

General Purpose Standing Committee No. 2

The Building the Education Revolution Program

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Terms of reference

That General Purpose Standing Committee No. 2 inquire into and report on the Building the Education Revolution (BER) program, and in particular:

1. The levels and appropriateness of fees and charges imposed by various NSW Government agencies
2. Whether costs charged for construction of BER projects are in line with industry standards
3. The effectiveness of government oversight and review of contracts signed between Head Contractors and the NSW Government
4. The use of local builders and tradespeople during the construction of BER projects
5. Whether outcomes were of acceptable quality and suitable to the needs of each individual school
6. Any other related matters.

These terms of reference were self-referred by the Committee on 23 March 2010.

Committee membership

Hon Robyn Parker MLC	Liberal Party	<i>(Chair)</i>
Hon Christine Robertson MLC	Australian Labor Party	<i>(Deputy Chair)</i>
Hon Tony Catanzariti MLC	Australian Labor Party	
Dr John Kaye MLC*	The Greens	
Hon Shaoquett Moselmane MLC	Australian Labor Party	
Revd the Hon Dr Gordon Moyes MLC	Family First Party	
Hon Greg Pearce MLC**	Liberal Party	

* Substituting for Ms Lee Rhiannon MLC

** Substituting for Hon Marie Ficarra MLC

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Chair's foreword

There is no doubt that the Building the Education Revolution (BER) Program has injected an enormous amount of much-needed funding into school infrastructure across Australia. Schools throughout the country were elated when the Program was first announced, buoyed by optimism of what they could achieve with their unexpected capital grants.

However, for many NSW public schools involved in the Primary Schools for the 21st Century (P21) element of the Program, this excitement quickly dissipated as they witnessed their funding disappear into overly inflated building costs and management fees.

The NSW Government has acknowledged that building costs in NSW public schools are higher than building costs in NSW Catholic schools, and have attributed this to higher building standards. However, preliminary findings by the Commonwealth BER Implementation Taskforce indicate that there is no significant difference in the quality of facilities in the two systems.

Not only are costs under P21 overly inflated in the NSW public system, but many schools have received buildings which they did not want, or which are not fit for their purpose. Fitness for purpose issues are a direct result of the NSW Government's inflexible management of P21, which failed to consider the needs and priorities of individual schools. This has been particularly frustrating for schools that wanted to self-manage their projects, but were actively dissuaded from doing so by officers of NSW Government agencies.

School communities have expressed their frustration at seeing money wasted by the mismanagement of the Program. It is clear that the NSW Government placed too great an emphasis on the rapid delivery of P21 projects, to the detriment of the quality and cost of these projects. The result is that value for money has not been achieved in numerous NSW public schools.

Witnesses from NSW Government agencies emphasised that complaints were only raised in approximately four per cent of NSW public schools, however inquiry participants noted that 'one should not confuse gratitude with satisfaction'. While all schools are clearly grateful for the investment, many are unsatisfied with the outcome, and not all of those schools chose to voice their complaints.

While the majority of P21 projects have commenced or have been completed, there is still a considerable amount of work to be done. It is essential that the problems that have beset the Program to date are not repeated. The Committee has therefore made a number of recommendations for the remaining projects, which are aimed at ensuring that the NSW Government take a more flexible approach to project priorities and templates, that it allows school communities to be more involved in decisions regarding their facilities, and that there be a renewed emphasis on value for money in terms of quality and cost, rather than time.

In regard to future capital works projects beyond the BER Program, the Committee has recommended that the NSW Department of Education and Training explore delivery options that better involve school communities in design and development decisions, and managing project delivery. A recommendation has also been made for an independent inquiry into the Department's delivery of school capital works projects, which includes comparing the NSW Government school system with other education authorities and their achieved costs and outcomes.

On behalf of the Committee I would like to thank all inquiry participants for taking the time to write submissions and give evidence at the public hearings. Your contributions are sincerely appreciated.

I would also like to thank my Committee colleagues for the work that they have undertaken during this Inquiry. On their behalf I would like to thank the Committee secretariat: Beverly Duffy, Teresa McMichael and Shu-fang Wei.

A handwritten signature in black ink that reads "Robyn Parker". The signature is written in a cursive, flowing style.

Hon Robyn Parker MLC
Committee Chair

Summary of findings

- Finding 1** *Page 24*
That managing contractors have charged unacceptably high management and design fees for BER projects in NSW public schools.
- Finding 2** *Page 24*
That NSW Government fees have been marked by double dipping where an additional 1.3 per cent was charged on top of the amount allocated by the Federal Government.
- Finding 3** *Page 32*
That both the Benchmark Value test and the tendering process used by the NSW Department of Education and Training were flawed and failed to secure value for money.
- Finding 4** *Page 40*
That the NSW Government took an overly prescriptive approach to the Commonwealth's BER Guidelines in relation to project priorities.
- Finding 5** *Page 45*
That a number of NSW public schools have P21 buildings that are not fit for their purpose, due to the NSW Government's inflexible approach to project priorities and design templates.
- Finding 6** *Page 47*
That the NSW Department of Education and Training failed to engage with school communities including teachers and principals and consequently lost opportunities to contain costs and achieve outcomes that best suited each school.
- Finding 7** *Page 58*
That in the context of costs of P21 projects in NSW public schools, value for money has not been achieved
- Finding 8** *Page 58*
That building costs under the BER Program are estimated to be significantly higher in NSW public schools compared to NSW Catholic schools, despite preliminary findings by the Commonwealth BER Taskforce that there is no significant difference in the quality of facilities in the two systems.
- Finding 9** *Page 63*
That the NSW Government placed too great an emphasis on the rapid delivery of P21 projects, to the detriment of the quality and cost of these projects.
- Finding 10** *Page 69*
That officers from NSW Government agencies actively dissuaded NSW public school principals from self-managing their P21 projects.

Summary of recommendations

Recommendation 1

Page 41

That for the remaining P21 projects in NSW public schools, the NSW Government should allow a flexible approach to the priority list of project types set out in the Commonwealth BER Guidelines.

Recommendation 2

Page 45

That for the remaining P21 projects in NSW public schools, the NSW Government should allow a flexible approach to building design templates.

Recommendation 3

Page 47

That for the remaining P21 projects in NSW public schools, the NSW Government should ensure school communities are genuinely involved in decision-making regarding their facilities.

Recommendation 4

Page 61

That the NSW Government fund schools to receive their full project scope under P21.

Recommendation 5

Page 63

That for the remaining P21 projects in NSW public schools, the NSW Government should focus more on ensuring value for money is achieved in terms of quality and cost, rather than time.

Recommendation 6

Page 75

That the NSW Department of Education and Training ensure that all NSW public schools develop master plans as a matter of urgency.

Recommendation 7

Page 77

That for the remaining P21 projects in NSW public schools, the NSW Government should ensure that the projects reflect the needs of their school communities, while demonstrating transparency regarding costs and timelines.

Recommendation 8

Page 78

That the NSW Department of Education and Training explore options for the delivery of its capital works projects beyond the BER Program that better involve the school community, including parents, principals and teachers, in both design and development decisions and managing project delivery.

Recommendation 9

Page 78

That the NSW Minister for Education commission an independent inquiry into the Department's practices in relation to the delivery of school capital works projects, which includes comparing the NSW Government school system with other education authorities and their achieved costs and outcomes.

The inquiry should make recommendations aimed at ensuring value for money and fitness for purpose are achieved in future capital works projects.

Chapter 1 Introduction

This chapter provides an overview of the Inquiry process and the structure of this report. It also includes a summary of several recent reviews of the Building the Education Revolution (BER) Program.

Term of reference

- 1.1 The Inquiry terms of reference were adopted on Tuesday 20 April 2010, under the Committee's power to make a self-reference, and are reproduced on page iv.
- 1.2 The terms of reference required the Committee to examine a range of issues with the Program, including the levels and appropriateness of fees and charges imposed by NSW Government agencies, whether costs charged for construction of BER projects are in line with industry standards, and whether outcomes were of acceptable quality and suitable to the needs of each individual school.

Conduct of the Inquiry

Submissions

- 1.3 The Committee called for submissions through advertisements in the *Sydney Morning Herald* and *The Daily Telegraph* on 7 April 2010, and by writing to key stakeholders and interested parties.
- 1.4 The Committee received a total of 139 submissions, including five supplementary submissions. Submissions were received from a range of stakeholders including the NSW Department of Education and Training, schools and Parent and Citizen Associations, the NSW Teachers Federation, NSW Primary Principals Forum and the NSW Primary Principals' Association Inc.
- 1.5 A full list of submissions is available at Appendix 1.

Hearings

- 1.6 The Committee held two public hearings at Parliament House on 18 and 30 June 2010. During these hearings the Committee took evidence from government representatives, principal and teacher associations, the Commonwealth BER Implementation Taskforce and the NSW Catholic Education Commission. The Committee also heard evidence from public school principals and representatives.
- 1.7 A list of witnesses is set out in Appendix 2 and published transcripts are available on the Committee's website. A list of documents tabled at the public hearings is provided at Appendix 3.

- 1.8 The Committee would like to extend its thanks and appreciation to all the schools, individuals, agencies and representative bodies that contributed to this Inquiry either by making a submission or appearing at a hearing.

Current and recent reviews of the BER Program

NSW Audit Office

- 1.9 In April 2010, the NSW Audit Office commenced an audit on the largest element of the BER Program: Primary Schools for the 21st Century (P21). The audit is assessing the adequacy and effectiveness of the governance arrangements put in place to manage risks associated with P21.¹ The audit is currently underway with no report date officially announced.

Commonwealth BER Implementation Taskforce

- 1.10 On 12 April 2010, the then Deputy Prime Minister and Minister for Education, the Hon Julia Gillard MP, announced a Commonwealth BER Implementation Taskforce to investigate and respond to complaints, ensure value for money, and recommend changes to policy, contracts or projects to ensure the objectives of the BER are realised.² The Taskforce published an interim report on 6 August 2010, and is due to release its final report in November 2010.³

Australian National Audit Office

- 1.11 On 25 June 2009, the Australian Senate agreed to a motion requesting the Auditor-General to investigate the implementation of the P21 element of the BER program.⁴ The performance audit conducted by the Australian National Audit Office (ANAO) examined the effectiveness of P21, focusing on the administrative arrangements in accordance with government policy, funding allocations, arrangements to monitor and report progress, and achievement of broader program outcomes.⁵ The report, entitled *Building the Education Revolution – Primary Schools for the 21st Century*, was tabled on 5 May 2010.⁶

¹ Answers to additional questions on notice, 18 June 2010, Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, Attachment D

² Hon Julia Gillard MP, Deputy Prime Minister and Minister for Education, 'Commonwealth to establish Building Education Revolution Taskforce', *Media release*, 12 April 2010

³ Building the Education Revolution Implementation Taskforce, 'Interim report', 6 August 2010

⁴ The Parliament of the Commonwealth of Australia, *Journals of the Senate*, 25 June 2009, pp 2189 - 2190

⁵ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, p 13 <http://www.anao.gov.au/uploads/documents/2009-10_Audit_Report_33.pdf> (Accessed 20 August 2010)

⁶ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, p 3 <http://www.anao.gov.au/uploads/documents/2009-10_Audit_Report_33.pdf> (Accessed 20 August 2010)

- 1.12 The performance audit report did not examine the performance of state education authorities in delivering projects under the Program. The Auditor-General noted that while the ANAO holds a mandate to undertake performance audits of Commonwealth bodies, this mandate does not extend to the performance of education authorities in their respective jurisdictions.⁷

Australian Senate Education, Employment and Workplace Relations Committee

- 1.13 On 9 September 2009, the Australian Senate Education, Employment and Workplace Relations Committee commenced an inquiry to investigate issues into the management and implementation of the P21 element of the BER Program.⁸
- 1.14 The Inquiry is focusing on project funding, the use of local and non-local contractors, timing and budget issues (including duplication), and the role of state governments in the delivery of P21.⁹
- 1.15 The Committee released an interim report on 24 June 2010. No date has been announced for the final report.¹⁰

Report outline

- 1.16 **Chapter 2** provides an overview of the BER Program, and summarises general feedback from the Program.
- 1.17 **Chapter 3** examines the delivery models used to roll out P21 projects in NSW Government and non-government schools, including fees and charges. The use of local builders is also discussed.
- 1.18 The definition of value for money is considered in **Chapter 4**, which also outlines value for money tests that have been put in place by the NSW Government.
- 1.19 **Chapter 5** examines whether value for money has been achieved in NSW public schools in the context of quality, particularly in relation to fitness for purpose and building standards.
- 1.20 **Chapter 6** examines whether value for money has been achieved in NSW public schools in the context of cost and time. Evidence regarding inflated building costs in NSW public schools is considered, and comparisons are made to costs in other school systems and in NSW public schools prior to the BER Program.

⁷ Australian Senate, Education, Employment and Workplace Relations Committee, *Primary Schools for the Twenty First Century Program – Interim report*, June 2010, p 67

⁸ Australian Senate, *Primary Schools for the Twenty First Century – Information about the Inquiry* <http://www.aph.gov.au/senate/committee/eet_ctte/primary_schools/info.htm> (Accessed 19 August 2010)

⁹ Australian Senate, *Primary Schools for the Twenty First Century – Information about the Inquiry* <http://www.aph.gov.au/senate/committee/eet_ctte/primary_schools/info.htm> (Accessed 19 August 2010)

¹⁰ Australian Senate, *Primary Schools for the Twenty First Century – Interim Report: Primary Schools for the Twenty First Century Program* <http://www.aph.gov.au/senate/committee/eet_ctte/primary_schools/interim_report/index.htm> (Accessed 20 August 2010)

- 1.21** The final chapter, **Chapter 7**, considers claims that schools were actively dissuaded from self-managing their P21 projects. The importance of local decision-making is also discussed.

Chapter 2 Overview

This chapter provides an overview of the Building the Education Revolution (BER) Program, and outlines its three elements: Primary Schools for the 21st Century; National School Pride; and Science and Language Centres for 21st Century Schools. It also summarises the general feedback on the Program from inquiry participants and others.

The Building the Education Revolution Program

- 2.1** The BER Program is a \$16.2 billion Commonwealth Government investment initiative. The goals of the Program are to:
- provide economic stimulus through the rapid construction and refurbishment of school infrastructure, and
 - build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.¹¹
- 2.2** The BER Program is a key component of the \$42 billion Nation Building – Economic Stimulus Plan, agreed to by the Council of Australian Governments on 5 February 2009, to alleviate the impact of the Global Financial Crisis.¹²
- 2.3** Given that the Program was created to inject immediate financial relief into the economy, the vast majority of works were required to be delivered rapidly and completed by March 2011.¹³
- 2.4** The Commonwealth Government allocated BER funding to the 22 Australian education authorities (consisting of state and territory governments and Block Grant Authorities),¹⁴ and developed guidelines regarding requirements for the administration and delivery of the Program. The actual implementation and delivery of BER projects was the responsibility of each education authority. As a result, the achieved outcomes and value for money for each authority has varied.¹⁵
- 2.5** The largest BER funding recipient is the NSW Government school system, which received nearly \$3.5 billion to carry out capital works at every primary, secondary and central government school in the State.¹⁶ As at 2 July 2010, there were 4,663 approved NSW Government BER projects.¹⁷

¹¹ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 3

¹² Council of Australian Governments, *Nation Building and Jobs Plan, Canberra, Communiqué*, 5 February 2009 <http://www.coag.gov.au/coag_meeting_outcomes/2009-02-05/docs/20090205_communique.pdf> (Accessed 12 August 2010)

¹³ Submission 113, NSW Department of Education and Training, p 1

¹⁴ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 10

¹⁵ Building the Education Revolution Implementation Taskforce, 'Interim Report', p 8

¹⁶ Submission 113, p 1

¹⁷ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, p 3

Program elements

The BER Program consists of three elements: Primary Schools for the 21st Century; National School Pride; and Science and Language Centres for 21st Century Secondary Schools.

Primary Schools for the 21st Century

2.6 Primary Schools for the 21st Century (P21) is the largest element of the BER Program. It is providing \$14.05 billion to primary schools across Australia, \$3 billion of which has been allocated to NSW public schools. P21 funding is to be used to build or renovate large-scale construction or refurbishment projects in primary schools, according to the following ordered list of priorities:

1. new libraries
2. new multipurpose halls (for example, gymnasias, indoor sporting centres, assembly areas or performing arts centres) or, in the case of smaller schools, covered outdoor learning areas
3. classrooms, replacement of demountables or other buildings as approved by the Commonwealth, or
4. the refurbishment of existing facilities.¹⁸

2.7 These priorities are set out in the Commonwealth BER Guidelines, and apply unless schools can justify their needs for a lower priority building type.¹⁹

2.8 The total amount of funding available to eligible schools is based on enrolment numbers.²⁰ Funding under P21 was allocated via three application rounds. Round One closed on 10 April 2009, Round Two closed on 15 May 2009, and Round Three closed 10 July 2009.²¹

2.9 As at 30 August 2010, construction on 99 per cent of P21 projects New South Wales had started, with 34 per cent of those finished and ready for use.²²

¹⁸ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, pp 5-6

¹⁹ Building the Education Revolution Implementation Taskforce, 'Interim Report', p 11

²⁰ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 6

²¹ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, pp 6-7

²² Correspondence from Mr Michael Coutts-Trotter, Director General, NSW Department of Education, to Chair, 30 August 2010, p 1

National School Pride

- 2.10** The National School Pride element of the BER Program funded schools to undertake maintenance or minor capital works programs of their choices.²³ This element has provided \$1.29 billion to eligible Australian schools, with around \$287 million allocated to NSW public schools. Works under National School Pride included:
- refurbishment of buildings
 - construction or upgrades of fixed shade structures, covered outdoor learning areas, and sporting grounds and facilities
 - green upgrades, such as water tanks and insulation, or
 - specialised infrastructure support for students with disabilities or special needs.²⁴
- 2.11** National School Pride had two application rounds: Round One closed on 24 March 2009 and Round Two closed 8 May 2009. Funding under this element was also based on schools' enrolment figures.²⁵ All 2,179 National School Pride projects in New South Wales have been undertaken and completed.²⁶

Science and Language Centres for 21st Century Secondary Schools

- 2.12** The Science and Language Centres for 21st Century Secondary Schools provided \$821.8 million to refurbish or construct new science laboratories or language learning centres Australia-wide.²⁷ On 30 June 2009, the Commonwealth Government announced an allocation of nearly \$151 million of funding for 118 NSW public schools under this element.²⁸
- 2.13** Unlike P21 and National School Pride, funding for the Science and Language Centres was allocated to eligible schools on a competitive basis.²⁹ All projects in New South Wales are complete and ready for use.³⁰

²³ Submission 113, p 4

²⁴ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, pp 4-5

²⁵ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 4

²⁶ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab G, p 1

²⁷ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 8

²⁸ Submission 113, p 5

²⁹ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 8

³⁰ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab G, p 1

Program governance

- 2.14** The NSW Department of Education and Training (DET) established an internal unit called the Integrated Program Office (IPO) to oversee the expenditure and delivery of all three BER elements in NSW public schools. The IPO comprises officials from DET and the Department of Services, Technology & Administration (DSTA) (previously the NSW Department of Commerce), and reports directly to the Director-General of DET.³¹
- 2.15** A Memorandum of Understanding (MOU) was set up to formalise the provision of DSTA's services to DET, which includes the supply of a small number of specialist DSTA staff, the management of contracts, and the adoption of elements of DSTA's construction procurement system. The MOU also sets out that DSTA charge for services provided on a cost recovery basis, and that the charges be free of any profit margin.³²

Commonwealth BER Implementation Taskforce

- 2.16** Significant concerns have been raised about the BER Program across Australia, particularly in New South Wales, regarding program mismanagement, waste and cost overruns. Media reports have alleged widespread roting of funds.³³
- 2.17** In response to these concerns, the then Minister for Education, the Hon Julia Gillard MP, announced the establishment of the Commonwealth BER Implementation Taskforce (the 'BER Taskforce') on 12 April 2010, and appointed Mr Brad Orgill, former Chairman and Chief Executive Officer of UBS Investment Bank Australasia, as Chair.³⁴ The BER Taskforce operates independently and reports to the Federal Minister for Education.³⁵
- 2.18** The Taskforce was established to review and scrutinise the implementation of the BER Program. The Taskforce's responsibilities, as stated in its terms of reference, are:
1. Receiving, investigating and responding to complaints regarding the full operation of BER, including individual school projects, in particular:
 - a. by referring complaints or evidence of potential breaches of the law, regulations or guidelines to the appropriate authority for action, and
 - b. ensuring arrangements are in place between the Commonwealth and states and territories to minimise duplication of complaints handling processes
 2. Assessing value for money aspects of individual projects, including project oversight and administration

³¹ Submission 114, NSW Department of Services, Technology & Administration, pp 1-2

³² Submission 114, p 1

³³ For example, 'Education revolution has become a rort', *The Australian*, 1 April 2010; 'Real rorts are being concealed', *Herald Sun*, 7 May 2010

³⁴ Department of Education, Employment and Workplace Relations, 'Commonwealth to establish Building Education Revolution Taskforce', *Media release*, 12 April 2010

³⁵ Building the Education Revolution Implementation Taskforce, *About the Taskforce* <<http://www.bertaskforce.gov.au/pages/about.aspx>> (Accessed 10 August 2010)

3. Investigating and assessing at its own discretion areas of the operation of BER, especially as they impinge on the outcomes of projects at schools, and
4. Making recommendations to the responsible authority about changes to policy, contracts or projects required to ensure the objectives of the BER are realised.³⁶

2.19 On 6 August 2010, the BER Taskforce released an interim report. It is due to release its final report in November 2010. The findings of the interim report will be considered throughout this report.

2.20 The Taskforce has qualified its findings by stating that they were taken from a limited sample size (n.b. over 400 projects have been entered into the cost model),³⁷ and has undertaken to examine the standards further before its final report.

General feedback

2.21 Evidence submitted to the Committee has painted a general picture of disappointment from inquiry participants. The Federation of Parents and Citizens' Associations of New South Wales stated that schools have expressed that 'the intentions of the BER program are ostensibly good, but the implementation has not resulted in satisfactory outcomes'.³⁸

2.22 Inquiry participants criticised the NSW Government for its management of the BER Program, arguing that it led to a widespread waste of money in what many believe to be a once-in-a-generation opportunity. For example, Ms June Coleman, President, Nashdale Public School P&C Association, said:

It is highly unlikely that the level of infrastructural spending within the education system will be seen in our lifetime again. With no amendment or adjustment to the current policies and procedures of our school the only legacy of the BER ... will be the biggest waste of money this country has ever seen.³⁹

2.23 The John Purchase Public School P&C Association commented:

It is a great shame that the long overdue opportunity to significantly upgrade and expand public education infrastructure has been missed. With a little more forethought, planning and consultation the BER could have been remembered in a much more positive light.⁴⁰

BER surveys

2.24 Several surveys have been conducted across Australia to gather feedback from schools about the BER Program, with mixed results.

³⁶ Building the Education Revolution Implementation Taskforce, *Terms of Reference* <<http://www.bertaskforce.gov.au/pages/tor.aspx>> (Accessed 5 August 2010)

³⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 25

³⁸ Submission 132, Federation of Parents and Citizens' Associations of New South Wales, p 4

³⁹ Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, p 50

⁴⁰ Submission 74, John Purchase Public School P&C Association, pp 6-7

- 2.25** The Australian National Audit Office (ANAO) conducted a survey of primary school principals for its May 2010 performance audit report. Of the 622 principals that responded from the Australia-wide audit sample (258 of which were from government schools),⁴¹ 95 per cent indicated that they were confident that BER P21 funding would provide an improvement to their school, which would be of ongoing value to their school and school community,⁴² while only 29 per cent indicated that value for money was not being achieved at their school.⁴³
- 2.26** On the other hand, the Public Schools Principals Forum conducted a survey of NSW public school principals in March 2010. Of the 220 respondents, over 50 per cent indicated that they did not believe their school was receiving value for money.⁴⁴
- 2.27** The Australian Primary Principals Association (APPA) also conducted a survey in March 2010 of 2,438 primary principals across Australia, with 33 per cent of respondents from New South Wales, and 78 per cent of total respondents from government schools.⁴⁵ The survey found that 97.1 per cent of NSW respondents (including government, Catholic and independent schools) agreed that their students would benefit from P21.⁴⁶
- 2.28** The NSW branch of the Primary Principals' Association (NSW PPA) stated in its submission that the APPA survey found a 'significant level of satisfaction regarding the types of projects undertaken, the quality of buildings and the level of co-operation experienced.'⁴⁷ However, analysis of the APPA survey results reveal that New South Wales recorded the lowest level of satisfaction across Australia,⁴⁸ with only 53.9 per cent of principals reporting positive experiences or outcomes.⁴⁹
- 2.29** Australia-wide, the APPA survey also found that government school principals (57.4 per cent) were much less likely to report entirely positive outcomes, compared to Catholic school principals (89.9 per cent) and independent school principals (93 per cent).⁵⁰

Gratitude not satisfaction

- 2.30** The APPA survey found that respondents expressed a strong level of appreciation for their P21 projects, and that the Program funded facilities which many schools would not have been able to fund in any other way.⁵¹

⁴¹ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, Audit Report No. 33 2009-10, Performance Audit, p 183

⁴² Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, Audit Report No. 33 2009-10, Performance Audit, p 193

⁴³ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, Audit Report No. 33 2009-10, Performance Audit, p 192

⁴⁴ Submission 109, Public Schools Principals Forum, p 3

⁴⁵ Tabled document, NSW Primary Principals' Association, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, June 2010, p 6

⁴⁶ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 9

⁴⁷ Submission 88, NSW Primary Principals' Association Inc., p 4

⁴⁸ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 20

⁴⁹ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 17

⁵⁰ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 19

⁵¹ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 2

2.31 However, Mr Grant Heaton, Representative of the NSW Teachers Federation and Principal of Hasting Public School, asserted that: '[O]ne should not confuse gratitude with satisfaction.'⁵² This was supported by Mr Gary Zadkovich, Deputy President, NSW Teachers Federation, who said:

... just because a school is grateful and just because a school community is pleased about having a brand new building under this program, that does not mean that there are not concerns in such a school community about what they might have got if a different approach had been adopted.⁵³

2.32 Mr Zadkovich added: '[W]e do appreciate such a magnificent investment in public schools infrastructure, but that gratitude and appreciation should not make us turn a blind eye to things that we believe are being done poorly.'⁵⁴

2.33 The same point was reiterated by a number of inquiry participants.⁵⁵ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, stated that feedback from principals was that they were grateful for the investment of funds, yet nonetheless had 'many deep-seated concerns about the wastage'.⁵⁶ Likewise, the Principal of Abbotsford Public School, Mr Peter Widders, commented:

We are grateful for the money, very grateful for the money. This is a once-in-a-career opportunity as an educator that I have been involved in and very pleased to be involved in. But the satisfaction, or lack of satisfaction, comes about because we feel we had an opportunity with this money to get so much more for our school community.⁵⁷

Number and proportion of complaints

2.34 Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training (DET), admitted that there were some 'real and significant problems' with the BER Program in New South Wales, however stated that they only occurred in around four per cent of schools.⁵⁸

2.35 In its interim report, the BER Taskforce reported that it had received complaints about 254 schools across Australia to date, with the majority (56 per cent) from New South Wales.⁵⁹ More than half of the complaints received relate to value for money.⁶⁰ As a result of these

⁵² Mr Grant Heaton, Representative, NSW Teachers Federation and Principal, Hasting Public School, Evidence, 18 June 2010, p 48

⁵³ Mr Gary Zadkovich, Deputy President, NSW Teachers Federation, Evidence, 18 June 2010, p 49

⁵⁴ Mr Zadkovich, Evidence, 18 June 2010, p 49

⁵⁵ For example, Ms Cheryl McBride, Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 53; Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, p 50; Submission 82, Matong Public School, p 2

⁵⁶ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 53

⁵⁷ Mr Peter Widders, Principal, Abbotsford Public School, Evidence, 30 June 2010, p 9

⁵⁸ Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, Evidence, 18 June 2010, p 28

⁵⁹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 7

⁶⁰ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 7

findings, the Taskforce recommended to the Australian Government in June 2010 that the next round of \$75 million of funding due to the NSW Government for P21 be withheld.⁶¹ This recommendation was accepted by the Australian Government, which announced that future rounds of BER payments will be withheld until it is satisfied that the problems identified by the Taskforce have been fixed.⁶²

2.36 Australia-wide, the Taskforce noted that the number of formal complaints lodged in relation to schools equated to approximately 2.7 per cent of schools in the country. In its report it stated: 'While complaints are not the only measure of stakeholder satisfaction, the Taskforce believes this is an important indicator that, in aggregate, BER projects are being delivered to the satisfaction of school communities.'⁶³

2.37 However, several inquiry participants held a different view, and suggested that the low percentage of complaints should not be taken at face value. Mr Roger Baker, Treasurer, Tottenham Central School P&C Association, asserted that many schools which were unhappy with their P21 projects simply chose not to lodge a complaint:

I am sure that a lot of schools out there are happy to have received projects, but they are not happy with the value for money. A lot of them are not prepared to stand up and talk about it. Some principals are in a situation where they are in a small school in a country area where they do not want to spend the rest of their lives: they have plans to move on. They do not want to be troublemakers in this area. I can understand them not wanting to jump up and down.⁶⁴

2.38 A similar view was expressed by the NSW Teachers Federation, which stated in its submission:

The Federation believes that many more complaints would have been made by school communities that experienced the same problems, had they chosen to act on them. For most, however, the appreciation for long overdue investment in new facilities and the time and energy required to pursue complaints, meant these concerns were not lodged.⁶⁵

2.39 Additionally, the Committee heard that there was a 'culture of fear' for speaking out, with principals actively discouraged or 'barred in most cases' from making public comment.⁶⁶ The NSW Teachers Federation stated that when teachers and principals had publicly voiced concerns about the BER Program: '[S]enior managers have used the DET Code of Conduct in attempts to deny teachers their democratic right as citizens to raise legitimate concerns in this way.'⁶⁷

⁶¹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 7

⁶² 'Federal Labor response to BER Implementation Taskforce Interim Report', 6 August 2010 <<http://www.alp.org.au/federal-government/news/federal-labor-response-to-ber-implementation-taskf/>> (Accessed 23 August 2010)

⁶³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 18

⁶⁴ Mr Roger Baker, Treasurer, Tottenham Central School P&C Association, Evidence, 30 June 2010, p 88

⁶⁵ Submission 87, NSW Teachers Federation, p 12

⁶⁶ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 58

⁶⁷ Submission 87, NSW Teachers Federation, p 11

Reasons for the high proportion of complaints from New South Wales

2.40 The BER Taskforce suggested that the high proportion of complaints from New South Wales could stem from the fact that it has the largest BER expenditure and number of P21 projects out of all the education authorities. However, the Taskforce also noted that the Queensland Government has the second largest number of P21 projects, and that it received a significantly lower number of complaints compared to New South Wales.⁶⁸

2.41 Another suggestion was that the higher proportion of complaints related to the higher number of smaller schools in New South Wales. Mr Brad Orgill, Chair of the BER Taskforce, gave evidence to the Committee a few weeks after the Taskforce had commenced its investigations, and noted early observations which found that the majority of complaints received by the Taskforce had come from smaller schools. Mr Orgill suggested that this could be a result of a fixed cost element:

[T]he fixed cost tends to be a bigger proportion of the overall funds available where that money for the schools is less. So if a school only has \$850,000 and there is an element of that fixed cost it is a bigger percentage component than if the school has a \$2.5 million or \$3 million budget.⁶⁹

2.42 Mr Orgill qualified his remarks by adding: 'It may be that as we go through our work that that is not a reasonable conclusion'.⁷⁰ However Mr Coutts-Trotter supported the proposition, noting that P21 issues raised with DET have also tended to come from smaller schools, as a result of the Commonwealth's enrolment-based funding:

[W]hat it means is if you have 150 students you get \$850,000. If you have 151 students, that additional student brings you an additional \$1.15 million. Every school site is different. So \$850,000 on a site that is easy to access and easy to build on will get you more than a site that is hard to access with site conditions. When you combine those things, I do understand why it is that schools, particularly in the \$850,000 bracket, tend to have more issues than larger schools.⁷¹

2.43 Mr Coutts-Trotter suggested that this was a factor in the higher number of complaints in the NSW Government school system, which accounts for 80 per cent of the state's 522 'very small schools'.⁷²

Committee comment

2.44 While school communities in New South Wales welcome the investment of significant funding in school infrastructure under BER, we note that 'one should not confuse gratitude with satisfaction'.

2.45 It is evident that a number of public school communities are highly critical of aspects of the implementation of P21. Although DET provided evidence that significant problems only occurred in around four per cent of NSW public schools, we note the suggestion that many

⁶⁸ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 18

⁶⁹ Mr Brad Orgill, Chair, Commonwealth BER Implementation Taskforce, Evidence, 18 June 2010, p 16

⁷⁰ Mr Orgill, Evidence, 18 June 2010, p 16

⁷¹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 32

⁷² Mr Coutts-Trotter, Evidence, 18 June 2010, p 21

more schools were unsatisfied with their projects, however simply chose not to come forward with their complaints.

- 2.46** While a comprehensive study that compares like schools across states is yet to be completed, it appears that NSW has a disproportionate number of complaints, even after taking into account geographic challenges and the distribution of school sizes.

Effect as economic stimulus

- 2.47** One of the key goals of the BER Program was to provide economic stimulus. In this regard, NSW Government agencies and their representatives declared the Program to be a 'resounding economic success'.⁷³ Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, stated:

All the economic and industry data that have been presented over the last few months confirm the success of the stimulus rollout in New South Wales. We have supported over 23,000 full-time jobs and created opportunities for 10 per cent of that workforce for apprentices and trainees. New South Wales now has had five quarters of economic growth. The stimulus program will add 2 per cent to our GDP for the fiscal year 2010-11.⁷⁴

- 2.48** The May 2010 performance audit report into P21 by the Australian National Audit Office (ANAO) found some early indicators that the stimulus had a positive impact on the global financial crisis:

There are some positive early indicators that the program is making progress toward achieving its intended outcomes ... lead economic indicators, including construction approvals, show that the introduction of BER P21 contributed to a reversal in the decline in non-residential construction activity that resulted from the global financial crisis.⁷⁵

- 2.49** However, some opinions expressed recently in the media have claimed that the Program in fact played a limited role in stimulating the economy and 'saving' Australia from recession, asserting that the global financial crisis (which hit Australia in September 2008) had passed by the time the majority of school building projects began.⁷⁶

- 2.50** The success of the BER as a stimulus program was unable to be determined by the Senate inquiry into P21, which found in its interim report that the Australian Government failed to establish adequate mechanisms to properly quantify the number of jobs created under P21. Unlike the ANAO, which used construction approvals as economic indicators, the Senate

⁷³ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Tab G, p 1

⁷⁴ Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, Evidence, 30 June 2010, p 64

⁷⁵ Australian National Audit Office, 'Building the Education Revolution – Primary Schools for the 21st Century', p 14

⁷⁶ 'BER program not 'timely' in averting slump', *The Australian*, 12 August 2010; 'Unintended success of schools stimulus program', *The Australian*, 12 August 2010

Committee asserted that 'projects do not equal jobs', and that: 'Statistical data relating to building projects is not an accurate measure of actual job creation.'⁷⁷

Committee comment

- 2.51** The Committee notes that the Senate Committee found that inadequate mechanisms exist to properly quantify the number of jobs created across Australia under P21, however we acknowledge that the NSW Government has provided figures on the significant number of jobs supported in New South Wales under the BER Program.
- 2.52** We also note the evidence that the impact of the global financial crisis may have largely abated. Therefore, it is apparent to the Committee that any urgency for the implementation of the remaining P21 projects to alleviate the economic crisis no longer exists.

⁷⁷ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 11

Chapter 3 Project delivery in New South Wales

This chapter examines the delivery models used to roll out P21 projects in NSW Government and non-government schools, particularly the 'managing contractor' model used by the NSW Government. The fees and charges under the different delivery models are considered, and the use of local builders is discussed.

Overview

3.1 A variety of delivery models have been used by education authorities across Australia to deliver their P21 projects. The larger government jurisdictions, such as NSW, have tended to use managing organisations in a centralised, 'multi-site' approach, while smaller government jurisdictions and non-government sectors have tended to adopt a single site, local management approach, which is more consistent with their business as usual model for delivering major capital works.⁷⁸ In regard to the latter, the Commonwealth BER Taskforce (the 'BER Taskforce') stated:

One of the reasons they have been able to do this is the comparatively smaller number of BER projects they had to deliver. This not only negated the need for the payment of external managing organisation fees, but also facilitated the alignment of school principal and community project aspirations with central procurement decision making.⁷⁹

NSW public school system

Managing contractor model

3.2 The 'managing contractor' model used in the NSW public school system consists of seven managing contractors selected to deliver P21 projects across the NSW Department of Education's (DET's) ten regions.⁸⁰ Those contractors are Bovis Lend Lease, The Reed Group, Laing O'Rourke, Abigroup, Hansen Yuncken, Brookfield Multiplex and Richard Crookes Construction.⁸¹

3.3 The role of managing contractors in NSW public schools was split into two categories – 'Fee A' and 'Fee B'. Under Fee A, managing contractors act as project managers and contract out projects to other builders. Fee A applies where managing contractors contract out more than 85 per cent of a project's work to a single subcontractor.⁸² Those builders in turn subcontract

⁷⁸ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 37

⁷⁹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 38

⁸⁰ Submission 113, NSW Department of Education and Training, p 4

⁸¹ NSW Government, *Primary Schools for the 21st Century* <<http://www.ber.nsw.gov.au/index.php/primary-schools-for-the-21st-century/>> (Accessed 10 August 2010)

⁸² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 43

trades-based contractors such as bricklayers, electricians, painters and plumbers.⁸³ Just over half of the State's public school projects have come under Fee A.⁸⁴

3.4 Mr Bob Leece, Infrastructure Coordinator General, Department of Premier and Cabinet, explained that under Fee A, the builder, procured by the managing contractor:

... takes on the functions and the risks of the day to day delivery of the project including coordinating all the trade subcontractors and managing the interfaces, tendering and letting the trade packages and managing the site on a daily basis including provision of site security and permanent site supervision.⁸⁵

3.5 Where it is not possible to use the Fee A model, such as in remote locations where local companies are unable to meet the necessary program requirements or lack the requisite building capacity, managing contractors also assume the role of builders.⁸⁶ This is the Fee B model, where less than 85 per cent of a project is delivered under a single subcontract. Managing contractors are paid an additional amount under Fee B to cover the extra service costs and risks of multiple contracts.⁸⁷ The fees and charges under both models will be discussed later in this chapter.

Tender process

3.6 The managing contractors were selected through a competitive tender process. Expressions of Interest (EOIs) were invited from fourteen pre-qualified contractors to nominate for ten separate contract packages, with each package representing a different DET region. This was later reduced to nine packages, when the New England region was included with the North Coast.⁸⁸

3.7 Each package was then tendered to groups of three or four tenderers that were successful in the EOI process.⁸⁹ Managing contractors were selected based on both a price and non-price element, with the non-price element including their use of local builders and Aboriginal and Torres Strait Islanders, stakeholder engagement and safety standards.⁹⁰ The use of local builders is discussed at the end of this chapter.

⁸³ Answers to additional questions on notice, 18 June 2010, NSW Nation Building and Jobs Plan Taskforce, Question 3, p 3

⁸⁴ Submission 113, pp 4-5

⁸⁵ Answers to additional questions on notice, 18 June 2010, NSW Nation Building and Jobs Plan Taskforce, Question 3, p 3

⁸⁶ Submission 113, p 5

⁸⁷ Answers to additional questions on notice, 18 June 2010, NSW Nation Building and Jobs Plan Taskforce, Question 3, p 3

⁸⁸ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Tab B, p 2

⁸⁹ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Tab B, p 3

⁹⁰ Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, NSW Department of Education and Training, Evidence, 18 June 2010, p 31

Why did the NSW Government choose the managing contractor model?

- 3.8** The primary reason provided by the NSW Government for using a managing contractor model was the transfer of risks associated with time, quality and cost.⁹¹ Mr Leece claimed that the managing contractor model provided a significantly better risk transfer than other delivery models used in other jurisdictions.⁹² The DET submission stated:

The benefits of this model are clear: it allows the NSW Government the ability to transfer these risks to third parties while still retaining control and oversight of the program. This has allowed us to manage costs and quality and ensure that any defects are fixed at builders' expense.⁹³

- 3.9** However, it should be pointed out that the NSW Government paid a premium for this transfer of risk. Managing contractors were allowed to factor in an allowance at the beginning of the project for design and price risk.⁹⁴ The transfer of risk did not come without an economic cost to the Department.

- 3.10** The key risk transferred to managing contractors appeared to be time. The Committee was advised that under normal circumstances it could take DET around four years to deliver a project, such as a school hall, from the initial concept to completion. This includes up to a year-and-a-half of planning with the school community.⁹⁵ In contrast, DET witnesses stated that under the BER Program the NSW Government was given two years to spend \$3.4 billion on public school building, with any unspent money at the end of that timeframe to be forfeited:⁹⁶

We were ... told by the Commonwealth that if we risked the time or the specification it would take the funding away so we could find ourselves halfway through the contract and losing funding of particular schools.⁹⁷

- 3.11** The Director General of DET, Mr Michael Coutts-Trotter, insisted that the only way the Department could complete the projects within the deadline was to use managing contractors:⁹⁸

We could not have done the P21 program to time, supporting those jobs, providing that quality of training [to apprentices], that value of economic stimulus, if we relied on our business as usual processes. This is 10 times larger than our existing major capital works program, which itself was running at record levels.⁹⁹

⁹¹ Mr Dawson, Evidence, 18 June 2010, p 24

⁹² Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, Evidence, 30 June 2010, p 64

⁹³ Submission 113, p 13

⁹⁴ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Additional information, Tab C, p 4

⁹⁵ Submission 113, p 2

⁹⁶ Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, Evidence, 18 June 2010, p 21

⁹⁷ Mr Dawson, Evidence, 18 June 2010, p 24

⁹⁸ Mr Coutts-Trotter, Evidence, 18 June 2010, p 28

⁹⁹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 22

- 3.12** The BER Taskforce observed that the managing contractor model has enabled the NSW Government to achieve the fastest roll out of P21 projects compared to all other government jurisdictions. At the time the Taskforce's report was written, the NSW Government school system had completed or commenced constructions in 95 per cent of projects,¹⁰⁰ compared to 64 per cent in Victoria and 60 per cent in Queensland.¹⁰¹
- 3.13** Mr Coutts-Trotter added that another reason for engaging managing contractors to implement BER projects was their expertise and resources:
- These firms come with systems, experience and quality. They are able to expand their operations rapidly. They have the systems and experience to do that. They can get high-quality work done very quickly, beyond the reach certainly of this Department using its ordinary arrangements.¹⁰²
- 3.14** In regard to the transferral of risk relating to quality, Mr Leece suggested that the managing contractor model is superior to the project management model used in other jurisdictions when it comes to building defects, stating: '[A] common issue is where it is not clear as to whether a defect in a building is caused by the design or the construction. A Managing Contractor carries this risk. A Project Manager does not.'¹⁰³
- 3.15** The Committee was informed that managing contractors are required to hand over buildings defect free or have their payments withheld for 12 months after the end of the Program, in order to ensure builders return to fix any problems.¹⁰⁴
- 3.16** One example of this is at Tottenham Central School, where the NSW Government suspended payments in June 2010 to the school's contractor and managing contractor over concerns about 'shoddy workmanship and defects' and unexplained fees and charges. The managing contractor has been ordered to ensure the defects are fixed at no extra cost.¹⁰⁵
- 3.17** The transfer of risks associated with cost are considered below under 'Actual fees paid'.

Managing contractors' fees and charges

- 3.18** Inquiry participants raised significant concerns regarding managing contractors' fees and charges under P21 in NSW public schools.¹⁰⁶ The NSW Teachers Federation said that concerns include:

... that some BER Projects are costing more than regular construction costs. There is much speculation that that builder's markups, management fees and multilayered bureaucracy are greatly inflating the cost of work under the BER ... It appears ... that

¹⁰⁰ As at 30 August 2010 this figure is 99 per cent of projects.

¹⁰¹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, pp 12 and 37

¹⁰² Mr Coutts-Trotter, Evidence, 18 June 2010, p 32

¹⁰³ Answers to additional questions on notice, 18 June 2010, Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, Question 3, p 3

¹⁰⁴ Mr Dawson, Evidence, 18 June 2010, p 29

¹⁰⁵ 'BER payments suspended after 'shoddy work' report', *ABC News*, 22 June 2010

¹⁰⁶ For example, Submissions 10, 55, 58, 66, 84, 106, 108, 111 and 117

management fees will account for up to a quarter of the State's \$3.4 billion BER funding.¹⁰⁷

3.19 Mr Craig Mayne questioned the various fees being charged by managing contractors under P21, claiming that there are 'potential rorts, price gouging and rip-offs'. Mr Mayne argued that construction costs are grossly inflated, wasting 'billions of taxpayer dollars'.¹⁰⁸

3.20 The submission from the Hon Thomas George MP stated:

[T]he NSW Government has repeatedly reassured the public and the NSW Parliament that fees are small and minimal. From the coalface in Lismore, this is not the case. Apparently 1.5 per cent of all these charges were going to DET. But nobody wants to talk about 5.5 per cent for individual project management fees, the 3.25 per cent profit margin, the 4 per cent managing contractor's fee, the 3.25 per cent incentive fee, and the 8.8 per cent coordination fee for modular buildings. Those percentages total 26 per cent. That is where the funds are going. This is an outrage in anybody's book – 26 per cent of funds being spent on management? That is not good business.¹⁰⁹

3.21 The Committee was advised that fees paid to managing contractors vary. Generally, under Fee A managing contractors are paid a state-wide average of 11 per cent of a project cost, while under Fee B they are paid an average of 15 per cent.¹¹⁰ Mr Leece explained that these fees are paid for the services performed by the managing contractors, and include fees for site supervision, contract management and administration, tendering works, project documentation, planning approvals and site investigation and analysis.¹¹¹ Mr Coutts-Trotter stated that the fees to be paid by DET to managing contractors are expected to total around \$345 million.¹¹²

3.22 In breaking down these costs, DET told the Committee that managing contractors are paid a state-wide average of 6.6 per cent for site supervision fees, and an average 2.7 per cent for project management fees.¹¹³ The Department advised that none of the contractors' project management fees exceed the four per cent maximum¹¹⁴ set by the Commonwealth.¹¹⁵

¹⁰⁷ Submission 87, NSW Teachers Federation, p 3

¹⁰⁸ Submission 97, Mr Craig Mayne, p 1

¹⁰⁹ Submission 118, Hon Thomas George MP, p 8

¹¹⁰ Submission 113, p 5

¹¹¹ Answers to additional questions on notice, 18 June 2010, Mr Leece, Question 3, p 2

¹¹² Mr Coutts-Trotter, Evidence, 18 June 2010, p 31

¹¹³ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Tab C, p 7

¹¹⁴ Australian Government, 'Nation Building, Economic Stimulus Plan, Building the Education Revolution – National Coordinator's Implementation Report, February – September 2009', October 2009, p 42

¹¹⁵ Submission 113, p 4

- 3.23** The fees also include an average 2.85 per cent profit margin,¹¹⁶ which was reported to amount to \$134 million.¹¹⁷ Mr Coutts-Trotter considered this profit margin to be reasonable: 'These firms bid an average profit margin of 2.85 per cent. They are at risk for \$3,000 million worth of delivery and they are getting a profit margin of 2.85 per cent.'¹¹⁸
- 3.24** Also included under the Fee A and Fee B arrangements are incentive fees, which are only paid if managing contractors complete projects on time and within benchmarked values.¹¹⁹ The average state-wide incentive fee is 1.6 per cent,¹²⁰ which could potentially amount to a combined total of \$50 million.¹²¹
- 3.25** The BER Taskforce found that the NSW Government has the highest overall total percentage of management and design fees in Australia, with program management, project management fees and design fees accounting for an estimated 20-24 per cent of total costs compared to 17-21 and 9-13 per cent in Rounds 2 and 3 of the Queensland public system respectively, and 12.5 per cent in the Victorian public system.¹²² The figures include fees paid to managing contractors as well as fees paid to the NSW Government, which are discussed on the next page.
- 3.26** The BER Taskforce attributed the higher management fees to several factors, including the large volume of projects to be delivered and the 'higher assumption of risk and liability by the managing contractors in NSW than managers in some of the other contract models.'¹²³ However, in relation to the latter, the Taskforce pointed out that the managing contractors' fees should be considered in light of the fact that they are able to mitigate much of this risk by flowing it down to subcontractors who would reasonably price this into their fees.¹²⁴
- 3.27** The BER Taskforce commented that it was difficult to precisely identify all of the costs included in managing contractor's fees, which could potentially result in contractors charging for costs not originally envisaged by the NSW Government. The Taskforce gave an undertaking to closely review costs claimed by managing contractors in New South Wales before its final report is released in November 2010.¹²⁵ It also made a recommendation in its interim report that the DET Integrated Program Office 'carefully administer the BER P21 contracts, to ensure rigorous application of controls within the contracts intended to ensure managing contractors' fees represent value for money.'¹²⁶

¹¹⁶ The Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report, June 2010', p 96

¹¹⁷ Submission 87, p 2

¹¹⁸ The Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 96

¹¹⁹ Submission 87, p 2

¹²⁰ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Tab C, p 7

¹²¹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 31

¹²² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, pp 46-47

¹²³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 47

¹²⁴ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 47

¹²⁵ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 47

¹²⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 9

Actual fees paid

- 3.28** Estimated project costs for individual schools are available from the NSW BER website. These are referred to as 'Estimated Contract Sums' (ECS), and are provided by managing contractors as an estimate for developing and delivering a project. The ECS is the basis for which the project is approved, but is not the final cost of the project.¹²⁷
- 3.29** The final cost paid to a managing contractor is the lesser of either the actual costs incurred in delivering the project, or a maximum of 105 per cent of the Benchmark Value (BMV). The BMV is determined by comparing the tendered cost of the project to the tendered cost of similar projects.¹²⁸
- 3.30** The BMV process was developed by the NSW Government to ensure 'that projects are delivered which represent value for money and that contractors assume the risks associated with cost over-runs.'¹²⁹ The NSW Government has transferred the risk of cost by making managing contractors liable to cover all costs that exceed 105 per cent of the BMV. In evidence to the Committee DET stated: 'This is a real incentive to keep costs down for the life of the program.'¹³⁰
- 3.31** In some cases as projects have approached completion, significant differences have been found between estimated costs and final costs, with some final costs being notably lower than what was expected from earlier budget forecasts.¹³¹ The use of budget surpluses will be considered in chapter 6.

NSW Government fees and charges

- 3.32** In addition to the fees and charges paid to managing contractors, fees and charges were also paid to NSW Government agencies.
- 3.33** DET was paid 1.5 per cent of its total BER funding by the Commonwealth to cover administrative costs.¹³² This payment was made to all of the education authorities, and amounted to \$51.4 million for the NSW Government.¹³³
- 3.34** Additionally, the NSW Government imposed a charge of an extra 1.3 per cent of each school's construction costs (amounting to \$45 million) for the BER Integrated Program Office's management costs. The Committee was advised that this covers the costs of

¹²⁷ Submission 113, p 10

¹²⁸ Submission 113, p 10

¹²⁹ Submission 113, p 9

¹³⁰ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Tab C, p 5

¹³¹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 30

¹³² Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, p 11

¹³³ Submission 87, p 3

managing the procurement of projects, including contract administration, scope and nomination management, variations and reporting requirements.¹³⁴

- 3.35** The NSW Teachers Federation expressed concern that 'the NSW government is receiving almost twice as much in administration and oversight fees as allocated to it by the Federal Government.'¹³⁵ The same point was raised by another inquiry participant, Mr Craig Mayne, who asked:

When did it become appropriate for the State to charge an additional 1.3% fee on top of the existing 1.5% allocated by the Federal Government to administer the BER program. This is nothing more than double dipping. In addition, the 1.3% is based on the allocated funds made available for the project rather than the accepted practice of levying fees on the actual construction costs.¹³⁶

Committee comment

- 3.36** The Committee notes with concern that the NSW public sector, through fees to managing contractors and the NSW Government, is paying the highest total percentage of management and design fees in Australia. We note the reasons suggested by the Commonwealth BER Taskforce as to why the NSW public school system has such high fees, including the higher assumption of risk and liability by managing contractors, however we also note the Taskforce's observation that managing contractors are able to mitigate much of this risk through their subcontractors. The Committee welcomes further examination of this issue in the BER Taskforce's final report.

Finding 1

That managing contractors have charged unacceptably high management and design fees for BER projects in NSW public schools.

Finding 2

That NSW Government fees have been marked by double dipping where an additional 1.3 per cent was charged on top of the amount allocated by the Federal Government.

NSW Catholic and independent school systems

- 3.37** The NSW Catholic and Independent Block Grant Authorities (BGAs) received and administered funding from the Commonwealth to deliver P21 projects in their respective school systems. The NSW Catholic BGA received over \$1 billion in P21 funding, which is

¹³⁴ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab C, p 6

¹³⁵ Submission 87, p 3

¹³⁶ Submission 97, p 2

being used to implement 732 projects in 445 schools,¹³⁷ while the Association of Independent Schools of NSW BGA received \$476,969 to implement 327 projects in 293 schools.¹³⁸

- 3.38** There are 11 Catholic dioceses in the NSW education system. As mentioned earlier, the Sydney Archdiocese used a managing contractor model to deliver its P21 projects (discussed on the next page), while the remaining dioceses allowed their schools to manage projects locally.¹³⁹ Independent NSW schools also self-managed their P21 projects.¹⁴⁰
- 3.39** At the Inquiry's first hearing on 18 June 2010, the Committee was informed that approximately 65 per cent of NSW Catholic school projects had been completed, and 520 projects were well under construction.¹⁴¹

Project management fees and charges in NSW Catholic schools

- 3.40** Apart from the Sydney Archdiocese, the most common project management practice used in NSW Catholic schools was to either engage an architect as both designer and project manager, or engage an architect as the designer and a separate individual or company as project manager (both on an individual school basis).¹⁴²
- 3.41** The Catholic Education Commission advised that in both situations, the project management fee is usually up to 8 per cent of construction costs, or, in some special cases, up to a maximum of 10 per cent. The Commission advised that these rates apply for all school building projects, whether BER or non-BER: '[I]here is no 'special loading' for BER project supervision.¹⁴³

Sydney Archdiocese

- 3.42** The Sydney Archdiocese is the largest Catholic diocese in New South Wales, with 112 schools.¹⁴⁴ As with the NSW Government, the Sydney Archdiocese also opted to use a managing contractor to deliver its P21 projects, and also engaged Bovis Lend Lease.¹⁴⁵
- 3.43** In its interim report, the BER Taskforce found no material difference between the contract specifications and fees paid to Bovis Lend Lease by the Sydney Archdiocese and NSW Government. However, the difference that it did find was:

... the degree of relative empowerment of the Catholic school principals in the decision making process, including the flexibility afforded to them to design a customised building.¹⁴⁶

¹³⁷ Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, Evidence, 18 June 2010, p 2

¹³⁸ Submission 112, Association of Independent Schools of NSW, p 4

¹³⁹ Answers to additional questions on notice, Catholic Education Commission, 18 June 2010, Question 6, p 6

¹⁴⁰ Submission 112, p 8

¹⁴¹ Mr Walsh, Evidence, 18 June 2010, p 2

¹⁴² Answers to additional questions on notice, Catholic Education Commission, 18 June 2010, Question 6, p 6

¹⁴³ Answers to additional questions on notice, Catholic Education Commission, 18 June 2010, Question 6, p 6

¹⁴⁴ Mr Walsh, Evidence, 18 June 2010, p 2

¹⁴⁵ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 43

- 3.44** The Taskforce stated that unlike the managing contractor model used in the public sector, schools in the Sydney Archdiocese are 'actively engaged as a partner in the process and other school stakeholders' views are given significant weight in BER project planning and implementation.¹⁴⁷

Local builders

Requirement to provide local employment opportunities

- 3.45** A key aim of the BER Program was to generate local employment opportunities, with the Commonwealth BER Guidelines stating that education authorities must endeavour to provide opportunities for local businesses.¹⁴⁸ The NSW Government advised that one of the requirements for selecting managing contractors was based on their ability and willingness to engage local builders and providers.¹⁴⁹ Mr Leece said:

[T]he managing contractors have the first responsibility to give work to builders in the local areas and they had to involve the builders in the local areas. It was mandated. It was not an option, it was mandated. So all local builders had been given the opportunity to tender.¹⁵⁰

- 3.46** The Committee was informed that managing contractors used a variety of approaches, including 25 regional forums, to inform potential local subcontractors (such as builders, plumbers, carpenters and electricians) about the Program.¹⁵¹ DET also assisted by creating an online system for local providers to register their interest. These registrations were then forwarded on to managing contractors.¹⁵²

- 3.47** Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, advised that the Catholic education system also sought to employ local builders wherever possible, and that:

As a result, the stated goal of local job creation would seem to have been achieved. It is estimated that our P21 works have to date created approximately 9,000 equivalent full-time positions, an average of 8 to 10 positions per project for the duration of these projects.¹⁵³

¹⁴⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 38

¹⁴⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 39

¹⁴⁸ Australian Government, 'Building the Education Revolution Guidelines, Version 3', 21 September 2009, p 8

¹⁴⁹ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Question 4, pp 7 - 8

¹⁵⁰ Mr Leece, Evidence, 30 June 2010, p 72

¹⁵¹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 31

¹⁵² Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Question 4, pp 7-8

¹⁵³ Mr Walsh, Evidence, 18 June 2010, p 2

- 3.48** The Association of Independent Schools of NSW noted that a survey of schools involved in P21 found that 83 per cent of respondents had engaged builders from their local area, and over 92 per cent had engaged tradespeople from their local area.¹⁵⁴
- 3.49** In the public sector, DET advised that 80 per cent of all workers on P21 projects in NSW public schools are local,¹⁵⁵ stating: "This is having a real impact on local employment with hundreds of employment opportunities being created, [and] small builders no longer needing to put people off ...".¹⁵⁶

Concerns about the number of local builders used

- 3.50** However, numerous public schools still raised concerns about the absence of local builders from their projects.¹⁵⁷ The NSW Teachers Federation reported that principals were frustrated by 'the fact that many of their local tradespeople were not given any work under the BER program.'¹⁵⁸ At Tottenham Central School, the P&C President, Mr Rick Bennett, complained that builders were coming from 160 kilometres away to work on the school.¹⁵⁹ Similarly, another inquiry participant, Mr Craig Mayne, stated: "There are too many cases to list of contractors travelling vast distances to install infrastructure."¹⁶⁰
- 3.51** A number of reasons were provided as to why local builders weren't used in some areas. One reason, suggested by Mr Coutts-Trotter, was due to the onerous requirements of DET's School Facilities Standards (discussed in chapter 5):

[S]ome people looked at our very, very heavily specified contracts and thought, "I just don't want to take that on." ... the risk is if we specify something and the time comes for us to accept the building and the builder has not affixed the soap dispensers the way we wanted them to, they wear the risk of having to replace that at their cost. I do think that meant in some projects in some places some small builders are not comfortable taking on that risk, that role.¹⁶¹

- 3.52** This was supported by the NSW Primary Principals Association (NSW PPA), which reported that local builders cited 'over regulation' of the contract and construction process as a reason for not submitting a tender.¹⁶² The NSW PPA also cited anecdotal reports of some local builders choosing not to tender due to previous bad experiences with particular managing contractors: 'It has been reported that some local builders decided not to work with particular Managing Contractors following a preliminary meeting with them.'¹⁶³

¹⁵⁴ Submission 112, p 11

¹⁵⁵ Answers to written questions on notice, 18 June 2010, NSW Department of Education and Training, Question 4, pp 7 - 8

¹⁵⁶ Submission 113, p 17

¹⁵⁷ For example, Submissions 3, 5, 10, 48, 57, 67, 108 and 133

¹⁵⁸ Submission 87, p 4

¹⁵⁹ Mr Rick Bennett, President, Tottenham Central School P&C Association, Evidence, 30 June 2010, p 88

¹⁶⁰ Submission 97, p 5

¹⁶¹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 33

¹⁶² Submission 88, NSW Primary Principals' Association Inc., p 3

¹⁶³ Submission 88, p 3

- 3.53** Another reason suggested by Mr Coutts-Trotter was that builders in some regions may have already been at full capacity:

For example, in parts of the North Coast there have been floods that require massive amounts of repair work, which consumed the time and effort of many local building companies. We then came in with the projects. In small and quite discrete areas there were local factors that meant the building trades in town for the moment are fully engaged in something else ...¹⁶⁴

- 3.54** The selection of local builders took into account their use of apprentices and Aboriginal employees. One inquiry participant noted that many small businesses may have been unable to meet the minimum level of apprentices or Aboriginal employees required under the BER Program.¹⁶⁵

Committee comment

- 3.55** The Committee supports the use of local builders wherever possible, and note that numerous schools have raised concerns about the lack of local builders from their P21 projects. We acknowledge that steps were actively taken to encourage local builders to apply for work under BER, and accept that many local builders may not have been able or willing to meet all the Program's stringent requirements, and therefore may not have submitted a tender.

¹⁶⁴ Mr Coutts-Trotter, Evidence, 18 June 2010, p 33

¹⁶⁵ Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, p 58

Chapter 4 Value for money

The following three chapters examine whether value for money has been achieved in P21 projects in NSW public schools. This chapter considers the definition of value for money, and outlines the value for money tests that have been put in place by the NSW Government. Chapters 5 and 6 examine whether value for money has been achieved in the context of quality, costs and time.

What is value for money?

4.1 The Commonwealth BER Implementation Taskforce (the 'BER Taskforce') noted that while the Commonwealth BER Guidelines include a requirement that tendering and procurement arrangements should demonstrate value for money, the Guidelines do not define what value for money is.¹⁶⁶

4.2 While many schools which provided evidence to the Inquiry focused on value for money in terms of cost, witnesses from government agencies emphasised that cost is only one factor. Mr Bob Leece, Infrastructure Coordinator General, Department of Premier and Cabinet, stated:

My judgement of value for money is design, function and economic outcomes, the longevity outcomes and the benefits that the school kids are going to get that they would never have got otherwise ...¹⁶⁷

4.3 Mr Brian Baker, Deputy Director General, NSW Department of Services, Technology and Administration (DSTA), suggested that what an individual school might perceive to be value for money is likely to differ from what the NSW Department of Education and Training (DET) perceives to be value for money, as DET has the responsibility of ownership and whole-of-life costs:

[I]t depends on how you take into account the economic stimulus that we are receiving ... The value for money also could be in the perspective of the school or it could be from the department of education's perspective, and I guess the context there is that the assets are ultimately owned by the Department of Education and Training and they have a responsibility to manage those assets over the whole of life in terms of maintenance to the assets, cleaning the assets and also fitness of purpose of those assets to suit their educational outcomes.¹⁶⁸

4.4 Mr Leece said that in assessing value for money, the up-front capital cost should be traded off with the whole-of-life cost,¹⁶⁹ and asserted that this was why initial costs have been high in NSW public schools – due to the cost of high quality DET buildings which have been designed to stand the test of time:

¹⁶⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 23

¹⁶⁷ Mr Bob Leece, Infrastructure Coordinator General, Department of Premier and Cabinet, Evidence, 30 June 2010, p 71

¹⁶⁸ Mr Brian Baker, Deputy Director General, NSW Department of Services, Technology and Administration, Evidence, 30 June 2010, p 74

¹⁶⁹ Mr Leece, Evidence, 30 June 2010, p 71

Many people confuse the high enduring design and building standards as representing poor value for money. I would like to give you a car analogy. In buying a car you have a choice of a well-designed, more expensive car or a lesser designed cheaper one. Both have the same function on day one, but for how long? So it is with schools and school facility standards.¹⁷⁰

4.5 The BER Taskforce informed the Committee that the Taskforce has developed its own value for money definition, using the following three core criteria:

- quality (including fitness for purpose, compliance with relevant standards and achieving agreed scope)
- time (has the project been delivered within agreed timeframes), and
- cost (has the project been delivered within the budget and relative to cost benchmarks).¹⁷¹

4.6 The Taskforce stated that while value for money is a product of all three criteria, there are clear 'tradeoffs' between the three:

For example, a higher quality outcome may involve a longer delivery timeframe or higher cost, while implementing a project in a shorter time period may involve either lower quality or a higher cost, or both. In assessing [value for money] each component must be assigned a measure of relative importance.¹⁷²

4.7 The Taskforce expressed the view that of the three criteria, quality is paramount, and if a building does not pass the quality test it cannot represent value for money.¹⁷³

4.8 All three criteria will be examined in detail in the chapters 5 and 6.

Value for money tests

4.9 According to DET, value for money has been assured through Benchmark Value Tests and the tender process for managing contractors (both discussed in chapter 3), and internal and external audits.¹⁷⁴ Additionally, Mr Leece stated that managing contractors are contractually obliged to meet value for money requirements in the NSW Government Code of Practice for Procurement and the NSW Government Tendering Guidelines.¹⁷⁵

¹⁷⁰ Mr Leece, Evidence, 30 June 2010, p 65

¹⁷¹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, pp 7-8 and p 23

¹⁷² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 23

¹⁷³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 23

¹⁷⁴ Submission 113, NSW Department of Education and Training, p 13

¹⁷⁵ Submission 131, NSW Nation Building and Jobs Plan Taskforce, p 4

- 4.10 Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, DET, told the Committee that value for money is tested by tendering through the market:

[O]n the value for money test, everywhere through this program we test the market. We go to tender. We tendered to get the managing contractors, and at every stage through the process we go to tender and we get the market response to what we have specified for those people to do for us. I do not think there is a better test of what is the value in the market of what we are specifying.¹⁷⁶

- 4.11 However, according to the BER Taskforce, 'relying on competitive tendering alone is a necessary but not sufficient approach to ensuring [value for money].'¹⁷⁷ It suggested that a better approach is to focus on cost comparisons between BER projects over time, in different locations and implemented by different education authorities, which it is currently doing.¹⁷⁸

- 4.12 Internal and external audits of the Program have also been undertaken by NSW BER audit squads, the Nation Building and Jobs Plan Taskforce's probity auditor, Deloitte, and the NSW Audit Office.¹⁷⁹ The NSW BER website states: 'Every aspect of the BER program will be audited to make sure that our processes and those adopted by our delivery partners represent best practice and deliver value for money.'¹⁸⁰ Mr Coutts-Trotter stated that DET has conducted over 300 audits on its own account to date.¹⁸¹

- 4.13 In regard to all of the audits conducted by various agencies, the NSW Nation Building and Jobs Plan Taskforce asserted:

The results of these audits continue to be similar – there are pockets of issues which need to be resolved but no systemic problems which require a rethink of the approach or the process.¹⁸²

Committee comment

- 4.14 The Committee is concerned that the BMV tests against project costs in other similar schools and thus would inherently fail to capture the situation where all projects were more expensive than they should have been. The Committee is also concerned that the tendering process failed to focus on value for money and lacked the depth to secure economically efficient outcomes.

¹⁷⁶ Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, NSW Department of Education and Training, Evidence, 18 June 2010, p 24

¹⁷⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 25

¹⁷⁸ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 25

¹⁷⁹ NSW Government, *P21 value for money – Value for money and budget management* <<http://www.ber.nsw.gov.au/index.php/primary-schools-for-the-21st-century/p21-value-for-money/>> (Accessed 16 August)

¹⁸⁰ NSW Government, *P21 value for money – Value for money and budget management* <<http://www.ber.nsw.gov.au/index.php/primary-schools-for-the-21st-century/p21-value-for-money/>> (Accessed 16 August)

¹⁸¹ Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, Evidence, 18 June 2010, p 21

¹⁸² Submission 131, p 7

Finding 3

That both the Benchmark Value test and the tendering process used by the NSW Department of Education and Training were flawed and failed to secure value for money.

Did public schools receive value for money?

- 4.15** The majority of inquiry participants strongly argued that value for money was not achieved at public schools. This was supported by the Public Schools Principals Forum survey, which, as mentioned in chapter 2, found that more than 50 per cent of its NSW public school respondents did not believe their school was receiving value for money.¹⁸³
- 4.16** The survey by the Australian Primary Principals Association found that significantly more government school principals reported that their projects did not represent value for money compared to Catholic or independent school principals.¹⁸⁴
- 4.17** The BER Taskforce believes that the weighting given to the stimulus objectives by different education authorities has influenced the cost outcomes achieved and requires careful consideration in assessing whether individual school buildings constructed represent value for money as compared to similar buildings constructed by another education authority.¹⁸⁵
- 4.18** The Taskforce also reached an interim conclusion that value for money has not been achieved at Tottenham Central, Eungai and Scotts Head Public Schools. It has undertaken to monitor these and other similar projects as final accounts become available.¹⁸⁶ The P21 experience of Tottenham Central School will be considered in the next chapter.
- 4.19** In contrast, departmental witnesses such as Mr Leece labelled the BER Program as 'an extraordinary value for money exercise'.¹⁸⁷ Mr Leece described the Program as an 'outstanding success'.¹⁸⁸
- 4.20** Both viewpoints will be considered in the following two chapters in the context of quality, cost and time.

¹⁸³ Submission 109, Public Schools Principals Forum, p 3

¹⁸⁴ Tabled document, NSW Primary Principals' Association, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, June 2010, p 19

¹⁸⁵ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 39

¹⁸⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 31

¹⁸⁷ Mr Leece, Evidence, 30 June 2010, p 71

¹⁸⁸ Mr Leece, Evidence, 30 June 2010, p 70

Chapter 5 Quality

This chapter considers whether value for money has been achieved in NSW public schools in the context of quality. It discusses building standards in the public and Catholic sectors, and considers concerns about the flexibility of project priorities and design templates. Fitness for purpose issues are discussed, as well as concerns from schools regarding local decision-making.

Building standards

School Facilities Standards

5.1 The NSW Government advised that all P21 projects in the State's public schools have been built using the NSW Department of Education and Training's (DET's) established 'School Facilities Standards', which meet and sometimes exceed those established by the Building Code of Australia.¹⁸⁹ DET asserted that these standards have the advantage of providing safe, long-lasting buildings that require minimal future maintenance.¹⁹⁰

5.2 Departmental witnesses suggested that the higher building standards in NSW public schools have typically led to higher costs.¹⁹¹ Mr Michael Coutts-Trotter, Director General, DET, told the Committee:

School walls cost about three times as much as a gyprock wall but they are built in order to withstand hyperkinetic five year olds, like my little boy, for 20 years without needing to be repainted or spack-filled or retouched or replaced. We specify the quality of the soap dispenser and not only that, we specify how deeply into a wall it needs to be affixed and the method of the fixing. The reason for that again is so when my little boy hangs on it, as he almost certainly will in a moment of madness in the school toilet block, it does not rip off the wall and he does not fall and hurt himself. It is done at an extraordinary level of detail.¹⁹²

5.3 The costs of school facilities will be examined in chapter 6.

5.4 DET outlined numerous other construction standards, including the use of sprung timber floors in halls to protect children's bones and joints, two layers of insulation in ceiling spaces for temperature moderation, specific carpet thread requirements for long-life performance, 2100mm masonry to absorb the wear and tear of student movements, acoustic features and hearing loops in halls to boost the effectiveness of hearing aids.¹⁹³

¹⁸⁹ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab F, p 1

¹⁹⁰ Submission 113, NSW Department of Education and Training, p 8

¹⁹¹ Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, Department of Education and Training, Evidence, 18 June 2010, p 24; Mr Michael Coutts-Trotter, Director General, Department of Education and Training, Evidence, 18 June 2010, p 23

¹⁹² Mr Coutts-Trotter, Evidence, 18 June 2010, p 23

¹⁹³ Submission 113, pp 8-9; Mr Coutts-Trotter, Evidence, 18 June 2010, p 38

- 5.5** Mr Coutts-Trotter insisted that while these features may result in higher costs upfront, they lead to lower costs over the whole of the life of the school.¹⁹⁴ This was reiterated by Mr Angus Dawson, Program Director, BER Integrated Program Office, DET, who commented on the durability of the buildings:

When you walk out of one of those buildings, it is very unlikely that you are going to have to do very much maintenance to it, apart from paint the doors and resurface the floor, in 15 to 25 years, and that is an enormous and significant thing for a public sector organisation when you have the assets that we have across New South Wales in the Department of Education and Training.¹⁹⁵

- 5.6** During evidence Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, asserted that some of the School Facilities Standards are designed to last up to 100 years.¹⁹⁶ However Abbotsford Public School noted that the higher standards do not appear to be supported by increased warranties by builders, which, according to the school's submission, are only five year structural warranties for buildings and seven year warranties for fixtures and fittings.¹⁹⁷

- 5.7** Schools generally appeared to be pleased with the construction quality of their P21 projects. For example, the principal at Uki Public School commented on the 'quality of the workmanship' of the school's P21 library, stating: 'The kids love it and my teacher librarian loves it. I have walked my P&C members through it and offered to take members of the community through as well. It is a beautiful building.'¹⁹⁸

- 5.8** Some concerns were raised about the quality of the prefabricated modular buildings being rolled out under the Program. Mr Coutts-Trotter advised that these buildings meet the same high standards as all other building projects rolled out by DET.¹⁹⁹ However, the Nashdale Public School P&C Association described their P21 modular as a 'tin and plywood shed',²⁰⁰ while the Merrylands East Public School P&C Association stated:

Our school has a prefabricated classroom building that is currently being rolled out to many schools. Within 4 years of the building being installed, the rooms have been damaged by water leaks, ceiling panels have come off and joints have not been secured properly. We also have a modern core 14 library where large cracks have emerged in the Office section. These are not examples of superior buildings.²⁰¹

¹⁹⁴ Mr Coutts-Trotter, Evidence, 18 June 2010, p 23

¹⁹⁵ Mr Dawson, Evidence, 18 June 2010, p 24

¹⁹⁶ Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, Evidence, 30 June 2010, p 66

¹⁹⁷ Submission 111, Abbotsford Public School, p 8

¹⁹⁸ Answers to questions on notice taken during evidence 18 June 2010, NSW Department of Education and Training, Tab E, p 12

¹⁹⁹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 30; see also Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 40

²⁰⁰ Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, p 50

²⁰¹ Submission 46, Merrylands East Public School P&C Association, p 2

Quality comparisons with Catholic schools

- 5.9** In response to comparisons made between the quality of P21 projects in NSW public schools compared to NSW Catholic schools, Mr Coutts-Trotter said:

[T]hey do great work; we do great work; it is different ... We build different things to different standards. They do brilliant work, no doubt. We do our work. It is very, very difficult to draw a comparison between the two.²⁰²

- 5.10** Mr Coutts-Trotter stated that only the NSW Government system builds to the high standards set out in the School Facilities Standards.²⁰³

- 5.11** While the NSW Catholic system may not apply DET's School Facilities Standards, Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, advised that buildings in the Catholic system nonetheless 'have all been architect-designed to site, purpose-built, of high quality and give value for money.'²⁰⁴ As with NSW public schools, the buildings in the Catholic education system are also built using high construction standards, and designed to be low-cost maintenance and environmentally friendly: 'We wanted to make sure they were high-quality facilities that lasted the test of time.'²⁰⁵

- 5.12** In its preliminary investigations the Commonwealth BER Taskforce (the 'BER Taskforce') engaged a leading architectural firm to analyse designs and standards used by education authorities to assist it in its investigations, and reported:

... the architects did not observe any significant systemic differences between government and Catholic schools in either NSW or Victoria in the quality of building fabric, services and furniture, fixtures and equipment.²⁰⁶

- 5.13** However, while the Taskforce did not find significant differences in quality, it did find significant differences in the size and features of the school halls:

NSW Catholic multi-purpose halls were significantly larger in three out of five cases and four halls had air conditioning which is not a requirement of the government school facility design standards.²⁰⁷

- 5.14** The BER Taskforce also found significant differences in the project costs between the two systems. These are considered in chapter 6.

²⁰² Mr Coutts-Trotter, Evidence, 18 June 2010, p 25

²⁰³ 'Officials misled NSW education inquiry: Greens MP', *The Australian*, 10 August 2010

²⁰⁴ Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, Evidence, 18 June 2010, p 3

²⁰⁵ Mr Walsh, Evidence, 18 June 2010, p 9

²⁰⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 30

²⁰⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 30

Committee comment

- 5.15** The Committee acknowledges that DET's School Facilities Standards are designed to provide safe, long-lasting buildings which require minimal ongoing maintenance, and agree that this is important.
- 5.16** However the Committee notes the concerns raised about the quality of the prefabricated modular buildings being rolled out under the BER Program.
- 5.17** We also note while NSW Catholic schools do not apply DET's School Facilities Standards, preliminary examinations by architects engaged by the BER Taskforce have not found any significant difference between the quality of P21 projects in NSW Government schools compared to P21 projects in NSW Catholic schools.
- 5.18** The differences in costs between the two systems will be discussed in the next chapter.

Case study: Mt St Thomas Public School

Mount St Thomas Public School was granted \$2.5 million of P21 funding to build a school hall and other facilities. The school, which has just over 300 students, was informed that it would be getting a 14 core hall, which is the designated size for a school of 300 to 500 students. The P&C Association said they felt lucky that they qualified for a larger hall to meet the future needs of their school's growing population.

However, after construction commenced, it became apparent that the hall would not be able to seat all the students. After seeking an explanation from DET, the school was told that the 300 to 500 figure was intended as a guide only. The school was then told that the building was not actually a hall but a learning space, and that therefore it was never intended to accommodate all of the students anyway. The President of the P&C Association, Mrs Tracey Kirk-Downey, said: 'Through all the ministerial correspondence and the BER website, the construction is referred to as a hall. So finding out that it was not a hall was a bit of a shock.'

The school was told that all of the students could fit into the space if they sat on the floor, which DET said would have 190sqm of 'effective floor space'. Mr Arthur Rorris from the P&C Association said at that point he thought at least that would be 'the worst that we will get.' However he said: 'Then we got the bad news that that included the stage area.'

By including the stage the effective floor space was reduced to 145 square metres. The school was offered the option of having the stage removed, however P&C Association members pointed out: '[T]he whole point of the hall was to have a stage, otherwise you would have just a big classroom' or 'a shed'.

Mrs Kirk-Downey noted that a nearby Catholic school built its hall for \$800,000, which seats more than 1,000 students and parents. She commented:

'It does not have all the bells and whistles but if you compare 1,000 students and parents seated for \$800,000 I am pretty sure we could get 324 children seated for \$2.5 million at Mt St Thomas Public School.'

Mrs Kirk-Downey expressed: '[W]hat is unforgivable is the lack of consultation with and information given to school communities about these projects until after contracts have been signed and parents realise that they had been taken for a ride.' She said:

'We cannot understand why the New South Wales Government or the bureaucrats could ever allow a building program that delivers school halls that are obscenely overpriced and inadequate for the needs of schools that they are meant to serve.'

* Mrs Tracey Kirk-Downey, President, P&C Association, Mount St Thomas Public School, Evidence, 30 June 2010, pp 13-24; Mr Arthur Rorris, Member, Mount St Thomas Public School P&C Association, Evidence, 30 June 2010, pp 14-24

P21 projects and priorities

Limited scope of projects

5.19 The Commonwealth BER Guidelines set out a list of projects that would be funded under P21. This included libraries, halls, Covered Outdoor Learning Areas (COLAs) and classrooms.²⁰⁸

5.20 Inquiry participants criticised the limited projects available on the list. However, Mr Coutts-Trotter noted that the Guidelines were set by the Commonwealth:

There were some constraints around what school communities could choose. There are a small number of schools that still are very unhappy about the available choice. There is nothing we can do about that within the guidelines.²⁰⁹

5.21 The BER Taskforce noted that the defined list of product types in the Guidelines contributed to the frustration of numerous schools which were restricted from addressing their most pressing needs.²¹⁰

Project priorities

5.22 Not only did the Commonwealth BER Guidelines set out the scope of projects that would be available under P21, but it also set out a priority order for those projects. These were new libraries, then new halls or COLAs, followed by classrooms or the replacement of demountables, then the refurbishment of existing facilities.

5.23 Numerous inquiry participants argued that their schools' project priorities were ignored as a result of DET's rigid adherence to the order of priorities, as well as a lack of consultation with schools about their own priorities.²¹¹

²⁰⁸ Correspondence from Department of Education, Employment and Workplace Relations, to Committee Secretariat, *Background brief*, 16 June 2010, pp 5-6

²⁰⁹ Mr Coutts-Trotter, Evidence, 18 June 2010, p 31

²¹⁰ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 22

²¹¹ For example, Submissions 13, 23, 55, 66, 98, 108, 111, 124 and 133

5.24 For example, Mrs Tracey Kirk-Downey, President, P&C Association, Mount St Thomas Public School, informed the Committee that the top priority for the past five years at her school has been the refurbishment of the school's administration area, which she described to be 'almost illegal under occupational health and safety in the circulation space they [the administration staff and the principal] actually work in.'²¹²

5.25 However, as a result of DET's prescriptive approach to the priority list, the school instead received a new hall and COLA. Mrs Tracey Kirk-Downey commented:

[U]nder the previous Federal Government we had a \$100,000 grant to build a massive COLA so we have got COLAs all over our school: we did not actually need another one, we have got plenty of those. We have been sitting outside in the weather for school assemblies for 57 years at our school. We thought with \$2.5 million we might get a guernsey inside for a change.²¹³

5.26 DET's rigid approach to the list was also highlighted by Ms Cheryl McBride, Chairperson, Public School Principals Forum (PSPF), who commented:

We had lots of colleagues who were in quite older-type schools and forced to have either a library or a school hall. Many of them recognised that the children are in classrooms 90 per cent of the time and would actually have preferred refurbishment, if not rebuilding, of classrooms rather than halls et cetera. Certainly, the local decision-making was taken away from principals and school communities.²¹⁴

5.27 Abbotsford Public School offered another example of inflexibility in relation to priority projects. While the school wanted additional classrooms to accommodate its increasing student population, four of its existing classrooms were instead demolished and replaced with four new classrooms (while students were temporarily housed in demountables for 12 months at a cost of \$200,000).²¹⁵ The school stated that at no stage was the demolition and replacement of classrooms 'ever approved or seen as a preferred project option ... To the contrary, it was seen as a waste of taxpayer funds where other real priorities existed.'²¹⁶

5.28 The level of consultation between DET and schools was also criticised. One P&C President described the consultation process as 'appalling'.²¹⁷ Other comments received by the Committee included:

We feel that in the rush to meet BER time frames, there has been insufficient consultation and application of common sense in relation to meeting the actual needs of the school.²¹⁸

²¹² Mrs Tracey Kirk-Downey, President, P&C Association, Mount St Thomas Public School, Evidence, 30 June 2010, p 17

²¹³ Mrs Kirk-Downey, Evidence, 30 June 2010, p 18

²¹⁴ Ms Cheryl McBride, Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 53

²¹⁵ Mr Robert Vellar, President, Abbotsford Public School, Evidence, 30 June 2010, p 2

²¹⁶ Submission 111, p 4

²¹⁷ Mrs Kirk-Downey, Evidence, 30 June 2010, p 17

²¹⁸ Submission 74, John Purchase Public School P&C Association, p 6

While the BER guidelines indicated community consultation, we think we got exactly the opposite to that: we think we were ignored ... there was no interest from the Department in entertaining any of our ideas.²¹⁹

5.29 During evidence Mr Coutts-Trotter drew attention to the fact that principals signed off to approve building projects at their schools.²²⁰ However, the Committee heard from some schools that they were essentially given an ultimatum to accept certain buildings or receive nothing.²²¹ One school claimed: 'Our Principal was required to sign off on the building plans but has done so under protest.'²²²

5.30 According to the survey conducted by APPA, 86.9 per cent of NSW principals²²³ believed that their schools were receiving projects that the community wanted.²²⁴ However in contrast, the PSPF survey states: 'Principals have provided many examples and described their frustrations at having local priorities and requests ... ignored'.²²⁵ The lack of local decision making is considered in more detail later in this chapter.

5.31 NSW Government agencies emphasised that project priorities were imposed by the Commonwealth.²²⁶ Mr Leece commented:

Both the Department [DET] and indirectly my Taskforce were the middlemen in the negotiations between the school principals and the Federal Government. The Federal Government put out a shopping list of items that schools could have on the basis that they had two projects per school.²²⁷

5.32 A performance audit by the Australian National Audit Office (ANAO) found that the Commonwealth Government took an unnecessarily prescriptive approach to administering P21:

While designed to give effect to the objective of the stimulus package, the approach adopted by the [Department of Education, Employment and Workplace Relations] has reduced the capacity of school systems to take account of system priorities and the differing needs of schools in their systems, within the Australian Government's policy parameters for the program.²²⁸

²¹⁹ Mr Vellar, Evidence, 30 June 2010, p 2

²²⁰ Mr Coutts-Trotter, Evidence, 18 June 2010, p 22

²²¹ For example, Submissions 67, 123 and 124; and Ms Helena Bark, President, Cattai Public School P&C Association, Evidence, 30 June 2010, p 42

²²² Submission 74, John Purchase Public School P&C Association, p 5

²²³ This figure includes Government, Catholic and Independent school principals. The survey also found that 87.6 per cent of principals from government schools Australia-wide agreed that their schools were receiving projects the community wanted, however the government school figure was not broken down by jurisdiction.

²²⁴ Tabled document, *Australian Primary Principals Association - Building the Education Revolution Survey Report*, p 13

²²⁵ Submission 109, Primary Schools Principals Forum, p 3

²²⁶ Submission 113, p 16; Mr Leece, Evidence, 30 June 2010, p 67

²²⁷ Mr Leece, Evidence, 30 June 2010, p 67

²²⁸ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, Audit Report No. 33 2009-10, Performance Audit, p 18

- 5.33** The audit found that the Commonwealth's BER Guidelines 'unduly constrained the flexibility of authorities to determine how the program will be delivered within their jurisdictions.'²²⁹
- 5.34** A Senate inquiry into P21 similarly found that the Commonwealth's Guidelines were poorly designed and resulted in a lack of flexibility in targeting areas of need.²³⁰
- 5.35** However, some flexibility does exist within the Guidelines, which allow schools to apply for priorities lower on the list if they can provide a reasonable explanation as to why they are not seeking funding for higher priority items.²³¹ The PSPF believes that the NSW Government did not take advantage of this:

PSPF is disappointed that the Director General did not communicate more forcefully and decisively with the Federal Authorities (via the State Minister) to insist on greater flexibility in the process to allow for local priorities to be respected and honoured and for higher quality structures to be erected.²³²

- 5.36** In a submission to the Inquiry, the Hon Thomas George MP noted that non-government schools took advantage of such flexibility, and were generally able to construct what they wished.²³³ Schools in the Catholic system were not only permitted to choose projects listed lower on the priority list (if it better suited their needs), but they were given the flexibility of changing their priorities. Dr Daniel White, Executive Director, Catholic Education Commission, said:

[We] applied for variations through the Commonwealth if the school thought they wanted to build six classrooms in a particular area but had rethought that and actually wanted to refurbish the library and build a hall. We had enough flexibility in the process to adjust if the community, with more consultation, decided on a new priority.²³⁴

Committee comment

- 5.37** The Committee agrees that the NSW Government took an unnecessarily prescriptive approach to the Commonwealth's BER Guidelines in relation to project priorities. It is unfortunate that the NSW Government did not take advantage of the flexibility contained within those Guidelines, particularly given the evidence that the authorities which did make use of the flexibility achieved better results.

Finding 4

That the NSW Government took an overly prescriptive approach to the Commonwealth's BER Guidelines in relation to project priorities.

²²⁹ Australian National Audit Office, *Building the Education Revolution – Primary Schools for the 21st Century*, Audit Report No. 33 2009-10, Performance Audit, p 17

²³⁰ Australian Senate, Education, Employment and Workplace Relations Committee, *Primary Schools for the Twenty First Century Program – Interim report*, June 2010, p 28

²³¹ Australian Government, *Building the Education Revolution Guidelines*, Version 3, 21 September 2009, p 8

²³² Submission 109, p 11

²³³ Submission 118, Hon Thomas George MP, p 5

²³⁴ Dr Daniel White, Executive Director, Catholic Education Commission, Evidence, 18 June 2010, p 3

- 5.38** While we acknowledge that school principals signed off on projects, we also acknowledge that faced with the prospect of receiving nothing at all, many principals would have opted to accept a building not entirely suited to their needs.
- 5.39** The Committee recognises that the NSW Government took such a rigid approach to priorities and templates due to the size and volume of P21, and the need to roll it out within a short timeframe. We understand that allowing custom options at every school would have delayed this process. However we maintain the view that some flexibility should (and could) have been allowed.
- 5.40** The Committee believes that more flexibility should be allowed in relation to the project priority list for the remaining P21 projects.

Recommendation 1

That for the remaining P21 projects in NSW public schools, the NSW Government should allow a flexible approach to the priority list of project types set out in the Commonwealth BER Guidelines.

Fitness for purpose

Building and design functionality

- 5.41** A number of schools raised concerns with the Committee about the building and design functionality of their P21 projects.
- 5.42** For example, Tottenham Central School received a canteen which they said is unusable as it is too small. The school's P&C Association stated that there is inadequate room for food preparation as the majority of bench space would be taken up by cooking appliances (the canteen is currently not being used), and there is insufficient space for the necessary whitegoods or lunch crates.²³⁵ This is exacerbated by the fact that the school is 160 kilometres away from the nearest major town centre and only receives deliveries on a weekly or sometimes fortnightly basis.²³⁶
- 5.43** Mr Roger Baker, Treasurer, Tottenham Central School P&C Association, commented: 'When you are talking about buildings that are to last for 60 years do you not think you would build something into which a school can grow? It will be there forever, and it is inadequate now.'²³⁷
- 5.44** The new canteen lacks staff toilet facilities, a secure storage area, and a large shelter area for children (it has a small awning) – all of which are features in their old canteen.²³⁸ The building is neither vermin nor dust proof²³⁹ (a significant issue being in central New South Wales), yet

²³⁵ Submission 119, Tottenham Central School P&C Association, p 3

²³⁶ Mr Rick Bennett, President, Tottenham Central School P&C Association, Evidence, 30 June 2010, p 94

²³⁷ Mr Roger Baker, Treasurer, Tottenham Central School P&C Association, Evidence, 30 June 2010, p 88

²³⁸ Submission 119, Tottenham Central School P&C Association, p 3

²³⁹ Submission 119, p 3

for some reason it has been built out of double brick – a feature which has left the school's P&C President, Mr Rick Bennett, utterly perplexed.²⁴⁰

- 5.45** Mr Bennett referred to Mr Leece's value for money building analogy of a cheap, poorly designed car compared to an expensive, well-designed car (see quote at paragraph 4.4), and said:

He was talking about taking the value of cars and he was comparing it with cars. We have a scooter; there is no way that we got a car. We are now stuck in a position where we have a canteen that is not usable.²⁴¹

- 5.46** Mr Arthur Rorris from the Mount St Thomas Public School P&C Association used the same car analogy in relation to the hall at his school which does not fit all of the students (discussed earlier in the case study at 5.18):

We liken it to building a garage for your car that is double brick and got the perfect sound equipment and sprung floors but it does not fit your car. And if it does not fit your car there is a fundamental problem.²⁴²

- 5.47** Mr Rorris also questioned the functionality of temperature and acoustic design features in Mt St Thomas' hall, noting that in order to fit all of the students, the 'big garage door' at the end of the hall had to be opened so that the rest of the students could sit outside, and as such:

... all of the value-added things, such as the acoustic treatments and the fact that we were not getting air-conditioning or anything like that (because the hall was designed to such a high standard that it would meet both climate and acoustic standards), once you open that door there goes your climate control and there goes your acoustics so it completely works against those design principles by opening the big door.²⁴³

- 5.48** The Committee heard examples of COLAs being built with 'acoustic measures'. In response to questioning as to the functionality of this noise-reduction feature, given that COLAs have no walls, DET explained:

Schools report that COLAs without appropriate acoustic lining tend to be very noisy, as a result of external noise (eg rain) and internal noise (eg from student activity). COLAs are designed as teaching spaces as well as to accommodate a wide range of student recreation activities. This means it's important for students in a COLA to be able to hear clearly, and for teachers to be able to give instructions without having to shout.²⁴⁴

²⁴⁰ Mr Bennett, Evidence, 30 June 2010, p 89

²⁴¹ Mr Bennett, Evidence, 30 June 2010, p 86

²⁴² Mr Rorris, Evidence, 30 June 2010, p 14

²⁴³ Mr Rorris, Evidence, 30 June 2010, p 15

²⁴⁴ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, Question 11, p 5

Lack of flexibility with design templates

5.49 To enhance efficiency the BER Guidelines stipulate that design templates should be used 'wherever possible' on BER projects.²⁴⁵ In New South Wales, DET used its own detailed templates, which incorporate the School Facilities Standards.

5.50 As with the priority list, concerns were also raised regarding DET's inflexible approach to template designs. For example, Ms Bark told the Committee about Cattai Public School's unsuccessful attempts to modify their P21 library. The school had wanted a hall, however they accepted the library as they were told if they did not take it they would receive nothing at all.²⁴⁶ Given that the school already had a new 18 month old library, Ms Bark attempted to have the library modified so that the school could try to use it as a hall:

I asked the good folk at Multiplex whether we could modify the design of the library to suit our particular needs. I said, "We have a library but we really need a hall. Can you deliver us an empty library? If we have to have a library could it be empty? Do we have to have everything in it?" I was told, "No, it cannot be changed. Nothing can be changed." I said, "Okay, if it is going to be a 14 by 10, could we have one 16 by 8?" so that we could get it long enough and maybe we could work on something like that. I was told no.²⁴⁷

5.51 Ms Bark criticised the inflexibility surrounding the project, stating that it was her biggest concern with the Program:

There is a building that cannot be moved, changed, reshaped, resized – there can be no changes to it at all except the price, and the price can change at will without any explanation. But it seems to be the only element of the entire project that can change. The rest was fixed in stone.²⁴⁸

5.52 Another example was given by the principal of Urana Central School, Mr Noel Maddern, who tried to get the BER Design Range [BDR] library at his school extended as it was too small. Mr Maddern stated:

It should be noted that our library is required for use by ALL students in our school, from Kindergarten to Year 12, NOT JUST the primary students. Our library needs to have resources for the whole school. Despite my efforts in getting this point across last year, nobody took any notice of it, and I was not permitted to negotiate a larger building ...²⁴⁹

5.53 Mr Maddern said he had been advised by the builders that it would cost them 'very very little' to extend the library, but that they were not allowed to by DET, even if the school paid the extra cost out of their own funds.²⁵⁰

²⁴⁵ Australian Government, Nation Building, Economic Stimulus Plan - Building the Education Revolution Guidelines, Version 3, 21 September 2009, p 2

²⁴⁶ Ms Bark, Evidence, 30 June 2010, p 42

²⁴⁷ Ms Bark, Evidence, 30 June 2010, p 36

²⁴⁸ Ms Bark, Evidence, 30 June 2010, p 44

²⁴⁹ Submission 5, Urana Central School, p 1

²⁵⁰ Submission 5, p 1

- 5.54** In comparison, the NSW Catholic and independent school systems did not impose the use of template designs. Mr Walsh told the Committee:

We convinced them [the Commonwealth] that we have been around a long time and done this job very well and we would complete them on time, so why force templates on us when we have never used them. And they do not fit buildings anyway.²⁵¹

- 5.55** The BER Taskforce reported that while the Victorian Government also used design templates, they were more widely used in the NSW system.²⁵² It also found that DET took a generally prescriptive approach to the BER Guidelines, particularly compared to non-government authorities, which sought and gained exemptions from the use of templates and priorities.²⁵³ The Taskforce reported that the education authorities which maximised the use of the flexibility provisions within the Guidelines achieved a higher level of stakeholder satisfaction.²⁵⁴

Aesthetics

- 5.56** Some inquiry participants suggested that the lack of fitness for purpose extended to the aesthetic quality of their new facilities, with some schools complaining that the physical appearance of their BER structures do not fit in with the rest of the school.²⁵⁵
- 5.57** For example, the Nashdale Public School P&C Association said that they were never consulted about the style or colour of their P21 building, which is markedly different in appearance from their school's 1924 heritage listed building. The P&C Association stated: 'Standing beside our predecessors' legacy (of a building over a century old) will be our legacy to our children (a pre-fabricated tin building worth nearly 1 million dollars...)'.²⁵⁶
- 5.58** Similarly, Corowa South Public School P&C Association, which also has heritage listed buildings, criticised DET's inflexible approach to the colour, size and materials of buildings. They referred to their new library as 'an eyesore', commenting: 'The character, construction and appearance of this building is not suitable for our school.'²⁵⁷
- 5.59** Concerns about aesthetics extended to concerns about the gap between public and private schools. Mr Brian Chudleigh, Deputy Chairperson, PSPF, compared Appin Public School, which received a prefabricated hall, to the nearby St Paul's Catholic school, which received a 'magnificent brick building just looking a million dollars.'²⁵⁸ Mr Chudleigh said '[t]he difference was chalk and cheese', and stated:

We are old and experienced enough to believe that the physicalness of schools, as well as the physicalness of classrooms, is a very important contributing factor to the quality of the educational offerings in a school ... Down the track is the rhetorical question:

²⁵¹ Mr Walsh, Evidence, 18 June 2010, p 8

²⁵² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 29

²⁵³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 37

²⁵⁴ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 37

²⁵⁵ For example, Submissions 13, 101, 117, 128 and 130

²⁵⁶ Submission 117, p 10

²⁵⁷ Submission 101, p 2

²⁵⁸ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 56

Are we going to be losing enrolments because people may prefer the other ... ? Are they going to prefer St Paul's as opposed to Appin primary school because it looks better, it appears better, it must be better because it appears to be so. The long-term ramifications could be that we see again this present construction program undermining the status of public education in view of the community because it will be seen as a lesser option.²⁵⁹

- 5.60** The impact of physical differences between public and private sector facilities was also discussed by Mr Gary Zadkovich, Deputy President, NSW Teachers Federation:

[T]he great disappointment for public school communities is that even when we finally achieve a Commonwealth program of this magnitude ... it is so disappointing now to see that the pattern is that in a public school community it looks cheaper because it is pre-fabricated modular. If you look at a private school alternative it just looks more polished, higher quality because it is bricks and mortar. We still have that disparity, that discrepancy and that is so hurtful in the public school sector when we have been campaigning for years for this kind of investment and even when we finally achieve it ... to then see disparity and discrepancies was greatly disappointing.²⁶⁰

Committee comment

- 5.61** The lack of flexibility in DET's approach to the application of templates has undoubtedly resulted in serious fitness for purpose issues. This has often been further exacerbated by DET's inflexible approach to project priorities. The Committee is particularly concerned to hear that some P21 buildings are not even being used because they are not functional for the school's purposes.

Finding 5

That a number of NSW public schools have P21 buildings that are not fit for their purpose, due to the NSW Government's inflexible approach to project priorities and design templates.

- 5.62** Given the relatively small number of projects left to be completed, and given that building timeframes are no longer urgent, the Committee urges DET to allow a more flexible approach to design templates for the remaining P21 projects in NSW public schools. This could either be through allowing schools to modify their design templates, or not enforcing use of the templates at all.
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Recommendation 2

That for the remaining P21 projects in NSW public schools, the NSW Government should allow a flexible approach to building design templates.

²⁵⁹ Mr Chudleigh, Evidence, 18 June 2010, p 56

²⁶⁰ Mr Gary Zadkovich, Deputy President, NSW Teachers Federation, Evidence, 18 June 2010, p 41

Local decision-making

5.63 Many of the fitness for purpose issues raised in this chapter may have been avoided if NSW public school communities had been involved in key decisions regarding their new facilities. This is evident by looking at the successful NSW Catholic school experience, where principals, parents and local communities were fully involved in their P21.²⁶¹ Mr Walsh told the Committee that Catholic school communities were 'delighted with their new facilities',²⁶² stating:

We have not experienced on the ground any negative assessment of the program. Schools have built what they desired. In consultation with professional support, principals have been fully involved in the process.²⁶³

5.64 Dr White said that the key to the Catholic school system's success was approaching the projects as a partnership arrangement, rather than as an external manager driving the project. He informed the Committee that sign-offs were made at five critical decision-making points, 'just to ensure that the local level were getting the facilities they wanted rather than the facilities we thought they needed to have.'²⁶⁴

5.65 The advantages of schools being genuinely involved in local decision-making and receiving what they wanted, rather than what someone else told them to have, were also highlighted by the principal of the independent Hunter Valley Grammar School, Mr Paul Teys:

We've been successful because we're independent. We can make all our own decisions here, we're not a bureaucracy, we don't have central decision making and we were able to appoint the people we wanted to work with for our project. We weren't told who we had to work with and fit in with other schedules and other priorities.²⁶⁵

5.66 A Senate inquiry into P21 found that in New South Wales, once control was given to DET, 'the problems multiplied as school communities had their capacity for involvement and decision making removed.'²⁶⁶

5.67 The importance of local decision-making was also acknowledged by the BER Taskforce, which recommended in its interim report that school stakeholders be more involved in decision-making at key points throughout the remaining delivery process. The Taskforce stated that: '[T]he best design and education outcomes are achieved through consultation. This principle should be applied for all BER P21 projects which are yet to be completed.'²⁶⁷

Committee comment

5.68 The importance of allowing school communities to be involved in local decision-making is clear to the Committee. It is unfortunate that this has not occurred in the delivery of P21

²⁶¹ Mr Walsh, Evidence, 18 June 2010, pp 2-3

²⁶² Mr Walsh, Evidence, 18 June 2010, p 2

²⁶³ Mr Walsh, Evidence, 18 June 2010, p 3

²⁶⁴ Dr White, Evidence, 18 June 2010, p 8

²⁶⁵ Submission 43, Hunter Valley Grammar School, p 43

²⁶⁶ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 44

²⁶⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 9

projects in NSW public schools, as it has led to numerous public schools receiving projects that they did not want, or that are not fit for their purpose.

- 5.69** The Committee agrees with the Commonwealth BER Taskforce that school stakeholders be more involved in decision-making at throughout the remaining P21 delivery process.

Finding 6

That the NSW Department of Education and Training failed to engage with school communities including teachers and principals and consequently lost opportunities to contain costs and achieve outcomes that best suited each school.

Recommendation 3

That for the remaining P21 projects in NSW public schools, the NSW Government should ensure school communities are genuinely involved in decision-making regarding their facilities.

Unflued gas heaters

- 5.70** A side issue related to the quality of DET facilities is unflued gas heaters. There are 55,000 unflued gas heaters in NSW schools,²⁶⁸ 1,400 of which have been installed under the BER Program.²⁶⁹

- 5.71** Serious concerns have been raised about the health effects of unflued gas heaters, as outlined by Mr Oliver Raschke, Secretary of the Corowa South Public School P&C Association:

These types of heaters have been identified as being dangerous, since they release gases produced in the combustion process directly into the room in which they are installed. The gases which will be directly released into the library include carbon monoxide and nitrogen dioxide. There is no ventilation in these heaters, and the builders did not provide any in the area around them. These heaters are dangerous and completely unsuitable; these gases being released without adequate ventilation can cause carbon monoxide poisoning and trigger asthma attacks.²⁷⁰

- 5.72** As a result of school and community concerns, the NSW Minister for Education and Training, the Hon Verity Firth MP, halted the installation of unflued gas heaters in May 2010. On 9 June 2010 the Minister announced a \$15 million program to replace 2,738 unflued gas heaters at schools located in the coldest areas of the state.²⁷¹

²⁶⁸ 'NSW govt promises heater timetable soon', *Sydney Morning Herald*, 12 August 2010 <<http://news.smh.com.au/breaking-news-national/nsw-govt-promises-heater-timetable-soon-20100812-120sv.html>> (Accessed 17 August 2010)

²⁶⁹ Answers to additional questions on notice, 18 June 2010, NSW Department of Education and Training, p 6

²⁷⁰ Submission 101, Mr Oliver Raschke, Corowa South Public School P&C Association, p 2

²⁷¹ Hon Verity Firth MP, Minister for Education and Training, 'Replacement program for school heaters', *Media Release*, 9 June 2010; 'Safe heaters soon for 101 schools, the other 2100 will just have to wait', *Sydney Morning Herald*, 12 August 2010

- 5.73** The NSW Government commissioned a report from the independent Woolcock Institute to advise on the health risks of unflued gas heaters.²⁷² The Woolcock report, released on 27 July 2010, found that the heaters led to a small increase (0.5 per cent) of coughing and wheezing, and reported that 'there is no measureable reduction in a child's breathing capacity'.²⁷³ Mr Coutts-Trotter stated:

The study indicates that while there is reason to take action in a careful and measured way, there is no cause for undue alarm. The study's authors recommend that we investigate an alternative source of heating to unflued gas heaters. The NSW Government has agreed to this.²⁷⁴

- 5.74** The NSW Government has since pledged to replace all unflued gas heaters in NSW public schools at a cost of between \$170 million and \$400 million, however no timeframe has been given.²⁷⁵

Committee comment

- 5.75** The Committee notes the findings of the Woolcock report, and supports the NSW Government's decision to remove all unflued gas heaters from NSW schools. The Committee urges this to occur as soon as possible.

²⁷² Answers to additional questions on notice, 18 June 2010, Department of Education and Training, p 6

²⁷³ NSW Department of Education and Training, 'Director General's message to all principals about the study of classroom gas heaters', 27 July 2010 <<http://www.schools.nsw.edu.au/news/announcements/yr2010/jul/gas-heaters.php>> (Accessed 17 August 2010)

²⁷⁴ NSW Department of Education and Training, 'Director General's message to all principals about the study of classroom gas heaters', 27 July 2010 <<http://www.schools.nsw.edu.au/news/announcements/yr2010/jul/gas-heaters.php>> (Accessed 17 August 2010)

²⁷⁵ Hon Verity Firth MP, Minister for Education and Training, 'Replacement program for school heaters', *Media Release*, 27 July 2010; 'Safe heaters soon for 101 schools, the other 2100 will just have to wait', *Sydney Morning Herald*, 12 August 2010; 'NSW govt promises heater timetable soon', *Sydney Morning Herald*, 12 August 2010

Chapter 6 Cost and time

This chapter considers whether value for money has been achieved in NSW public schools in the context of cost and time. It examines evidence regarding inflated building costs in NSW public schools, particularly compared to schools in other systems, and compares the costs of DET facilities prior to the BER Program. Concerns about cost overruns, designer documentation and unexplained cost and project variations are also considered, as is the impact of the shortened timeframe on value for money.

Inflated project costs

Square metre costs

- 6.1 Inquiry participants argued that the cost of building P21 projects in NSW public schools were inflated. Some of the high per square metre costs quoted by schools include \$6,666 for classrooms,²⁷⁶ \$9,444 for a library,²⁷⁷ \$9,825 for a Special Purpose room,²⁷⁸ and \$11,000 for a canteen.²⁷⁹
- 6.2 The Commonwealth BER Taskforce's (the 'BER Taskforce's) preliminary investigations found that the average total project cost in New South Wales is \$3,900 per square metre, the highest in Australia. In comparison, the other large government school systems in Victoria and Queensland averaged \$2,849 and \$2,829 per square metre respectively. The average cost Australia-wide ranged from \$1,727 to \$3,900 per square metre, with the overall average being \$2,584. The BER Taskforce noted that these are early findings which will vary once the sample size increases.²⁸⁰
- 6.3 DET argued that average square metre rates are misleading and should not be relied on as they fail to take into account site specific issues at each school:

Square metre rates are very rough, often unreliable, and don't include the costs of site specific issues or associated building works such as design finalisation, statutory planning, power upgrades or temporary teaching accommodation.²⁸¹

Rawlinsons Construction Handbook

- 6.4 A number of schools compared the costs of their BER structures to the average costs listed in Rawlinsons Construction Handbook. The Handbook is the leading reference book within the Australian construction industry and provides a guide to average construction costs, including building prices, regional indices and building costs per square metre.²⁸²

²⁷⁶ Submission 111, Abbotsford Public School, p 7

²⁷⁷ Submission 99, Mt Pleasant Public School P&C Association, p 1

²⁷⁸ Submission 55, Mary Brooksbank P&C Association, p 2

²⁷⁹ Mr Rick Bennett, President, Tottenham Central School P&C Association, Evidence, 30 June 2010, p 94

²⁸⁰ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 26

²⁸¹ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab C, p 2

²⁸² <http://www.rawlhouse.com/aust_construction_handbook.html> (accessed 2 August 2010)

- 6.5** For example, Tottenham Central School P&C Association noted that under Rawlinsons 2009, a single storey, standard finish school building with no air conditioning in the Sydney region should cost around \$1,260 - \$1,360, whereas their school's canteen cost around \$11,000 per square metre.²⁸³
- 6.6** More recent figures were provided in a media interview with the principal of Rawlinsons Australia, Mr Paul McEvoy, who said that school buildings now typically cost between \$1,300 - \$1,400 per square metre to build. Mr McEvoy said that he had 'no idea' why school halls and libraries in New South Wales were being delivered at \$5,400 and \$5,800 per square metre respectively.²⁸⁴ He advised that building costs under BER would be excluded from the Handbook's future figures:

We produce this handbook each year and we have people undertaking cost research all year round to ensure its accuracy ... We discard anomalous projects where it looks like something is erroneous. We would never say it is going to cost \$5000 (per sq m) to build a school hall. We have so many examples of projects where buildings are consistent with our cost estimates; we would simply not use this [information].²⁸⁵

- 6.7** DET argued that construction handbooks such as Rawlinsons should not be used to make comparisons with BER projects, and that the Handbook had been used 'to make spurious claims about cost overruns in the program.'²⁸⁶ The Department asserted that the Handbook should only be used by people with expertise in the construction industry, and noted that Rawlinsons does not factor into account other costs such as design and project management fees, statutory planning approvals, demolitions or environmental issues, all of which are included in BER project costings.²⁸⁷ DET insisted that the building costs per square metre in Rawlinsons should be used as a rough guide only, adding:

The section of Rawlinsons that deals with building cost rates is quite a small part of the handbook, and would suggest that in industry probably more use is made of the remainder of the publication ...²⁸⁸

Self-obtained quotes

- 6.8** Cost comparisons were also made by schools which obtained their own quotes from local builders. Several principals who had initially considered self-managing received quotes for their school projects which were significantly lower than what the NSW Government is paying under the managing contractor system.
- 6.9** For example, the principal of Urana Central School, Mr Noel Maddern, received a quote from a local builder for a new library for approximately \$160,000. After being dissuaded by DET from self-managing, the school ended up with a smaller, prefabricated BER Design Range (BDR) library under P21 for over \$310,000. Mr Maddern stated that the ultimate irony was:

²⁸³ Mr Bennett, Evidence, 30 June 2010, p 94

²⁸⁴ 'Surveyor rejects 'insane' BER costs', *The Australian*, 10 May 2010

²⁸⁵ 'Surveyor rejects 'insane' BER costs', *The Australian*, 10 May 2010

²⁸⁶ Submission 113, NSW Department of Education and Training, p 10

²⁸⁷ Submission 113, p 10

²⁸⁸ Submission 113, p 10

"The company I originally sought the quote from back in Feb/March 2009, are the company that are subcontracted to build the BDR!!!"²⁸⁹

- 6.10 The issue of principals being dissuaded from self-managing P21 projects is discussed in the next chapter.

Pre-BER costs

- 6.11 As mentioned in the last chapter, DET attributed the higher costs of school building in NSW public schools to higher standards. However this proposition was challenged by inquiry participants who argued that even with the same building standards, costs of building projects in NSW public schools during the BER were substantially higher than costs pre-BER: "There are hundreds of examples of buildings supplied pre BER now costing double under the BER."²⁹⁰

- 6.12 For example, Hastings Public School was due to receive a Covered Outdoor Learning Area (COLA) under P21 in 2010. The COLA was originally quoted at around \$400,000, which later increased to \$954,000, with no information provided to the school to explain the increase. The School Council said that in comparison they had built a slightly smaller COLA in 2003 for \$78,000.²⁹¹ The school's principal, Mr Grant Heaton, spoke to the local builder who built the first COLA, who told him:

... with a great sense of embarrassment, [that he could] have quoted \$300,000, but he said that even at \$250,000, he was making a very healthy profit. He could not see where \$954,000 was going into the COLA.²⁹²

- 6.13 It was reported that more than two-thirds of Hastings' \$954,000 COLA was to pay for 'exorbitant extra features, fees, costs and charges',²⁹³ including:

\$150,000 on "acoustic measures", \$94,300 in "supervision fees", \$80,000 in "preliminaries", \$210,944 in "design" and "contingencies", \$23,600 in "landscaping", \$41,300 in "lighting and power" and \$69,625 in "other charges".²⁹⁴

- 6.14 An audit conducted by DET which compared the 2010 COLA and the 2003 COLA found that the 2010 COLA was 'substantially larger', conformed to School Facilities Standards, had additional features such as lighting and power, and included design and project management costs – all features which the 2003 COLA did not have. Nonetheless, even when these differences were factored in and costs adjusted for inflation, the audit still found a significant cost variance, and therefore concluded that the 2010 COLA did not represent value for

²⁸⁹ Submission 5, Urana Central School, p 1

²⁹⁰ Submission 97, Mr Craig Mayne, p 7

²⁹¹ Submission 3, Hastings Public School – School Council, pp 1-3

²⁹² Mr Grant Heaton, Representative, NSW Teachers Federation and Principal, Hastings Public School, Evidence, 18 June 2010, p 50

²⁹³ 'BER fails test on value for money', *The Australian*, 31 July 2010

²⁹⁴ 'BER fails test on value for money', *The Australian*, 31 July 2010

money.²⁹⁵ The COLA was subsequently scrapped from the school's plans and replaced with four classrooms.²⁹⁶

6.15 A similar example was given by Ms Helena Bark, President, Cattai Public School P&C Association, who informed the Committee that her school built a COLA to departmental specifications one-and-a-half years ago at a cost of \$32,000. This was compared to the smaller COLA originally offered to the school²⁹⁷ under P21 for \$202,444.²⁹⁸

6.16 The NSW Teachers Federation cited figures showing that more than 40 COLAs are being delivered in New South Wales at a cost of over \$800,000 each.²⁹⁹ DET advised that the costs of COLAs constructed under BER in New South Wales has been reviewed, and that the report is presently with the NSW Minister for Education and Training.³⁰⁰

6.17 The costs of modular buildings before and during the BER Program were also questioned during the Inquiry. In regard to standard prefabricated double classrooms, the NSW Teachers Federation said:

[They are] typically built and fully installed by manufacturers to specifications similar to those under the BER at a price of \$500,000. Under the BER, the same structures are being costed at between \$800,000 and \$1 million, 60% higher than the standard rate.³⁰¹

6.18 Similar figures were quoted in a submission from the NSW Liberals & Nationals:

According to the companies that have designed and built them [prefabricated classrooms] for the past 20 years, under the BER they are double what they should cost ... Pre-BER the costs were up to \$339,000, and fees of between \$62,000 and \$107,000 to connect to water and electricity. Now, taxpayers are paying \$850,000 plus for the 189 prefabricated buildings.³⁰²

6.19 During evidence the Nashdale Public School P&C Association compared the cost of its new demountable building to one at a nearby public school, issued by DET pre-BER:

[We] questioned why within the past 2 years, Orange East Public School had received a new MDR [Modular Design Range] building identical to the one that Nashdale was allocated, and the cost of this building was approx \$460k, whilst Nashdale's building was over \$900k. The building at Orange East Public School was issued and managed by the local office of the Asset Management Unit.³⁰³

²⁹⁵ NSW Department of Education and Training, Audit Report, *Hastings Public School COLA - Review of the Tendering Processes and Costs*, April 2010, p 8 and p 11

²⁹⁶ Submission 3, pp 2-3

²⁹⁷ The latter COLA was listed on the school's original P21 project plans, however disappeared off later plans.

²⁹⁸ Ms Helena Bark, President, Cattai Public School P&C Association, Evidence, 30 June 2010, p 36

²⁹⁹ Submission 87, NSW Teachers Federation, p 8 (citing 'BER fails test on value for money', *The Australian*, 31 July 2010)

³⁰⁰ Answers to questions on notice taken during evidence 18 June 2010, NSW Department of Education and Training, Question 5, p 2

³⁰¹ Submission 87, p 8

³⁰² Submission 121, NSW Liberals & Nationals, p 7

³⁰³ Submission 117, Nashdale Public School P&C Association, p 6

6.20 Departmental witnesses suggested that the shortened timeframe for rolling out BER projects added a premium to costs. As outlined in chapter 3, the strict requirement imposed by the Commonwealth Government to finish P21 projects on time was one of the key reasons for the NSW Government choosing the managing contractor model, as it transferred the risk of time to contractors. Mr Coutts-Trotter said:

We estimate [a premium of] probably 3 to 4 per cent is involved in the P21 program because of the way it has been delivered and because we have shifted that risk ... It is the compression of time and with that comes actually having to build while schools are open, with children running around. Ordinarily we can choreograph our work in a way that means most of it happens when children are not at schools. The moment you are doing major building work among groups of very young children, you have a whole series of safety concerns and expenses associated with managing those risks.³⁰⁴

6.21 However Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, disputed that building during school hours should have a significant impact on project costs:

[T]he safety of children is the province of the teachers and principal. The contractor simply comes, prepares the site, fences off the site like they do in any building or construction site and then the teachers supervise the children whilst they are in the playground.³⁰⁵

6.22 It was further suggested that the short timeframe may have impacted costs in the marketplace. Mr Brian Baker, Deputy Director General, NSW Department of Services, Technology and Administration, commented:

[I]f you are going to move ahead very quickly you may be paying a premium in relation to achieving best price in the marketplace. Also in a marketplace which could be moving very quickly, a very increased demand in the marketplace normally would push up prices as well. So expectation would be that with a very large program you will see prices increase ...³⁰⁶

6.23 However he qualified his statement by saying that he had not undertaken a detailed analysis of costs before and during the BER.

6.24 In its interim report the BER Taskforce found that project costs were only materially higher than would have been obtained pre-BER for some, but not all, of the 22 education authorities.³⁰⁷ With the limited data it had, the Taskforce said:

[W]e 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%.³⁰⁸

³⁰⁴ Mr Michael Coutts-Trotter, Director General, Department of Education and Training, Evidence, 18 June 2010, p 25

³⁰⁵ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 55

³⁰⁶ Mr Brian Baker, Deputy Director General, NSW Department of Services, Technology and Administration, Evidence, 30 June 2010, p 74

³⁰⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, pp 8-9

³⁰⁸ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 9

- 6.25** As with all of its interim findings, the Taskforce undertook to investigate this further before it released its final report.³⁰⁹

Incidental costs

- 6.26** In addition to comparatively high costs for building structures, inquiry participants also raised concerns about the high costs of incidentals. Examples provided to the Committee include \$23,044 for landscaping (which consisted of 'about 4 square metres of turf and 17 pot plants'),³¹⁰ \$36,000 for a five metre electric cable,³¹¹ and \$61,866 for electrical services in a toilet block.³¹² The Stuarts Point Public School P&C Association made the following observations at their school:

Electrical services of \$20,256 and electrical site services of \$25,000 for work that an independent electrical contractor advised should cost no more than \$7,000. Hydraulic services of \$20,256 and site hydraulic services also \$20,256 ... for work that an independent plumber advised was generously quoted at \$3,000. It is our understanding that hydraulic services consist of plumbing in one basin from the main, and guttering to the stormwater.³¹³

Designer documentation

- 6.27** Concerns were also raised by inquiry participants about the cost of 'designer documentation', such as \$81,453 for a standard Core 7 library ("Core 7" relates to the size of the library).³¹⁴ St Ives Primary School P&C Association told the Committee: '\$411,326 of our \$2.5 million has been spent on design and related issues.'³¹⁵ The Mary Brooksbank School P&C Association advised that design documentation and related costs for their Special Programs room total \$67,816.³¹⁶ The Association remarked: '[T]his would seem extreme being that this was a standard design being used by each school not designed specifically for each school.'³¹⁷
- 6.28** The submission from the NSW Liberals & Nationals states:

Individual schools had been charged as much as \$70,000 to pay for 'design documentation' for a standard COLA, despite the fact the State Government's own website includes a standard design for the construction of COLAs, including draft architect's plans.³¹⁸

³⁰⁹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 9

³¹⁰ Submission 77, Cattai Public School P&C Association, p 2

³¹¹ Mr Ross Craven, Representative, NSW Teachers Federation and Principal, Cassilis Public School, Evidence, 18 June 2010, p 44

³¹² Submission 46, Merrylands East Public School P&C Association, p 3

³¹³ Submission 13, Stuarts Point Public School P&C Association, p 2

³¹⁴ Submission 84, Yoogali Public School P&C Association, p 2

³¹⁵ Submission 110, St Ives Primary School P&C Association, p 1

³¹⁶ Submission 55, p 1

³¹⁷ Submission 55, p 1

³¹⁸ Submission 121, p 3

- 6.29** In response to questioning from the Committee as to why schools were paying up to \$70,000 for design documentation when there was already a 'cookie cutter standard template',³¹⁹ Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, DET, replied that design costs consist of three components:

It is putting the standard design on the ground, and that requires engineering design, architectural design and services research. It is the statutory planning documentation, and then it is the tender documentation to get that work. That is where those costs come from.³²⁰

Comparisons with NSW Catholic schools

- 6.30** Numerous comparisons were drawn between what NSW public schools received with their P21 funding compared to NSW Catholic schools. Cost differentials between the two systems were emphasised by inquiry participants, who claimed that NSW Government schools are paying nearly double what NSW Catholic and independent schools are paying.³²¹ One inquiry participant, Mr Craig Mayne, described the costs as 'grossly inflated' and 'eye watering'.³²²
- 6.31** For example, the Henty Public School P&C Association informed the Committee that under P21 they had their school hall renovated and toilet block refurbished at a cost of \$850,000. This was compared to a nearby private school which, with the same amount of funding, built two classrooms, a library and a new toilet block.³²³
- 6.32** The Henty Public School P&C Association advised that \$80,000 was spent on design fees and \$150,000 on building management for their school's project, compared to \$8,000 on design and \$20,000 on building management at the private school.³²⁴
- 6.33** Another example, given by Mr Chudleigh, was that for around \$3 million, Canley Vale Public School received four new classrooms and had five classrooms refurbished. In comparison, St. Christopher's School, also in Sydney, and which also received \$3 million, built:

... a new hall, including a stage; a COLA [Covered Outdoor Learning Area], which accommodates all children in the school; a toilet block by eight; two special learning areas for Reading Recovery; English as a second language room; a multipurpose library, including a soundproof room; storage area and staffroom, two storage sheds for P.E. equipment, et cetera; rainwater tanks; solar panels; and interactive whiteboards.³²⁵

³¹⁹ Hon Robyn Parker MLC, Evidence, 18 June 2010, p 33

³²⁰ Mr Angus Dawson, Programs Director, Building the Education Revolution Integrated Program Office, NSW Department of Education and Training, Evidence, 18 June 2010, pp 33 - 34

³²¹ Submission 97, p 2

³²² Submission 97, p 4

³²³ Submission 10, Henty Public School P&C Association, p 10

³²⁴ Submission 10, p 10

³²⁵ Mr Brian Chudleigh, Evidence, 18 June 2010, p 60

- 6.34** Mr Chudleigh commented: 'I think that is a classic example where the school has said, "Wow, \$3 million. What do we need? We will meet with the community. Here are our priorities, let's get them." They got just about every single thing they wanted.'³²⁶

Case study: Nashdale Public School

Nashdale Public School was informed it would be receiving two prefabricated classrooms under the BER Program, at a cost of \$907,000.

However, once construction began it quickly became clear that the school's P21 project was going to go over budget. As a result, the project was significantly descope. The school was told it would only be receiving one classroom, which would not even have solar panels, rainwater tanks or data cabling – all items which the school was originally assured it would have.

The school was also advised that the classroom would no longer have air conditioning. This became even more concerning once the building arrived and the school saw that it was made out of tin and plywood, with single-glazed windows. Given that temperatures in Nashdale reach minus six degrees in winter and over 30 degrees in summer, the school was at a loss to understand how it was expected to conduct classes in the new room during these periods.

The school community was further disheartened after reading about the BER success story at the nearby Orange Anglican Grammar School, which built a new library, hall, toilets, kitchen, bitumen car park, landscaping and footpaths \$923,000. Comparing this to Nashdale's barely equipped, \$907,000 prefabricated classroom, the P&C President, Ms June Coleman, declared: 'Our parents and citizens were outraged because this is what we wanted but we were denied.'

After the school community publicly voicing their concerns, DET conducted an audit of the half-complete project. DET informed the school that the cost of the prefabricated classroom was between \$344,000 - \$349,000. With regard to the remaining money, Ms Coleman said: '[W]e do not know where the money ha[s] gone. We have a fixed cost of \$344,000 but there is \$600,000 or so that we cannot allocate. We do not know where it is and nobody can tell us where it is.'

The DET audit further revealed that if the project continued as it were, the cost to finish the works would be \$1.04 million. As a result, DET has re-tendered the remaining works, which will delay the completion date of the project by up to five months.

* Submission 117, Nashdale Public School P&C Association; Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, pp 50-63

- 6.35** As discussed in the last chapter, architects engaged by the BER Taskforce found no significant difference between the quality of P21 projects in NSW public schools compared to NSW Catholic schools, with the Taskforce stating that it is 'yet to establish any definitive evidence that there is a whole of lifecycle cost difference in school building design standards and specifications between government and non-government education authorities.'³²⁷

³²⁶ Mr Brian Chudleigh, Evidence, 18 June 2010, p 60

³²⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 30

- 6.36** This was so even though the average total project cost calculated by the BER Taskforce was \$2,823 per square metre for NSW Catholic schools, compared to \$3,900 for NSW public schools.³²⁸ Costs per unit floor area were thus estimated to be 38.2 per cent greater in public schools than in the NSW Catholic school system.
- 6.37** More specific figures of costs in Catholic primary schools provided by the Catholic Education Commission were \$2,426 per square metre for classrooms, \$2,451 per square metre for libraries, and \$2,541 per square metre for halls.³²⁹ Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, stated:
- We have generally achieved per metre building costs usual for school buildings outside of BER. We have ensured that there has been no padding of projects or wasteful duplication.³³⁰
- 6.38** The effect of the difference in costs between the two sectors was highlighted in the submission from the NSW Liberals & Nationals:
- The NSW Catholic BGA [Block Grant Authority] has demonstrated that they can build classrooms with the BER funds for \$2426 per sq metre, including a 40% allowance for fit-out and design costs. In summary, The NSW Catholic BGA could have delivered the NSW public school BER program for \$1.85 billion – a \$1.1 billion saving to the Australian taxpayer.³³¹
- 6.39** Mr Bob Leece, Infrastructure Coordinator General, Department of Premier and Cabinet, downplayed such comparisons, arguing that true costings cannot be measured until the BER Program is complete:
- At the moment it is far too premature. On our website we are still putting up estimates. We still have contingencies in those estimates. We are releasing those contingencies and we do not have the final costs, nor do the Catholics. So any comparison that anybody gives you at this point in time, in any of the reviews and any audits, is far premature to have a realistic and genuine assessment.³³²
- 6.40** A Senate inquiry into P21 noted there was extensive evidence that the entire state school system has been 'achieving outcomes substantially inferior in terms of value for money than the independent and Catholic school systems in the same states.'³³³ Further, it found that problems with achieving value for money in public schools Australia-wide were not just restricted to specific cases, but were systemic in nature.³³⁴

³²⁸ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 26

³²⁹ Answers to questions on notice taken during hearing, Catholic Education Commission, 18 June 2010, Question 1, pp 8 - 9

³³⁰ Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, Evidence, 18 June 2010, pp 2 - 3

³³¹ Submission 121, p 5

³³² Mr Bob Leece, Infrastructure Coordinator General, Department of Premier and Cabinet, Evidence, 30 June 2010, p 73

³³³ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 44

³³⁴ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 44

Committee comment

- 6.41** The Committee notes the Taskforce's findings that the NSW Government system has the highest average total project cost out of all 22 education authorities in Australia, at nearly double the country's total average rate. They were also estimated to be 38.2 per cent higher than the costs in the NSW Catholic school system, where project form and geographic distribution are closely comparable to the public sector and underlying construction costs are identical. While we acknowledge that these findings are preliminary, and note that the findings are based on over 400 projects, we nonetheless express serious concern at the obvious trend.
- 6.42** DET argued that higher standards are the reason for the higher costs. We emphasise that the BER Taskforce has not found any significant difference between the quality of buildings in other school systems. Further, we note that this argument does not address the claim made by several schools that the same facilities constructed pre-BER cost significantly less than under BER.
- 6.43** The Committee acknowledges the argument that the short timeframes imposed by the Commonwealth on the construction of P21 projects have contributed to higher building costs, however note that all of the 22 education authorities had the same timeframes. While we realise that the NSW Government was the largest authority, with the greatest number of P21 projects, we also note that the Queensland and Victorian government school systems (the next two largest authorities) have significantly lower average per square metre rates than NSW government schools.
- 6.44** Based on the evidence received during the Inquiry, the Committee is of the view that the average costs for P21 projects in the NSW Government school system are unjustifiably inflated, particularly compared to other school systems. As such, we conclude that value for money has not been achieved in the context of costs.
- 6.45** We further note that this is consistent with the findings of the Senate Committee majority in its interim report into P21, which found that value for money is not being achieved for P21 projects in government schools where managing contractors are being used.³³⁵
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Finding 7

That in the context of costs of P21 projects in NSW public schools, value for money has not been achieved

Finding 8

That building costs under the BER Program are estimated to be significantly higher in NSW public schools compared to NSW Catholic schools, despite preliminary findings by the Commonwealth BER Taskforce that there is no significant difference in the quality of facilities in the two systems.

³³⁵ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 63

Other cost concerns

Cost overruns

- 6.46** Many schools experienced cost overruns with their P21 projects, some examples of which have already been outlined in this chapter.
- 6.47** Where project cost estimates appear to be going over budget, they have been 'descoped' by having items removed from their plans, such as air conditioning, water tanks, solar panels, interactive whiteboards, and sometimes COLAs or additional buildings.³³⁶
- 6.48** Descoped projects are a major concern for many schools, some of which have been told that they would need to pay for the 'extra' features from their own school funds.³³⁷ For example, under P21, Rous Public School had two air conditioned demountable classrooms replaced with a double modular classroom. The school was repeatedly promised from the beginning of the project that the new classroom would have air conditioning, however it was later removed from plans when the project went over budget. The President of Rous P&C Association stated:

Without air conditioning units, there is no way our students will be able to utilise these rooms due to safety and discomfort which will stop them from learning as they have in the past ... To purchase and install these Air Conditioning units will place a huge burden on our very devoted parents of the students and to raise this type of money may take many years. As our Air Conditioned rooms have been taken away it seems only fair to replace them with Air Conditioned ones.³³⁸

- 6.49** DET advised that if savings are identified toward the end of a project, scope items that may have been removed earlier may generally now be delivered.³³⁹ Additionally, DET advised that unused contingency funds are also being used to return descoped items to schools.

Contingency funds

- 6.50** Contingency funds from every project were set aside by DET at the beginning to cover unforeseen costs which may emerge after a project commenced, such as 'buried asbestos-containing materials, soil contamination, archaeological remains, endangered species or unidentified topographical or geological issues'.³⁴⁰ The contingency is five per cent of a school's funding allocation. Mr Leece explained:

[W]e structured the program so that we put in baskets, as you do in a normal program of this nature. You price and put in risks in the various elements of the program. As you work through the program ... you can progressively, as those risks are passed or

³³⁶ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 21

³³⁷ Submission 87, p 8

³³⁸ Submission 12, Rous P&C Association, p 1

³³⁹ Answers to additional questions on notice, 5 July 2010, NSW Department of Education and Training, Tab B, p 1

³⁴⁰ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Question 10, p 4

resolved, then release contingencies ... We have been releasing contingencies and we are now adding back scope to schools that had previously had scope reduced.³⁴¹

- 6.51** On 1 July 2010, the NSW Minister for Education, the Hon Verity Firth MP, announced that \$50 million of contingency funds would be released back to schools for descoped items. The Minister estimated that the released funding would deliver 3,000 whiteboards, as well as solar panels, water tanks and covered walkways, to around 900 public schools in the state.³⁴²
- 6.52** The Committee was further advised that if a school has received its full P21 project and still has leftover funds, the DET Integrated Program Office will seek to transfer the unused funding to another school through the budget transfers procedure.³⁴³ The budget transfers procedure enables leftover funding at one project to be transferred, with the Principal's permission, to another NSW public school project that needs it.³⁴⁴
- 6.53** Managing contractors can also factor in an allowance at the beginning of a project for design and price risk contingency. This is to cover any unforeseen costs relating to design documentation changes which may arise after the project is tendered. Unused design and price contingency funds are also released back to schools to deliver their full project scope, or if unneeded, transferred to another school.³⁴⁵

Committee comment

- 6.54** The Committee notes with concern that some schools are having to fundraise to purchase items that were originally told they would be receiving, but were later 'descoped' from their over-budget P21 projects. This is particularly concerning where schools originally had these items in buildings which have been replaced as part of the BER Program (such as air-conditioning), and are now worse off than when they started.
- 6.55** We acknowledge that cost savings or unused contingency funds will be used to return descoped items back to schools' projects, however we note that the funds may not be sufficient to compensate all schools for their descoped items.
- 6.56** Schools should not be left with the responsibility of fundraising to pay for much-needed items that they were originally promised, but which have been descoped as a result of poor implementation of a Program which has resulted in over-inflated costs. The Committee believes that at the end of the Program, once all unused contingency funds have been spent or reallocated, any schools which have not received their full, original project scope should have descoped items paid for by the NSW Government.

³⁴¹ Mr Leece, Evidence, 30 June 2010, p 71

³⁴² Hon Verity Firth MP, NSW Department of Education and Training, '\$50 million for extra school projects', *Media Release*, 1 July 2010 <<http://www.ber.nsw.gov.au/wp-content/uploads/Media-Release-50-Million-For-Extra-School-Projects-100701.PDF>> (Accessed 30 July 2010)

³⁴³ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Additional information, Tab C, p 4

³⁴⁴ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Additional information, Tab C, p 4

³⁴⁵ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Additional information, Tab C, p 4

Recommendation 4

That the NSW Government fund schools to receive their full project scope under P21.

Unexplained costs

- 6.57** Another issue raised during evidence concerned unexplained costs in BER projects. While inquiry participants did not overtly allege ‘rorting’ of funds (unlike the media³⁴⁶), implicit doubts were raised throughout the inquiry’s evidence.
- 6.58** For example, the Tottenham Central School P&C Association questioned why a figure of \$23,364 for demolition work kept appearing in revised figures for their school, when no demolition ever occurred.³⁴⁷ Another example, from Canley Vale Public School, was that \$192,000 had been allocated for the installation of a lift, however upon completion the Principal saw that no lift had been installed. Mr Chudleigh commented: "When questioned the response was, "Oh, it was a mistake." One has to be cynical. To try to find out where that \$192,000 is being redistributed is nigh on impossible.³⁴⁸
- 6.59** Similarly, Cattai Public School was told it would be receiving a \$202,444 COLA in addition to their new library. However, Ms Bark stated that two months into the project the COLA 'disappeared into the ether never to be seen again and no explanation has been given as to where that money went.³⁴⁹ Ms Bark also claimed: "There are also charges ... on our project brief of events that did not happen but for which we were charged quite significant amounts.³⁵⁰
- 6.60** Whether there was any truth to the media allegations about widespread rorting was questioned by Mr Chudleigh:

[W]e are constantly asked the question: Where has the money gone? Why is there so much money that cannot be accounted for? A layman looks at even the costing breakdowns we have given you here in this document, there are terminologies and so on used there that none of us are aware of, they could mean a multitude of things. What we are saying there is that, of course, with so much money – over \$3 billion – and so much of it having gone into space, thin air, wherever, or inexplicable places, one can only imagine that there must be a possibility that there could be some dishonesty somewhere along the line. We are not suggesting that there is, but we are hoping that inquiries such as this, if there should be any, will surface it.³⁵¹

³⁴⁶ For example, ‘Education revolution has become a rort’, *The Australian*, 1 April 2010; ‘Real rorts are being concealed’, *Herald Sun*, 7 May 2010

³⁴⁷ Submission 119, Tottenham Central School P&C Association, p 4

³⁴⁸ Mr Chudleigh, Evidence, 18 June 2010, p 56

³⁴⁹ Ms Bark, Evidence, 30 June 2010, p 36

³⁵⁰ Ms Bark, Evidence, 30 June 2010, p 36

³⁵¹ Mr Chudleigh, Evidence, 18 June 2010, pp 59 - 60

Committee comment

- 6.61** The Committee is understandably concerned about unexplained costs and claims of missing money in relation to P21 projects. We urge the NSW Government to ensure that all such claims are properly investigated through its audit process.

Time

- 6.62** The third measure of value for money cited by the BER Taskforce was whether a project has been delivered on time was.

- 6.63** The NSW Government has rolled out its BER projects faster than any other jurisdiction, with 99 per cent of constructions completed or commenced.³⁵² However, as mentioned earlier, the Taskforce stated that there are necessarily trade-offs between the quality, time and cost elements of value for money, and observed that in the NSW public school system, time was given priority over quality and cost:

In some jurisdictions it appears that education authorities placed a lower relative emphasis on cost and quality, in order to achieve a very rapid implementation program and associated economic stimulus. For example, evaluation of the NSW Government's BER implementation must be framed in the context of its emphasis on delivering rapid implementation.³⁵³

- 6.64** Inquiry participants argued that the NSW Government's focus on time led to the wasting of funds. For example, the John Purchase Public School P&C Association asserted:

Despite Federal and State government rhetoric in relation to saving jobs and keeping us from recession, we believe that wasteful distribution of public monies is not a responsible way to use that money, nor is a failure to get value for that money an appropriate way to inject such funds into the broader economy.³⁵⁴

- 6.65** Similarly, another inquiry participant observed: '[I]t appears that the BER team were more intent on making things happen quickly rather than taking the opportunity to make sure money was well spent and cost effective.'³⁵⁵

Committee comment

- 6.66** It is clear that the NSW Government's focus on delivering the BER Program has been on meeting the Commonwealth's timeframes, which the Committee acknowledges it has achieved faster than any other education authority.

- 6.67** However, the evidence is also clear that the NSW Government's focus on the rapid delivery of P21 projects has in some instances come at the expense of the other more important elements of quality (primarily fitness for purpose) and cost.

³⁵² Correspondence from Mr Michael Coutts-Trotter, Director General, NSW Department of Education, to Chair, 30 August 2010, p 1

³⁵³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 39

³⁵⁴ Submission 74, John Purchase Public School P&C Association, p 5

³⁵⁵ Submission 8, Mr Darren Kennedy, p 1

Finding 9

That the NSW Government placed too great an emphasis on the rapid delivery of P21 projects, to the detriment of the quality and cost of these projects.

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- 6.68** The Committee believes that for the remaining P21 projects, the NSW Government should focus more on quality and cost, rather than time.

Recommendation 5

That for the remaining P21 projects in NSW public schools, the NSW Government should focus more on ensuring value for money is achieved in terms of quality and cost, rather than time.

Chapter 7 Local management of P21 projects

One of the most frequent criticisms of P21 made by inquiry participants was that these projects did not take into account the needs of local school communities. It has been alleged that schools that wanted to manage their own projects were actively dissuaded from doing so by DET officials. This chapter examines these claims, and considers how to ensure the remaining P21 projects reflect the needs of the school communities for which they are being constructed.

Terminology

7.1 In this chapter the Committee distinguishes between 'self-management' and 'local management'. It defines 'self-management' as principals taking on the role of project managers, and defines 'local management' as a broader option which could entail self-management, or could be schools hiring their own project manager.

Dissuasion from self-managing

7.2 The Committee heard from a number of principals who wanted to self-manage their P21 projects who said they were dissuaded from doing so by NSW Government officials. Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum (PSPF), told the Committee:

Senior officers actually visited schools and counselled principals, "Look, you don't want to be involved in this. The risk is too great. You've got other priorities that you should be pursuing. Leave this for us." ... That was the message given verbally by senior officers to principals following, of course, the production of a manual that was so high you could not leap over it at 20 paces. There were so many obstacles put in the way of schools self-managing that it was just not a viable option at that time.³⁵⁶

7.3 Ms Cheryl McBride, Chairperson, PSPF, claimed that principals were actively discouraged from self-managing, and that they were told: "This is too hard for you. You are not builders. You are not engineers."³⁵⁷

7.4 Mr Gary Zadkovich, Deputy President, NSW Teachers Federation, commented: 'I will describe it this way: "Here's the noose; put your head in it if you want to go ahead and self-manage." That was the way that option was presented.'³⁵⁸

7.5 Some inquiry participants suggested that officials from the NSW Department of Education and Training (DET) misled principals to deter them from self-managing. According to Mrs Tracey Kirk-Downey, President, Mount St Thomas Public school P&C Association:

It certainly appears that they were desperate to ensure that no school community went their own way to the point of misleading parents about what the department would

³⁵⁶ Mr Brian Chudleigh, Deputy Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 54

³⁵⁷ Ms Cheryl McBride, Chairperson, Public School Principals Forum, Evidence, 18 June 2010, p 56

³⁵⁸ Mr Gary Zadkovich, Deputy President, NSW Teachers Federation, Evidence, 18 June 2010, p 41

deliver them and putting incredibly onerous responsibilities on the principals should they even consider managing their own projects.³⁵⁹

- 7.6** This was reiterated by Mr Arthur Rorris, also from Mount St Thomas Public School P&C Association, who highlighted the emphasis placed by DET on the personal liability of principals:

We would have preferred to have just had a very honest approach to this from the very start. It concerns us greatly that it seems that everything was stacked up against the principals doing anything other than essentially signing on the dotted line and saying, "We'll take what you're going to give us." What we hear about principals being told they would be personally liable as project managers for occupational health and safety, that some schools were told that they had to front up with 10 per cent of the project, which was later refuted by the Federal authorities, all made it almost impossible to do anything other than accept this.³⁶⁰

- 7.7** Catholic school principals were not personally liable under the BER Program. Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, told the Committee: "We would never offer projects in that regard in the sense that people would have to take on personal responsibility."³⁶¹ He noted that principals were given the opportunity to be as involved as they wished with their projects, however stated that any liability was taken by the school board or education office.³⁶²

10 per cent deposit

- 7.8** As mentioned above, principals that expressed a desire to self-manage their P21 projects were told they would need to pay a 10 per cent deposit as security.³⁶³ Alstonville Public School P&C Association commented:

[We were told] that we would have to lodge a security bond to the value of 10% of the program funding or \$310,000. It was never properly explained to us what this was for but it appeared to be to cover cost to rectify any problems or errors that might occur during the course of the construction and that were attributable to errors by us. It is standard practice to apply such bonds to construction companies and builders but ridiculous to apply it to a project manager.³⁶⁴

- 7.9** For some schools the lack of funds for a deposit appeared to be the sole reason which deterred them from self-managing. For example, Mr Ross Craven, Representative, NSW Teachers Federation and Principal, Cassilis Public School, said that his school was told:

³⁵⁹ Mrs Tracey Kirk-Downey, President, P&C Association, Mount St Thomas Public School, Evidence, 30 June 2010, p 13

³⁶⁰ Mr Arthur Rorris, Member, Mount St Thomas Public School P&C Association, Evidence, 30 June 2010, p 15

³⁶¹ Mr William Walsh, Director, Resources, Policy and Capital Programs, Catholic Education Commission, Evidence, 18 June 2010, p 7

³⁶² Mr Walsh, Evidence, 18 June 2010, p 7

³⁶³ Ms June Coleman, President, Nashdale Public School P&C Association, Evidence, 30 June 2010, p 52; Submission 106, Alstonville Public School P&C Association, p 4; Mr Ross Craven, Representative, NSW Teachers Federation and Principal, Cassilis Public School, Evidence, 18 June 2010, p 42

³⁶⁴ Submission 106, p 4

[That] we had to have available a figure of \$50,000 in case the sum for the works blew out if we were going to take it on ourselves. So we could be personally liable or liable from the school funds. Those funds had to be available and set aside in case. No school that I know of has a spare \$50,000 to set aside. I am in a P6 school. I am the teaching principal with, at the current time, 17 students. I can assure you in my school budget I do not have a spare \$50,000 to set aside in case something blows out.³⁶⁵

- 7.10** Mr Zadkovich commented: 'As a colleague said to me, "I really want to get the best value for money for my school community, but I'm not sure I want to put my own house up as surety against it."³⁶⁶
- 7.11** Nashdale Public School told the Committee that it had been willing to take on the risks and responsibilities of self-managing, as it had the support of qualified people in the school community. The school obtained a quote from a local builder, who was aware of DET's design standards and was willing to take the project on, submitted the plan and tenders to DET, which forwarded them on to the managing contractor. The President of the Nashdale Public School P&C Association, Ms June Coleman, said: '[Then] that was it. We never heard diddly-squat about it. We were then given an option. We were told we could not self-manage and we needed to have 10 per cent of the allocated funds in our school.'³⁶⁷
- 7.12** Ms Joanna Ellis-Peck, BER Committee Member, Nashdale Public School, stated: 'To the best of our knowledge we were just simply told because of the 10 per cent that Nashdale did not have because we are a small school, therefore we could not self-manage.'³⁶⁸
- 7.13** However, the Committee was informed that the NSW Government's requirement for the 10 per cent deposit was later removed.³⁶⁹ In evidence to a Senate inquiry into P21, Mr Michael Coutts-Trotter, Director General, DET, advised:

Initially the view of the Coordinator-General in New South Wales, given the financial risks, was that a school should lodge a 10 per cent deposit. We got strong feedback from our principals that they did not want that to happen so we did not do that. There is not a requirement to lodge that deposit.³⁷⁰

Advice from departmental officials

- 7.14** Mr Coutts-Trotter denied dissuading principals from self-managing their P21 projects, and insisted that principals were merely informed about the legal risks:

We did nothing other than, adult to adult, explain, "You are stepping into a legal position usually occupied by the department. You are therefore taking on risks personally that you would not otherwise take on. These are the things you can do to

³⁶⁵ Mr Craven, Evidence, 18 June 2010, p 42

³⁶⁶ Mr Zadkovich, Evidence, 18 June 2010, p 41

³⁶⁷ Ms Coleman, Evidence, 30 June 2010, p 52

³⁶⁸ Ms Joanna Ellis-Peck, BER Committee Member, Nashdale Public School, Evidence, 30 June 2010, p 57

³⁶⁹ Mr Brian Adamthwaite, Principal, Black Hill Public School, Evidence, 30 June 2010, p 27

³⁷⁰ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 101

help manage those risks. These are the things you will need to do to help manage those risks."³⁷¹

- 7.15** This was supported by Mr Brian Adamthwaite, Principal, Black Hill Public School, one of the few public school principals in New South Wales that self-managed their P21 project. Mr Adamthwaite told the Committee:

To some extent I think they were simply trying to inform me of the possible problems that could occur with occupational health and safety issues, and those sorts of things. You could interpret it as being a sort of threat, but you could also interpret it as making sure you are well informed before you make a courageous decision.³⁷²

- 7.16** The suggestion that principals were dissuaded from self-managing was also denied by Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, who declared: 'All the schools were given the opportunity. I have not denied any school that option.'³⁷³ He outlined the factors to be taken into consideration by principals who self-managed:

The scale of this and the amount of works that had to be done concurrently and controlled was huge. It also had to be done in a very short period. This was not a time for people to learn on the job how to project manage complex exercises. The risk of failure was very high ... Under the Occupational Health and Safety Act, the principal contractor undertaking all works across this State is the person liable. Therefore, a school principal who performed as the principal contractor was responsible.³⁷⁴

- 7.17** Mr Leece informed the Committee that eight schools initially requested to self-manage their projects. An experienced construction project manager was sent to each of those schools to explain their responsibilities. Four of the schools decided to proceed, one of which subsequently withdrew.³⁷⁵ The progress of the three remaining schools is discussed later in this chapter.

- 7.18** Mr Coutts-Trotter noted that while many principals self-managed their National School Pride projects, he suggested that very few principals decided to self-manage their P21 projects as they were substantially larger projects, with a different set of issues and significantly different and larger risks.³⁷⁶

- 7.19** In its interim report the Commonwealth BER Taskforce (the 'BER Taskforce') noted the small number of NSW public school principals that self managed their P21 projects, however highlighted that this was consistent with the standard business operation model for NSW Government schools, which does not provide the same level of autonomy as non-government schools.³⁷⁷

³⁷¹ Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, Evidence, 18 June 2010, p 32

³⁷² Mr Adamthwaite, Evidence, 30 June 2010, p 26

³⁷³ Mr Bob Leece, Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, Evidence, 30 June 2010, p 68

³⁷⁴ Mr Leece, Evidence, 30 June 2010, p 67

³⁷⁵ Mr Leece, Evidence, 30 June 2010, p 68

³⁷⁶ Mr Coutts-Trotter, Evidence, 18 June 2010, p 32

³⁷⁷ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 39

Committee comment

- 7.20** The Committee acknowledges the evidence from departmental officials that they merely provided school communities with information about the legal risks associated with self-managing P21 projects. However departmental officials presented this information, it is clear that they dissuaded nearly all public schools from self-managing. We also note that the requirement for a 10 per cent deposit – although subsequently withdrawn – evidently contributed to some schools deciding not to proceed with this option. These outcomes are unfortunate for those schools that did have the capacity to self-manage their projects.

Finding 10

That officers from NSW Government agencies actively dissuaded NSW public school principals from self-managing their P21 projects.

Black Hill Public School

- 7.21** Black Hill Public School was one of three public schools that self-managed their P21 projects in New South Wales. The school received \$850,000, with which it built a double modular classroom (with an extension to one room), a full size basketball court with night floodlighting, solar panels, water tanks, fencing, landscaping and stormwater drainage.³⁷⁸ This was compared to other NSW public schools which only received a double modular classroom for \$850,000.³⁷⁹
- 7.22** The cost achieved by Black Hill Public School to deliver the project was \$2,154.55 per square metre.³⁸⁰
- 7.23** The school's principal, Mr Adamthwaite, outlined a number of factors which contributed to the school's success with the project. One of these was the existence of a School Council, which has operated for 19 years, and has accumulated expertise through its members, including in business building finance. Mr Adamthwaite advised that the Council facilitates school-based decision making and community involvement, however he noted that many public schools in New South Wales no longer have School Councils.³⁸¹
- 7.24** The President of the School Council, Mr Brad Ure, said that the role of Council members in the school's P21 project had not been overly burdensome, particularly as the tasks were evenly distributed:

It really is a matter of each of the parties that undertook to do certain things. It really was phone calls and organisation. In terms of organising the occupational health and safety person that was a phone call to a number of people, a meeting at school, and then someone appointed and that was the process all the way through. I do not think

³⁷⁸ Tabled document, Black Hill Public School, *Black Hill Public School BER Program, situation and overview*, June 2010, p 1 and p 4

³⁷⁹ 'More for less by self-managing', *The Australian*, 5 July 2010

³⁸⁰ Mr Adamthwaite, Evidence, 30 June 2010, p 28

³⁸¹ Mr Adamthwaite, Evidence, 30 June 2010, p 25 and p 33

the amount of time that was put in by any one individual could be totalled up to some extraordinary amount because really it was a combined effort of a lot of people to get a result for the school.³⁸²

- 7.25** Mr Adamthwaite noted that while numerous community members volunteered their time to help the school deliver the project, the school still employed experts to manage the occupational health and safety process:

We employed people who could do the jobs that we knew that we could not do ourselves. I suppose one of the advantages in terms of resources was actually being aware of our own limitations.³⁸³

- 7.26** Another factor that assisted the school was the existence of a master plan for building developments: 'We were fortunate that we had a plan, we had people and we were able to action it straightaway. I do not know that you could say that about everywhere.'³⁸⁴

- 7.27** Mr Adamthwaite also commented on the benefit of having a local builder deliver the project, as it enabled modifications to be made with ease:

The variations that we negotiated and some of the additional were very easily worked out, and having the builder and the site manager on site each day, me on site each day, we would generally have a bit of a chat at 7.30 in the morning, and if anything else came up during the day we would catch up in the afternoons.³⁸⁵

- 7.28** In summarising his role and the additional work involved in self-managing, Mr Adamthwaite reflected:

[In] terms of extra work it was extra work, but you take on extra work to achieve extra things. It did involve not having days off school since the Easter before last, but it was worthwhile. The process of reporting originally was quite difficult for us, but once we got into the groove of filling out the forms and the process was in place it became a less and less onerous task. Again, with hindsight, yes, it was tough but it was worth doing, and if something is worth doing you put extra work in.³⁸⁶

Committee comment

- 7.29** The Committee congratulates Black Hill Public School and its community on its success in self-managing and delivering its P21 project.

- 7.30** The Committee recognises that the success of Black Hill Public School was made easier by the existence of a strong School Council, with relevant expertise in building projects, and a school master plan. We acknowledge that these are elements which may not exist in most NSW public schools, and that self-management is not the modus operandi for public school construction projects.

³⁸² Mr Brad Ure, President, School Council, Black Hill Public School, Evidence, 30 June 2010, p 32

³⁸³ Mr Adamthwaite, Evidence, 30 June 2010, p 31

³⁸⁴ Mr Adamthwaite, Evidence, 30 June 2010, p 33 - 34

³⁸⁵ Mr Adamthwaite, Evidence, 30 June 2010, p 31

³⁸⁶ Mr Adamthwaite, Evidence, 30 June 2010, p 30

- 7.31** However, other key factors which assisted Black Hill Public School to achieve a positive outcome were local decision-making and a flexible approach. These same factors also led to positive outcomes in Catholic and independent schools, and were unnecessarily missing from the P21 experience of many NSW public schools, as a direct result of the delivery approach imposed by the NSW Government.
- 7.32** The Committee therefore reiterates its Recommendations 1, 2 and 3, which relate to increased flexibility and local decision-making.

Case study: Hunter Valley Grammar School

The Hunter Valley Grammar School is an independent school with approximately 950 students from pre-school to year 12. The school was able to self-manage its project via the Association of Independent Schools of NSW, and as such was not subject to many of the restraints faced by NSW public schools.

The school received \$2.5 million under P21 to build a primary school hall and library facility, and to extend 11 classrooms. It was able to quickly put forward a project proposal for these facilities due to an existing master plan. This assisted it to meet the rapid economic stimulus rationale of the BER Program, which required projects to be 'shovelready'.

The school selected its own local builder through a competitive tender process, with whom the principal liaised daily. This enabled 'on the ground input' into the construction process, and allowed plans to be easily modified where necessary.

In addition to construction costs, the school used its P21 funding to pay for professional fees, local authority charges, external infrastructure costs, special services, site development costs, furniture, equipment and contingency allowances. In regard to these costs, the school's principal, Mr Paul Teys, said:

'...all of the charges were known. They weren't loaded - the opposite. We made sure they were really sharp. We're getting top dollar value here, there's no fat in the system'.

The school's 44sqm multi-purpose hall has four 'breakout spaces' to accommodate speech, drama, dance, dramatic play, drawing and painting. It includes a 40sqm library annexe for K-2, and 'Renlita' doors that open up to COLAs with 'creative play spaces, landscaped spaces and gardens for recreational activities, play based learning and studies of the environment'.

Mr Teys described the BER Program as 'a really positive injection of infrastructure and investment into schools'. He stated:

'We've got an asset that has revitalised and inspired an area and we are going to have kids in learning environments that we wouldn't have had otherwise or considered possible. So there will be a legacy there for all to see that this was made possible [by the BER scheme]. . . We think it's great, it's a godsend'.

* Submission 43, Hunter Valley Grammar School

Public schools capacity to self-manage

7.33 While Black Hill Public School clearly had the capacity to self-manage their P21 project, the ability or capacity of most other NSW public schools to self-manage building projects was questioned by NSW Primary Principals Association (PPA), which suggested that most public school principals are happy that P21 was managed for them. Ms Helen Colquhoun, Chairperson, Asset Management Reference Group, PPA, stated:

Most principals accept the fact that they do not have the skills to manage the project, and the time constraints of being an educational leader play a very big part in that ... on the whole the majority are very happy that someone else is managing the project. They do not have the skills, they do not have the time, and they are pleased with the outcome.³⁸⁷

7.34 The President of the PPA, Mr Geoff Scott, asserted that while many principals believed it would save costs to self-manage, they simply did not have the time or expertise, and further: '[T]he reality was most of them realised they would have to employ somebody to be the project manager anyway unless they happen to be, as well as a principal, a builder by trade.'³⁸⁸

7.35 The option of hiring a project manager is examined later in this chapter.

7.36 Mr Scott maintained that this was a key difference between public and private schools, as private schools are used to managing their own building projects, and as such often have their own architect and project manager as part of their school council and school community:

Public schools rarely have that opportunity and do not have their own personnel infrastructure to call on. In my school ... trying to ask for somebody from my parent community to manage it was much more difficult than in the independent school down the road, who said we have our usual architect coming in and designing our building. I said we do not have a usual architect.³⁸⁹

7.37 However, as highlighted by Nashdale Public School, there are schools which do have this support, and who would have self-managed had they not been actively dissuaded from doing so. For example, the Alstonville Public School P&C Association expressed the view that significant barriers were put in the way to prevent them from self-managing, 'despite there being several people on the P&C with significant building construction experience and formal qualifications that would demonstrate an ability to manage the project.'³⁹⁰

7.38 Similarly, the ability of Cattai Public School to self-manage was highlighted by the school's P&C President, Ms Helena Bark:

[W]ithin our school community of parents we have every trade necessary to build what we have just had built for us, and I am talking from Optus through to electricians. We have plumbers. We have civil engineers. We have the whole scope of

³⁸⁷ Ms Helen Colquhoun, Chairperson, Asset Management Reference Group, NSW Primary Principals Association, Evidence, 18 June 2010, pp 63 - 64

³⁸⁸ Mr Geoff Scott, President, NSW Primary Principals Association, Evidence, 18 June 2010, p 63

³⁸⁹ Mr Scott, Evidence, 18 June 2010, p 64

³⁹⁰ Submission 106, p 4

people. Had we been able to do it ourselves we would have got a much better result.³⁹¹

- 7.39** The BER Taskforce stated that while it recognised self-management gave schools greater empowerment, it did not believe that the implementation timetable would have been met in the larger states if this approach had been taken more widely:

[T]he Taskforce believes that self-management of BER projects by the majority of schools in the larger government systems would have been problematic and increased the risk of not delivering the BER program as a whole on time, or for predictable cost.³⁹²

- 7.40** This appears to be demonstrated by the situation in New South Wales. Mr Leece advised that of the three schools that self-managed: 'One has been successful and the other two need assistance. At this point they both run the risk of running extremely late. Therefore, the State will have to pick up the liability.'³⁹³

Investing in Our Schools program

- 7.41** Several inquiry participants pointed out that schools successfully managed building projects under the Investing in Our Schools program, which was rolled out by the Howard Government in 2005-2008. The \$1 billion program provided \$700 million to government schools for small scale infrastructure projects, and \$300 million to non-government schools to provide, maintain and upgrade facilities.³⁹⁴ Funding under the Program was provided directly to schools, rather than via state education authorities.

- 7.42** Public school principals highlighted what they achieved with the funding under Investing in Our Schools. For example, Abbotsford Public School advised that it self-managed its \$150,000 Schools heat reduction project, which resulted in air-conditioning for all of the school's classrooms, learning spaces and offices; new blinds throughout the school; ceiling insulation in two classroom blocks; and "Whirligigs" on the roof of each building.³⁹⁵

- 7.43** Dundurrabin Public School built a 20m x 9.5m hall for \$100,000 with bi-fold opening glass doors,³⁹⁶ while the principal of Matong Public School, Mr Ian Lucas, said that while he was principal of Lord Howe Island Central School:

I was able to source and project manage a COLA that covered our whole basketball court and complied with stringent DET Asset Management Unit specifications and standards as it had to withstand salt air and cyclonic wind conditions. The total cost of this project was \$92,000. This was only two years prior to the commencement of our works here [at Matong] and had the added costs of shipping all materials (including gravel, sand and cement for footings) from the mainland; flying tradesmen in from the

³⁹¹ Ms Helena Bark, President, Cattai Public School P&C Association, Evidence, 30 June 2010, p 48

³⁹² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 39

³⁹³ Mr Leece, Evidence, 30 June 2010, p 68

³⁹⁴ Hon Julie Bishop MP, 'Investing in Our Schools – investing in our children', *Media release*, 9 May 2006 < <http://www.dest.gov.au/ministers/bishop/budget06/bud0306.htm> > (accessed 20 August 2010)

³⁹⁵ Submission 111, Abbotsford Public School, p 5

³⁹⁶ Submission 85, Huntingdon Public School, p 1

mainland; and, accommodating the tradesmen for the time it took them to erect the structure. In Matong, we gained a COLA half this size for more than twice the money!³⁹⁷

- 7.44** It was noted in a Senate inquiry into P21 that Investing in Our Schools was run for government schools in the same way that the P21 program is being run for non-government schools, i.e. 'by enabling and empowering schools to manage their own projects and expend their own funds.'³⁹⁸ The Senate Committee further noted that as a result of schools self-managing their funds, 'there were no allegations of roting under that program'.³⁹⁹

Master planning

- 7.45** The BER Taskforce stated that self-management by the majority of Catholic and independent schools was made easier by the fact that they had school master plans, which allowed them to quickly identify the most appropriate location for new facilities, and integrate P21 projects into their longer term infrastructure strategies.⁴⁰⁰ This enabled the schools to rapidly roll out their projects ahead of many others.⁴⁰¹
- 7.46** The Taskforce noted that some government school education authorities, such as DET, did not universally have existing school master plans,⁴⁰² and recommended in its interim report that government education authorities 'review their approach to school master planning and engagement of school communities in this process.'⁴⁰³
- 7.47** During evidence Mr Coutts-Trotter acknowledged the importance of master planning, and advised that the Department is 'just getting into that process.'⁴⁰⁴

Committee comment

- 7.48** While self-management may be burdensome, the Committee notes that many schools were clearly willing, and believed they had the necessary skills and capacity, to do so.
- 7.49** The Committee notes that all schools successfully self-managed their projects under the Investing in Our Schools program, and did so while demonstrating value for money.
- 7.50** We note the BER Taskforce's view that the implementation timetable would not have been met in New South Wales if widespread self-management of P21 projects had been allowed in NSW public schools. However, we also note that the Taskforce's comments refer to P21 projects that have already commenced or been completed, which are the vast majority of projects.

³⁹⁷ Submission 82, Matong Public School, p 2

³⁹⁸ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 36

³⁹⁹ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 32

⁴⁰⁰ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 40

⁴⁰¹ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 38

⁴⁰² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 40

⁴⁰³ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 10

⁴⁰⁴ Mr Coutts-Trotter, Evidence, 18 June 2010, p 31

- 7.51** Further, the importance of master planning – and the advantages demonstrated by those schools which have existing master plans – is clear to the Committee. While we understand that DET is taking steps toward developing master plans, we believe this should be addressed as a matter of urgency.

Recommendation 6

That the NSW Department of Education and Training ensure that all NSW public schools develop master plans as a matter of urgency.

Local management

- 7.52** The Committee notes that references in evidence to ‘self-management’ have generally referred to principals taking on the responsibilities of a project manager. The Committee considers the term ‘local management’ to be broader, entailing either ‘self-management’, or schools engaging their own local project manager.

Option for schools to engage local project managers

- 7.53** The option of schools to appoint their own project manager was suggested by the NSW Teachers Federation as a third option that should have been made available to public schools, enabling principals to have direct participation in the process, while still being able to undertake their primary responsibilities and duties:

The third option – which we believe should have been made available to public school communities, and the option that is being utilised by schools in the private sector – was for public school principals and their communities to be given the option of determining their local priorities and their local needs, having direct participation in the nature and planning of their building projects, having the capacity to negotiate, discuss and talk through their projects with the appropriate professional people, and then having done so, at the cost of maybe a couple of months in this program, the projects could then have been handed to a project manager who would have had full oversight of the building works and the principal would have been left to his educational leadership role in the school ...⁴⁰⁵

- 7.54** This was seen as a preferred option by the Teachers Federation, which did not support the managing contractor approach, yet did not expect principals to self-manage their P21 projects either: "The Federation does not advocate that principals be taken away from their primary responsibility of educational leadership in our schools. We do not want principals with hard hats on stomping around the school playground supervising building projects."⁴⁰⁶

⁴⁰⁵ Mr Zadkovich, Evidence, 18 June 2010, p 41

⁴⁰⁶ Mr Zadkovich, Evidence, 18 June 2010, p 41

7.55 This was also seen as a preferred option by a number of inquiry participants. For example, Ms McBride told the Committee:

Any number of us, in retrospect – and I know we can always be wise after the event – would probably be seeking out the support of a project manager, paying them a significant salary and allowing them to manage the project. We would be gaining, I believe, about 20 per cent more if we had taken that step. If the Government had encouraged us to do so, we would have a very different story today.⁴⁰⁷

7.56 Similarly, Mr Arthur Rorris, Member, Mount St Thomas Public School P&C Association, speculated that his school could have hired a project manager for 'a couple of hundred thousand dollars' to take on the necessary responsibilities, and that the school would have 'still come out \$500,000 to \$800,000 ahead.'⁴⁰⁸

7.57 Ms Coleman from Nashdale Public School also commented: '[W]e felt that with \$970,000, you would employ somebody to be able to oversee it. They would come in and then tick the boxes. We would meet once a week, for whatever had to be done, the boxes would be ticked, and the requirements would be met.'⁴⁰⁹

7.58 The Henty Public School P&C Association suggested: 'If schools and parent bodies were able to appoint their own project managers to work to their plans for the school, much more would be achieved in providing high quality infrastructure for the education of our children.'⁴¹⁰

7.59 Hiring a project manager was the preferred option of Abbotsford Public School. When questioned by the Committee as to whether it was offered as an alternative option to managing contractors or self-management, the school's principal, Mr Peter Widders, replied:

No, not at all. It was an either/or proposition. We certainly had discussions with the school council and the P&C. We were very clearly of the understanding that if we did self-manage the P21 project, we would take the path of employing a project manager for \$100,000 for the life of the project and then most of my time would be taken up managing the project manager.⁴¹¹

Should schools locally manage remaining P21 projects?

7.60 The BER Taskforce stated that where education authorities could implement their 'business as usual' approaches to projects, better outcomes were achieved.⁴¹² Business as usual for some authorities is self-management by schools. Business as usual for capital works in NSW public schools involves individual schools working with DET and the Department of Services, Technology and Administration to deliver projects, which usually involves more local decision-making by school communities.⁴¹³

⁴⁰⁷ Ms McBride, Evidence, 18 June 2010, p 56

⁴⁰⁸ Mr Rorris, Evidence, 30 June 2010, p 16

⁴⁰⁹ Ms Coleman, Evidence, 30 June 2010, p 62

⁴¹⁰ Submission 10, Henty Public School P&C Association, p 2

⁴¹¹ Mr Peter Widders, Principal, Abbotsford Public School, Evidence, 30 June 2010, p 8

⁴¹² Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 8

⁴¹³ Answers to additional questions on notice, 30 June 2010, NSW Primary Principals' Association Inc., Question 2, p 4

- 7.61** The Taskforce acknowledged that such an approach was not possible for some education authorities due to the size and volume of their P21 projects.⁴¹⁴ However, given that the majority of P21 projects have commenced or been completed, the Taskforce recommended that education authorities revert to business as usual approaches for the projects 'not yet committed and unlikely to be completed by 30 March 2011.'⁴¹⁵
- 7.62** The Senate Committee, in its inquiry into P21, found that local management and direct funding of projects is the most effective way to deliver projects which meet individual school needs, and recommended in its interim report that remaining P21 funds should be managed and administered locally by schools if they so choose.⁴¹⁶
- 7.63** In response to questioning about the feasibility of the Senate Committee's recommendation, DET stated that all but six of the 84 projects yet to start construction in New South Wales (as at 16 July 2010) would be contractually impacted if this move were to occur, which could potentially affect project delivery costs and reduce the amount of funding available to the schools.⁴¹⁷ DET advised that the remaining 78 projects are at varying levels of the tender award stage and have had architects and engineers prepare design and construction documentation.⁴¹⁸

Committee comment

- 7.64** The Committee acknowledges that a number of schools would have preferred a third delivery option: that is to hire their own project manager. We note that this option may have helped to overcome some of the issues faced with self-management and managing contractors, and that it could be a possible option for future school infrastructure programs.
- 7.65** Nonetheless, for the remaining P21 projects in NSW public schools, we agree with the BER Taskforce's recommendation that education authorities should revert to their business as usual approach. There is anecdotal evidence that the business as usual approach in NSW public schools is not adequately transparent in terms of costs and timelines. DET should ensure that transparency exists in its business as usual approach, while also ensuring projects reflect the needs of their school communities.

Recommendation 7

That for the remaining P21 projects in NSW public schools, the NSW Government should ensure that the projects reflect the needs of their school communities, while demonstrating transparency regarding costs and timelines.

⁴¹⁴ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 38

⁴¹⁵ Building the Education Revolution Implementation Taskforce, 'Interim Report', 6 August 2010, p 9

⁴¹⁶ Australian Senate, Education, Employment and Workplace Relations Committee, 'Primary Schools for the Twenty First Century Program – Interim report', June 2010, p 37

⁴¹⁷ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Question 1, p 1

⁴¹⁸ Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Question 1, p 1

Recommendation 8

That the NSW Department of Education and Training explore options for the delivery of its capital works projects beyond the BER Program that better involve the school community, including parents, principals and teachers, in both design and development decisions and managing project delivery.

Recommendation 9

That the NSW Minister for Education commission an independent inquiry into the Department's practices in relation to the delivery of school capital works projects, which includes comparing the NSW Government school system with other education authorities and their achieved costs and outcomes.

The inquiry should make recommendations aimed at ensuring value for money and fitness for purpose are achieved in future capital works projects.

- 7.66** Regardless of which model is used to deliver the remaining P21 projects, the key points that must be taken into consideration are a flexible approach and local decision-making. The Committee again reiterates its earlier recommendations 1, 2 and 3.

Appendix 1 Submissions

No	Author
1	Mr Godfrey Franz
2	B Heming
3	Mr Grant Heaton (Hastings Public School – School Council)
4	Mrs Lisa Hall (Eungai Public School P&C Association)
5	Mr Noel Maddern (Urana Central School)
6	Confidential
7	Confidential
8	Mr Darren Kennedy
9	Mr John Maloney
10	Mr Graeme Newton (Henty Public School P&C Association)
11	Ms Julie Ross (Chatswood Intensive English Centre)
12	Mr Scott Leslie (Rous P&C Association)
13	Ms Karina Daniels (Stuarts Point Public School P&C Association)
13a	Ms Karina Daniels (Stuarts Point Public School P&C Association)
14	Mr Leonard Cronin (Ocean Shores Public School P & C Association)
15	Mr Malcolm Ryan (Warringah Council)
16	Ms Karin Woldring (Scotts Head Public School P&C Association)
17	Mrs Jane Baker
18	Mrs Tracy Bennett
19	Mrs Sue Nicholls
20	Name suppressed
21	Name suppressed
22	Name suppressed
22a	Name suppressed
23	Ms Alexandra Tuson (Black Springs Public School P&C Association)
24	Ms Simone Berryman
25	Mrs Lesley Hillam
26	Mrs Janelle Hopkins
27	Confidential
28	Mrs Helen Vincent
29	Mrs Sue Sylvester
30	Ms Stephanie Ziolkowski

No	Author
31	Mrs Jodie Lindsay
32	Name suppressed
33	Name suppressed
34	L Mitchell
35	Mrs Dianne Roche
36	Name suppressed
37	Name suppressed
38	Confidential
39	Mr Doug Menzies
40	Mrs Monica Murray
41	Name suppressed
42	Name suppressed
43	Ms Laura Graham (Hunter Valley Grammar School)
44	Ms Tanya Crowe
45	Name suppressed
46	Merrylands East Public School P&C Association
47	Ms Susan Fishpool
48	Mrs Suzie Melchior (Empire Vale Public School P&C Association)
49	Name suppressed
50	Mrs Kate Lees
51	Mr John Lees
52	Mrs Patricia Vincent
53	Mrs Donna and Mr Trevor George
54	Name suppressed
55	Name suppressed
56	Name suppressed
57	Ms Debora Elliott (Booral Public School P&C Committee)
57a	Ms Debora Elliott (Booral Public School P&C Committee)
58	Ms Debbie Platts (Quaama P&C Association)
59	Mr Lyle Pasfield
60	Name suppressed
61	Name suppressed
62	Name suppressed
63	Mrs Kathy MacKinnon
64	Name suppressed

No	Author
65	Ms Catherine Kady-Jarvis
66	Islington Public School P&C Association
67	Mr Allan Turner (Scotts Head Public School Futures Group - P&C sub-committee)
68	Mr Gregory Radford
69	Mrs Jo Radford
70	Name suppressed
71	Name suppressed
72	Mr Kevin Jarvis
73	Mr Paul Adam
74	Mr Tim Spencer
75	Mr Richard Clegg
76	Name suppressed
77	Ms Helena Bark (Cattai Public School P&C Association)
78	Name suppressed
79	Confidential
80	Name suppressed
81	Name suppressed
82	Mr Ian Lucas (Matong Public School)
83	Confidential
84	Ms Aimee Gibbs (Yoogali Public School P&C Association)
85	Mr Gunnar Fuhrmann (Huntingdon Public School)
85a	Mr Gunnar Fuhrmann (Huntingdon Public School)
86	Ms Lyne Hodge
87	Mr John Irving (NSW Teachers Federation)
88	Mr Geoff Scott (NSW Primary Principals' Association Inc)
89	Mr Murray Coleman (Bovis Lend Lease)
90	Ms Suzanne Tink
91	Mr Malcolm Williams
92	Mr Laurie Lawrence (Bonalbo Central School)
93	Mr Howard Leader (Blaxland East Public School)
94	Mrs Vanessa Williams
95	Dr Bill Johnston
96	Mr James McRae (Pleasant Hills P&C Association)
97	Mr Craig Mayne

No	Author
98	Mr David Currie (Matong Public School P&C Association)
99	Mrs Sue Sylvester (Mt Pleasant Public School P&C Association)
100	Ms Gaye Banfield (Rankin's Springs Public School)
101	Mr Oliver Raschke (Corowa South Public School P&C Association)
102	Name suppressed
103	Mr Allen Marsh (F E Marsh & Co Pty Ltd)
104	Ms Amelia Peacock
105	Mrs Gabrielle Holmes
106	Mr Scott Turner (Alstonville P&C Association)
107	Confidential
108	Ms Diane Virtue (Bexhill Public School)
109	Ms Cheryl McBride (Public Schools Principals Forum)
110	Mr Jonathan O'Dea (NSW Legislative Assembly)
111	Mr Peter Widders (Abbotsford Public School)
112	Dr Geoff Newcombe (Association of Independent Schools of NSW)
113	Mr Michael Coutts-Trotter (NSW Dept of Education and Training)
114	Mr Peter Duncan (NSW Dept of Services, Technology & Administration)
115	Mrs Patricia Wagstaff
116	Mrs Alison Gray (Gordon West Public School P&C Association Inc)
117	Mrs June Coleman (Nashdale Public School P&C Association)
118	Mr Thomas George (NSW Legislative Assembly)
119	Mr Rick Bennett (Tottenham Central School P&C Association)
120	Ms Genevieve Slocombe (Dunoon Public School)
121	Mr Adrian Piccoli (NSW Liberals and Nationals)
122	Confidential
123	Mr Duncan Bosworth (Sutton Public School P&C Association)
124	Mrs Heather Emery (School Council for Jindabyne Central School)
125	Mr & Mrs Derek and Corinne Keir (Kapooka Public School P&C Committee)
126	Name suppressed
127	Mr Todd Yourell (Evans River K-12 School Council)
128	Mr Phillip Morton (Cassilis Public School P&C Association)
128a	Mr Phillip Morton (Cassilis Public School P&C Association)
129	Confidential
130	Mr Tony McEriain (Orchard Hills Public School)
131	Mr Robert Leece (NSW Nation Building and Jobs Plan Taskforce)

No	Author
132	Hae-Jung Kim (Federation of Parents and Citizens' Associations of New South Wales)
133	Ms Eliza Wills (Goonengerry Public School P&C Committee)
134	Name suppressed

Appendix 2 Witnesses

Date	Name	Position and Organisation
Friday 18 June 2010 Jubilee Room Parliament House	Mr William Walsh	Director Resources, Policy and Capital Programs, Catholic Education Commission NSW, and Executive Officer, NSW Catholic Block Grant Authority
	Dr Daniel White	Executive Director of Catholic Schools, Catholic Education Office, Archdiocese of Sydney
	Mrs Margaret Hogan	Principal, St Christopher's Primary School
	Mr Brad Orgill	Chair, Commonwealth BER Implementation Taskforce
	Mr Michael Coutts-Trotter	Director General, NSW Department of Education and Training
	Mr Angus Dawson	Program Director, BER Integrated Program Office, NSW Department of Education and Training
	Mr Garry Zadcovitch	A/President, NSW Teachers Federation
	Dr Mary Fogarty	Research Officer, NSW Teachers Federation
	Mr Ross Craven	Representative, NSW Teachers Federation, and Principal, Cassilis Public School
	Mr Grant Heaton	Representative, NSW Teachers Federation, and Principal, Hastings Primary School
	Ms Cheryl McBride	Chairperson, Public Schools Principals Forum
	Mr Brian Chudleigh	Deputy Chairperson, Public Schools Principals Forum
	Mr Geoff Scott	President, NSW Primary Principals Association
	Ms Jackie Malecki	Deputy President, NSW Primary Principals Association
	Ms Helen Colquhoun	Chair of Asset Management Reference Group, NSW Primary Principals Association

Date	Name	Position and Organisation
Wednesday 30 June 2010 Room 814/815 Parliament House	Mr Peter Widders	Principal, Abbotsford Public School
	Mr Rob Vellar	P&C President, Abbotsford Public School
	Mr Glen Schofield	P&C Vice President, Abbotsford Public School
	Mrs Tracey Kirk-Downey	President, Mt St Thomas Public School P&C Association
	Mr Arthur Rorris	Representative, Mt St Thomas Public School P&C Association
	Mr Brian Adamthwaite	Principal, Black Hill Public School
	Mr Brad Ure	President, School Council, Black Hill Public School
	Ms Helena Bark	President, Cattai Public School P&C Association
	Ms June Coleman	P&C President, Nashdale Public School
	Ms Joanna Ellis-Peck	BER Committee Member, Nashdale Public School
	Mr Bob Leece	Infrastructure Coordinator General and Chair, NSW Nation Building and Jobs Plan Taskforce
	Mr Brian Baker	Deputy Director General, NSW Dept of Services, Technology and Administration
	Mr Rick Bennett	President, Tottenham Central School P&C Association
Mr Roger Baker	Treasurer, Tottenham Central School, P&C Association	

Appendix 3 Tabled documents

Friday 18 June 2010

Public Hearing, Jubilee Room, Parliament House

- 1 Catholic Education Office BER P21, Master planning flow chart, tendered by Mr William Walsh, Director Resources Policy and Capital Programs, Catholic Education Commission NSW, and Executive Officer, NSW Catholic Block Grant Authority
- 2 Summary BER statistics, NSW Catholic sector, tendered by Mr Walsh
- 3 Opening statement, tendered by Mr Brad Orgill, Commonwealth BER Implementation Taskforce
- 4 Quotes for building material for St Joseph's School, tendered by Mr Grant Heaton, Principal, Hastings Primary School
- 5 Building the Education Revolution Survey Report – Executive Summary, tendered by Mr Geoff Scott, President, NSW Primary Principals Association

Wednesday 30 June 2010

Public Hearing, Room 814/815, Parliament House

- 1 Abbotsford Public School – National School Pride: Bathroom Refurbishment Project – 2009/2010, tendered by Mr Peter Widders, Principal, Abbotsford Public School
- 2 Email correspondence between Mr Michael Coutts-Trotter, Director General, NSW Department of Education and Training, and Mr Peter Widders, Principal, Abbotsford Public School, tendered by Mr Rob Vellar, P&C President, Abbotsford Public School
- 3 Mount St Thomas BER Project Chronology, tendered by Mr Arthur Rorris, Representative, Mt St Thomas Public School P&C Association
- 4 Letter from Hon Verity Firth MP, NSW Minister for Education and Training, to Mrs Tracey Kirk-Downey, President, Mt St Thomas Public School P&C Association, tendered by Mr Rorris
- 5 Black Hill Public School BER program – situation and overview, tendered by Mr Brian Adamthwaite, Principal, Black Hill Public School
- 6 Floor plan, tendered by Ms Helena Bark, President, Cattai Public School P&C Association
- 7 Preliminary School Brief, tendered by Ms Bark
- 8 Web costing and explanations for Nashdale Public School, tendered by Ms June Coleman, P&C President, Nashdale Public School
- 9 Images of Nashdale Public School P21 project, tendered by Ms Coleman

- 10 'Managing your own BER Project'; 'BER P21 Design Update'; and Nambucca Guardian newspaper article entitled 'Top marks for school project', tendered by Ms Coleman
- 11 List of building costs incurred to schools and plan of canteen, tendered by Mr Rick Bennett, President, Tottenham Central School P&C Association
- 12 Forecast final cost summary sheet from Laing O'Rourke, tendered by Mr Bennett
- 13 Images of Tottenham Central School – New BER Canteen, tendered by Mr Bennett
- 14 Plan for the design of a building at Tottenham sports oval, tendered by Mr Bennett
- 15 Building the Education Revolution Guidelines, tendered by Mr Bennett

Appendix 4 Minutes

Minutes No. 66

Tuesday 23 March 2010

Jubilee Room, Parliament House, at 9.15 am

1. Members present

Ms Robyn Parker (*Chair*)

Ms Christine Robertson (*Deputy Chair*)

Mr Tony Catanzariti

Mr Shaoquett Moselmane

Ms Marie Ficarra

Revd Dr Gordon Moyes

Dr John Kaye (*Rhiannon*)

2. ***

3. ***

4. ***

5. Deliberative meeting

5.1 *Draft Minutes*

Resolved, on the motion of Revd Moyes: That Draft Minutes No. 65 be confirmed.

5.2 *Correspondence*

The Committee noted the following items of correspondence received:

- 19 March 2010 - Letter from three members of GPSC2 regarding a proposed inquiry into the Building the Education Revolution Program.

5.3 *Proposed terms of reference: Inquiry into the Building the Education Revolution Program*

The Chair tabled a letter to the Clerk of the Committee signed by the Chair, Rev Moyes and Ms Rhiannon requesting a meeting of the Committee to consider proposed terms of reference for an Inquiry into the Building the Education Revolution Program.

Dr Kaye moved: That the Committee proceed with the proposed Inquiry into the Building the Education Revolution Program.

The Committee divided.

Ayes: Ms Ficarra, Dr Kaye, Revd Dr Moyes, Ms Parker

Noes: Mr Catanzariti, Mr Moselmane, Ms Robertson.

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That the closing date for submissions be Monday 7 June 2010.

Resolved, on the motion of Dr Kaye: That the following actions be undertaken in relation to the establishment of the inquiry:

- Advertisements calling for submissions to be placed in the *Sydney Morning Herald* and *Daily Telegraph* as soon as practicable

- Committee members provide suggestions for stakeholders to the secretariat by 5pm Thursday 1 April 2010
- Two full day hearings be held in June 2010 with the dates to be determined in consultation with Committee members
- The Committee secretariat to circulate the inquiry timeline to members.

6. ***

7. ***

8. **Adjournment**

The Committee adjourned at 4.50 pm, until 10 May 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 67

Friday 23 April 2010

Room 1102, Parliament House, at 10.00 am

1. **Members present**

Ms Robyn Parker (*Chair*)

Ms Christine Robertson (*Deputy Chair*)

Ms Kayee Griffin (Catanzariti)

Mr Shaoquett Moselmane

Ms Marie Ficarra

Revd Dr Gordon Moyes

Ms Lee Rhiannon

2. **Substitution**

Ms Griffin for Mr Catanzariti.

3. **Draft Minutes**

Resolved, on the motion of Ms Robertson: That Draft Minutes No. 66 be confirmed.

4. **Correspondence**

The Committee noted the following items of correspondence sent:

4.1. ***

4.2. ***Building the Education Revolution inquiry:***

- 25 March 2010 – Email from Ms Lee Rhiannon advising that Dr John Kaye will be substituting for the Building the Education Revolution inquiry
- 9 April 2010 – Media article forwarded by Cr Martin Ticehurst, to Committee, regarding dissatisfaction with schools infrastructure in Lithgow.

4.3. ***

5. ***

6. ***

7. Adjournment

The Committee adjourned at 11.50 am, until 10 May 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 68

Monday 10 May 2010

Jubilee Room, Parliament House, at 8.50 am

1. Members present

Ms Robyn Parker (*Chair*)

Ms Christine Robertson (*Deputy Chair*)

Mr Tony Catanzariti

Mr Shaoquett Moselmane

Ms Marie Ficarra

Revd Dr Gordon Moyes

Dr John Kaye

2. Draft Minutes

Resolved, on the motion of Ms Ficarra: That Draft Minutes No. 67 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence received:

Received

- 21 April 2010 – Letter from Dr Brian Croke, Executive Director, Catholic Education Commission, advising that his organisation will not be making a submission on this occasion.

4. Inquiry into the Building the Education Revolution program

4.1 Publication of submissions

Resolved, on the motion of Dr Kaye: That, according to section 4 of the Parliamentary Papers (Supplementary Provisions) Act 1975 and standing order 223(1), the Committee authorise the publication of submission no's 1, 2, 4, 5, 8 and 9.

Resolved, on the motion of Dr Kaye: That, according to section 4 of the Parliamentary Papers (Supplementary Provisions) Act 1975 and standing order 223(1), the Committee authorise the partial publication of submissions no 3.

Resolved, on the motion of Ms Ficarra: That, according to section 4 of the Parliamentary Papers (Supplementary Provisions) Act 1975 and standing order 223(1), the Committee keep submission no's 6 and 7 fully confidential.

5. ***

6. Adjournment

The Committee adjourned at 5.35 pm, until 21 May 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 69

Friday 21 May 2010

Hospital Road entrance, Parliament House, Sydney at 8.45 am

1. Members present

Ms Robyn Parker (*Chair*) – from 8.45am to 3pm
Ms Christine Robertson (*Deputy Chair*) – from 3pm
Mr Tony Catanzariti
Mr Shaoquett Moselmane
Ms Marie Ficarra – from 8.45am to 3pm
Revd Dr Gordon Moyes
Dr John Kaye

2. ***

Rebecca Main
Clerk to the Committee

Minutes No. 70

Wednesday 2 June 2010

Members Lounge, Parliament House, at 2.20 pm

1. Members present

Ms Robyn Parker (*Chair*)
Ms Christine Robertson (*Deputy Chair*)
Mr Shaoquett Moselmane
Revd Dr Gordon Moyes
Mr Greg Pearce

2. Minutes

Resolved, on the motion of Revd Moyes: That Draft Minutes Nos 68 and 69 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 19 May 2010 – Email from Ms Sharon Baxter-Judge, President, Bungendore Public School P&C Association to Dr John Kaye MLC, cc'd to the Committee, regarding unflued gas heaters
- 31 May 2010 - Email from Ms Sharon Baxter-Judge, President, Bungendore Public School P&C Association, to the Committee, regarding unflued gas heaters.

Sent

- 26 May 2010 – Letter from Chair to the Hon Julia Gillard MP, Minister for Education, Employment and Workplace Relations, Minister for Social Inclusion, Deputy Prime Minister, informing the Minister about the Building the Education Revolution program inquiry, and inviting officials from the Department to participate in the inquiry process.

4. Inquiry into the Building the Education Revolution program

4.1 Publication of submissions

Resolved, on the motion of Ms Robertson: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the publication of Submissions Nos 10, 11, 12, 13, 15, 16, 17, 18, 19, 23, 24, 25, 26, 28, 29, 30, 31 and 34.

Resolved, on the motion of Mr Moselmane: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the partial publication of Submissions Nos 20, 21, 22, 32 and 33 by suppressing names and identifying information.

Resolved, on the motion of Mr Moyes: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the partial publication of Submission No. 14 by suppressing the names and contact details of third parties.

Resolved, on the motion of Ms Robertson: That the Committee keep Submission No. 27 confidential.

4.2 Approach to submissions from Senate Inquiry

The Committee noted the secretariat's approach to processing submissions that have already been submitted to and published by the Senate Inquiry into Primary Schools for the Twenty-First Century, which is to publish the covering letter as a submission, and treat the Senate submission as an attachment, which in most cases will be placed on the inquiry website.

4.3 Attendance at hearing by Chair of Commonwealth BER Implementation Taskforce, Mr Brad Orgill

Resolved, on the motion of Mr Moyes: That the Committee hear from Mr Brad Orgill, Chair of the Commonwealth BER Implementation Taskforce, for at least thirty minutes at the Friday 18 June 2010 public hearing.

5. Adjournment

The Committee adjourned at 2.30 pm, until 1.00 pm 10 June 2010.

Teresa McMichael
Clerk to the Committee

Minutes No. 71

Wednesday 10 June 2010

Members Lounge, Parliament House, at 1.00 pm

1. Members present

Ms Robyn Parker (*Chair*)
Ms Christine Robertson (*Deputy Chair*)
Mr Shaoquett Moselmane
Revd Dr Gordon Moyes
Mr Tony Catanzariti
Dr John Kaye
Mr Greg Pearce (*Ficarra*)

2. Minutes

Resolved, on the motion of Revd Moyes: That Draft Minutes No 70 be confirmed.

3. Correspondence

The Committee noted the following items of correspondence:

Received

- 8 June 2010 – Email from Mr Stewart Thomas, Department of Education, Employment and Workplace Relations (DEEWR), to Principal Council Officer declining invitation to send DEEWR witnesses to the Committee's hearings

- 8 June 2010 - Email from Thomas George MP advising that the schools and builder named in his submission are aware that the material they had provided have been included in his submission.

4. ***

5. Inquiry into the Building the Education Revolution program

5.1 *Publication of submissions*

Resolved, on the motion of Mr Kaye: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the publication of Submission Nos 35, 39, 40, 43, 44, 47, 48, 50, 51, 52, 53, 57, 58, 59, 63, 65, 66, 67, 68, 69, 72, 73, 74, 75, 77, 82, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100, 101, 104, 105, 106, 108, 109, 110, 111, 112, 113, 114; and the attachments to submissions 58, 77, 82, 84, 87, 88, 97 and 114.

Resolved, on the motion of Ms Robertson: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the partial publication of Submission Nos 36, 37, 41, 42, 45, 46, 49, 54, 55, 56, 60, 61, 62, 70, 71, 76, 78, 80 and 81 with names and identifying information suppressed.

Resolved, on the motion of Ms Robertson: That the Committee defer consideration of Submissions 38, 64, 79, 83, 102 and 107, and that the secretariat contact the submission authors to discuss the status of their submissions.

5.2 *Witnesses*

Resolved, on the motion of Mr Kaye: That the Committee accept the draft notice of hearing circulated by the secretariat for 18 June, with the inclusion of the Catholic Education Commission of NSW and Bovis Lend Lease.

6. Adjournment

The Committee adjourned at 1.28 pm, until 9.30 am 18 June 2010.

Teresa McMichael

Clerk to the Committee

Minutes No. 72

Friday 18 June 2010

Jubilee Room, Parliament House, at 9.15 am

1. Members present

Ms Robyn Parker (*Chair*)
 Ms Christine Robertson (*Deputy Chair*)
 Ms Kaye Griffin (*Catanzariti*) – from 10.30 am
 Dr John Kaye
 Mr Shaoquett Moselmane
 Revd Dr Gordon Moyes
 Mr Greg Pearce (*Ficarra*)

2. Substitutions

Ms Griffin for Mr Catanzariti.

3. Minutes

Resolved, on the motion of Revd Moyes: That Draft Minutes No 71 be confirmed.

4. Correspondence

The Committee noted the following items of correspondence:

Received

- 15 June 2010 – Letter from Hon Greg Donnelly MLC, to Chair, advising that Hon Kayee Griffin MLC will be substituting for Hon Tony Catanzariti MLC at the 18 June hearing
- 16 June 2010 – Email from Mr Murray Coleman, Global Chief Executive Officer, Bovis Lend Lease, to Principal Council Officer declining the Committee’s invitation to appear at a public hearing
- 16 June 2010 – Email from Department of Education, Employment and Workplace Relations, to Committee providing background briefing to the BER program.

5. Inquiry into the provision of education to students with disabilities or special needs

Resolved, on the motion of Ms Robertson: That the Committee publish the draft DET report “Behaviour schools/learning centres appraisal”, excluding Appendix E (pp 30-141), and that it not be put on the Committee’s website.

6. Inquiry into the Building the Education Revolution program***6.1 Publication of submissions***

Resolved, on the motion of Dr Kaye: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the publication of Submission Nos 103, 115, 116, 117, 118, 119, 120, 121, 123, 124, 125, 127, 128, 130, 131, 132, 133; the attachments to submissions 117, 118, 119, 123; and attachment no. 2 to submission 121.

Resolved, on the motion of Dr Kaye: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the partial publication of Submission Nos 64, 102, 126 and 134, with names and identifying information suppressed.

Resolved, on the motion of Dr Kaye: That the Committee keep Submission Nos 79, 122 and 129 confidential.

6.2 Submissions written by university students on behalf of schools

The Committee noted that several submissions have been drafted by university students on behalf of or in cooperation with primary schools. The secretariat advised that clarification had been sought from these schools on the authorship of the submissions, and that most schools had agreed to retain authorship.

The Committee noted that Cardiff High School (Submission 30) requested that the submission be attributed to the student, Miss Stephanie Ziolkowski; and that Ashtonfield Public School (Submission 104) also requested that the submission be attributed to the student, Ms Amelia Peacock. The Committee agreed to both requests.

Resolved, on the motion of Dr Kaye: That the secretariat prepare advice for the Committee regarding the handling of future submissions written by third parties on behalf of persons or organisations.

6.3 Publication of correspondence

Resolved, on the motion of Ms Robertson: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the publication of the following item of correspondence:

- Email from Department of Education, Employment and Workplace Relations, to Committee providing background briefing to the BER program dated 16 June 2010.

6.4 Publication of answers to questions on notice

Resolved, on the motion of Ms Robertson: That answers to questions on notice be returned within 21 days.

6.5 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses from the Catholic Education Commission of NSW/NSW Catholic Block Grant Authority were sworn and examined:

- Mr William Walsh, Director Resources Policy and Capital Programs, Catholic Education Commission NSW and Executive Officer, NSW Catholic Block Grant Authority
- Dr Daniel White, Executive Director of Catholic Schools, Catholic Education Office, Archdiocese of Sydney
- Mrs Margaret Hogan, Principal, St Christopher's Primary School.

Mr Walsh tendered the following documents:

- Catholic Education Office BER P21, Master planning flow chart
- Summary BER statistics, NSW Catholic sector.

The evidence concluded and witnesses withdrew.

The following witness from the Commonwealth BER Implementation Taskforce was sworn and examined:

- Mr Brad Orgill, Chair.

Mr Orgill tendered the following document:

- Opening statement.

The evidence concluded and witness withdrew.

The following witnesses from the NSW Department of Education were sworn and examined:

- Mr Michael Coutts-Trotter, Director General
- Mr Angus Dawson, BER Program Director.

The evidence concluded and witnesses withdrew.

The following witnesses from the NSW Teachers Federation were sworn and examined:

- Mr Garry Zadcovitch, A/President
- Dr Mary Fogarty, Research Officer
- Mr Ross Craven, Principal, Cassilis Public School
- Mr Grant Heaton, Principal, Hastings Primary School.

Mr Heaton tendered the following document:

- Quotes for building material for St Joseph's School.

The evidence concluded and witnesses withdrew.

The following witnesses from the Public Schools Principals Forum were sworn and examined:

- Ms Cheryl McBride, Chairperson
- Mr Brian Chudleigh, Deputy Chairperson.

The evidence concluded and witnesses withdrew.

The following witnesses from the NSW Primary Principals Association were sworn and examined:

- Mr Geoff Scott, President
- Ms Jackie Malecki, Deputy President
- Ms Helen Colquhoun, Chair of Asset Management Reference Group.

Mr Scott tendered the following document::

- Building the Education Revolution Survey Report – Executive Summary.

The evidence concluded and witnesses withdrew.

The public and the media withdrew.

6.6 Publication of tendered documents

Resolved, on the motion of Dr Kaye: That the Committee accept and publish, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the following documents tendered during the hearing:

- Summary BER statistics, NSW Catholic sector, tendered by Mr Walsh
- Opening statement, tendered by Mr Orgill
- Building the Education Revolution Survey Report – Executive Summary, tendered by Mr Scott.

6.7 Selection of witnesses from schools

Resolved, on the motion of Ms Robertson:

- That the Committee invite representatives from the following five schools to appear at the 30 June hearing:
 - Abbotsford Public School
 - Mt St Thomas Public School
 - Nashdale Public School
 - Scotts Head Public School
 - Tottenham Central School
- That, if any of the five invited schools are unable to attend the 30 June hearing, the Committee invite representatives from the following reserve list:
 - Cattai Public School
 - Sutton Public School
- That the secretariat circulate a list of schools that self-managed their BER P21 projects, and that the Committee choose via email a school from the list to appear as a sixth witness at the 30 June hearing.

6.8 Written questions on notice

Resolved, on the motion of Ms Robertson: That Committee members send written questions on notice to the secretariat by 5pm Monday 21 June 2010.

7. Adjournment

The Committee adjourned at 4.15 pm, until 9.30 am 28 June 2010.

Teresa McMichael
Clerk to the Committee

Minutes No. 73

Monday, 28 June 2010

Room 1102, Parliament House, at 9.30 am

1. Members present

Ms Robyn Parker (*Chair*)
 Ms Christine Robertson (*Deputy Chair*)
 Mr Tony Catanzariti
 Dr John Kaye
 Mr Shaoquett Moselmane
 Ms Sylvia Hale (Moyes)
 Ms Marie Ficarra

2. Apologies

Revd Dr Gordon Moyes

3. Substitutions

Ms Sylvia Hale (*Moyes*)

4. Draft minutes

Resolved, on the motion of Ms Robertson: That Draft Minutes No.72 be confirmed.

5. Correspondence

The Committee noted the following correspondence:

Received

- 9 June 2010 – From Ms Katrina Hodgkinson, Member for Burrinjuck, Legislative Assembly, NSW Parliament, to the Committee, providing media release issued by the Gunning Public School P&C.

6. Inquiry into the Building the Education Revolution Program***6.1 Publication of submissions***

Resolved, on the motion of Ms Ficarra: That the Committee change the status of Submission 128 from public to partially confidential, with personal information regarding third parties removed.

Resolved, on the motion of Dr Kaye: That according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and standing order 223(1), the Committee authorise the publication of Submission Nos 85a and 128a.

Resolved, on the motion of Dr Kaye: That the Committee keep submission Nos 83 and 107 confidential.

7. Inquiry into the provision of education to students with a disability or special needs***7.1 Publication of submissions***

Resolved, on the motion of Ms Robertson: That according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and standing order 223(1), the Committee authorise the publication of Submission No 726.

8. ***

9. Adjournment

The Committee adjourned at 3.55 pm, until 9.15 am 30 June 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 74

Wednesday, 30 June 2010

Room 814/815, Parliament House, at 9.15 am

1. Members present

Ms Robyn Parker (*Chair*)

Ms Christine Robertson (*Deputy Chair*)

Mr Tony Catanzariti

Dr John Kaye

Mr Shaoquett Moselmane

Mr Greg Pearce (*Ficarra*) (BER hearing)

Mr Roy Smith (*Moyes*) (BER hearing)

Ms Marie Ficarra

Ms Sylvia Hale (*Moyes*) (Disability Education report deliberative)

Ms Penny Sharpe (*Catanzariti*) (Disability Education report deliberative)

2. Apologies

Revd Dr Gordon Moyes

3. Substitutions

Mr Roy Smith (*Moyes*) (BER hearing)

Mr Greg Pearce (*Ficarra*) (BER hearing)

Ms Sylvia Hale (*Moyes*) (Disability Education report deliberative)

Ms Penny Sharpe (*Catanzariti*) (Disability Education report deliberative)

4. Inquiry into the Building the Education Revolution program

4.1 Public hearing

Witnesses, the public and the media were admitted.

The Chair made an opening statement regarding the broadcasting of proceedings and other matters.

The following witnesses from Abbotsford Public School were sworn and examined:

- Mr Peter Widders, Principal
- Mr Rob Vellar, P&C President
- Mr Glen Schofield, P&C Vice President.

Mr Widders tendered the following document:

- Abbotsford Public School – National School Pride: Bathroom Refurbishment Project – 2009/2010.

Mr Vellar tendered the following document:

- Email correspondence between Mr Michael Coutts-Trotter, Director General, NSW Department of Education, and Mr Peter Widders, Principal, Abbotsford Public School.

The evidence concluded and the witnesses withdrew.

The following witnesses from Mt St Thomas Public School P&C Association were sworn and examined:

- Ms Tracey Kirk-Downey, President
- Mr Arthur Rorris, Representative.

Mr Rorris tendered the following documents:

- Mount St Thomas BER Project Chronology
- Letter from Hon Verity Firth MP, Minister for Education and Training, to Ms Tracey Kirk-Downey, President, Mt St Thomas Public School P&C Association.

The evidence concluded and the witnesses withdrew.

The following witnesses from Black Hill Public School were sworn and examined:

- Mr Brian Adamthwaite, Principal
- Mr Brad Ure, President, School Council.

Mr Adamthwaite tendered the following document:

- Black Hill Public School BER program – situation and overview.

The evidence concluded and the witnesses withdrew.

The following witness from Cattai Public School P&C Association was sworn and examined:

- Ms Helena Bark, President.

Ms Bark tendered the following documents:

- Floor plan
- Preliminary School Brief.

The evidence concluded and the witness withdrew.

The following witnesses from Nashdale Public School were sworn and examined:

- Ms June Coleman, P&C President
- Ms Joanna Peck, BER Committee Member.

Ms Coleman tendered the following documents:

- Web costing and explanations for Nashdale Public School
- Images of Nashdale Public School P21 project
- ‘Managing your own BER Project’; ‘BER P21 Design Update’; and Nambucca Guardian newspaper article entitled ‘Top marks for school project’

The evidence concluded and the witnesses withdrew.

The following witness from the NSW Nation Building and Jobs Plan Taskforce was sworn and examined:

- Mr Bob Leece, Infrastructure Coordinator General and Chair.

The evidence concluded and witness withdrew.

The following witness from the Department of Services, Technology and Administration was sworn and examined:

- Mr Brian Baker, Deputy Director General, NSW Public Works.

Resolved, on the motion of Dr Kaye: That the Committee accept and publish, according to section 4 of the Parliamentary Papers (Supplementary Provisions) Act 1975 and Standing Order 223(1), the following document tendered during the hearing:

- Images of Nashdale Public School P21 project, tendered by Ms Coleman.

The evidence concluded and the witness withdrew

Resolved, on the motion of Ms Robertson: That the Committee accept and publish, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the following documents tendered during the hearing:

- Abbotsford Public School – National School Pride: Bathroom Refurbishment Project – 2009/2010, tendered by Mr Widders
- Email correspondence between Mr Michael Coutts-Trotter, Director General, NSW Department of Education, and Mr Peter Widders, Principal, Abbotsford Public School, tendered by Mr Vellar
- Mount St Thomas BER Project Chronology, tendered by Mr Rorris
- Letter from Hon Verity Firth MP, Minister for Education and Training, to Ms Tracey Kirk-Downey, President, Mt St Thomas Public School P&C Association, tendered by Mr Rorris
- Black Hill Public School BER program – situation and overview, tendered by Mr Adamthwaite
- Floor plan, tendered by Ms Bark
- Preliminary School Brief, tendered by Ms Bark
- Web costing and explanations for Nashdale Public School, tendered by Ms Coleman
- ‘Managing your own BER Project’ and ‘BER P21 Design Update’, tendered by Ms Coleman.

The following witnesses from Tottenham Central School P&C Association were sworn and examined:

- Mr Rick Bennett, President
- Mr Roger Baker, Treasurer.

Mr Bennett tendered the following documents:

- List of building costs incurred to schools and plan of canteen
- Forecast final cost summary sheet from Laing O’Rourke
- Images of Tottenham Central School – New BER Canteen
- Plan for the design of a building at Tottenham sports oval
- Building the Education Revolution Guidelines.

The evidence concluded and the witnesses withdrew.

The public and the media withdrew.

Resolved, on the motion of Mr Smith: That the Committee accept and publish, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the following documents tendered by Mr Bennett during the hearing:

- List of building costs incurred to schools and plan of canteen
- Forecast final cost summary sheet from Laing O’Rourke
- Images of Tottenham Central School – New BER Canteen
- Plan for the design of a building at Tottenham sports oval.

4.2 Additional questions on notice

Resolved, on the motion of Ms Robertson: That Committee members send written questions on notice to the secretariat by 5pm Thursday 1 July 2010.

4.3 Publication of submissions

Resolved, on the motion of Dr Kaye: That the Committee, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), publish supplementary Submission No. 57a.

Resolved, on the motion of Ms Robertson: That the Committee keep Submission 38 confidential, at the request of the author.

4.4 Secretariat advice re submissions written or submitted by third parties

The Committee noted advice drafted by the secretariat regarding submissions written or submitted by third parties.

5. Correspondence

The Committee noted the following correspondence:

Received

- 29 June 2010 – Email from Mr Russell Simmons to Principal Council Officer advising that Scotts Head Public School Futures Group had decided to withdraw as a witness from the 30 June hearing.

Mr Pearce left the meeting.

Mr Smith left the meeting.

The Committee relocated to Room 1102, Parliament House, at 5.10 pm.

6. ***

Ms Ficarra joined the meeting.

Ms Hale joined the meeting.

6.1 Draft Minutes

Resolved, on the motion of Ms Ficarra: That Draft Minutes No. 73 be confirmed.

6.2 ***

6.3 Correspondence (BER Inquiry)

Resolved on the motion of Ms Robertson: That correspondence to Mr Paul Scott, University of , and advice from the secretariat on how to attribute authorship to submissions written or submitted by third parties on behalf of organisations or individuals, be circulated to members by email and the letter be sent to Mr Scott, subject to any comments from Committee members.

6.4 ***

7. Adjournment

The Committee adjourned at 7.35 pm, until 9 July 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 75

Friday, 9 July 2010

Room 1102, Parliament House, at 10.30 am

1. Members present

Ms Robyn Parker (*Chair*)

Ms Marie Ficarra

Ms Helen Westwood (*Robertson*)

2. Apologies

Revd Dr Gordon Moyes
Mr Tony Catanzariti
Dr John Kaye
Mr Shaoquett Moselmane

3. Substitutions

Ms Helen Westwood (*Robertson*)

4. Minutes

Resolved on the motion of Ms Ficarra: That

- The Committee reconsider Minutes No. 73
- Minutes No. 73 be amended by inserting Table 2.1, which the Committee previously resolved should be omitted from the Disability Education report
- Minutes No. 73, as amended, be confirmed
- Minutes No. 74 be confirmed.

5. Correspondence

The Committee noted the following correspondence:

Sent

- 7 July 2010 – Letter to Mr Paul Scott, University of Newcastle, from Director, regarding authorship of submissions.

6. Inquiry into the Building the Education Revolution program

6.1 Publication of answers to questions on notice

Resolved on the motion of Ms Ficarra: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and standing order 223(1), the Committee authorise the publication of the answer to a question on notice provided by Abbotsford Public School.

7. ***

8. Adjournment

The Committee adjourned at 10.38 am, until 10 September 2010.

Beverly Duffy

Clerk to the Committee

Minutes No. 76

Friday, 10 September 2010

Room 1102, Parliament House, at 9.30 am

1. Members present

Ms Robyn Parker (*Chair*)
Ms Christine Robertson (*Deputy Chair*)
Mr Tony Cantazariti (*from 10.55 am*)
Dr John Kaye
Mr Shaoquett Moselmane (*from 9.50 am*)
Revd Gordon Moyes
Mr Greg Pearce (*Ficarra*)

Mr Mick Veitch (*Mr Catanzariti*) (from 9.30 am to 10.55 am)
 Ms Lynda Voltz (*Mr Moselmane*) (from 9.30 am to 9.50 am)

2. Committee membership

The Committee noted that Ms Cate Faehrmann has been nominated as a cross bench member of GPSC2, to replace Ms Lee Rhiannon.

3. Substitutions

The Chair has received written advice that Dr John Kaye will be substituting for Ms Cate Faehrmann for the duration of the inquiry.

The Chair has received written advice that Mr Mick Veitch will be substituting for Mr Tony Catanzariti for the purpose of this meeting.

The Chair has received written advice that Ms Voltz will be substituting for Mr Moselmane for the purpose of this meeting.

4. Minutes

Resolved, on the motion of Dr Kaye: That Draft Minutes No. 75 be confirmed.

5. Correspondence

The Committee noted the following correspondence:

Received – BER inquiry

- 9 July 2010 – Email from Mr Thomas George MP to the Committee, forwarding correspondence received from Eltham Public School P&C Association
- 9 July 2010 – Letter from Mr William Walsh, Executive Director of Catholic Schools, Archdiocese of Sydney, providing answers to questions on notice
- 14 July 2010 – Letter from Mr Brad Orgill, Chair of the Building Education Revolution Implementation Taskforce, providing answers to additional questions from members
- 14 July 2010 – Letter from Mr Kevin Morrison, Coordinator – Capital Programs, Catholic Education Commission, providing additional answers to questions from members
- 14 July 2010 – Letter from Mr Peter Riordan, R/Director General of Education and Training and R/Managing Director of TAFE NSW, providing answers to question on notice
- 19 July 2010 – Letter from Mr Peter de Graaff, Acting General Secretary, NSW Teachers Federation, providing answers to additional questions from members
- 23 July 2010 – Letter from Mr Robert Leece, Chairman and Infrastructure Coordinator General, NSW Nation Building and Jobs Plan Taskforce, providing answers to question on notice
- 23 July 2010 – Letter from Mr Brian Baker, Deputy Director General, NSW Public Works, providing answers to question on notice
- 19 August 2010 – Letter from Mr Geoff Scott, President, NSW Primary Principals' Association, providing answers to question on notice
- 25 August 2010 – Email from Ms Cheryl McBride, Chairperson, Public Schools Principals Forum, providing answers to question on notice
- 30 August 2010 – Letter from the Director General DET, Mr Coutts-Trotter, to the Chair, updating the Committee on the progress of the BER in NSW.

Resolved, on the motion Ms Robertson: That the letter from Miss Doyle dated 1 September 2010 to the Director be referred to the relevant minister, subject to the agreement of Miss Doyle.

6. Publication of answers to questions on notice – BER inquiry

Resolved, on the motion of Mr Pearce: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and standing order 223(1), the Committee authorise the publication of answers to questions on notice provided by:

- Catholic Schools, Archdiocese of Sydney
- Catholic Education Commission
- Building the Education Revolution Implementation Taskforce
- NSW Department of Education and Training
- NSW Teachers Federation
- NSW Nation Building and Jobs Plan Taskforce
- NSW Public Works

and the correspondence from DET dated 30 August 2010.

7. Inquiry into Budget Estimates 2010-2011 – procedural resolutions

7.1 Allocation of question time

Resolved, on the motion of Ms Robertson: That for the initial round of hearings into the Budget Estimates 2010-2011, the sequence of questions to be asked alternate between Opposition, Cross Bench and Government members, in that order, with 20 minutes allocate to each.

7.2 Publication of Answers to QON

Resolved, on the motion of Dr Kaye: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and Standing Order 223(1), the Committee authorise the Clerk of the Committee to publish the answers provided to questions on notice, except those answers for which confidentiality is requested, after these answers have been circulated to committee members.

7.3 Order for examination of portfolios

Resolved, on the motion of Ms Robertson: That on Monday 13 September 2010, 2pm-6pm the Ageing, Disability Services, Volunteering, and Youth portfolios be examined concurrently.

Resolved, on the motion of Mr Pearce: That on Wednesday 15 September, one hour be allocated to the State Plan portfolio with the remainder of the time allocated to the Community Services portfolio.

8. Inquiry into the Building the Education Revolution program

8.1 Publication of submission

Resolved, on the motion of Mr Pearce: That, according to section 4 of the *Parliamentary Papers (Supplementary Provisions) Act 1975* and standing order 223(1), the Committee authorise the publication of Submission No. 13a.

8.2 Consideration of draft report

The Chair tabled her draft report entitled 'The Building the Education Revolution Program', which, having been previously circulated, was taken as being read. The Committee proceeded to consider the report in detail.

Chapter 1 read.

Resolved on the motion of Mr Pearce: That chapter 1 be adopted.

Chapter 2 read.

Resolved, on the motion of Mr Pearce: That paragraph 2.5 be amended by omitting 'New South Wales, as the largest BER funding recipient' and inserting instead 'The largest BER funding recipient is the NSW Government school system, which'.

Resolved, on the motion of Mr Pearce: That paragraph 2.6 be amended by omitting 'New South Wales' and inserting instead 'NSW public schools'.

Mr Moselmane arrived at the meeting.

Ms Voltz left the meeting.

Resolved, on the motion of Dr Kaye: That paragraph 2.6 be amended by:

- inserting 'ordered list of' before 'priorities' (and wherever else this term appears in the report)
- replacing the bullet points with numbers.

Resolved, on the motion of Mr Pearce: That paragraph 2.10 be amended by inserting 'Public schools' after New South Wales.

Resolved, on the motion of Dr Kaye: That paragraph 2.10 be amended by inserting 'and' before 'sporting grounds'.

Resolved, on the motion of Mr Pearce: That paragraph 2.11 be amended by omitting 'As at 26 July 2010'.

Resolved, on the motion of Mr Pearce: That paragraph 2.13 be amended by omitting 'As at 26 July 2010'.

Resolved, on the motion of Dr Kaye: That paragraph 2.14 be amended by inserting 'in public schools' after 'elements'.

Ms Robertson moved: That paragraph 2.20 be amended by deleting 'general' before 'picture'.

Question put.

The Committee divided.

Ayes: Mr Moselmane, Ms Robertson, Mr Veitch

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Resolved, on the motion of Ms Robertson: That paragraph 2.21 be amended by inserting 'For example, Ms June Coleman, President, Nashdale Public School P&C Association, said:' before the quote.

Resolved, on the motion of Mr Pearce: That paragraph 2.26 be amended by omitting '97.4' and inserting instead '97.1'.

Resolved, on the motion of Dr Kaye: That paragraph 2.35 be amended by omitting 'against' and inserting instead 'in relation to' after 'lodged'.

Resolved, on the motion of Mr Pearce: That paragraph 2.36 be amended by omitting 'yet'.

Ms Robertson moved that paragraph 2.39 be deleted.

Question put.

The Committee divided.

Noes: Dr Kaye

Ayes: Mr Moselmane, Ms Robertson, Rvd Moyes, Ms Parker, Mr Pearce, Mr Veitch

Question resolved in the affirmative.

Resolved, on the motion of Mr Pearce: That the second reference of 'New South Wales' in paragraph 2.40 be replaced with 'it'.

Resolved on the motion of Ms Robertson: That Paragraph 2.44 be amended by deleting 'many' and inserting instead 'a number of'.

Dr Kaye moved: That the following Committee Comment be inserted after paragraph 2.44:

While a comprehensive study that compares like schools across states is yet to be completed, it appears that NSW has a disproportionate number of complaints, even after taking into account geographic challenges and the distribution of school sizes.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Moselmane, Ms Robertson, Mr Veitch

Question resolved in the affirmative.

Resolved, on the motion of Dr Kaye: That paragraph 2.47 be amended by omitting 'recent media reports' and inserting instead 'some opinions expressed recently in the media'.

Resolved, on the motion of Dr Kaye: That paragraph 2.50 be amended by:

- inserting 'impact of' before 'the global financial crisis'
- omitting 'has' and inserting instead 'may have'
- omitting 'passed' and inserting instead 'abated'.

Chapter 3 read.

Resolved, on the motion of Mr Pearce: That paragraph 3.2 be amended by omitting 'consisted' and inserting instead 'consists'.

Resolved, on the motion of Dr Kaye: That the following new paragraph be inserted after the quote in paragraph 3.8:

However, it should be pointed out that the NSW Government paid a premium for this transfer of risk. Managing contractors were allowed to factor in an allowance at the beginning of the project for design and price risk. [Footnote: Answers to additional questions on notice, 26 July 2010, NSW Department of Education and Training, Additional information, Tab C, p 4] The transfer of risk did not come without an economic cost to the Department.

Resolved, on the motion of Dr Kaye: That paragraph 3.24 be amended by omitting 'with an estimated 20-24 per cent of program management, project management fees and design fees,' and inserting instead 'with

program management, project management fees and design fees accounting for an estimated 20-24 per cent of total costs'.

Resolved, on the motion of Dr Kaye: That paragraph 3.32 be amended by deleting 'has been' and inserting instead 'was'.

Resolved, on the motion of Dr Kaye: That paragraph 3.33 be amended by deleting 'has charged' and inserting instead 'imposed a charge of'.

Resolved, on the motion of Dr Kaye: That the following Finding be inserted after Finding 1:

That NSW Government fees have been marked by double dipping where an additional 1.3 per cent was charged on top of the amount allocated by the Federal Government.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Moselmane, Ms Robertson, Mr Veitch

Question resolved in the affirmative.

Mr Pearce moved that Finding 1 be adopted.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Moselmane, Ms Robertson, Mr Veitch

Question resolved in the affirmative.

Chapter 4 read.

Dr Kaye moved that the following Committee Comment and Finding be inserted after paragraph 4.13:

The Committee is concerned that the BMV tests against project costs in other similar schools and thus would inherently fail to capture the situation where all projects were more expensive than they should have been. The Committee is also concerned that the tendering process failed to focus on value for money and lacked the depth to secure economically efficient outcomes.

Finding: That both the Benchmark Value test and the tendering process used by the NSW Department of Education and Training were flawed and failed to secure value for money.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Moselmane, Ms Robertson, Mr Veitch

Question resolved in the affirmative.

Resolved, on the motion of Ms Robertson: That the following quote be inserted after paragraph 4.15:

The BER Taskforce believes that the weighting given to the stimulus objectives by different education authorities has influenced the cost outcomes achieved and requires careful consideration in assessing whether individual school buildings constructed represent value for money as compared to similar buildings constructed by another education authority (p 39 BER interim report)

Chapter 5 read.

Resolved, on the motion of Ms Robertson: That paragraph 5.8 be deleted.

Mr Cantazariti joined the meeting.

Mr Veitch left the meeting.

Resolved, on the motion of Ms Robertson: That paragraph 5.16 be inserted after paragraph 2.19.

Resolved, on the motion of Ms Robertson: That paragraph 5.18 be amended by deleting 'demountable' and inserting instead 'modular design'.

Resolved, on the motion of Ms Robertson: That the footnote at the end of paragraph 5.31 be amended by inserting 'John Purchase Public School'

Resolved, on the motion of Dr Kaye: That Recommendation 1 be amended by omitting 'project priorities' and inserting instead 'priority order list of project types'.

Dr Kaye moved: That Recommendation 3 be adopted.

Question put.

The Committee divided.

Ayes: Dr Kaye, Mr Moselmann, Rvd Moyes, Ms Parker, Mr Pearce, Ms Robertson

Noes: Mr Cantazariti

Question resolved in the affirmative.

Dr Kaye moved that the following Finding be inserted before Recommendation 3:

That the NSW Department of Education and Training failed to engage with school communities, including teachers and principals, and consequently lost opportunities to contain costs and achieve outcomes that best suited each school.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Cantazariti, Mr Moselmann, Ms Robertson

Question resolved in the affirmative.

Ms Robertson moved: That the Committee Comment in paragraph 5.77 be made into a finding.

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Ms Robertson moved: That paragraph 6.18 be deleted.

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Ms Robertson moved: That paragraph 6.28 be deleted.

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Resolved, on the motion of Dr Kaye: That paragraph 6.36 be amended by inserting the following sentence at the end of the paragraph 'Costs per unit floor area were thus estimated to be 38.2 per cent greater in public schools than in the NSW Catholic school system'.

Resolved, on the motion of Dr Kaye: That paragraph 6.41 be amended by inserting the following sentence after the first sentence: 'They were also estimated to be 38.2 per cent higher than the costs in the NSW Catholic school system, where project form and geographic distribution are closely comparable to the public sector and underlying construction industry costs are identical.'

Resolved, on the motion of Mr Pearce: That paragraph 6.42 be amended by:

- omitting 'we acknowledge' and 's' after 'DET'
- adding a full stop after 'costs' and omitting 'However'.

Ms Robertson moved: That Finding 4 be omitted and the following new Finding inserted instead: 'That in the context of the global financial crisis and the speed in which P21 projects have had to be delivered in NSW public schools, costs have been higher than school construction works in other times.'

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Ms Robertson moved: 'That Finding 5 be omitted and the following new Finding inserted instead: 'That building costs under the BER program appear to be higher in NSW public schools compared to NSW Catholic schools, however, it is too early to conclude that this is the case until actual final costs are determined for a larger sample of projects'.

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Resolved, on the motion of Dr Kaye: 'That Finding 5 be amended by inserting 'estimated to be' before 'significantly'.

Resolved, on the motion of Dr Kaye: 'That paragraph 6.48 be amended by omitting 'fund' inserting instead 'pay for', and by omitting 'school fund' inserting instead 'school funds'.

Resolved, on the motion of Dr Kaye: 'That paragraph 6.55 be amended by omitting 'many schools will not be able to access such funds' inserting instead, 'the funds may not be sufficient to compensate all schools for their descoped items'.

Resolved, on the motion of Dr Kaye: 'That paragraph 6.67 be amended by omitting 'come at the sake of' inserting instead 'in some instances, come at the expense of'.

Chapter 7 read.

Resolved, on the motion of Ms Robertson: 'That paragraph 7.2 be amended by omitting 'numerous' inserting instead, 'a number of'.

Ms Robertson moved: 'That Finding 7 be deleted.

Question put.

The Committee divided.

Ayes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Noes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Question resolved in the negative.

Resolved, on the motion of Rvd Moyes: 'That Recommendation 7 be amended by omitting 'revert to a business as usual approach. This approach'.

Resolved, on the motion of Rvd Moyes: 'That Recommendation 7, as amended, be adopted.

Dr Kaye moved: 'That the following new Recommendation be inserted after Recommendation 7:

That the NSW Department of Education and Training explore options for the delivery of its capital works projects beyond the BER Program that better involve the school community, including parents, principals and teachers, in both design and development decisions and managing project delivery.

Dr Kaye moved: That the following new Recommendation be inserted after the above Recommendation:

That the NSW Minister for Education commission an independent inquiry into the Department's practices in relation to the delivery of school capital works projects, which includes comparing the NSW Government school system with other education authorities and their achieved costs and outcomes.

The inquiry should make recommendations aimed at ensuring value for money and fitness for purpose are achieved in future capital works projects.

Question put.

The Committee divided.

Ayes: Dr Kaye, Rvd Moyes, Ms Parker, Mr Pearce

Noes: Mr Cantazariti, Mr Moselmane, Ms Robertson

Question resolved in the affirmative.

Resolved, on the motion of Ms Robertson:

- That, the Committee Secretariat seek to identify relevant statistics to be inserted in paragraph 3.33
- That these statistics be circulated to the Committee for approval, via email.

Resolved, on the motion of Mr Kaye:

- That the report, as amended, be the report of the committee
- That according to Standing Order 231, the Committee present the report to the Clerk, together with transcripts of evidence, submissions, tabled documents, answers to questions on notice, minutes of proceedings and correspondence relating to the inquiry (except for documents kept confidential by resolution of the Committee).

Resolved on the motion of Dr Kaye: That the final report be tabled on Monday 20 September 2010.

Resolved on the motion of Dr Kaye: That the Committee thank the Committee Secretariat for their excellent and comprehensive work during the inquiry and in preparing the draft report.

Resolved, on the motion of Mr Pearce: That dissenting reports be provided to the secretariat by 5pm Wednesday 15 September 2010.

9. Adjournment

The Committee adjourned at 12.05 pm, until 13 September 2010 at 9.15am – Budget Estimates.

Beverly Duffy

Committee Clerk

Appendix 5 Dissenting statement

BY THE HON CHRISTINE ROBERTSON MLC

This inquiry was held during a Federal election campaign which overshadowed the final report, the submissions and the hearings.

The report is not balanced and the findings and recommendations do not recognise either the processes to remedy any problems or the complexity of delivering such a large program across the State in a short time frame.

Throughout chapter 2 there was contradictory evidence in relation to school community satisfaction with the BER project across New South Wales. This is not reflected in the findings and recommendations of the report.

Also in chapter 2, comparisons of the NSW program with the rest of Australia have been included without the benefit of full information on the projects to deliver a realistic comparison. Evidence was provided by both DET and the BER taskforce to this effect.

Despite the relatively balanced information in the report, the findings of the BER Taskforce and information from the Department itself, Finding 1 in chapter 3 ignores that the charges were set by competitive tender and further not outside normal program costs operated under grant systems. The finding has no balance. The additional finding in relation to the 1.3 per cent charge by DET for the incredibly complex operation of such a major program is also unbalanced and again does not register either contrary evidence from the BER Taskforce interim report.

There is no reference for the committee comment and finding in chapter 4 in relation to tendering process and the value for money test. These two statements contradict the statement in chapter 4 from the NSW Nation Building and Jobs Plan Taskforce and are based on political perception and not evidence. The further information in this finding which inferred there was no consultation with school communities is untrue and does not register the process of Principal signoff on projects and the regional liaison teams or the difficulties of obtaining local tenders especially in Country regions.

In relation to the section in chapter 5 on unflued gas heaters the committee voted not to include the committee comment as a finding. This further reinforced this committee's aim to attempt to discredit the government as it was a positive statement about the Government actions in relation to school facilities and therefore did not fit the political aim of the report to infer that all projects within schools in NSW were deficient in some way.

To further reinforce that somehow this Inquiry was being utilised as a political campaign tool by the coalition for the Federal Election, a submission from the Liberal National party was utilised as providing evidence within the report during chapter 6.

The finding in chapter 6 relating to costs and value for money should have been replaced with 'That in the context of the global financial crisis and the speed in which P21 projects have had to be delivered in NSW public schools, costs have been higher than school construction works in other times!'

The finding in chapter 6 which states a difference between the Catholic and public school system in relation to costs without using any substantive and real comparisons should be replaced with 'That building costs under the BER program appear to be higher in NSW public schools compared to NSW Catholic schools, however, it is too early to conclude that this is the case until actual final costs are determined for a larger sample of projects'. There is considerable evidence both throughout the report itself and from the preliminary report from the BER Taskforce and DET to verify both these finding replacements.

There was considerable evidence from both school based participants and the Department of Education which indicated that the process of information delivery on self management by schools in the P21 program was thorough and useful for schools. This included the school which self managed which gave us evidence. Therefore this finding in chapter 7 in based on perception by a few and not evidence.

There is no basis on the collection of evidence for the recommendation in chapter 7 relating to a call for an independent inquiry into capital works projects and DET. Despite the political campaign to discredit this program there has been and is transparency and open public information throughout the entire process.

School communities and the NSW economy have benefited through the implementation of this program – particularly in Country NSW.



Christine Robertson MLC
Deputy Chair