health and Safety Management (AS/NZS4801 Safety Management Systems), and the systems are being used to manage OH&S issues.

4.74   The live on-site inspections involve the review of appropriate OH&S training and equipment and help to ensure that subcontractors adhere to OH&S requirements throughout the installation work. These inspections are selected on the basis of HAS risks. The selection also takes into account intelligence from other contract management activities on potential areas of underperformance by service contractors. The post-installation technical inspections provides the department with assurance that equipment has been installed by subcontracted installers in compliance with industry standards. Table 4.3 shows the number of EQAP inspections completed as at April 2012.[90]

Table 4.3

EQAP desktop reviews and inspections completed for HAS

EQAP inspections	OH&S desktop reviews	Live on-site inspections	Post-installation technical inspections
Estimated number	2	490	675
Actual number	2	169	565

Note: The actual number of live on-site inspections is considerably lower than anticipated due to a range of factors, such as cancellation and changes to the installation schedule, geographical distance between scheduled installations and weather conditions preventing inspectors attending some scheduled inspections.

Source: ANAO from DBCDE information.

4.75   As at April 2012, the desk-top reviews of service contractors' OH&S management systems have been completed. No significant issues were found,

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[90]   DBCDE recently informed the ANAO that all EQAP inspections were completed in May 2012 with a final report to DBCDE expected in late-June 2012.

with the service contractors accepting and implementing recommendations arising from the reviews. Of the 169 live on-site inspections that have been completed, five issues were found which initially resulted in the temporary suspension of three subcontracted installers. These issues were identified within the first two weeks of the EQAP inspections commencing, and there have been no further OH&S issues identified that warrant escalation to the service contractors or the department. A total of 565 post-installation inspections have been completed under EQAP. Key findings related to antennae signal strength and the quality of the installation. All findings were escalated to service contractors for remediation actions.

4.76 The department has identified a number of lessons learned from the Regional Queensland EQAP activities, which can be used to enhance the EQAP for subsequent rollouts. These include: referencing Work Health and Safety (WHS) to incorporate the new WHS regime; sourcing of installation data from DBCDE to ensure consistent data for selection of EQAP targeted inspections; introduction of 'unannounced' live on-site WHS inspections to create a level of deterrence; expanding the scope of live on-site inspections to include information on the MER measurements used and checks that installed equipment is working appropriately; and reporting templates to escalate cases from the inspections.

Conclusion

4.77 DBCDE has progressively strengthened QA arrangements for the Scheme. The development of a new QA framework and the requirements on the service contractors to submit, and have approved, a Quality Assurance Plan, which forms the basis for monitoring, evaluating and reporting on service contractors' implementation procedures and inspection methods, assists the department to better monitor compliance with the deeds. The establishment of EQAP, to provide independent assurance to DBCDE regarding the quality of installations under HAS also better positions the department to: monitor service contractor compliance with OH&S requirements; and provide the department with assurance that equipment has been installed in compliance with industry standards.

Complaints management

4.78 As DBCDE, DHS and service contractors are responsible for different elements of HAS, it is important for DBCDE to ensure that all organisations involved have a clear understanding of their responsibilities when addressing

customers' complaints. The information gathered from complaints and enquiries provides important information on program delivery issues.

4.79 HAS complaints handling processes are set out in DBCDE's Scheme guidelines, complaints handling guidelines and factsheets. Together, these documents explain processes for allocating, investigating, escalating, reviewing and finalising complaints. A complaints procedure is also set out on the Digital Ready website. It gives customers and others (for example, carers and relatives) the opportunity to make complaints and enquiries about the Scheme.

4.80 DBCDE has set out and communicated policy and procedures for the demarcation and management of complaints handling for all agencies and organisations engaged to deliver HAS. Each organisation has its own internal complaints handling procedure and measures are in place to appropriately allocate complaints to the responsible organisation. The HAS Branch within DBCDE manages and resolves complex complaints escalated to it about service contractors.

4.81 Complaints regarding HAS have been received from a range of sources, including: written correspondence (email/letter) from customers; the Digital Ready Information Line; DHS and DVA; Ministers' Offices and offices of Members of Parliament; and service contractors.

4.82 The HAS *Complaint Guidelines*, indicates that complaints should be resolved within 14 business days and, in those cases where it will take longer than 14 days, the customer should be notified. Of the complaints closed, 78 per cent were closed within 14 business days. The average timeframe was nine business days, but this does not take into account the high variability among timeframes, as 60 per cent were closed within two business days, but 22 per cent took more than 14 business days. Table 4.4 shows the rate of complaints made about HAS per rollout.

Table 4.4

Proportion of total HAS complaints, by switchover region to 26 April 2012

Region	Number of complaints	Number of HAS services	Complaint rate
Mildura/Sunraysia pilot	84	2489	3.3
Regional South Australia and Broken Hill	217	10 982	3.2
Regional Victoria	285	30 427	0.9
Regional Queensland	510	31 893	1.5
Total	**1096**	**75 791**	**1.4**

Note: As the service contractors are required to provide 12-month after-care and warranty for 12 months following installations, complaints can be received following switchover in a region.

Source: DBCDE.

4.83   The most common types of complaints and enquiries received under the Scheme related to issues with digital reception, eligibility for assistance (including ineligibility for antenna and external cabling), customers not receiving all digital channels available in their area, and customers having difficulty in using equipment or using new equipment with their existing equipment. The majority of complaints referred to service contractors (around 90 per cent) were resolved by service contractors guiding a customer over the telephone, using the service contractor's call centre. The remaining complaints resulted in a service contractor scheduling a subcontracted installer to visit a customer to rectify a problem. Most often, an in-home after-care and warranty visit resulted in the installer re-scanning (tuning) the STB to remedy reception and tuning issues.

Conclusion

4.84   Obtaining and recording customer feedback provides departments with the opportunity to gain customers' perceptions and expectations of service delivery and identify areas for improvement. It can also act as an early warning mechanism for emerging issues and provide important information about the organisation's performance. Under the agreements currently in place with service contractors and the MoU with DHS, DBCDE has in place mechanisms to receive and manage complaints relating to HAS. The department has generally addressed complaints promptly and DBCDE has used the information obtained from complaints to incorporate improvements into the delivery of the Scheme.

5. Scheme Performance and Reporting

This chapter examines DBCDE's scheme performance and reporting arrangements for HAS.

Introduction

5.1   Establishing a sound performance monitoring and reporting framework enables agencies to assess the progress of schemes against objectives, learn from and improve scheme delivery over time and inform management decision-making.

5.2   In accordance with the Australian Government's Outcomes and Programs Reporting Framework, each public sector agency must assess and report to the Parliament the progress and performance of programs for which it has responsibility. The ANAO examined DBCDE's performance, monitoring and reporting arrangements for HAS.

5.3   In relation to HAS, DBCDE's 2012–13 PBS identified the following outcome:

> Outcome 1: Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.[91]

5.4   In support of this Outcome, DBCDE has established three programs. HAS contributes to Program 1.3:

1.3 Broadcasting and Digital Television
Program objective:
Ensure the smooth switchover to digital only television by the end of 2013.
Support access to high quality, innovative and diverse broadcasting services that deliver content consistent with Australia's diverse community expectations.

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[91]   DBCDE PBS 2012–13, p. 19.

5.5   The delivery of Program 1.3 is linked to the activities of DHS, with HAS to be delivered 'in close cooperation with DHS, which plays a key role in the delivery of the Digital Switchover Household Assistance Scheme'.[92]

Measuring performance

5.6   Both qualitative and quantitative program-level key performance indicators (KPIs) should be included in an agency's PBS as measures against which program and agency performance can be assessed. The HAS-specific KPIs initially focused on the broader digital switchover initiative, reflecting the size and scale of the Scheme at that time. As the Scheme has matured, and HAS installations commenced, performance indicators changed from descriptive, qualitative measures—emphasising the purpose of the Scheme—to a quantitative target: *the number of HAS installations delivered to households*. The quantitative key performance indicator provides further insights into Scheme progress.[93]

5.7   As the largest component of DST's overall digital switchover program, there would be merit in DBCDE developing and reporting against a balanced set of performance measures and targets for HAS, including both qualitative and quantitative measures. These measures should allow an assessment, over time, of the extent to which HAS is achieving the objectives set by government, better inform management decisions and support greater accountability to stakeholders.

Scheme performance

5.8   Information about the performance and outcomes of HAS achieved to date demonstrates the scaling-up of the Scheme, and the need for DBCDE to plan for future growth as the larger metropolitan rollouts commence. The ANAO examined the costs associated with the Scheme and the services delivered, as well as take-up rates.

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[92]   ibid., p. 31.

[93]   Appendix 5 outlines HAS-specific KPIs as included in DBCDE's PBS since 2008–09.

HAS expenditure

5.9   As originally announced, the budgets for all three phases of the Scheme to the end of December 2013 totalled $381.4 million.[94] As at 1 March 2012, DBCDE expenditure totals $37 million under the Scheme, which represents 9.7 per cent of the budgeted amount. This relatively low level of expenditure, to date, reflects the:

- small population areas that have been serviced by the Scheme to date— metropolitan regions with significantly higher populations are currently scheduled to switchover in 2013;

- lower-than-expected take-up rate of the 'safety net' assistance offered under the Scheme; and

- conservative approach taken by the DBCDE when developing budgets for rollouts.

Cost of HAS service types by rollout

5.10   A basic HAS service includes: the delivery and installation of a HD STB specially designed for the Scheme for use by older and disabled people; cabling from the STB to the antenna socket; STB and remote control; tuning and set-up; instruction given to the customer on how to use equipment in the home and guidance material; and a 12 month after-care and warranty package on all equipment and services, including access to a call centre helpline for the duration of the Scheme.

5.11   The lowest costs are typically incurred where customers are delivered a HD STB to their home and decline the installation services, but receive the other services offered as part of the assistance package, such as the after-care and warranty service, and access to the telephone help-line operated by the service contractors. Complex HAS installations typically include all services described, and the delivery and installation of a satellite dish and cabling for remote-area use or installation of an antenna and cabling.

5.12   The cost of HAS installations varies considerably, due to a range of factors, including: existing cabling and equipment; existing external cabling

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[94]   As a demand driven program, any funds not required have been, and will be, returned to consolidated revenue.

and antenna (for eligible customers); and additional factors such as signal strength, orientation, topography and degree of remoteness.

5.13   During the development and design of the Scheme in late-2008, the cost of an HD STB (box only) suitable for customers targeted by HAS, was estimated to be $100. At that time, the cost of a basic STB was between $40 and $200. When determining the cost of a HD STB for disabled or older users, the department determined that it was not appropriate to provide customers with a basic model. A range of other issues were identified for the demographic most in need of practical assistance, most significantly, the option to include closed caption capabilities, and easy-to-use menus and remote controls. Further, the need to insulate customers against future platform changes meant that $100 was considered an appropriate basis for costing the core STB technology underpinning the Scheme. The department considered that a less expensive STB, not capable of being upgraded easily as improvements in technology emerged, would subsequently incur additional costs to government.

5.14   Based on the UK Help Scheme switchover experience, DBCDE estimated antenna and cabling work at between $300 (low-gain antenna) and $700 (high-gain antenna) per installation for parts and labour. The cost, including parts and labour, of providing a full satellite assistance package to remote areas was estimated to be $1200. Table 5.1 outlines the indicative costs of HAS installations across the early rollouts of the Scheme, up to and including the Regional Queensland rollout.

Table 5.1

Indicative cost of HAS installations delivered to customers, by rollout

Rollout	Lowest indicative cost	Highest indicative cost
Mildura/Sunraysia pilot	$176.56	$718.98
Regional South Australia and Broken Hill	$256.20	$881.23
Regional Victoria[1]	$157.07	$893.82
Regional Queensland[2]	$181.31	$1590.42

Note 1:   The figures are based on data held in the Switchover Assistance Management System (SAMS) as at 1 March 2012.

Note 2:   As at 1 March 2012, invoicing has not yet been finalised for the Regional Queensland rollout, and Regional South Australia and Broken Hill and Regional Victoria data is still being imported into SAMS.

Source: DBCDE.

5.15   As a 'safety net' scheme, the costs of HAS installations extend beyond the cost of equipment, including the STB and cabling. As discussed previously (in paragraphs 4.38–4.43), a key feature of the Scheme is the after-care and warranty arrangements that support the practical assistance that older and disabled people need to successfully switch to digital-only television.

Households receiving HAS services

5.16   The number of potentially eligible households approached by DHS is significantly larger than those found eligible for assistance under the Scheme or the   number of HAS installations. Figure 5.1 outlines those households found eligible for assistance, households that receive at least one HAS service in their home, compared with the number of potentially eligible households.

Figure 5.1

Potentially eligible households, eligible households, and households receiving HAS services
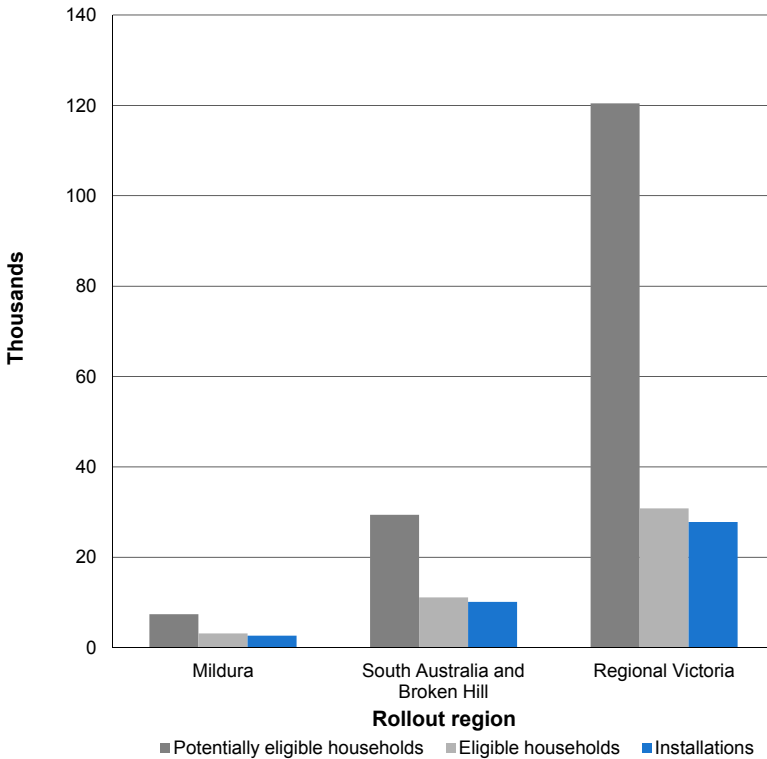
Source: ANAO analysis of DBCDE HAS performance monitoring information.

5.17   For the first three completed HAS rollouts, on average around 92 per cent of households found eligible to receive a service under HAS, go on to receive assistance. The most common reasons why eligible householders do not go on to receive a HAS service is that they decide they no longer require HAS assistance, usually because they have converted to digital television independently.

Estimated take-up rates compared against those realised

5.18   The rates of HAS take-up compared to those estimated by DBCDE provides an indication of how DBCDE initially designed the Scheme and planned program implementation, and how the department adjusted its approach to future rollouts. For the Mildura/Sunraysia pilot during 2009–10, DBCDE estimated that up to 55 per cent of households invited to test their

eligibility for assistance would go on to receive assistance. With 2489 households assisted in Mildura/Sunraysia, and approximately 34 per cent of those invited actually received assistance under HAS.[95]

5.19 In the second financial year of the Scheme (2010–11), DHS sent 291 920 initial letters inviting households to test their eligibility for assistance. The target for assistance was stated as 61 000 households.[96] This target represents about 21 per cent of households invited to test eligibility. Of these households, 37 838 received HAS services in 2010–11, representing 13 per cent of the total number of initial letters sent.

5.20 For 2011–12, the target for HAS installations was 128 000. In the 2012–13 Budget, this figure was subsequently revised to 90 000. The final number of households assisted in 2011–12 year is yet to be determined. Information communicated to the market for the purposes of the RFT for the Regional Queensland and Regional New South Wales rollouts, estimated maximum take-up to be 45 and 37 per cent, respectively. Figure 5.2 summarises take-up forecasts against take-up rates realised, and provides the rates expected to be realised for Regional Queensland and Regional New South Wales rollouts at the time of releasing the RFT to the market.

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[95] The actual number of installations for the Mildura/Sunraysia is lower than the figure reported in DBCDE's 2009–10 Annual Report (2562) due to the updated data provided to DBCDE from the service contractor following the publication of the Annual Report.

[96] DBCDE PBS 2010–11, p. 34.

Figure 5.2

Estimated and realised take-up rates, by financial year or rollout
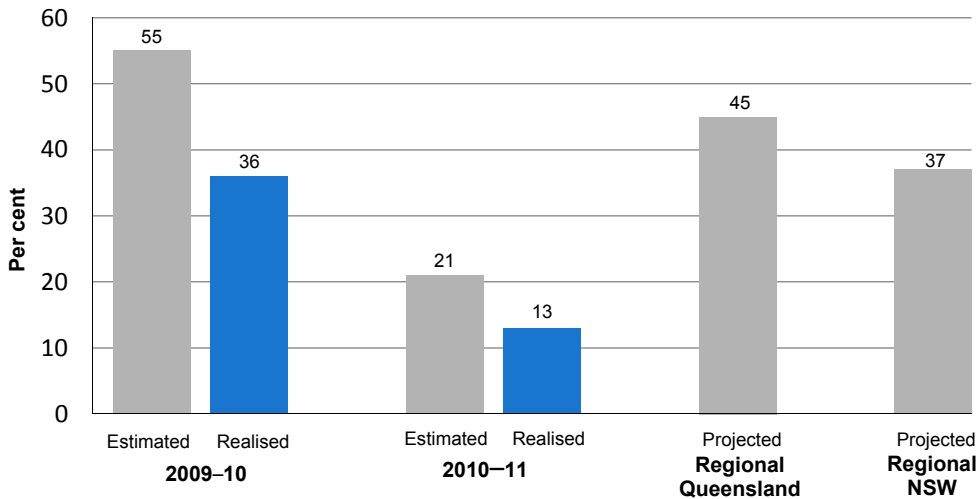
Notes: Rounded figures.

Source: DBCDE PBS, Annual Reports, DBCDE information.

5.21   As figure 5.2 highlights, realised take-up rates have been considerably lower than those estimated by the department to date. In papers prepared for the 2010–11 Budget process, DBCDE identified lower than anticipated take-up by households seeking assistance under HAS. DBCDE indicated that the higher take-up rate estimates included in RFTs are a consequence of HAS being a demand-driven Scheme and the department taking a conservative approach to its implementation.

5.22   Projecting accurate maximum take-up rates, based on lessons learned from earlier rollouts has been challenging for the department. As discussed in Chapter 3, while separate procurement processes were conducted for each region, aspects of the process were undertaken in parallel, that is, while one rollout was in the negotiation phase, the RFT would be released for the next switchover region. This design feature has created challenges for the department to incorporate lessons learned into the next procurement process.

5.23   The department has incorporated current lessons learned to date and revised projections on take-up rates for Regional Queensland (45 per cent of an estimated 123 000 eligible households) and Regional New South Wales (37 per cent of an estimated 321 500 eligible households), at the time of issuing each respective RFT to the market. DBCDE advised the ANAO that the next RFT (Adelaide, Perth and Brisbane regions) will include a 25 per cent projected

maximum take-up rate, which more accurately reflects actual take-up rates to date. There would be merit in the department continuing to monitor and review take-up rates in light of lessons learned and reflect these experiences in subsequent procurement and rollout processes.

External reporting

5.24   Annual Reports are the principal accountability mechanism between agencies and the Parliament. They are designed to provide factual and informative commentary on performance against the targets and the anticipated outcomes specified in the PBS.[97] In addition to the established reporting mechanisms through annual reports, information on HAS is also made available to stakeholders through the DST Digital Tracker.

DBCDE reporting

5.25   DBCDE's 2008–09 Annual Report did not include HAS-specific information on the early stage of Scheme development or implementation planning. The 2008–09 Annual Report did note, however, funding of almost $140 million over three years was announced in the 2009–10 Budget for digital switchover activities to commence in Regional South Australia and Broken Hill, including provision of 'in-home assistance'.

5.26   The 2009–10 Annual Report also indicated that HAS had commenced in the Mildura licence area on 18 January 2010 with the dispatch of letters to over 7000 potentially eligible households in the Mildura/Sunraysia region inviting them to contact DHS to test their eligibility for the Scheme.[98] In the same report it was noted that over 2562 households in Mildura/Sunraysia were helped to convert to digital TV through the Household Assistance Scheme, representing 36 per cent of all households that were potentially eligible for the scheme prior to the switchover on 30 June 2010.[99]

5.27   In the 2010–11 Annual Report, DBCDE reported that 37 838 households received assistance under the Scheme in the Regional South Australia and Broken Hill and Regional Victoria rollout areas.[100] This number

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[97]   Department of the Prime Minister and Cabinet, *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies*, July 2011, p. 3.

[98]   DBCDE Annual Report 2009–10, p. 52

[99]   ibid., p. 52.

[100]   DBCDE Annual Report 2009–10, p. 4.

represents 62 per cent of the target number of installations specified in the 2010–11 PBS (61 000), and approximately 13 per cent of initial invitation letters sent during the Scheme in 2010–11.

DHS reporting

5.28   DHS' 2009–10 Annual Report notes that the department is engaged with DBCDE under an agreement to assist in the delivery of HAS. In relation to measuring the performance of DHS when delivering aspects of HAS in 2009–10, DHS reported that there are no specific performance measures for the department and the services are delivered in accordance with the agreement.[101] In 2010–11, DHS reported that 291 920 letters of invitation were sent to eligible households of Centrelink [DHS] and DVA customers for HAS, on behalf of DBCDE.[102]

Conclusion

5.29   The departments delivering the Scheme initially established monitoring and reporting arrangements that reflected the size and scale of the scheme. As scheme implementation has matured, DBCDE has introduced and reported against quantitative performance targets, to replace the earlier qualitative targets at the broader digital switchover initiative level established during scheme development and commencement.

5.30   While DBCDE and DHS have reported some performance information in their annual reports, predominantly in narrative form, the coverage and detail relating to the scheme is limited. The establishment and reporting against a balanced set of HAS-specific performance measures and targets in DBCDE's PBS and Annual Report, informed by performance data currently provided by DHS, would better inform stakeholders regarding scheme achievements and improve overall accountability.

5.31   The actual cost of the Scheme to 1 March 2012, including the ongoing Regional Queensland rollout, is approximately $37 million. The cost (to 1 March 2012) represents almost 9.7 per cent of the announced budgeted amount of $381.4 million, for all rollouts to the end of 2013. This relatively low level of expenditure to date reflects: the early, small population areas that have

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[101]   DHS (Centrelink) Annual Report 2009–10, p. 34.

[102]   DHS (Centrelink) Annual Report 2010–11, p. 100.

been serviced by the Scheme to date; the lower-than-expected take-up rate of the 'safety net' assistance offered under the Scheme; and the conservative approach taken by the DBCDE when developing budgets for future rollouts.

Recommendation No.2

5.32 To assess and report if the objectives of the Scheme are being achieved, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy develop a set of appropriate key performance indicators.

DBCDE's response: *Agreed.*

Ian McPhee

Auditor-General

Canberra ACT

28 June 2012

Appendices

Appendix 1: Agency responses to the proposed report

DBCDE's response to the proposed report

Australian Government

Department of Broadband, Communications and the Digital Economy

our reference 2010/11563#06

Ms Barbara Cass
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Ms Cass

I refer to your letter of 15 May 2012 enclosing the proposed performance audit report for the *Administration of the Digital Television Switchover Household Assistance Scheme* (HAS) and seeking agency comments by 12 June 2012.

The Department of Broadband, Communications and the Digital Economy (the department) accepts the two recommendations of the 2012 ANAO audit report on the *Administration of the Digital Television Switchover Household Assistance Scheme*. Our formal response to the recommendations and a range of detailed suggested editorial changes are attached (Attachments A and B, respectively).

The audit report has clearly articulated the role of the HAS as a safety net to assist those who have not been able to make their own arrangements to switch to digital TV. I am pleased to note the report's conclusions that the department has established effective arrangements to encourage potentially eligible customers to test their eligibility, that procurement processes have been robust and transparent and that the department has sound processes in place to monitor service quality and manage what has been a low level of complaints in relation to the HAS.

As the department progresses from its regional switchovers to the major task of delivering the HAS in metropolitan areas, I note the further conclusions that some aspects of our administrative processes can be improved to support the management of the HAS. This will continue the successful approach of applying lessons learnt from each rollout.

I would like to thank the ANAO for the professional and capable manner in which this audit was undertaken. I would appreciate being advised in advance of the tabling date for the report.

Yours sincerely

Nerida O'Loughlin
Deputy Secretary

12 June 2012

Formal response to Recommendations 1 and 2 of the performance audit report *Administration of the Digital Television Switchover Household Assistance Scheme.*

Recommendation 1

To strengthen the management of the Household Assistance Scheme, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy review, regularly update and endorse project plans, operational documents and administrative procedures.

DBCDE response: Agreed.

Recommendation 2

To assess and report if the objectives of the Scheme are being achieved, the ANAO recommends that the Department of Broadband, Communications and the Digital Economy develop a set of appropriate key performance indicators.

DBCDE response: Agreed.

DHS' response to the proposed report

Australian Government

Department of Human Services

G ED
- 7 JUN 2012
9.30

Kathryn Campbell CSC
Secretary

Ref: EC12/249

Ms Barbara Cass
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA   ACT   2601

Dear Ms Cass

I refer to your letter of 15 May 2012 providing an extract of the proposed section 19 audit report regarding the *Administration of the Digital Television Switchover Household Assistance Scheme*. Thank you for the opportunity to provide a formal response.

The Department of Human Services (the department) welcomes the ANAO's performance audit. I note there were no recommendations in the report requiring a formal response from the department, however the audit provided a welcome opportunity to review the processes and procedures the department is using to assist the Department of Broadband, Communications and the Digital Economy to implement the scheme.

The assurance provided by the audit is particularly timely given that the next phases of the switchover include Australia's large metropolitan areas, with a commensurate increase in customers being included in the scheme, as well as very remote areas of Australia.

I would like to express my appreciation for the constructive and collaborative approach the ANAO has taken in conducting this audit.

Should you need further clarification or information as you are finalising the report for tabling in Parliament, please contact Ms Alice Jones, National Manager, Older Australians and International Branch on (02) 6155 1847.
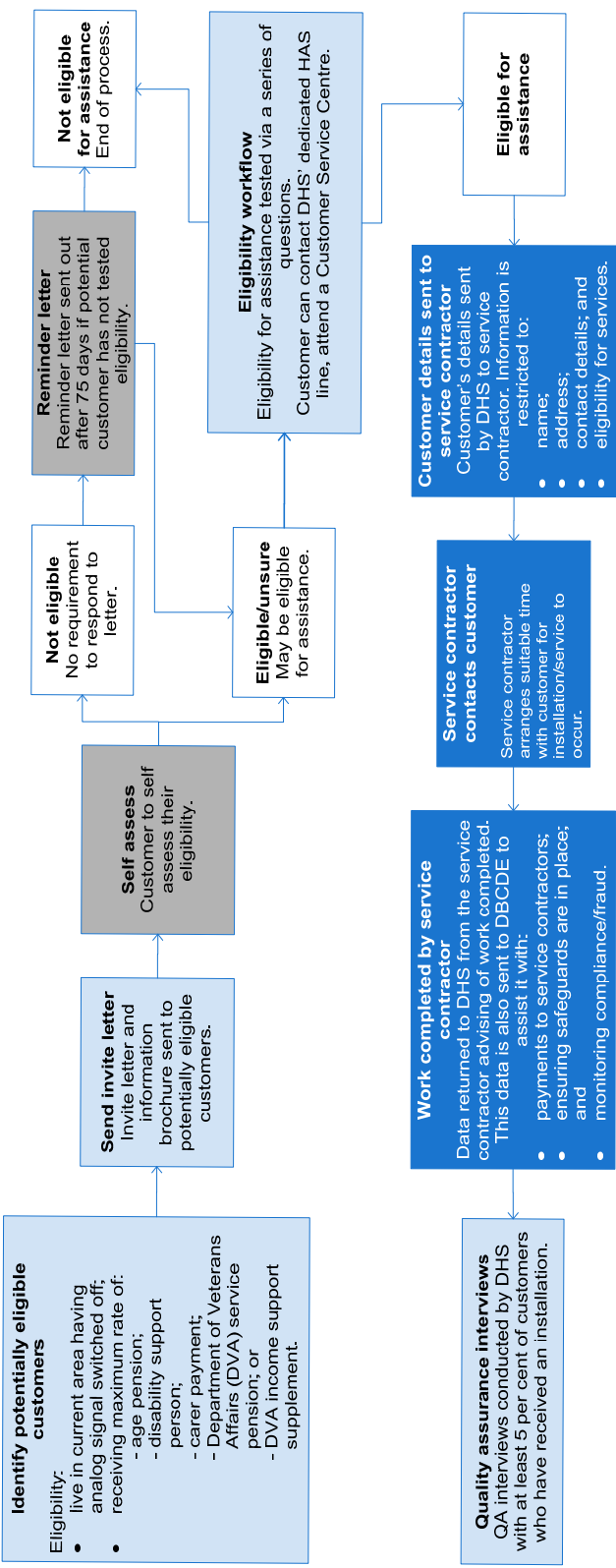
Yours sincerely

Kathryn Campbell
June 2012

Appendix 2: Digital Television Switchover timetable as at 31 May 2012

Type	Switchover region	Major centres	Switchover window
Regional VIC	Mildura/Sunraysia	Mildura	30 Jun 2010
Regional SA	Broken Hill	Broken Hill	15 Dec 2010
Regional SA	Riverland	Renmark and Loxton	15 Dec 2010
Regional SA	Mt Gambier/South East South Australia	Mt Gambier, Naracoorte and Bordertown	15 Dec 2010
Regional SA	Spencer Gulf	Port Lincoln, Whyalla, Port Augusta	15 Dec 2010
Regional VIC	Gippsland	Traralgon, Bairnsdale and Mallacoota	5 May 2011
Regional VIC	North Central Victoria	Bendigo and Swan Hill	5 May 2011
Regional VIC	South West Victoria	Ballarat, Warrnambool and Horsham	5 May 2011
Regional VIC	Goulburn Valley/Upper Murray	Albury/Wodonga, Wangaratta and Shepparton	5 May 2011
Regional QLD	Wide Bay	Hervey Bay, Bundaberg and Maryborough	6 Dec 2011
Regional QLD	Capricornia	Rockhampton, Emerald and Yeppoon	6 Dec 2011
Regional QLD	QLD Central Coast and Whitsundays	Mackay, Proserpine and Bowen	6 Dec 2011
Regional QLD	Darling Downs	Toowoomba, Warwick and Dalby	6 Dec 2011
Regional QLD	North Queensland	Townsville, Ayr and Charters Towers	6 Dec 2011
Regional QLD	Far North Queensland	Cairns, Port Douglas and Innisfail	6 Dec 2011
Regional NSW	Griffith/Murrumbidgee Irrigation Area	Griffith and Hay	5 June 2012
Regional NSW	South West Slopes and Eastern Riverina	Wagga Wagga and Gundagai	5 June 2012
Regional NSW	Illawarra and the South Coast	Wollongong, Ulladulla and Eden	5 June 2012
Regional NSW	Central Tablelands and Central Western Slopes	Dubbo, Orange and Mudgee	5 June 2012
Regional NSW	ACT and Southern Tablelands	Canberra, Thredbo and Cooma	5 June 2012
Regional NSW	North West Slopes and Plains	Tamworth, Armidale and Inverell	27 Nov 2012
Regional NSW	Richmond/Tweed	Byron Bay, Tenterfield and Lismore	27 Nov 2012
Regional NSW	Northern Rivers	Coffs Harbour, Forster and Grafton	27 Nov 2012
Regional NSW	Hunter	Newcastle, Port Stephens	27 Nov 2012
Metro	Tasmania	Hobart, Launceston and King Island	1st Half 2013
Metro	Perth	Perth	30 June 2013

Type	Switchover region	Major centres	Switchover window
Metro	Brisbane	Brisbane, Gold Coast and Noosa	30 June 2013
Metro	Melbourne	Melbourne	31 Dec 2013
Metro	Adelaide	Adelaide	31 Dec 2013
Metro	Sydney	Sydney and Gosford	31 Dec 2013
Remote	Regional and Remote Western Australia	Kalgoorlie, Broome and Bunbury	2nd Half 2013
Remote	Remote Central & Eastern Australia	Darwin, Alice Springs and Mt Isa	2nd Half 2013

Source: ANAO from DBCDE information.

Appendix 3: Department of Human Services—HAS process workflow

Identify potentially eligible customers

Eligibility:
- live in current area having analog signal switched off;
- receiving maximum rate of:
  - age pension;
  - disability support person;
  - carer payment;
  - Department of Veterans Affairs (DVA) service pension; or
  - DVA income support supplement.

Send invite letter
Invite letter and information brochure sent to potentially eligible customers.

Self assess
Customer to self assess their eligibility.

Not eligible
No requirement to respond to letter.

Eligible/unsure
May be eligible for assistance.

Reminder letter
Reminder letter sent out after 75 days if potential customer has not tested eligibility.

Eligibility workflow
Eligibility for assistance tested via a series of questions.
Customer can contact DHS' dedicated HAS line, attend a Customer Service Centre.

Not eligible for assistance
End of process.

Eligible for assistance

Customer details sent to service contractor
Customer's details sent by DHS to service contractor. Information is restricted to:
- name;
- address;
- contact details; and
- eligibility for services.

Service contractor contacts customer
Service contractor arranges suitable time with customer for installation/service to occur.

Work completed by service contractor
Data returned to DHS from the service contractor advising of work completed. This data is also sent to DBCDE to assist it with:
- payments to service contractors;
- ensuring safeguards are in place; and
- monitoring compliance/fraud.

Quality assurance interviews
QA interviews conducted by DHS with at least 5 per cent of customers who have received an installation.

Source: Information provided by DBCDE and DHS.

Appendix 4:   Quality assurance checks

Check	Description
Incorrect incentives calculations	Incentives incorrectly calculated or duplicate installations charged.
Incorrect pricing structure	There is a difference in the service charge claimed, from those indicated in the deed of agreement.
Unapproved subcontractor	A subcontractor has undertaken works without first being approved by HAS contract management section.
Duplicate installations	Where the same service type has been charged for the same customer, without providing an acceptable reason in the 'notes' column.
Duplications	Ensures installation ID numbers and customer names are not duplicated. It is important to indicate whether an agent has been used.[1]
Customer address	Ensures address provided in the backing-data matches the installation form.
Antenna installations	Ensures that the installation of an antenna has occurred on the premises of an eligible customer (with an MER of less than 25dB). If the MER is over 25 decibel where an installation has occurred, the decibel reading is checked by HAS contract management section to ensure a reading of less than 45decibel.
Satellite installations	Ensures the installation of a satellite has occurred at the premises of an eligible customer with an MER of less than 11.
Service Type 7	Provides notes indicating why the premises are considered dangerous or unsafe.
Service Type 9	The Service Contractor Practical Guide requires the service contractor to provide notes regarding why no installation has occurred.
Service Type 15	Where an additional service is approved by the department, it must be identified by Service Type 15 (other work as directed by DBCDE) and further detail, including the ID number provided by the department, must be included in the notes column.
Incentives	Incentives are claimed in accordance with the requirements in Schedule 3 of the deed.
Cost elements	Cost elements match the Service Type code and are listed in Schedule 3 of the deed.
STB serial number	The STB serial number matches that provided on the installation form.
Options A-D	Declaration – ensure the customer has completed the declaration and the installation form has been signed.

Note 1:   As part of HAS, some customers may elect to nominate an agent to represent them as their recognised proxy for the purpose of interacting with the HAS service contractor.

Source: ANAO from DBCDE information.

Appendix 5: HAS-specific key performance indicator (KPI) information

Year	KPI	Target
2008–09	Qualitative: DTS level • *Transition to digital television by 2013*[103]	• *Develop a digital switchover timetable and strategy.* • *Launch labelling information campaign to raise community awareness.* • *Assist ACMA to undertake technical surveys of digital television and transmission. Commission an evaluation of reception difficulties in multi unit dwellings.* • *Establish the 'Digital Tracker' quarterly surveys.*
2009–10	Qualitative: DTS level *The Department assesses the effectiveness of the switchover to digital television through the Digital Tracker by monitoring the following indicators for each switchover region on a quarterly basis:* • *awareness of switchover to digital television;* • *understanding of what needs to be done to prepare for switchover;* • *attitudes towards digital switchover;* • *intentions to convert to digital television;* • *the proportion of Australians with access to a digital television signal;* • *satisfaction with digital television; and* • *the proportion of Australians who have switched over.*[104]	N/A

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[103] DBCDE PBS 2008–09, p. 39.

[104] DBCDE PBS 2009–10, p. 49–50.

Year	KPI	Target
2010–11	Quantitative: *Number of households assisted through the Digital Switchover– Household Assistance Scheme*	61 000[105]
2011–12	Quantitative: *Number of households assisted through the Digital Switchover– Household Assistance Scheme*	128 000[106]
2012–13	Quantitative: *Number of households assisted through the Digital Switchover—Household Assistance Scheme*	220 000[107]

Source: DBCDE Portfolio Budget Statements.

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[105] DBCDE PBS 2010–11, p. 34.

[106] DBCDE PBS 2011–12, p. 36; revised to 90 000 (estimated actual) in DBCDE's 2012–13 PBS, p. 34.

[107] DBCDE PBS 2012–13, p. 34

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