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Performance Audit Services Group
Australian National Audit Office
GPO Box 707
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Friday, 16 April 2010

Dear Ms Cass

Submission to Performance Audit of Green Loans Program from Fieldforce Services Pty Ltd

Thank you for the opportunity to contribute to the Performance Audit a report on our company's experience in the Green Loans program.

From the inception the Green Loans program, Fieldforce partnered with the Department of Environment, Water, Heritage and the Arts, developing and delivering training, identifying and providing solution options to predicted program delivery issues and investing to build a schedule management system to alleviate pressure on the Department's call centre. This assistance was provided at little or no charge to the Government.

Our focus has been on efficiently delivering high quality home assessments, with an emphasis on training, safety, auditing and compliance, to help the Government deliver the program objectives.

Since 1993, Fieldforce has conducted numerous environmental programs across the country for utility and Government clients including water and energy audits and installation of energy devices at some 1.4 million homes and commercial enterprises around Australia, with significant environmental benefit.

Based on our experience, Fieldforce believes the Green Loans program has the potential to meet its original objectives through Government and industry partnership and continues to extend an invitation to discuss a series of solution sets with the Minister.

We trust the information provided will aid the Performance Audit. Please contact me on 02 9910 6300 should you require additional information.

Yours faithfully

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1. Introducing Fieldforce Services Pty Ltd

1.1. Industry experience

Fieldforce Services Pty Ltd (Fieldforce) is a wholly-owned subsidiary of ASX300 listed company UXC Pty Ltd. Established in 1993, Fieldforce is Australia's leading provider of energy and water efficiency and conservation programs and services. Our offering includes utility services, carbon abatement and carbon offset creation, energy and water conservation, electrical and gas metering and data management solutions to major utilities across Australia.

Our customers include Federal and State Government Departments and energy and water retailers. Through our EnviroSaver brand, Fieldforce provides consumers with Solar PV, Insulation, Home Health Energy Checks and Saving Solutions.

Fieldforce has conducted numerous environmental programs across the country for utility and Government clients including water and energy audits and installation of energy devices at some 1.4 million homes and commercial enterprises around Australia. These programs have delivered significant measurable environmental benefits.

1.2. Participation in Green Loans program

From the inception of the Green Loans program, Fieldforce partnered with the Department of Environment, Water, Heritage and the Arts, developing and delivering training, identifying and providing solution options to predicted program delivery issues and investing to build a schedule management system to alleviate pressure on the Department's call centre. This assistance was provided at little or no charge to the Government.

Our focus has been on efficiently delivering high quality home assessments, with an emphasis on training, safety, auditing and compliance, to help the Government deliver the program objectives.

Fieldforce believes the Green Loans program has the potential to meet its original objectives through Government and industry partnership and continues to extend an invitation to discuss a series of solution sets with the Minister.

2. Training and accreditation of assessors

2.1. Training agreement

At the request of the Department of Environment, Water, Heritage and the Arts (DEWHA), Fieldforce has been involved with the Green Loans program since late 2008.

At this time, DEWHA and Fieldforce had several meetings to discuss the viability of and make plans for the delivery of training for Green Loan Assessors. On 20 November 2008, Fieldforce entered into a contract entitled Green Loans Assessor Training Regional Delivery to train "no less than three hundred (300) Household Sustainability Assessors in six (6) locations throughout Australia by 28 February 2009". [Refer Appendix 1 for Training Agreement contract].

2.2. Delay in commencement of Green Loans program

Fieldforce's contract to supply training to 300 assessors was committed to conclude in February 2009 with the Green Loans program set to commence in April 2009. Fieldforce discussed with DEWHA the financial pressure the timing posed for assessors who would be fully trained but unable to commence work. DEWHA agreed and committed to move the completion date for training to March 30, thus reducing the holding time between the completion of training and the start of the pilot program.

This commitment was not delivered and the commencement of the program was ultimately delayed until June 2009, leaving trained assessors without work for up to four months, and then only a small number (5) were allowed to start the pilot delivery.

Fieldforce was able to absorb some of its trained assessors into alternative field programs it was contracted to deliver for other clients, then transition assessors into Green Loans when it started. Despite this, many trained assessors chose to leave the business rather than wait for the Green Loans program to start. Had Fieldforce not been able to provide alternative work, many more of its trained assessors would have left the company at significant cost to Fieldforce. Due to the delays in the launching the program, more than 150 trained assessors left Fieldforce.

One of the long term objectives of the Green Loans program was to build a skilled workforce of environmentally trained home assessors. At the conclusion of the three-year Green Loans program the assessors were to be transitioned into the Mandatory Disclosure initiative, which is planned to commence in 2011 for commercial buildings and 2012 for residential building. The early conclusion of the Green Loans program means Home Sustainability Assessors are without work until the 2011.

As a result of the ongoing challenges associated with the Green Loans program, as at Thursday, 15 April 2010, only 311 Fieldforce assessors remain with the program following a loss of 339 assessors. Fieldforce has been able to support some of its assessors with alternate income streams but the continuing uncertainty means further significant assessor loss is predicted. The ability of Fieldforce to provide alternate work streams has prevented the Department needing to address more than 550 assessors becoming unemployed overnight, further highlighting the importance of program partners in Government initiatives.

2.3. Train the Trainer program

As part of the contract to deliver the training, three Fieldforce employees attended a five-day *Train the Trainer* course conducted by ABSA in Sydney. The Fieldforce attendees each held a Certificate IV in Workplace Training as well as other training qualifications and significant training experience.

The *Train the Trainer* course was attended by around six other groups awarded contracts to deliver Green Loan assessor training to the assessor community. Fieldforce was contracted to train assessors it had subcontracted, whilst the other groups were contracted train fee-paying individuals aiming to become independent assessors.

Aside from very informative group discussions amongst the diverse participants, the *Train the Trainer* course was predominately inadequate. The material supplied to assist educators to train assessors was basic and of poor quality. The ABSA employees delivering the course spent a great deal of time complaining of the short preparation time given to them by DEWHA and apologising for the poor quality and lack of material.

The training materials were based on the Commonwealth of Australia publication *Your Home – design for lifestyle and the future* and the supporting case studies DVD.

Fieldforce used this publication to redevelop and enhance the presentation of training materials, whilst ensuring the program content remained unchanged. In essence, Fieldforce improved the quality of graphics, verified unreferenced data, improved phrasing and enhanced delivery techniques with case studies and role plays. The role plays enabled trainees to practice customer services techniques and noticeably improved trainee confidence.

UXC Pty Ltd, Fieldforce's parent and an ASX 300 listed company, is a Registered Training Organisation (RTO). ABSA permitted many trainers without this certification to train assessors for the Green Loans program often resulting in poor quality, mass training which flooded the program with sub-standard assessors.

Following the training sessions, Fieldforce provided a report to DEWHA in line with item 1.1.2 of the Training Agreement. [Refer Appendix 2 for Report to DEWHA]. The report detailed the effectiveness of the training, including resultant competency of trainees, feedback from trainees on course, and feedback from instructors. This report was not acknowledged and no feedback was received by Fieldforce.

2.4. Improving the training program

Fieldforce continued to further develop the program based on its experiences gained through training delivery across the country. At a meeting in February, DEWHA Director Green Loans Program Mr Stephen Berry acknowledged that the assessor training course was not perfect and that the practical component was missing. As requested, Fieldforce supplied DEWHA with comprehensive feedback on the program. DEWHA indicated it was seeking a "relatively" independent training organisation to review all training and develop competency testing. This initiative did not progress. Fieldforce developed competency testing for its own employees, as it does with all company training.

To date, no evaluation of delivery and training competency has been undertaken by ABSA or DEWHA. Fieldforce's self assessment indicates, based on its experience in developing and delivering training across numerous programs and associated testing and auditing by its many business partners, its delivery of training for the Green Loans program is sound.

Following the completion of our delivery in late March, ABSA called all training companies together in Melbourne for a refresher of the *Train the Trainer* program. At the meeting ABSA presented an updated program for delivery to all new assessors. The program updates were minor and superficial. Fieldforce continued to develop and improve upon the material for its own delivery. This included an opportunity for assessors to practice their knowledge and technique to their own home in order to gain valuable practical experience. This experience was then shared and discussed within the groups.

2.5. Accreditation prerequisites and certification

Some ABSA accreditation prerequisites, particularly "qualification and substantial experience in the building industry" were sometimes difficult for potential assessors to document and prove. To address this challenge and ensure the required level of knowledge and compliance, Fieldforce implemented a prerequisite to the HSA training utilising the "Energy Friends Home Energy Auditing" course developed by the Department of Transport Energy Infrastructure (DTEI) in South Australia. This prerequisite was agreed by DEWHA's Mr Berry in January 2009.

Fieldforce understood that all Home Sustainability Assessors required training by an accredited organisation to be eligible for accreditation and registration and that a structure would be implemented to manage this. However, there was no process in place to check the quality and compliance of training.

On its website, ABSA made the following statements regarding training of assessors:

- *Every effort is made, with the support of Minister Wong, to push through endorsement of the Certificate IV qualification for mid year 2010. This requires the support and action by the Federal Education Minister and agreement from the States. This would assist to establish the role of assessor as an occupation with consistent training standards across the country;*
- *The Government honours a previous commitment to support assessors to upgrade their qualifications to a Certificate IV, over time this being a requirement for continued accreditation and access to this, and future programs;*
- *It assists to produce CPD units quickly from Certificate IV units for assessors to upgrade their skills.*

On the ABSA blog for assessors, several comment streams refer to the Certificate IV course which DEWHA committed to provide to all assessors to ensure standardised knowledge. DEWHA's Assistant Director Green Loans Mr Chris Mobbs again committed to providing this qualification at the ABSA Industry Day in November 2010. Provision of this qualification did not eventuate.

2.6. Fieldforce trained assessors

As at April 2010, Fieldforce has trained 630 assessors in New South Wales, Victoria, Australian Capital Territory, South Australia and Western Australia with more than 20 per cent of our assessors covering regional areas. All Fieldforce assessors have received a minimum of four days classroom training by qualified trainers, emphasising safety, quality and compliance, in small groups of around twenty people. This was followed by initial field training and ongoing field training.

When the major changes to the Green Loans Program were publically announced by Minister Garrett on Friday, 19 February, Fieldforce had 390 assessors in the field with a further 145 assessors trained and awaiting ABSA registration.

2.7. Assessor accreditation

The registration process through ABSA and DEWHA took significant time with little communication back about time delays. Many assessors had resigned from previous employment to take up the opportunity and faced months of unemployment due to delays in the registration processes.

DEWHA established the Green Loans program with a two-tier assessor contracting system. This enabled assessors to be contracted as an individual directly to ABSA or to sub-contract to assessor organisations (program partners) like Fieldforce who would take on the responsibility for overseeing their assessors, coordinating training, arranging accreditation through ABSA and providing insurance and work.

Despite the two-tier program, ABSA continues to deal only with individual assessors. Whilst these assessors were trained and accredited at Fieldforce's expense and subcontracted exclusively to Fieldforce, ABSA continues to not always recognise Fieldforce in its interactions and communication.

The ABSA Constitution (www.absa.net.au/Files/Public/ABSA%20Constitution%20Nov%2009.pdf) did not permit corporate memberships meaning the accrediting body is not in compliance with the DEWHA

program structure. The ABSA Annual General Meeting 2009 allowed a change to the Constitution but a corporate membership package has not been developed.

ABSA's failure to support program partner interest poses risks to the ongoing viability of responsible assessor organisations who have been a key factor in effectively and efficiently delivering the program objectives. This was reiterated in ABSA's media release on Thursday, 8 April 2010 in which it states assessors should be contracted directly to DEWHA removing the two tier organisation structure (www.hsas.net.au/site/index.cfm?display=181642).

In recent weeks, since the changes to the Green Loans program, DEWHA has enabled assessor accredited to and insured by Fieldforce to be contracted directly to DEWHA. This change occurred without advising Fieldforce or providing appropriate insurances to ABSA. As a result, some assessors contracted to DEWHA may be in breach of their contract with Fieldforce and not complying with the insurance requirements of the program.

2.8. Support structure for program partners

At the time of engaging in the Green Loans program, Fieldforce was of the understanding that appropriate support structures would be in place for program partners. This was not the case and the matter was raised with DEWHA's Mr Mobbs on multiple occasions. Matters raised included the handling of delivery issues solely through the DEWHA call centre despite its lack of escalation process; ideas to address inefficient processes; concerns about DEWHA contracting assessors directly; and difficulties with accessing group portals. Mr Mobbs provided limited response.

Fieldforce assessed the business case for entering into the Green Loans Program, and based on initial interest and delivery capability, estimated a share of 224,182 assessments in the first year out of the 360,000 assessment budgeted over a three-year period to which the Government commitment.

Fieldforce invested heavily to ensure it could deliver the program efficiently and effectively. Major costs included:

- \$50,000 to setup ASAP scheduling and booking system. DEWHA could not detail what it would provide at program launch. The Department admitted ASAP was more sophisticated than any system it could build which is why it discontinued building a company portal.
- \$6,500 to create a IT interface to alleviated congestion in DEWHA call centre
- \$390,000 on program development and branding
- \$200,000 on retaining Dr Tim Flannery as an advocate of the program
- \$550,000 on assessor training and insurance
- \$348,000 on ABSA accreditation [Refer Appendix 3 for participation costs]

The lack of support structure severely impeded the ability for Fieldforce to reclaim the costs incurred in participating in the Green Loans program. Far from achieving its projected profit, Fieldforce unlikely to cover the set up costs it incurred.

Prior knowledge of this lack of support structure, particularly transparency of the lack of governance over training organisations and lack of vetting of qualifications for partner programs, would have resulting in Fieldforce choosing not to participate in the Green Loans program.

3. Scheduling and conduct of home sustainability assessments

3.1. Booking and scheduling system

Prior to launch of the Green Loans program, Fieldforce demonstrated the capabilities of its own booking and scheduling system (*ASAP*) to DEWHA and offered its use to the Department under several cost effective and timely arrangement options. DEWHA expressed strong interest in utilising the capabilities of the Fieldforce scheduling system but was required to go to tender on such a matter. Ultimately, the tender was awarded to several third party organisations and the limitations of the resultant system caused numerous difficulties for everyone involved in the Green Loans program.

3.2. Booking challenges for assessors

Between July and November 2009, Fieldforce identified many major flaws in DEWHA's booking and scheduling system. The system posed difficulties for householders and assessors alike. The rigidity of the system meant assessors were unable to alter their availability week to week and on occasion received bookings when they were unavailable. The program stated that assessments were not to be conducted on public holidays yet Fieldforce received booking from DEWHA on public holidays. Such incorrect bookings needed to be rescheduled however the DEWHA booking system had no availability due to data entry errors.

On numerous occasions, assessments booked and assigned by Fieldforce were double booked to an independent assessor when Fieldforce logged the booking with the DEWHA call centre. This resulted in two assessors arriving to assess the same household. Fieldforce provided these examples to DEWHA to reiterate the ongoing issues with both the booking system and the call centre.

3.3. Booking challenges for householders

The system also caused challenges for householders wanting to participate in the Green Loans program. Householders were unable to contact the DEWHA call centre to request bookings due to congestion. Most did not receive their post-assessment reports from DEWHA and often sought assistance from Fieldforce, which contacted DEWHA on the customers' behalf with no result.

In order to reduce the delay in delivering assessment reports to householders, Fieldforce repeated offered to print the reports in colour to an agreed DEWHA standard and despatch to householders either on request or for all assessments complete by Fieldforce. DEWHA repeatedly refused this offer.

Householders also called Fieldforce frequently regarding the \$50 Green Card which was promised in the letter accompanying their assessment. Fieldforce's ability to assist the customer was limited to logging a call with the DEWHA call centre. Fieldforce would have partnered with DEWHA to resolve such challenges should a program structure been in place from the commencement of the Green Loan program.

Customer wanting to apply for an interest-free Green Loan via a participating financial institution regularly had difficulties doing so for several reasons. Assessment reports required for application were typically delayed by weeks and months and errors on the reports meant customers could not purchase the items recommended during their assessment. Also, the process was unclear as to whether customers should purchase items and provide receipts to the financial institution or estimate costs in order to access a loan to purchase the items. Householders approached Fieldforce for clarity on the

process however Fieldforce was unable to obtain a definitive answer on the process from DEWHA until late in the program when major institutions signed up to provide the Green loan.

Fieldforce had commenced to partner with financial providers to help provide a smoother transition for customers to obtaining a Green Loans but before this could be operationalised the Green Loan component of the program was removed.

3.4. Program marketing

During the first half of 2009 Fieldforce engaged marketing firms to develop and package product offerings to consumers under the guidelines of the *Green Loans Prospectus and Style Guide for Program Partners*. Fieldforce submitted all marketing proposals to DEWHA for approval, including the engagement of environmental expert and spokesperson Dr Tim Flannery for a 12 month period to encourage householders to take up a Green Loan assessment.

DEWHA advised Fieldforce on multiple occasions during this period that the Department would be launching the program nationally to generate interest in the Green Loans program and that DEWHA would schedule assessments for assessors resulting from generated customer demand.

Marketing was vital to generating assessment bookings which provided steady income and the ability to invest in tools of the trade to assessors who were already at financial disadvantage due to the delays in commencing the program.

3.5. Assessor portal

In the week commencing 7 September 2009, Fieldforce met with DEWHA its contracted IT provider GrantIT in Canberra regarding the Fieldforce's concerns and feedback on the program. As part of the meeting, Fieldforce was given a demonstration of the proposed assessor group portal. Early into the demonstration it became apparent the solution did not cater to the requirements of program partners managing multiple assessors.

Fieldforce then demonstrated its booking and scheduling system called *Automated Scheduling Allocation Program (ASAP)*. DEWHA, GrantIT and Fieldforce agreed at the meeting the best solution would be to utilise the advanced availability, scheduling, workflow management and job tracking in ASAP instead of building a new portal.

Following the meeting, Fieldforce supplied DEWHA with a list of program suggestions via email on Wednesday, 16 September 2009 detailing specific scheduling issues [Refer Appendix 4 for program suggestions].

On Thursday, 12 November 2009, DEWHA responded to Fieldforce's program suggestions. The Department's response referenced Fieldforce's program suggestions but failed to specifically address the issues raised. Following this, DEWHA call centre waiting times and errors increased. [Refer Appendix 5 for DEWHA response to program suggestions]. Fieldforce responded to DEWHA's letter requesting further detail. [Refer Appendix 6 for Fieldforce response to DEWHA].

In addition to the correspondence between Fieldforce and DEWHA, several discussions took place between Fieldforce and GrantIT in the weeks following the September meeting. During this time the two companies worked through a range of operating issues to identify the best operating model solution. This included discussion about utilising ASAP instead of DEWHA's tool to address many of the existing

operational problems, as well as allowing a better service to be delivered to participating householders. As a result, the call centre agreement for the file transfer interface to DEWHA's IT system was put in place on Wednesday, 9 December 2009.

3.6. Assessment volume forecasting

In order to assist DEWHA to predict and manage assessment volumes and resultant call centre burden, Fieldforce continued its commitment to open dialogue and transparency with DEWHA by providing several assessment forecasts to the Department. The most detailed of these forecasts was provided to DEWHA on Wednesday, 7 October 2009 and forecasted Fieldforce would deliver 224,182 assessments between 1 July 2009 and 30 June 2010. Fieldforce also included details on the number of assessors it had in place and its forecast to build its assessor base. [Refer Appendix 7 for assessment forecasts].

3.7. Reducing call centre burden

DEWHA agreed the best way reduce burden on the already struggling call centre was to allow Fieldforce to coordinate bookings for its assessors using its ASAP system. In order to obtain booking numbers from DEWHA, a file transfer process (FTP) was established during November 2009. Through this FTP, Fieldforce supplied its arranged assessments to DEWHA daily containing a self-generated or 'FF' booking number. This fully automated process dramatically reduced the protracted time required to make individual bookings through the DEWHA call centre, cutting the cost of six full-time equivalent roles overnight.

The arrangement provided benefits to everyone involved in the Green Loans program including DEWHA, independent assessors, program partners and householders. It reduced burden on the DEWHA call centre by around 30 per cent, based on the estimated percentage of assessments being completed by Fieldforce resulting in significant call time improvement for independent assessors and other program partners.

In early December 2009, DEWHA provided Fieldforce with access to an assessor portal which grouped all Fieldforce assessments. Previously each assessor had their own individual portal meaning Fieldforce had to log into each portal one by one to audit the assessors' work and follow up on enquiries or issues.

Through the grouped portal, Fieldforce was able to identify the status of any given assessment and whether the assessment had been uploaded to the DEWHA call centre, ensuring assessments were completed in a timely manner. Also, on many occasions when DEWHA could not locate the original, Fieldforce provided DEWHA with copies of the Householder Assessment reports for the Department to send to a householder who had not received their report. This was achieved by logging into the DEWHA portal to download the report to send to DEWHA.

Fieldforce and DEWHA signed an agreement in December 2009 to support the operational model agreed between the two parties. [Refer Appendix 8 for operational model agreement]. In this agreement, Fieldforce was committed to provide call centre standards well above those being delivered under the program by the DEWHA call centre.

When the program changes were implemented on Friday, 19 February 2010 the DEWHA call centre was closed down for several days for upgrades. After this, significant improvements were experienced in call centre wait times. However, in the weeks leading up to this submission, the DEWHA call centre has experienced long delays and has provided inconsistent issue resolution outcomes. The call centre does not have an escalation point when the operator provides incorrect information. DEWHA has not

responded to contact from Fieldforce regarding long delays or problems with re-establishing assessors in the DEWHA portal.

As at Thursday, 15 April 2010, the process of re-establishing all Fieldforce assessors into the DEWHA portal remains incomplete. Assessment bookings made by Fieldforce have been lost and customer assessments not completed due to mismatches in the availability system at DEWHA.

4. Framework for payment and acquittal of assessor work

4.1. Invoicing agreement

The Green Loans program payment framework established by DEWHA stipulated Fieldforce must submit an invoice to DEWHA on or around the 21st day of the month for all assessments completed in the prior month. This invoice also included fees for 'no-show' assessments, where home-owners were not present at the arranged assessment time.

Payment of these invoices by DEWHA typically took up to four weeks. This resulted in a delay of up to 11 weeks between completion of the assessment and payment of the invoice.

In February 2010, Fieldforce sought to accelerate the payment process by submitting invoices to DEWHA on or around the second Friday of the month, one to two weeks sooner than the previous arrangement.

In order to avoid payment delays faced by independent assessors, Fieldforce maintained strict compliance with DEWHA's complex invoice content, formatting and submission requirements. This compliance was made possible by Fieldforce's advance scheduling program, ASAP.

4.2. Invoice payment delays

An invoice payment delay by DEWHA to Fieldforce occurred for assessments completed in February and this issue remains unresolved.

Fieldforce submitted Invoice #12065 to DEWHA on Friday, 12 March 2010 for the sum of \$3,532,265 for assessments completed up to 28 February 2010. Payment of the invoice was expected on Thursday, 1 April 2010.

Instead of payment, Fieldforce was advised by DEWHA that Fieldforce subcontracted assessor #HO53244, was not registered, despite portal access being provided by DEWHA.

Fieldforce immediately amended invoice number 12065 down to \$3,515,160, removing fees for work completed by the assessor in question. Fieldforce then issued a second invoice for work completed by that assessor, invoice number 12189 for \$17,105.

After significant delay, payment of \$3,515,160 was received for revised invoice number 12065. However, as at Thursday, 15 April 2010, Fieldforce has not received payment for the outstanding \$17,105 under invoice 12189, and the Department has provided no further communication on how the issue should be resolved.



To ensure the self-employed assessor in question is not disadvantaged by this confusion, Fieldforce has paid the assessor for the work completed and loaded to DEWHA portal in line with the Green loans program guidelines. Timeframe for resolution of this issue is unknown.

4.3. Payment to subcontractors

In order to support its self-employed subcontracted assessors, Fieldforce pay assessors on a fortnightly basis significantly reducing the payment terms to assessors to no more than six weeks. The resultant cash flow implications for Fieldforce from the DEWHA payment terms are significant.

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