

Submission
No 118

INQUIRY INTO THE BUILDING THE EDUCATION REVOLUTION PROGRAM

Organisation: Legislative Assembly, NSW Parliament
Name: Mr Thomas George
Position: Member for Lismore
Date received: 7/06/2010

Friday, 4 June 2010

The Hon Robyn Parker
Chair
Building the Education Revolution Inquiry
General Purpose Standing Committee #2
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Ms Parker

Please find enclosed my submission to the *Inquiry into the Building the Education Revolution*.

If you have any questions, please contact my office on 02

Kind Regards

Thomas George MP
Member for Lismore

Submission to the Legislative Council Inquiry into Building the Education Revolution

Thomas George MP
Member for Lismore

As the Member for Lismore I write to make a submission to the Legislative Council Inquiry into the Building the Education Revolution.

I believe that each school in NSW, whether they are a Government School or non-Government School, would say that they are extremely grateful for the generous funds they have received under the Building the Education Revolution from the Commonwealth Government.

Principals, P&Cs and my local community all said similar things when the Stimulus funds were announced in early 2009 – that this is a wonderful opportunity for our school, and they had big plans for their money.

The concerns that I have are firmly with the value for money in the Government schools in my electorate.

Without a doubt, the non-Government schools in my electorate of Lismore have had only good things to report about their funds, and were able to “stretch” their funds significantly to include as many projects as possible.

This does not appear to be the universal case for the Government schools in my electorate.

I asked all of the schools in my electorate to partake in a survey about the BER funds. While this is not an exhaustive list of each school’s satisfaction with the value for money of the BER funds, it does make for interesting reading. Here are some of their responses.

Non-Government Schools in Lismore Electorate

Summerland Christian College – they believe they received exceptional value for money, as they gained a huge multi-purpose centre (indoor basketball court lined for several sports) with an attached music room, commercial kitchen, change rooms, toilets, storage and an office, all for \$2.2 million. It is nearly completed, and it is on budget.

They engaged local builders, and have been very satisfied with the project, including their relationship with the builders, who have consulted them each step of the way.

St Josephs South Murwillumbah – they are delighted with the value for money, as they engaged local architects, and were in the first round of funding. With their \$850,000, they were on budget, and received a great facility. Again, they engaged local builders for their project.

Tweed Valley College Murwillumbah – Another non-government school that is happy with their value for money of BER funds. For \$850,000 they carefully considered their money, obtaining numerous quotes and designs. Their multi-purpose hall project was awarded to a local builder that significantly reduced their margins to benefit the school. This school was completely satisfied, as they believe they received significantly more value than \$850,000.

I have personally visited this school and believe that the size of the building is 2-3 times larger than local Government schools receiving the same amount of funds.

Trinity Catholic College Lismore – Again, another local non-Government school that believes they received value for money.

They had a valid tender process, spent very little on project management, and had effective local monitoring.

They constructed a Language Centre for \$1.8 million, coming in on budget. They are completely satisfied with the additional space, specific design features for languages, and that the Centre was fully paid for by the Commonwealth grant.

Mt St Patrick College, Murwillumbah – This school is very happy with the value for money, as they gained additional teaching space for the cost that is around their expectation.

They constructed two science laboratories and two language rooms for \$1.97million. This school has repeatedly told me that they are pleased to receive the 4 extra learning spaces. Construction has only just commenced, and it is on budget thus far.

Casino Christian School – Another school that is happy that they received value for money. They constructed two buildings – a library and a multipurpose centre. They are “great, functional and well built”. These two buildings were constructed using their \$850,000 Commonwealth grant. Some on-costs will take the total cost of the construction to about \$900,000.

The school community is very satisfied with the value for money, and for the extra buildings for their growing school population. They noted their dissatisfaction with local government compliance hold-ups.

St Johns College Woodlawn – This school is happy with their value for money. They upgraded their 12 junior classrooms, which was desperately needed. They wanted to rectify noise, lighting and heating issues, and also allow for collaborative learning structures within classes.

They agreed to extend temperature rectifications to include air-conditioning, as this was the best solution.

They are satisfied, as the rooms that were refurbished impact on most teachers and the majority of student body on a daily basis. Both students and teachers felt that the project was a high priority and therefore were very happy to have the BER grant for the project to go ahead.

St Brigid's Primary School – This school is delighted with the “once in a lifetime opportunity to get new classrooms”. They refurbished classrooms for \$1.6 million, and new kindergarten classrooms. Again, another very satisfied non-government school.

St Carthage's School Lismore – their project remains under construction with another project, and has not commenced as such.

Vistara Primary School – They believe they received value for money because they received a building for free with Commonwealth funds. They don't have a library or a multipurpose space, so building a library/multipurpose room with their \$850,000 has helped.

Now they have one room which will share both roles. They still need another classroom.

They are in Round 3 and have received an extension, but it has not been built yet. They initially wanted a classroom, but were told that libraries and multipurpose rooms were being funded as a priority. No guarantee if you apply for a classroom.

Government Schools In Lismore Electorate

Caniaba Public School – This school is not happy with the value for money. They feel \$850,000 plus is too much to pay for a modular building. They are uncertain of the final cost.

They believe their project is over budget, as the solar panels and the rain tanks they were promised have been taken out.

They requested a hall, but were told they could not have it.

They are dissatisfied, as it has taken 3 months longer than anticipated, causing major disruption to their administrative staff. They also had no say in the layout.

Doubtful Creek Public School – They are not happy with the value for money. The program organisers did not listen to the needs of the school.

The BER funds were for \$250,000 but the overall final cost is unknown.

They did not get what they asked for, and there have been problems with their finished project.

Kyogle Public School – they are concerned with the aspects of the costing of the core 14 hall to be built at their school. They were given \$2million for this hall, which will seat, at best, only half of their school population.

They have also found out that all tenders, including the accepted tender, have come in over budget and cost cutting measures have been implemented to allow

construction to begin. They have not received the promised rain water tank, solar co-generation and a roof on their covered walkway, saving approximately \$100,000. (Please see Appendix 1)

Bexhill Public School – They are not happy with the value for money of their BER Funds. They have builders in their school community who believe that they could have built the same size building for less than half the contract amount.

Initially the school was to have a surplus of \$100,000, now they have gone over the contracted amount.

They received a modular library building, originally quoted at \$850,000, now costing \$939,232. This is not what they wanted – they initially asked for a double classroom.

They are dissatisfied, as they feel the cost is too high for the building they received. The time of construction has exceeded their expectations – the modular building was delivered in November 2009, but the completion date is unknown. If local builders/contractors and tradespeople were used, they could have had better value for money and completed on time. They also think that it is essential for the new building to have air-conditioning, as opposed to heaters, due to their climate.

Rosebank Public School – This school does not believe it received value for money. They believe it to be a great facility (library for \$850,000), but far too expensive. They do not have air-conditioning, which their original library had.

This project has come in on budget, and did receive what they wanted. They are not happy about the air-conditioning and total cost, but overall they are satisfied.

However, the project is still incomplete 5 months after the proposed completion date.

Kyogle High School – They received 3 new science labs, 2 refurbished science rooms, security, road, and a slab. For \$780,000, they have come in on budget. This is the project they wanted, so they believe they received value for money.

The workmanship is excellent, and the project management has been outstanding.

Stoker's Siding Public School – They believe they received value for money, mainly because they now have two new classrooms and play equipment that they would never have been able to afford. This has cost \$800,000. It has come in on budget, but they did not receive the much-needed undercover walkways.

However, they are still not in the classrooms (not finished).

Manifold Public School – They do not know if they received value for money, as they did not see any costings. They do think that too much money was spent with the projects going through several hands before actually getting started, with all of these stages incurring a fee as a percentage.

A new library was built, to be used as a classroom, and was earmarked as an IT Connected Classroom. They do not know the budget.

Generally they are satisfied with the work but they do have a few issues. Initially the building was earmarked as a "Connected Classroom" and going into the federally funded building. However, the opening of this classroom is continually being postponed and is currently being pencilled in for Phase 6 (July – Sept 2010).

Consequently the students are still waiting to use the promised IT equipment (including video conferencing and interactive whiteboard). As parents they feel that the kids are being disadvantaged by not being able to use the new technology.

They do note that they believe the workers on the project were of a high standard and considerate of the students, and carried out their work in a professional manner.

Uki Public School – They believe they received value for money, however, without DET guidelines and specifications they know they could have got a lot more "bang for our buck".

They are thrilled with their new Core 7 library and a room upgrade for the computer lab. They believe it to be \$40,000 over budget.

They also expressed their happiness with their fantastic local builder who conveniently scheduled their work over the Christmas holidays so as not to impact on the running of the school.

Comparison of Value for Money in Government and Non-Government Schools

Although not one school (both Government and non-Government) has complained about having work done, many schools have complained about the quality and size of the work supplied for the amount of dollars paid.

I agree that non-government schools have not complained about the BER, because they have personally managed their projects and managed them properly.

Further the non-Government schools have certainly achieved a lot for their money with their buildings and upgrades.

With respect to the Government schools, the message coming through is clear. They are very grateful for the money, as it gave them the opportunity to upgrade or construct new buildings that were required for their school needs.

However, I am concerned that local builders, architects, surveyors and other tradesmen were not fully utilised by Government schools with their BER funds, namely due to the fact that they had no over-arching control over the direction of the projects.

I also wish to raise my concerns with the fact that all of the non-Government schools were able to construct what they wished, in stark contrast with the Government schools that were advised otherwise by either their managing contractors, DET or the BER Integrated program Office.

At one school in Lismore the total cost of a new building was \$893,000. The modular cost of the building was \$339,853. Where has the rest of the money gone? Although not one school has complained about having work done, many schools have complained about the quantity of the work supplied for the amount of dollars paid.

I would like to make special mention of Tyalgum Public School. This Government school was to receive a new school library and office building, and were very pleased about this. The total cost of the project was \$850,000. However, the prefabricated building was delivered to the school earlier this year, and it did not fit the footings. Besser blocks have been stacked up beside the footings to hold the building in place. The building was due to be handed over earlier in the year. We are now halfway through term two and the building still has not been handed over to the school.

Under the BER program, the cost of fixing that \$850,000 building so that it can fit the footings and completing the project will cost an additional \$500,000. That amount does not cover the provision of a covered walkway to enable people visiting the office or library on wet days to stay dry. When I spoke to the Minister's office about this matter I was informed that the builder would fix the building. However, I was not told that it would cost an additional \$500,000 to do so. This is a terrible story of incompetence, waste and mismanagement. (Please see Appendix 2)

I also want to make special mention of Wyrallah Road Public School. The school had its demountables replaced. Prior to the BER funding becoming available the State Education Office indicated to the school that it would have its demountables replaced at a cost of close to \$2 million. When BER funds looked at replacing these demountables, the cost escalated to \$3 million. The P&C have personally met with me and have indicated that they had received informal quotes of \$1.3 million to \$1.4 million to build the same project. Again, is just astounding.

I would also like place on record what a renowned builder in my area has had to face under the BER program. A L Marsh of FE Marsh & Company, (who has also provided full details to the Inquiry) wrote to his Federal member and sent a copy to me. I would also like to include my speech during a debate on the BER in NSW Parliament on 11 March 2010 to this submission, reproduced below.

Mr Marsh stated:

Re: Federal Government B.E.R. Scheme

We wish to express our serious concern with the method of implementation of this scheme in the North Coast Region.

By way of background our company has been involved in the local building industry for 55 years, specialising in commercial work such as schools, hospitals, nursing homes etc.

During this time we have trained well over 100 apprentices, many of whom have gone on to form their own business.

It is our understanding that the B.E.R. scheme was designed to stimulate the economy and support local building contractors. Our areas of concern are as follows:

1. Project NC-CAS-5166, Casino West Public School: We received a "request to tender" from the managing contractor and submitted our tender on 30.9.09. We have not, as yet, received formal notification of the result of our tender. Our initial verbal enquiries indicated that we may be in the running for the job, however we observed a Queensland-based company delivering materials to the site. Subsequent verbal enquiries indicated that we were unsuccessful.

This builder operates in the small town of Kyogle, services the North Coast and employs 100 apprentices yet this is how he is treated. The second project is at Rukenvale just outside Kyogle. Both these projects are within 10 minutes drive of his company. He states:

2. Project NC-GW-BDR4, Rukenvale, Collins Creek, Wiangaree, Urbenville and The Risk Public Schools

Our firm submitted a tender for these projects on 3.11.09. Again we have not, as yet, received any formal response however verbal enquiries indicate that we were unsuccessful. Advice from one of the major local suppliers indicated that an order for timber frames and trusses had been placed by the managing contractor prior to the submission of our tender. This raises questions about the integrity of the tendering process and whether we are just providing a "check price" for the project.

It is our understanding that the tendering process was to be conducted generally in accordance with the NSW Government code of practice for Procurement. We do not believe this has been the case for the above projects.

It has been an expensive exercise to prepare a competitive tender and we will therefore review our involvement in the scheme in the light of the above issues.

He received a letter back from the Reed Group apologising for the oversight in not telling him he was unsuccessful. In answer to that letter he wrote another letter to the Reed Group, which reads:

1. Your assurance that you are following the Code of Practice is noted however the facts, and your own admission, contradict this statement. In our view the following breaches have occurred:

a. **Clause 5.2**, final paragraph states, "clients should advise tenderers they have been unsuccessful". We only received belated formal notification on 4.12.09, nine weeks after the submission of the tender.

b. **Clause 4**, "Standards of Behaviour" refers to "honesty & fairness" and "intention to proceed". With regard to the Rukenvale, Collins Creek, Wiangaree, Urbenville and The Risk schools we were requested to submit a lump sum price for each school and

were unaware that you intended to deduct major material items from the contract. Had we known of your intention we would not have wasted both our sub-contractors and our own time in pricing the projects. The preparation and submission of this tender in a very short time frame involved a lot of people travelling to five separate locations from as far away as Casino, Lismore and Ballina. Your firm is clearly in breach of Clause 4.

2. Your statement that James Burson contacted us to discuss the outcomes of the tenders is incorrect. In both cases I contacted your office to obtain a result of our tender.

3. Your wish that we persist with pricing these school projects is noted however, in view of the shoddy treatment we have received our interests would be better served pricing alternative work.

The letter is signed by A. L. Marsh of F. E. Marsh and Co. This is what local builders have had to face with regard to their submission of tenders, and it is a disgrace how they have been treated I have been trying to draw this issue to the attention of the NSW Labor Government, and it is a sad example of a complaint about the BER from regional New South Wales.

I am also disappointed with the 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 only 1.5 per cent of all these charges were going to the 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% of your funds being spend on management? That is not good business.

Independent and non-Government schools have not had to face that. They were given the full lump sums and were able to get nearly double the work done compared with what has happened in public schools.

I ask the Committee to think about what could be built for \$850,000 in terms of a brick veneer house today, disregarding the cost of the block of ground, and simply compare the cost of building a brick veneer house with the \$850,000 that was the cost of some of these libraries, multipurpose halls and classrooms.

I believe that all the principals, P&Cs, students, parents and taxpayers want is value for money. This has not occurred in Government schools in my electorate.

Thomas George MP,
PO Box 50,
Lismore NSW 2480

6th May, 2010-05-07

Dear Sir,

Kyogle Public School (P & C Association) is concerned about aspects of the costing of the core 14 hall to be built at the school under the BER programme. The school has been allocated \$2million for a hall which will seat, at best, half the school population. Aside from the fact that this hall is grossly inadequate to cater for the needs of KPS it has been brought to the school's attention, by Reed Constructions that all tenders, including the accepted tender, have come in over budget and cost cutting measures have been implemented to allow construction to begin.

The cost cutting measures are listed below (removal of)

- Rainwater tank
- Solar co-generation
- Roof on covered walkway

These items were removed to save approximately \$100,000.00 (figure supplied by Reed Construction reps).

The walkway roof structure (according to Reed Construction Reps) will save \$58,000.00. The walkway is an integral part of the overall development as this is the link between the school proper and the hall, and for this reason alone should be retained.

The removal of this roof structure will make access impossible in wet weather, a time when the hall is most needed for indoor activities.

The cost of this walkway roof structure indicates one of two things:

- The structure is over-engineered
- The price is beyond what would be seen to be fair and reasonable

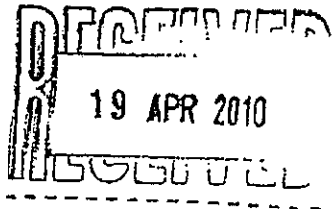
If this price is indicative of total costing it is easy to see how the tenders came in well over budget.

We ask that the inquiry look at the costing for Kyogle Public School Hall to establish whether they are fair and reasonable for this project as construction is about to begin.

For further information please contact Bruce Newton on 0428 331380 or 66 331380 after hours.

Yours faithfully,

 KAREN SUATER.
President (Kyogle Public School P & C Association)



16 April 2010

Email:

The Hon Justine Elliot MP
PO Box 6996
Tweed Heads South NSW 2486

Dear Ms Elliot,

RE: Tyalgum Public School – Building the Education Revolution

We are concerned parents and community members representing the children of Tyalgum Public School.

Several months ago the construction of a new building commenced on the school grounds, effectively closing off 100% of the spacious, grassed, play area to our children. The building components were delivered and placed on the piers in the last week of the 2009 school year and there was an expectation that "handing over of the keys" would take place on Thursday, 18 February 2010. Had this happened, our children would only have lost their grassed play area for three weeks of the new school year.

Many weeks later, we are about to commence the second school term and there is seemingly no end in sight to the construction taking place behind fenced barricades. We have also learned that another half a million dollars is to be spent (in addition to the \$850,000 it has already cost) to make the building compliant with safety regulations due to construction errors!

We respectfully request that all action possible be taken to expedite the completion of this project as quickly as possible in order that our children can have their play area returned to them, and our school staff will have access to the facilities promised to them by the Rudd Government.

We look forward to your reply.

Yours faithfully,

Alexandra Wilkinson

Alexandra Wilkinson
and the signatories attached.

cc: Thomas George MP
Member for Lismore
PO Box 52
LISMORE NSW 2480

*Community Building Partnership
success managers themselves*

M' Bobb Bonole

Raymond Lane