

Award of Funding under the Mobile Black Spot Program

Department of Infrastructure, Transport, Regional Development,
Communications and the Arts

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Canberra ACT
22 May 2024

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The report is titled *Award of Funding under the Mobile Black Spot Program*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

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

Yours sincerely



Rona Mellor PSM
Acting 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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Audit snapshot

Auditor-General Report No.28 2023–24

Award of Funding under the Mobile Black Spot Program



Why did we do this audit?

- ▶ The Department of Infrastructure, Transport, Regional Development, Communications and the Arts administers the Mobile Black Spot Program (MBSP) on behalf of the Australian Government.
- ▶ \$40 million was allocated to the Improving Mobile Coverage Round (IMCR) of the MBSP in the 2022–23 October Budget to deliver election commitments made during the 2022 federal election.
- ▶ The audit assessed if the IMCR was designed effectively and whether funding was awarded in line with relevant frameworks.



Key facts

- ▶ The MBSP objectives are to extend and improve mobile phone coverage and competition in regional and remote Australia, by co-funding new or upgraded telecommunications infrastructure.
- ▶ On 19 October 2023, the Minister for Communications announced 41 grants servicing 42 target locations under the IMCR, totalling \$37.2 million in funding.



What did we find?

- ▶ The department's design and award of funding for the IMCR was largely effective.
- ▶ The department advised the government on potential mobile coverage issues at 54 IMCR target locations but fell short in advising the government on the relative merits of selecting these target locations over other mobile black spots.
- ▶ The department was largely effective in its assessment of IMCR grant applications and made funding recommendations to the decision-maker consistent with the grant opportunity guidelines.
- ▶ The award of funding was consistent with the Commonwealth Grants Rules and Guidelines 2017.



What did we recommend?

- ▶ There were three recommendations to the department aimed at strengthening data collection and the strategic analysis of mobile black spot locations and evaluating the MBSP to ensure it meets its intended objectives.
- ▶ The department agreed, and agreed in part, to the recommendations.

42

out of 54 target locations receiving new or improved mobile coverage under the Improving Mobile Coverage Round.

\$37.2m

awarded to Mobile Network Operators under the Improving Mobile Coverage Round.

>975km²

amount of new handheld mobile coverage assessed to be delivered across 42 target locations.

Summary and recommendations

Background

1. The Mobile Black Spot Program (MBSP) provides funding for telecommunications infrastructure to improve handheld mobile coverage across regional and remote Australia. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts administers the program on behalf of the Australian Government.
2. The Improving Mobile Coverage Round (IMCR) forms round six of the MBSP and was designed to improve mobile coverage and quality of service in 54 target locations. Locations were identified by the Australian Labor Party as part of election commitments announced during the 2022 federal election.
3. The IMCR is a targeted competitive grant opportunity subject to the Commonwealth Grants Rules and Guidelines 2017 (CGRGs). Applications for the IMCR opened on 2 February 2023 and closed on 13 April 2023. Three applications were received from mobile network operators for funding under the program.
4. On 12 September 2023, the Minister for Communications (the minister) awarded 41 grants servicing 42 target locations, totalling \$37.2 million in funding.¹ Grant outcomes were publicly announced by the minister on 19 October 2023.

Rationale for undertaking the audit

5. During the 2022 federal election campaign, the Australian Labor Party announced commitments to improve mobile coverage and quality of service across target locations. Round six of the MBSP, also referred to as IMCR, was designed to deliver these election commitments and allocated \$40 million in the 2022–23 October Budget.²
6. Previous grant administration audits in the department have identified risks where assessment criteria have not been applied in line with program guidelines and funding recommendations to the decision-maker have not been consistent with assessment outcomes.³
7. This audit will provide assurance to the Parliament on the effectiveness of round six's design and that the award of grant funding is being managed appropriately.

1 All funding amounts in this report exclude GST.

2 Following a request from the Hon David Coleman MP, the Auditor-General considered an audit on the award of funding under round six of the MBSP had merit for inclusion in the 2023–24 Annual Audit Work Program.

3 Auditor-General Report No. 3 2018–19 *Award of Funding under the Community Development Grants Program*, ANAO, Canberra, 2018, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-community-development-grants-program>; Auditor-General Report No. 47 2020–21 *The Administration of Commuter Car Park Projects within the Urban Congestion Fund*, ANAO, Canberra, 2021, available from <https://www.anao.gov.au/work/performance-audit/administration-commuter-car-park-projects-within-the-urban-congestion-fund>; Auditor-General Report No. 1 2022–23 *Award of Funding under the Building Better Regions Fund*, ANAO, Canberra, 2022, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-building-better-regions-fund>

Audit objective and criteria

8. The objective of the audit was to assess the effectiveness of the design and award of funding for round six of the Mobile Black Spot Program.
9. To form a conclusion against the objective, the following criteria were applied.
 - Was the design of round six of the Mobile Black Spot Program effective and consistent with the Commonwealth Grants Rules and Guidelines?
 - Were round six applications assessed in accordance with the approach set out in the grant opportunity guidelines?
 - Were round six funding decisions informed by clear advice and consistent with the grant opportunity guidelines?

Conclusion

10. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) was largely effective in the design and award of funding for the IMCR.

11. The department was largely effective in designing the IMCR. The department advised the government on potential mobile coverage and quality of service issues at 54 target locations but did not advise the government on the relative merits of prioritising these target locations over other mobile black spots. The department does not maintain data that enables it to undertake strategic analysis of priority areas across Australia to direct government investment in delivering new and improved mobile coverage. The IMCR grant opportunity guidelines were largely consistent with the CGRGs except that the department did not clarify that major urban areas were eligible for funding in the guidelines when they were ineligible under most MBSP rounds. The department has used lessons learned from previous MBSP rounds to inform the design of the IMCR. It has not implemented a 2016–17 ANAO recommendation to develop a MBSP evaluation framework and has not evaluated whether the program is achieving its intended objectives. The department has processes in place to mitigate probity risks but could improve practices to record actions taken to manage conflict-of-interest declarations.

12. The department assessed all applications against the lodgement, eligibility and minimum technical requirements as outlined in the grant opportunity guidelines, with eligible solutions proceeding to assessment and ineligible solutions set aside. Its assessment of applications against the assessment criteria was largely effective in identifying solutions that demonstrated value for money. The department could improve its planning processes as the department lacks a risk-based approach to verifying claims made in applications and did not fully consider the limitations of its assessment methodology for improved coverage solutions. The department recorded merit lists in line with the grant opportunity guidelines and the evaluation committee's decisions.

13. The department complied with relevant frameworks during the funding approval process and provided clear and accurate advice to the decision-maker. The minister, as the decision-maker, complied with relevant frameworks when awarding grant funding and in recording their decisions. Funding outcomes were proportionate to the target locations' electoral and geographic distribution. The department demonstrated good practice in providing advice to the minister on the assessment process and in recording interactions with the minister through their office.

Supporting findings

Program design

14. The department undertook analysis of mobile coverage issues in 54 target locations to categorise sites into one of three coverage solutions: new mobile coverage, improved mobile coverage or new highway coverage. The department does not maintain data that enables it to undertake strategic analysis of priority areas to direct government investment and could not advise the government on the relative merits of prioritising the IMCR target locations over other mobile black spots. The department did not update the grant opportunity guidelines to clarify that target locations in major urban areas were eligible for funding, when ineligible under most of the previous MBSP rounds. (See paragraphs 2.4 to 2.43)

15. The department has not implemented a 2016–17 ANAO recommendation agreeing to develop a MBSP evaluation framework. The department monitors performance information but has not evaluated the MBSP prior to initiating further grant opportunities to ensure the program is achieving its intended objectives. (See paragraphs 2.44 to 2.61)

16. The department established grant opportunity guidelines that complied with all relevant provisions in the CGRGs, except fell short in updating the guideline objectives. The program guidelines outlined IMCR governance arrangements and the assessment and decision-making processes. The department's internal processes and procedures were designed consistently with the guidelines and other relevant frameworks; but the department could take steps to ensure internal documentation is finalised, regularly reviewed and updated as required. (See paragraphs 2.62 to 2.74)

17. The department established arrangements to manage probity risks to ensure officials declared and managed conflicts of interest. The department had appropriate separation of duties in place and the IMCR assessment process was supported by an external probity adviser. All department officials involved in the assessment process received a probity briefing, considered conflicts of interests, and completed a declaration form. The department did not regularly review its risk and conflict-of-interest registers and the probity plan and final probity report were not finalised in a timely manner. The department could improve its processes to update its conflict-of-interest register to document actions taken to manage conflict-of-interest declarations. (See paragraphs 2.75 to 2.95)

Application assessment

18. The department assessed all applications against the lodgement, eligibility and minimum technical requirements of the grant opportunity guidelines, with eligible solutions proceeding to assessment and ineligible solutions set aside. (See paragraphs 3.2 to 3.17)

19. The department undertook assurance activities to manage risks associated with applicant proposals, although its planning for the use of these assurance checks could be improved to verify claims made by applicants. Applications were assessed against the assessment criteria set out in the grant opportunity guidelines. Scoring outcomes for improved coverage solutions in some target locations meant that the evaluation committee relied on judgement to recommend that some solutions be included on the merit list. Where clarifying information was required, the department sought information from applicants and documented correspondence. Decisions made during the application assessment stage were recorded. (See paragraphs 3.18 to 3.50)

20. The department developed and recorded merit lists in line with the grant opportunity guidelines and the evaluation committee's decisions. The department considered the proposed solutions' potential to demonstrate value for money when making its recommendations to the decision-maker. (See paragraphs 3.51 to 3.57)

Funding decision

21. The department provided funding recommendations to the decision-maker that complied with the requirements and better practice elements of the CGRGs and accurately reflected the results of the assessment process. The department kept records of meetings with the minister through their office to discuss the funding recommendations and asked that requests for advice be in writing. (See paragraphs 4.3 to 4.8)

22. The funding approval process was conducted in line with the grant opportunity guidelines and the CGRGs. The decision-maker recorded the basis for funding decisions relative to the grant opportunity guidelines and the key principle of achieving value with relevant money. The award of funding under the program was transparent and funding decisions were proportionate to the target locations' electoral and geographic distribution. (See paragraphs 4.9 to 4.30)

Recommendations

Recommendation no. 1 The Department of Infrastructure, Transport, Regional
Paragraph 2.14 Development, Communications and the Arts:

- (a) collect data and undertake strategic analysis on gaps in mobile coverage and quality of service issues in regional and remote Australia; and
- (b) provide advice to government on the relative merits for selecting targeted locations over other mobile black spot areas.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: *1(a) Agreed, and 1(b) Agreed in part.*

Recommendation no. 2 The Department of Infrastructure, Transport, Regional
Paragraph 2.33 Development, Communications and the Arts review program objectives and update the grant opportunity guidelines for each new round of the Mobile Black Spot Program.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: *Agreed.*

Recommendation no. 3 The Department of Infrastructure, Transport, Regional
Paragraph 2.59 Development, Communications and the Arts:

- (a) develop an evaluation plan to assess the extent to which the MBSP is achieving its objectives and to identify future enhancements to the MBSP; and
- (b) commence an evaluation of the MBSP within 12 months.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: *Agreed.*

Summary of entity response

23. The proposed audit report was provided to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The department's summary response is reproduced below. Their full response is included at Appendix 1. Improvements observed by the ANAO during the course of this audit are listed at Appendix 2.

The department agrees and agrees in part with the recommendations and acknowledges the areas of improvement. The audit findings concluded the design of the IMCR round was largely effective; the assessment of the IMCR applications was largely effective; grant funding recommendations to the decision maker were consistent with the grant opportunity guidelines; and the award of funding was consistent with the CGRGs.

The IMCR was announced as part of the 2022–23 Budget and was a competitive Target Locations round of the MBSP, used to deliver on the Government's election commitments. Over multiple rounds, the department has developed robust processes to ensure the design of the program is continually improving, supporting officials and decision makers to administer the program in accordance with the relevant statutory and policy requirements, and deliver the intended objectives of each round.

The department is confident in its approach to implementing the Government's priorities, including election commitments, through well considered grant opportunities to deliver on policy objectives, such as was done through the IMCR.

The department acknowledges the opportunity the audit provides to improve our processes as part of our continuous approach to grants administration and to address the areas for improvement raised in the report.

Key messages from this audit for all Australian Government entities

24. Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Policy and program design

- Entities should develop an evidence-based approach to program design by collecting relevant data to inform decision-making. Strategic advice should be provided to government on the relative merits of targeting locations when designing grant opportunities.
- Entities should consider the risk of expanded or varied program eligibility and assessment criteria, which could either disadvantage some applications or lead to an expansion in the program's size, when designing a grant program to deliver election commitments.

Record keeping

- Entities should keep records of advice to their minister and interactions through their office. Senior executives and officials in the department demonstrated good practice in recording their advice to, and interactions with, the minister through their office.

Audit findings

1. Background

Introduction

1.1 The 2021 *Regional Telecommunications Review* highlighted the importance of reliable and modern digital connectivity to regional communities to support the growth and resilience of the Australian economy and in accessing essential services such as health, education and emergency services.⁴

1.2 The review noted that despite strong demand for mobile services across regional and rural Australia, there are often limited commercial incentives to invest in these areas due to high costs and low revenues because of a dispersed population base. The Australian Government supports commercial investment in regional and remote telecommunications to expand mobile coverage through grant programs.

Mobile Black Spot Program

1.3 The Mobile Black Spot Program (MBSP) provides funding for telecommunications infrastructure to improve handheld mobile phone coverage across regional and remote Australia. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) administers the program on behalf of the Australian Government. The program is supported by co-contributions from state and local governments, mobile network operators and infrastructure providers, businesses and local communities.

1.4 The Australian Government has the legislative authority to make grants under the MBSP by section 32B of the *Financial Framework (Supplementary Powers) Act 1997* and item 211 of Schedule 1AB to the Financial Framework (Supplementary Powers) Regulations 1997.

1.5 Between 2014 and 2023, the Australian Government has awarded \$271.4 million in funding across MBSP rounds one to 5A. As at December 2023, a total of 1,118 base stations have been activated under the program. Table 1.1 outlines the funding outcomes of MBSP rounds one to seven.

Table 1.1: Overview of Mobile Black Spot Program Rounds 1–7

MBSP Round	Application opening date	Application closing date	Date funding announced	Funding outcomes ^a
Round 1	8 December 2014	16 April 2015	24 June 2015	499 solutions \$100 million
Round 2	26 February 2016	14 July 2016	1 December 2016	266 solutions \$52 million
Priority Locations Round (round 3) ^b	22 November 2017	20 December 2017	4 April 2018	102 solutions \$41.3 million

⁴ Regional Telecommunications Independent Review Committee, *2021 Regional Telecommunications Review: a step change in demand*, RTIRC, Canberra, 2021, available from <https://www.infrastructure.gov.au/departments/media/publications/2021-regional-telecommunications-review-step-change-demand> [accessed 1 February 2024].

MBSP Round	Application opening date	Application closing date	Date funding announced	Funding outcomes ^a
Round 4	15 October 2018	10 January 2019	18 March 2019	180 solutions \$25.7 million
Round 5	5 April 2019	26 September 2019	21 April 2020	182 solutions \$33.4 million
Round 5A	18 November 2020	5 March 2021	21 July 2021	68 solutions \$18.9 million
Improving Mobile Coverage Round (round 6) ^b	2 February 2023	13 April 2023	19 October 2023	41 solutions \$37.2 million
Round 7	20 March 2023	11 August 2023	11 December 2023	62 solutions \$49.9 million

Note a: Funding provided by the Australian Government, excluding GST (Goods and Services Tax). A solution is a mobile base station to address a mobile black spot issue.

Note b: The Priority Locations Round and the Improving Mobile Coverage Round were both established to deliver mobile coverage election commitments at targeted locations.

Source: ANAO analysis of MBSP award of funding outcomes.

1.6 At the time of the 2022 federal election in May 2022, \$79.1 million of administered funding allocated to a future round six of the MBSP was uncommitted. In the 2022–23 October Budget, the government agreed to reallocate this funding to implement the Improving Mobile Coverage Round (IMCR) (\$40 million terminating on 30 June 2025) and towards delivering additional rounds of the Peri-Urban Mobile Program⁵ (\$39.1 million over three years from 2022–23).

Improving Mobile Coverage Round

1.7 The IMCR formed round six of the MBSP and was designed to provide funding to improve mobile coverage and quality of service to 54 target locations. Locations were identified by the Australian Labor Party in election commitments announced during the 2022 federal election.

1.8 Forty of these 54 target locations were in electorates held by the Australian Labor Party (74 per cent), 11 were in electorates held by the Liberal Party of Australia (20 per cent), two in an electorate held by the Centre Alliance (four per cent) and one in an electorate held by Katter's Australian Party (two per cent) at the time of the election.

1.9 The IMCR is a targeted competitive grant opportunity subject to the Commonwealth Grants Rules and Guidelines 2017. Design of the IMCR was based on the Priority Location Round (MBSP round three) and the Peri-Urban Mobile Program (PUMP), lessons learned from prior MBSP rounds and feedback from stakeholders on the draft grant opportunity guidelines.

⁵ The Peri-Urban Mobile Program (PUMP) delivers funding to improve mobile coverage and quality of service in the peri-urban fringes of Australia's major cities and complements the Mobile Black Spot Program. Outcomes from PUMP round one were announced on 30 March 2022, providing \$28.2 million in funding for 66 mobile coverage solutions. PUMP round two applications closed on 3 April 2024.

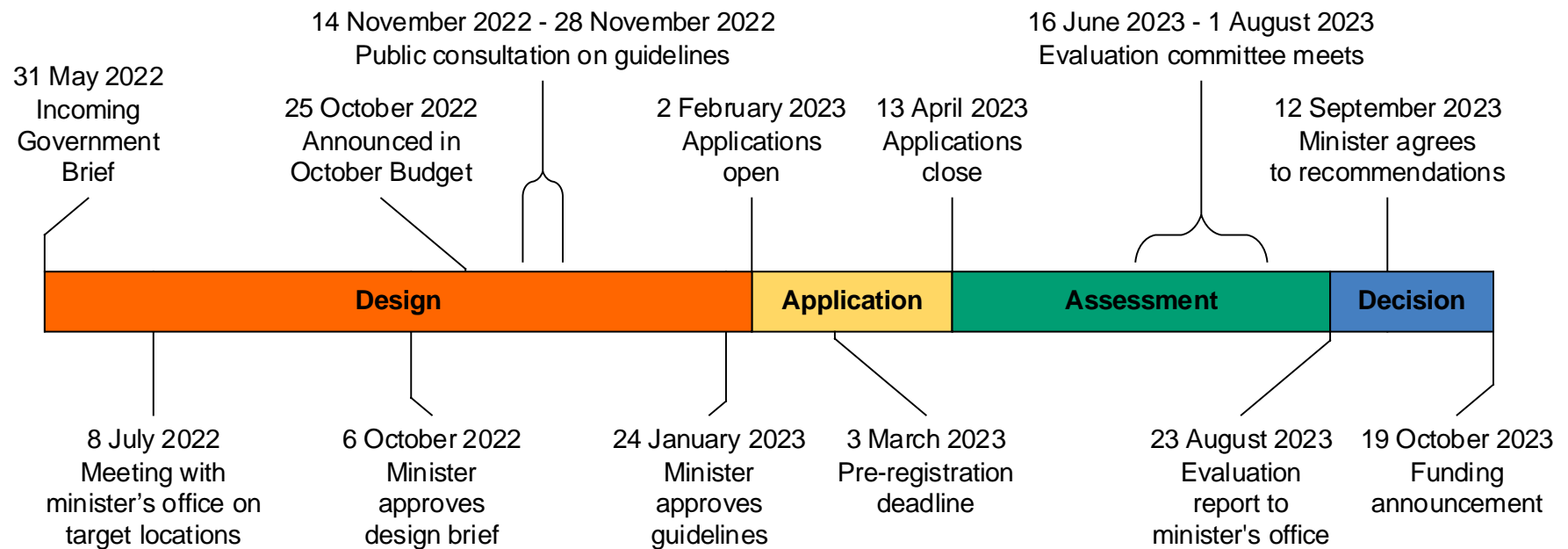
1.10 In November 2022, the department consulted publicly with stakeholders on the draft guidelines. A total of 108 submissions were received from industry and other stakeholders during the consultation period.

1.11 Applications for the IMCR opened on 2 February 2023 and closed on 13 April 2023. Three eligible applications were received for the IMCR, proposing a total of 79 solutions across 49 of the 54 target locations.

1.12 On 12 September 2023, the Minister for Communications awarded 41 grants servicing 42 target locations, totalling \$37.2 million in funding.⁶ Grant outcomes were announced by the minister on 19 October 2023. Figure 1.1 illustrates IMCR timeframes and key milestones.

⁶ All funding amounts in this report exclude GST.

Figure 1.1: Improving Mobile Coverage Round timeframes and key milestones



Source: ANAO analysis of IMCR records and department emails.

1.13 Two out of three applicants were awarded funding under the IMCR:

- Telstra was awarded \$36,549,536 for 40 solutions.
- TPG Telecom was awarded \$680,000 for one solution.⁷

1.14 The 41 solutions funded under the IMCR were assessed by the department as providing:

- over 975 km² of new handheld mobile coverage;
- 296 km² of overlapping handheld mobile coverage with existing mobile coverage in a target location;
- 19.49 kilometres of new and overlapping highway mobile coverage (included in total figures for new and overlapping coverage above); and
- mobile coverage to 12,688 new premises.

1.15 The number of IMCR solutions funded in each state and territory is outlined in Table 1.2.

Table 1.2: Number of mobile coverage solutions funded by jurisdiction

State or territory ^a	Total number of funded solutions	Telstra funded solutions	TPG Telecom funded solutions	Government contribution (\$)
Australian Capital Territory (Jervis Bay Territory)	1	1	0	958,982
New South Wales	19	19	0	16,288,500
Queensland	4	4	0	3,731,973
South Australia	4	4	0	4,876,700
Tasmania	7	7	0	6,793,882
Victoria	3	2	1	2,207,273
Western Australia	3	3	0	2,372,227
Total	41	40	1	37,229,537

Note: Funding contribution is GST exclusive.

Note a: The Northern Territory did not have any target locations.

Source: ANAO analysis of IMCR award of funding outcomes.

Auditor-General reports

1.16 The department's⁸ award of funding under the first round of the program was audited in Auditor-General Report No. 10 2016–17 *Award of Funding under the Mobile Black Spot Programme*.

1.17 The report concluded that the department had established the key elements expected of a competitive, merit-based grants program and it made three recommendations to improve the program's assessment criteria, assessment methodology and performance measurement and program evaluation.

⁷ Optus' application contained proposed solutions that were either ineligible under the grant opportunity guidelines or not recommended for funding following the merit assessment process.

⁸ Formerly the Department of Communications and the Arts.

Rationale for undertaking the audit

1.18 During the 2022 federal election campaign, the Australian Labor Party announced commitments to improve mobile coverage and quality of service across target locations. Round six of the MBSP was designed to deliver these election commitments and allocated \$40 million in the 2022–23 October Budget.

1.19 Previous grant administration audits in the department have identified risks where assessment criteria are not applied in line with program guidelines and funding recommendations to the decision-maker are not consistent with assessment outcomes.⁹

1.20 This audit will provide assurance to the Parliament on the effectiveness of round six's design and that the award of grant funding is being managed appropriately.

Audit approach

Audit objective, criteria and scope

1.21 The objective of the audit was to assess the effectiveness of the design and award of funding for round six of the Mobile Black Spot Program.

1.22 To form a conclusion against the objective, the following high-level criteria were applied.

- Was the design of round six of the Mobile Black Spot Program effective and consistent with the Commonwealth Grants Rules and Guidelines?
- Were round six applications assessed in accordance with the approach set out in the grant opportunity guidelines?
- Were round six funding decisions informed by clear advice and consistent with the grant opportunity guidelines?

1.23 The scope of this audit focused on round six program design and the award of funding to applicants. The audit did not examine subsequent stages in the grants management process, including the development and management of round six grant agreements.

1.24 The government also opened round seven of the MBSP, round three of the Regional Connectivity Program¹⁰ and round two of the Peri-Urban Mobile Program in 2023. These activities are not in scope for this audit.

9 Auditor-General Report No. 3 2018–19 *Award of Funding under the Community Development Grants Program*, ANAO, Canberra, 2018, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-community-development-grants-program>; Auditor-General Report No. 47 2020–21 *The Administration of Commuter Car Park Projects within the Urban Congestion Fund*, ANAO, Canberra, 2021, available from <https://www.anao.gov.au/work/performance-audit/administration-commuter-car-park-projects-within-the-urban-congestion-fund>; Auditor-General Report No. 1 2022–23 *Award of Funding under the Building Better Regions Fund*, ANAO, Canberra, 2022, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-building-better-regions-fund>.

10 The Regional Connectivity Program (RCP) delivers funding for telecommunications infrastructure to improve digital connectivity across regional, rural and remote Australia. This includes provision of mobile voice and data, fibre broadband, fixed wireless and community Wi-Fi solutions, and improved microwave and fibre backhaul capacity. Outcomes of the three RCP funding rounds to date are available at: <https://www.infrastructure.gov.au/media-communications-arts/internet/regional-connectivity-program>.

Audit methodology

1.25 The audit methodology included:

- review of departmental records related to the design of round six of the MBSP, advice to the minister, assessment of grant applications and the decision to award funding;
- analysis of mobile black spot data sets, including grant applications and spatial data to assess eligibility requirements and the allocation of funding under the program;
- meetings with departmental staff to discuss relevant aspects of the program; and
- walkthroughs of the departmental design and assessment process.

1.26 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$372,000.

1.27 The team members for this audit were Lauren Dell, Kai Clark, Danielle Page, Nathan Daley, Renina Boyd and Michelle Page.

2. Program design

Areas examined

This chapter examines the Department of Infrastructure, Transport, Regional Development, Communications and the Arts' (the department) approach to designing the Improving Mobile Coverage Round (IMCR) of the Mobile Black Spot Program (MBSP), including whether appropriate grant opportunity guidelines were developed in line with the Commonwealth Grants Rules and Guidelines 2017 (CGRGs).

Conclusion

The department was largely effective in designing the IMCR. The department advised the government on potential mobile coverage and quality of service issues at 54 target locations but did not advise the government on the relative merits of prioritising these target locations over other mobile black spots. The department does not maintain data that enables it to undertake strategic analysis of priority areas across Australia to direct government investment in delivering new and improved mobile coverage. The IMCR grant opportunity guidelines were largely consistent with the CGRGs except that the department did not clarify that major urban areas were eligible for funding in the guidelines when they were ineligible under most MBSP rounds. The department has used lessons learned from previous MBSP rounds to inform the design of the IMCR. It has not implemented a 2016–17 ANAO recommendation to develop a MBSP evaluation framework and has not evaluated whether the program is achieving its intended objectives. The department has processes in place to mitigate probity risks but could improve practices to record actions taken to manage conflict-of-interest declarations.

Areas for improvement

The ANAO made three recommendations for the department aimed at strengthening data collection to undertake strategic analysis of mobile black spot locations, advising the government on the relative merits of prioritising target locations, and evaluating the MBSP to ensure it meets its intended objectives. The ANAO also suggests that the department could regularly review and update key program documentation and ensure records are approved in a timely manner.

2.1 The delivery of election commitments through a grants program must be consistent with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), Public Governance Performance and Accountability Rule 2014 and the CGRGs.

2.2 The CGRGs require accountable authorities to establish practices and procedures to ensure the key principle of robust planning and design is met.¹¹ Accountable authorities should also adhere to guidance in Part 4 of Resource Management Guide No. 412¹² when implementing election commitments through a grant program.

11 Commonwealth Grants Rules and Guidelines as at 29 August 2017; the Department of Finance maintains a digital copy of the CGRGs and related resources on its website, available from <https://www.finance.gov.au/government/commonwealth-grants/commonwealth-grants-rules-and-guidelines>.

12 Department of Finance, Australian Government Grants – Briefing, Reporting, Evaluating and Election Commitments, Resource Management Guide No. 412, June 2018, available from <https://www.finance.gov.au/government/managing-commonwealth-resources/australian-government-grants-briefing-reporting-evaluating-and-election-commitments-rmg-412> [accessed 4 October 2023].

2.3 Capturing lessons learned throughout the implementation of government programs contributes to continuous improvement in policy and program design as well as supporting enhanced organisational effectiveness. Entities should develop an evaluation strategy when designing a grant program as a part of a broader set of assurance mechanisms to support accountability, understand risk and determine how well grant opportunity objectives are being achieved.¹³

Was appropriate analysis carried out to inform target locations for round six?

The department undertook analysis of mobile coverage issues in the 54 target locations to categorise sites into one of three coverage solutions: new mobile coverage, improved mobile coverage or new highway coverage. The department does not maintain data that enables it to undertake strategic analysis of priority areas to direct government investment and could not advise the government on the relative merits of prioritising the IMCR target locations over other mobile black spots. The department did not update the grant opportunity guidelines to clarify that target locations in major urban areas were eligible for funding, when ineligible under most of the previous MBSP rounds.

Target location identification

2.4 During the 2022 federal election, the Australian Labor Party announced commitments to improve mobile coverage and quality of service in various electorates across Australia. The department maintained a register of election commitments publicly announced by all parties during the election.

2.5 The department used information within the election commitments to compile an initial list of 47 target locations with potential mobile coverage issues. When briefing the new government in June 2022, the department recommended that a dedicated competitive grant funding round was the most efficient and effective way to deliver against improving mobile coverage election commitments.

2.6 On 8 July 2022, the Minister for Communications (the minister) through their office informed the department of an additional 10 locations that were not on the department's list of election commitments. The minister through their office requested the following sites be included for a combined list of 57 target locations:

- Kuranda West, Upper Stone and East Douglas (Queensland);
- Herne Hill, Brigadoon, Stoneville North, Breera (Brand Highway) and Alkimos North (Western Australia); and
- Port Rickaby and Wool Bay (South Australia).

13 The Commonwealth Evaluation Policy outlines that Australian Government entities should undertake evaluations to inform program delivery, with such evaluations designed for the purposes of continuous improvement and accountability against program objectives.

2.7 The department located election commitments for four of the 10 additional target locations identified by the minister through their office, but could not identify any public announcements for the following six locations:

- Breera, in the electorate of Durak;
- East Douglas, in the electorate of Herbert;
- Kuranda West, in the electorate of Leichhardt;
- Port Rickaby, in the electorate of Grey;
- Upper Stone, in the electorate of Kennedy; and
- Wool Bay, in the electorate of Grey.

2.8 On 11 July 2022, the department requested information from the minister through their office to verify the election commitments and potential mobile coverage issues in these six locations. The department did not receive a response from the minister for this request.

2.9 On 5 February 2023, the department sent a follow-up request to the minister through their office to seek advice of any announcement details for the six target locations which did not have identified commitments. On 7 February 2023, the minister through their office advised the department that 'I [have] checked and confirmed these locations were approved for announcement in early May 2022.' The office provided details on the funding amounts committed against the six locations. The office did not provide the department with information verifying potential mobile coverage issues at these sites or that the commitments were publicly announced during the 2022 federal election campaign.

2.10 During the development of the grant opportunity guidelines, the target locations list was reduced from 57 to 54 target locations following discussions between the department and the minister through their office.

- A site identified by the department in North Harbour was removed from the list, with advice from the minister through their office that it was not an election commitment.
- The Yarramalong election commitment was assessed by the department as a resilience upgrade project to be progressed through a separate grants process and was removed from the list.
- The Killcare–Hardys Bay election commitment was identified by the department as a current project under the MBSP Priority Locations Round, and subject to appeal in the New South Wales Land and Environment Court. It was removed from the list.

2.11 On 6 October 2022, the minister approved the list of 54 target locations and the department consulted on the draft opportunity guidelines in November 2022 (see paragraphs 2.63 to 2.70). In seeking the minister's approval of the final grant opportunity guidelines in December 2022, the department noted to the minister that some community and industry stakeholders had expressed concern during the consultation period that other mobile black spot locations were ineligible. The department also advised the minister that 'consultation on the guidelines for the next general round of the Regional Connectivity Program (including a Mobile Black Spot component) will have commenced before IMCR opens, which will help address community concerns'.¹⁴

2.12 On 2 February 2023, the department released the grant opportunity guidelines on GrantConnect with the list of the 54 IMCR target locations as an appendix, including details on the specific mobile coverage issues at the target locations.

2.13 The department could not inform government of the relative merits of selecting the list of 54 IMCR target locations over other mobile black spots in regional and remote Australia. The department does not maintain data that enables it to undertake strategic analysis of priority areas across Australia to direct government investment in delivering new and improved mobile coverage.

Recommendation no. 1

2.14 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts:

- (a) collect data and undertake strategic analysis on gaps in mobile coverage and quality of service issues in regional and remote Australia; and
- (b) provide advice to government on the relative merits for selecting targeted locations over other mobile black spot areas.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: 1(a) Agreed, and 1(b) Agreed in part.

2.15 1 (a) *The department agrees to the recommendation to collect data and undertake strategic analysis on gaps in mobile coverage and quality of service issues in regional and remote Australia. The department implements appropriate measures to collect data, identify mobile coverage gaps and quality of service issues across Australia during each round of the MBSP. The department has systems and processes in place to collect robust coverage modelling data from mobile network operators as part of the grant application process and sophisticated geospatial mapping tools to assess and analyse coverage and quality of service issues claimed. The department also requires grantees to provide evidence of the provision of services and coverage information at asset completion to confirm outcomes have been achieved as contracted. The department has undertaken random sampling of on-ground mobile coverage outcomes of completed sites to verify delivery outcomes.*

2.16 *The coverage modelling data provided by applicants under program rounds, as well as other confidential and public sources of relevant information such as ACCC Regional Mobile*

14 Community consultation on the grant opportunity guidelines for Regional Connectivity Program Round 3, including Mobile Black Spot Program Round 7, commenced on 20 December 2022 and closed on 10 February 2023. Funding outcomes were announced on 11 December 2023 and were not in scope for this audit.

Infrastructure Reports, is used to inform ongoing strategic policy development and the design of future program rounds. For example, the MBSP Round 7 design included a new, additional funding incentive that recognised the higher costs and commercial barriers to deploying base station in remote, very remote and First Nations communities; Round 2 of the Peri-Urban Mobile Program introduced the use of coverage heat maps to enhance the assessment of coverage and quality of service issues. The department is also delivering and/or supporting a number of relevant initiatives including:

- *the National Audit of Mobile Coverage (under the Better Connectivity Plan for Regional and Rural Australia) which will help the Government to better identify mobile coverage black spots, target future investment and help assess the accuracy of carrier coverage map; and*
- *the 2024 Regional Telecommunications Review which will provide the opportunity for community consultation with Australians across rural, regional and remote communities and will also work with industry to consider regulatory settings and to map solutions to improve regional communications.*

2.17 These initiatives will provide additional data, insights and information to support the department's existing processes and measures to collect data and identify mobile coverage gaps and quality of services across Australia. The outcomes of these initiatives will also assist the department by contributing to future program design and informing future policy advice.

2.18 1 (b) The department agrees in part with the recommendation to provide advice to government on the relative merits of selecting target locations over other mobile black spot areas. The Target Locations in the IMCR were identified during the election campaign by the then Opposition, prior to forming government. Once in Government, delivery of these commitments was funded as a decision of Government during the October 2022–23 Budget.

2.19 The Commonwealth Grants Policy Framework (which includes the CGRGs) and Resource Management Guides (RMGs) do not require officials to provide advice to government on the merits of their election commitments, rather to provide fair and transparent administration, support the minister, and comply with regulations, frameworks and statutory requirements when administering grants to deliver the Government's policy outcomes. As discussed in the June 2023 Joint Committee of Public Accounts and Audit's report (JCPAA)¹⁵, officials of Commonwealth entities that are delivering grant programs under the CGRGs framework have responsibilities to provide accurate, timely, and impartial advice to the relevant minister on matters related to these programs. The Department of Finance also reaffirmed in the report, the applicability of the existing grants framework to election commitments. The report also counsels officials and decision makers under the CGRGs framework to support the minister in understanding the guidelines, policies, and processes governing the administration and management of grants.

2.20 The department recommended that the Government undertake a competitive, merit-based grant opportunity to deliver on the relevant election commitments, and this recommendation was accepted. This approach was supported by the Department of Finance together with a low risk rating for the program round. The department complied with the

¹⁵ Joint Committee of Public Accounts and Audit, Parliament of Australia, *Report 495 Inquiry into Commonwealth grants administration* (2023).

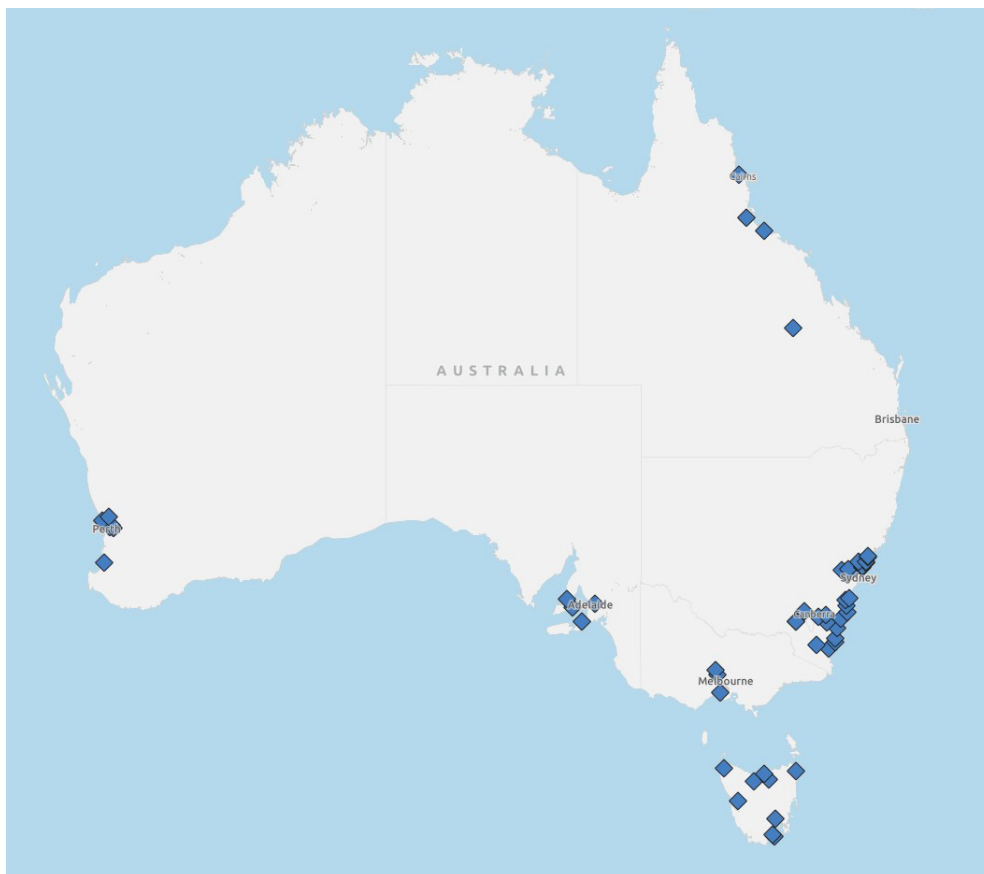
CGRGs, the PGPA Act and Rule, and the Department of Finance-issued accountable authority guidance for officials in the RMGs, including RMG 412 (4. Election commitments), relevant to accountable authorities and officials involved in grants administration.

2.21 The department notes it did provide advice to the Government on the 54 Target Locations when designing the IMCR. The department undertook a detailed desktop analysis of the Target Locations and the mobile coverage issues and, in the grant opportunity guidelines, classified them into one of three categories based on the most appropriate type of infrastructure solution for the mobile service issues at each location. The department then undertook public consultation on the draft grant opportunity guidelines, and included locally-reported issues at the Target Locations in the final guidelines. Following the application process, and consistent with the guidelines, the CGRGs and the PGPA Act, the department applied robust scrutiny when assessing and recommending applications for the IMCR, resulting in the department recommending against grants at several Target Locations. These recommendations were accepted by the Government.

Target location analysis

2.22 Twenty-seven target locations were in New South Wales, nine in Tasmania, six in Western Australia, four each in Queensland and South Australia, three in Victoria and one in the Australian Capital Territory (Jervis Bay Territory). Figure 2.1 shows the distribution of IMCR target locations across Australia.

Figure 2.1: Map of the 54 Improving Mobile Coverage Round target locations



Source: ANAO analysis of IMCR target locations.

2.23 To determine mobile coverage issues in the 54 target locations, the department reviewed information contained in the election commitments and existing mobile coverage maps. The department also carried out mobile coverage surveys of targeted highways and reviewed complaints of poor mobile access or coverage at the target locations.

2.24 The department advised the ANAO on 18 August 2023 that this desktop analysis was not the most effective method to identify localised capacity or dominance issues that could affect user experience at the target locations.

2.25 The department determined that the market would be best placed to determine potential solutions and shifted to classifying each target location into one of three categories:

- new mobile coverage — where coverage issues appeared to primarily relate to poor or no mobile coverage across the target location;
- new highway coverage — where issues primarily relate to stretches of highway with poor or no mobile coverage; or
- improved mobile coverage — where issues appear to primarily relate to either mobile capacity, poor indoor coverage or both.

2.26 In total, 14 target locations were identified as new mobile coverage, six locations as new highway coverage and 34 locations as improved mobile coverage.

National Mobile Black Spot Database

2.27 For round one of the MBSP, the department developed a national mobile black spot database to inform applicants of potential locations to help develop their grant applications for that round. The database contained mobile black spot locations reported by members of the public or nominated by members of parliament, however the reported mobile black spot issues were not independently verified by the department or updated as issues were rectified.

2.28 The department advised the ANAO on 30 August 2023 that this database did not inform the design of the IMCR as it was discontinued in 2018 and no longer in use. The department noted that the database represented a point in time, could not be validated and was no longer accurate.

Target location eligibility

2.29 The grant opportunity guidelines state that the objectives of the MBSP are to extend and improve mobile phone coverage and competition in regional and remote Australia, by co-funding new or upgraded telecommunications infrastructure. In most MBSP rounds, except for the Priority Locations Round, major urban areas¹⁶ have been ineligible for funding consistent with the grant opportunity guidelines.

16 Major urban areas represent a combination of all urban centres with a population of 100,000 or more, as classified by the Australian Bureau of Statistics' Section of State data. Infrastructure in major urban centres may have been funded under previous MBSP rounds if the solution provided some mobile coverage to a non-major urban centre. See: Australian Statistical Geography Standard (ASGS) Edition 3 - Significant Urban Areas, Urban Centres and Localities, Section of State, July 2021, available at <https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/jul2021-jun2026/significant-urban-areas-urban-centres-and-localities-section-state> [accessed 29 February 2024].

2.30 In September 2022, the department advised the minister that the design of the IMCR was based on the Priority Locations Round. This round of the MBSP targeted 125 pre-announced priority locations, including major urban areas, with solutions funded through a targeted competitive grant program.¹⁷

2.31 Nine IMCR target locations were in areas classified as major urban. The department advised the ANAO on 5 October 2023 that it determined major urban areas were eligible under the IMCR to streamline the grant application process for industry and to reduce inefficiencies of administering multiple grant programs. The legislative and policy authority for the MBSP does not restrict funding to regional and remote Australia.¹⁸

2.32 The department did not advise the government that major urban areas had been ineligible under previous MBSP rounds (except for the Priority Locations Round), and did not update the grant opportunity guideline objectives to clarify that major urban areas were eligible for grant funding under the IMCR.

Recommendation no. 2

2.33 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts review program objectives and update the grant opportunity guidelines for each new round of the Mobile Black Spot Program.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: *Agreed.*

2.34 *The department reviews program objectives and updates grant opportunity guidelines. The department reviews, consults on and updates the program guidelines for each new round of the program. The program guidelines (including program objectives) are reviewed and updated based on multiple factors, which can vary for each round. These can include updated policy objectives, election commitments, public consultation community feedback, telecommunications industry feedback, new and emerging technologies, lesson learned, risks and best practice in the delivery of other programs. The evolution of the program is evidenced in the body of program guidelines published for all eight rounds of the MBSP, copies of which can be found on the department's website.*¹⁹

2.35 *The program guidelines and objectives were reviewed and updated for the IMCR, including consideration of feedback from public consultation. The reference to regional and remote Australia is not a constraint of the program's policy or legislative authority²⁰; it is a program design feature which can change between rounds. The department acknowledges its oversight in not removing a reference to regional and remote locations in the program objective*

17 The Priority Locations Round consisted of 125 targeted locations which were eligible for funding based on commitments made by the Coalition during the 2016 Federal Election, categorised by mobile coverage issues or mobile capacity issues. In April 2018, the government announced \$45 million (GST inclusive) in funding for 102 new base stations.

18 Section 32B of the *Financial Framework (Supplementary Powers) Act 1997*; and item 211 of Schedule 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997*.

19 The department's website is at: <https://www.infrastructure.gov.au/media-communications-arts/phone/mobile-services-and-coverage/mobile-black-spot-program>.

20 Section 32B of the *Financial Framework (Supplementary Powers) Act 1997*; and item 211 of Schedule 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997*.

for this particular round, noting that some Target Locations were identified in major cities and were eligible under the IMCR. This administrative oversight did not have any material impact on the outcomes of the program as the eligible 54 Target Locations were clearly identified in the program guidelines, as included in Appendix A.

Target locations previously funded through Australian Government grant programs

2.36 The department advised the government that some election commitments were in locations that had received grant funding under existing government programs. Seventeen target locations had received funding under earlier grant program rounds.

2.37 In January 2023, the department advised the minister through their office that the market should be tested again as some sites could not be built at the time or may have had conditions change to warrant additional telecommunication infrastructure investment. The department stated that previously funded sites may require further coverage or capacity upgrades to address localised black spot issues.

Target location risks

2.38 The department advised the minister through their office in July 2022 that some target locations might be challenging to deploy coverage solutions or might not be of commercial interest to mobile network operators. The department stated these issues could result in some locations not attracting funding applications and that there was a higher risk of infrastructure not being completed at the Kangaroo Valley, Carwoola, St Leonards, Mt Tomah and Bowen Mountain target locations.

2.39 The department also advised the minister that specifying target locations for investment could reduce the competitive incentive for applicants and state and territory governments to offer funding co-contributions.

2.40 The department identified in its draft program risk register that its award of grant funding may contribute to an increase in Telstra's incumbent market share throughout regional Australia. The draft risk register stated that poor program design could limit market competition in regional areas due to reduced investment incentives from other providers.

2.41 The department identified the following controls to manage the risk:

- assessment criteria within the grant opportunity guidelines factored in solutions that provide new mobile coverage in an applicant's network but not wholly new coverage to an area;
- grant opportunity guidelines targeted mobile network operators and mobile network infrastructure providers with high incentives to be seen investing in regional areas; and
- the government evaluates former rounds of the program for effectiveness, including effects on market incentives and competition, and program rounds are designed using evidence-based policy research.

2.42 The department assessed the likelihood of the reduced competition risk occurring as rare in the risk register, resulting in an overall low risk rating. The department advised the ANAO on 12 February 2024 that it did not raise the reduced competition risk with the government in the development of the IMCR as the department classified the potential risk as low.

Analysis of highway target locations

2.43 The department engaged Ventia as an external technical adviser to carry out mobile coverage testing²¹ for the identified highway locations to detect mobile coverage issues, which was completed in June 2022. The testing resulted in the reclassification of one highway target location to the 'improved mobile coverage' category. All other highway target locations remained in the 'new highway coverage' category.

Were lessons learned from previous mobile black spot rounds effectively used to inform the design of round six?

Lessons learned from previous funding rounds were used to inform program design and development of the IMCR grant opportunity guidelines. The department has not implemented a 2016–17 ANAO recommendation agreeing to develop a MBSP evaluation framework. The department monitors performance information but has not evaluated the MBSP prior to initiating further grant opportunities to ensure the program is achieving its intended objectives.

Using lessons learned to design the Improving Mobile Coverage Round

2.44 The department advised the government that a targeted competitive grants program was the most effective way to deliver against its improving mobile coverage election commitments, consistent with the Department of Finance's Resource Management Guide 412.²²

2.45 When developing the IMCR, the department modelled the grant opportunity on the MBSP Priority Location Round to deliver election commitments and considered lessons learned from previous rounds of the MBSP, the Peri-Urban Mobile Program and feedback from public consultation to update the grant opportunity guidelines (see Table 2.1).

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- 21 Testing included fixing mobile signal scanners and GPS technology to a vehicle and driving along the length of the identified highway routes to identify areas of marginal or unreliable mobile service. For the Improving Mobile Coverage Round this was the Forrest Highway (Perth to Australind, WA); Kings Highway (Canberra to Batemans Bay, NSW); Monaro Highway; Princes Highway (Batemans Bay to Ulladulla, and Ulladulla to Cann River, NSW); Snowy Mountains Highway (Stoney Creek to Steeple Flat, NSW); and West Tamar Highway (Grindelwald to Kelso, TAS).
- 22 Resource Management Guide 412: Australian Government Grants – Briefing, Reporting, Evaluating and Election Commitments suggests an appropriate mechanism for the implementation of one or more election commitments may be the establishment of a separate grant opportunity to be used for the exclusive purposes of administering election commitments. Such grant opportunities must meet the requirements of the CGRGs.

Table 2.1: Lessons learned and applied into the design of the Improving Mobile Coverage Round

Lesson learned	Source of lesson learned	Detail of lesson learned	IMCR design feature
Assessment scoring methodology	Priority Locations Round (PLR)	Previous MBSP rounds used a points-based system to assess applications. The department introduced a weighted formula in the PLR to assess new coverage and improved coverage solutions which differentiated between solutions on a cost against mobile coverage outcome basis.	The IMCR guidelines retained the weighted scoring methodology to assess new coverage and new highway coverage solutions. The guidelines outlined three criterion for improved coverage solutions.
Third-party contributions		The department advised the minister in October 2022 it was unlikely third-party contributions would be received for the IMCR as no third-party contributions were received under the PLR, driven primarily by the pre-determined location selection.	The IMCR guidelines were updated to clarify third-party engagement as a factor in the department's value for money assessment of proposed solutions.
Operational cost funding	Round 5A	Applicants previously excluded from applying for grant funding to cover operational expenses. The department received feedback from applicants that recovery of operational costs was required to make remote locations commercially viable. Operational costs were eligible for funding for trial solutions under MBSP round 5A.	IMCR guidelines adopted the ability for applicants to claim operational costs for proposed solutions.
Capital cost caps for multi-carrier solutions		Round 5A removed a \$500,000 cap for capital costs for 'multi-carrier solutions' to encourage more applications following feedback from stakeholders.	The guidelines did not specify a funding cap on capital costs for any solution. Nominal funding cap on total solution cost introduced at \$680,000 for macrocell solutions and \$250,000 for small cell solutions. ^a The department advised the Minister in October 2022 there was a risk that proposed solutions may exceed the funding caps due to inflationary and supply cost pressures.
Conservative coverage metrics	Peri-Urban Mobile Program (PUMP)	Conservative signal thresholds were adopted in PUMP to better demonstrate proposed mobile coverage outcomes at a higher confidence level, particularly for indoor mobile reception.	The IMCR guidelines also adopted conservative signal thresholds ^b to assess coverage outcomes.

Lesson learned	Source of lesson learned	Detail of lesson learned	IMCR design feature
Co-location and multi-carrier outcomes	2021 Regional Infrastructure Review ^c	The review notes that consumers in regional and remote Australia have less choice in mobile providers and can experience higher costs when living, travelling and working in these areas.	The IMCR guidelines included requirements for applicants to provide active sharing or co-location ^d to other providers where technically feasible.

Note a: Macrocell solutions provide mobile coverage to a wide area over several kilometres, while a small cell solution has a smaller mobile coverage range (hundreds of meters) and a lower power output to that of a macrocell.

Note b: To assess the mobile coverage claims made by applicants under the Improving Mobile Coverage Round, the department uses Reference Signals Received Power (RSRP) to model signal strength proposed at a location at 90 per cent confidence. For the 4G (LTE) service mode, an RSRP measured at -85 decibel-milliwatts should provide strong signal strength with good data speeds. Decibel-milliwatts (dBm) is the amount of power that an antenna can produce or how much signal is available at a site. The RSRP is a measurement of this power spread over the full bandwidth and narrowband and is indicated by a negative dBm value. The closer the negative dBm measurement is to zero, the stronger the signal.

Note c: Regional Telecommunications Independent Review Committee, *2021 Regional Telecommunications Review: a step change in demand*, RTIRC, Canberra, 2021, available from <https://www.infrastructure.gov.au/sites/default/files/documents/2021-rtirc-report-a-step-change-in-demand.pdf> [accessed 17 January 2024].

Note d: Communications equipment can be installed on a range of physical infrastructure such as a mobile tower, rooftops of commercial and residential buildings, or light poles and bus stops (known as passive infrastructure). Co-location occurs when a Mobile Network Operator (MNO) installs their equipment on the infrastructure as another MNO in a passive sharing arrangement. Active sharing involves the sharing of electronic infrastructure such as radiocommunications spectrum and radio access network between MNOs.

Source: ANAO analysis of MBSP lessons learned captured by the department.

Performance monitoring and reporting

2.46 The PGPA Rule and the Department of Finance Resource Management Guide 131 requires entities to have meaningful performance information that is measurable, reliable and related to entity's purpose and objectives.²³

2.47 Outcome 5 in the department's Portfolio Budget Statements 2023–24 is to:

Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services.

2.48 A key activity under Outcome 5 is to implement and administer programs that expand digital connectivity, including the MBSP. The objective of the MBSP is to extend and improve mobile phone coverage and competition across Australia, with a focus on regional and remote areas, by co-funding new or upgraded telecommunications infrastructure.

2.49 The department monitors MBSP implementation through the following key performance indicators (KPIs) set out in the grant agreements:

- amount of new and upgraded handheld coverage achieved (km²);
- new external antenna coverage (km²);
- new coverage proved to major transport routes (kms); and
- number of premises receiving new handheld coverage.

²³ Department of Finance, Developing performance measures, Resource Management Guide No. 131, June 2023, available from <https://www.finance.gov.au/government/managing-commonwealth-resources/developing-performance-measures-rmg-131> [accessed 29 February 2024].

2.50 The department requires that grantees provide KPI baseline data for each funded solution in the grant agreements. The department uses this data to monitor implementation and report progress against the MBSP objective of extending and improving mobile coverage. The grant agreements also require grantees to provide asset completion reports and data on total contracted versus actual mobile coverage outcomes for delivered infrastructure.

2.51 Performance measure 25 in the department's 2023–27 Corporate Plan is the 'Total amount of new and improved mobile coverage delivered through the Mobile Black Spot Program and the Peri-Urban Mobile Program'.²⁴ The department reports against this performance measure using the MBSP KPI data (see paragraph 2.49).

2.52 The 2023–24 target for performance measure 25 is mobile coverage that is equal to or greater than 90 per cent of total contracted coverage delivered by assets where completion reports are received and approved in the financial year, for both the MBSP and Peri-Urban Mobile Program.²⁵

2.53 For the MBSP in 2022–23, the department reported it had met the target against performance measure 25, with 6,420km² of new handheld mobile coverage delivered across 79 base stations representing 158 per cent of the total contracted coverage from these assets.²⁶ The ANAO audited the department's performance statements for the year ending 30 June 2023 and did not find any non-compliance with the PGPA Act and Rule for this performance measure. The department does not have a target for competition objectives or whether mobile telecommunication users in regional and remote Australia are provided with a greater choice of mobile network operators.

Program evaluation

2.54 The Commonwealth Evaluation Policy sets a framework to assess implementation and to measure the impact of government programs. Resource Management Guide 412 states that the evaluation of grant programs should focus on the extent to which the government's policy outcomes have been achieved. Australian Government entities should also adopt an early focus on evaluation during the design phase of a grant opportunity.²⁷

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- 24 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2023–2027 Corporate Plan, DITRDCA, Canberra, 2023, available from: <https://www.infrastructure.gov.au/about-us/corporate-reporting/2023-27-corporate-plan> [accessed 16 January 2024]. This audit did not assess the Peri-Urban Mobile Program.
 - 25 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2023–2027 Corporate Plan, DITRDCA, Canberra, 2023, available from: <https://www.infrastructure.gov.au/about-us/corporate-reporting/2023-27-corporate-plan> [accessed 16 January 2024]. This audit did not assess the Peri-Urban Mobile Program.
 - 26 Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2022–23 Annual Report, DITRDCA, Canberra, 2023, available from: <https://www.infrastructure.gov.au/about-us/corporate-reporting/annual-reports> [accessed 26 February 2024]; note in 2022–23, the department's performance measure 25 was the 'amount of new and improved mobile coverage delivered in regions under the Mobile Black Spot Program.'
 - 27 Department of Finance, Australian Government Grants – Briefing, Reporting, Evaluating and Election Commitments, Resource Management Guide No. 412, June 2018, available from <https://www.finance.gov.au/government/managing-commonwealth-resources/australian-government-grants-briefing-reporting-evaluating-and-election-commitments-rmg-412> [accessed 29 February 2024].

2.55 In 2022, the Minister for Communications asked the Standing Committee on Communications and the Arts to inquire into the experiences, opportunities and challenges for co-investment in multi-carrier regional mobile infrastructure. In its report released in November 2023, the standing committee recommended:

the Australian Government review the policy intent, objectives, and guidelines of the Mobile Black Spot Program to ensure it remains fit for purpose. The review should be completed within 12 months and have regard to other relevant recommendations made in this report.²⁸

2.56 Auditor-General Report No. 10 2016–17 *Award of Funding under the Mobile Black Spot Programme*, recommended that the department implements a performance measurement and evaluation framework for the MBSP.²⁹ The department agreed to this recommendation.

2.57 In February 2024, the department advised the ANAO that it was developing a MBSP evaluation strategy and planning an approach to market for external evaluation services.

2.58 As at March 2024, the department does not have a MBSP evaluation framework in place and has not evaluated the program prior to initiating further grant opportunities. Without an effective evaluation, the department is unable to provide assurance that the MBSP contributes to improving mobile phone coverage and competition in regional and remote Australia.

Recommendation no. 3

2.59 The Department of Infrastructure, Transport, Regional Development, Communications and the Arts:

- (a) develop an evaluation plan to assess the extent to which the MBSP is achieving its objectives and to identify future enhancements to the MBSP; and
- (b) commence an evaluation of the MBSP within 12 months.

Department of Infrastructure, Transport, Regional Development, Communications and the Arts response: Agreed.

2.60 *The department is committed to continuous learning and improvement in its programs and has taken steps to evaluate the MBSP. The department reviews each round of the program to determine how the administration of the program can be improved. Lessons from previous rounds provide enhancements to new rounds of the program, to continue to deliver on the program, and each round's, objectives. The department has also undertaken random sampling of mobile coverage of sites delivered across multiple rounds of the program, to identify and verify mobile coverage outcomes for the MBSP.*

2.61 *The department agrees a more formal evaluation of the program would provide additional benefits and opportunities for improvement. The department has developed an internal evaluation plan for the MBSP, undertaken a procurement process and engaged an external contractor to undertake an evaluation of the MBSP. The evaluation will measure and*

28 House of Representatives Standing Committee on Communications and the Arts, Parliament of Australia, *Connecting the country: Mission critical* (2023).

29 Auditor-General Report No. 10 2016–17, *Award of Funding under the Mobile Black Spot Programme*, ANAO, Canberra, paragraph 4.24, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-mobile-black-spot-programme> [accessed 14 August 2023].

assess the effectiveness of the program in delivering its policy intent, program objectives and to inform future policy and program design. The evaluation is expected to be completed in the latter half of 2024.

Has the department established appropriate grant opportunity guidelines?

The department established grant opportunity guidelines that complied with all relevant provisions in the CGRGs except fell short in updating the guideline objectives. The program guidelines outlined IMCR governance arrangements and the assessment and decision-making processes. The department's internal processes and procedures were designed consistently with the guidelines and other relevant frameworks; but the department could take steps to ensure internal documentation is finalised, regularly reviewed and updated as required.

Design of the grant opportunity guidelines

2.62 The CGRGs require accountable authorities to develop grant opportunity guidelines for all new grant opportunities.³⁰ Officials should develop clear and consistent guidelines to effectively communicate the program's intended outcomes to applicants.

2.63 On 14 November 2022, the department published the draft guidelines for public comment. The draft guidelines were updated with input from public consultation, and feedback from state and territory governments, and mobile network operators.

2.64 The department received 108 submissions across industry, non-government organisations and the public as part of the consultation process. Sixty-five submissions (60 per cent) identified a mobile coverage issue in one or more target locations. The department advised the minister through their office that stakeholder engagement identified the impact of poor connectivity across target locations, including issues with 'EFTPOS, communications during natural disasters or medical emergencies, working and studying from home, and receiving two-factor authentication codes for banking and government services.'

2.65 The department wrote to three mobile network operators on 14 November 2022 to notify of the consultation period and offered to discuss the draft grant opportunity guidelines. Telstra and TPG Telecom requested meetings with the department which were held on 22 November 2023 and 29 November 2023 respectively. The consultation meetings covered the program timeframes, types of coverage issues at target locations, assessment coverage metrics and multi-carrier provisions. Optus did not request a meeting with the department.

2.66 Following consultation with all parties, the department made three key updates to the guidelines:

- identified additional areas with poor connectivity in target locations;
- clarified that eligible costs for supporting additional mobile network operators in a proposed solution can be included at the lead applicant's cost; and
- clarified the nominal cap and expected levels of co-contribution from applicants.

30 Commonwealth Grants Rules and Guidelines paragraphs 4.3, 4.4, 6.3 and 8.6 as at 29 August 2017.

2.67 As required by the Commonwealth Grants Policy Framework, the department conducted a self-assessment risk analysis of the grant opportunity guidelines and applied a low-risk rating. In January 2023, the department consulted with the Department of Finance and the Department of the Prime Minister and Cabinet on the risk rating, with both departments agreeing with the low-risk rating.

2.68 In September 2020, the Minister for Communications, Cyber Safety and the Arts wrote to the Minister for Finance seeking agreement for MBSP rounds 5A and six to be exempt from using the government's grants hubs. On 4 October 2020, the Minister for Finance agreed to the exemption due to the 'complex nature of the programs and the need to have consistency for stakeholders.' Given this exemption, the department administered the IMCR directly.

2.69 The minister approved the guidelines on 24 January 2023 and the guidelines were published on GrantConnect on 2 February 2023.

2.70 The guidelines largely aligned to the requirements and better practice principles of the CGRGs (see Table 2.2).

Table 2.2: Alignment of the Improving Mobile Coverage Round grant opportunity guidelines with better practice principles

CGRG principle	CGRG alignment	ANAO analysis
Robust planning and design	Guidelines designed to have regard to all planning issues and risks identified in the CGRGs (paragraph 7.5).	<ul style="list-style-type: none"> Guidelines establish the Minister for Communications as the decision-maker for the award of funding. Rationale for the grant opportunity is set out in paragraph two of the guidelines; although clarification that target locations classified as major urban areas were eligible for MBSP funding under the IMCR was not explicit (see paragraphs 2.29 to 2.33). Risk considered by the department and controls reflected within the guidelines. The guidelines were published on GrantConnect on 2 February 2023.
Collaboration and partnership	Guidelines are clear, consistent, well-documented and effectively communicated. Officials are encouraged to seek input from non-government stakeholders. (paragraphs 8.1, 8.2, 8.5, 8.6 and 8.7).	<ul style="list-style-type: none"> The department publicly consulted on the guidelines in November 2022. Application forms provide all necessary information and are easy to understand. Responsibilities of the grantee are outlined in paragraph 12.1 of the guidelines.
Proportionality	Guidelines have been designed to be proportionate to the applicants' capabilities (paragraph 9.3).	<ul style="list-style-type: none"> Application and selection process for the IMCR was designed to consider the scope of the grant, the capability of the applicants (as mobile network operators and mobile network infrastructure providers) and the nature of the risks involved based on previous experience of delivering the Mobile Black Spot Program.

CGRG principle	CGRG alignment	ANAO analysis
An outcomes orientation	Guidelines have a clear and specific operational objective (paragraph 10.3).	<ul style="list-style-type: none"> Contributes to the department's outcome five: 'promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services'.^a Grantees are required to establish baseline data for measuring project and program progress (paragraph 12.1.1 of the guidelines). KPIs will be agreed with grantees and used by the department to monitor, measure and report on progress (paragraph 12.4.1 of the guidelines).
Achieving value with relevant money	Guidelines designed to achieve value with relevant money and addressed necessary factors for consideration (paragraph 11.4).	<ul style="list-style-type: none"> The guidelines establish a targeted competitive, merit-based grant program totalling \$40 million available in Commonwealth funding. Value for money factors within the assessment process outlined at paragraph 8.4 of the guidelines.
Governance and accountability	Guidelines outlined a robust governance framework and identify the responsibilities of all program participants (paragraphs 12.3 and 12.4).	<ul style="list-style-type: none"> All roles and responsibilities identified and defined in the guidelines, including the decision-maker, evaluation committee, technical advisers, eligible applicants, grantees and the department. Internal procedures developed by the department are consistent with the guideline requirements.
Probity and transparency	Guidelines outlined transparent and systematic processes for assessments and conflicts of interests (paragraphs 13.5, 13.8, 13.9 and 13.14).	<ul style="list-style-type: none"> Statement on probity provided at paragraph 13.1 of the guidelines. Paragraph 13.12 of the guidelines outlines complaint handling procedures and paragraph 13.15 details freedom of information mechanisms. Conflicts of interest provisions are detailed at paragraph 13.3 of the guidelines and applicants are required to declare conflicts of interest as part of their application (paragraph 13.3.2). Eligibility and selection criteria outlined in the guidelines (sections 4 and 6) and consistently applied.

Note a: Australian Government, Department of Infrastructure, Transport, Regional Development, Communications and the Arts 2023–24 Portfolio Budget Statement, Commonwealth of Australia, Canberra, 2023, available from: <https://www.infrastructure.gov.au/about-us/corporate-reporting/budgets/budget-2023-24/portfolio-budget-statements-2023-24> [accessed 15 January 2024].

Source: ANAO analysis of the IMCR grant opportunity guidelines against CGRG requirements.

Eligibility requirements and assessment criteria

2.71 Eligibility requirements were outlined in the IMCR guidelines. To be eligible for IMCR funding, applicants need to be a registered mobile network operator or mobile network infrastructure provider.³¹ Proposed solutions must provide new or improved mobile coverage at the identified target locations to be eligible for funding, meet the technical requirements set out in the guidelines and provide a minimum standard of service in the target locations.

2.72 In response to Auditor-General Report No. 10 2016–17 *Award of Funding under the Mobile Black Spot Programme*, the department agreed to the Auditor-General’s recommendation for the department to ‘implement an appropriately detailed assessment methodology tailored to the objectives of the programme.’

2.73 The guidelines outlined the assessment criteria which consisted of formulas to determine the cost per coverage outcome of each proposed solution. The assessment criteria for improved coverage solutions also included scope to assess the material improvement of a solution proposed for a target location (see paragraph 3.45). The department also outlined the key factors it would consider in assessing a proposed solution’s potential to demonstrate value for money (see paragraph 3.51).

Internal processes and procedures

2.74 The department’s internal processes were consistent with the published grant opportunity guidelines and the CGRGs. Officials were supported by internal process documents, which include standard operating procedures, checklists, geospatial mapping tools, and probity and evaluation plans. The MBSP project management plan and IMCR risk register remained in draft form (see opportunity for improvement at paragraph 2.96).

Are appropriate arrangements in place to manage probity risks?

The department established arrangements to manage probity risks to ensure officials declared and managed conflicts of interest. The department had appropriate separation of duties in place and the IMCR assessment process was supported by an external probity adviser. All department officials involved in the assessment process received a probity briefing, considered conflicts of interests, and completed a declaration form. The department did not regularly review its risk and conflict-of-interest registers and the probity plan and final probity report were not finalised in a timely manner. The department could improve its processes to update its conflict-of-interest register to document actions taken to manage conflict-of-interest declarations.

31 Mobile Network Operators (MNO) and Mobile Network Infrastructure Providers (MNIP) must be registered for GST and hold an Australian Business Number to be eligible to apply. MNIP application must be accompanied by written evidence of intent from at least one MNO to enter into a commercially binding commitment to use the infrastructure to deliver mobile services.

2.75 The department had a range of measures in place to manage IMCR probity risks:

- department-level risk management policy and framework, and associated risk appetite and tolerance statement;
- overarching departmental probity framework;
- IMCR probity plan;
- IMCR draft risk register identifying probity risks, controls and mitigations; and
- individual conflict-of-interest declarations made by program participants and a conflict-of-interest register.

Internal controls to manage probity risks

2.76 The department has a Risk Management Policy and Framework in place to guide its approach to managing and engaging with risk. The department outlines in its risk appetite and tolerance statement that it has a very low appetite for unethical behaviour and no tolerance for fraud or corruption.

2.77 The department developed a draft IMCR risk register which identified probity not being managed appropriately during the application, assessment and contract negotiation periods as a key program risk. The department rated this risk for the IMCR as 'Low.'

2.78 Two controls were identified by the department to manage probity risk: program participants were required to complete conflict-of-interest declarations; and the department engaged an external probity adviser to support the program. The IMCR risk register was not finalised by the department and remained in draft form as at 8 March 2024.

2.79 The department had an IMCR probity plan to identify and seek to manage probity risks. This plan provided detail on:

- IMCR background and probity plan application;
- roles and responsibilities, including the role of the probity adviser;
- procedures for the handling of gifts and benefits and managing actual, perceived and potential conflicts of interest;
- procedures for communication with applicants in the course of evaluation activities;
- protecting confidential and commercially sensitive information;
- handling complaints; and
- processes to monitor compliance with the probity plan.

2.80 In February 2023, the department engaged Sparke Helmore Lawyers as its probity adviser for a number of communications grant programs, including the IMCR. The probity adviser reviewed the draft probity plan on 28 March 2023 and provided feedback which was incorporated into the probity plan. The project director reviewed the probity plan in April 2023 and the final plan was presented to the evaluation committee on 16 June 2023. The probity plan was not signed by the project director until 18 August 2023.

2.81 Two members of the evaluation committee, including the Chair, attended a probity briefing delivered by Sparke Helmore Lawyers on 1 May 2023. A new member was nominated to participate on the evaluation committee in June 2023 and provided with a probity briefing on 11 July 2023. A probity briefing was also delivered by Sparke Helmore Lawyers to two officers within the minister's office on 7 August 2023.

2.82 Sparke Helmore Lawyers submitted its review of the draft evaluation report and summary of assessment on 18 August 2023 and, following amendments made by the department, the probity adviser found 'there are no other probity concerns.' The department submitted the evaluation report to the minister on 23 August 2023 and advised that 'the Program's Probity Adviser, Sparke Helmore Lawyers, had provided clearance of the Evaluation Report.' The department did not receive formal probity sign-off on the IMCR assessment process from Sparke Helmore Lawyers until 11 December 2023.

Separation of duties

2.83 The CGRGs state that accountable authorities should establish appropriate internal control mechanisms for grants administration, which can include the separation of duties.³²

2.84 There were appropriate oversight arrangements and separation of duties for the IMCR. Key roles and duties were outlined in the IMCR grant opportunity guidelines and evaluation plan:

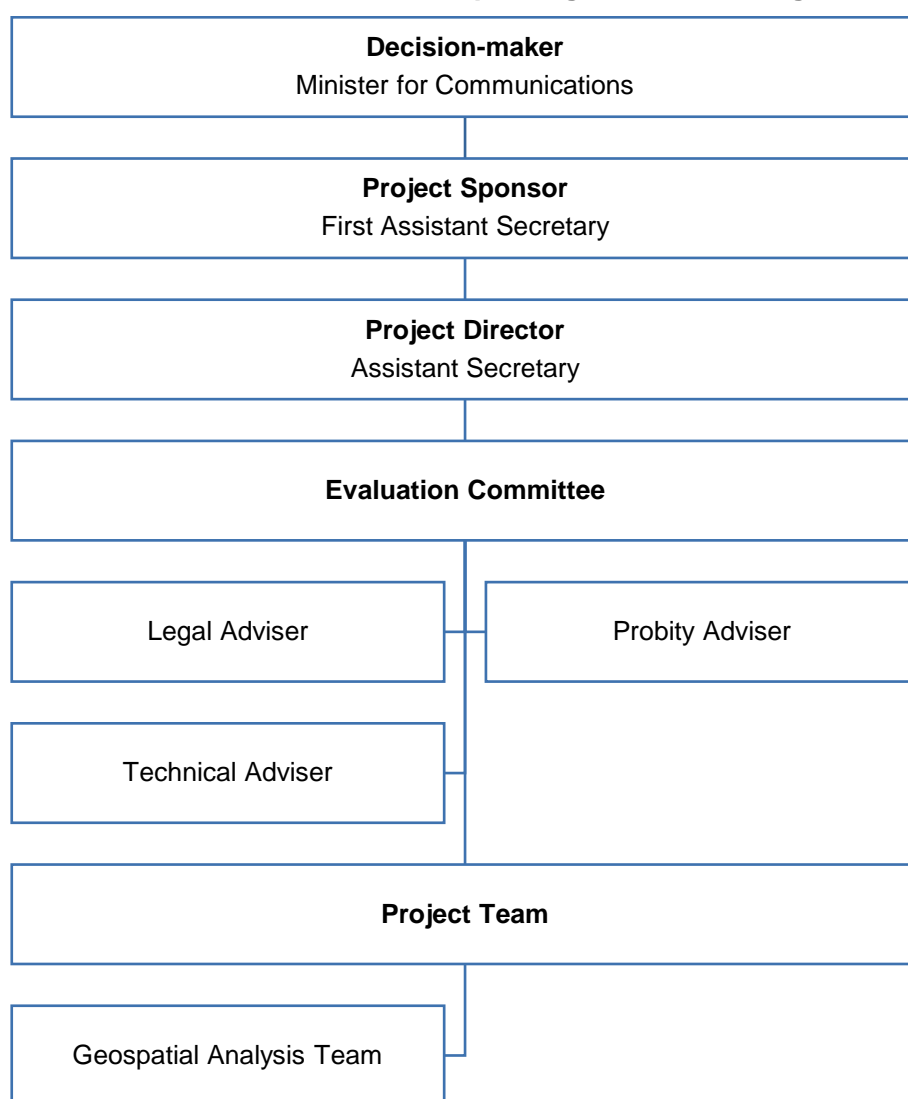
- the department was responsible for eligibility checks, evaluating applications against minimum requirements, assessing proposed solutions, and preparing merit lists for each target location; and
- the Minister for Communications, as the decision-maker, was responsible for the award of funding under the IMCR.

Evaluation committee

2.85 An evaluation committee was established within the department to assess and evaluate each application to form a merit list of proposed solutions. The evaluation committee also carried out an assessment on whether each proposed solution demonstrated value for money. The evaluation committee consisted of three officials from within the department (see paragraphs 3.33 to 3.36 for the evaluation committee's role in assessing applications).

2.86 The evaluation committee convened 12 times between June and August 2023 and recorded its outcomes in meeting minutes (see paragraphs 3.37 to 3.57). An overview of the department's governance arrangements is provided at Figure 2.2.

32 Commonwealth Grants Rules and Guidelines paragraph 13.5, as at 29 August 2017.

Figure 2.2: Governance structure for the Improving Mobile Coverage Round

Source: ANAO analysis of the IMCR evaluation plan, probity plan and grant opportunity guidelines.

Identifying and managing conflicts of interest

2.87 The CGRGs state that accountable authorities should put in place appropriate mechanisms for identifying and managing conflicts of interest for grant opportunities.³³ The CGRGs define a conflict of interest as:

where a person makes a decision or exercises a power in a way that may be, or may be perceived to be, influenced by either material personal interests (financial or non-financial) or material personal associations.

2.88 The probity plan applied to all departmental personnel, contractors and advisers involved in the evaluation process for the IMCR. The probity plan required all personnel to complete a conflict-of-interest declaration as soon as possible after commencing work on the program.

33 Commonwealth Grants Rules and Guidelines paragraph 13.8, as at 29 August 2017.

2.89 In March 2023, the department developed a register of conflict-of-interest declarations made by officials which it maintained during the IMCR assessment process. All members of the evaluation committee and other officials involved in the IMCR assessment process completed conflict-of-interest declarations in line with probity plan requirements.

2.90 Conflict-of-interest declarations made by department officials and employees of the probity adviser included personal mobile phones connected to an applicant's network, family or friends employed by an applicant, or their own intention to seek employment with an applicant.

2.91 The probity plan states 'on receipt of a declaration of an actual, perceived or potential conflict of interest, the project director refers the matter to the probity adviser for advice on the proper management of the situation.' The department sought and received advice from Sparke Helmore Lawyers in May 2023 regarding a matter where a declaration was made by a department official in relation to potential employment with an applicant. Measures were identified by the probity adviser to mitigate the risk of a conflict of interest arising. These included:

- reminding the officer of their confidentiality, non-disclosure and general probity obligations covering the programs they were working on and obligations pursuant to the PGPA Act and APS Code of Conduct;
- removing the officer from involvement in matters concerning the applicant (the mobile network operator where the officer had applied for employment);
- allowing the officer to work on matters involving the applicant's competitors but removing access to commercially sensitive information such as pricing schedules; and
- regular review of the officer's work by a member of the department's legal team.

2.92 The IMCR conflict of interest register was not updated to record details of this declaration and the associated mitigation strategies put in place by the department. The officer remained involved in work on regional mobile grant programs administered by the department until resigning in June 2023.

2.93 On 18 August 2023, the chair of the evaluation committee (the chair) endorsed the IMCR evaluation report, finalising the assessment process. On 21 August 2023, the chair commenced as acting senior adviser to the Minister for Communications.

2.94 The department put in place the following mitigation measures to address any potential conflicts of interest arising from this appointment:

- the chair, in their capacity as acting senior adviser to the minister, would not be part of the review and ministerial decision on the IMCR assessment report and recommendations brief;
- all departmental correspondence on the IMCR was to be addressed to an alternative adviser within the minister's office; and
- the IMCR project team was notified by email of these arrangements on 22 August 2023.

2.95 On 23 August 2023, the acting senior adviser to the minister confirmed arrangements in an email to senior department officials. The email stated that they would not be involved in reviewing the IMCR brief and would not discuss or interact with others in the minister's office until the brief was signed off by the minister. The department took steps to manage the potential conflict of interest declared by the chair but did not update its conflict-of-interest register or seek probity advice in this instance.

Opportunity for improvement

2.96 The department could ensure key program documentation is regularly reviewed and approved in a timely manner for future MBSP rounds for its risk register, probity plan and conflict-of-interest register.

3. Application assessment

Areas examined

This chapter examines whether the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) assessed applications it received for the Improving Mobile Coverage Round (IMCR) in accordance with the approach set out in the grant opportunity guidelines.

Conclusion

The department assessed all applications against the lodgement, eligibility and minimum technical requirements as outlined in the grant opportunity guidelines, with eligible solutions proceeding to assessment and ineligible solutions set aside. Its assessment of applications against the assessment criteria was largely effective in identifying solutions that demonstrated value for money. The department could improve its planning processes as the department lacks a risk-based approach to verifying claims made in applications and did not fully consider the limitations of its assessment methodology for improved coverage solutions. The department recorded merit lists in line with the grant opportunity guidelines and the evaluation committee's decisions.

Area for improvement

The ANAO suggested the department could:

- implement measures, based on risk, to verify the accuracy of information provided by applicants in their forward-build plans and assess the possibility of other commercial activities occurring in proposed locations; and
- maintain records when developing and testing geospatial mapping tools used by the department to assess mobile black spot grant applications.

3.1 To ensure transparent and equitable grant administration, grant opportunity guidelines should contain all the necessary information a potential grantee needs to enable them to submit a grant application.³⁴ Guidelines should include information on how to apply for the grant; the process and timeframes involved, including all eligibility and assessment criteria; the roles and responsibilities of all relevant stakeholders; and the expectations if their application is successful.

Were applications assessed against the eligibility requirements?

The department assessed all applications against the lodgement, eligibility and minimum technical requirements of the grant opportunity guidelines, with eligible solutions proceeding to assessment and ineligible solutions set aside.

Application lodgement

3.2 The Commonwealth Grants Rules and Guidelines 2017 (CGRGs) prescribe that officials should treat applicants fairly and equitably by applying a transparent and systematic application

³⁴ Commonwealth Grants Rules and Guidelines paragraph 8.7 and 12.3, as at 29 August 2017.

process.³⁵ The grant opportunity guidelines outline the IMCR application lodgement process and how applications will be assessed against the IMCR eligibility requirements.

3.3 To lodge an application, the guidelines required applicants to pre-register interest, provide coverage maps of existing handheld coverage³⁶, use required application forms and documents, and warrant that proposed solutions are not in their forward-build plan from 2022–23 to 2026–27.³⁷

3.4 One applicant did not fully submit its final application before the deadline on 13 April 2023. The department exercised discretion under the guidelines to accept the late application and noted the applicant had begun uploading documents before the deadline. No material changes were made to the application when its upload was completed on 14 April 2023. The application was discussed at the first meeting of the evaluation committee and the department recorded its decision-making process and reasons to accept the application. All other applications were lodged in line with the grant opportunity guidelines.

3.5 On 5 May 2023, the department provided the minister through their office with a high-level summary of the applications received. This included the number of applications, total number and value of proposed solutions, the type of proposed solutions and potential Commonwealth co-contribution costs. The department also noted that, for probity reasons, it would not provide further material information on the IMCR applications or assessment processes until it formally briefed the minister on the assessment outcomes.

3.6 On 10 July 2023, TPG Telecom withdrew 18 out of 34 proposed solutions (53 per cent) after the Australian Competition Tribunal (the tribunal) affirmed the Australian Competition and Consumer Commission's (ACCC) decision to not authorise a proposed regional spectrum authorisation arrangement between TPG Telecom and Telstra.³⁸

3.7 This arrangement would have seen TPG Telecom provide Telstra with the use of its radiofrequency spectrum and Telstra supplying TPG Telecom with mobile network services in regional areas. The ACCC refused the Telstra and TPG Telecom application, determining that the arrangement was likely to entrench Telstra market share and reduce the incentives for mobile network operators to invest in improving mobile coverage in regional areas.³⁹ The tribunal affirmed the ACCC decision, denying authorisation as it 'was not satisfied that the proposed arrangements

35 Commonwealth Grants Rules and Guidelines paragraph 13.9, as at 29 August 2017.

36 Existing handheld coverage includes coverage from base stations funded under the Mobile Black Spot Program, the Peri-Urban Mobile Program and the Regional Connectivity Program and any base station funded under a State or Territory program, regardless of the stage of construction. See section 7.3.1. of the IMCR grant opportunity guidelines.

37 Forward build plans outline a mobile network operator's plans to expand their networks or upgrade telecommunications infrastructure over the next four years.

38 Australian Competition and Consumer Commission, 'Australian Competition Tribunal denies authorisation for Telstra and TPG regional network deal', media release, Canberra, 21 June 2023, available from [acc.gov.au/media-release/australian-competition-tribunal-denies-authorisation-for-telstra-and-tpg-regional-network-deal](https://www.accc.gov.au/media-release/australian-competition-tribunal-denies-authorisation-for-telstra-and-tpg-regional-network-deal) [accessed 6 December 2023].

39 Australian Competition and Consumer Commission, 'Summary of reasons determination on 21 December 2022 of Telstra Corporation Limited and TPG Telecom Limited merger authorisation application (MA1000021) for proposed spectrum sharing', Canberra, 21 December 2022, available from: <https://www.accc.gov.au/public-registers/mergers-registers/merger-authorisations-register/telstra-corporation-limited-and-tpg-telecom-limited-proposed-spectrum-sharing> [accessed 9 March 2024].

were not likely to have the effect of a substantial lessening of competition or that the benefit to the public likely to result would outweigh the detriment'.⁴⁰

3.8 TPG Telecom informed the department when submitting its grant application that the 18 proposed solutions were contingent on the tribunal overturning the earlier ACCC decision. The department kept records of TPG Telecom's withdrawal and excluded the withdrawn solutions from assessment. On 12 July 2023, Telstra informed the department that it intended to proceed with its IMCR proposed solutions impacted by the tribunal's decision.

Minimum technical requirements for applicants

3.9 The grant opportunity guidelines outlined the minimum technical requirements that applicants must meet to receive funding. The guidelines required applicants to be a mobile network operator or infrastructure provider, deliver a minimum standard of service, back-up power and backhaul access⁴¹ for mobile base stations, and meet the specified technical configurations for co-located base stations.

3.10 The department reviewed each application against the minimum technical requirements in its 'application completeness report.' On 16 June 2023, the report was provided to the evaluation committee at its first meeting and the evaluation committee assessed that all applications met the minimum technical requirements.

3.11 The department received applications that proposed solutions to upgrade existing mobile base stations from 4G to 5G technology. The grant opportunity guidelines did not specify whether these proposed infrastructure upgrades were eligible for funding under the IMCR.

3.12 The evaluation committee determined that the 5G upgrade proposals were not inconsistent with services required in the grant opportunity guidelines and noted that the proposed upgrades could improve capacity and service to the target locations. On 19 June 2023, the evaluation committee agreed that 5G upgrades were eligible for funding under the IMCR and recorded its decision in its meeting minutes.

Proposed solutions received

3.13 The department received a total of 79 complete proposed solutions across 49 target locations.⁴² Fifteen proposed solutions were for new coverage solutions, nine were for new highway coverage solutions, and 55 were for improved coverage solutions. Of the 79 proposed solutions received, 21 were from Optus, 49 were from Telstra, and the remaining nine from TPG Telecom (see paragraphs 3.6 to 3.8).⁴³

40 The Australian Competition Tribunal, 'Summary of Reasons for Determination', Melbourne, 21 June 2023, available at: <https://www.competitiontribunal.gov.au/current-matters/act-1-of-2022> [accessed 9 March 2024].

41 Backhaul is the infrastructure (such as copper, fibre or wireless links) that connects a mobile network operator's core network to smaller sub-networks at the edge of the network.

42 The three applications received by the department contained a total of 105 individual proposed solutions. The department considered 26 solutions to be joint proposals (for example co-location solutions), resulting in a final total of 79 proposed solutions for assessment.

43 The nine proposed solutions by TPG Telecom were independent of another operator. An additional seven proposed solutions by TPG Telecom were co-located with Optus and counted as part of its proposed solutions.

3.14 Of the 49 target locations that received proposed solutions, 33 locations (67 per cent) received one proposed solution and 16 locations (33 per cent) received two or more proposed solutions (see Table 3.1). Five target locations did not receive any proposed solutions, which were Breera, Brigadoon, Herne Hill, Monaro Highway and Mount Tomah.

Table 3.1: Total number of Improving Mobile Coverage Round proposed solutions received per target location

Number of applications ^a	New coverage target location	New highway target location	Improved coverage target location	Total
One	13	3	17	33
Two	1	1	7	9
Three	–	–	3	3
Four	–	1	2	3
Five	–	–	–	–
Six	–	–	–	–
Seven	–	–	1	1
Total	14	5	30	49

Note a: Five target locations received no applications.

Source: ANAO analysis of IMCR proposed solutions received by the department.

Eligibility of proposed solutions

3.15 For a proposed solution to be eligible for assessment, it must provide coverage to the target location and meet the solution type requirements specified in the grant opportunity guidelines. The department carried out eligibility checks on all 79 proposed solutions and determined 13 as ineligible. Of these 13 ineligible solutions, 11 did not provide material coverage in the target location and two proposals put forward a macrocell tower solution when the guidelines required a small cell solution at the target location to meet the eligibility criteria.

3.16 Sixty-six proposed solutions across 45 target locations met the solution eligibility requirements and progressed for assessment against the assessment criteria. Four target locations that received applications did not have any eligible solutions following these checks.

3.17 Nine target locations did not have any solutions proceed to assessment (see Table 3.2). Five locations did not receive any applications (see paragraph 3.14) and the department determined that four target locations did not have any eligible solutions.

Table 3.2: Number of eligible Improving Mobile Coverage Round proposed solutions per target location

Number of eligible solutions ^a	New coverage target location	New highway coverage target location	Improved coverage target location	Total
One	11	3	17	31
Two	–	–	9	9
Three	–	1	3	4

Number of eligible solutions ^a	New coverage target location	New highway coverage target location	Improved coverage target location	Total
Four	–	–	–	–
Five	–	–	1	1
Total	11	4	30	45

Note a: Nine target locations received no eligible proposed solutions (including five locations that did not receive any applications).

Source: ANAO analysis of IMCR proposed solutions received by the department.

Was the assessment of applications against the assessment criteria robust and reliable?

The department undertakes assurance activities to manage risks associated with applicant proposals, although its planning for the use of these assurance checks could be improved to verify claims made by applicants. Applications were assessed against the assessment criteria set out in the grant opportunity guidelines. Scoring outcomes for improved coverage solutions in some target locations meant that the evaluation committee relied on judgement to recommend some solutions be included on the merit list. Where clarifying information was required, the department sought information from applicants and documented correspondence. Decisions made during the application assessment stage were recorded.

Assurance activities

3.18 The grant opportunity guidelines established an assessment framework which the department used to assess applications. This framework was supported by an assessment plan to score proposed solutions submitted by applicants and required the department to undertake assurance activities when assessing applications.

3.19 The grant opportunity guidelines required the department to assess the risk of the applicant not fulfilling its proposed solutions. The department's assessment noted previous experiences with each applicant and identified contractual risks, target location risks due to frustrated sites⁴⁴ from earlier rounds of the program, and the risk of asset non-completion within the specified timeframes. These assessments informed the department's advice to the minister and were noted in the evaluation report.

3.20 The department sought clarification from applicants throughout the assessment process on aspects of their applications (see Table 3.3).

⁴⁴ A frustrated site is where an asset, usually a mobile base station, cannot be built at an affected site. Reasons to frustrate a site include: inability to secure planning approval or landowner agreement; topography or terrain challenges, environmental impacts; or high build costs.

Table 3.3: Types of clarifying information requested by the department

Clarifying information	ANAO analysis
Applicant coverage maps	Information requested by the department to clarify predictive mobile coverage levels submitted by applicants at target locations.
Proposed solution types	Clarification required by the department where applicants submitted multiple solution options, such as an application for two small cells at the Mystery Bay target location rather than a single base station.
Assurance on frustrated sites funded in prior grant program rounds	The department sought assurance from applicants that proposals would be successfully delivered for target locations that had a higher risk of not being built, based on past experience, for the Carwoola, Bowen Mountain, St Leonards, Yellow Rock and Kangaroo Valley target locations.
Proposed upgrades to existing infrastructure and co-location applications	Information requested by the department to confirm the scope of 5G coverage upgrades to existing infrastructure in target locations and the nature of co-location proposals. The department also sought updates from TPG Telecom on its intent to withdraw proposed solutions impacted by the Australian Competition Tribunal's decision (see paragraph 3.8).

Source: ANAO analysis of correspondence between the department and applicants during the assessment period.

Forward-build plans

3.21 The grant opportunity guidelines stated that applicants must not seek government funding for proposed solutions where they have already planned to invest commercially. For assurance, the department required applicants to sign a statutory declaration as part of their application that their proposed solutions were not in their forward-build plans for 2022–23 to 2026–27.

3.22 The department advised the ANAO on 6 December 2023 that it can audit applicants forward-build plans and use public third-party data to review if applicants intend to build at a target location. These checks included reviewing the Radio Frequency National Site Archive⁴⁵, the Australian Communications and Media Authority's Register of Radiocommunications Licences⁴⁶, and checking an applicant's public coverage maps for evidence of pre-planning work.

3.23 The department reviewed 27 out of 79 proposed solutions (34 per cent) against these public databases. The department advised the ANAO on 26 April 2024 that it checked 27 out of 30 (90 per cent) eligible brownfield or 5G upgrade sites as 'it wasn't clear from the existing coverage in the area whether or not there may be existing towers delivering services.'

45 The Radio Frequency National Site Archive (RFNSA) can be used to search for Australian mobile base stations to find electromagnetic energy reports, site locations, carrier contact details for existing sites and community consultation information for new sites. RFNSA is available at: <https://www.rfnsa.com.au/home>.

46 The Australian Communications and Media Authority's (ACMA) Register of Radiocommunications Licences provides reference information of licences issued by ACMA under the *Radiocommunications Act 1992*. The register is available at: https://web.acma.gov.au/rrl/register_search.main_page.

3.24 The department requested applicants' forward-build plans under round one of the MBSP in 2015. The department advised the ANAO on 6 December 2023 that it has not requested these plans under later MBSP rounds, as the process was 'onerous for the applicants and resulted in the department holding extremely commercially sensitive information for little benefit to the program.' The department stated it has not undertaken an audit of an applicant's forward-build plans since round one, given the statutory declaration requirements set out in the grant opportunity guidelines (see paragraph 3.21). The department does not have a risk-based audit schedule of applicants' forward-build plans.

3.25 The use of statutory declarations is a control for minimising the risk of applicant's non-compliance with the grant opportunity guidelines. The absence of a risk-based audit program, however, reduces the effectiveness of this control and creates a long-term risk of applicants providing inaccurate information in their statutory declarations.

3.26 It was suggested to the department in Auditor-General Report No. 10 of 2016–17 *Award of Funding under the Mobile Black Spot Programme*, that it:

compare the proximity of applicant proposals to their competitor's forward build plans to help demonstrate that programme funding directly supports outcomes that are in addition to normal commercial investment.

3.27 The grant opportunity guidelines do not require the comparison of a proposal against other mobile network providers' forward-build plans; however comparing the proximity of planned commercial investment could assist the department in assessing mobile black spot needs in priority locations (see paragraphs 2.11 to 2.14).

3.28 During the department's assessment of a proposed solution at Bowen Mountain, its check of the Radio Frequency National Site Archive found that another mobile network operator, which did not propose a solution for Bowen Mountain, had plans to build a commercial site at the target location (see paragraph 4.14). The evaluation committee assessed the one proposed solution as not having potential to demonstrate value for money (see paragraph 3.55), resulting in Bowen Mountain not receiving any funded solutions.

Opportunity for improvement

3.29 The department could implement measures, based on risk, to verify the accuracy of information provided by applicants in their statutory declarations and assess the possibility of other commercial activities occurring in proposed locations by reviewing forward-build plans.

Application assessment

3.30 To assess applications, the department provided a structured spreadsheet for applicants to populate with information about their proposed solutions. Once the spreadsheets were lodged by applicants, the department processed and imported the data into a geospatial mapping tool developed by its geospatial analysis team. This mapping tool was then used by the department to visualise the applicant's existing and proposed mobile coverage and to automatically calculate the assessment scores.

3.31 The department verified this data by visually checking the mobile coverage maps produced in the geospatial mapping tool for each target location and sought clarification from applicants for inconsistencies. The department recorded detailed instructions on the design of the interface and documented efforts to clarify claimed mobile coverage outcomes with applicants, but it did not record how business rules were implemented or how testing processes were carried out. The ANAO did not identify any issues with the output of the mapping interface.

Opportunity for improvement

3.32 The department could document business rules and testing procedures adopted during the development of its geospatial mapping tools used to assess mobile black spot grant applications.

Evaluation committee

3.33 The department's evaluation process was supported by an evaluation committee to 'assess each application on its merit and compare it to other eligible applications before recommending which grant proposals should be awarded a grant.' The evaluation committee comprised of three departmental officials and was chaired by a senior executive.

3.34 The IMCR assessment plan stated that the committee was responsible for approving the evaluation report and making recommendations to the decision-maker. The evaluation committee also provided strategic direction to and oversight of the project team in developing the evaluation report and merit list.

3.35 The evaluation committee was advised by the project team and used the geospatial mapping tool (see paragraphs 3.30 to 3.32) to evaluate each proposed solution individually before comparing it to any other proposed solutions.

3.36 The department recorded the committee's decisions and screenshots of proposed new and improved mobile coverage in assessment summary sheets. All applications were assessed in line with the guidelines using the appropriate assessment criteria for the proposed solution.

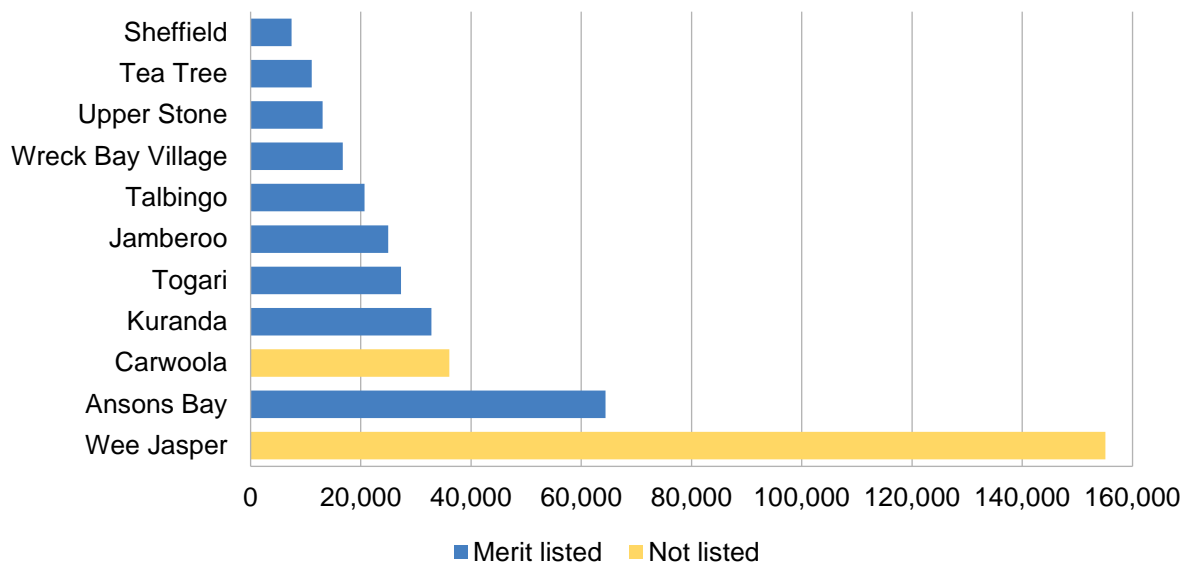
Assessment of new coverage solutions

3.37 New coverage solutions were assessed by the department using a formula to calculate the cost per coverage in square kilometres for each proposed solution. The formula was included in the grant opportunity guidelines as:

$$\frac{\text{Cost to the Australian Government (\$)}}{(\text{New handheld coverage (km}^2\text{)} + \left(\frac{\text{Overlapping coverage (km}^2\text{)}}{2}\right))}$$

3.38 The evaluation committee assessed 11 eligible new coverage solutions across 11 target locations, recommending nine solutions be placed on the merit list for funding (see Figure 3.1).

Figure 3.1: Assessment scores for eligible new coverage solutions



Note: A lower score indicates more mobile coverage per dollar cost.

Source: ANAO analysis of assessment sheets for proposed new coverage solutions.

3.39 The evaluation committee considered the Carwoola proposal at high risk of frustration, as a site funded under the Priority Locations Round was unable to be built at the Carwoola target location. The department sought clarification from the applicant, who was unable to provide the department with assurance that site acquisition at Carwoola would be successful if funded under the IMCR.

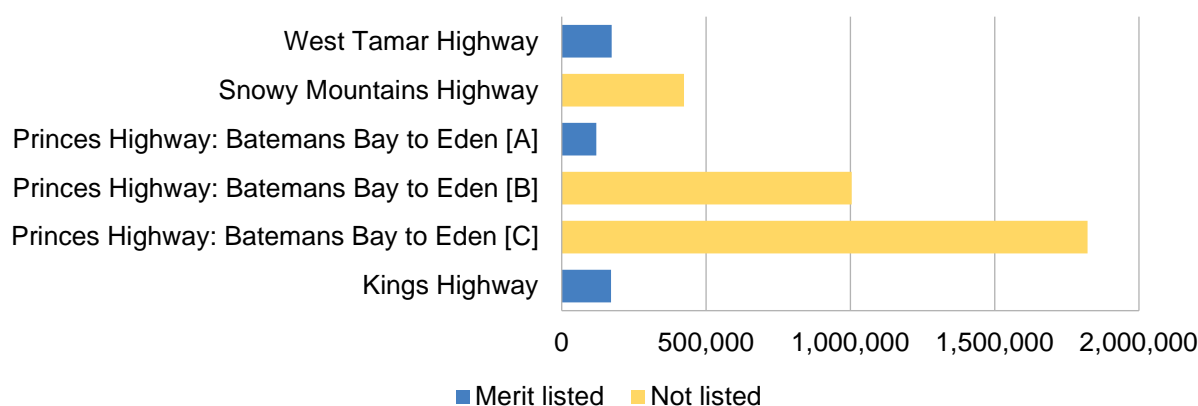
3.40 The committee considered a solution at the Wee Jasper target location as not demonstrating value for money as it exceeded the nominal funding cap by 350 per cent and had minimal applicant co-contribution.

3.41 The evaluation committee did not recommend funding these solutions at the Carwoola and Wee Jasper target locations and they were not placed on the merit list in accordance with the grant opportunity guidelines.

Assessment of new highway coverage solutions

3.42 The department assessed new highway coverage solutions using the same formula as applied for new coverage solutions (see paragraph 3.37), adapting the formula to calculate highway coverage in linear kilometres instead of square kilometres.

3.43 The evaluation committee assessed six eligible new highway coverage solutions across four target locations, recommending three solutions be placed on the merit list for funding across three target locations (see Figure 3.2).

Figure 3.2: Assessment scores for eligible new highway coverage solutions

Note: A lower score indicates more linear highway coverage per dollar cost.

Source: ANAO analysis of assessment sheets for proposed new highway coverage solutions.

3.44 The evaluation committee determined three new highway coverage solutions on the Snowy Mountains Highway and the Princes Highway (Batemans Bay to Eden) did not demonstrate value for money. The evaluation committee determined these solutions exceeded the nominal funding cap, provided minimal new mobile coverage to the highway target location and had low applicant co-contributions.

Assessment of improved coverage solutions

3.45 The grant opportunity guidelines outlined the assessment methodology for improved mobile coverage solutions, consisting of three scoring criteria (see Table 3.4).

Table 3.4: Improved mobile coverage scoring criteria as set out in the grant opportunity guidelines

Score	Criterion 1: New and improved handheld coverage (km ²)	Criterion 2: Material Coverage Improvement (the extent to which the proposed solution addresses an identified quality of service issue in a target location)	Criterion 3: Cost to the government (as percentage of nominal cap)
0	–	Not addressed or very poor: The proposed solution does not address the quality of service issue and provides no or very limited improvement to service quality. Evidence is not provided to support the applicant's claims.	–
0.5	>0 x <1.0		–
1	1.0		>90–100%
2	1.5		>80–90%
3	2.0	Poor: The proposed solution partially addresses the quality of service issue and provides limited improvement to service quality. Evidence is limited and does not support the applicant's claims to a satisfactory degree.	>70–80%
4	2.5		>60–70%
5	3.0	Satisfactory: The proposed solution generally addresses the quality of service issue and provides some improvement to service quality, but which does not anticipate future growth in demand. Evidence generally supports the applicant's claims to a satisfactory degree.	>50–60%
6	3.5		>40–50%

Score	Criterion 1: New and improved handheld coverage (km ²)	Criterion 2: Material Coverage Improvement (the extent to which the proposed solution addresses an identified quality of service issue in a target location)	Criterion 3: Cost to the government (as percentage of nominal cap)
7	4.0	Good: The proposed solution mostly addresses the quality of service issue and provides a significant improvement to service quality, but which may only partially anticipate future growth in demand. Evidence mostly supports the applicant's claims to a high degree.	>30–40%
8	4.5		>20–30%
9	5.0	Very good: The proposed solution fully addresses the quality of service issue and provides a very significant improvement to service quality, which may anticipate future growth in demand. Evidence fully supports the applicant's claims to a very high degree.	>10–20%
10	5.5+		0–10%

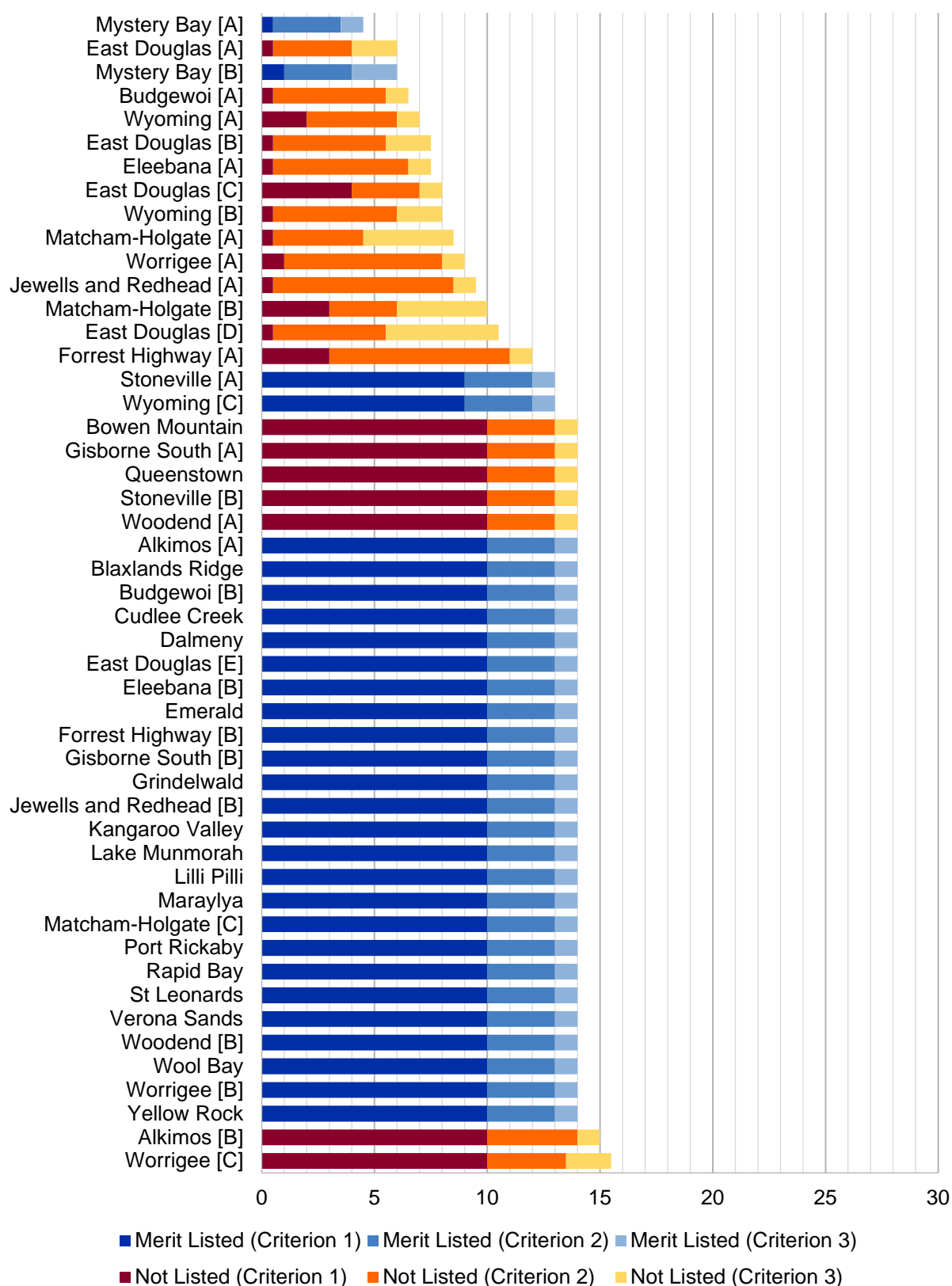
Source: ANAO representation of improved mobile coverage criteria in the IMCR grant opportunity guidelines.

3.46 The evaluation committee assessed improved coverage solutions consistent with the three scoring criteria, awarding up to 10 points against each criterion for a total of 30 points. The evaluation committee based its scoring on the:

- area size of proposed improved mobile coverage;
- cost to the Australian Government as a percentage of the nominal cap⁴⁷; and
- extent to which the proposed solution addressed an identified quality of service issue in a target location.

3.47 The evaluation committee assessed 49 eligible improved coverage solutions against the assessment criteria. Figure 3.3 demonstrates the breakdown of assessment scores for each eligible improved coverage solution.

47 The nominal cap for a macrocell solution is \$680,000 and \$250,000 for a small cell solution (funding amounts exclude GST).

Figure 3.3: Disaggregated assessment scores for eligible improved coverage solutions

Note: A higher score indicates better responses against the three criteria, each worth 10 points for a total of 30 points.

Source: ANAO analysis of assessment sheets for proposed improved coverage solutions.

3.48 Thirty solutions (61 per cent) scored a total of 14 out of 30 points each. These scores were driven by the design of the assessment criteria.

- Thirty-two of 49 improved coverage solutions (65 per cent) offered more than 5.5km² of coverage and were awarded 10 out of 10 points for criterion one.
- Two applications, covering 38 solutions, contained generic evidence and only partially addressed the quality-of-service issues in target locations. The evaluation committee assessed all 38 improved coverage solutions in these two applications as 'poor,' resulting in a score of three points being awarded to each solution for criterion two.
- Forty-one of 49 improved coverage solutions (84 per cent) exceeded 90 per cent of the nominal funding cap and were scored one point against criterion three.

3.49 Gisborne South and Woodend target locations both received two proposed solutions which each scored 14 points. Due to limits in the scoring methodology design⁴⁸, the evaluation committee relied on judgement to differentiate between the proposals to determine potential value for money in making recommendations for funding at these two target locations.

3.50 To assess solutions proposed at the Gisborne South and Woodend target locations, the evaluation committee visually reviewed the proposed mobile coverage for the solutions overlaid on maps at the target locations. The evaluation committee made its recommendations based on the proposed solution that delivered better mobile coverage quality compared to the other solution which offered more coverage, but at a lower quality.⁴⁹ The evaluation committee recorded its decisions within the assessment scoring sheets for each location and the minutes of its meetings.

Were merit lists developed and clearly recorded in accordance with the grant opportunity guidelines?

The department developed and recorded merit lists in line with the grant opportunity guidelines and the evaluation committee's decisions. The department considered the proposed solutions' potential to demonstrate value for money when making its recommendations to the decision-maker.

Merit list development

3.51 In developing the merit list, the evaluation committee considered the following value for money factors as stated in the grant opportunity guidelines:

key factors considered in the overarching Value for Money assessment include, but are not limited to, the:

- degree to which mobile services are improved at the target location;

48 While the scoring methodology factors in the size of mobile coverage provided in square kilometres, it cannot distinguish the quality of that coverage. For example, one solution may provide a large quantity of coverage, but most of that coverage is not located in targeted or populated regions. In contrast, another solution may offer a limited quantity of coverage, but have all or most of its coverage target a specific population.

49 On 23 January 2024, the department advised the ANAO that it has updated its improved coverage solutions criteria in round two of the Peri-Urban Mobile Program based on this experience.

- extent to which competitive multi-Mobile Network Operator (MNO) services are provided at a target location;
- number of premises that will benefit from new or improved handheld coverage, including coverage that is new for a participating MNO but overlaps with another MNO's network;
- degree to which the proposed solution is supported by third-parties (as demonstrated by third-party co-contributions and/or written evidence of support); and
- cost to the Commonwealth of the proposed solution.

3.52 The committee recorded its decisions in meeting minutes and noted its value for money considerations in assessment summary sheets for each target location in line with the value for money factors outlined in the guidelines. No other considerations outside of the guidelines were recorded.

3.53 The evaluation committee adopted three principles when assessing solutions and determining the merit list order based on the value for money assessment:

- endeavour to fund at least one solution at as many of the target locations as possible⁵⁰;
- prioritise solutions that are within the nominal funding cap for the target location over solutions at other target locations that are above the nominal funding cap; and
- rank proposed solutions that provide new coverage outcomes over solutions that only provide improved coverage outcomes.

3.54 The evaluation committee recommended funding solutions that scored lower against the assessment criteria than other solutions at the same location once a value for money assessment was applied. This occurred in three target locations. The evaluation committee recorded its recommendations in the evaluation report and included its reasoning for each site, consistent with the grant opportunity guidelines⁵¹ (see Table 3.5).

Table 3.5: Evaluation committee's value for money considerations

Location	Proposed solution	Value for money consideration	Outcome
Alkimos (North)	Solution A <ul style="list-style-type: none"> • Scored 14 out of 30. • Relatively higher cost. 	<ul style="list-style-type: none"> • Proposed less overall mobile coverage but solution was a new base station to deliver new mobile coverage. • Targeted mobile black spot in northern Alkimos consistent with grant opportunity guidelines. 	✓
	Solution B <ul style="list-style-type: none"> • Scored 15 out of 30. • Relatively lower cost. 	<ul style="list-style-type: none"> • Proposed more overall mobile coverage by upgrading existing 4G base station to 5G service. • Targeted central and southern Alkimos that was not consistent with the grant opportunity guidelines. 	✗

50 Consistent with section 3.1.4 of the grant opportunity guidelines.

51 Consistent with sections 8.4.2 and 8.4.3 of the grant opportunity guidelines.

Location	Proposed solution	Value for money consideration	Outcome
Stoneville	Solution A <ul style="list-style-type: none"> Scored 13 out of 30. Relatively higher cost. 	<ul style="list-style-type: none"> Proposed less overall mobile coverage, but most of the proposed coverage provided new mobile coverage to population centres. Proposed solution better addressed mobile black spots consistent with the grant opportunity guidelines. 	✓
	Solution B <ul style="list-style-type: none"> Scored 14 out of 30. Relatively lower cost. 	<ul style="list-style-type: none"> Proposed more overall coverage, but most of this mobile coverage overlapped with existing coverage provided by other service providers. 	✗
Worrigee	Solution A <ul style="list-style-type: none"> Scored 9 out of 30. Highest cost. 	<ul style="list-style-type: none"> Proposed a small amount of new coverage to the target location. Considered to demonstrate lowest value for money in comparison to the other solutions. 	✗
	Solution B <ul style="list-style-type: none"> Scored 14 out of 30. Relatively high cost. 	<ul style="list-style-type: none"> Proposed solution offered substantial amount of new coverage at the target location. Proposed 4G and 5G coverage. Applicant proposed relatively higher co-contribution. 	✓
	Solution C <ul style="list-style-type: none"> Scored 15.5 out of 30. Lowest cost. 	<ul style="list-style-type: none"> Proposed solution offered 5G service in an existing 4G coverage area at the target location. No new mobile coverage provided at target location. 	✗
Key: ✓ Recommended for merit list ✗ Not recommended for merit list			

Source: ANAO analysis of individual assessment scoring sheets and evaluation committee decisions.

3.55 In developing the merit list, eight solutions were assessed by the evaluation committee as not demonstrating value for money and were excluded. This resulted in the Bowen Mountain, Carwoola, Queenstown and Wee Jasper target locations receiving no funded solutions. The evaluation committee's rationale for excluding these solutions was consistent with the grant opportunity guidelines and recorded in the evaluation report.

Final merit list

3.56 The final merit list accurately reflected the assessment process outcomes and was signed by the chair on 18 August 2023. The merit list was sent to the Minister for Communications on 23 August 2023 for decision. The merit list contained solutions ranked from 1 to 40 as recommended and solutions ranked 41 to 57 as not recommended.⁵²

3.57 The evaluation committee noted that there was \$2.8 million in remaining funding that could be used to fund additional solutions. The committee decided not to recommend more solutions to exhaust the IMCR funding allocation as it determined that the remaining solutions were high cost, demonstrated limited value for money for the mobile coverage outcomes proposed or were ineligible for funding.

⁵² Two small cell solutions were recommended for funding at Mystery Bay and are dependent on each other to provide mobile coverage.

4. Funding decision

Areas examined

This chapter examines whether the Minister for Communication's funding decisions for the Improving Mobile Coverage Round (IMCR) were consistent with the Commonwealth Grants Rules and Guidelines 2017 (CGRGs) and informed by clear advice provided by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department).

Conclusion

The department complied with relevant frameworks during the funding approval process and provided clear and accurate advice to the decision-maker. The minister, as the decision-maker, complied with relevant frameworks when awarding grant funding and in recording their decisions. Funding outcomes were proportionate to the target locations' electoral and geographic distribution. The department demonstrated good practice in providing advice to the minister on the assessment process and in recording interactions with the minister through their office.

4.1 During the decision-making process for the award of grant funding, the CGRGs require officials to follow relevant legislative and administrative frameworks, provide clear and accurate advice to the decision-maker, and record the reasons for funding decisions.

4.2 These obligations provide assurance that Australian Government spending satisfies the key principles for grant administration, which include achieving value with relevant money, governance and accountability, and probity and transparency.⁵³

Were clear funding recommendations provided to the decision-maker that reflected the results of the assessment process?

The department provided funding recommendations to the decision-maker that complied with the requirements and better practice elements of the CGRGs and accurately reflected the results of the assessment process. The department kept records of meetings with the minister through their office to discuss the funding recommendations and asked that requests for advice be in writing.

Advice to the minister

4.3 The IMCR grant opportunity guidelines state that the Minister for Communications (the minister) is the decision-maker for the program. The CGRGs require officials to inform ministers in writing that a spending proposal is a grant and detail the legal authority for the grant. Officials must advise the minister of their obligations as the decision-maker under relevant frameworks. Officials are also required to provide an overview of the selection criteria, merits of the grants and whether the grants meet the selection criteria.⁵⁴

53 Commonwealth Grants Rules and Guidelines paragraph 6.2, as at 29 August 2017.

54 Commonwealth Grants Rules and Guidelines paragraphs 4.6 and 4.7, as at 29 August 2017.

4.4 On 12 July 2023, the department advised the minister through their office, that it expected to submit the IMCR evaluation report by early to mid-August 2023. A further update on timing was provided to the minister through their office on 8 August 2023, along with general advice on locations:

As per the department's original high-level summary of the applications received (email 5 May 2023), it is expected there will be a number of Target Locations that won't receive a recommended solution through the current process, as a small number of locations did not receive a proposal in the application process. Consistent with the Guidelines and the summary email, it is also possible some proposals received may be ineligible or assessed as not offering value for money to the Commonwealth.

4.5 On 23 August 2023, the department submitted the merit list to the minister for decision. The department's submission to the minister complied with the requirements and better practice elements of the CGRGs and advised the minister of their obligations under specific sections of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the CGRGs. The department's submission included the evaluation report, merit list and summary of each recommended solution. On the same day, department officials discussed the merit list and funding recommendations with the minister through their office.

4.6 On 25 August 2023, the department provided verbal advice on options regarding the 12 target locations that did not have any solutions recommended for grant funding. The department made records of this advice following the discussions.

4.7 On 4 September 2023, the department met with the minister through their office for further discussion on the IMCR funding recommendations. The department noted it could formally advise the minister, if requested in writing, on funding options for the 12 target locations that were not recommended to receive a funded solution.

4.8 On 12 September 2023, the minister formally requested advice from the department (see paragraph 4.12). Officials appropriately made file notes and kept meeting minutes to record summaries of the discussions and capture agreed outcomes.

Was the funding approval process conducted and recorded in line with the published grant opportunity guidelines?

The funding approval process was conducted in line with the grant opportunity guidelines and the CGRGs. The decision-maker recorded the basis for funding decisions relative to the grant opportunity guidelines and the key principle of achieving value with relevant money. The award of funding under the program was transparent and funding decisions were proportionate to the target locations' electoral and geographic distribution.

Record of funding decision

4.9 As the decision-maker, the minister must comply with the CGRGs and, in line with section 71 of PGPA Act, be satisfied after reasonable enquiries that the proposed expenditure would be proper use of relevant money. The CGRGs oblige ministers, when acting as a decision-maker, to be

satisfied that a proposed grant will be an economical, efficient, effective and ethical use of relevant money.⁵⁵ Any approval of a grant must be recorded in writing as soon as practicable.⁵⁶

4.10 On 12 September 2023, the minister agreed with the department's recommendations for the award of funding under IMCR, with written approval returned to the department on 13 September 2023.

4.11 Twelve target locations did not receive new or improved mobile coverage from a funded solution:

- five locations did not receive any grant applications;
- four locations received grant applications which the department assessed as not demonstrating value for money; and
- three locations received applications that did not satisfy the technical coverage or solution requirements of the guidelines.

4.12 The minister also requested on 12 September 2023 that the department provide advice to their office on:

options for locations where carriers were willing to co-invest but submitted ineligible solutions, or solutions that were not recommended for other reasons, within the remaining available funding – and a value for money frame. Where no solutions put forward by carriers, Dept to advise on a broader set of policy options to support connectivity for locations like those around the country.

4.13 On 20 September 2023, the department advised the minister through their office on options to run a targeted competitive ad-hoc grant round for the Majors Creek, Queenstown and Wee Jasper target locations based on the applications received from the applicants. The department also presented options to the minister through their office to fund sites that did not receive any eligible solutions at Mangrove Mountain, Princes Highway (Ulladulla to Batemans Bay), and Bowen Mountain.

4.14 On 6 October 2023, the department further advised the minister through their office that a mobile network provider was potentially building a site at Bowen Mountain, removing the need for Australian Government funding (see paragraph 3.28).

4.15 On 17 October 2023, the minister through their office requested:

Consistent with the Department's initial options advice (20/9/23) on Majors Creek, and your subsequent advice on Mangrove Mountain (6/10/23), the Minister would like to further test industry solutions to identify value for money and eligible solutions, within remaining IMCR funding, given the advice these areas have a reasonable prospect of an outcome through a supplementary competitive process.

55 Commonwealth Grants Rules and Guidelines paragraphs 3.11 and 4.5, as at 29 August 2017.

56 Commonwealth Grants Rules and Guidelines paragraphs 3.9 and 4.10.b, as at 29 August 2017.

4.16 On 20 March 2024, the department advised the ANAO that (see also Table 4.1):

The Office has asked the department to proceed with preparatory work for a competitive market testing process for Majors Creek and Mangrove Mountain. We have commenced developing new guidelines for a stage 2 of IMCR. ... The remaining unallocated IMCR funding will be used for the round. The department is not proposing to supplement this funding. It is intended that the new guidelines will be subject to the usual approvals processes, including with the Department of Finance.

Table 4.1: Status of unfunded target locations as at 20 March 2024

Unfunded target locations	Status advised to the ANAO
Majors Creek and Mangrove Mountain	The department advised that the minister through their office has requested the department develop a second stage of the IMCR using unallocated funding to test the market for eligible solutions at Majors Creek and Mangrove Mountain.
Brigadoon, Mount Tomah and Princes Highway (Ulladulla to Batemans Bay)	The department advised that these locations are expected to receive coverage through approved projects funded through round two of the Regional Connectivity Program or the Peri-Urban Mobile Program.
Bowen Mountain	The department advised that one mobile network operator is progressing with a commercial site at this location.
Carwoola, Queenstown and Wee Jasper	The department advised that no action will be taken as the proposed solutions at these target locations were assessed as not demonstrating value for money.
Breera (Brand Highway), Herne Hill and Monaro Highway	The department advised that no action will be taken as no applications were received for these target locations.

Source: ANAO analysis of unfunded target locations provided by the department to the ANAO on 20 March 2024.

Other recording obligations

4.17 Ministers must record a decision to approve a grant within their electorate or a decision to approve grants not recommended by the department.⁵⁷ There were no proposed funding solutions within the minister's electorate and the minister agreed with all solutions recommended for funding by the department. The minister did not approve any grants for solutions that were not recommended for funding by the department.

4.18 One funded solution in the Maraylya target location was near the minister's electorate of Greenway. The department reviewed whether the mobile base station provided any material benefit to the minister's electorate, and confirmed it did not, based on the IMCR's new improved handheld or overlapping handheld metrics.⁵⁸

Funding announcement

4.19 The minister publicly announced the outcomes of the grant opportunity on 19 October 2023. Two out of three applicants were awarded funding under the IMCR:

- Telstra was awarded \$36,549,536 for 40 solutions.
- TPG Telecom was awarded \$680,000 for one solution.

⁵⁷ Commonwealth Grants Rules and Guidelines paragraphs 4.11 and 4.12, as at 29 August 2017.

⁵⁸ Consistent with sections 4.2.4, 7.4.2 and 15 of the grant opportunity guidelines

4.20 The two successful applicants were informed of the minister's decision on 18 October 2023 and the unsuccessful applicant was informed on 19 October 2023. One successful applicant and the unsuccessful applicant requested feedback and met with the department on 11 and 12 December 2023 respectively.

4.21 The minister agreed to all funding recommendations from the department and awarded a total of \$37.2 million to 41 proposed solutions providing new or improved mobile coverage across 42 target locations (see Table 4.2). Around \$2.8 million in IMCR funding remained unawarded.

Table 4.2: Analysis of target location outcomes

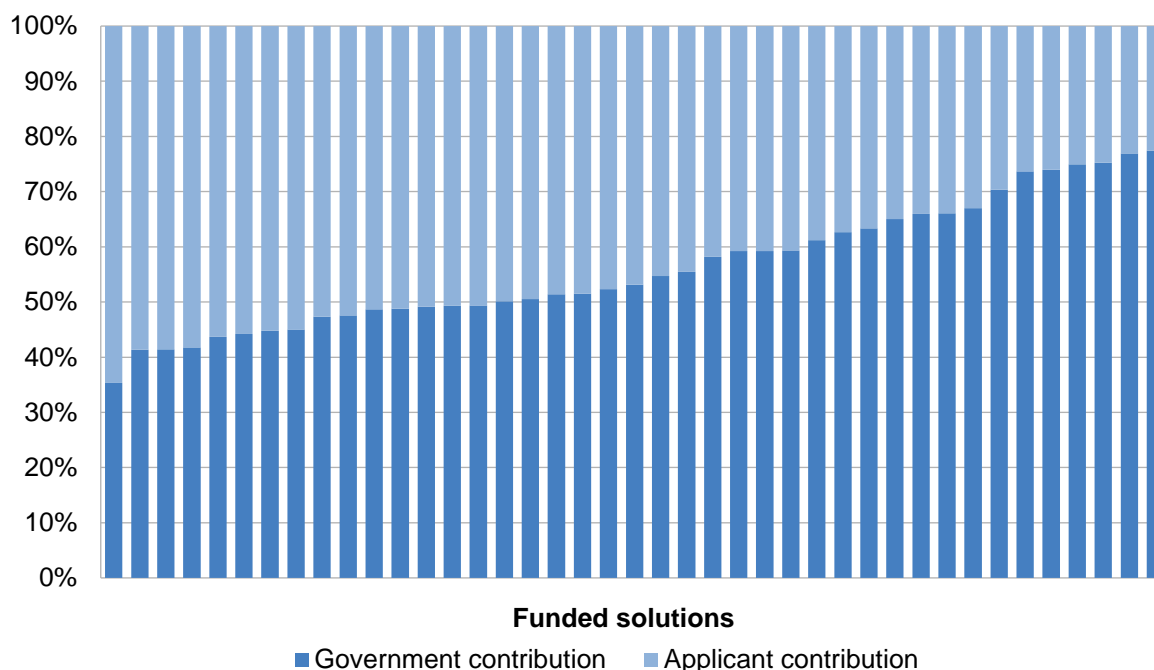
	Number of target locations
Total target locations	54
Target locations that received applications	49
Target locations with eligible applications	45
Target locations recommended for funding	40
Target locations receiving material mobile coverage from funded coverage solutions ^a	42

Note a: The department did not recommend funding solutions for two target locations at Alonnah and the Snowy Mountains Highway. The department assessed that these two locations would benefit from mobile coverage provided by funded solutions at Verona Sands and Talbingo respectively.

Source: ANAO analysis of IMCR award of funding outcomes.

4.22 The average Australian Government contribution for all funded solutions was \$908,037 and the average applicant contribution was \$703,486. As set out in Figure 4.1, the average proportion of the government's contribution to the applicant's contribution was 56 per cent, with a minimum of 35 per cent and a maximum of 77 per cent.

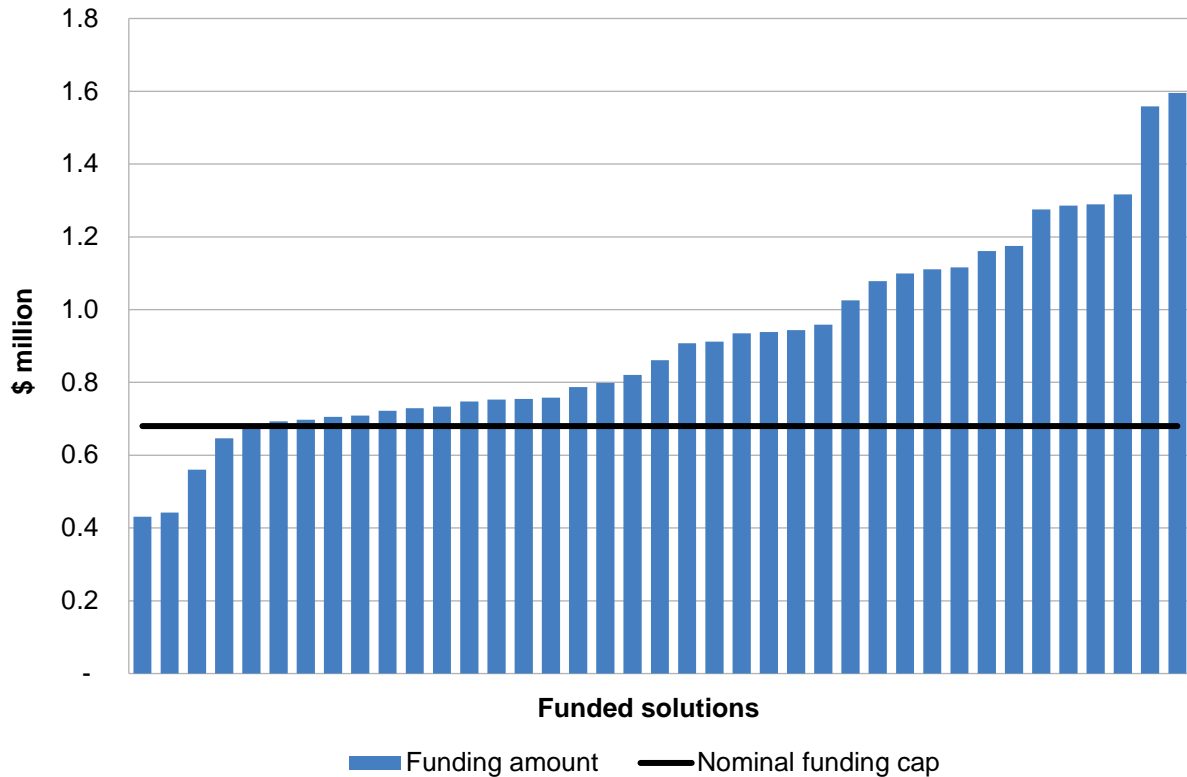
Figure 4.1: Proportion of government and applicant funding co-contributions across 41 funded solutions



Source: ANAO analysis of government and applicant co-contributions across 41 funded solutions.

4.23 Analysis of the funded solutions shows that 36 of 41 solutions (88 per cent) exceeded the nominal funding cap for macrocell and small cell solutions (see Figure 4.2). The department advised the ANAO on 30 August 2023 that most solutions exceeded the nominal funding cap due to the rising cost of land and materials and that the cost of operational expenditure may not have been considered when the Australian Labor Party committed \$40 million for the program during the 2022 election period.

Figure 4.2: Cost of funded solutions against the nominal funding cap across target locations



Note a: The nominal funding cap was \$680,000 for macrocell solutions and \$250,000 for small cell solutions.

Note b: Mystery Bay received two small cell solutions dependent on one another to provide mobile coverage at the target location, not included in Figure 4.2. Both solutions exceeded the nominal funding cap of \$250,000.

Note c: Fourteen target locations did not receive any funded base stations (Alonnah and Snowy Mountain Highway target locations were not funded for a base station but the department assessed as receiving material mobile coverage from funded solutions at Verona Sands and Talbingo respectively).

Source: ANAO analysis of funded solution costs against the IMCR nominal funding caps.

Distribution of grant funding

4.24 The CGRGs state that officials should ‘conduct grants administration in a manner that minimises concerns about equitable treatment’.⁵⁹ One indicator of equitable treatment for officials to consider when assessing and awarding grants is the geographic and political distribution of grant funding.⁶⁰ Previous audit reports have identified cases where grant funding was disproportionately awarded across electorates or geographic areas.⁶¹

Funding by electoral distribution

4.25 Forty of the 54 target locations (74 per cent) are in electorates held by the Australian Labor Party. Of the 42 target locations to receive mobile coverage outcomes, 30 sites (71 per cent) are in electorates held by the Australian Labor Party. The proportion of original target locations compared to funded outcomes is consistent across other political parties (see Table 4.3).

Table 4.3: Distribution of target locations per political party

Political party	Number of sites	Per cent (%)
54 target locations		
Australian Labor Party	40	74
Liberal Party of Australia	11	20
Centre Alliance	2	4
Katter's Australian Party	1	2
42 target locations receiving material mobile coverage from funded solutions ^a		
Australian Labor Party	30	71
Liberal Party of Australia	9	21
Centre Alliance	2	5
Katter's Australian Party	1	2

Note a: The rounding of percentage figures results in a 99 per cent total.

Source: ANAO analysis of the award of funding by electoral distribution.

4.26 A detailed breakdown of the distribution of target locations by political party is available at Appendix 3.

59 Commonwealth Grants Rules and Guidelines paragraph 13.9, as at 29 August 2017.

60 Commonwealth Grants Rules and Guidelines paragraph 13.9, as at 29 August 2017.

61 Auditor-General Report No. 3 2018–19 *Award of Funding under the Community Development Grants Program*, ANAO, Canberra, 2018, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-community-development-grants-program>; Auditor-General Report No. 47 2020–21 *The Administration of Commuter Car Park Projects within the Urban Congestion Fund*, ANAO, Canberra, 2021, available from <https://www.anao.gov.au/work/performance-audit/administration-commuter-car-park-projects-within-the-urban-congestion-fund>; Auditor-General Report No. 1 2022–23 *Award of Funding under the Building Better Regions Fund*, ANAO, Canberra, 2022, available from <https://www.anao.gov.au/work/performance-audit/award-funding-under-the-building-better-regions-fund>.

Funding by notional seat status

4.27 Analysis of the ‘notional seat status’ of each electorate identified that 44 out of 54 target locations (81 per cent) were in ‘marginal’ electorates, two locations (4 per cent) were in electorates considered ‘fairly safe’ and eight locations (15 per cent) in ‘safe’ electorates.⁶² These proportions remained consistent for funding outcomes across the 42 target locations receiving material mobile coverage from funded solutions (see Table 4.4).

Table 4.4: Proportion of target locations’ notional seat status

Notional seat status ^a	Number of sites	Per cent (%)
54 target locations		
Safe	8	15
Fairly safe	2	4
Marginal	44	81
42 target locations receiving material mobile coverage from funded solutions ^b		
Safe	7	17
Fairly safe	2	5
Marginal	33	79

Note a: The Australian Electoral Commission defines safe seats as ‘when the leading party receives more than 60 per cent of the two-party preferred vote; fairly safe seats as ‘when the leading party receives 56–60 per cent of the two-party preferred vote; and marginal as ‘when the leading party receives less than 56 per cent of the two-party preferred vote.

Note b: Figures may not sum to 100 due to rounding.

Source: ANAO analysis of target locations by nominal seat status.

4.28 A total of \$29.0 million out of \$37.2 million (78 per cent) was awarded to target locations located in marginal seats, with \$1.9 million (5 per cent) awarded to locations in fairly safe seats and \$6.4 million (17 per cent) awarded to locations in safe seats.⁶³ Thirty-three target locations receiving new or improved mobile coverage from funded solutions were in marginal seats (see Table 4.5).

Table 4.5: Proportion of target locations and funding amounts by notional seat status

	Australian Labor Party	Liberal Party of Australia	Centre Alliance	Katter’s Australian Party	Total
Safe ^a					
Target locations funded	3	3	–	1	7
Funding awarded (\$m)	2.04	3.17	–	1.16	6.37
Fairly safe ^a					
Target locations funded	–	2	–	–	2
Funding awarded (\$m)	–	1.87	–	–	1.87

62 The Australian Electoral Commission defined notional seat status for the 2022 federal election as ‘the margin a party (candidate) would have won the seat by using 2019 federal election voting patterns and applying them to the redrawn boundaries.’

63 Figures do not total to \$37.2 million due to rounding.

	Australian Labor Party	Liberal Party of Australia	Centre Alliance	Katter's Australian Party	Total
Marginal ^a					
Target locations funded	27	4	2	–	33
Funding awarded (\$m)	22.81	3.72	2.46	–	28.99
Total locations	30	9	2	1	42
Total funding^b (\$m)	24.85	8.76	2.46	1.16	37.23

Note a: See Table 4.4 for a definition of 'safe', 'fairly safe' and 'marginal' and see footnote 62 for a definition of 'notional seat status.'

Note b: The grand total of \$37.23 million is rounded.

Source: ANAO analysis of the award of funding by nominal seat status.

Funding by state and territory jurisdictions

4.29 The breakdown of funding awarded across each state and territory jurisdiction is shown in Table 4.6. New South Wales had 27 out of 54 target locations (50 per cent) and received 44 per cent of awarded funding.

Table 4.6: Award of funding by jurisdiction

State or territory ^a	Total number of target locations	Target locations receiving material mobile coverage from funded solutions	Total number of funded solutions	Australian Government Contribution (\$)
Australian Capital Territory (Jervis Bay Territory)	1	1	1	958,982
New South Wales	27	19 ^b	19 ^c	16,288,500
Queensland	4	4	4	3,731,973
South Australia	4	4	4	4,876,700
Tasmania	9	8 ^d	7	6,793,882
Victoria	3	3	3	2,207,273
Western Australia	6	3	3	2,372,227
Total	54	6	41	37,229,537

Note a: Northern Territory did not have any target locations for the IMCR.

Note b: The department assessed that the Snowy Mountains Highway will receive mobile coverage from the funded solution at the Talbingo target location.

Note c: Mystery Bay target location received two funded solutions that are dependent on one another for coverage.

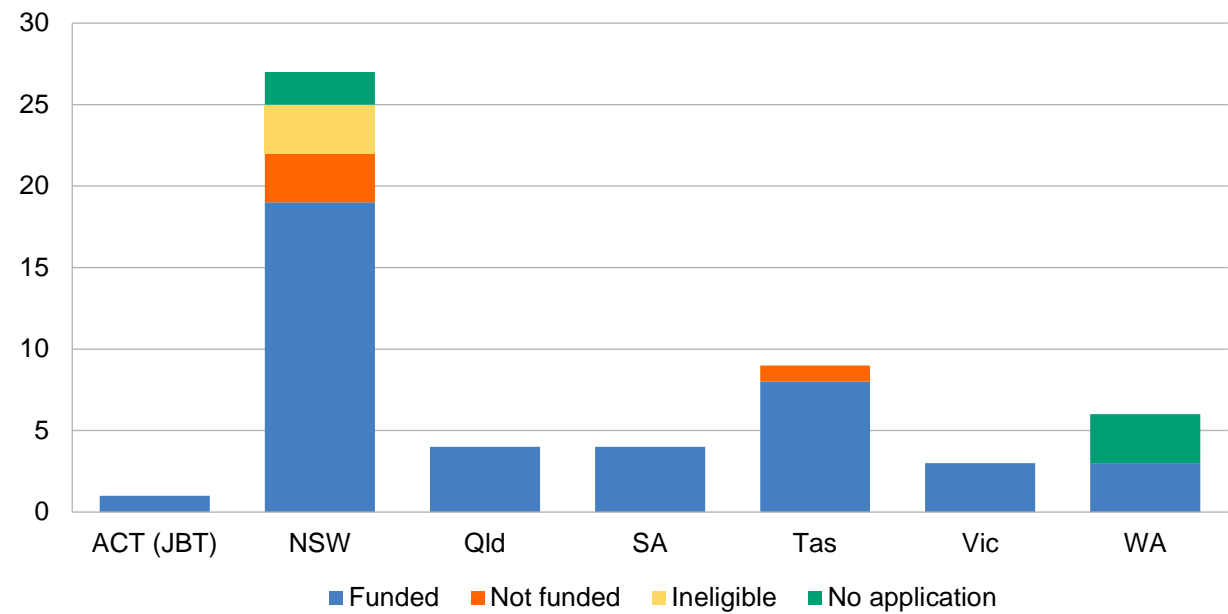
Note d: The department assessed that the Alonnah target location will receive mobile coverage from the funded solution at the Verona Sands target location.

Source: ANAO analysis of the award of funding by jurisdiction.

4.30 Three jurisdictions had target locations that were not funded. Ten of 27 locations (37 per cent) in New South Wales did not receive funded outcomes, as well as one of seven locations (14 per cent) in Tasmania and three of six locations (50 per cent) in Western Australia (see Figure 4.3). This distribution across jurisdictions is due to:

- no applications for two locations in New South Wales and three locations in Western Australia;
- ineligible solutions received for three locations in New South Wales; and
- solutions in three locations in New South Wales and one location in Tasmania that did not demonstrate value for money.

Figure 4.3: Target location outcomes by jurisdictions



Note: One target location, Wreck Bay Village, is in Jervis Bay Territory (JBT).
Source: ANAO analysis of funding outcomes by jurisdiction.

Rona Mellor PSM
Acting Auditor-General

Canberra ACT
22 May 2024

Appendices

Appendix 1 Entity response



Australian Government
Department of Infrastructure, Transport,
Regional Development, Communications and the Arts

Secretary
Jim Betts

Ms Rona Mellor PSM
Acting Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Ms Mellor,

Auditor-General Proposed Audit Report on the *Award of Funding under the Mobile Black Spot Program*

Thank you for providing the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (the department) with the opportunity to comment on the Auditor-General proposed audit report on the *Award of Funding under the Mobile Black Spot Program*.

The department acknowledges the report's overall conclusions and recommendations. The department's summary response and response to each of the recommendations is attached.

I note the audit scope addressed the Improving Mobile Coverage Round (IMCR) of the Mobile Black Spot Program (MBSP). The IMCR was announced as part of the October 2022-23 Budget to implement election commitments made by the then Opposition to improve mobile coverage and quality of service issues at 54 Target Locations across Australia, by co-funding new or upgraded telecommunications infrastructure. The audit findings concluded that the design of the IMCR was largely effective, demonstrating the department's commitment to the continuous improvement of the program design and administration, consistent with the Commonwealth Grants Rules and Guidelines 2017 (CGRGs).

Please contact Mr Sam Grunhard, A/g Deputy Secretary, Communications and Media Group, by email to Samuel.Grunhard@communications.gov.au or phone 02 6136 6429, if you would like to discuss this response.

I would like to thank the Australian National Audit Office for the cooperation of the audit team and the professional manner in which the audit was conducted.

Yours sincerely

Jim Betts

24 April 2024

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Appendix 2 Improvements observed by the ANAO

1. The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur: in anticipation of ANAO audit activity; during an audit engagement; as interim findings are made; and/or after the audit has been completed and formal findings are communicated.
2. The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's Corporate Plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.
3. Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:
 - strengthening governance arrangements;
 - introducing or revising policies, strategies, guidelines or administrative processes; and
 - initiating reviews or investigations.
4. In this context, the below actions were observed by the ANAO during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.
 - As noted in paragraph 2.57, the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the department) is developing an evaluation plan for the Mobile Black Spot Program (MBSP) and is planning to progress a formal evaluation of the MBSP program.
 - The department advised the ANAO in January 2024 that it updated the MBSP conflict-of-interest register to include a decisions tab of actions taken to mitigate probity risk. The register is being trialled as part of a continuous improvement approach to program governance.
 - The department updated its improving mobile coverage assessment criteria for future rounds of its mobile connectivity programs such the Peri-Urban Mobile Program (see footnote 49).

Appendix 3 Improving Mobile Coverage Round target locations by demographic profile and political party

	Demographic profile	Australian Labor Party		Liberal Party of Australia		The Nationals		Independent		The Greens		Centre Alliance		Katter's Australian Party		Total	
Number of seats held by party	Inner metro	31	20.5%	4	2.6%	–	–	7	4.6%	3	2.0%	–	–	–	–	44	29.8%
	Outer metro	25	16.6%	15	9.9%	–	–	2	1.3%	1	0.7%	–	–	–	–	43	28.5%
	Provincial	14	9.3%	10	6.6%	1	0.7%	–	–	–	–	–	–	–	–	25	16.6%
	Rural	7	4.6%	19	12.6%	9	6.0%	1	0.7%	–	–	1	0.7%	1	0.7%	39	25.2%
	Total	77	51.0%	48	31.8%	10	6.6%	10	6.6%	4	2.6%	1	0.7%	1	0.7%	151	100.0%
Number of target locations per seat	Inner metro ^a	1	1.9%	–	–	–	–	–	–	–	–	–	–	–	–	1	1.9%
	Outer metro	6	11.1%	–	–	–	–	–	–	–	–	–	–	–	–	6	11.1%
	Provincial	13	24.1%	3	5.6%	–	–	–	–	–	–	–	–	–	–	16	29.6%
	Rural	20	37.0%	8	14.8%	–	–	–	–	–	–	2	3.7%	1	1.9%	31	57.4%
	Total	40	74.1%	11	20.4%	–	–	–	–	–	–	2	3.7%	1	1.9%	54	100.0%
Number of target locations with funded solutions per seat	Inner metro ^a	1	2.4%	–	–	–	–	–	–	–	–	–	–	–	–	1	2.4%
	Outer metro	4	9.5%	–	–	–	–	–	–	–	–	–	–	–	–	4	9.5%
	Provincial	10	23.8%	3	7.1%	–	–	–	–	–	–	–	–	–	–	13	31.0%
	Rural	15	35.7%	6	14.3%	–	–	–	–	–	–	2	4.8%	1	2.4%	24	57.1%
	Total^b	30	71.4%	9	21.4%	–	–	–	–	–	–	2	4.8%	1	2.4%	42	100.0%

Note a: The one target location in 'inner metro' is Wreck Bay Village in the Jervis Bay Territory. The Division of Fenner is an Australian Electoral Division in the Australian Capital Territory, including the Jervis Bay Territory, and is classified as 'Inner Metropolitan.'

Note b: 42 target locations receiving material mobile coverage from funded solutions.

Source: ANAO analysis of departmental records and Australian Electoral Commission data of the distribution of seats based on 2022 federal election results.

Appendix 4 List of target locations and associated data

Target location	State or territory	Mobile coverage solution category	Electorate ^a	Notional seat status (2022)
Wreck Bay Village	ACT (JBT)	New	Fenner	Safe
Matcham-Holgate	NSW	Improving	Dobell	Marginal
Wyoming	NSW	Improving	Dobell	Marginal
Dalmeny	NSW	Improving	Eden-Monaro	Marginal
Mystery Bay	NSW	Improving	Eden-Monaro	Marginal
Carwoola	NSW	New	Eden-Monaro	Marginal
Majors Creek ^b	NSW	New	Eden-Monaro	Marginal
Talbingo	NSW	New	Eden-Monaro	Marginal
Wee Jasper	NSW	New	Eden-Monaro	Marginal
Kings Highway	NSW	New highway	Eden-Monaro	Marginal
Monaro Highway	NSW	New highway	Eden-Monaro	Marginal
Princes Highway: Batemans Bay to Eden	NSW	New highway	Eden-Monaro	Marginal
Snowy Mountains Highway	NSW	New highway	Eden-Monaro	Marginal
Kangaroo Valley	NSW	Improving	Gilmore	Marginal
Lilli Pilli (2536)	NSW	Improving	Gilmore	Marginal
Worrigee	NSW	Improving	Gilmore	Marginal
Jamberoo (greater area)	NSW	New	Gilmore	Marginal
Princes Highway: Ulladulla to Batemans Bay	NSW	New highway	Gilmore	Marginal
Blaxlands Ridge	NSW	Improving	Macquarie	Marginal
Bowen Mountain	NSW	Improving	Macquarie	Marginal
Maraylya	NSW	Improving	Macquarie	Marginal
Mount Tomah	NSW	Improving	Macquarie	Marginal
Yellow Rock (2777)	NSW	Improving	Macquarie	Marginal
Mangrove Mountain	NSW	New	Robertson	Marginal
Budgewoi	NSW	Improving	Shortland	Marginal
Eleebana	NSW	Improving	Shortland	Marginal
Jewells and Redhead	NSW	Improving	Shortland	Marginal
Lake Munmorah	NSW	Improving	Shortland	Marginal
Emerald (south west)	Qld	Improving	Flynn	Fairly safe

Target location	State or territory	Mobile coverage solution category	Electorate ^a	Notional seat status (2022)
East Douglas (Townsville region)	Qld	Improving	Herbert	Fairly safe
Upper Stone	Qld	New	Kennedy	Safe
Kuranda (west)	Qld	New	Leichhardt	Marginal
Port Rickaby	SA	Improving	Grey	Safe
Wool Bay	SA	Improving	Grey	Safe
Cudlee Creek	SA	Improving	Mayo	Marginal
Rapid Bay	SA	Improving	Mayo	Marginal
Grindelwald	Tas	Improving	Bass	Marginal
West Tamar Highway (leading into Kelso)	Tas	New highway	Bass	Marginal
Queenstown	Tas	Improving	Braddon	Marginal
Togari	Tas	New	Braddon	Marginal
Verona Sands	Tas	Improving	Franklin	Safe
Alonnah (South Bruny Island) ^b	Tas	New	Franklin	Safe
Ansons Bay	Tas	New	Lyons	Marginal
Sheffield	Tas	New	Lyons	Marginal
Tea Tree	Tas	New	Lyons	Marginal
St Leonards	Vic	Improving	Corangamite	Marginal
Gisborne South	Vic	Improving	McEwen	Marginal
Woodend	Vic	Improving	McEwen	Marginal
Breera (Brand Highway)	WA	Improving	Durack	Safe
Forrest Highway (near Australind)	WA	Improving	Forrest	Safe
Brigadoon	WA	Improving	Hasluck	Marginal
Herne Hill	WA	Improving	Hasluck	Marginal
Stoneville	WA	Improving	Hasluck	Marginal
Alkimos (north)	WA	Improving	Pearce	Marginal

Note a: Locations that overlapped multiple areas were categorised by the site of the funded solution or, if unfunded, the area with the largest proportion of the target location.

Note b: The grant opportunity guidelines specified that Alonnah and Majors Creek required a small cell solution.

Source: ANAO analysis.

Appendix 5 List of target locations and assessment data

Target location	Proposed solutions	Eligible solutions	Value with relevant money solutions	Recommended solutions	Locations with funded solutions
Alkimos (north)	2	2	2	1	1
Alonnah (South Bruny Island) ^a	1	0	0	0	1
Ansons Bay	1	1	1	1	1
Blaxlands Ridge	1	1	1	1	1
Bowen Mountain	1	1	0	0	0
Breera (Brand Highway)	0	0	0	0	0
Brigadoon	0	0	0	0	0
Budgewoi	2	2	2	1	1
Carwoola	1	1	0	0	0
Cudlee Creek	1	1	1	1	1
Dalmeny	1	1	1	1	1
East Douglas (Townsville region)	7	5	4	1	1
Eleebana	2	2	2	1	1
Emerald (south west)	1	1	1	1	1
Forrest Highway (near Australind)	4	2	2	1	1
Gisborne South	2	2	2	1	1
Grindelwald	1	1	1	1	1
Herne Hill	0	0	0	0	0
Jamberoo (greater area)	1	1	1	1	1
Jewells and Redhead	2	2	2	1	1
Kangaroo Valley	1	1	1	1	1
Kings Highway	1	1	1	1	1
Kuranda (west)	2	1	1	1	1
Lake Munmorah	1	1	1	1	1
Lilli Pilli (2536)	1	1	1	1	1
Majors Creek	1	0	0	0	0
Mangrove Mountain	1	0	0	0	0
Maraylya	1	1	1	1	1
Matcham-Holgate	4	3	3	1	1

Target location	Proposed solutions	Eligible solutions	Value with relevant money solutions	Recommended solutions	Locations with funded solutions
Monaro Highway	0	0	0	0	0
Mount Tomah	0	0	0	0	0
Mystery Bay ^b	2	2	2	2	1
Port Rickaby	1	1	1	1	1
Princes Highway: Batemans Bay to Eden	4	3	1	1	1
Princes Highway: Ulladulla to Batemans Bay	2	0	0	0	0
Queenstown	1	1	0	0	0
Rapid Bay	1	1	1	1	1
Sheffield	1	1	1	1	1
Snowy Mountains Highway ^c	1	1	0	0	1
St Leonards	1	1	1	1	1
Stoneville	2	2	2	1	1
Talbingo	1	1	1	1	1
Tea Tree	1	1	1	1	1
Togari	1	1	1	1	1
Upper Stone	1	1	1	1	1
Verona Sands	1	1	1	1	1
Wee Jasper	1	1	0	0	0
West Tamar Highway (leading into Kelso)	1	1	1	1	1
Woodend	3	2	2	1	1
Wool Bay	1	1	1	1	1
Worrigee	3	3	3	1	1
Wreck Bay Village	1	1	1	1	1
Wyoming	3	3	3	1	1
Yellow Rock (2777)	1	1	1	1	1
Total	79	66	58	41	42

Note a: The department assessed that Alonnah will receive mobile coverage from the Verona Sands funded solution.

Note b: Mystery Bay received two funded solutions that are dependent on one another for coverage.

Note c: The department assessed that Snowy Mountains Highway will receive mobile coverage from the Talbingo funded solution.

Source: ANAO analysis.