

**Submission
No 95**

**INQUIRY INTO THE BUILDING THE EDUCATION
REVOLUTION PROGRAM**

Name: Dr Bill Johnston

Date received: 7/06/2010

The Director General
Purpose Standing Committee No.2.
Legislative Council
Parliament House
Macquarie Street, SYDNEY NSW 2000

Dear Sir,

Attached is a copy of a letter that I previously sent to The Hon. Dr. Mike Kelly, Federal Member for Eden-Monaro, concerning the Government's Building the Education Revolution (BER) program in early March 2010.

In particular I have brought to Dr. Kelly's attention:

- That building of the library at the public school I referred to **did not** stimulate local jobs or businesses.
- The cost of the buildings(s) was grossly and outrageously **excessive** for what was provided.
- That the BER and other irresponsible and lavish spending programs have left the Australian community with massive levels of debit.
- This, in turn, must lead to future reductions in services, and/or cost shifting back onto households; as well as significant increases in both direct and indirect taxation.

I respectfully request that you bring to the Parliament's attention the wasteful nature of these types of lavish programs, and their future cost and taxation consequences.

Yours faithfully,

Dr. WH Johnston

The Member for Eden Monaro
The Hon Dr. Mike Kelly
PO Box 214
Queanbeyan NSW 2620

Dear Dr. Kelly,

I refer to a news article in the Bega District News, 19 February 2010, concerning the opening of the new library at the Bemboka Public School.

Introduction

The Bemboka Public School is a highly valued local education facility, and it has a good reputation throughout the district. If it's 69 children and 3.2 teachers need new buildings, they should be provided. Thus I have no issue with provision of appropriate facilities at the School.

However, as I will outline, the new facilities that have been provided under the Labour Government's *Building the Education Revolution* have been provided at grossly inflated costs and unjustifiable expense to the taxpayer.

Background

1. As local Bemboka District farmer, who also lives in Canberra, I watched the construction of the new facilities at the Bemboka Public School with interest.

First the site was fenced, and shrouded in shade-cloth bearing the red-pineapple logo of the NSW Government and the name of the builder – Richard Crooks.

Foundations for the library were then raised by workers (sub-contractors) who traveled to Bemboka each day from Bega.

Point: None of these contractors lived in or stayed in Bemboka.

2. One day, on the way to my farm I was held up by a convoy of 3 pre-fabricated sections of the library as it gathered to make its way under Police escort down Brown Mountain. The frames that I saw were steel 'C' sections (purlin), the cladding was a mixture of Villaboard and steel; the roof was steel.

Point: The building was factory-built to achieve economies of scale and thus SAVE money for the builder.

3. Local (Bega) cranes were not used to lift the prefabricated sections onto the foundations where they were bolted together. A few finishing touches were added, and within just a few weeks the School had a new library building.

Point: The library was NOT constructed locally and its construction DID NOT stimulate the local economy.

4. Next, a concrete pad was laid for a standard-looking Colourbond double garage.

(Wide-Span sheds make such a garage as a kit for less than \$6,000. Similar sheds from other local (Bega or Cooma) suppliers are similarly priced; and the concrete pad could have been laid by local contractors for less than \$7,000 (total less than \$15,000; probably closer to \$12,000)).

This shed was not individually itemised on the BER budget for the school, however, considering the balance of the funds available, and that were spent, it would have been grossly over-costed.

Point: This project did not represented value for money.

So was it value for money?

Clearly, the library that you opened is just an engineered steel shed with mixed steel-Villaboard cladding lined inside, and with some additional fit-outs.

- **It could NOT be regarded as a complicated or expensive building**, especially considering that it consisted of mass-produced, bolt-together, pre-built sections.

It is simply **OUTRAGEOUS** that the base-cost of this pre-fabricated building was \$407,993.64.

Rounded-up, the building cost almost half a million dollars; divided by 3, which are the number of empty-shell modules, its base cost works out at \$135,997.88 per module.

- Combining the ‘building’ cost with the additional ‘site works’ of some \$200,000 (see <http://www.ber.nsw.gov.au/index.php/schools/bemboka-public-school/>) the overall installed cost of this prefabricated shed was about \$600,000.

It is **SCANDALOUS** that the cost of this single building at a 69-student bush-school exceeded the latest-reported median prices of houses in all of Australia’s Capital Cities and the ACT (see <http://www.rpdata.com/>).

In other words, 50% of the houses in all Australia’s capital cities including Canberra (plus the land they occupy) are valued at **less** than the pre-fabricated shed that has been sited at the Bemboka Public School.

- There are several farm properties, complete with houses, sheds and other improvements that are available for purchase in the Bemboka District at a price less than the \$900,000 that has been spent to on the couple of sheds and the drain at the Bemboka School.
- Having constructed a steel shed at my property near Bemboka, that is larger than the Bemboka School Library, and having used local (Bemboka) contractors to fit it out as an approved dwelling, I can assure you that by any measure, taxpayers have been thoroughly ripped-off by this BER program.
- The village of Bemboka and its surrounds is home to builders, plumbers, electricians, earth-moving contractors, carpenters and labourers, some of whom I have engaged on my project.

However, no one I’ve spoken to were able to name any local people that were involved in building the new facilities at the Bemboka Public School.

Thus, the local district did **NOT** benefit. **People of the district are grateful but they did not benefit.**

The money went to Sydney and corporate Australia; hardly any was spent in Bemboka, not even on accommodation.

- **In its haste to shovel money out the door in units of \$billion, it is clear that the Government has lost sight of the concept of VALUE FOR MONEY.**

If it were valued properly and managed locally, I am confident that the Bemboka School project could have been delivered at a cost less than \$100,000.

Consequences:

- i. For all the taxpayer dollars that has and will be spent in the Bega Valley under this BER and other flawed schemes, the community could have continued to have access to services at the **Pambula Hospital**; it could have made considerable progress on the new **Bega Hospital**; and we could have seen more than promises in respect of the **Bega by-pass**. These projects are being demanded by the wider community, but they are on-hold, or they are just promises without a plan or budget.
- ii. We, the taxpayers are now saddled with a Government debit that the Labour Government did not inherit, and that we taxpayers did not ask for.
- iii. All over Australia Governments are building grossly-inflated priced buildings, that may or may not have been needed; bits of footpath and other infrastructure that were non-essential; many lead nowhere; dodgy home insulation and other 'energy' schemes that may or may not save the world. The whole tumultuous approach by your Government has been bizarre.
- iv. **Of greatest concern, we now have a mountain of debit that will hang over ours and our children's heads for decades into the future. At the last election I did not vote for this.**
- v. **Continuing to fund short-term 'growth' through public debit is courting longer-term financial disaster. You must surely realise this.**
- vi. **The worst outcome of this irresponsible spending-spree will be in the upcoming budget; the so-far hidden threat of the Henry Tax Review; and the cost of the CPRS, which will prove to be the single biggest and complicated tax Australia never needed nor deserved.**

Already taxpayers are being urged to expect the worst. Clearly, the money for future services has already lavishly been spent times-over.

Actions

- i. I would like to know the total of the moneys that have been committed for schools in your electorate, and why nobody in Government, with oversight of these projects realised the starkness of the difference between what they purportedly cost and the value they represent.
- ii. Please convey my absolute displeasure to Mr Rudd and Ms. Gillard and explain to them that this BER scheme was, and is nothing more than a poorly executed scam. It should be retracted and all unspent money returned to taxpayers.
- iii. I am seeking some assurance that your Government will put an end to its financial recklessness and that it will better represent the interests of taxpayers in their decision making processes.

Yours faithfully,

Dr. WH Johnston