# 10

Audit Report No. 33 2009-10

# Building the Education Revolution – Primary Schools for the 21<sup>st</sup> Century

# Introduction<sup>1</sup>

- 10.1 The onset of the global financial crisis in 2008 caused a severe loss of confidence, not only in the financial sector, but also in households and businesses around the world. The crisis has been attributed to a range of factors including: the sudden end of the United States housing boom; novel debt financing arrangements; and weaknesses in regulatory oversight. The result was a period of worldwide economic downturn and a prospect of rising unemployment in many countries.
- 10.2 In response, many governments around the world have adopted fiscal measures to support employment and economic recovery. There has also been coordinated international action through the Group of Twenty (G-20) countries, of which Australia is a member, to provide liquidity, address regulatory deficiencies, unfreeze credit markets and ensure that

<sup>1</sup> The following information is taken from Audit Report No. 33 2009-10, *Building the Education Revolution – Primary Schools for the* 21<sup>st</sup> *Century*, pp. 11-13.

international financial institutions are able to provide support for the global economy.

10.3 Domestically, the Australian Government announced a series of stimulus measures in late 2008 and early 2009. The largest was the \$42.1 billion Nation Building and Jobs Plan, announced on 3 February 2009. To oversee the implementation of the Plan, the Government established a network of jurisdictional and sectoral coordinators headed by a Coordinator-General within the Department of the Prime Minister and Cabinet.<sup>2</sup>

10.4 The largest component of the Nation Building and Jobs Plan is the delivery of school infrastructure under the Building the Education Revolution (BER) program. The Government decided on school-based infrastructure spending because it has a number of elements that supported stimulus objectives, including:

- it has the advantage of providing stimulus to almost every population area of the country, as the economic slowdown was expected to be geographically widespread;
- school land is available immediately without the need for planning approval, hence no planning delays were envisaged; and
- school infrastructure projects have low import content, which raises the domestic stimulatory impact.<sup>3</sup>
- 10.5 The objectives of the BER program are first, to provide economic stimulus through the rapid construction and refurbishment of school infrastructure and, second, to build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.<sup>4</sup>
- 10.6 The program comprises three elements:
  - Primary Schools for the 21<sup>st</sup> Century (P21), which initially provided \$12.4 billion (later, \$14.1 billion) for Australian primary schools to build

<sup>2</sup> The Coordinator-General is responsible for working with administering agencies at the Australian Government and State-Territory level to support and monitor the implementation of key infrastructure and stimulus measures.

<sup>3</sup> Gruen, D., 8 December 2009, *The Return of Fiscal Policy*, speech to the Australian Business Economists Annual Forecasting Conference, Canberra, p. 4.

<sup>4</sup> Council of Australian Governments, 2009, *National Partnership Agreement on the Nation Building and Jobs Plan,* Canberra.

new facilities, such as libraries and multipurpose halls, or to upgrade existing facilities, by 31 March 2011<sup>5</sup>;

- National School Pride, which provided \$1.3 billion for minor capital works and refurbishment projects in all eligible Australian schools, to be completed by February 2010; and
- Science and Language Centres, which initially provided \$1 billion (later, \$821.8 million) for construction of new, or refurbishment of existing, science laboratories or language learning centres in secondary schools by 30 June 2010.
- 10.7 The Department of Education, Employment and Workplace Relations (DEEWR) was given responsibility for implementing the program, working through state and territory education departments and Block Grant Authorities (collectively referred to as 'Education Authorities') to facilitate the achievement of program outputs and outcomes.<sup>6</sup> These Education Authorities are responsible for implementing the program in government and non-government schools respectively, including responsibility for ensuring that individual projects achieve value-formoney.
- 10.8 The BER program is being delivered under the new federal financial relations framework through the *National Partnership Agreement (NPA) on the Nation Building and Jobs Plan: Building Prosperity and Supporting Jobs Now.*<sup>7</sup> The NPA sets out high level governance arrangements for delivery of the BER program in partnership with the states and territories including: outputs and outcomes; roles and responsibilities; and performance benchmarks. The devolved delivery of the program by Education Authorities has been governed by the establishment of bilateral agreements and funding agreements with non-government Education Authorities. These documents were drafted by DEEWR and are supported
- 5 In October 2009, the Government agreed to rephrase \$500 million of BER program funding from 2010-11 to 2011-12, with the Minister for Education, Employment and Workplace Relations provided with flexibility to allow construction completion deadlines to be varied where this would assist with the achievement of value-for-money outcomes. The rephrasing means that some BER P21 projects will be completed after 31 March 2011.
- 6 Block Grant Authorities (BGAs) are bodies that represent non-government schools in the states and territories for capital funding purposes. There are 14 BGAs, one for each of the two territories that represents both the Catholic and Independent sectors, and two in each state (one for Independent schools and another for Catholic schools).
- 7 The new framework for federal financial relations, which commenced on 1 January 2009, aims to provide clearer specification of the roles and responsibilities of each level of government so that the appropriate government is accountable to the community. It also aims to provide more transparent reporting of outputs and outcomes to drive better service delivery and reform.

by BER Program Guidelines, with implementation plans submitted by Education Authorities to outline their delivery approaches.

# The Audit

#### Audit objective<sup>8</sup>

- 10.9 The audit objective was to examine the effectiveness of the department's establishment of the P21 element of the BER program. The focus of the audit was on: the establishment of administrative arrangements for BER P21 in accordance with government policy; the assessment and approval of funding allocations; and the arrangements to monitor and report BER P21 progress and achievement of broader program outcomes. An examination of individual BER P21 projects was outside the scope of the audit.
- 10.10 The Committee notes that the jurisdictional issues brought into focus by the BER audit have been examined in more detail in the Committee's review of the *Auditor-General Act* 1997. A report on this inquiry is being finalised as at November 2010.

#### **Overall audit conclusion**

10.11 The ANAO made the following overall audit conclusion:

The Building the Education Revolution (BER) program formed a major part of the Australian Government's response to the global financial crisis. At \$12.4 billion (later, \$14.1 billion), the P21 element of the BER program represented a doubling of recent levels of capital investment in schools and the single largest component of the Government's economic stimulus package.

BER P21 is a large, high profile program that required rapid establishment to maximise its stimulatory effect. ... The focus on quick implementation needed to be balanced with the objective of delivering quality, sustainable and value-for-money primary school infrastructure.

... The task facing DEEWR and Education Authorities was considerable, with infrastructure projects to be delivered in almost

<sup>8</sup> The following information is taken from Audit Report No. 33 2009-10, p. 13.

every school across the country within very compressed timeframes – as little as a third of the time usually set aside for school infrastructure projects. The program was also established within a new framework for intergovernmental program delivery that was untested for a program of this kind, and a coordination structure that added to the monitoring and reporting obligations on administering agencies.<sup>9</sup>

10.12 The ANAO found that there are some early indicators that the program is achieving its intended outcomes:

Lead economic indicators, including construction approvals, show that the introduction of BER P21 contributed to a reversal in the decline in non-residential construction activity that resulted from the global financial crisis. Education industry stakeholders, including peak bodies, Education Authorities and a substantial majority of school principals have also been positive about the improvement in primary school facilities that will result from the program.

10.13 The ANAO noted that DEEWR had put in place governance and delivery arrangements to ensure the challenging timeframe was met:

The department established a BER Taskforce to develop governance and delivery arrangements. This work comprised: drafting the BER Guidelines (publicly released in late February 2009) and negotiating bilateral/funding agreements with all Education Authorities (executed by mid-April 2009). Within six months from the program's announcement, DEEWR completed three funding rounds, approving 10,700 BER P21 projects in around 8,000 schools. This represented a substantial body of work undertaken in a compressed timeframe.<sup>10</sup>

10.14 The ANAO found that the BER Guidelines ensured that around 78 per cent of BER P21 projects commenced on time.<sup>11</sup> However, construction of the projects has progressed more slowly than intended to provide the full benefit of the stimulus. Completion milestones were adjusted depending on the size of the school and the ANAO found that 34 per cent of Round 1

<sup>9</sup> Audit Report No. 33 2009-10, p. 14.

<sup>10</sup> Audit Report No. 33 2009-10, p. 15.

<sup>11</sup> Project commencement was defined as: *the undertaking of any action, post any design phase that incurs an expense covered by BER funding for that project.* DEEWR has further advised that, as at 28 February 2010, 97 per cent of BER P21 projects have commenced.

projects and 9.6 per cent of Round 2 projects had been completed at the time of the audit.<sup>12</sup>

10.15 The ANAO noted that both the Strategic Priorities and Budget Committee of Cabinet (SPBC) and DEEWR were aware that the funding allocated to the BER P21 program would be inadequate to meet the demand:

In establishing the program, the Government decided on funding maxima per school depending on school size, and allocated \$12.4 billion to BER P21. However, within six months of announcing BER P21, the Government found it necessary to allocate a further \$1.7 billion to the program. Essentially, the original BER P21 budget was based on an underlying assumption that BER P21 as a whole would be completed for 90 per cent of the cost of providing the maximum funding for each school. In establishing the program, the approach adopted made maximum per school funding available to all schools. As was evident to DEEWR at the outset, this approach would require greater overall funding than had been formally approved by government. In the normal course of events, particularly when the increase in funding is likely to be substantial, administering agencies would be expected to return promptly to government to outline the case for additional funding and seek formal approval. However, in the case of BER P21, Ministers comprising the Strategic Priorities and Budget Committee of Cabinet (SPBC) advised that they understood schools would be able to undertake a project or a number of projects to fully utilise the amount of funds allocated to the school based on school size; they were aware from the outset that the BER P21 funding envelope represented only 90 per cent of possible expenditure; and it was therefore evident and transparent to SPBC ministers that, depending on the response of schools, a budget estimates variation may be required.13

10.16 The ANAO acknowledged the economic imperative to implement the program expeditiously, but was critical of the constraints placed on Education Authorities by DEEWR. The ANAO found that the administrative rules and requirements put in place by DEEWR also went against the current reforms for the delivery of intergovernmental programs:

<sup>12</sup> Audit Report No. 33 2009-10, pp. 15-16.

<sup>13</sup> Audit Report No. 33 2009-10, p. 16.

The establishment of the BER program, in the context of the financial crisis and need for a prompt government response, meant that implementation issues were more likely to arise due to the limited time available for policy development and program planning. This was acknowledged by the Government at the time delivery arrangements were announced. It was, therefore, important for DEEWR to develop effective arrangements for collaboration both with other Commonwealth agencies and with the Education Authorities responsible for delivering the program.

Nevertheless, administrative decisions taken by the department in establishing BER P21, while designed to drive delivery of the program by Education Authorities, have unduly constrained the flexibility of authorities to determine how the program will be delivered within their jurisdictions to achieve the intended objectives and increased the administrative effort necessary to deliver the program.<sup>14</sup>

The adoption of this approach for states and territories expanded DEEWR's role in service delivery and, as such, was not in step with the thrust of recent reforms to the delivery of intergovernmental programs – that is to reduce prescriptive rules on how services are delivered through a focus on mutually agreed outputs and outcomes. While designed to give effect to the objective of the stimulus package, the approach adopted by the department has reduced the capacity of school systems to take account of system priorities and the differing needs of schools in their systems, within the Australian Government's policy parameters for the program. Additionally some of the administrative arrangements put in place by the department were unduly complicated and time-consuming for Education Authorities.<sup>15</sup>

10.17 The ANAO acknowledged that many of the issues that arose in the delivery of the program were a result of the 'compressed timetable for the establishment of the program, given the prevailing economic downturn' and did not make any recommendations.<sup>16</sup>

<sup>14</sup> The Australian Government provides Education Authorities with an administration payment of 1.5 per cent of total jurisdictional funding to cover the discharge of their responsibilities under the NPA.

<sup>15</sup> Audit Report No. 33 2009-10, pp. 17-18.

<sup>16</sup> Audit Report No. 33 2009-10, p. 18.

# The Committee's review

- 10.18 The Committee held a public hearing on Monday 21 June 2010, with the following witnesses:
  - Australian National Audit Office (ANAO); and
  - Department of Education, Employment and Workplace Relations (DEEWR).
- 10.19 The Committee took evidence on the following issues:
  - program rules;
  - flexibility;
  - costing;
  - value for money;
  - non-government schools;
  - monitoring data;
  - local labour; and
  - progress to date.

## **Program rules**

- 10.20 The ANAO noted that DEEWR had established a number of rules to govern funding applications from Education Authorities and that one of these rules required the Education Authorities to 'obtain agreement from school principals to decisions to allocate their school less funding than they were notionally entitled.'<sup>17</sup> The ANAO found that this rule effectively gave principals control over funding decisions in this area and affected the flexibility of Education Authorities to prioritise the use of funding.<sup>18</sup>
- 10.21 The Committee indicated that this is contrary to the usual order of decision making in Education Authorities and asked DEEWR why the rule had been put in place. The Department explained that, while it was aware that the underlying objective of the program was to promote economic stimulus in every community across Australia, it wanted to ensure that

<sup>17</sup> Audit Report No. 33 2009-10, p. 99.

<sup>18</sup> Audit Report No. 33 2009-10, pp. 99 and 103.

principals had the final say in what happened in their school.<sup>19</sup> DEEWR was concerned that the speed with which the BER had to be implemented to fulfil the stimulus requirements would led to Education Authorities putting forward projects that did not satisfy individual school's needs.<sup>20</sup> The rule was designed to prevent this happening:

There was some quite early media of principals in Victoria who were not agreeing with what their Education Authorities were putting up. That is why we introduced this step. We wanted some assurance, if you like, from principals that they were in accord [with the proposed project].<sup>21</sup>

10.22 The Committee noted that the rule applied when an Education Authority decided to allocate less funding than a school was entitled to and asked why such a decision would be made. DEEWR provided a number of examples where this might occur:

It may simply have been a project which cost less. ... It could have been because it was a newish school, and so that school did not actually need a multipurpose hall or a library, but there could have been a school nearby which was really quite old and needed a much, much larger project.<sup>22</sup>

# Flexibility

10.23 Members of the Committee were particularly interested to find out whether or not the program had been flexible and adaptable to the needs of individual schools. DEEWR cited two local examples to demonstrate the flexibility of the program with regard to special needs schools:

> In one case, there was a hall that had been extended, and a whole lot of fantastic technology and other things had been brought to bear to make that facility effective for the school community. In the other, there was a very significant degree of refurbishment for a young children's special school involving a lot of bathroom work and a whole lot of stuff to do with the particular needs of young disabled children.<sup>23</sup>

- 21 Ms Paul, DEEWR, p. 15.
- 22 Ms Paul, DEEWR, p. 16.
- 23 Mr Manthorpe, DEEWR, p. 21.

<sup>19</sup> Mr Manthorpe, DEEWR, p. 14. All references to witnesses' evidence comes from the Committee's hearing into this audit dated 21 June 2010, with page numbers relating to the Proof Committee Hansard.

<sup>20</sup> Ms Paul, DEEWR, p. 15.

- 10.24 Members of the Committee were aware of anecdotal evidence where school communities had co-contributed to projects under the program to ensure that the school got exactly what was required. The Committee asked if the Department had any data on the extent of co-contribution projects. DEEWR informed the Committee that 1,101 P21 projects involved co-contributions.<sup>24</sup>
- 10.25 Table 6.1 shows a number of examples of co-contribution projects provided by the Department to the Committee.<sup>25</sup>

Table 10.1 Examples of co-contribution P 21 projects

Government	Example
NT Government	<b>Elliott School</b> is receiving \$850,000 for the construction of a covered outdoor facility for learning and other school activity. The application identified that enrolments have steadily grown and there is a significant demand for a covered outdoor learning space. The project is strongly supported by the School Council and a co-contribution amount of \$300,000 was identified bringing the total funding to \$1.15m for the project.
Victorian Government	<b>Dingley Primary School</b> is receiving \$2.5m for construction of a multipurpose building including a combination of library, gymnasium, halls, classrooms or administration offices. Co- funding with the State government of \$2.5m was identified bringing the total project funding to \$5m.
NSW Government	<b>Epping West Public School</b> is receiving \$3.02 million for the construction of a new library under the P21 element of the BER with a co-contribution amount of \$314,924. NSW DET advises the school wishes to add a classroom to the approved library project, to meet increased enrolments. The revised project amount is now \$3,334,924 and the additional funds are being provided by the school.
ACT Government	<b>Amaroo School</b> is receiving \$3 million for an extension to the library under the P21 element of the BER with a co-contribution amount of \$400,000 to improve project outcomes. The total value of the project at the school will be \$3.4 million. The multipurpose building includes six additional classrooms and a large central shared area.
ACT Government	<b>Harrison School</b> is receiving \$3 million for the construction of a new multi purpose building under the P21 element of the BER with a co-contribution amount of \$400,00 to improve project outcomes. The total value fo the project at the school will be \$3.4 million. The multi-purpose building will include six classrooms and an adjoining outdoor shade structure. Bifold doors will fold completely out of the way to give access from the Performing Arts Building to a paved area outside, allowing for a performance or presentation to use the doorway as a stage while the audience uses the paved area as outdoor seating.

- 24 DEEWR, submission no. 7, npn.
- 25 DEEWR, submission no. 7, npn.

10.26 The Committee asked DEEWR if there were any constraints on the program that prevented it from being as flexible as other programs administered by the Department. DEEWR identified the need for speedy implementation to met the program's stimulus objective as the chief constraint on the program and provided two examples:

... under our existing capital grants program, we allow education authorities up to a year for planning and there is no real deadline on the construction, but we have an expectation of around three years. Clearly that was entirely unviable because of the stimulus objective. Secondly, under our capital grants program we allow, for example, block grant authorities and other education authorities the capacity to meet their own priorities ... which could well involve ... an education authority ... concentrating a given year's investment ... in a particular region. ... That was unviable too, because of the stimulus objective, which was for jobs to be created or maintained in every community. So we explicitly rejected that part of our existing time frames.<sup>26</sup>

- 10.27 DEEWR added that more onerous reporting requirements had also provided some constraints on the flexibility of the program as education authorities were asked to supply more information than the standard reporting requirements.<sup>27</sup>
- 10.28 Members of the Committee expressed concern that the systemic oversight of the program by DEEWR could have constrained individual principals who wished to advocate a project that did not fit within the parameters of the list of building priorities. The Department reiterated that the program allowed sufficient flexibility to accommodate the objectives of both schools and education authorities.<sup>28</sup>

#### Costing

10.29 The Audit Report noted that the BER program was originally costed at \$12.4 billion but was increased to \$14.1 billion after take-up of the program exceeded expectations. The ANAO was advised that the Strategic Priorities and Budget Committee of Cabinet (SPBC) were aware that the original costing 'represented only 90 per cent of possible expenditure' for the program.<sup>29</sup>

<sup>26</sup> Ms Paul, DEEWR, p. 23.

<sup>27</sup> Ms Paul, DEEWR, p. 23.

<sup>28</sup> Mr Manthorpe, DEEWR, p. 29.

<sup>29</sup> Audit Report No. 33 2009-10, p. 110.

10.30 The Committee asked DEEWR why the program went to \$14.1 billion. The Department told the Committee that the original calculation was based on the premise that a majority of schools would take up only 90 per cent of the funds on offer. However, a high level of schools took up their full entitlement and this resulted in the extra expenditure:

... the difference between the \$12 billion and the final estimates variation was simply the difference between a 90 per cent envelope and more or less 100 per cent.<sup>30</sup>

#### Value for money

- 10.31 The ANAO expressed some doubt that established benchmarks had provided a useful basis for monitoring the use of funding.<sup>31</sup> The Committee asked DEEWR for assurance that the Commonwealth is receiving value for money for projects constructed under the BER.
- 10.32 The Department explained that value for money on a project-by-project basis is the responsibility of the Education Authorities but accepted that DEEWR is responsible for ensuring that overall value for money is achieved for the Commonwealth.<sup>32</sup> The Department maintained that it had been concerned about value for money from the beginning of the program and told the Committee that bilateral agreements with states and territories 'captured the notion of value for money' in a variety of ways.<sup>33</sup>
- 10.33 The Committee asked for specific evidence that value for money is being achieved. The Department admitted that it could not provide definite evidence of value for money until each project was acquitted but maintained that it was satisfied that the procurement processes put in place for the program are providing assurance of value for money.<sup>34</sup> DEEWR explained that the steps in place ensure that each project is scrutinised and that areas of concern are identified and rectified:

You go through many steps: you go through the step of tendering, and we kept a very close eye, for example, on some education authorities which felt that they were not getting value for money and needed to re-tender because in one region or another there might have been – as they saw it – overheating. Or, for example

31 Audit Report No. 33 2009-10, p. 135-36.

- 33 Mr Manthorpe, DEEWR, p. 24.
- 34 Ms Paul, DEEWR, p. 27.

<sup>30</sup> Ms Paul, DEEWR, p. 19.

<sup>32</sup> Ms Paul, DEEWR, p. 24.

we also kept very close tabs in some regional areas where labour was hard to get and so on.<sup>35</sup>

10.34 In light of DEEWR's assertion, the Committee asked ANAO to clarify its findings to the effect that there was insufficient data to establish if the Commonwealth was receiving value for money. The ANAO acknowledged that the audit was conducted early in the program's life and had looked at the estimates for projects, before implementation.<sup>36</sup> The ANAO conceded that more up-to-date information may give a clearer picture of whether or not value for money is being achieved:

They were early estimates and, obviously, as you go through a construction process [you] get greater clarity, that material was not up to date at the time when we conducted the audit. So there might be more current information.<sup>37</sup>

#### Non-government schools

- 10.35 The Committee noted anecdotal evidence and media reports regarding allegations that money invested in non-government schools was being used more effectively than money invested in government schools.<sup>38</sup> The Committee asked DEEWR to comment on this issue.
- 10.36 DEEWR indicated that the allegations were the subject of an inquiry by the Building the Education Revolution Implementation Taskforce appointed in April 2010.<sup>39</sup> The Department told the Committee that the allegations were being made before the actual cost of projects are known and that projects would need to be looked at on a case by case basis to determine value for money and effectiveness:

A lot of the commentary about the costs of state schools in some jurisdictions is commentary that is based on estimates not actual, so we may find that actual costs in some cases are lower than expected. Then there are a variety of other conditions at play in any given case that might give rise to costs being higher than one might have expected whether it is to do with demolishing buildings that had asbestos in them in order to make way for the

<sup>35</sup> Ms Paul, DEEWR, p. 27.

<sup>36</sup> Mr McPhee, ANAO, p. 25.

<sup>37</sup> Mr Cahill, ANAO, p. 25.

<sup>38</sup> See for example Natasha Bita, 'Catholics get more from BER', *The Australian*, May 21, 2010, and Jodie Minus, 'Catholic school undercuts BER costings', *The Australian*, June 1, 2010.

<sup>39</sup> Mr Manthorpe, DEEWR, p. 29.

new classroom or what have you. There are a multitude of factors that can bear on that  $...^{40}$ 

10.37 The Committee notes that the Taskforce released an Interim Report on
6 August 2010 and that a Final Report is expected to be provided to the
Minister in November 2010.<sup>41</sup>

#### Monitoring data

- 10.38 The ANAO identified a number of data integrity problems including collection and interpretation.<sup>42</sup> The Committee asked DEEWR if steps were being taken to improve the range and relevance of the data being collected by the Department.
- 10.39 DEEWR told the Committee that the Department was expecting Education Authorities to collect more data for this program than for the monitoring of any previous program. The Department indicated that, in addition, the Coordinator-General was demanding more data as was Mr Orgill, the head of the Building the Education Revolution Implementation Taskforce.<sup>43</sup>

## Local labour

- 10.40 The Committee noted anecdotal evidence suggesting that local builders were not being employed to undertake P21 projects but that outside contractors were being brought in. The Committee expressed concern that this practice would not provide the intended stimulus for the local economy and asked DEEWR if it was aware of any evidence to support these claims.
- 10.41 DEEWR informed the Committee that the data collected by the Education Authorities did not 'indicate whether or not the jobs were occupied by local people.'<sup>44</sup> However, the Department noted that the ANAO survey of primary school principals found that the majority of principals believed that P21 projects were supporting local employment.<sup>45</sup>

- 42 Audit Report No. 33 2009-10, pp. 124-151.
- 43 Ms Paul, DEEWR, p. 30.
- 44 DEEWR, submission no. 7, npn.
- 45 DEEWR, submission no. 7, npn. See also Audit Report No. 33 2009-10, p. 192.

<sup>40</sup> Mr Manthorpe, DEEWR, p. 29. For further discussion of this issue see Senate Education, Employment and Workplace Relations Legislation Committee Estimates, Official Committee Hansard, 3 June 2010.

<sup>41</sup> The Interim Report is available on the Building the Education Revolution Implementation Taskforce website at: <u>http://www.bertaskforce.gov.au/pages/default.aspx</u>.

# Progress to date

- 10.42 The Committee acknowledged that the ANAO audit had been undertaken very early in the program and that, at that stage, actual expenditure was low. The Committee sited the Coordinator-General's progress report from February 2010 indicating that completion rates were 'tracking slightly behind interim milestones' but were expected to catch up during 2010. The Committee asked for an update on completion rates and tracking against milestones.
- 10.43 DEEWR told the Committee that:

As at 31 July 2010, 85 per cent of Primary School for the 21<sup>st</sup> Century projects have met or are expected to meet their target completion date or approved varied completion date.<sup>46</sup>

# Conclusion

- 10.44 The Committee acknowledges that the audit was undertaken early in the program's implementation and that a full assessment of the effectiveness of the program will have to wait until the P21 projects are completed and acquitted. The Committee is concerned about the data integrity issues identified by the ANAO and urges DEEWR to ensure that these are addressed and that relevant and sufficient data is collected to enable the program to be monitored and evaluated.
- 10.45 The Committee recognises that the primary objective of the BER program was to provide economic stimulus during the global financial crisis and understands that rapid implementation was necessary to achieve this goal. However, the Committee is concerned that the governance arrangements put in place by DEEWR to facilitate the rapid implementation of the program may have compromised the ability of individual schools to obtain value for money.
- 10.46 The Committee is aware that DEEWR has faced considerable scrutiny over the BER program in addition to the ANAO audit, including a Senate inquiry and the Building the Education Revolution Taskforce inquiry. The Committee expects that this scrutiny will ensure that DEEWR will address the issues of concern identified by these inquiries for the benefit of future such programs.

Robert Oakeshott MP Committee Chair