

Submission  
No 117

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

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**Position:** President  
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## **Nashdale Public School P&C BER Submission**

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## **Building Education Revolution (BER)**

### **1. The levels and appropriateness of fees and charges imposed by various NSW Government agencies**

Funding allocations of this magnitude have not been seen by DET since the 1970's so an opportunity to provide substantial sustainable and durable infrastructure in education has been wasted.

The summary of P21 Project Costs within the BER website suggests that using Estimated Construction Sum followed by Benchmark Values and then actual Construction costs "acts as a real incentive to keep costs down." The following summary highlights the number of contingency fees and management fees within the program and thus indicates several levels of contingency planning.

On the estimated costs and budgets that were given to our school as per the following website [www.ber.nsw.gov.au](http://www.ber.nsw.gov.au) – estimated project cost breakdown – explanation of terms: IPO Project

Management Cost 1.3% =	\$11,791
Contingency Allocation for Unforeseen Risks 5%=	\$45,350
Managing Contractor Incentive 1% to 3.25% =	\$3,532
Managing Contractors Project Management cost average 2.7% =	\$ 13,596
Profit Margin is 2.85%( what is that based on?)	
Design and Price Risk Contingency	\$22,303

**Giving Nashdale a total of \$96,572 in management/contingency/incentive fees; approximately 10% of the funding allocation.**

This level of contingency planning is unreasonable if the initial evaluation of sites have been completed satisfactorily. Most works are being completed on existing departmental land; how much contingency is required if the initial evaluations have been completed appropriately?

The building at Nashdale was to have Solar Panels, Rainwater Tanks as standard fittings, along with the required data cables for our needs. Nashdale was assured that we would not lose any of the existing fixtures we currently have within our existing class rooms. Now we have been advised that the Solar Panels, Tanks and the required number of data cables will not be supplied as the Nashdale project is considered to be "over budget".

- If there is such an incentive to keep costs down, how is it that Nashdale has been de-scoped by losing the water tank, solar panels, etc and is thus over budget?

- If the ECS is an estimate only but is sufficient to allow a project to proceed to construction, and thus the currently identified figures are an indication of Nashdale's project, how is Nashdale now over budget – where have the contingency's been?

Nashdale School obtained a quote from a local builder for \$740,000 for the following:

- Building 1 (24.83m x 12.23m, footprint consisting of 3 x classrooms and 1 library under a common roof);
- Building 2 (15m x 12.23m, footprint consisting of reception, staff room, sick bay, disable toilet, interview room and Principal's office under a common roof)

(Please see attached Item 1.)

Comparatively Nashdale has received one MDR classroom for \$907,000.ex GST

- How are all these contingency fees justified if the contractors have adequately assessed sites at the time of site visits?
- Where is the Design and Price Risk Contingency money allocated for Nashdale as we have been advised that our project is over budget?
- Our understanding is that contracts were signed for estimated values only, thus no actual costs have been factored in. how can value for money be obtained when no fixed costs have been applied to the allocations of funds?.

## **2. Whether costs charged for construction of BER projects are in line with industry standards**

The cost for Nashdale's project does not appear consistent with industry standards. An independent local Orange school with an allocation of \$925,000 as per (Central Western Daily June 3<sup>rd</sup> 2010) has received more than double the infrastructure that Nashdale has for a similar amount of money. In addition, Nashdale has been de-scoped and will not receive all the listed entitlements as the project has been identified as being "over budget".

- Nasdales allocation initially \$850,000, we then received an extra \$57,000 giving us a total allocation of \$907,000 ex GST
- MDR, BDR proposed
- De-scoped with BDR removed from project allocation.
- Local builder quote for several brick buildings for \$740,000 incl GST
- Local builders not considered
- Laing O'Rourke awarded contract
- At time of document submission, Nashdale advised their project is over budget – however Nashdale project has been de-scoped with no solar panels, water tank omitted, etc.

Nashdale School obtained a quote from a local builder for \$740,000 for the following:

- Building 1 (24.83m x 12.23m, footprint consisting of 3 x classrooms and 1 library under a common roof);
- Building 2 (15m x 12.23m, footprint consisting of reception, staff room, sick bay, disable toilet, interview room and Principal's office under a common roof)

(As outlined in item 1).

For \$907,000ex GST Nashdale has one MDR classroom that is 18.65m Long x 11m Wide with a verandah of 2.10m.

The Nashdale Committee was advised that the reason that local builders quotes are cheaper is because they don't meet all the relevant departmental specifications and thus are really not in a position to be competitively priced and if they (local builders) met all the specifications then their quotes would be much higher.

**Orange Anglican Grammar School was allocated \$925,000 of funding under the BER, and allowed to self manage. As a result of self managing their project using a local builder, the Orange Anglican Grammar school obtained:**

- A New Media Centre
- A New Library
- A New Hall
- New Toilets
- A New Kitchen.

**Comparatively Nashdale was allocated \$907,000ex GST and has received one MDR classroom.**

Public schools got approx 20c in the Dollar value for Money, while schools that Self Managed got 99c per Dollar value for money. Self management of projects also ensured that the school obtained infrastructure that was required for their school.

- Why can a local builder meet the building standards of an independent school but not a department school?
- Why are DET building standards so high that the prices then become over-inflated?
- Why are the standards for an independent school so different to a DET school, such that a local builder can construct substantially more classrooms in bricks and tiles for an independent school but not be allowed to do the same for a DET school?
- How can the DET and the Federal Government justify giving our school an MDR building that is made of TIN verses several new buildings consisting of Bricks and Mortar?

### **3. The effectiveness of government oversight and review of contracts signed between head contractors and NSW government**

Nashdale P&C and their school representative expected that the NSW Government and in particular the Department of Education and Training would seek to represent their constituents – school students, teachers, principals, parents, community members, by seeking to obtain the best infrastructure, the most durable infrastructure, the most environmentally sustainable infrastructure that the available money could buy.

If Fees paid to the NSW Government for the management of the BER and then exorbitant management fees and contingency fees paid to contractors (approximately 10% for Nashdale) has resulted in community members being unrepresented by their governments at all levels. This has resulted in State schools receiving less infrastructure for the dollar whilst independent schools have optimized their infrastructure because they were able to self manage projects.

The use of contractors and the management of the BER process has not afforded the people of NSW, and especially Nashdale the best value for money. Money has not been allocated in the best possible way to ensure that Nashdale School can have durable, sustainable and environmentally appropriate infrastructure that will support our future generations of students.

On May 6<sup>th</sup> 2010, Nashdale School Principal and Nashdale P&C Representative along with other local School Principals and P&C Representatives were invited to attend a meeting chaired by  
**Pam Ryan - School Education Director**  
**Stuart Mc Creery- Regional Project Director (Riverina and Western NSW)- IOP**  
**Tom Longhurst from Laing O'Rourke**  
**Jim Smith – DET Asset Management Unit**

To address the concerns that had been raised about the BER. (Please note that No Official Minutes were taken at this meeting).

We were advised that the contracts signed between the DET and Laing O'Rourke were on estimated costs only and not on fixed actual costings.

We were also advised that there was a 12 month Defect Policy on all Laing O'Rourke Building through BER.

The following questions were put to the panel:

**To Mr. McCreery:** "Why there was such a rush to get the projects started with little or no time to do so" ; Mr. McCreery replied – "Julia Gillard said get the money out into the economy".

**To Mr. McCreery:** "why we were not getting the promised Water Tanks, Solar Panels, etc."; Mr. McCreery replied that while these 2 items were the first things to be allocated to schools, they have to be removed, as the budgets had blown out.

**To Mr. McCreery:** why our school was not getting Reverse Heating/Cooling; Mr. McCreery replied that Nashdale was in the "White Area" (as per DET) and as such Nashdale were not



entitled to Heating, and ceiling fans were installed. However Mr McCreery has reviewed our BER and HE HAD PERSONALLY GIVEN THE OK for Reverse Heating/Cooling to be installed (our winter temperatures reach below -3 degrees Celsius and summer temperature can be in the high 30's)

Given the location of the new BER right next to the main road we cannot open the windows to allow cross breeze in building. Due to the access noise from the Main Road and the fact that the windows are not double glazed.

We also questioned why within the past 2 years, Orange East Public School had received a new MDR 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. This gives further reason to question why the funds allocated under BER, could not have been managed by our local offices of Asset Management, when they have a proven record to obtain value for money.

Nashdale P&C On Feb 22<sup>nd</sup> 2010 sent a letter to Hon Julia Gillard Re; BER, a copy was forwarded to Russell Turner, State Member for Orange. Mr. Turner had a meeting at Nashdale School with P&C representatives, on April 13<sup>th</sup>. After viewing our MDR the Nashdale P&C asked Mr. Turner to obtain costing for Orange East Public School through Freedom of Information this application was lodged by Mr Turner on April 15 along with the application fee of \$30.00. On May 4<sup>th</sup> Mr Turner was advised that his request was outside the standard application and would require an additional cost of \$240.00. At the time of sending this submission, a response had not been forthcoming, despite having paid the appropriate fees.

As the Principal and the Nashdale Committee have continued to evaluate the project and costing, it was thought that our project would be within budget or under budget. As such we sought information regularly about how our school could use whatever money was left over. As the project evolved Nashdale was advised that our school was over budget. At this meeting on 6 May 2010, we asked why and how this could be; we were told that the information was not on hand; however if we put in a request to Mr. McCreery's office they would supply Nashdale with a "how are we going" print out. This information has been requested formally and at the time of lodging this submission, we have not received a response.

The MDR arrived at Nashdale on 31 March 2010 (2 days prior to the commencement of school holidays). No work was commenced on the building until approximately 19 April 2010 and by 6 May 2010 Nashdale's project was over budget.

- How can our school be over budget when the building is not completed and the costs associated with it have not even been submitted to DET by Laing O'Rourke?

The funding allocation documents provided to our school state that all costs were estimated;

- Who would sign a contract that did not have fixed costs indicated on it? That is stating there are no fixed allocations/cost/prices to any of the money being given to the managing contractors. You may as well have given them a signed blank cheque.
- Where and how can accountability come into play with any of these contracts?

On the Ray Hadley Morning Show in March 2010, Ms Verity Firth, NSW Minister for Education was questioned about the exorbitant costs at Nashdale. Ms Firth said she would add Nashdale to the list of schools being audited. Nashdale P&C have sent 5 letters to Ms Firth since April 2010, welcoming the audit and requesting a time frame about when the audit will be conducted. Nashdale P&C have not received any details about the audit.

6 May 2010 - Laing O'Rourke representatives indicated that – “the projects were a disaster because the time frames were unrealistic given the scope of the projects”; Jim Smith, DET, stated “no local builders were asked to quote because local builders were only used to building cottages”.

6 May 2010 – Pam Ryan, School Education Officer requested directly to Nashdale P&C President, that no further media coverage be given to Nashdale School and requested that schools focus on educating children and not the BER. Ms Ryan also stated that the purpose was to now move forward from all of this (BER Publicity and queries about value for money), get on with the job of education our children, and that what was happening at the present is undermining our education system in the area.

- Why was it that all states have the existing structure in the DET to manage funds/building projects, along with the local knowledge of their schools, yet when such a large investment is undertaken by the Federal Government, the DET local offices who deal with our schools daily are deemed too inexperienced to handle it by Ms Gillard?

Based on the quote received from a local builder it appears that the cost for the MDR double classroom is highly inflated. Additionally the local builder's quote offered substantially more infrastructure for much less money than what was proposed via the DET and Laing O'Rourke. (Verity Firth, 7.30 Report on 2 June 2010 indicated that costs are inclusive of furnishings, etc. and thus this is how costs between independent schools and state schools differ)

#### **4. The use of local builders and trades people during construction of BER projects**

On 6 May 2010, Jim Smith, DET quoted that for builders to qualify for participation in the BER building, they were required to have 20% apprentices and 12% aboriginal employees within their workforce. The tender documents supplied to builders therefore excluded many local builders as many are small businesses and were unable to meet these criteria. So the departmental requirements precluded the use of local builders in certain jurisdictions, particularly rural and remote locations where many small businesses exist.

However local independent schools in Orange have recently had building works completed under BER, utilizing local builders so local builders certainly have the required capability for the projects. Local builder who submitted a quote for Nashdale who recently completed the tender process for local independent schools in Orange..

If a local builder had been used the BER project would have been completed during by end of term 4 2009, versus the expected completion date of July 2010 via Laing O'Rourke and DET.

The Local builders used have been John Nunn Building Contractor for the Anglican Grammar BER programme.

- BER is a massive stimulus project designed to support Australia through the global downturn. However once these projects have been completed where is the government going to find jobs or unemployment payments for all of these apprentices that will be out of a job once the money runs out or the BER ends?

## **5. Whether outcomes were of acceptable quality and suitable to the needs of each individual school**

The Principal of Nashdale and the Nashdale committee met with Laing O'Rourke and indicated what was needed for Nashdale, i.e., 30 data cables, reverse cycle air conditioning, etc. While we have been advised that we would get Reverse Heating and Cooling; we have not been able to confirm if the required number of Data Cables will be supplied through BER.

Our existing class rooms all have Smart Boards and the associated networking requirements for their operations. Nashdale have been advised that the re-location of the Smart Boards will be at the expense of the school.

The MDR has the bare minimum of insulation in the roof, while none in the walls; it sits approximately 2 meters off the ground with support beams being the only thing between the floor of the building and the dirt ground below. Given the fact that our current government is promoting the ETS, it was expected that the building provided would have complied with environmentally sustainable standards acceptable in 2010 and going forward.

The building arrived with no locks fitted to any of the windows. The windows are single glazed.

Section J of the Building Code of Australia states that all windows must be double glazed.

- Do the MDR buildings comply with the Building Code of Australia? If not, why not?

Nashdale School retains an original building of heritage significance (constructed in 1924) within its grounds. An opportunity to construct brick buildings would have allowed the construction of buildings consistent with the aesthetics of the existing school buildings. At no time were our school given the opportunity to consult with the Architects /Designers to ensure we received buildings that were aesthetically consistent with our existing Heritage Building. The MDR of tin is not consistent with the other school buildings in style or colour. The process utilized by all levels of Government and Contractors meant that these issues were not taken into account.

Nashdale currently has:

- A 7m x 9m Demountable Administration Building which houses the Principal's Office, Admin Office, Staff Room, and Storage Room. The Staff room doubles as our resource teachers' room, meeting room with parents and visitors, our preparation room for canteen days, while the only 2 seats in our foyer are used as the sick bay on very frequent occasions.
- 2 Classrooms (both 7m x 9m) and a Demountable Library. We have No Sick Bay, No Interview Room, No Disabled Toilets or Disabled Facilities.

When BER project is completed Nashdale will have a new MDR; however Nashdale will also have the same demountable Admin building, containing the Principal's office, Admin Office, Staff Room, Storage Room, whilst still having no sick bay and no disabled toilet facilities. In

contrast, the local builder's quote could have provided this entire infrastructure for Nashdale within the allocated money under BER (see quoted figures in Terms of Reference 1).

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 that our children will be paying for when they enter the workforce in a few short years).

It remains to be seen which one will still be standing in another 100 years.

## **6. Any other related matters.**

### **RECOMMENDATIONS**

All public schools deserve value for money and public school students deserve infrastructure that compliments their learning needs that is sustainable and durable.

Nashdale P&C is making this submission to highlight the terrible mismanagement of public funds during the Federal Government's building education revolution. Whilst infrastructure in public schools is always welcomed, the discrepancy between what has been obtained by public schools and independent schools and/or schools that were obligated to use managing contractors verses those schools who were able to self manage is unforgivable.

**All schools should have the opportunity to optimize what the funding can provide not just those schools that have cash assets in reserve.**

**Nashdale P&C is seeking to have the MDR completed at our school with all original inclusions restored, i.e. Water tanks, solar panels, air-conditioning and heating, appropriate insulation, appropriate glazing on the windows, etc.**

**Nashdale P&C is also seeking to have the allocation of the BDR restored so that our library could be contained in a non-demountable building.**

Whilst this is still inconsistent with the aesthetics of our heritage school buildings, it would provide more appropriate value for money.

### **OVERALL SUMMARY OF PROJECT AT NASHDALE PUBLIC SCHOOL.**

Nashdale is a PP5 school 10km west of Orange. Under the BER program the school was eligible for a base grant of \$850,000. The Nashdale P&C along with the wider school community considered the BER funding allocation as an excellent opportunity to obtain infrastructure (new modern buildings) for our school, while in keeping with the historic nature of our original existing building 1924 (Photo 1.)

The budget for this infrastructure to upgrade schools within our education system was unprecedented and the Nashdale P&C believed the program offered a once in a lifetime opportunity to upgrade school facilities suitable to progress through the 21<sup>st</sup> century.

A committee was formed to oversee the initial liaison with the local DET from Bathurst to ensure that the project would meet the needs of Nashdale School, not only for now but for future generations of our school. As a school community we felt it was our responsibility to ensure that this was done correctly.

The Principal and this committee initially met with Staff from the Bathurst Asset Management Unit (AMU) to identify what would be available to Nashdale under the BER funding allocation.

Based on the funding allocation, Nashdale was required to choose projects from a drop down menu of projects provided by the DET. We understood that the selection of pre-determined projects was to fast track the commencement of the stimulus measures established by the Federal Government. Whilst Nashdale accepted pre-determined projects, at all times the Principal and the Committee would have preferred custom designed buildings for the school.

At this time Nashdale was hopeful of obtaining the MDR and the BDR. After Nashdale were advised of the funding allocation and having met with the AMU to understand what Nashdale was eligible for under BER, the Principal sought a quote from a local builder to determine whether the pre-determined DET/BER projects offered value for money comparatively.

A local builder who had recently tendered for the construction of an independent school in Orange submitted a quote for 3 replacement classrooms, administration block and library at Nashdale. For \$740,000, this local builder quoted the following (quote was based on DET Guidelines as per the BER website).

- Building 1 (24.83m x 12.23m footprint consisting of 3 x classrooms and 1 library under a common roof)
- Building 2 (15m x 12.23m footprint consisting of reception, staff room, sick bay, disable toilet, interview room and Principal's office under a common roof) – **Plans attached.item 2**

The Principal also obtained a quote for a **brick veneer building** (quote: \$366,000 - \$386,000) based on the MDR-double classroom plan which was obtained from the floor plans located on the DET website. (**Quote attached Item 1**)

Nashdale School requested an opportunity to self manage the project. In doing this our school community were extremely aware of the large undertaking of such a project, however with the level of resources and vast knowledge and expertise within the community along with being acutely aware of our unique location and steep history associated with the school and surrounding areas, we were prepared to undertake the project to ensure that the school and the local community got what we needed for our school.

To self manage the project; the DET advised that "a security deposit of 10% of the construction costs had to be lodged by the school to the DET". (**As per the clause 1 in Item 2**). It was also noted in the clauses in this document that the Principal of the school, whilst becoming involuntarily the project manager, would personally become liable for up to \$55,000 for any accidents that happened on their site. (**Clause 20.of Item 2**)

Our school is a small rural PUBLIC SCHOOL and did not have large sums of cash in reserve, (**reference: Managing your own BER project document, as supplied by DET Item 2**)

At a meeting held at the Orange District Office of DET attended by Angus Dawson, Program Director, Finance and Infrastructure DET also attended by the Principal of Nashdale along with other local principals, it was quoted by Mr. Dawson that "**Principals were principals, builders were builders and we should leave it to the experts**". **NEED TO PUT THE DATE IN.**

Nashdale did not meet the criteria's for self management of the BER project, **all these building quotes provided by the local builder were submitted to Laing O'Rourke, managing contractor, for consideration.**

The Nashdale P&C were very concerned that the quotes from the local builder were not considered by DET/Laing O'Rourke; that the Laing O'Rourke price for the MDR double classroom of \$907,000 plus GST was much higher than that of the local builder (\$366,000 - \$386,000) **Part of Item 1** for an equivalent building; that the quotes obtained from the local builder offered substantially more infrastructure for much less money.

The Nashdale Committee was advised that the reason that local builder's quotes are cheaper is because they don't meet all the relevant departmental specifications and thus are really not in a position to be competitively priced.

Again it should be noted that the local builder supplying the quotes had just completed building tenders for an independent school and was very aware of relevant building requirements. The DET building specifications could not be obtained and thus these claims by the DET remain unsubstantiated.

Stuart McCreery (IOP) indicated at a meeting at Orange District Office that Nashdale was to receive one BDR and one double MDR. The BDR was programmed to arrive mid December, with it being ready for Teachers and students at the start of term one 2010. Our school community embarked on the removal and relocation of mature established gardens, while our teachers and students embarked on the clearing out and preparation of their existing building in anticipation of the new.

After being announced in In-Principal that a BDR would be delivered to Nashdale it was withdrawn in December 2009. Our children, P&C and wider school community were dismayed at this decision, while are yet to receive an explanation.

At initial meetings with Laing O'Rourke, Principal Nashdale School and the Nashdale BER Committee, were advised that the funding allocation was inclusive of MDR double classroom, water tank, solar panels, reverse cycle air conditioning – that upon completion students and teachers would be able to walk straight into the classroom and use it. The Nashdale BER committee requested 30 data cables in each classroom as Middle Primary and Senior Primary students all have access to laptops.

As the program has unfolded Nashdale has been de-scoped and has lost the solar panels, water tank, etc. Nashdale will now have to fund the relocation of the Smart Boards. It is unclear if the new classrooms will have sufficient data cables for the number of laptops in the school.

Nashdale is in a Temperate/cold zone with winter temperatures often starting sub-zero and remaining lower than 5 degrees through the day. Air conditioning was part of the original proposal but was not included further along the process.....



After questioning whether the reverse cycle air conditioning was included in the Nashdale building at a meeting on 6 May 2010, Stuart McCreery gave his personal assurance that this would be installed.

The MDR classroom is approximately 2 metres off the ground. Upon delivery there were no locks on the windows. The windows are not double glazed so how has the DET delivered a building that is inadequately insulated and with single glazed windows? This is not environmentally friendly.

Nashdale relies on tank water for students drinking and thus due to being de-scoped, we now have a large building with the ability to catch significant amounts of rainwater but insufficient tanks to capture this.