

The Senate

---

Education, Employment  
and Workplace Relations  
References Committee

---

Primary Schools for the Twenty First  
Century Program

Final report

March 2011

© Commonwealth of Australia 2011

ISBN 978-1-74229-431-5

Printed by the Senate Printing Unit, Parliament House, Canberra.

# **Senate Standing Committee on Education, Employment & Workplace Relations**

## ***References Committee***

### **Members in the 43rd Parliament**

Senator Chris Back, Chair (from 30 September 2010)	Western Australia, LP
Senator Gavin Marshall, Deputy Chair	Victoria, ALP
Senator Sue Boyce (from 24 November 2009)	Queensland, LP
Senator Catryna Bilyk	Tasmania, ALP
Senator Michaelia Cash	Western Australia, LP
Senator Sarah Hanson-Young	South Australia, AG

### **Members in the 42<sup>nd</sup> Parliament**

Senator Michaelia Cash, Chair (from 2 February 2010)	Western Australia, LP
Senator Gary Humphries, Chair (until 2 February 2010)	ACT, LP
Senator Gavin Marshall, Deputy Chair	Victoria, ALP
Senator Chris Back	Western Australia, LP
Senator Catryna Bilyk	Tasmania, ALP
Senator Mathias Cormann (since 2 February 2010)	Western Australia, LP
Senator Sarah Hanson-Young	South Australia, AG

### **Participating Members**

Senator Guy Barnett	Tasmania, LP
Senator the Hon Brett Mason	Queensland, LP
Senator Mary-Jo Fisher	South Australia LP

### **Secretariat**

Dr Shona Batge, Secretary (until 7 January 2011)  
Mr Tim Watling, Secretary (from 10 January 2011)  
Ms Lyn Beverley, Principal Research Officer (until 13 December 2010)  
Ms Bonnie Allan, Principal Research Officer (from 16 February 2011)  
Ms Natasha Rusjakovski, Senior Research Officer  
Ms Tegan Gaha, Research Officer  
Ms Danielle Oldfield, Administrative Officer

PO Box 6100  
Parliament House  
Canberra ACT 2600  
Ph: 02 6277 3521  
Fax: 02 6277 5706  
E-mail: [eevr.sen@aph.gov.au](mailto:eevr.sen@aph.gov.au)  
Internet: [http://www.aph.gov.au/senate/committee/eet\\_ctte/index.htm](http://www.aph.gov.au/senate/committee/eet_ctte/index.htm)



# Table of Contents

<b>List of Abbreviations .....</b>	<b>vii</b>
<b>Summary of Recommendations.....</b>	<b>ix</b>
<b>Chapter 1, Introduction.....</b>	<b>1</b>
Terms of reference.....	1
Interim Report .....	1
Re-referral of the inquiry.....	3
Conduct of the inquiry since the Interim Report.....	3
Note on references .....	4
Structure of this report.....	4
<b>Chapter 2, Maintenance of state spending efforts .....</b>	<b>5</b>
Background.....	5
Direct appeal to the Ministerial Council .....	6
Other potential sources of information.....	7
Committee view.....	8
<b>Chapter 3, Fees paid to managing contractors .....</b>	<b>11</b>
Background.....	11
Response from contractors .....	11
Concerns about the collapse of building companies sub-contracted under P21 projects .....	13
<b>Chapter 4, Sanctions for failure to comply with BER Guidelines .....</b>	<b>15</b>
Background.....	15
Developments since the Interim Report .....	16

<b>Chapter 5, Scrutiny of the BER Implementation Taskforce .....</b>	<b>23</b>
Activities and workplan of the Taskforce .....	23
Interim Report summary.....	25
First Report summary .....	27
A Focus on Value for Money .....	29
Effectiveness of the BER Taskforce.....	34
Conclusion .....	44
<b>Government senators' dissenting report.....</b>	<b>47</b>
Progress .....	47
BER Taskforce recommendations .....	47
Success of the Program .....	48
Conclusion .....	55
<b>APPENDIX 1 .....</b>	<b>59</b>
<b>Submissions Received.....</b>	<b>59</b>
<b>Additional Information Received.....</b>	<b>61</b>
<b>Tabled Documents .....</b>	<b>63</b>
<b>APPENDIX 2, Public Hearings and Witnesses (since the interim report)..</b>	<b>67</b>
<b>APPENDIX 3, Nationally common reporting structure .....</b>	<b>69</b>

## **List of Abbreviations**

ACT	Australian Capital Territory
BER	Building the Education Revolution
BER-CAM	Building the Education Revolution Cost Analysis Model
BGA	Block Grant Authorities
DEEWR	Department of Education, Employment and Workplace Relations
NSW	New South Wales
NT	Northern Territory
P21	Primary Schools for the 21st Century
SA	South Australia
Taskforce	Building the Education Revolution Implementation Taskforce
WA	Western Australia





# **Summary of Recommendations**

## **Recommendation 1**

**2.19** The committee recommends that all quarterly reports on state and territory spending on primary school infrastructure be released for public scrutiny immediately.

## **Recommendation 2**

**2.21** The committee recommends that all future National Partnership Agreements explicitly require states and territories to report publicly on the expenditure of funding received and to demonstrate in those public reports that funds have been used in accordance with the agreement under which they have been received.

## **Recommendation 3**

**2.23** The committee recommends strengthening accountability mechanisms for oversight of state expenditure of Commonwealth funding. 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 4**

**2.25** The committee recommends that the Australian Curriculum, Assessment and Reporting Authority complete and publish the 2009 *National Report on Schooling in Australia* no later than 30 April 2011.

## **Recommendation 5**

**3.7** The committee recommends that all future National Partnership Agreements explicitly require states and territories to report publicly, using a standardised charging structure, on fees paid to managing contractors.

## **Recommendation 6**

**4.21** The committee recommends that the government accedes to the will of the Senate, in accordance with the motion of 9 February 2011. The committee recommends that the government review its decision to refuse to release the legal advice that leads it to conclude that there is no material difference between the Commonwealth's agreements with the Block Grant Authorities and with the state and territory education authorities (and that, in each case, monies can be withheld, suspended and required to be repaid in the event that Building the Education Revolution guidelines have not been followed).

## **Recommendation 7**

**4.23** To avoid any doubt, the committee recommends that when the Department of Education, Employment and Workplace Relations establishes agreements with the states and territories and the Block Grant Authorities for the delivery of future programs, consistent language be employed in both sets of agreements.

# 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.

---

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;

---

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.

---

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.

## Chapter 2

### Maintenance of state spending efforts

#### Background

2.1 The National Partnership Agreement on the Nation Building and Jobs Plan, under which the Primary Schools for the 21st Century (P21) program funding is available, provides that the stimulus money is to be *additional* to planned state and territory capital expenditure on primary schools and that maintenance of state and territory spending efforts will be monitored through reporting to Heads of Treasuries and the Ministerial Council for Federal Financial Relations.<sup>1</sup>

2.2 On 30 November 2009, the committee received evidence from the Department of Education, Employment and Workplace Relations (DEEWR) that the states and territory spending effort is being monitored by the Treasury on a quarterly basis, through the provision of quarterly reports from each of the states and territories.<sup>2</sup> Since that time, the committee has been seeking access to these quarterly reports in order to assure itself that the states and territories are maintaining capital expenditure on primary school infrastructure as agreed.

2.3 Following a 12 May 2010 order of the Senate that the quarterly reports be laid on the table, the Minister representing the Treasurer responded on 13 May 2010 with a statement that to provide the reports, either in public or in camera, could reasonably be expected to cause damage to relations with the states and territories and would therefore not be in the public interest.<sup>3</sup> As previously explained in the committee's Interim Report<sup>4</sup>, the committee is not persuaded by the reasons given for not producing the reports because:

- if all states and territories have complied with the requirement to maintain their spending efforts, it is difficult to see how any damage could be caused by providing confirmation of this fact; and
- if any state or territory has not complied with the requirement to maintain its funding effort, it is an explicit feature of the National Partnership Agreement that such a failure to comply may be made public.

---

1 See clauses 3 and 10 of the National Partnership Agreement, available at [http://www.coag.gov.au/coag\\_meeting\\_outcomes/2009-2015/docs/20090205\\_nation\\_building\\_jobs.pdf](http://www.coag.gov.au/coag_meeting_outcomes/2009-2015/docs/20090205_nation_building_jobs.pdf) (accessed on 8 December 2010) and also Schedule B, National Partnership Agreement on the Nation Building and Jobs Plan, pp 12–13.

2 *Committee Hansard*, Monday 30 November 2009, p. 36.

3 *Journals of the Senate*, No. 122, 13 May 2010, p. 3511.

4 Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, pp 17–21.

2.4 The committee noted in its Interim Report that, in the absence of access to the quarterly reports and the information contained in them, it was unable to satisfy itself that the states and territories have met their obligations to maintain planned school infrastructure spending efforts. This continues to be the case, despite ongoing attempts by the committee to access the relevant information.

2.5 The committee also noted in its Interim Report the broader implications of its inability to properly scrutinise the spending of Commonwealth money under the federal financial relations framework. The committee is concerned that a similar lack of transparency is likely to apply to other Commonwealth-funded programs governed by partnership agreements.

### **Direct appeal to the Ministerial Council**

2.6 Correspondence from the Minister for Tertiary Education, Skills, Jobs and Workplace Relations, Senator the Hon. Chris Evans, clarified for the committee the central role played by the Ministerial Council for Federal Financial Relations (the Ministerial Council) in assessing whether states and territories are meeting their capital expenditure obligations. The Minister explained the process in the following terms:

...the National Partnership Agreement required the Heads of Treasuries (HoTs) to establish benchmarks for sectors that are receiving additional funding and for these benchmarks to be agreed by the Ministerial Council for Federal Financial Relations. These benchmarks have been established.

The National Partnership Agreement also requires the States to report every three months to HoTs on activity undertaken in the previous three months against the benchmarks and for HoTs to provide these reports to the Ministerial Council. The Ministerial Council is then to make an assessment against the benchmarks, having regard to any explanation from states on why they may not have been achieved. The States are reporting this information to HoTs and HoTs have reported to the Ministerial Council.<sup>5</sup>

2.7 Given the government's stance in response to the Senate order for the production of the quarterly reports, in December 2010 the committee resolved to write directly to the Ministerial Council, seeking:

- confirmation that the Ministerial Council's role is as described above;
- provision of detailed information on the benchmarks relating to primary school infrastructure spending to which the Ministerial Council has agreed;
- confirmation that the Ministerial Council has received all quarterly reports due from all states and territories in a timely fashion and that the reports have contained the required information;

---

5 Letter from Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, to Senator Chris Back, Chair, Senate Education, Employment and Workplace Relations References Committee, dated 23 November 2010.

- confirmation of whether the Ministerial Council is satisfied, after reviewing the quarterly reports, that all relevant benchmarks are being met; and
- provision of copies of the quarterly reports used by the Ministerial Council to make assessments against these benchmarks, or, in the event that any individual state or territory objects to the provision of these reports, a statement of why the reports from that state or territory cannot be made available to the committee.

2.8 At the time of writing this Report, the committee has not received any response from the Ministerial Council.

### **Other potential sources of information**

2.9 The committee has also made efforts to obtain information on state and territory capital expenditure on primary schools from sources other than the quarterly reports described above.

#### ***National Report on Schooling in Australia***

2.10 The committee is aware that the *National Report on Schooling in Australia* has in the past included information on capital expenditure in Australian schools at both the federal and the state and territory government levels. The most recent report available, the report for 2008, includes capital expenditure data for the year 2007-08.<sup>6</sup>

2.11 With a view to making comparisons between capital expenditure in 2007-08 (prior to the stimulus measures) and 2008-09 (with the stimulus in place) and identifying any relevant trends, the committee sought information on publication plans for the 2009 *National Report on Schooling in Australia*. Although the report was previously produced by the Ministerial Council on Education, Employment, Training and Youth Affairs, from 2009 it is the responsibility of the Australian Curriculum, Assessment and Reporting Authority (ACARA) to compile and publish this report. The committee therefore wrote to ACARA seeking information on the timing, format and content of the forthcoming 2009 report.

2.12 ACARA has indicated to the committee that the 2009 report may not be available until mid-2011 and that negotiations are currently underway with representatives from all jurisdictions to gain agreement on the format of the report. Although there is an expectation that the report will be published in broadly the same format and contain broadly the same information as in previous years, this cannot be confirmed at this time.<sup>7</sup>

---

6 Available at <http://cms.curriculum.edu.au/anr2008/index.htm> (accessed on 8 December 2010).

7 Letter from Dr Peter Hill, CEO, ACARA to Dr Shona Batge, Committee Secretary, dated 29 November 2010.



2.13 This means that it is not possible for the committee to use the 2009 report as a data source within the timeframe of its P21 inquiry.

### *State and territory budget papers*

2.14 The committee also considered whether state and territory budget papers would contain useful information for its purpose. However, inconsistencies in reporting formats and timeframes mean that it is not possible to make valid comparisons between the states and territories.

2.15 For example, it is difficult to report on capital expenditure because of the nature of capital budgets. Grants for projects may be allocated in one financial year and then expended over a number of years as the project develops and is completed.<sup>8</sup> Further, the information in state and territory budget papers is not comparable.<sup>9</sup> Most state budget papers do not disaggregate or provide expenditure data by funding source or by level of education. Some state and territory annual reports do break down expenditure by school, but not all.<sup>10</sup>

2.16 For these reasons state and territory budget papers cannot be used to specifically identify state capital expenditure on primary schools. The committee concludes that the state budget papers are not useful to it as a source of confirmation that states and territories have met their spending obligations.

### **Committee view**

2.17 For more than a year the committee has been seeking to confirm that a basic condition of receipt of P21 program funding has been met. It is of significant concern to the committee that, contrary to an order of the Senate, the government has not provided the committee with the necessary information. As a result the committee has not been able to assure itself that the states and territories have maintained the level of

8 See for example, Department of Education and Training, *Annual Report 2009*, pp 186–188 (New South Wales).

9 Australian Capital Territory Government Budget Papers, *Budget Estimates: Budget Paper No. 4*, 2008-09, 2009-2010 and 2010-2011; New South Wales Government Budget Papers, *Budget Estimates: Budget Paper No. 3*, Vol 1, 2009-2010 and 2010-2011; Northern Territory Government Budget Papers, *Budget Estimates: Budget Paper No.3*, Vol. 1, 2009-10 and 2010-2011; Queensland Government Budget Papers, *Capital Statement: Budget Paper No. 3*, 2008-09, 2009-10, 2010-11; South Australian Government Budget Papers, *2010-11 Portfolio Statements: Budget Paper No. 4*, Volume 4, p. 9.9; Tasmanian Government Budget Papers, 'Infrastructure investment', *The Budget: Budget Paper No.1*, 2008-09, 2009-10 and 2010-11; Western Australian Government Budget Papers, *Budget Statements: Budget Paper No. 2*, Vol. 2, 2009-10 and 2010-11. Victoria has no disaggregated capital funding information located in state budget papers. Some information about capital expenditure is available in the annual report: Department of Education and Early Childhood Development, *Annual Report 2009-10*, pp 28, 92.

10 See for example: Department of Education and Early Childhood Development, *Annual Report 2009-10*, p. 92 (Victoria).

capital expenditure on school infrastructure. Without this information, the committee is unable to allay anecdotal concerns about P21 funding being used inappropriately for projects that should have been state and territory government responsibilities.

2.18 The committee remains unpersuaded by the government's argument that to release the requested data might in some way damage relations between the Commonwealth and the states. The committee considers that, if the states and territories accept public money from the Commonwealth for a particular purpose, they should have an obligation to confirm publicly that the money has been spent for that purpose and no other. The committee therefore has no option but to reiterate a key recommendation from its Interim Report, namely that the quarterly reports be made publicly available immediately.

### **Recommendation 1**

**2.19 The committee recommends that all quarterly reports on state and territory spending on primary school infrastructure be released for public scrutiny immediately.**

2.20 The committee's frustrating experience in relation to the P21 expenditure has clearly demonstrated that the current system of accountability through the Ministerial Council does not allow sufficient transparency for the Parliament or the Australian people to be confident that expenditure is in line with the underlying agreement. The committee's view is that public reporting should be a mandatory requirement under all future funding granted under National Partnership Agreements.

### **Recommendation 2**

**2.21 The committee recommends that all future National Partnership Agreements explicitly require states and territories to report publicly on the expenditure of funding received and to demonstrate in those public reports that funds have been used in accordance with the agreement under which they have been received.**

2.22 The committee is firmly of the view that its inability to access sufficient information to properly scrutinise the P21 program is indicative of broader accountability gaps associated with the granting of Commonwealth funding under partnership agreements. With this in mind, the committee also reiterates a recommendation from its Interim Report that the Auditor-General be given enhanced powers to scrutinise state and territory expenditure of Commonwealth monies.

### **Recommendation 3**

**2.23 The committee recommends strengthening accountability mechanisms for oversight of state expenditure of Commonwealth funding. 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.**

2.24 The committee's frustrations have been exacerbated by the changed arrangements for the *National Report on Schooling in Australia*, with the delay in the availability of 2008-09 capital expenditure data preventing the committee from drawing its own conclusions about state and territory commitment in this area. The committee encourages ACARA to complete and publish this report as soon as possible and to put in place measures which ensure more timely completion in future years.

#### **Recommendation 4**

**2.25 The committee recommends that the Australian Curriculum, Assessment and Reporting Authority complete and publish the 2009 *National Report on Schooling in Australia* no later than 30 April 2011.**

2.26 In the next chapter the committee summarises the limited evidence received by the committee since June 2010 from managing contractors and builders involved in delivering P21 projects.

## **Chapter 3**

### **Fees paid to managing contractors**

#### **Background**

3.1 In its Interim Report the committee noted that it had not received sufficient evidence to form conclusions about the concerns arising in relation to fees paid to managing contractors and therefore the true costs of buildings under the Primary Schools for the 21st Century (P21) Program. The committee therefore indicated that, in continuing its inquiry, it would further investigate the issues surrounding managing contractors and the fees paid to them by state and territory governments. It also indicated that it would continue to pursue the release of accurate costings data.

#### **Response from contractors**

3.2 In June 2010 the committee wrote to over 100 builders and contractors identifiable from public information as having some involvement in P21 program delivery. The committee invited these building professionals to contribute to its inquiry by providing information on the following:

- the tender/selection process undertaken for their company;
- the fees/fee structure agreed with the state education authorities;
- any additional fees agreed, such as a performance incentive fees;
- protocols regarding communication with the school community;
- whether requests for detailed project costings had been received from any schools and how these had been dealt with;
- the average costs per square metre being achieved and how these figures related to costs listed in the current Rawlinson's Construction Handbook/Guide; and
- reporting requirements to state education authorities.

3.3 Disappointingly, the committee received only eight responses to this request, making comparisons difficult and conclusions almost impossible. For the most part, submissions were supportive of the P21 program and contained brief commentary on each of the relevant terms of reference outlined above. The submissions indicate that:

- Contractors were usually engaged through state or territory procurement or building infrastructure agencies, following tender selection processes. In

many cases, tenders were invited from 'prequalified' firms known or accredited by the relevant agency.<sup>1</sup>

- A key distinction between jurisdictions was whether managing contractors carried out construction themselves, or subcontracted it to another entity. New South Wales (NSW) and Victoria were noted as jurisdictions which employed a 'number of large construction companies' which were then responsible for subcontracting work within a designated region of the state.<sup>2</sup> The Australian Capital Territory engaged project managers who also fulfilled the role of construction manager.<sup>3</sup> It was often difficult to ascertain which submitters managed projects, which undertook construction, and which did both.
- Consistent with the findings in each BER Implementation Report delivered to date, project management, design and other costs were difficult to compare between contractors and jurisdictions because of different tender and reporting formats. Bovis Lend Lease submitted that its total fee, including any applicable incentive, ran between 9.76 per cent and 10.26 per cent.<sup>4</sup> Another submitter, Project Coordination, listed its project management fee at less than 3 per cent but estimated indirect costs at 9 per cent and design costs at a further 8 per cent, suggesting that total cost could run to 20 per cent of construction cost.<sup>5</sup> The only other relevant submitter listed a 10 per cent 'fee structure'.<sup>6</sup>
- Savings on design costs were sometimes achieved through the use of generic designs for school buildings.
- Performance incentives, where they were reported upon, varied from nil to 1.5 per cent.<sup>7</sup>
- Price per square metre was disclosed in only two cases, and ranged from \$1,454 to \$3,200, but were described by other submitters as being meaningless because of the costs of different types of building depending on their purpose.<sup>8</sup>

3.4 Overall, there was little to learn from the contractor's submissions, due in equal part to their number and their content.

---

1 See, for example, Happy Valley Homes Construction Managers, *Submission 75*, p. 1.

2 See, for example, Project Coordination (Australia) Pty Ltd, *Submission 80*, p. 3.

3 Project Coordination (Australia) Pty Ltd, *Submission 80*, p. 3.

4 Bovis Lend Lease, *Submission 79*, p. 2.

5 Project Coordination (Australia) Pty Ltd, *Submission 80*, p. 4.

6 JR Yates and S Yates, *Submission 78*, p. 1.

7 Bovis Lend Lease, *Submission 79*, p. 2.

8 See, for example, Happy Valley Homes, *Submission 75*, p.1; SITZLER Pty Ltd, *Submission 76*, p. 3; Project Coordination (Australia) Pty Ltd, *Submission 80*, p. 6.

3.5 However, the committee is concerned that the differences in reporting and tender formats make it difficult to compare project management, design and other costs between contractors and jurisdictions. To ensure proper accountability in the future, the committee believes that National Partnership Agreements should require states and territories to report on managing contractor fees by referring to a standardised charging structure.

3.6 The government advised in its response to the committee's Interim Report that it had established a nationally common reporting structure with consistent definitions in January 2011.<sup>9</sup> This form is located in Appendix 3. The committee notes with approval that this structure includes a detailed definition of 'project management fees'. To ensure that states and territories report properly, and publicly, the committee believes that reporting should be a mandatory clause in future National Partnership Agreements.

## **Recommendation 5**

**3.7 The committee recommends that all future National Partnership Agreements explicitly require states and territories to report publicly, using a standardised charging structure, on fees paid to managing contractors.**

3.8 The committee is of the view that if the fees paid to managing contractors are recorded in a standardised charging structure, then Parliament and the Australian people will be able to better assess the true costs of building under future programs. Education authorities will also be able to better assess value for money at the tender/selection phase.

## **Concerns about the collapse of building companies sub-contracted under P21 projects**

3.9 The committee notes with concern the collapse of a number of building companies who were subcontracted to deliver BER projects in NSW. Two practical outcomes are that some workers are not being paid and some P21 projects might not be completed. These issues were raised with the Department of Education, Employment and Workplace Relations (DEEWR) during Additional Estimates on 24 February 2011.<sup>10</sup>

3.10 The Secretary for DEEWR, Ms Lisa Paul, advised that all the BER projects affected were near completion and that the responsibility for delivering the project (and paying the subcontractors) rested with the managing contractor. The committee was advised that while DEEWR had a limited role to play, it was meeting with the

---

9 Response tabled in the Senate on 3 March 2011. See *BER Nationally Common Reporting Structure and Definitions*, <http://www.deewr.gov.au/Schooling/BuildingTheEducationRevolution/CommonReporting/Pages/P21Overview.aspx> (accessed 6 March 2011).

10 *Proof Estimates Hansard*, 24 February 2011, pp 97–98.

schools, managing contractors and the NSW Government with a view to obtaining a satisfactory resolution.<sup>11</sup> Minister Evans advised the committee:

[M]y view is that we have two priorities. One is that the work is completed and the schools are brought to finalisation. We are very confident, as I understand it, that that has occurred or occurring, so there is no concern about that. I mean, things have to be followed through, but we are confident they will occur. The second, of course, is that the blokes ought to get their wages.<sup>12</sup>

3.11 No formal announcement has been made at the time of writing as to whether any satisfactory outcome for subcontractors has been achieved.

3.12 The committee now turns to consider the sanctions available to the Commonwealth Government in the event that P21 projects do not comply with the BER Guidelines.

---

11 *Proof Estimates Hansard*, 24 February 2011, pp 97–98.

12 Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Proof Estimates Hansard*, 24 February 2011, p. 98.

## Chapter 4

### Sanctions for failure to comply with BER Guidelines

#### Background

4.1 In its Interim Report the committee noted that it would seek clarification of the sanctions available to the Commonwealth Government in the event that Primary Schools for the 21st Century (P21) projects do not comply with the Building the Education Revolution (BER) Guidelines. The committee is also interested in the willingness of the government to apply the sanctions.

4.2 The Commonwealth has entered into bilateral agreements with each of the states and territories in relation to the delivery of P21 programs in government schools. Separate agreements are in place with each of the Block Grant Authorities (BGAs) responsible for delivering P21 programs in non-government schools.

4.3 In answer to a question taken on notice during a 2009 estimates hearing of the Senate Education, Employment and Workplace Relations Legislation Committee, the Department of Education, Employment and Workplace Relations (DEEWR) indicated that the bilateral agreements entered into between the Commonwealth and the states and territories specifically require that funding for BER projects be expended for the purposes of the program and in accordance with both the bilateral agreement and the BER Guidelines. DEEWR also stated:

The Bilateral Agreements allow the Commonwealth to withhold or suspend payments to a state/territory if it has not fulfilled its obligations under that Bilateral Agreement...Further, at the completion of the Bilateral Agreement, any funds not spent in accordance with the Bilateral Agreement or not acquitted to the Commonwealth's satisfaction must be repaid to the Commonwealth within 20 days or as directed by the Commonwealth in writing...<sup>1</sup>

4.4 When subsequently asked what sanctions apply to BGAs who fail to comply with the guidelines and agreements, DEEWR indicated that these agreements allow the Commonwealth to 'withhold or suspend' payments. DEEWR also noted that these agreements contain a 'further power' such that, in the event that the authority fails to comply with a requirement set out in the agreement, the authority *may* be required to repay a specified amount of the funding received.<sup>2</sup>

4.5 At the time of completing the Interim Report, the committee felt that the answers given to the committee relating to sanctions had raised issues that required further clarification. This applied particularly to the possibility that there was a 'further

---

1 DEEWR Answer to Question No. EW717\_10, 22 October 2009 (received 11 December 2009).

2 DEEWR Answer to Question No. EW1026\_10, 11 February 2010 (received 1 April 2010).



power' in the agreements with the BGAs that may not be in the agreements with the states and territories. This led the committee to be concerned that the Commonwealth might be lacking any real power to ensure that state and territory education authorities are achieving value for money, as well as lacking any real sanctions if they are not.

## Developments since the Interim Report

4.6 The Minister for Tertiary Education, Skills, Jobs and Workplace Relations, Senator the Hon. Chris Evans, and the Secretary of DEEWR, Ms Lisa Paul, have both now given an assurance that there is in fact no material difference between the Commonwealth's agreements with the BGAs and with the state and territory education authorities.

4.7 This matter was the subject of substantial discussion during the supplementary estimates round in October 2010.<sup>3</sup> The key elements of that discussion are summarised below.

4.8 In response to questioning from Senator Mason, departmental officials identified the following relevant clauses in the bilateral agreements with the state and territory education authorities as allowing, respectively, for monies to be withheld/suspended, and for monies to be repaid in the event that BER guidelines have not been followed (emphasis added):

### 5.1 Funding

1. Subject to sufficient funds being available for the Program, and compliance by You with this Agreement the Commonwealth will provide You with the Funding in the manner specified in Item A of Schedule 2.
2. The Schedules may be updated by Us at any time during the term of this Agreement including to add BER Program Elements.
3. Without limiting the Commonwealth's rights, **the Commonwealth may withhold or suspend any payment in whole or in part if:**
  - (a) **You have not performed Your obligations under this Agreement;** or
  - (b) You have outstanding or unacquitted money under any arrangement (whether contractual or statutory) with the Commonwealth.
4. If the Commonwealth exercises its rights under subclause 5.1 3, You must continue to perform Your obligations under this Agreement, unless the Commonwealth agrees otherwise in writing.

### 5.4 Repayment of Funding

#### 1. If:

- (a) at any time, an overpayment or mistaken payment occurs, including where an invoice is found to have been incorrectly rendered after payment; or

---

3 *Proof Estimates Hansard*, 21 October 2010, pp 66–71.

**(b) at the Completion Date (or if this Agreement in [sic] terminated earlier, the date of termination) some or all of the Funding has not been:**

**(i) spent in accordance with this Agreement; or**

**(ii) acquitted to the Commonwealth's satisfaction,**

**then this amount must be repaid to the Commonwealth** within 20 business days of a written notice from the Commonwealth, or dealt with as directed in writing by the Commonwealth.<sup>4</sup>

4.9 Departmental officials then identified the following relevant clause in the agreements with the BGAs as providing equivalent powers (emphasis added):

**10 Failure to Meet Conditions of the Agreement**

**10.1 If You do not comply with a requirement set out in this agreement** (in this clause 10.1 "the Relevant Requirement" ) within the period required by or under this agreement or guidelines or within such further period as We allow, **any or all of the following consequences apply:**

**a. You must, if We require, pay to Us such amount as We specify (not being more than the total of the Funding paid by the State to You);**

**b. We may require that any other amount or amounts of Funding paid to the State for You and the Schools are to be reduced by an amount or amounts totalling:**

**(i) Any amount We require You to pay to Us under 10.1 a; or**

**(ii) in any other case the total amount of the Funding paid by the State to You;**

**c. We may delay the making of any further payment** (or a part of a further payment) to the State for You or for a School **until You comply with the Relevant Requirement.**<sup>5</sup>

4.10 When asked why the two agreements do not contain identical wording, Ms Paul responded: 'We consider that we have used different language to achieve the same thing.'<sup>6</sup>

4.11 DEEWR has not released the legal advice that underpins Ms Paul's assertion that the clauses are equivalent. In answer to estimates question on notice EW0099\_11 requesting a copy of the advice, the department responded:

---

4 Please note that copies of the agreements had previously provided to the committee as Answer to Question on Notice No. 27 and can be viewed from the following web page:  
[http://www.apf.gov.au/Senate/committee/eet\\_ctte/primary\\_schools/submissions.htm](http://www.apf.gov.au/Senate/committee/eet_ctte/primary_schools/submissions.htm)

5 Please note that copies of the agreements had previously provided to the committee as Answer to Question on Notice No. 27 and can be viewed from the following web page:  
[http://www.apf.gov.au/Senate/committee/eet\\_ctte/primary\\_schools/submissions.htm](http://www.apf.gov.au/Senate/committee/eet_ctte/primary_schools/submissions.htm)

6 Ms Lisa Paul, Secretary, DEEWR, *Proof Estimates Hansard*, 21 October 2010, p. 67.

The legal advice provided to the department is subject to legal professional privilege. The disclosure of this legal advice could adversely affect the Commonwealth's position in its potential dealings with the States and Territories in respect of the repayment of any monies under the Bilateral Agreements.<sup>7</sup>

4.12 Ms Paul maintained this position in the face of direct questioning at the supplementary estimates hearing.<sup>8</sup>

4.13 The committee notes that, although claims that *disclosure* of information could adversely affect the Commonwealth's dealings with the states and territories have in the past been accepted by the Senate and its committees on a case by case basis, the claim that the advice is subject to legal professional privilege has **not** been recognised by the Senate or any similar body as an acceptable public interest immunity claim.<sup>9</sup>

4.14 The Minister for Tertiary Education, Skills, Jobs and Workplace Relations unequivocally stated during the estimates hearing:

...the bottom line is this: the Commonwealth has sought advice and it is confident that the agreement it has entered into gives it the capacity to seek those costs if we want to pursue them. You have accepted the fact that it gives us the capacity to withhold funds, and we have withheld funds in relation to New South Wales already. I think that is a sign that we take this issue very seriously. I have confirmed with the New South Wales government that we have withheld those funds while Mr Orgill does his work and while we gain satisfaction about the use of those funds. The Commonwealth's commitment in this area is not in question; we are determined to ensure that the agreement is honoured and that we get performance from the Commonwealth's funds. Our advice is we have both the capacity to withhold, which we have done, and we have the capacity to claim back under the contract.<sup>10</sup>

4.15 The Minister further confirmed:

I am saying to you that the advice the department has got is that the agreement is enforceable, and that includes the agreement's commitment to

---

7 DEEWR, answer to question on notice, June 2010 (received 6 October 2010) – see [http://www.aph.gov.au/Senate/committee/eet\\_ctte/estimates/bud\\_1011/answers/EW0099\\_11.pdf](http://www.aph.gov.au/Senate/committee/eet_ctte/estimates/bud_1011/answers/EW0099_11.pdf)

8 Ms Lisa Paul, Secretary, DEEWR, *Proof Estimates Hansard*, 21 October 2010, pp 94–99.

9 Harry Evans, ed., *Odgers' Australian Senate Practice*, 12<sup>th</sup> edition, Department of the Senate, 2009, p. 59. See <http://www.aph.gov.au/Senate/pubs/odgers/pdf/odgers.pdf>

10 Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Proof Estimates Hansard*, 21 October 2010, p. 68.

---

value for money. That is what the agreement provides. Our advice is that our position is sound and that we have the capacity to enforce that.<sup>11</sup>

4.16 The committee wrote to Minister Evans in November 2010, requesting the legal advice be provided to the committee that leads him to the conclusion that there is no material difference between the Commonwealth's agreements with the BGAs and with the state and territory education authorities and that, in each case, monies can be withheld, suspended and required to be repaid in the event that BER guidelines have not been followed. However, the Minister declined to provide the advice:

As was made clear in the 21 October 2010 estimates hearing, my Department's view is that the disclosure of the legal advice could prejudice the Commonwealth's position in future action it may wish to take because the advice goes to the interpretation of the bilateral agreements and the funding agreements. This is the basis of my Department's response to the Budget round estimates question.

Although I acknowledge the view of the Committee, it is still the view of the Australian Government that disclosing the legal advice regarding repayment of BER funding in this instance would compromise its position in any future dealings to recover money from state and territory governments.<sup>12</sup>

4.17 The committee disagrees with the Minister's decision and accordingly moved the following motion in the Senate on 9 February 2011:

That the Senate:

(a) notes that:

- i. the Australian Government has entered into separate bilateral agreements with the states and territories and with Block Grant Authorities (BGAs) in relation to the expenditure of funding granted under the Building the Education Revolution (BER) program;
- ii. the language in the agreements with the states and territories differs from the language in the agreements with the BGAs with respect to the Australian Government's ability to withhold, suspend or recover monies in the event that the funding is not expended for the purposes of the program and in accordance with the BER Guidelines; and
- iii. the Minister for Tertiary Education, Skills, Jobs and Workplace Relations indicated at a Senate estimates hearing in October 2010 that the Commonwealth has obtained legal advice that confirms that, notwithstanding the differences in language in the agreements, under each

---

11 Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, *Proof Estimates Hansard*, 21 October 2010, p. 70.

12 Correspondence from Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, to Senator Chris Back, Chair, Senate Standing Committee on Education, Employment and Workplace Relations, dated 26 November 2010.

of the two types of agreements the Commonwealth has the power to withhold or recover monies; and

(b) orders that there be laid on the table by the Minister for Tertiary Education, Skills, Jobs and Workplace Relations by no later than 4.00pm on Thursday 10 February 2011 a copy of the legal advice relied on by the government to reach this conclusion.

4.18 This request was refused by the government in a document tabled in the Senate on 10 February 2011 by the duty Minister, the Minister for Small Business, Senator the Hon. Nick Sherry. The document contained the following statement:

[T]he Government will not produce the legal advice.

The public interest immunity ground for not producing this document is that it contains legal advice which is confidential, and disclosure of this legal advice has the potential to prejudice the Commonwealth's position in future dealings with State and Territory Governments, including in relation to recovery action.

I draw the Senate's attention to the Procedure Committee's third report of 2009 which recognises that potential to prejudice the Commonwealth's position in future proceedings is an established ground for a public interest immunity claim in relation to legal advice.

4.19 The committee disagrees with the government's decision. While the government has identified a public interest immunity ground, the committee does not believe the immunity should be claimed in the circumstances, for the reasons outlined earlier in this chapter.

4.20 The role of Parliament is to hold the government to account, to seek information from the government about its actions and monitor the expenditure of public money. Clearly the efforts of the committee and the motion passed by the Senate on 9 February 2011 are designed to give effect to the role of Parliament as outlined above. Refusal by the government to release the information requested can be construed as a clear indication that the balance of power has shifted from the Parliament to the government.

## **Recommendation 6**

**4.21 The committee recommends that the government accedes to the will of the Senate, in accordance with the motion of 9 February 2011. The committee recommends that the government review its decision to refuse to release the legal advice that leads it to conclude that there is no material difference between the Commonwealth's agreements with the Block Grant Authorities and with the state and territory education authorities (and that, in each case, monies can be withheld, suspended and required to be repaid in the event that Building the Education Revolution guidelines have not been followed).**

4.22 Despite consistent and repeated efforts, the committee still has not received satisfactory detail about the sanctions available to the Commonwealth Government in

the event that P21 projects do not comply with the BER Guidelines, or detail about the willingness of the government to apply any such sanctions.

### **Recommendation 7**

**4.23 To avoid any doubt, the committee recommends that when the Department of Education, Employment and Workplace Relations establishes agreements with the states and territories and the Block Grant Authorities for the delivery of future programs, consistent language be employed in both sets of agreements.**

4.24 The committee now turns to the BER Implementation Taskforce's reports to provide a better understanding of the P21 program's costs relative to its returns.



## Chapter 5

### Scrutiny of the BER Implementation Taskforce

5.1 This chapter examines the continued operation of the BER Implementation Taskforce (the Taskforce), its activities, outputs and effectiveness.

5.2 Central to the committee's deliberations is an examination of whether the Taskforce adequately comes to terms with the serious questions about taxpayers receiving value for money in the implementation of the Primary Schools for the 21st Century (P21) program. Since the committee's last report the Taskforce has provided two reports to the Minister for Education. The Interim Report was handed down in August 2010 and the First Report in December 2010. These, together with hearings conducted between the committee, the Taskforce Chair Mr Orgill, and representatives of the Department of Education, Employment and Workplace Relations (DEEWR), have provided the basis from which the committee has formed its judgements concerning the Taskforce's success.

5.3 The next section of the chapter briefly summarises the workplan and activities of the Taskforce, in order to provide a context for deeper analysis of the two reports released to date.

#### Activities and workplan of the Taskforce

5.4 The Taskforce was established on 3 May 2010 with responsibility for investigating complaints regarding the operation of the Building the Education Revolution (BER) program, to assess value for money aspects of the program and its implementation, and to make referrals and recommendations to ensure the objectives of BER were realised.

5.5 As the Interim Report was handed down in August, the Taskforce had been in operation for three months with a core headcount of fewer than 25 people. The Interim Report noted that the majority of staff had been sourced from the private sector to reinforce the Taskforce's independence.<sup>1</sup> Staff had a variety of specialist skills and professional backgrounds including construction, quantity surveying, procurement, finance, education, architecture, project management, modelling, audit and legal services.

5.6 The Taskforce also engaged architectural and legal firms to provide specialist services. These firms analysed the design and specification standards used by education authorities and analysed the costs, risks and incentives contained in the

---

1 BER Implementation Taskforce, *Interim Report*, August 2010, p. 14.



different contract types used by a cross-section of education authorities in the delivery of the BER program and projects.

5.7 The Taskforce workplan is composed of four streams:

- Value for money review and examination
- Procurement and delivery models
- BER complaints management
- Complaint solutions

5.8 The committee focused on the stream which addresses procurement and delivery models. The Taskforce examined the different procurement models and delivery approaches used by education authorities to understand how these contributed to issues raised in complaints, as well as the extent to which they influenced value for money outcomes. The Taskforce was particularly interested to witness how implementation approaches under the BER have differed from 'business as usual' and the underlying drivers for the procurement strategies adopted. Where private sector organisations and contractors were used to manage delivery of the program or projects, the Taskforce examined the fees paid to managing organisations and how risk and incentives were allocated through the supply chain. The Taskforce also examined education authority application of DEEWR Program Guidelines and reviewed contractual arrangements at key levels of the BER delivery process.<sup>2</sup>

5.9 The workplan also anticipated activity on the management of complaints related to the BER, and how they were resolved. The Taskforce focussed on how complaints were received, processed and responded to. This data informed the Taskforce's school visitation program, as well as the requests for information it has made to education authorities for detailed information regarding individual projects. The Taskforce also consulted with a cross-section of education authorities to analyse their current complaint handling processes and systems to avoid duplication and to identify opportunities to improve complaint handling in the future.

5.10 The Taskforce also reported that it played a role (from June 2010) in facilitating and encouraging potential solutions between complainants and the relevant education authority. The Taskforce was particularly focused on complaints involving New South Wales (NSW) and Victorian Government schools.<sup>3</sup>

5.11 While the Taskforce's emphasis is wide ranging, the committee's primary focus is the issue of value for money.

---

2 BER Implementation Taskforce, *Interim Report*, August 2010, p. 15.

3 BER Implementation Taskforce, *Interim Report*, August 2010, pp 15–16.

## Interim Report summary

5.12 The Executive Summary of the Interim Report summarises the approach adopted by the Taskforce in carrying out its duties. The Taskforce acknowledged that it sought to determine whether or not value for money as achieved across the program's implementation.

5.13 The Taskforce developed a model to reflect what it considered to be the community's perception of 'value for money'. It concluded that value for money involved three criteria:

- quality (is the building is fit for purpose?);
- time (is the project is delivered in accordance with agreed timeframes?); and
- cost (does the project comes in on budget and relative to historical cost benchmarks?).

5.14 The Interim Report reflected that 'On any project it is apparent there is a necessary tradeoff between quality, time and cost.'<sup>4</sup> A schematic of the model used by the Taskforce appears later in this chapter.

5.15 As of August 2010, the Taskforce had received complaints in respect of 254 schools. This amounted to approximately 2.7 per cent of all schools involved in the BER program, and of these over half related to value for money. NSW Government schools accounted for 56 per cent of complaints and Victorian Government schools for 20 per cent. The Interim Report noted that:

From our investigations to date, the majority of complaints raise very valid concerns, particularly about value for money and the approach to school level involvement in decision making...[t]here is evidence to suggest that some education authorities have achieved better value for money than others and after extensive review of costs and contract administration the Taskforce has concluded that some schools have not received value for money.<sup>5</sup>

5.16 So pronounced were the shortcomings in value for money being achieved in NSW that the Taskforce recommended that \$75 million of funding be withheld from the NSW Government until complaints were fully investigated and solutions sought.<sup>6</sup>

5.17 The Taskforce's job was made more difficult by the use in different jurisdictions of different procurement and delivery models. It was considered that this

---

4 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9.

5 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9.

6 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9.

substantially affected the value for money outcomes achieved, and added significantly to the time required by the Taskforce to assess value for money across projects.<sup>7</sup>

5.18 The Taskforce examined the delivery of projects between government and non-government schools, including those that self-managed projects. The Taskforce concluded that centralised delivery models did not necessarily deliver poorer project outcomes, and that allowing schools to self-manage project delivery would not have achieved the implementation timetable required by the program in larger government systems where the scale of the program was more logistically challenging. Such an approach would also have given rise to a number of risk issues that were more easily managed through a centralised approach.<sup>8</sup>

5.19 The Executive Summary concluded that:

The Taskforce does not have sufficient pre-BER cost data at this interim stage to conclude, but from what limited data and insights we do have, we think the overall BER versus pre-BER cost differential, for each education authority, is in the range from 0% to plus 12%. The higher costs have resulted from the scale, time and complexity of the undertaking. Overall, delivering BER P21 within the short timeframe to achieve the economic stimulus objectives may have added a premium to pre-BER business as usual costs of between 5-6%. The Taskforce will continue to gather and analyse BER and pre-BER project data to enable us to have a more definitive view on value for money for the BER program as a whole by our November 2010 report.<sup>9</sup>

### ***Recommendations***

5.20 The Interim Report made six immediate recommendations. In summary, these were:

- that school-specific project cost data be published in a common format across Australia;
- that where possible, projects not yet committed, or unlikely to be completed by March 2011, be delivered in accordance with a pre-BER approach to capital works;
- that school stakeholders be more involved in decision making regarding projects;
- that education authorities have flexibility to reallocate to their own projects any savings made on administering the program;

---

7 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9. See also 'Actions for the benefit of future programs', dot point 9, p. 10.

8 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9.

9 BER Implementation Taskforce, *Interim Report*, August 2010, pp 7–9.

- that mediation be used to resolve complaints over sub-standard work, where the body responsible is an external managing organisation;
- that the NSW Government more carefully manage BER contracts to ensure that managing contractors' fees represent value for money.

5.21 The Taskforce made a further eight recommendations for the benefit of future programs. These included:

- that DEEWR establish a unit to review, share and transfer knowledge about school facility standards, and the process of designing and delivering school buildings;
- that a forum of education authorities be convened to develop a more consistent set of definitions and measures of what constitutes value for money;
- that the BER-CAM database be housed with an appropriate custodian so that it is available for future cost benchmarking purposes;
- that steps be taken to establish more consistent project management and building contract arrangements between jurisdictions;
- that backlog school maintenance be better monitored by DEEWR, and that this knowledge be used in designing future capital spending programs;
- that government education authorities establish clearer master plans, and better involve school communities in the process;
- that DEEWR improve its technical abilities in respect of project management, construction and quantity surveying to facilitate better infrastructure administration in the future;
- that DEEWR establish a unit to receive, investigate and resolve complaints resulting from any future major education spending program.

5.22 On the release of the Interim Report, the government accepted all the above recommendations.

5.23 Discussion now turns to the contents of the First Report, which was handed down in December 2010, four months after the release of the Interim Report.

### **First Report summary**

5.24 The First Report was released on 15 December 2010. Getting an accurate measure of the extent to which value for money was achieved continued to be the focus in the First Report, and this subject is explored in more detail in the subsequent section of this chapter. The current section summarises some of the First Report's other notable features, including its recommendations.

5.25 The Taskforce's BER Cost Analysis Model (BER-CAM) was populated with data from all education authorities for more than 30 per cent of projects implemented under P21. The Taskforce advised that BER-CAM enables a comparison of the cost of

delivery of projects between states and territories. BER-CAM allows the Taskforce to report by a number of variables. These include by product, component cost, contractor and project time.<sup>10</sup> The BER-CAM was the critical tool used to inform the Taskforce's analysis of the effectiveness of the P21 program.

5.26 As at December, over 10 500 projects were part of the program in nearly 8000 schools across the country. Ninety nine per cent of P21 projects had commenced, 50 per cent were under construction and 43 per cent of projects nationally were completed.<sup>11</sup>

5.27 The Taskforce has made over 320 visits to schools with BER projects. Visits were made in all states and the Northern Territory (NT), with the majority to government schools in NSW and Victoria as schools in these jurisdictions were the subject of the most complaints.

5.28 The First Report noted a 'small but steady stream' of complaints raising 'very valid concerns', which had been lodged since the commencement of the program.<sup>12</sup> Complaints initially focused on issues relating to value for money, delays in construction and the limited involvement of school communities in decision making. By December the trend had shifted, and complaints centred on completions, the quality of the product delivered and the handover process.<sup>13</sup> The Taskforce received an additional 40 complaints after the Interim Report was written, and overall reported complaints from 294 schools, three per cent of all schools involved in the program. Of the 136 open complaints, 107 were categorised as relating to value for money and were being investigated.<sup>14</sup>

5.29 The Taskforce considered whether the P21 program had achieved the stimulus objectives. The Taskforce concluded that Australia had been insulated from the global financial crisis, and the \$16.2 billion BER program had made a material contribution to this outcome in its first year.<sup>15</sup> The committee's commentary on the accuracy of these conclusions is set out later in this chapter.

### ***Recommendations***

5.30 The recommendations contained in the First Report were fewer in number and narrower in scope than those in the Interim Report. The recommendations built on those in the Interim Report and accepted in full by the Australian Government. In summary, the First Report recommendations were:

---

10 BER Implementation Taskforce, *First Report*, December 2010, pp 7 and 21.

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

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

13 BER Implementation Taskforce, *First Report*, December 2010, pp 76–97.

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

15 BER Implementation Taskforce, *First Report*, December 2010, p 59.

- to ensure funding equity, future funding for Commonwealth education infrastructure programs take into account regional cost differences;
- to ensure an ongoing focus on the achievement of value for money, DEEWR encourage state and territory jurisdictions to provide cost performance data on school infrastructure to the Commonwealth for incorporation into BER Cost Analysis Model (BER-CAM); and
- to enable targeting of future capital programs, the Commonwealth work with state and territory jurisdictions to better monitor the age and condition of school infrastructure so that future capital spending can be better targeted to areas of need.<sup>16</sup>

5.31 The Australian Government accepted the second recommendation in full. The first and third recommendations were accepted in principle.<sup>17</sup>

### **A Focus on Value for Money**

5.32 The Interim Report explained that the cost data used by the Taskforce in that report was derived from a sample of over 400 projects covering all states and territories and most education authorities across Australia and analysed through a computerised cost analysis tool, as discussed above. Significant progress was made in developing the BER-CAM database in the intervening months, which is described in the First Report as now providing:

...statistically valid, comparative data on the detailed costs of P21 projects from all over the country. We now have project data for all 22 education authorities across all project types and for more than 30 per cent of all projects (3,186) implemented under P21. BER-CAM enables us to compare the costs of projects in the non-government and government sectors and the difference in the cost of delivery of projects between states and territories. It allows us to report by managing contractor, project manager, by product, by component cost, by project time and various other variables. BER-CAM is a foundation of our evidence based conclusions on cost and time in the context of assessing value for money.<sup>18</sup>

5.33 The data collected in developing this model included initial pre-BER project cost data, required to establish a comparative baseline. The Taskforce has used this model to inform its preliminary value for money observations and to identify outlier projects for detailed cost assessment.<sup>19</sup> In its First Report, the Taskforce observe that:

---

16 BER Implementation Taskforce, *First Report*, December 2010, p. 11.

17 Senator the Hon. Christopher Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, 'Government welcomes BER Implementation Taskforce Report', Media Release, 15 December 2010.

18 BER Implementation Taskforce, *First Report*, December 2010, p. 7.

19 BER Implementation Taskforce, *First Report*, December 2010, p. 15.

BER-CAM has the potential to provide benchmarks for all future education infrastructure expenditure and could be the basis for standardising current disparate education authorities' approaches to value for money.<sup>20</sup>

5.34 This process led to the completion of detailed value for money reviews of 57 school projects, the majority of which were selected following a complaint being lodged by a school or member of the public. Following an analysis of quality, time and cost criteria, a pass/fail assessment was made for each project. The methodology of the assessment is reflected in Figure 1.

**Figure 1: Value for money assessment framework**

Quality	6/20	Time	4/20	Cost	10/20	
Site Inspection		Project delivered within mandated timeframe. (Utilises DEEWR Data)		Independent quantity surveyor assessment		
Fitness for purpose	3	<b>Committed:</b> time project took from funding allocation to being defined, and documented (scored out of 2)	2	<b>BER Program Factors</b>		
Meets required design and quality standards	1.5	>60 days score 1 <60 days score 2		+ cost premium for accelerated delivery timeframe. Determined by actual completion rate achieved by the education authority that undertook the project.	+ 0-5%	\$ xxx
Compliance with agreed scope	1.5	<b>Completed:</b> time project took from committed to Practical Completion (scored out of 2)	2	+ cost premium for local job creation and employment. A one per cent cost premium is added.	+ 1%	\$ xxx
		>60 days score 1 <60 days score 2		+ additional cost of BER reporting requirements. The 1.5 per cent given to education authorities for the program administration is considered sufficient to address this. If an education authority required more than the 1.5 per cent then these additional costs are added into the actual costs.	+ 0-1.3%	
				<b>Jurisdiction Specific Factors</b>		
				+ cost premium higher for design and quality standards. All education authorities are building to an equivalent level of design and quality standard to that of pre-BER without any significant difference between each other in relation to scope and quality. No adjustment made		\$ xxx
					10	\$ xxx

  

Cost Variance Scoring	
(actual costs vs independent costs)	
10 points	<0%
8 points	0-5%
6 points	6-10%
4 points	11-15%
2 points	16-20%
0 points	>20%

Source: BER Implementation Taskforce, First Report, p. 34.

5.35 The Taskforce defined quality as the delivery of school buildings which were fit for educational purpose, complied with relevant building design and construction standards and achieved the agreed project scope. Fitness for purpose was given the highest weighting. The Taskforce considered that a project that did not achieve a pass

20 BER Implementation Taskforce, *First Report*, December 2010, pp 7–8.

---

on quality was an 'instant fail', as was a project that was of very limited educational value.<sup>21</sup>

5.36 The process to assess and score quality constituted a review of the most current drawings and specifications followed by an on-site inspection by construction professionals. The Taskforce considered concerns raised by stakeholders, compliance with building regulations and certification, as well as observable defects and the quality of construction delivered.

5.37 The quality, time and cost scorings were tabulated resulting in a final score out of 20. The Taskforce weighted cost as 50 per cent, time as 20 per cent and quality as 30 per cent. The overall score was then converted to a percentage with under 45 per cent being a value for money fail or red grade, 45 to 55 per cent being a marginal or amber grade, and above 55 per cent being a value for money pass and green grade.<sup>22</sup> The committee is critical of the rationale underlying this scoring process, which is discussed further later in this chapter.

5.38 Time was assessed according to whether the project had been delivered within the agreed project scoping and delivery timeframe. The Taskforce broke this into two sub-elements: the time from funding allocation to readiness to begin construction and the time taken from readiness to begin construction to the practical completion of the building. Where a project was still under construction, the Taskforce awarded full marks so as not to unfairly penalise projects which cannot yet be appraised.<sup>23</sup>

5.39 Costing methodology compared the actual final costs or the latest (as at November 2010) estimated final costs of a project against an independent quantity surveyor's cost estimate, given the actual project drawings, specifications and site conditions. These estimates make the following assumptions:

- normal consent and approval conditions and requirements are in place
- traditional design team arrangements with designers led by architect or project manager
- tendering conditions and construction market are normal (pricing is not overly high or low)
- project fully documented prior to tender (not design templates)
- project tendered to pre-qualified select tender list
- industry standard construction contract documentation (no unusual higher or lower level of risk on contractors)
- fixed price lump sum contracts

---

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

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

23 BER Implementation Taskforce, *First Report*, December 2010, p. 32.



- no accelerated design or construction program
- no program specific requirements (e.g. additional employment of apprentices or Aboriginal and Torres Strait Islanders)
- no additional program reporting requirements; and
- no use of managing organisations (contracts are direct with the main building contractor).<sup>24</sup>

5.40 To these estimates the Taskforce added an adjustment factor (specific to each education authority) to reflect the cost premium of accelerated delivery of the program and other BER project specific requirements. The percentage range for accelerated delivery varied between 0–5 per cent as determined by the completion rate observed for each education authority. The Taskforce also applied a one per cent adjustment factor for the program apprenticeship and Indigenous job creation requirements.<sup>25</sup>

5.41 The First Report made conclusive findings about the poor value for money obtained by the NSW Government in rolling out the BER in that state. The Taskforce reported that:

The NSW Government has the highest cost per square meter of all 22 education authorities and on average builds the smallest facilities. This does not appear to be a result of having a higher proportion of smaller schools in comparison with other government education authorities or a higher percentage of non-metropolitan schools, which are generally more expensive to build. The Taskforce believes the high cost of NSW Government projects is a product of outsourcing program delivery and risk, together with the diseconomies of scale of a centralised process, for responsibilities. In particular, the NSW Government has used an overly expensive and sophisticated delivery approach to deliver relatively simple, small and medium size projects, whereas other jurisdictions have employed less expensive procurement and delivery arrangements.<sup>26</sup>

5.42 The NSW Government schools represented nearly 55 per cent of complaints received and the Victorian Government 19 per cent. This profile is consistent with the findings reported at the time of the Interim Report. Seventy six per cent of the NSW Government complaints related to value for money.<sup>27</sup>

5.43 The First Report found that:

The NSW Government engaged seven large construction companies under a managing contractor model. Value for money was not their primary focus and insufficient weight was given to the school communities' priorities in

---

24 BER Implementation Taskforce, *First Report*, December 2010, p. 32.

25 BER Implementation Taskforce, *First Report*, December 2010, pp 32–33.

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

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

project selection. High program and project fees contributed to de-scoping of projects (removing solar panels, rainwater tanks, covered walkways, landscaping, or interactive whiteboards from the original plans to contain costs) creating frustration and tensions within school communities.<sup>28</sup>

5.44 The First Report also found that:

While the NSW Government has outperformed all its peers on the Program's primary objective of delivering stimulus, the view of the Taskforce is that it is not delivering consistent value for money for its schools. The quality of implemented projects is functional and robust but only loosely integrated into specific school environments. Costs are excessively high for the product delivered and this is especially so for smaller schools. The Taskforce has serious concerns as to the NSW Government's capacity to ensure full and rigorous control of costs as school projects are completed and contracts closed out.<sup>29</sup>

5.45 The Taskforce also considered the Victorian experience, and found the driver of complaints in the Victorian Government school system was somewhat different to that in NSW. The First Report found:

Victoria has a history of empowering its school principals and devolving decision making since the early 1990s. For the Program, the Victorian Government elected to adopt a highly centralised approach to implementation and engaged private sector program and project managers to manage regions. In the Taskforce's view, the latter have not adequately consulted with schools in some instances and have not paid enough attention to completion detail and the quality of the product in others. Thirty eight per cent of complaints in respect of Victorian Government schools however relate to value for money.<sup>30</sup>

5.46 The Taskforce investigated and evaluated outcomes in Western Australia (WA), South Australia (SA) and Tasmania and observed 'innovative and flexible' approaches to pursuing value for money. For example, the First Report noted that the WA Government exhibited flexibility with indicative funding amounts set by the Commonwealth to ensure each school received useful and relevant projects. It kept risk in house and had very low program fees. The WA Government implemented the program with 'commercial nous' and a sharp focus on value for money. In SA the government eschewed multi party tendering, and instead matched pre-qualified builders with schools and controlled costs through independent quantity surveying. In addition, it worked with industry to realise economies of scale in areas including professional indemnity insurance.<sup>31</sup>

---

28 BER Implementation Taskforce, *First Report*, December 2010, pp 8–9.

29 BER Implementation Taskforce, *First Report*, December 2010, pp 10–11.

30 BER Implementation Taskforce, *First Report*, December 2010, p. 9.

31 BER Implementation Taskforce, *First Report*, December 2010, p. 10.

5.47 Having assessed the implementation and delivery models used by all 22 education authorities, the Taskforce's overall conclusion was that states and territories that were able to leverage or supplement their existing public works delivery capacity, in association with the relevant education authorities, achieved stronger results than those that did not. Many of the education authorities relied heavily on competitive tender processes to deliver value for money, which the Taskforce considered an 'inadequate' strategy.<sup>32</sup>

5.48 The Taskforce noted that with project completions at 43 per cent in December 2010, it was too early to form a definitive view as to whether individual education authorities have attained value for money. The Taskforce signalled its intention to publish more definitive findings in the May 2011 report.<sup>33</sup>

5.49 Nevertheless, the Taskforce formed the view based on the data available that value for money was being achieved by most state and territory government schools, with the exception of NSW.<sup>34</sup>

5.50 In the final section of this chapter the committee considers the effectiveness of the approach of the BER Taskforce in achieving its objectives, with particular reference to its success in assessing value for money.

### **Effectiveness of the BER Taskforce**

5.51 The committee spent significant time examining whether the Taskforce adequately addressed its objectives, and in particular the serious question about whether or not taxpayers were receiving value for money in the implementation of the P21 program.

5.52 In this section the committee will consider the Taskforce's overall assessment of value for money in state and territory schools, before turning to the Taskforce's detailed value for money case studies. Finally, the committee will discuss the Taskforce's approach to complaints and conclusions in relation to the economic stimulus effect of the P21 program.

#### ***Overall assessment of value for money in state and territory school systems***

5.53 As discussed earlier in this chapter, the Taskforce used the BER-CAM computer modelling tool to assess value for money of projects at over 400 schools nationally. The Taskforce's analysis was based on three criteria: cost, timeliness, and fitness for purpose. Each of these criteria was assessed against P21 projects across government, independent and Catholic systems.

---

32 BER Implementation Taskforce, *First Report*, December 2010, p. 10.

33 BER Implementation Taskforce, *First Report*, December 2010, pp 10–11.

34 BER Implementation Taskforce, *First Report*, December 2010, pp 10–11.

5.54 The committee believes that the Taskforce has misinterpreted the data to conclude that value for money is being achieved in state and territory government schools, as the data does not support this conclusion. Indeed, when the cost and timeliness of state and territory projects are considered as a whole in comparison with the Catholic and independent systems, it is clear that value for money has not been achieved. The committee will first discuss Taskforce's assessment of cost.

### *Cost*

5.55 To assess costs the Taskforce used regionally adjusted figures (to account for the higher costs of building outside of metropolitan areas) to compare similar projects. The Taskforce decided to breakdown costs by state, separating government schools from independent and Catholic schools in each state or territory.<sup>35</sup> Using this approach the Taskforce observed in the First Report that independent schools had lower costs overall and that

In three of the six states (NSW, Queensland and Victoria), Catholic system schools have materially lower costs than government schools. In the other three states, however, the reverse is true.<sup>36</sup>

5.56 This statement invites the conclusion that on balance P21 projects in government schools cost about the same as comparable P21 projects in Catholic schools.

5.57 The committee took a different approach to interpreting the data. The committee found it useful to compare project costs in government schools Australia wide with those in the Catholic and independent systems overall. When the data is interrogated from this perspective, the average square metre cost of projects in Catholic and independent schools is markedly lower than state and territory schools.

5.58 This view was confirmed during committee hearings. In response to questioning by Senator Mason, Mr Orgill acknowledged that NSW, Queensland and Victoria comprised the majority of P21 projects. Mr Orgill acknowledged that if all the government projects Australia wide were compared with the cost of Catholic projects Australia wide, then the Catholic system was much cheaper overall.<sup>37</sup> The committee view is that when the evidence of cost is considered as a whole, it is apparent that value for money was not obtained in the government systems. The committee now considers the Taskforce's conclusion in relation to the impact timeliness has on the achievement of value for money in P21 projects.

---

35 BER Implementation Taskforce, *First Report*, December 2010, pp 22–28.

36 BER Implementation Taskforce, *First Report*, December 2010, p. 10.

37 Mr Brad Orgill, Chair, BER Implementation Taskforce, Education, Employment and Workplace Relations References Committee, *Committee Hansard*, 4 February 2011, pp 6–7.

*Timeliness*

5.59 The Taskforce considered timeliness when accessing overall value for money, and observed that there was a trade off between cost and timeliness, with projects requiring short completion times on average costing more than those for which timelines were more flexible.<sup>38</sup> As discussed earlier in this chapter, the Taskforce estimated that the premium for quick completion would be around five per cent. This was considered a reasonable cost, as the P21 program was intended to achieve economic stimulus, and swift delivery was an important element of its success.

5.60 However, the committee notes that, based on the data in the Taskforce's First Report, there is no consistent pattern to suggest that higher costs achieved faster delivery. For example:

- Compared to independent and Catholic schools in Victoria, Victorian Government school projects are taking the longest to complete in that state, and are the most expensive.<sup>39</sup>
- Projects in Queensland independent schools, NT Catholic schools and NT independent schools have the lowest number of project days, and have the lowest cost per a square metre, compared to all school systems in Australia.<sup>40</sup>
- Projects in independent and Catholic schools across Australia were completed in time frames quicker than average, with lower cost on average than projects in state and territory government schools across Australia.<sup>41</sup>

5.61 For these reasons the committee disagrees with the Taskforce's interpretation of the data. The committee believes that timeliness does not account for the higher cost of P21 projects in state and territory government schools. In the committee's view the higher cost of projects in state and territory schools indicates a failure to achieve value for money, rather than timely delivery of projects. The committee now considers fitness for purpose.

*Fitness for purpose*

5.62 An analysis of the third criterion, fitness for purpose does not disclose to the committee any reason to alter its view. Mr Orgill confirmed during committee hearings that the Taskforce 'found no observable differences in quality between the

---

38 BER Implementation Taskforce, *First Report*, December 2010, pp 30 and 62.

39 BER Implementation Taskforce, *First Report*, December 2010, pp 22, 30 and 62 (Schematics 5, 17 and 28).

40 BER Implementation Taskforce, *First Report*, December 2010, pp 22 and 30 (Schematics 5 and 17).

41 BER Implementation Taskforce, *First Report*, December 2010, pp 22 and 30 (Schematics 5 and 17).

Catholic system and the state system'.<sup>42</sup> The committee concludes that the state and territory schools that paid more than Catholic and independent schools did not receive any higher quality in return for the higher cost. The committee believes that this indicates that value for money was not achieved in government systems.

5.63 The NSW Government has been particularly singled out for its systemic failure to achieve value for money in P21 projects. In the next section the committee discusses the Taskforce's overall value for money assessment in NSW Government schools.

### *Assessment of value for money in NSW Government schools*

5.64 The committee will now consider the Taskforce's assessment of value for money in NSW Government schools. As discussed earlier in this chapter, the Taskforce reported that NSW Government schools are not 'delivering consistent value for money in its schools'.<sup>43</sup> NSW Government school projects cost on average 21 per cent higher than the Victorian Government schools and 28 per cent higher than the Queensland Government schools.<sup>44</sup> When costs in NSW are compared with the Catholic and independent systems, its costs are nearly double the cost of Victorian independent, Queensland independent, Tasmanian Government, Tasmanian Catholic and independent, and the Northern Territory Catholic and independent systems.<sup>45</sup>

5.65 The committee considered whether NSW was paying more for a better quality product. This is not the case. During committee hearings Mr Orgill advised that the Taskforce, 'found no observable differences in quality between the Catholic system and the state system'.<sup>46</sup>

5.66 The NSW Government did complete its projects more quickly. However, the increased costs incurred for projects in the NSW Government system are much higher than the five per cent premium for quick completion allowed for by the Taskforce. The so called 'trade off' between costs and timeliness does not account for the much higher costs of projects in the NSW Government system.

5.67 The committee considers that if state and territory governments had achieved the same outcomes as Catholic schools in NSW, Queensland and Victoria, then the Commonwealth could have saved a substantial amount of money. The committee will

---

42 Mr Brad Orgill, Chair, Building the Education Revolution Implementation Taskforce, Education, Employment and Workplace Relations References Committee, *Proof Committee Hansard*, 4 February 2011, p. 7.

43 BER Implementation Taskforce, *First Report*, December 2010, p. 23.

44 BER Implementation Taskforce, *First Report*, December 2010, p. 23.

45 BER Implementation Taskforce, *First Report*, December 2010, p. 22 (Schematic 5).

46 Mr Brad Orgill, Chair, Building the Education Revolution Implementation Taskforce, Education, Employment and Workplace Relations References Committee, *Proof Committee Hansard*, 4 February 2011, p. 7.

discuss NSW's failure to achieve value for money more specifically when it critically examines the detailed value for money assessments undertaken by the Taskforce in the next section.

### *Detailed value for money assessments*

5.68 In addition to the general value for money assessments discussed in the previous section, the Taskforce conducted 57 detailed value for money assessments. The case studies arose from complaints made by schools mostly in NSW and Victoria. As discussed above, the Taskforce allocated a pass or fail to each P21 project that it considered in this assessment.<sup>47</sup>

5.69 The Taskforce used the methodology illustrated in Figure 1, above. The committee is sceptical about some of the conclusions the Taskforce reached using this methodology. In particular, the committee disagrees with the Taskforce's conclusions in some cases that value for money has been achieved. The committee will first consider the Taskforce's detailed assessment of value for money in NSW Government schools.

### *NSW Government schools*

5.70 As discussed earlier the Taskforce reported that value for money was not achieved across projects in the NSW Government system. The following case studies are just a few examples of NSW Government's systemic failure to achieve value for money.

5.71 Scotts Head Public school received funding for a new library and administration building.<sup>48</sup> The total cost of the project was \$1.95 million, at \$4530 a square metre. The project was completed in a reasonable amount of time. The building was functional but was not what the school had agreed to, and did not meet design standards. Solar cells, a water tank and air conditioning were removed from the scope of the original project. The building was prefabricated offsite and did not create local jobs, therefore it did not meet the stimulus requirements. An independent assessment costed the project at \$858 552, or \$3252 a square metre, 39 per cent lower than the amount paid. The Commonwealth paid \$337 302 too much for this project. The Taskforce gave this project a score of 31 per cent and decided it had failed the value for money assessment, a conclusion with which the committee cannot help but agree.

5.72 Another similar example of failure to achieve value for money include Cattai Public School, for which the Commonwealth paid \$162 059 too much and for which the Taskforce gave a score of 38 per cent.<sup>49</sup>

---

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

48 BER Implementation Taskforce, *First Report*, December 2010, p. 42

49 BER Implementation Taskforce, *First Report*, December 2010, p. 120.

5.73 Another example is Curran Public School, a multipurpose hall, with attached covered learning area and landscaping for which the paid Commonwealth \$380 307 too much.<sup>50</sup>

5.74 However, just as troubling as the appalling lack of value achieved in these examples are the Taskforce's conclusions in respect of other projects. For example, Bradbury Public School received funding approval for a new canteen, hall and additional refurbishments. The total cost of the project was \$2.6 million and was completed seven months behind schedule. The average cost per a square metre was \$3,797. An independent assessment costed the project at \$2.3 million, at \$3289 per square metre, 15 per cent lower than the amount paid.<sup>51</sup> In the committee's view, this P21 project did not achieve value for money. The Commonwealth has paid \$300 000 too much for this project. However, the Taskforce gave the project a score of 63 per cent and decided the project had passed the value for money assessment. In the committee's view this conclusion is not possible, in light of the evidence.

5.75 Similarly, Mount Victoria Primary School, received funding approval for a new classroom.<sup>52</sup> The total cost of the project was \$892 473, at \$7140 a square metre. The project was completed within a reasonable amount of time and to a reasonable standard. An independent assessment costed the project at \$745 336, at \$5963 a square metre, 20 per cent less than the amount paid. The Commonwealth has paid \$147 137 too much for this project. The Taskforce allocated a score of 50 per cent and decided the project had passed marginally on the value for money assessment. The committee disagrees with the Taskforce's assessment. On the evidence it is clear that this project has not achieved value for money.

5.76 The examples listed above demonstrate the strong concerns the committee has about the NSW Government's failure to achieve value for money in P21 projects. The Bradbury Public School and Mount Victoria Public School case studies also demonstrate why the committee is sceptical of the Taskforce's methodology in assessing value for money. In these schools the Commonwealth paid hundreds of thousands more than it should have, yet the Taskforce decided that value for money had been achieved. The committee now turns to the Taskforce's detailed assessment of value for money in other government schools.

#### *Victorian Government schools*

5.77 Compared to independent and Catholic schools in Victoria, Victorian Government school projects are taking the longest to complete and are the most expensive.<sup>53</sup> Victorian Government schools cost on average \$2783 per square metre,

---

50 BER Implementation Taskforce, *First Report*, December 2010, p. 123.

51 BER Implementation Taskforce, *First Report*, December 2010, p. 118.

52 BER Implementation Taskforce, *First Report*, December 2010, p. 139.

53 BER Implementation Taskforce, *First Report*, December 2010, pp 22, 30 and 62 (Schematics 5, 17 and 28).



higher than the national average of \$2331 per square metre.<sup>54</sup> The following case studies provide examples of where the Victorian Government has failed to achieve value for money.

5.78 The Taskforce found a number of instances where value for money had not been achieved. For example, the Commonwealth paid

- \$419 250 too much for a multipurpose hall at Berwick Primary School.<sup>55</sup>
- \$335 714 too much for a multipurpose hall at Narre Warren South P-12 College.<sup>56</sup>
- \$669 891 too much for a library at Strathmore North Primary School.<sup>57</sup>

5.79 The Victorian context also provides examples where the Taskforce has passed projects where there is a clear absence of value for money. For example, Osbourne Primary School received funding for a new library and administration building. The total cost of the project was \$3.4 million, at \$3444 a square metre. An independent assessment costed the project at \$3 million, or \$3076 a square metre, 12 per cent lower than the amount paid. The Commonwealth paid \$364 397 too much for this project. However, despite the excessive cost of the project, the Taskforce gave this project a score of 58 per cent and decided it had passed the value for money assessment.<sup>58</sup> The committee strongly disagree with the Taskforce's assessment.

5.80 Similarly, at Patterson Lakes Primary School the Commonwealth paid \$298 296 too much for a multipurpose hall. Instead of failing this project, the Taskforce decided that value for money had been achieved and gave it a pass mark of 66 per cent.<sup>59</sup> Again in Hallam Valley Primary School (Fleetwood), where the Commonwealth spent \$172 397 too much on multipurpose hall, the Taskforce declared that value for money had been achieved, and allocated a pass mark of 71 per cent.<sup>60</sup>

5.81 The committee is concerned that about the failure of the Victorian Government to achieve consistent value for money in P21 projects. The committee is also troubled by the Taskforce's decision to pass projects where it is clear that the Commonwealth has spent hundreds of thousands more than it should have. The committee considers the Taskforce's detailed value for money assessments in Queensland.

---

54 BER Implementation Taskforce, *First Report*, December 2010, p. 22 (Schematic 5).

55 BER Implementation Taskforce, *First Report*, December 2010, p. 153.

56 BER Implementation Taskforce, *First Report*, December 2010, p. 160

57 BER Implementation Taskforce, *First Report*, December 2010, p. 164.

58 BER Implementation Taskforce, *First Report*, December 2010, p. 161

59 BER Implementation Taskforce, *First Report*, December 2010, p. 162.

60 BER Implementation Taskforce, *First Report*, December 2010, p. 156

### *Queensland Government schools*

5.82 The Taskforce reported that the majority of complaints were received from Victoria and NSW. However, some serious concerns about value for money were also raised in Queensland. This is not surprising as Queensland Government projects cost on average \$2627 per square metre, which is above the average national cost of \$2331 per square metre.<sup>61</sup>

5.83 Ithaca Creek State School received funding for a resource centre.<sup>62</sup> The total cost of the project is just over \$1.6 million, or \$1.970 per a square metre. The project is not yet completed, so a fitness for purposes assessment has not been made. An independent assessment costed the project at \$1.4 million, or \$1739 per a square metre, 12 per cent less than the amount paid. The Commonwealth has committed to pay \$191 471 too much for this project. The Taskforce gave this project a score of 57 per cent and decided the project had passed the value for money assessment. The committee disagrees with the Taskforce. In the committee's view the evidence is clear that value for money has not been achieved.

5.84 The committee is concerned that the Taskforce's methodology has led it to conclude that value for money has been achieved where the evidence clearly indicates that this is not the case.

### *Committee view*

5.85 The committee has serious reservations about the approach the Taskforce has taken in assessing value for money, and disagrees with some of the conclusions the Taskforce has reached. Based on the committee's assessment of the evidence reported by the Taskforce, the committee concludes that P21 projects in the Catholic and independent systems achieved significantly better value for money than comparable P21 projects in the state systems. Despite the Taskforce's value for money assessment framework of cost, timeliness and fitness for purpose, the committee is unable to assure itself that value for money has been achieved for P21 projects in the government system.

5.86 The Taskforce and the government have argued that the small number of official complaints is indicative that value for money has been achieved in the bulk of P21 projects. The committee considers the problems with this statement in the next section.

### ***Complaints***

5.87 As discussed earlier in this chapter, the Taskforce observed that complaints have arisen from only three percent of P21 projects.<sup>63</sup> Complaints initially focused on

---

61 BER Implementation Taskforce, *First Report*, December 2010, p. 22 (Schematic 5).

62 BER Implementation Taskforce, *First Report*, December 2010, p. 145.

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

issues relating to value for money, delays in construction and the limited involvement of school communities in decision making. By December 2010 complaints centred on completions, the quality of the product delivered and the handover process.<sup>64</sup> The Taskforce reported complaints from 294 schools, of the 136 open complaints, 107 were categorised as relating to value for money.<sup>65</sup>

5.88 The low number of official complaints has been referred to by the Australian Government as an indication of BER success.<sup>66</sup> The committee view is that low complaint rates are not evidence that P21 projects have been successful or that value for money has been achieved.

5.89 Surveys of school principals indicate a much higher level of dissatisfaction with P21 projects than might be suggested by the figure contained in the Taskforce's First report. For example, the Australian Primary Principal's Association (APPA) survey of 2411 members found a 43 per cent dissatisfaction rate amongst principals of state and territory schools, Australia wide.<sup>67</sup> The APPA noted that the dissatisfaction rate was particularly high amongst NSW and Victorian principals. *The Australian* newspaper has reported that a survey conducted by the Public School Principals Forum of 300 members found that only 57 per cent of public school principals were satisfied with the P21 program.<sup>68</sup>

5.90 The danger in relying on official complaint numbers when assessing the quality of a program was also recognised by the Environment, Communications and the Arts References Committee findings in its report on home insulation.<sup>69</sup> For example, the Department of Environment, Water, Heritage and the Arts (DEWHA) advised that only 0.65 per cent of participants had officially complained about their experience. However, that committee found that the evidence suggested 'a level of

---

64 BER Implementation Taskforce, *First Report*, December 2010, pp 76–97.

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

66 Government members' minority report, in Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, p. 78; Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, 'Government welcomes BER Implementation Taskforce Report', Media Release, 15 December 2010.

67 Australian Primary Principals Association, *Building the Education Revolution Survey Report*, 30 April 2010, p. 3, <http://www.appa.asn.au/images/press/bersurveyexec20100501.pdf> (accessed 4 March 2011).

68 Anthony Klan, 'Busting the many BER myths', *The Australian*, 17 February 2011, <http://www.theaustralian.com.au/news/features/busting-the-many-ber-myths/story-e6frg6z6-1226007190063> (accessed 3 March 2011). See also Anthony Klan, 'Survey reveals principals' BER concerns', *The Australian*, 7 March 2011, <http://www.theaustralian.com.au/in-depth/schools-watch/survey-reveals-principals-ber-concerns/story-fn56ulhe-1226016764919> (accessed 7 March 2011).

69 Senate Environment, Communications and the Arts References Committee, *Energy Efficient Homes Package (ceiling insulation)*, July 2010, p. 58.

dissatisfaction orders of magnitude higher than suggested by DEWHA's 0.65 per cent level of complaint'.<sup>70</sup>

5.91 The committee view is that the number of official complaints received is not a good indicator of the success of P21 program, nor does it provide assurance to Australian taxpayers that value for money has been achieved.

5.92 An argument made by the government in response to concerns about value for money is that the P21 program was intended to provide a stimulus benefit to the Australian economy. The committee considers the merits of this argument in the next section.

### *Stimulus benefit*

5.93 The Australian Government advised in 2009 that the primary aim of the BER is to 'provide economic stimulus to national and local economies through the rapid construction and refurbishment of school infrastructure'.<sup>71</sup> The government claimed that the P21 program, as part of BER, was implemented to respond to the Global Financial Crisis. The committee observed in its Interim Report that the government had not established appropriate mechanisms to enable an assessment of the effect the P21 program had in relation to the economy, especially in relation to job creation.<sup>72</sup>

5.94 The Taskforce stated in its First Report that appropriate stimulus spending must be timely, targeted and temporary.<sup>73</sup> The Taskforce considered whether the P21 program had achieved the stimulus objectives, and was unable to directly link the P21 program to jobs and economic outcomes.<sup>74</sup> Instead the Taskforce provided a general commentary on the Australian economy from June 2007 to the present, and concluded that Australia had been insulated from the global financial crisis, and the \$16 billion BER program had made a material contribution to this outcome in its first year.<sup>75</sup>

5.95 The committee is unable to determine the accuracy of this estimate, due to the nature of the data available to it, and the many other factors that may have contributed to an improvement in the economy. For example, the Taskforce itself recognised that strong commodity prices and continued growth in Asia have contributed to the mild impact that the global financial crisis had on the Australian

---

70 Senate Environment, Communications and the Arts References Committee, *Energy Efficient Homes Package (ceiling insulation)*, July 2010, p. 58.

71 Department of Education, Employment and Workplace Relations, *Submission 22*, p. 3.

72 Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, pp 8–13.

73 BER Implementation Taskforce, *First Report*, December 2010, p. 58.

74 BER Implementation Taskforce, *First Report*, December 2010, pp 58–71.

75 BER Implementation Taskforce, *First Report*, December 2010, p. 59.

economy.<sup>76</sup> The committee believes that it is simplistic to credit the P21 program with responsibility for the current state of Australia's economy.

5.96 The committee noted in its Interim Report that it was concerned that the untimely spending of the stimulus money was leading to an overstimulation of the economy, well after the worst of the global financial crisis had passed.<sup>77</sup> DEEWR confirmed on 3 June 2010 that many P21 projects were behind schedule, and the committee remains concerned about effect delayed expenditure on P21 projects may have on the economy. Factors which give rise to this concern include the Reserve Bank of Australia having raised interest rates seven times since October 2009, indicating that the economy is growing strongly.<sup>78</sup>

5.97 DEEWR advised during Estimates Hearings on 24 February 2011 that 23 projects approved for P21 funding have not yet commenced.<sup>79</sup> Alarmingly, on 31 December 2010, only 58 per cent of P21 projects had been completed.<sup>80</sup> Following questioning from Senator Mason, Minister Evans acknowledged that 'the delay that has occurred in some of these projects means that the stimulus argument is no longer a strong one'.<sup>81</sup>

5.98 Three years after the global financial crisis, not all P21 projects have been completed, and some have not even commenced. It is hard to see how P21 meets the Taskforce's definition of appropriate stimulus spending. The committee view is that even if the P21 program had a stimulus effect the ongoing expenditure may now prove detrimental to the Australian economy.

## Conclusion

5.99 In this chapter the committee has examined how the Taskforce has approached the serious questions about taxpayers receiving value for money in the implementation of the P21 program.

5.100 The committee has considered the Taskforce's workplan, its Interim and First Reports, and its overall effectiveness. The committee has identified some serious shortfalls in the Taskforce's approach to assessing value for money. Most

76 BER Implementation Taskforce, *First Report*, December 2010, p. 59.

77 Senate Education, Employment and Workplace Relations References Committee, *Primary Schools for the Twenty First Century Program – Interim Report*, June 2010, pp 12–13.

78 Reserve Bank of Australia, *Cash Rate Target: Interest Rate Decisions*, <http://www.rba.gov.au/statistics/cash-rate.html> (accessed 4 March 2011).

79 Mr Michael Manthorpe, Deputy Secretary, DEEWR, *Proof Estimates Hansard*, 24 February 2011, pp 88–89.

80 Mr Michael Manthorpe, Deputy Secretary, DEEWR, *Proof Estimates Hansard*, 24 February 2011, p. 94.

81 Senator the Hon. Chris Evans, Minister for Tertiary Education, Skills, Jobs and Workplace Relations, DEEWR, *Proof Estimates Hansard*, 24 February 2011, p. 87.

significantly, the committee disagrees with the Taskforce's conclusion that, generally, value for money is being achieved in state and territory government schools. The Taskforce has reached this conclusion through its particular approach to interpreting the data. The committee disagrees with this approach. The committee believes that when the state and territory projects are considered as a whole in comparison with the Catholic and independent systems, the evidence is that value for money has not been achieved in the government systems.

5.101 The committee also notes with concern that the Taskforce's detailed value for money assessments led it to conclude on a number of occasions that value for money had been achieved in circumstances where the Commonwealth has paid excessive sums. In some circumstances these amounts run into hundreds of thousands of dollars.

5.102 The committee has considered the Taskforce's commentary on complaints. The committee notes that other evidence indicates a much higher level of dissatisfaction with P21 projects amongst primary school principals than the Taskforce acknowledges.

5.103 The committee is unable to form an opinion about the government's much-touted stimulus effect of the P21 spending. While the Taskforce has been trying to portray the increase in school construction as partly compensating for the fall in residential construction, the government has not been able to quantify in any meaningful way the effect of P21 spending on the economy, either in terms of total numbers of jobs created or saved, or the impact on the rate of economic growth. As such, the effectiveness of the \$14.8 billion spent thus far on the BER program cannot be properly assessed and compared to any alternatives.<sup>82</sup>

5.104 For the reasons outlined in this chapter, the committee's view is that the Taskforce, and the Australian Government, have failed to provide proper accountability or assurance to Australian taxpayers that \$16.2 billion funding for the BER program was properly and effectively spent.

## **Senator Chris Back**

### **Chair**

---

82 As at December 2010, \$14.8 billion spent. Mr Michael Manthorpe, Deputy Secretary, DEEWR, *Estimates Hansard*, 24 February 2011, p. 94.



## 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.<sup>1</sup>

### 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.<sup>2</sup> The substantial progress toward implementing the

---

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

<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup>

## **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.<sup>5</sup>

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-furbished 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.<sup>6</sup>

[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.<sup>7</sup>

---

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.<sup>8</sup>

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.<sup>9</sup>

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.<sup>10</sup>

[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.<sup>11</sup>

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.<sup>12</sup>

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.<sup>13</sup>

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.<sup>14</sup>

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.<sup>15</sup>

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.<sup>16</sup>

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.<sup>17</sup>

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.<sup>18</sup> 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.<sup>19</sup>

---

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 21<sup>st</sup> century learning. Great excitement engendered by this from parents, staff and teachers.<sup>20</sup>

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.<sup>21</sup>

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.<sup>22</sup>

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.<sup>23</sup>

The committee has recorded many more such accounts in its response to the Interim Report.<sup>24</sup> 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.<sup>25</sup> The First Report shows that the rate of complaints being received is stable.<sup>26</sup>

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.<sup>27</sup>

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.<sup>28</sup>

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.<sup>29</sup>

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.<sup>30</sup> 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.<sup>31</sup>

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 21<sup>st</sup> century. For many school communities, this has literally been a dream come true.<sup>32</sup>

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.<sup>33</sup>

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.

# APPENDIX 1

## Submissions Received

<b>Submission Number</b>	<b>Submitter</b>
1	Huntingdale Primary School WA
2	Catholic Education Commission of WA
3	Anthony Bowden
4	Cringila Public School
5	Anthony Tsoutsas
6	Coogee Public School Parents and Citizens Association
7	Courtenay Gardens Primary School Council
8	South Australian Government
9	Adrian Calderwood
10	South Australian Commission for Catholic Schools
11	Catholic Education Commission-Canberra and Goulbourn
12	Luke Witney
13	Australian Primary Principal Association
14	NSW Catholic Block Grant Authority
15	NSW Government
16	Danny Caretti
17	Giant Steps Sydney
18	Australian Education Union
19	Independent Schools Council of Australia
20	Queensland Catholic Education Commission
21	National Catholic Education Commission(NCEC)
22	Department of Education, Employment and Workplace Relations (DEEWR)
23	CONFIDENTIAL
24	CONFIDENTIAL
25	Sutton Public School PC
26	Coogee Care Centre
27	National Out of School Hours Services
28	Network of Community Activites
29	Department of Education and Early Childhood Development Victoria
30	Catholic Capital Grants(Victoria) Ltd
31	NT Government
32	Western Australian Council of State School Organisations
33	The Playground Recreation Association of Victoria
34	ACT Government
35	Independent Education Union of Australia
36	Hallam Valley Primary School

37	Jindera Public School P C
38	Queensland Government
39	Carlisle River Primary School
40	Steve Cleaver
41	Craig Mayne
42	Mount Victoria Public School P& C Association
43	Bangor Residents' Representative Group
44	Adrian Kops
45	Executive Committee SP2533
46	St Ives Primary P & C Association
47	Hyden P and C
48	Avoca Primary School
49	Name Withheld
50	Black Springs School Community
51	Name Withheld
52	Eungai Public School P and C Association
53	Name Withheld
54	Mount Evelyn Christian School
55	Donald Primary School
56	Royal Far West School
57	Australian Institute of Architects
58	Tottenham Central School P and C Association
59	Emmaville Central School P and C
60	Annandale North Public School P and C Hall Committee
61	Colbinabbin Primary School Council
62	Annangrove Public School P and C
63	Stuarts Point Public School P and C
64	New South Wales Teachers Federation
65	Australian Institute of Quantity Surveyors
66	Hastings Public School Council
67	Yankalilla Area School
68	Name Withheld
69	Mt Martha School Council and School Community
70	Swan Hill North Primary School
71	Linda Gant
72	School Council, Royal Far West School
73	Berwick Primary School
74	Incoll Management Pty Ltd
75	Mr Greg Pankoke, Happy Valley Homes Construction Managers
76	Mr Andrew McDonald, SITZLER Construction Contractors, Project Managers and Developers
77	John Holland Pty Ltd
78	JR Yates and S Yates

79	Bovis Lend Lease
80	Project Coordination (Australia) Pty Ltd
81	Mr Jeremy McGrane
	Supplementary Submission 1
	Supplementary Submission 2

## Additional Information Received

1	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN1
2	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN2
3	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN3
4	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN4
5	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN5
6	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN6
7	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN7
8	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN8
9	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN9
10	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN10
11	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN11
12	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN12
13	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN13
14	Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN14

- 15      Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 18th February 2010- QoN15
- 16      Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- QoN16
- 17      Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- Timeline Abbotsford Public School
- 18      Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 10th February 2010- Evesham State School
- 19      Answers to Questions on Notice provided by the Department of Education, Employment and Workplace Relations (DEEWR) on 18th February 2010- BER Compliant Information
- 20      Additional information received from Mr Grant Heaton, after the Sydney Public Hearing on 18 May 2010
- 21      Additional information provided by NSW Catholic Block Grant Authority, after the Sydney Public Hearing on 18 May 2010
- 22      Further additional information received from Mr Grant Heaton, after the Sydney Public Hearing on 18 May 2010
- 23      Additional information provided by the Catholic Education Diocese of Parramatta, after Sydney Public Hearing 18 May
- 24      Additional information provided by the Catholic Education Diocese of Parramatta, after Sydney Public Hearing 18 May
- 25      Additional information provided by the Catholic Education Diocese of Parramatta, after Sydney Public Hearing 18 May
- 26      Additional information provided by the Catholic Education Diocese of Parramatta, after Sydney Public Hearing 18 May
- 27      Additional information provided by the Catholic Education Diocese of Parramatta, after Sydney Public Hearing 18 May
- 28      Answers to Questions taken on Notice by the Australian Education Union at the Melbourne Public Hearing 17 May
- 29      Additional information provided by Stuarts Point Public School Parents and Citizens Association, after Sydney Public Hearing 18 May 2010
- 30      Answers to Questions taken on Notice by the NSW Department of Education and Training at the Sydney Public Hearing 18 May 2010
- 31      Answers to Questions taken on Notice by Catholic Capital Grants (Victoria) at the Melbourne Public Hearing 17 May 2010

## Tabled Documents

- 1        *Building the Education Revolution: Primary Schools for the 21st Century*, Tabled by Department of Education, Employment and Workplace Relations (DEEWR), 30 November 2009
- 2        Tabled documents (photographs) from Donald Primary School, at Melbourne Public Hearing on 17 May 2010.
- 3        Tabled documents from Hallam Valley Primary School, at Melbourne Public Hearing on 17 May 2010.
- 4        Tabled documents from Swan Hill North Primary School, at Melbourne Public Hearing on 17 May 2010.
- 5        Tabled documents from Mr Chris Mury, Giant Steps, at Sydney Public Hearing on 18 May 2010.
- 6        Tabled documents from Mr Rick Bennett, Tottenham Central School Parents and Citizens Association, at Sydney Public Hearing on 18 May 2010.
- 7        Tabled documents from NSW Catholic Block Grant Authority, at Sydney Public Hearing on 18 May 2010.
- 8        Tabled documents from the NSW Teachers Federation, at Sydney Public Hearing on 18 May 2010.
- 9        Tabled documents from NSW Teachers Federation representatives, at Sydney Public Hearing on 18 May 2010.
- 10       Tabled documents from Australian Primary Principals Association, at Canberra Public Hearing on 19 May 2010.
- 11       Tabled documents from Queensland Catholic Education Commission, at Canberra Public Hearing on 19 May 2010.
- 12       Tabled documents from Mr Craig Mayne, at Canberra Public Hearing on 19 May 2010.



## **APPENDIX 2**

### **Public Hearings and Witnesses (since the interim report)**

#### **MONDAY, 1 NOVEMBER 2010 – CANBERRA**

HEWLETT, Ms Susan, Chief Operating Officer, BER Implementation Taskforce, Department of Education, Employment and Workplace Relations

ORGILL, Mr Brad, Chair, BER Implementation Taskforce, Department of Education, Employment and Workplace Relations

#### **FRIDAY, 4 FEBRUARY 2011 - CANBERRA**

DE SOUSA, Mrs Marguerite, Manager, Building the Education Revolution Implementation Taskforce, Department of Employment, Education and Workplace Relations

MANTHORPE, Mr Michael, Deputy Secretary, Department of Education, Employment and Workplace Relations

MITCHELL, Ms Gillian, Branch Manager, Building the Education Revolution Delivery Branch, Department of Education, Employment and Workplace Relations

ORGILL, Mr Brad, Chairman, Building the Education Revolution Implementation Taskforce, Department of Employment, Education and Workplace Relations

PARSONS, Mr Anthony, Group Manager, Building the Education Revolution Program Management, Department of Education, Employment and Workplace Relations Management

PAUL, Ms Lisa, Secretary, Department of Education, Employment and Workplace Relations





# APPENDIX 3

## Nationally common reporting structure

### BER Nationally Common Reporting Structure and Definitions

<b>SCHOOL NAME:</b>	
<i>Description</i>	
<b>Total Actual Project Costs (excluding GST)</b>	<b>\$</b>
<b>BER Funding</b>	<b>\$</b>
<b>Co-contribution from</b>	<b>\$</b>
<b>Date last updated:</b>	

<b>Project Components</b>	<b>Cost (\$)</b>
<b>1. Build/Construction Cost:</b> The total amount paid to the building contractor(s) for construction works. Excluding any costs included in project component 2 and 3.	
<b>2. Unique Costs:</b> Unique construction or non-construction costs due to unusual site conditions. Including, but not limited to, retaining walls, latent soil conditions, asbestos removal and contaminated soils.  <i>Details:</i>	
<b>3. External Works and External Services:</b> Cost of all external works such as paving, pathways, covered walkways, stairs, ramps, landscaping and all external services and infrastructure.	
<b>4. Fixtures, Fittings and Equipment:</b> The amount for the supply and installation of furniture, fittings and equipment associated with the construction works. This amount varies between schools depending on the nature of the facilities provided and the total makeup of the expenditure at each school.	
<b>5. Project Management Fees* and Statutory Charges:</b> On-site and off-site project management, supervision fees and cost of statutory planning approval. This would include contractors such as project manager, managing contractors or other agencies that are not funded within the 1.5% administration funding allowed for education authorities. (*This may include elements of program management for some projects).	
<b>6. Design and other Professional Fees:</b> This covers professional construction documentation from architects, engineers and surveyors and the site surveys, investigations and visits required to finalise the project scope and preferred site.	
<b>Project Area</b>	
<b>Total Building Area (m2)</b>	
Gross Floor Area = Fully Enclosed Covered Area (x m2) + Unenclosed Covered Area (x m2)	
Area and costs noted above include new construction as well as refurbishment of existing buildings  <i>Details:</i>	

