

Government senators' dissenting report

This dissenting report builds on the contents of Government senators' previous substantive dissent which was tabled along with the committee's Interim Report in June 2010. The fundamental facts of the matter have not changed, and this report does not seek to repeat the arguments and observations already made. However, at the outset, it is worth noting that, since the tabling of the committee's Interim Report, Coalition senators have been unable to produce any evidence to justify their opposition to the Building the Education Revolution (BER) and the particular focus of this inquiry, the Primary Schools for the 21st Century (P21) Program.

The evidence presented to the committee demonstrates that the P21 program has been successful: schools across Australia have benefited from much needed infrastructure investment and the Australian economy has avoided sustained recession. Indeed, the findings of the BER Implementation Taskforce (the Taskforce) in its latest report (the First Report) show that the program continues to be delivered efficiently across the overwhelming majority of projects, and that problems, where they arise, are being dealt with effectively and constructively. Just as important is the irrefutable evidence that the BER played a pivotal role in saving Australia from a sustained economic recession.

Progress

As at December 2010, approximately \$14.8 billion of the total \$16 billion BER program funding had been spent, Ninety nine per cent of P21 projects have commenced and 58 per cent of projects completed.¹

BER Taskforce recommendations

The BER Implementation Taskforce was established in May 2010 to investigate complaints regarding the operation of the BER, assess value for money, and to investigate areas of the BER's implementation as they impinge on the outcomes of school projects.

The Taskforce was also charged with making recommendations to ensure the objectives of BER were realised. In its Interim Report, released in August 2010, 13 recommendations were made to improve the effectiveness and efficiency of the program. All of these were accepted by the government, and all have been progressed. Indeed, the Taskforce's First report charts progress on the implementation of the recommendations in detail.² The substantial progress toward implementing the

¹ BER Implementation Taskforce, *First Report*, December 2010, p. 58; Mr Michael Manthorpe, Deputy Secretary, DEEWR, *Estimates Hansard*, 24 February 2011, p. 94.

² BER Implementation Taskforce, *First Report*, December 2010, pp 72–75.

Taskforce's recommendations was again confirmed during the committee's hearing in February 2011, when DEEWR was questioned at length by opposition senators, and detailed responses were given on progress for each recommendation.³

The government senators recognise the rigorous professional scrutiny the Taskforce have brought to the BER program, and welcome the Taskforce's conclusion that the BER projects have been successful in meeting the government's objectives and were competently delivered.⁴

Success of the Program

The BER has been highly successful and has been enthusiastically welcomed by schools across Australia. The committee received many submissions outlining the remarkable outcomes that the program has delivered. The following are just a few examples of the high praise that the program has received:

[The P21 program] has enabled us to build eight new state of the art learning areas, thus replacing old, small and unproductive portables. The excitement of parents, staff and kids is intoxicating. Children and teachers will thrive in these new learning areas, big, bold and beautiful.⁵

The Federal Government's Primary Schools for the Twenty First Century program for our school has been fundamentally positive in a range of areas. The new spaces created and re-furnished have meant an increase in the quality of the programs we can now deliver, it has also minimised the risks to both staff and students given that spaces are now designed to assist students with significant behavioural challenges. We have been able to pay attention to good design in a special school environment that was previously unavailable to us due to the costs.⁶

[I] support the work being carried out under the Building the Education Revolution (BER) Federal funding for schools. At Cringila Public School we have been able to gain two Covered Outdoor Learning Areas (COLA), an extension to the computer room, a refit of all classrooms (14 in total) and an Outdoor Learning Centre (OLC) to be constructed within our permaculture garden. The support from all parties involved has been exemplary. There has been regular consultation...I have been impressed with the adherence to time frames and budget.⁷

3 *Proof Committee Hansard*, 4 February 2011, pp. 27–43.

4 BER Implementation Taskforce, *First Report*, December 2010, p. 8

5 Australian Primary Principals Association, *Submission 13*, p. 4 referring to comments provided by delegates in response to a survey of the program conducted at the APPA Annual conference.

6 Giant Steps Sydney, *Submission 17*, p. 1.

7 Cringila Public School, *Submission 4*, p. 1

The P21 program has been of enormous assistance to Catholic primary schools. In the traditional context of very tight school capital budgets, P21 has delivered much-needed facilities and has boosted staff and school morale.⁸

Prior to the BER program, Queensland's state primary schools were not generally provided with multipurpose halls. Investment in these facilities, particularly the multipurpose halls, along with libraries and other facilities, has received overwhelming support from principals and local communities.⁹

Together with the Victorian's Government's recent and planned investments in school facilities, the Federal Government's Building the Education Revolution (BER) program has provided an unprecedented opportunity to refresh and revitalise the infrastructure in Victorian government schools.¹⁰

[P]rimary schools are enormously grateful to receive such a significant boost because many have not, to this point, been able to raise sufficient capital from community or governmental sources to substantially extend their facilities for learning. Rural and small schools report significant approval of the funding stream enabling projects formerly beyond their reach. This program has turned that on its head.¹¹

Primary schools across Australia recognise that the BER represents significant long term investments in Australia's infrastructure in education and local communities. The first objective of the BER is as an economic stimulus package. The second is to build learning environments to help children, families and communities participate in activities that will support achievement and develop learning potential. The program has delivered on both goals.

Economic objectives

The P21 program has achieved the government's economic stimulus objectives. Over the year to May 2009, before the BER effects started boosting building approvals and while the global recession was adversely affecting the Australian economy, the total value of building approvals fell by almost 40 per cent in seasonally adjusted terms. This could have had a large adverse impact on total employment given that almost a

8 National Catholic Education Commission, *Submission 22*, p. 3.

9 Queensland Government, *Submission 38*, p. 3.

10 Department of Education and Early Childhood Development Victoria, *Submission 29*, p.1.

11 Australian Primary Principals Association, Media Release, *Primary Schools Value BER Funding*, 1 May 2010, pp 1–2.

million Australians work in the building and construction industry. Without a pipeline of approved projects, many of these workers would not have a job.¹²

The program triggered a massive increase in the number of non-residential building approvals in the education sector. It is estimated to have supported 75 516 jobs across Australia to September 2010, including 22 970 employed directly in the construction industry and 52 544 in induced employment across other industries. It is projected that approximately 120 000 jobs will be supported over the full life of the Program.¹³

The important economic contribution of the Program was recognised by the Taskforce. Mr Orgill, Chair of the Taskforce, submitted that:

Our anecdotal and discussion observations from stakeholder meetings showed that it did generate very significant economic activity and that—and I think this is an important point because it has been slightly misunderstood from one of our appendices—even before the money started to flow, the anticipation that the program was coming resulted in firms hiring people and not retrenching people in expectation that they would have work, which they subsequently did. So, in terms of the timing of the benefit of the stimulus, what we found from talking to construction firms and managing contractors was that, as soon as it was announced, they stopped retrenching and started to rehire people in anticipation, even if the actual project was down the track.¹⁴

The positive impact that the P21 program had on job support and job creation was confirmed by many submitters to the committee's inquiry. A typical example came from Sitzler Pty Ltd, who said that:

Sitzler found...the P21 program to be a very timely and necessary injection of stimulus into the construction industry at a time when due to the effects of the Global Financial Crisis the prospects of work were severely diminished. Without this program we would certainly have been laying off staff as our work contracted, instead with this program we have been able to sustain and in some areas slightly grow our South Australian operations.¹⁵

The success of the program on the wider economy is also evident. For example, the P21 program has contributed to Australia's high levels of consumer and business confidence. As the Taskforce has reported:

It is notable that the decline in consumer and business confidence in Australia was significantly smaller than internationally. A drop in business or consumer confidence can be a self-fulfilling prophecy in which adverse market conditions and sentiment reinforce themselves, leading to a downward spiral in both confidence and economic activity. International comparisons of business and consumer confidence published by the OECD

12 Dr Michele Bruniges, *Committee Hansard*, 30 November 2009, p. 3.

13 BER Implementation Taskforce, *First Report*, December 2010, pp 65–66.

14 Mr Brad Orgill, Chair, BER Implementation Taskforce, *Proof Committee Hansard*, 1 November 2010, pp 12–13.

15 Sitzler Pty Ltd, *Submission 76*, p. 1.

demonstrate that Australia's dip in business confidence was deeper than that of the United States, but recovered more quickly. Australian consumer confidence never dipped as low as that of the United States, supported by cash stimulus in late 2008 to mid 2009, and is now back at pre-global financial crisis levels.¹⁶

The evidence indicates that the P21 program, as part of the BER, played a crucial role in preventing the Australian economy from falling into sustained economic recession. Aside from its economic impact, it is important to also note the other benefits which flowed from the program.

Skills objectives

Aside from its economic impact, the program prevented a significant loss of skills. The Taskforce in its First Report observed that:

The Program also acted to avert a significant loss of skills to the Australian economy. A deep recession in Australia would have resulted in unemployment and a corresponding loss of skills, which would then have had to be built up again. This did not occur during the global financial crisis and the Program played an important role in supporting apprentices in the building and construction industry. Training commencements fell by close to 20 per cent in 2008–09 but quickly recovered to record levels in 2010. This is in stark contrast to the 1990s recession when apprenticeship commencements fell by over 30 per cent in two years and failed to fully recover over the following decade.¹⁷

Government senators are pleased to note that as at September 2010, apprentices made up 12.6 per cent of total direct employment under the program, 2.6 percentage points above the target of 10 per cent agreed by the Council of Australian Governments (COAG). Indigenous employment under the program was 2.7 per cent.¹⁸ In addition to skills retention and development, the program has made an ongoing positive contribution to school communities.

School communities

The P21 program has made a long lasting contribution to school communities across Australia. Strong professional support for the program and its positive impact on school communities is evident. For example, results from a survey conducted by the Australian Primary Principals Association (APPA) showed that 85 per cent of primary school principals strongly support the P21 program and the BER.¹⁹

16 BER Implementation Taskforce, *First Report*, December 2010, p. 61.

17 BER Implementation Taskforce, *First Report*, December 2010, p. 69.

18 BER Implementation Taskforce, *First Report*, December 2010, p. 69.

19 Australian Primary Principals' Association, *Submission 13*, p. 3.

Some of the comments reported from school principals included:

Our whole school community is alive with excitement and the possibilities our new facilities will give to our school and our students!!

.....

We couldn't be happier that we are able to both construct and exciting new multipurpose facility and spend great dollars to renovate, maintain and improve our school. At last we feel valued and have the finances to support the great learning we have always done at our school.

.....

We will receive a hall (multi-faceted) that will provide learning spaces equipped for 21st century learning. Great excitement engendered by this from parents, staff and teachers.²⁰

The APPA concluded by remarking that:

The evidence provided by principals across Australia is overwhelmingly in favour of the outcomes from the Primary Schools for the Twenty First Century program. The data from the survey conducted at the recent national conference and from the information provided by the constituent associations supports APPA's position in support of the program. It is apparent that, once the local and jurisdictional issues that affect a relatively small number of projects are worked through and some respondents indicated that solutions were already being found for many of those, the outcomes for primary school students, and for the community as a whole, will be positive.²¹

Mr Orgill advised the committee at the November 2010 hearing that:

We concluded that the program did deliver much-needed infrastructure. We found that many of the projects, the majority of the projects, were delivering very, very good results. We were amazed, and my colleagues were amazed, at many schools where infrastructure had not been newly installed for 20 or 30 years. There was a real need for a lot of this infrastructure.²²

The excellent results that the P21 projects delivered to schools across Australia were also recognised by a number of other submissions received by the committee. For example, Mt Evelyn Christian School wrote to the committee:

At the outset we would like to express our appreciation for the significant investment the federal government has made into all schools across Australia. Even though the rationale of the investment was a direct response to the Global Financial Crisis, our school community commends the choice

20 Australian Primary Principals' Association, *Submission 13*, p. 3.

21 Australian Primary Principals' Association, *Submission 13*, p. 4.

22 Mr Orgill, Chair, BER Implementation Taskforce, *Proof Committee Hansard*, 1 November 2010, p. 12.

of investing in school infrastructure...[T]he outcome for our school community will be most successful.²³

The committee has recorded many more such accounts in its response to the Interim Report.²⁴ From the evidence before the committee, it is clear that the substantial investment in school infrastructure through the P21 program has been both welcome and successful in achieving its objectives.

Complaints

As was the case at the publication of the committee's Interim Report in June 2010, Government senators acknowledge that not every aspect of the program was delivered flawlessly. However, procedures were swiftly put in place between DEEWR and the state education authorities to ensure that complaints were managed appropriately and efficiently. The majority of issues were resolved quickly.

As discussed above, the government established the Taskforce to oversee complaints and to assess whether value for money was being achieved. The Taskforce has performed an excellent role in resolving complaints, and where appropriate, negotiating with states to achieve a satisfactory outcome for schools.

The committee heard that as of December 2010, in aggregate, 3.1 per cent of BER schools had been the subject of complaints.²⁵ The First Report shows that the rate of complaints being received is stable.²⁶

A significant proportion of complaints, about 56 per cent, were based on concerns about value for money. In some instances these concerns were substantiated, in other cases the complaints arose from a misunderstanding. Mr Orgill explained the reasons for higher costs on some projects in this way:

We want to try and isolate cost premium due to the accelerated time frame. BER was a huge program that was implemented very quickly in, some would say anecdotally, less than half the time that you would expect in a normal business-as-usual process. So we want to try and look at the costs and see what the additional costs were as a result of rolling it out on that sort of scale. Some of those were program management orientated because authorities needed to externalise the process and enlist the help of construction firms to deliver the program. Some of them, although a limited number, have resulted in higher building costs as a result of the amount of activity that was happening in some particular areas, such as Orange or Port

23 Mt Evelyn Christian School, *Submission 54*, pp 1–2.

24 Government minority report, in Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, pp 76–136.

25 BER Implementation Taskforce, *First Report*, December 2010, p. 13.

26 Mr Orgill, *Committee Hansard*, 4 February 2011, p. 2.

Macquarie where there was other activity happening at the same time as BER.²⁷

The committee was also reminded of the fact that not all complainants were able to draw on sufficient market knowledge in making assessments on value for money:

People tend to underestimate how much it costs to implement something; that is also our experience. There is one school which is subject to the detailed value for money where the estimated construction sum was \$920,000, while the expectation of the Parents and Citizens Association, the P&C, was that it could have been delivered for \$350,000, I think, from memory. We have independently looked at it. It involves an MDR, and we know the cost of an MDR...comes to something like \$650,000. So in that case I think the \$350,000 was not a fair reflection of what it would have actually cost. People tend to forget all the other aspects. It is a bit like some of the data people; they look at only one part and forget about all the other stuff that has to be done in terms of services, site creation, landscaping and a myriad other things. In any event, that project, I think, is going to come in at much closer to \$750,000. So the gap between cost and value for money is not nearly as much as is commonly perceived when you use early estimates—a P&C estimate that does not look at the totality of the project and the way it has to be implemented, versus our estimate. I mention that because, clearly, product, process and consultation are as important if not more important than value for money.²⁸

Mr Orgill also reminded to the committee of the government's stimulus objectives:

Let us be real: if you had said to 2780-odd New South Wales schools, 'Okay, we are going to have a managing architect, school-by-school approach,' you would never have done the program. You would never have got it done; you would never have delivered the stimulus in the time frames and the guidelines of DEEWR, in our view. The suggestion that fees, by their very nature, are something to be avoided I think is wrong. You need them just like you need an architect in doing a new house. They are only one element of the cost. I think that total project cost needs to be looked at.²⁹

The committee majority have pointed out that projects in NSW government schools cost more on average than NSW Catholic Schools. The government senators believe that this is a simplistic approach. This circumstance must be considered alongside the fact that as at 31 December 2010, the NSW government system had completed 79 per cent of projects, while the Catholic system in that state had completed only 47 per

27 Mr Orgill, Chair, BER Implementation Taskforce, *Proof Committee Hansard*, 1 November 2010, p. 4.

28 Mr Orgill, Chair, BER Implementation Taskforce, *Proof Committee Hansard*, 1 November 2010, pp 40–41.

29 Mr Orgill, Chair, BER Implementation Taskforce, *Proof Committee Hansard*, 1 November 2010, p. 32.

cent.³⁰ The Taskforce found that the overall premium paid by the program was about 5–6 per cent over what might otherwise be expected, and that this was accounted for because of the accelerated rollout of projects. Given the stimulus objectives of the P21 program, any discussion of the costs in government schools, must also take timeliness into account.

It is clear from the careful analysis of the Taskforce's findings, in both the Interim and First Reports, that numerous factors have contributed to the costs incurred in different jurisdictions, and by different education authorities. The majority of projects which were subject to complaint and subsequently examined in detail by the Taskforce were found to pass the Taskforce's value for money assessment.³¹

In the opinion of government senators, the proportion of projects about which complaints were received was very small, and in all the circumstances, does not in any way suggest the program was not administered properly. Rather, the evidence demonstrates that schools right across Australia are taking a unique opportunity to enhance their learning environments, to install energy efficient features, to improve disability access for students and the community and to address occupational health and safety standards. For the overwhelming majority of schools and communities, the BER has delivered a significant benefit.

Conclusion

This is very clearly the best thing that has ever happened for primary education in Australia. It will deliver facilities for primary school children that will enable them to learn the skills and knowledge that they will need for their future throughout the 21st century. For many school communities, this has literally been a dream come true.³²

The P21 program is a tremendous and highly successful investment in primary school infrastructure that has been enthusiastically welcomed by schools and communities across Australia.

The evidence before the committee indicates that the BER program has achieved its overarching aim of supporting the economy and jobs in local communities through the global financial crisis. The BER program bolstered employment in the building and construction sectors. Further, employment in a range of other sectors including planners, quantity surveyors, architects, electrical engineers, hydraulic consultants and clerical staff has also been supported. It is important to note that in addition to jobs, skills and apprenticeships have also been created.

30 Mr Brad Orgill, Chair, BER Implementation Taskforce, *Committee Hansard*, 4 February 2011, p. 12.

31 BER Implementation Taskforce, *First Report*, December 2010, p. 35.

32 Australian Primary Principals Association (APPA), *Submission 13*, p. 7 quoting Ms Leonie Trimper, President, APPA.

The program has also enabled the creation of infrastructure necessary to provide quality teaching and learning. This in turn will improve innovation capacity and performance through a better educated workforce.

The quality facilities are not just for students and staff. The new facilities will be accessible by the wider community. Joint use of the facilities will build ties between the local community and schools. The program will have a positive and enduring impact on schools, and the communities in which they are located.

At the committee's hearing in May 2010, the President of APPA, Ms Leonie Trimper told the committee that while at a function with about 60 principals she was asked a number of times when she was going to make a positive comment about BER. Ms Trimper explained that she had made many positive comments, however these comments were not being reported. She told the committee that it is important to get more balance into the debate, advice with which government senators wholeheartedly concur.³³

Unfortunately, the Coalition persists in its refusal to acknowledge the strong evidence that demonstrates the success of and support for the P21 program. Misleadingly, the Coalition senators continue to point to a very small number of projects where problems have been experienced. The Coalition is still using this small number of exceptions in an attempt to undermine this very successful and welcome program. Government senators condemn the opposition senators' inability to view the BER and its implementation objectively, and in so failing to see the forest for the trees, the opposition is doing a disservice to the Australian economy and to Australia's current and future students.

The evidence is that the P21 program, as part of the BER, has rescued the Australian economy from entrenched recession and has made a long term infrastructure investment in Australian schools across the nation. This investment creates a significant legacy which will contribute to improved educational outcomes for many years to come.

Senator Gavin Marshall
Deputy Chair

Senator Catryna Bilyk

33 Ms Leonie Trimper, *Committee Hansard*, 19 May 2010, p. 23.