

Senate Standing Committee on Education and Employment

QUESTIONS ON NOTICE Supplementary Budget Estimates 2013-2014

Outcome 2 - Schools and Youth

Department of Education Question No. ED0136_14
Senator McKenzie provided in writing.

Question

Government schools support – Building the Education Revolution (BER) subcontractors

I understand that there are a number of subcontractors who have not been paid for their work on the Australian Government's Building the Education Revolution – Primary schools for the 21st century projects. One such company, was Reed Constructions, who was forced into voluntary administration. Is the department aware of other instances of sub-contractors not being paid in other states and territories? How many sub-contractors Can the department disclose how many subcontractors are still owed payment for BER projects, and how much money? How many subcontractors nationally have become insolvent as a result of the Australian Government's BER project? Will the Department be doing any further investigations or audits into the non-payment of subcontractors as a result of the mismanagement of the Australian Government BER project? A Senate inquiry of 2009-10 noted that "3.11 No formal announcement has been made at the time of writing as to whether any satisfactory outcome for subcontractors has been achieved". Is there any further update from the department in regards to finding a satisfactory outcome for subcontractors?

Answer

The Australian Government entered into agreements with each state and territory specifying the conditions, commitments and timeframes of the Building the Education Revolution (BER) programme. Under these agreements government, catholic and independent education authorities were responsible for managing the implementation of BER projects in their schools, including tendering, contracting and procurement.

The department is aware of a small number of instances involving alleged non-payment to subcontractors for work undertaken on BER projects due to company insolvencies. The department does not maintain records relating to subcontractors who worked on BER projects which have become insolvent.

The department will not be conducting an investigation or audit into the non-payment of subcontractors, as any claims by subcontractors affected by insolvency for unpaid monies are managed, as is appropriate, by the relevant insolvency practitioner under the *Corporations Act 2001*. It is the role of the Insolvency Practitioner to investigate the company's financial affairs and report to its creditors as well as the Australian Securities Investment Commission.

The department understands Reed Constructions Australia Pty Ltd remains under the control of an Insolvency Practitioner.