

## **Audit Report No. 42**

# **The Establishment and Operation of Green Corps**

### **Introduction**

- 4.1 The objective of the audit was to examine the effectiveness and efficiency of the administrative arrangements for the establishment and operation of the Green Corps—Young Australians for the Environment program (Green Corps).<sup>1</sup>
- 4.2 The objective of the Green Corps program is ‘...to give young Australians aged 17 to 20 the opportunity to demonstrate their commitment to the environment by contributing to high priority conservation projects while being provided with quality, accredited on-the-job training.’<sup>2</sup> Participants apply, and are selected on the basis of their level of interest in and commitment to the environment, and their ability to work as part of a team. Local applicants are given preference for places on local projects.<sup>3</sup>
- 4.3 While the Department of Education, Training and Youth Affairs (DETYA) has principal responsibility for the program, it has contracted the

---

1 *Audit Report No. 42, 1998–99*, p. 12.

2 Exhibit No. 5, p. 1.

3 Exhibit No. 5, p. 7.

administration and management of the program to the Australian Trust for Conservation Volunteers (ATCV). It also consults with the Department of Environment and Heritage.

- 4.4 The focus of the audit was DETYA's administration of the program, including its management of the contract with ATCV. As well as praising some aspects of DETYA's approach, the audit concluded that the following factors undermined the efficiency and effectiveness of the program:
- the absence of a comprehensive risk management process;
  - a deficient tendering process;
  - the lack of evidence of systematic consideration of specialist advice, and the lack of documentation of decision-making;
  - limited assessment of compliance with the 1996 contract; and
  - limited analysis of performance information.<sup>4</sup>
- 4.5 The department agreed with all the recommendations. At the public hearing, it noted that DETYA had already begun to implement them.<sup>5</sup>
- 4.6 At the hearing, the Committee sought more information in relation to:
- risk management;
  - contract management; and
  - program outcomes.

## Risk management

- 4.7 Risk management aims to reduce the chances of something going wrong or, failing that, to minimise the consequences of something having gone wrong. These goals are achieved through a systematic process involving an integrated structured and formal approach to identifying, analysing, assessing, treating and monitoring risk.
- 4.8 The ANAO nominated the lack of a comprehensive risk assessment process as a particular weakness of the administration of this program.<sup>6</sup> It noted that 'In relation to mapping the tender process and considering

---

4 *Audit Report No. 42, 1998-99*, p. 13.

5 Peter Grant, DETYA, *Transcript*, p. 67.

6 Ian McPhee, ANAO, *Transcript*, p. 69.

options, DETYA had undertaken some very low level planning but had not carried out a comprehensive risk assessment to underpin the process.<sup>7</sup> As the ANAO observed, early and appropriately documented risk assessment could have:

- facilitated the systematic consideration of risks and options to address them;
- provided management with a sound basis for decision-making; and
- improved the accountability of decision-making.<sup>8</sup>

4.9 The Committee pursued this issue at the public hearing. In response, DETYA informed the Committee that the department accepted that its previous approach was 'less than adequate' and that DETYA had subsequently run risk management training courses to address the problem. All Senior Executive Service officers in the department had participated in these courses. With respect to the recent tender process for the next round of Green Corps projects, the Committee was assured that a comprehensive risk assessment and management strategy had been applied.<sup>9</sup>

### Committee comments

4.10 The Committee views with concern the initial omission of a formal comprehensive risk assessment. The Committee welcomes DETYA's more recent commitment to the application of risk management principles and encourages it to continue its departmental training program in this area.

### Contract management

4.11 Increasingly, the public sector relies on private suppliers for the delivery of its services. Therefore, effective contract management is essential in securing the maximum benefit from government expenditure and fulfilling other accountability obligations. As the Industry Commission observed, '...Whatever the method of service delivery, a government

---

7 *Audit Report No. 42, 1998-99*, p. 15.

8 *Audit Report No. 42, 1998-99*, p. 36.

9 Peter Grant, DETYA, *Transcript*, p. 71.

agency must remain accountable for the efficient performance of the functions delegated to it by government...'<sup>10</sup>

- 4.12 Sound contract management involves all stages of the contractual relationship—preparation, the tender process, the duration of the contract and the end of the contract. It requires the public sector to consciously acquire and implement a new range of skills and knowledge.
- 4.13 The ANAO identified several issues relating to contract management. These included the following:
- the need for an overall, systematic approach to ensure compliance with all of the conditions of the 1996 contract with the ATCV;<sup>11</sup>
  - the need for earlier reconciliation of monies paid under the 1996 contract with ATCV;<sup>12</sup>
  - poor administration of the 1997 contract with ATCV to conduct a conference;<sup>13</sup> and
  - inadequate consideration of the risk of inappropriate payments to participants who were receiving unemployment benefits.<sup>14</sup>
- 4.14 At the public hearing, the Committee sought further information in relation to both the tendering process and the insurance requirements of the contract.

### Tendering practices

- 4.15 ATCV was selected through a tender process to '...administer and manage the day-to-day operations of the Green Corps program in line with arrangements set out in the contract between DETYA and ATCV.'<sup>15</sup>
- 4.16 The ANAO found that DETYA's tender evaluation process '...involved a number of weaknesses in clearly demonstrating procedural fairness which should be addressed for any future similar tenders.'<sup>16</sup> Specifically, the ANAO advised that:

---

10 Industry Commission, *Competitive Tendering and Contracting by Public Sector Agencies*, AGPS, 1996, p. 4.

11 *Audit Report No. 42, 1998-99*, p. 44.

12 *Audit Report No. 42, 1998-99*, p. 51.

13 *Audit Report No. 42, 1998-99*, p. 59.

14 *Audit Report No. 42, 1998-99*, p. 60.

15 *Audit Report No. 42, 1998-99*, p. 12.

16 *Audit Report No. 42, 1998-99*, p. 16.

DETYA should ensure that the criteria set out in the request for tender include all necessary requirements, including the relative importance to be assigned to criteria in evaluating tenders, and that proposals received are assessed only against those criteria.<sup>17</sup>

- 4.17 In response to questioning by the Committee, DETYA acknowledged that, after tender criteria had been sent out, the department had added some criteria and subtracted other criteria. DETYA explained this approach with reference to the short time frame and a lack of experience. DETYA agreed that the process had been deeply flawed and assured the Committee that ‘...that set of deficiencies was rectified in the latest tender round.’<sup>18</sup>

### Insurance requirements

- 4.18 A condition of the contract between DETYA and ATCV was that the latter obtain personal accident cover of \$10 million. ATCV was advised by its insurer that it could not obtain such an amount. The ANAO was critical of DETYA on two accounts:

The ANAO considers that DETYA should have established that such conditions could reasonably be met before the contract was signed. In addition, where it was found, after the contract had been signed, that the condition was not able to be met, DETYA should have negotiated an amendment to the contract as soon as possible to rectify the situation before continuing to make payments.<sup>19</sup>

- 4.19 DETYA also required evidence that participants in all states and territories were covered by workers’ compensation insurance or other relevant insurance. Workers’ compensation insurance was available in all states but one. The participants in that state were covered by public liability and personal accident insurance, but this did not include non-Medicare expenses. This could not be addressed by DETYA until May 1998 when there was a change to the way program funds were appropriated. The 1998 Green Corps contract required additional insurance cover for workers not covered by workers’ compensation insurance.<sup>20</sup>

---

17 *Audit Report No. 42, 1998–99*, p. 39.

18 Peter Grant, DETYA, *Transcript*, p. 79.

19 *Audit Report No. 42, 1998–99*, p. 47.

20 *Audit Report No. 42, 1998–99*, pp. 47–8.

4.20 At the public hearing, the Committee explored the issue of DETYA accepting that the contracted amount of insurance was not being provided. DETYA informed the Committee that it had sighted the advice of ATCV's insurance broker that it would not provide personal accident insurance above \$100 000. DETYA also held discussions with Work Cover, South Australia and confirmed that this was an adequate level of insurance.<sup>21</sup>

4.21 The ANAO's view was expressed as follows:

The ANAO considers that DETYA should ensure that all terms and conditions of the contract are able to be met before the contract is signed. As well, if impediments to the terms and conditions of the contract are found after the contract is signed, DETYA should take early action to negotiate an amendment to the contract and/or make alternative arrangements to ensure that payments are made in accordance with the contract and that the desired outcome is achieved in a timely manner.<sup>22</sup>

### Committee comments

4.22 Because the Green Corps program is wholly outsourced, the Committee is particularly concerned that its contract management practices be above reproach. Clearly this was not the case for the first contract. As well as the examples discussed above, the audit report identified poor practices in such areas as performance monitoring and reconciliation of monies paid.<sup>23</sup> The Committee welcomes DETYA's implementation of the ANAO's recommendations in the subsequent contract and encourages it to be vigilant in ensuring that it manages future contracts according to better practice principles.

4.23 The Committee notes that a more rigorous risk assessment process may well have prevented the deficiencies identified by the ANAO. The Committee welcomes DETYA's efforts to ensure that procedural fairness features more prominently in subsequent tenders.

---

21 DETYA, Submission No. 2, p. 6.

22 *Audit Report No. 42, 1998-99*, p. 48.

23 *Audit Report No. 42, 1998-99*, p. 17.

## Program outcomes

- 4.24 The Committee inquired as to the benefits of the program for participants and the environment, and the cost effectiveness of the program.

## Benefits for participants

- 4.25 At 31 March 1999, 3000 young Australians had participated in Green Corps programs in over 300 projects.<sup>24</sup>
- 4.26 DETYA informed the Committee that it conducted post-placement monitoring of participants three months after the end of each Green Corps project. The following findings were made for the first five rounds of projects.<sup>25</sup>
- Of those participants who did not proceed to other forms of employment assistance, 64 per cent were in either employment, education or training. The remaining 36 per cent were either unemployed or no longer in the labour force. Before the program, 62 per cent of participants had been unemployed or not in the labour force. [12 per cent of participants had been long-term unemployed before joining the program, compared with 20.8 per cent for that age group generally.]
  - 43 per cent of participants were in unsubsidised employment. Of these, 51 per cent were full-time and 49 per cent part-time. 38 per cent were in a field related to the environment. 68 per cent were in temporary, seasonal or casual employment and 32 per cent were in permanent employment.
- 4.27 Further information was provided to the Committee in DETYA's evaluation of the program. For example:
- 82 per cent of respondents believed that the experience had improved their chances of getting a job.
  - 78 per cent reported an increase in motivation to work or look for work.
  - 78 per cent (including 91 per cent of unemployed respondents) reported that they had more confidence in applying for jobs and going for interviews.

---

24 *Audit Report No. 42, 1998-99*, p. 12.

25 DETYA, Submission No. 2, pp.2-4.

- 93 per cent believed that the experience had enhanced their teamwork skills.
- 90 per cent were either satisfied or very satisfied with the range of skills they acquired from the training.<sup>26</sup>

### Environmental benefits

- 4.28 At 31 March 1999, over 300 projects had been conducted. These included the construction of walking tracks and fencing, the removal of weeds and the propagation of plants.<sup>27</sup>
- 4.29 The Committee was informed that each proposed project was systematically evaluated. Further, the program had a ‘...systematic process of reporting, and assessment of that reporting and comparison with the expectations that applied when the project was first set up.’<sup>28</sup>

### Cost effectiveness

- 4.30 As the department noted, the cost effectiveness of the program depends on:
- the extent to which the above benefits can be attributed to the program; and
  - whether the results are consistent with the costs of managing, operating and conducting the program.<sup>29</sup>
- 4.31 DETYA explained that it had not conducted a net impact study due to the difficulty of compiling a sufficiently similar control group.<sup>30</sup> Instead, DETYA referred to the high participant satisfaction levels.

### Committee comments

- 4.32 The Committee commends the hard work and initiative of those who have administered and participated in the Green Corps program. The Committee agrees with the argument put by DETYA that the cost effectiveness of Green Corps is determined by the extent to which benefits

---

26 Exhibit No. 5, pp. 13–14. The evaluation relates to rounds 2 and 3 of the program. There was a response rate of 56%, meaning that its findings should be regarded as indicative only (Exhibit 5, pp. 5–6).

27 *Audit Report No. 42, 1998–99*, p. 12.

28 Peter Grant, DETYA, *Transcript*, pp. 74–5.

29 Peter Grant, DETYA, *Transcript*, p. 73.

30 DETYA, Submission No. 2, p. 5.



can be attributed to the program, and whether these benefits justify the cost of the program. The following recommendation is suggested in order to facilitate the collection of data that might be used to enhance and/or promote the program.

### **Recommendation 3**

- 4.33 The Committee recommends that the Department of Education, Training and Youth Affairs undertake analysis of the cost effectiveness of the Green Corps program.**

Bob Charles MP  
March 2000