

# Chapter 1

## Introduction

### Terms of reference

1.1 The Senate first referred the following matters to the Senate Education, Employment and Workplace Relations References Committee for inquiry on 9 September 2009:

- (a) consideration of the Federal Government's Primary Schools for the 21st Century program, with particular reference to:
  - (i) the conditions and criteria for project funding,
  - (ii) the use of local and non-local contractors,
  - (iii) the role of state governments,
  - (iv) timing and budget issues, including duplication,
  - (v) requirements for school signs and plaques,
  - (vi) the management of the program; and
- (b) other related matters.<sup>1</sup>

1.2 The Senate did not initially set a final reporting date for this inquiry.

### Interim Report

1.3 On 24 June 2010, the committee tabled a substantive Interim Report on its findings in relation to the Primary Schools for the 21st Century (P21) program. The committee made nine recommendations for the immediate consideration of government:

#### **Recommendation 1**

The committee majority recommends that all quarterly reports on maintaining state spending on primary school infrastructure be made available immediately.

#### **Recommendation 2**

The committee majority recommends that when the next round of P21 funding is made available the remaining P21 program funds be provided directly to those government schools choosing to manage their own projects to completion.

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1 *Journals of the Senate*, No. 87, 9 September 2009, p. 2431.

**Recommendation 3**

The committee majority recommends that the government immediately require all state and territory education authorities and Block Grant Authorities to publish breakdowns of all individual P21 project costs.

**Recommendation 4**

The committee majority recommends that DEEWR release original applications and project costs as P21 projects are completed, together with an explanation regarding any contract cost variations.

**Recommendation 5**

The committee majority recommends strengthening accountability mechanisms for oversight of state expenditure of Commonwealth money. This should include enhancing the powers of the Auditor General to 'follow the money trail' to ensure value for money is achieved by the Commonwealth for state expenditure of Commonwealth monies.

**Recommendation 6**

The committee majority recommends that the BER Implementation Taskforce be given access to all costings and be able to examine all relevant contracts to enable it to properly discharge its function to ensure the community that value for money is being achieved.

**Recommendation 7**

To ensure that further taxpayer money is not subject to waste and mismanagement, the committee majority recommends that the release of any further BER funding be delayed until the BER Implementation Taskforce reports to the Minister for Education in August 2010.

**Recommendation 8**

The committee majority recommends that the BER Implementation Taskforce report be made publicly available when it is presented to the Minister for Education.

**Recommendation 9**

In order to fully examine the systemic failure of Commonwealth oversight mechanisms, the committee majority recommends that a judicial inquiry be established to inquire into whether the BER program has achieved value for money.<sup>2</sup>

1.4 The Interim Report also detailed further priority areas for the committee as it continued its assessment of the P21 program:

- maintenance of state spending efforts;
- fees paid to managing contractors;

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2 Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010.

- scrutiny of the work of the Building the Education Revolution (BER) Implementation Taskforce; and
- sanctions for failure to comply with BER Guidelines.<sup>3</sup>

1.5 The Interim Report can be accessed online via the committee's website and should be read as a companion to this final report.<sup>4</sup>

1.6 The government tabled in the Senate a brief response to the recommendations in the Interim Report on 3 March 2011, nine months after the Interim Report was tabled. The government agreed in full or part with recommendations 3, 4, 5, 6 and 8. The committee is pleased that the government has taken limited efforts to promote consistent reporting from the states and territories, and has publicly released the BER Implementation Taskforce's reports. However, the government disagreed with recommendations 1, 2, 7 and 9. The committee is disappointed that the government has not taken the opportunity to improve accountability and transparency for P21 program expenditure.

### **Re-referral of the inquiry**

1.7 Following the prorogation of the 42nd Parliament and the commencement of the 43rd Parliament, the Senate again referred consideration of the P21 program (with terms of reference unchanged) to the committee on 30 September 2010, with a final reporting date of 17 March 2011.<sup>5</sup> This was subsequently extended to 24 March 2011.<sup>6</sup>

### **Conduct of the inquiry since the Interim Report**

1.8 In late June 2010, the committee wrote to managing contractors and builders involved in the P21 program, inviting them to provide submissions on relevant terms of reference and requesting additional information. As at March 2011, the committee has received 81 submissions in total. Only eight of these have been received since the committee's Interim Report. Submissions are listed at Appendix 1 and also appear on the committee's website, which can be accessed at:

[http://www.aph.gov.au/Senate/committee/eet\\_ctte/primary\\_schools/submissions.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/primary_schools/submissions.htm) .

1.9 Since tabling the Interim Report, additional public hearings have been held in Canberra on 1 November 2010 and 4 February 2011.

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3 Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, pp 74 – 76.

4 See:  
[http://www.aph.gov.au/Senate/committee/eet\\_ctte/primary\\_schools/interim\\_report/index.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/primary_schools/interim_report/index.htm) .

5 *Journals of the Senate*, No. 3, 30 September 2010, p. 160.

6 *Journals of the Senate*, No. 18, 9 February 2011, p. 529.

1.10 Witnesses who have appeared before the committee since its Interim Report are listed at Appendix 2. Transcripts of all the public hearings for this inquiry can be viewed at:

[http://www.aph.gov.au/Senate/committee/eet\\_ctte/primary\\_schools/hearings/index.htm](http://www.aph.gov.au/Senate/committee/eet_ctte/primary_schools/hearings/index.htm) .

1.11 The committee is grateful to those who lodged submissions and appeared before the committee at the public hearings held during this inquiry.

### **Note on references**

1.12 Some references in this report are to the proof Hansard. Please note that page numbers may vary between the proof and the official transcripts.

### **Structure of this report**

1.13 This is the committee's second and final report of its inquiry into the P21 program, and should be read together with the committee's Interim Report. It is structured as follows:

- Chapter 1 (this chapter) outlines the conduct of the inquiry.
- Chapter 2 presents the committee's efforts to ascertain that states and territories have maintained appropriate capital expenditure on primary school infrastructure in addition to P21 monies.
- Chapter 3 summarises the limited evidence received by the committee since June 2010 from managing contractors and builders involved in delivering P21 projects.
- Chapter 4 examines the powers and willingness of the Commonwealth to apply sanctions against any states or territories that fail to comply with the BER Guidelines.
- Chapter 5 provides an account of the committee's scrutiny of the work of the BER Implementation Taskforce.