

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Supplementary Budget Estimates 19 October 2009

Question: PM48

Topic: Projects falling outside benchmarks

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Senator RYAN- I think you would appreciate that one of our challenges and why we asked you to attend is that you are the Coordinator-General that was set up and your office was created to coordinate the program and presumably meet the benchmarks the government had set through the COAG process. It makes it very difficult for senators to chase down through every single line agency whether or not the benchmarks that you yourself have set are being met. Would it be possible for us to be given a tabulation of what proportion of projects are falling outside the benchmarks that you have set for reasonable project management fees? I think you will understand it is a matter of some public concern.

Mr Mrdak- It is, and I will take that on notice, if you do not mind. I will raise that with agencies.

Answer:

Under the Building the Education Revolution program, the Commonwealth and States, Territories and Block Grant Authorities agreed to a maximum of four per cent for project management fees for school projects. As part of the application and assessment process, a number of eligibility tests were undertaken, including an assessment of whether the amount of funding being sought for project management exceeded four per cent. DEEWR are monitoring the actual spend reported for project management fees to ensure they remain within the maximum of four per cent. Evidence available on project level reporting to date shows that project management costs are coming in between zero and four per cent.

Maximum thresholds for project management fees have not been set for other program areas under the Nation Building – Economic Stimulus Plan, but costs are

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considered under a general assessment of value for money as part of the approvals process. Evidence available on project management fees being charged suggests that costs across the Plan are within industry standards for project management costs on construction projects.