

UNCORRECTED PROOF
REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 2

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

At Sydney on Friday 18 June 2010

The Committee met at 9.30 a.m.

PRESENT

The Hon. R. M. Parker (Chair)

The Hon. Kayee Griffin

The Hon. Greg Pearce

Dr John Kaye

The Hon. Shaoquett Moselmane

Reverend the Hon. G. K. M. Moyes

The Hon. C. M. Robertson

CHAIR: Welcome to the first public inquiry into the Building the Education Revolution [BER]. The New South Wales Government established this inquiry in response to concerns about its management, fees, charges and outcomes of BER projects. Today the committee will be hearing from the Department of Education and Training, the Commonwealth BER Implementation Taskforce, several education bodies, including the Catholic Education Commission before us at the moment. A second hearing will be held on Wednesday 30 June when the committee will hear from individual schools and other New South Wales government agencies.

The committee has previously resolved to authorise the media to broadcast sound and video excerpts of public proceedings. In accordance with those guidelines members of the committee and witnesses may be filmed or recorded but people in the public gallery should not be the primary focus of filming or photographs. In reporting these proceedings the media must take responsibility for what it publishes, or what interpretation is placed on any thing that is said before this committee. The guidelines are available at the back of the room.

Committee hearings are not intended to provide a forum for people to make adverse reflections about individuals. The protection afforded to committee witnesses under parliamentary privilege should not be abused during these hearings, and I therefore request that witnesses avoid the mention of individuals unless it is essential to address the terms of reference. If members of staff need to pass messages to the committee or witnesses it should be done through the committee clerks. Please turn off mobile phones as they interfere with Hansard equipment. The return date for questions on notice has been resolved to be within 21 days. The committee will contact witnesses about any questions that have been taken on notice.

Dr DANIEL JOHN WHITE, Executive Director of Catholic Schools, Archdiocese of Sydney,
, and

WILLIAM JOHN WALSH, Director, Resources, Policy and Capital Programs, Catholic Education
Commission, , and

MARGARET HOGAN, Principal, St Christopher's Catholic School, ,
, sworn and examined:

CHAIR: Do you want to make an opening statement?

Mr WALSH: I do. I am the Director of the Catholic Education Commission and also the Executive Officer of the New South Wales Catholic Block Grant Authority, which is responsible for grants received from the Commonwealth. The Catholic Block Grant Authority administers funding for New South Wales Catholic schools under the P21 program that is under examination by this committee. I have a daily responsibility for the management and administration of the Building the Education Revolution [BER] Program and a detailed knowledge of the operations with respect to Catholic schools across New South Wales. With me is Dr Dan White who is the Executive Director of Catholic schools for the Archdiocese of Sydney. Dr White has on-the-ground experience with the building of BER facilities in 112 primary schools in the Sydney region, and of the impact of BER facilities on schools and teachers.

Dr White represents the largest of the 11 Catholic dioceses in education systems in our decentralised Catholic school operation. Those 112 schools represent about one-quarter of the P21 recipient schools in New South Wales. Mrs Margaret Hogan is the Principal of St Christopher's Primary School, Holsworthy, in south-western Sydney. The school has 431 students in years K to 6. Mrs Hogan's school has been the recipient of a P21 grant and the school has completed the construction of a substantial library and multi-purpose hall for a cost of \$2.75 million. Mrs Hogan will be able to take you through her experience of the building project, and the involvement of the school community. The Catholic sector has already begun the round of openings for dozens of new school facilities across the State. Our understanding is that school communities are delighted with their new facilities. It is an once-in-a-lifetime opportunity to improve our schools which they could not possibly have funded independently. Locally principals, staff, parents and builders have thrown themselves behind these projects and added value to the grants.

We made a written submission to the Australian Senate in October 2009, supporting the BER program in its entirety. The positive assessment we gave that program eight months ago has since been borne out. The BER operation in Catholic schools is directly responsible and reports to the Commonwealth Department of Education. It has no direct links with, or responsibilities to the New South Wales Government or the New South Wales Department of Education and Training [DET], although we have good relations with the Government and department and exchange views on BER with DET personnel. Because we relate directly to the Commonwealth we consider that the terms of reference for this inquiry has limited applicability to our operation. For that reason we did not make a submission to the inquiry. However, we are pleased to co-operate with this inquiry and to present our appreciation of, and positive experiences with, BER.

I can report that 445 New South Wales Catholic primary schools in city and country have been approved for P21 funding, with a total allocation of more than \$1 billion. A total of 732 projects have commenced design, obtained council approvals, and engaged builders, approximately 65 projects have been fully completed and an additional 520 projects—nearly 70 per cent of those eligible—are well under construction. This means upgraded libraries, new halls, classroom blocks and administration facilities in most of our schools. More importantly, it means better education for our children. The primary stated objective of BER was to provide economic stimulus and employment during the global financial crisis through funding building projects. In response we have sought to employ local builders who had experience for jobs of the size required. 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.

Our emphasis is on locally managed projects with co-ordination with the diocese and Catholic Education offices and the Block Grant Authority and that has allowed schools to build what they have long needed and desired. and allowed us to involve principals, parents and local communities fully in these projects.

The buildings have all been architect-designed to site, purpose-built, of high quality and give value for money. 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.

Recent reports from the Australian National Audit Office and the Australian Primary Principals Association support our positive assessment. 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. The program demands or requirements were very demanding but they have proved manageable. One advantage of our working as a system of schools is that for new or recently upgraded schools, rather than installing unnecessary facilities, many schools voluntarily re-allocated their notional grants to support more needy schools. Some 105 New South Wales Catholic primary schools, approximately 25 per cent, have so far released funding of approximately \$60 million and more will follow.

Having raised high expectations in schools and with building designs and construction schedules that are well advanced, we consider it essential that the program now should run through to its conclusion with building and cash-flow schedules kept intact. We are convinced that the P21 funds have been well invested in useful facilities in our New South Wales Catholic schools and will enhance student learning. Schools and parents echo that positive appraisal.

We have recorded our gratitude to the Australian Government on many occasions for the program. In conclusion, I thank the Committee for this opportunity to convey our positive experience of the Building the Education Revolution Program [BER], which has been of substantial benefit to Catholic schools and their students.

CHAIR: It is because of that positive experience that we have asked you to come in. We appreciate the time that you are giving us today to learn from how you implemented the program and the lessons that can be learned from that more generally. I note you said that schools got what they wanted.

Mr WALSH: Yes.

CHAIR: What was the consultation program with schools in terms of negotiating whether they wanted or needed a library, or what sort of facilities they might like?

Mr WALSH: I will make a general statement and then I will hand over to Dan and Margaret because they are closer to the ground than I am. We have a very decentralised operation. Our principals have a lot of autonomy in terms of their operation. They are very much involved not only in the educational side of their schools but also in the facilities and the like. In terms of this program, the general arrangement was that the schools were aware that they had a notional allocation. The schools were aware of their master plans for the schools.

In regard to the consultation, obviously there were some general Commonwealth guidelines and there was a priority for halls and libraries and so on. In fact, many of our schools did not have halls. It was something that was often a long way down the track when sufficient funds could be raised. The principals were consulted through the Diocesan Catholic Education Office, or through their own board, and made a choice about what they wanted funded. There was cooperation in that. Generally they reached agreement on what was required. As it has turned out, they are very aware of what facilities they wanted. Our principals, as I say, are autonomous and speak. They would make their feelings known, and that would be respected. Dan might want to comment further on his particular experiences.

Dr WHITE: In the Sydney Archdiocese, we organised a comprehensive master planning exercise for every site. We sent out architects, representatives of our building and facilities team, hydraulic engineers, and other site consultants. We sat down at each school and discussed with the principal and the parish priest in particular, as representatives of the community, the needs of their school and what the future vision educationally was of the school.

From that master planning exercise we reached a point with each school, in the light of the Government's priorities, as to what their one or two major projects would be. We also kept enough flexibility in that, so that, what was agreed in March last year in a dozen or so schools, was rethought as the thinking went on. We subsequently 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.

Mrs HOGAN: I did consult with the school community to say that I knew we had this nominal grant or this nominal amount. I was not sure exactly how that was going to go, but very early on I asked the parent community. It was quite obvious that we needed a library because our library had been housed in a small demountable. We had no place to gather. There is a church nearby but we do not all fit there. Everything was done outside on the playground. It was a consensus among all the school community and the staff that we asked for a library. We call it a multipurpose room in which to gather.

CHAIR: The Catholic Education Commission submitted costings to the Senate's inquiry.

Mr WALSH: Yes.

CHAIR: They demonstrated a saving of approximately \$1.1 billion, if the New South Wales Government had contacted its Building the Education Revolution [BER] projects for the same price as the Catholic schools. Your block grant authority showed you could build classrooms. Could you clarify exactly what your per metre costing was for that? Could you also tell us the percentage—I think it was around about 40 per cent—for fit-out and design costs?

Mr WALSH: Certainly. We have been in this game for a long time. Really, what we have built through the Building the Education Revolution Program has been no different to what we have been building previously; nor is it any different from our planning processes. We have always engaged our principals and the like and we have had regular building processes. Clearly these need to be involved because there is a lot of local fundraising in there as well, so they certainly have a personal interest in it.

The rates that we provided to the Senate are our regular rates that we would have been using this year or last year, if we were building classrooms or whatever when we had Commonwealth grants available. We did not vary those rates. We adjust them each year according to building price increases, including the Department of Public Works in New South Wales, or the Department of Commerce as it is now, and taking into account other standard building arrangements. As I said, they vary from year to year. Sometimes prices go up, and sometimes they go down.

The rates are in two phases. One is just a building rate, which is normal building and fit-out for a classroom, such as the building of a classroom, painting and carpeting that are all standard features of what a classroom would look like so that you could occupy it. We also included in the rate what we would call other construction costs. That might be mainly site development probably, or any engineering works, or electricity or water connections. Then we have what we call non-construction costs, and that would be an architect's fee, a building manager's fee and the like. We allow what would be just the building cost and then we allow 40 per cent on top of that for all other costs, all-up.

For example, you mentioned classrooms in primary. We would have a base building rate of \$1,733 but when we add the 40 per cent to allow for everything else, that would come up to \$2,426 a square metre. That is an average. Some sites will be less, some will be more, but generally we work around those rates. We would expect tenders to come in around that. If they did not—if they came in below, of course we would be very happy—but if they came in higher there might be particular reasons for that, such as isolated areas sometimes.

We have a spread of schools, not exactly the same as the State, but we can have very isolated schools such as Wilcannia, Brewarrina, Bourke, and Wentworth. Sometimes in remote areas it is difficult to get builders, so the rates might be a little bit higher, but we would generally negotiate tenders if we think that the rates look too high, or we will re-tender. In the case of BER we applied those same rules. If a builder came to any of us at any time with a rate that looked exceptionally high because it was BER, we would not accept it.

CHAIR: Is it possible for us to have that information that you provided to the Senate?

Mr WALSH: If the Committee wishes to have that, I can make it available. I have just the one copy, but I will make it available.

The Hon. GREG PEARCE: Mr Walsh, in your opening statement you mentioned value for money. Was value for money an important objective for you in implementing these projects?

Mr WALSH: It is vital for us because if we run over budget, parents have to pay for it. We have no government resource to fall back on. That is standard in all of our programs. All our schools have building levies. Value for money is one of the building costs but also we look at value for money in the educational outcome. We do not see our building programs as just a building program; they are educational buildings, so all our buildings are designed to an educational brief. The educational brief is the most important part and we fit the building to it. Of course, we adjust if we have to. We do not have unlimited budgets. Because of these rates, we know what a program should cost. There are various measures for value for money.

The Hon. GREG PEARCE: Just on that, I think you said you have achieved costs that were basically equivalent to non-BER projects.

Mr WALSH: Correct.

The Hon. GREG PEARCE: That would be the measure that you adopted for value for money?

Mr WALSH: That is in terms of a building cost value for money, yes.

The Hon. GREG PEARCE: Yes. Just to make it clear what the Chair was asking for, in terms of evidence for us to be able to consider the costs that you have incurred, we need you to take on notice that question so that you will provide to us the identical information that you provided to the Senate.

Mr WALSH: Certainly.

The Hon. GREG PEARCE: Could you add to that the completion costs of the 70 or so projects that you have already completed?

Mr WALSH: Yes. We are working through those and the Commonwealth is interested in that. We have some preliminary costs. At Mrs Hogan's own school I know what the cost per metre is there to finish that up and it has come in very close to those figures. I just have to alert you to the fact that when you cost an overall building, there are different elements in it. It might be a library or classroom, which is a slightly different cost. Some will be at a lower rate than others. You have to average that out. Toilets are always a big issue in schools. They cost a lot more than classrooms. Toilets are probably the most expensive items in the school. If you have toilets in a hall, your cost per metre will be very different to a hall without toilets in it.

The Hon. GREG PEARCE: Thank you. We hope that you will provide that material on notice.

Mr WALSH: I will.

The Hon. GREG PEARCE: If you can give us estimates on any of the projects that are already under way and you think you might have a better figure, that would help as well.

Dr WHITE: In terms of projects currently under way, one of our cost tracking mechanisms is monthly reporting. Every project would have a 5 per cent contingency program built in. Whenever we hit contaminated soil or asbestos or whatever, we would work that in. Overall we have found that up until March we were tracking within about 2 per cent of our historical square metre costs. Since March we have found that there has been a slight inflation in building costs mainly because we are now building on the more difficult sites—heritage-listed sites and so on—that have greater excavation and building costs associated with them, but we are still tracking within about 5 per cent of our historical square metre costs. That monetary process has been critical because, as William said, if we go over the budget, then the school community has to find the money.

The Hon. GREG PEARCE: Unlike the State Government, which just dips into the never-ending pot.

Dr WHITE: Well—

The Hon. GREG PEARCE: Just to be perfectly clear, for other schools we want to get a value on and that you have not provided, would you take that on notice?

Mr WALSH: Yes. We will provide you with the rates and we will provide you with examples of completed projects. We will probably break the rates by particular buildings and an overall rate per metre.

The Hon. GREG PEARCE: If there are other specific school projects we want information on and we write to you, would you take those on notice as well?

Mr WALSH: I am not sure what you mean by other specific projects.

The Hon. GREG PEARCE: If, for example, we wanted the cost of a particular project, such as a particular library at a particular school—

Mr WALSH: At a particular school and location?

The Hon. GREG PEARCE: Yes.

Mr WALSH: Okay. I cannot always guarantee that they are the ones that are finished.

The Hon. GREG PEARCE: That is all right.

Mr WALSH: But if that is possible, we will do that.

The Hon. GREG PEARCE: We would just write to you?

Mr WALSH: Correct.

Dr JOHN KAYE: Mrs Hogan, what was your relationship with the construction of buildings at your school under the BER? Did you select them? What role did you play in project management? What role did you play in selecting the contractors? What personal liability did you experience as a result of your interaction with that project?

Mrs HOGAN: Because our school is fairly new—it is in its ninth year of operation—I had worked with the architect on the previous stage. We had built some extra classrooms. That architect was engaged to do this new building. So, I knew him from that.

Dr JOHN KAYE: If I may interrupt, did you select the architect?

Mrs HOGAN: No.

Dr JOHN KAYE: Did Dr White select the architect?

Mrs HOGAN: The Catholic Education Office facilities department did that process.

Dr JOHN KAYE: So we can be clear, the Catholic Education Office is Dr White's organisation or Mr Walsh's organisation?

Mr WALSH: It is Dr White.

Mrs HOGAN: Dr White.

Dr JOHN KAYE: Is it the diocesan level?

Mr WALSH: Yes, the diocesan office.

Mrs HOGAN: They asked me about the previous architect. I said I was very happy to work with him again and he was selected through a process that they used. So, I knew the architect. I was not involved in selecting the contractors. Again, the facilities department talked to me about the builders they had chosen and said, "These people have worked in schools before. We have confidence in them." So I accepted that. I met with Bovis Lend Lease and the building company fortnightly throughout the project.

Dr JOHN KAYE: Bovis Lend Lease being the contract manager?

Mrs HOGAN: Manager.

Dr JOHN KAYE: The building company being a separate entity that was contracted by Bovis Lend Lease?

Mrs HOGAN: Yes, that is right. We met fortnightly to discuss the progress and any issues. There are certain things about schools, like, where do you put the children when they are building, and how you move around the school. We negotiated all those kinds of things throughout the project.

Dr JOHN KAYE: On the issue of liability, was there any suggestion at any stage that you would be liable if something went wrong on the site?

Mrs HOGAN: No.

Dr JOHN KAYE: At no stage?

Mrs HOGAN: No.

Mr WALSH: If I may comment to Dr Kaye, that would be the same. We would not have any of our principals with personal liability in that sense.

Dr JOHN KAYE: Mr Walsh, did you offer your principals the opportunity to manage things themselves? You would be aware that the Department of Education and Training offered its principals the opportunity to manage the project themselves, but with the rider that they would experience personal liability if something went wrong?

Mr WALSH: I am aware of the way the department has offered those and I have read the senate hearing transcripts. No, we did not. We would never offer projects in that regard in the sense that people would have to take on personal responsibility. Right across the State, and Dr White can confirm, we have a joint arrangement. We do not expect our principals to be builders and contract managers. They are primarily educators but, of course, they are interested in the facilities at their school. It is a combined operation where they are offered professional support. There is professional support available to principals, but they are still very much involved in the process. In most schools, not only just with the BER, principals would meet with builders and architects on a regular basis to track the program. They can be as involved as they wish. They do not have to be involved at all, but generally they wish to be because it is their school. Certainly, there is no personal liability. No. That would be taken, if it is an independent school, by the school board or in the case of a diocesan education office, that would be taken on board by the education office.

Dr JOHN KAYE: Did you have a standard design?

Mr WALSH: No.

Dr JOHN KAYE: You had no standard designs?

Mr WALSH: I will not say none whatsoever. Of course, under the BER program the Commonwealth said we had to use templates. We just said that we would not do that because we do not operate that way. I convinced them about that—not just myself, but other Catholic and independent block grant authorities across Australia. We said that we would deliver. We are quite used to doing building processes. We do not use template designs. We said we would deliver on time. Of course, there would be some commonalities in design but, as I said in my opening address, every project has been architect designed to site.

Dr JOHN KAYE: When the Block Grant Authority said to the Commonwealth, "Well, we're not going to agree with you on your requirement for template designs" the Commonwealth then did not withdraw your funding?

Mr WALSH: No.

Dr JOHN KAYE: it just said at that point, "That's fine?"

Mr WALSH: We convinced them 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.

Dr JOHN KAYE: Thank you for that. Obviously, I agree with you. Did you use a management contract model? Are you aware that the Department of Education and Training used a management contract model with seven contractors?

Mr WALSH: No we did not, and I will get Dr White—

Dr JOHN KAYE: Dr White, do you want to answer that question?

Dr WHITE: The Sydney Archdiocese elected to use a management contract model. As we referred to earlier, we used Bovis Lend Lease. Other dioceses made other decisions, depending on their local circumstances. For the size and complexity of our projects we felt it was more cost efficient, particularly to meet time line objectives, to go with a managing contractor that we have used in the past. Our data would show that even with those managing contractor fees, with the reduction in other procurement costs, in architect fees and so on, we have come in within 1 per cent or 2 per cent of our original cost.

Dr JOHN KAYE: You have 112 schools in the Archdiocese, is that correct?

Dr WHITE: That are under this project. There are 147 schools in total.

Dr JOHN KAYE: I want to get the size of the unit. You chose that contractor? As a manager of 147 schools you made the decision about whether you would have a management contract model and who that management contractor would be?

Dr WHITE: That is correct.

Dr JOHN KAYE: Regarding your interaction with Mr Walsh over that, did Mr Walsh give you guidelines or did you just make this decision?

Dr WHITE: The Block Grant Authority has the overall guidelines for the program that was relayed to us from the Commonwealth. Each diocese as an independent entity makes its own management decisions. In the way we chose to manage it with a managing contractor, as long as we met the guidelines of the Block Grant Authority, that decision rested with the executive director.

Mr WALSH: Dr Kaye, may I just comment too, the Catholic Commission and the Block Grant Authority, we have responsibility for all the money, reporting to the Commonwealth and the diocesan authorities have responsibility reporting to me. But we are decentralised. We are not a head office. We see ourselves as a service office. The schools are our most important function. We serve the schools, as do the education offices. They are our primary focus. In terms of my central role, again I have overall responsibility for all the funding, but I allow each of the 11 dioceses to manage—I was aware of what they were doing; they would inform me of that within the general guidelines. The Sydney Archdiocese went this particular way; other of our smaller dioceses have just gone a very traditional lump-sum tender arrangement with no managing contractors.

Reverend the Hon. Dr GORDON MOYES: Dr White, I congratulate the Archdiocese on the good relationships and good outcomes. That is something for which we all hoped. It seems that two principles underlay everything the three of you have said. First, you have responded because you are a decentralised system both of dioceses and within the systems and the local schools. By that decentralisation you had local builders, local management, local principals, parents and the staff all involved. You have a very strong decentralised system. Second, you had accountability flowing back to the authority systems. You did not accept the templates and as a result you ended up with what appears to be very good outcomes with 1 per cent or 2 per cent variations and very efficient productions. Would that assessment be true?

Dr WHITE: That is an accurate summary. The key to our success at the local level has been seeing it as a partnership arrangement rather than an external manager contract driving the project. At each point we have had sign-offs 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.

Reverend the Hon. Dr GORDON MOYES: Of course, the corollary of this is that a massive bureaucracy and a non-decentralised system would be the cause for inefficiency and poor outcomes?

Dr WHITE: I really cannot comment on another system's way of operation. I do not necessarily accept that the corollary is a valid interpretation. We in ourselves are a very large system of schools. It is about how you break the management down into individual projects. Some of the principles we have used that you outlined earlier were fundamental to us, but I think any bureaucracy can work its way through to what its underlying principles are of how it wants to operate.

Reverend the Hon. Dr GORDON MOYES: My only comment about that would be that we have to go through the rest of the submissions, which seem to support my point of view rather than your philosophy.

Dr WHITE: I am not disagreeing with you. I am just saying that I cannot comment on another bureaucracy. I am just saying that large systems can deliver in partnership if they set up those guiding principles from the outset. That is what we spent some time doing in liaising with our principals from the first day I met with them and outlined the program. We outlined principles of partnership. We also outlined the principles around cost reallocation with the master planning. If a school had recently had a major project, we indicated that the most efficient stewardship of the resources would be to reallocate some of those notional funds to other school communities that might be in desperate need of a major upgrade. Our principals agreed with that principle of equity and stewardship up-front. That is what we consulted with and that is why we have had about a quarter of our projects redistribute funds to other projects that had greater need.

Reverend the Hon. Dr GORDON MOYES: Would you agree that a basic management principle is that decision-making should be pushed down to the lowest possible level? Would you agree further that accountability is absolutely essential for efficiency and budgeting?

Dr WHITE: I could not argue with either of those propositions.

The Hon. CHRISTINE ROBERTSON: Can you describe the school facility guidelines you have in place? Were they the same as those requested by the Commonwealth for this building program?

Mr WALSH: You mean in terms of building standards?

The Hon. CHRISTINE ROBERTSON: Yes?

Mr WALSH: The Commonwealth actually did not set any standards. It only set types of buildings. As far as I am aware, the Commonwealth does not actually have any building standards. We also do not have building standards. We do not have any set central standards. But when each of our dioceses or independent schools designs a building, it is all based on an educational brief to achieve an educational outcome. That sets the standards. We also engage professionals. In the main, most of our buildings are supervised by architects and we use other consultants, professional engineers. We certainly are building to a good quality standard, but we do not centralise that. We trust our professional people, both principals and professional consultants, to achieve that.

The Hon. CHRISTINE ROBERTSON: I am certainly not questioning the excellent use you have made of this program.

Mr WALSH: No, I did not take it that way.

Dr WHITE: If I may take your point a little further, it then comes down to each diocese to develop its own protocols and guidelines rather than inflexible standards. In that regard, through Bovis Lend Lease we ran planning workshops with all the design architects and we went through what were our pedagogical principles—in other words, how can we maximise the learning environment for these spaces; what were the design principles. We had a big emphasis on sustainability. They were low-cost maintenance but also environmentally friendly. But the third one was around construction standards. We wanted to make sure they were high-quality facilities that lasted the test of time.

Within that there were some area guidelines. For example, if we were building a hall for 400 children there is a square metre rate that we would use to give the architects a guide to make sure that something was not

built double the size what that community realistically needed. Of course, some communities wanted a double-sized hall because they wanted to fit all the parents in for the once-a-year Christmas pageant. You had to make sure they used the facilities wisely.

The Hon. CHRISTINE ROBERTSON: The type of issues that New South Wales has in relation to the guidelines for long-term buildings within schools relate to sprung timber floors in halls, heavy gauge roofing and so on. I am not questioning that your value is not better. Do you have the same imposts on your buildings or do you create them yourself?

Mr WALSH: We create them ourselves. As I said, we take professional advice. There is no point engaging an architect or a consultant engineer and then developing some other standard. We are very conscious of our buildings in terms of their usual operation. They have to operate for at least 40 years. As well, we have to take on board ongoing maintenance of our buildings. All our buildings that come to us for any building project have to have a maintenance plan, otherwise they are not looked at. Also, of course, you have to put aside a 2 per cent maintenance budget. So you are not going to build a building that is not of a good standard because it has to be maintained. As I said, all our buildings have been architect designed in a permanent construction.

The Hon. SHAOQUETT MOSELMANE: I am happy to hear genuine, positive feedback from your institution. I am particularly pleased to hear about flexibility in the process and discussion and cooperation from A to B. In relation to flexibility in the planning process, did that occur at every site? Were their difficulties with some sites? Were there any problems negotiating some of the changes? You said you have specific needs for particular schools. Did flexibility occur on every site at every school?

Mr WALSH: I will speak in general and then Dr White might comment. We trust our principals to be aware of what they need and we engage professional people to work with them. As Dr White mentioned, if someone was unrealistic about a hall that would absorb all the money, we would say, "You really don't need this. You could have a hall to suit and build some classrooms as well, which you really need." There is that sort of flexibility but it is always done in a professional manner. We sit together and there is regular ongoing discussion. In most cases that I am aware of, it has all sorted itself out. People may have had inflated ideas initially. Also, as Dr White mentioned, over many years we have not built our schools—the majority of our schools—to area standards that are not very different to what the department has built. It would be outrageous for us, because we are in receipt of government money, to be building schools twice the size. You cannot afford to do it.

In most cases, the schools are built to a very similar standard. With the interest subsidy scheme, of course, we are obliged to build to government standards. That does not mean internally. With many of our buildings we are at the cutting edge of educational design. We are very much into the flexible use of spaces. So we are not constructing just very standard buildings. We are proud that we have tried to build schools for twenty-first century contemporary learning.

Dr WHITE: In terms of your general question, I would not sit at a Committee like this and say that there was 100 per cent absolute satisfaction from every school community. But there is a process that you go through to resolve those issues. We found early on, as William said, particularly with halls, there were expectations that they would build bigger facilities that might be needed only once or twice a year. We had to sit with the community and say, "You can get better value for your money by having two projects rather than putting all your money into one." At each point of discussion that is where we would have one of our team with the principal, with the parish priest, with parent representatives, where appropriate.

I might add, I found the task force process was an excellent process for moving projects through. But some parents did not understand the times, the council requirements or the task force requirements, such as requiring buildings to be offset from the street. What might have been the ideal design on paper in March last year—compared to what we were allowed to build because of heritage issues, visual lines of sight issues—were not always achievable. Parents are not always aware that these planning issues are happening behind the scenes. Like every project, there have to be compromises. Again, it comes back to good communication. By and large principals were very good at explaining to their community, particularly through P and F meetings, when those variations happened.

Mr WALSH: I want to make two comments. One, in terms of 100 per cent satisfaction, because of my central role I have to deal with 11 dioceses and directors and they do not always agree with me 100 per cent either, but by negotiation we do normally reach that. Two, Dr White has mentioned about the Taskforce. Even

though we do not have any direct relationship with the State Government or the Department of Education on this program, we have been very grateful for the State planning laws, the SEPP, the environmental plan and complying developments, which have been brought into force recently and have allowed schools to have complying developments with councils for certain facilities. Also, the Taskforce, which was set up under the Coordinator General, has been very helpful to us in speeding up the approval process, which normally may have taken a long time to get through council. We are very grateful to the State Government through that exercise, as well. It has been very helpful to us.

The Hon. SHAOQUETT MOSELMANE: As a member of the State Government, I appreciate those comments. When do you expect to complete all your projects?

Mr WALSH: Most of them will be completed by the middle of next year. As State members you may not be aware of this but the Commonwealth Government rephased some of its funding. So some of them will be completed later in the year. Even though we originally aimed to get it all done, as time has gone on there are always a few difficult sites. It has actually been beneficial to us to delay them a little bit. With a few buildings you often run into heritage issues and whatever, which take a lot longer to sort out. So we would have a handful of difficult cases—not that the schools are difficult but just the building designs and sites are difficult. We are looking to wrap up everything by the middle of next year or by the end of the year at the latest. We are very much on track to finish, as required.

The Hon. GREG PEARCE: In selecting Bovis Lend Lease, did you do that via a tender process or through your familiarity with the company?

Dr WHITE: We have worked with Bovis Lend Lease on other projects through the Archdiocese. We negotiated the program from there. We also negotiated on the basis of our cost budget. So that, in essence, it was cost neutral budget. We would have had to employ a range of project managers. This is what some of the other dioceses have done—that is, employ people in the education office to manage the projects—where we went for the external person.

The Hon. GREG PEARCE: Were you offered procurement services by New South Wales Commerce or Education in relation to these projects?

Dr WHITE: No. Whether Bovis Lend Lease had any discussions with the State, I am not sure. One of Bovis's roles was to maximise the procurement of bricks and steel and also to make sure that it was not just procured at a competitive price but also procured in a way that it could be delivered on time. That was one of our biggest concerns. With so many projects we wanted a guaranteed source of supply when we needed the projects coming through.

Mr WALSH: I will make a general comment on that. We had regular meetings with the Taskforce, the independent schools sector, the Government and the Department of Education. I must say, the Department of Education was very generous to us. The option was available to us, if we wished, to use their procurement. At the beginning of the program we thought we may have needed to do that. As it turned out, we did not. The Department of Education, again through the Taskforce, was very generous. We did raise with them the possibility, particularly in our remote schools, that we might have had difficulty in finding builders and scheduling projects. I am talking about really remote areas such as Bourke, Brewarrina, Wilcannia and the like. We had discussed the idea initially of joining forces and engaging the one builder and getting some economy of scale there. As it turned out, our processes were satisfactory and we did not need to take that up. We are certainly very grateful to the Government and the department for the opportunity that was there.

CHAIR: We are running over time. We very much appreciate your attendance today and look forward to receiving further information from you. We congratulate you on the work that you have done and presented to us today.

Mr WALSH: I will leave with the secretariat statistics of what we have done and a sheet about the process that was used in the Archdiocese of Sydney.

Dr WHITE: There were a number of questions around the process. There is a process flow chart and certain cut points that might be helpful for you to be able to track some of the comments that we have made.

Mr WALSH: Thank you for the opportunity. It is a great program. We are very pleased to have it. Everything, as far as we are concerned, is very positive.

(The witnesses withdrew)

BRADLEY WAYNE ORGILL, Chair, Building the Education Revolution Implementation Task Force,
, affirmed and examined:

CHAIR: Mr Orgill, the Committee has the capacity to hear a brief opening statement, if you wish.

Mr ORGILL: It would be useful, in the context, if I took that opportunity.

CHAIR: Yes, if you could be brief.

Mr ORGILL: Thank you for the opportunity to address the inquiry about the working role of the task force. In April the Deputy Prime Minister announced that the task force would be established to receive, investigate and respond to complaints about the administration of the Building the Education Revolution [BER] Program. Importantly, we have been asked to investigate whether schools and education authorities are getting value for money from the projects. This is fundamental to the work that we are doing. We also have been asked to make recommendations about changes to the program policies, contracts or projects that could improve the delivery of projects. Our first report is due in August, with additional reports thereafter.

Where are we up to? We have had about six weeks. We have put together a team of building, education, legal and finance experts to work with me. We have about 30 people. We have developed our thinking about what the community would broadly accept as a reasonable definition of "value for money", taking into account quality, time and cost. We are also developing benchmarks to compare like with like and to enable us to apply these criteria to each of the schools we visit and to the schools that have made complaints. We have about 200 complaints that we are looking at. The benchmarks we are developing will take into account industry standards for school construction costs as opposed to comparing them with domestic housing or commercial building costs. They will also take into account the cost of different types of projects, such as COLAs, libraries, classrooms, et cetera. By using this process we are confident we will be able to compare the delivery and cost of projects in the private and public sectors, the difference in the delivery of projects between the States and the impact and additional costs of rolling out the projects over the very relatively short period of time that was available, given the stimulus objectives.

So far we have visited more than 60 schools across the country and we have spoken with a very large number of organisations across all the stakeholders, including school principals, members of parents and citizens associations, individuals with interests, as well as the education authorities in New South Wales and elsewhere, both private and public. We also have examined the different procurement models and we soon will be able to comment on the comparative costs of each. We have met with New South Wales managing contractors who are rolling out the program across the State on behalf of the New South Wales Department of Education.

We are collecting important documents, including agreements between Federal and State authorities, contracts between State authorities and managing contractors, and agreements between managing contractors and individual builders. We think that these documents will help to tell the story for us as to who is receiving what and how much.

At the school level, we have heard about concerns over value for money, concerns about the scope of projects de-scoping, problems with ongoing information technology provisions, and some inflexibility issues in the consultation process. While it is still early in our investigation, what seems to be becoming clear is that the more, the more centralised, less flexibility and the more distance between decision-makers in school communities the more complaints and problems that we are hearing about.

There is also another element that I have commented on previously and I would reiterate—that is, the less money schools have received there tends to be more complaints as a result of part of the fixed cost, perhaps, of rolling out the program. These are early impressions and may or may not be validated, but I would also like to put into context that we are also hearing of very many cases where school systems and schools individually are delighted with the new infrastructure and very pleased with the value for money that has been achieved. In the interests of time, I might skip some of the other points that I would make that will probably come up in questions. I will leave it there given the limitations of time.

CHAIR: The Committee is happy to have that document tabled, if you would like?

Mr ORGILL: No, it is fine. The points that I was going to make were just about the process that we are going through and the timing of our recommendations and reports.

Reverend the Hon. Dr GORDON MOYES: I would like to see that document.

Mr ORGILL: I am happy to table it.

Document tabled.

Dr JOHN KAYE: Before questioning begins, for the sake of Hansard would you please expand on the acronym COLA?

Mr ORGILL: COLA: Covered outdoor learning area.

CHAIR: Thank you. We might give Hansard a few acronyms as we proceed. I think we all know BER stands for, but some people have a different definition to others. The Hon. Greg Pearce will commence the questions.

The Hon. GREG PEARCE: I know you are not ready to report but could you give the Committee some guidance as to where you are going in terms of the definition of value for money? What are its components? What are we looking at there?

Mr ORGILL: It is really a trade-off between quality, time and costs. What we are focusing on within that is quality, fitness for purpose—have the educational outcomes been supported by the infrastructure that is being delivered—as well as the differential quality standards between the different systems, whether they are State, Catholic or independent schools. So we are looking at things like the school facilities standards [SFS] in New South Wales and comparing those with the standards of work that are being delivered in independent and Catholic schools—that is the quality dimension.

In terms of time, we are very conscious that this program was to be achieved fundamentally because of the stimulus objective in a very short period of time. Then the third area, which is where most of the public interest is, is in the element of cost. We are looking at what was the market rate for costs at the time of Building the Education Revolution [BER] program, but also what are the historical benchmarks across systems, across States in terms of experience of building school buildings. School buildings have been built for decades, centuries so there is historical evidence that we can look to and try to isolate the impact within the BER program versus the historical performance on cost. We are building a database with respect to that cost, and pulling together data from many schools and/or authorities.

The Hon. GREG PEARCE: We have just heard from the Catholic Education Commission. Their measure was basically taking their historical cost as the measure. They say what they did was to achieve basically the same cost for their projects. Would that be a sensible way to go about it?

Mr ORGILL: I think looking at the historical cost, looking at what was happening in the market during BER, making adjustments for particular regions and areas of the State, looking at what other activity was happening, looking at price indices, and making those adjustments is the process that we are going through.

The Hon. GREG PEARCE: If you look at normal infrastructure projects, for example, one of the tools that the New South Wales Government would normally use is the public sector comparator—I am sure you are familiar with that concept. Would it have been sensible to use a similar sort of process and measure in these projects?

Mr ORGILL: What I can comment on is the work that we are doing, and the work that we are doing and what we believe is going to throw up conclusions as to value for money, is to compare the various costs in the various systems at the time of BER and historically.

The Hon. GREG PEARCE: The New South Wales Government has adopted a managing contractor model. Will you outline to us what you understand are the benefits and disadvantages of that model?

Mr ORGILL: My understanding is that the New South Wales Government saw the need, as was outlined in the Federal program, for speed and rapid implementation of the program and that the decision was

taken that leveraging the expertise, the talent and the people that were in the large construction companies would allow them to achieve that objective and realise rapid completion of the projects. My understanding is that is why they went out to tender on a regional basis and ultimately appointed seven managing contractors.

The Hon. GREG PEARCE: Is that a model that you are familiar with? Would you utilise that in the same circumstances if it were your project?

Mr ORGILL: We are learning a lot about the managing contractor model and the approach of New South Wales. What we are doing is comparing and contrasting that in our work with the different models adopted in Victoria, Queensland, South Australia, Western Australia and Tasmania, as well as in the Catholic and independent schools. It is premature for us to voice any conclusions until we have done our work.

The Hon. GREG PEARCE: Would you quickly outline what the models are in the other States?

Mr ORGILL: In Victoria they have used a combination of a program manager and project managers, and they have also used a regional approach. In Queensland they have looked at different models and implemented different models in round one, round two and round three of funding; where they have contracted directly with construction companies in one of those rounds, they have used managing contractors in one of those rounds, and they have tried to ensure that they have got a differential approach to get stimulus across the whole state. In Tasmania they have used the business-as-usual approach; and we are still investigating South Australia and Western Australia. Those are all the State systems, obviously I am not commenting in that on the Catholic or independent schools.

The Hon. GREG PEARCE: I am sorry. I missed the last part of your answer?

Mr ORGILL: In those comments I just made clearly I was talking about the public systems in those States rather than the Catholic and independent schools that have got differential approaches as well.

The Hon. GREG PEARCE: So we can expect to see, when your reports come out, the comparisons between the different models that were used in different jurisdictions? Will you adjust those for regional costs and things? How will you look at that?

Mr ORGILL: It might be useful to give you a little bit of detail of the work streams we have. We have three key work streams. The first is processing, logging, responding and talking with the States about complaints. The second work stream is actually building a database and drilling down into individual comparisons of costs in the individual schools after we have visited many of them and adding additional schools. The third element is looking at exactly that—the procurement models used in the different systems across the States, so that we can come up with views as to the relative efficiency and effectiveness of those programs. Our first report is due in August.

CHAIR: Federal Education Minister, Ms Julia Gillard, said on ABC television that if BER guidelines were being breached, including value-for-money guidelines, then the money could be recovered. With all the stories of waste and mismanagement in New South Wales, in particular, will you step in and do that?

Mr ORGILL: It is very early in our analysis. We would not reach any conclusion without having done sufficient work. I think that any blanket-type recommendation would probably be inappropriate, given that we are hearing lots of success stories—

CHAIR: Have you seen any examples of being breached as yet?

Mr ORGILL: Sorry, if I may just finish my answer? We are also conscious that the biggest impact that we can have as a task force is to get involved where projects have not yet commenced. We have put out there that we would like to hear concerns about those projects in particular so that we may get involved early.

CHAIR: Have you seen any examples so far?

Mr ORGILL: Examples of what?

CHAIR: Breaches?

Mr ORGILL: I think the guidelines that you are referring to are not specific enough for us to make that sort of conclusion. We are looking at the whole program; looking at whether value for money was delivered from the whole program. In that sense we are looking at the complaints as a source of evidence and data for us to reach conclusions, which we have not yet reached.

CHAIR: I recall when Rad Hadley interviewed you—I happened to catch that interview—that you were talking about small schools. You have mentioned that distance from the bureaucracy in terms of their BER projects, that they were getting BER projects with fixed costs unrelated to the size of the school. I think you said—I do not want to verbal you—that it was only evident in the government system. If that is the case, how will you address that and rectify that?

Mr ORGILL: I think my comments have been slightly misinterpreted. What I tried to convey in those comments was that by definition rolling out a program quickly it seems to us at this early stage has an element of fixed cost. Therefore, the 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. My specific point on the Rad Hadley show was that there are more complaints coming from schools with smaller amounts of money, and we find that interesting. It may be that as we go through our work that that is not a reasonable conclusion, but that was my comment on that program and I reiterate it today, yes.

CHAIR: If you are seeing examples of inability to meet needs currently why are you not stepping in? Why are you letting it roll on?

Mr ORGILL: Our task is to reach conclusions on the program—

CHAIR: After it is all completed?

Mr ORGILL: No, our task is to do it as quickly as possible. We were established on 3 May, we have therefore been operating for about six weeks; we are dedicated to making it a thorough analytical process as quickly as possible. Our first report is actually scheduled for November. We have committed to an interim report in August. I think for us to mobilise the team to look at a national program, which involves \$16 billion across more than 8,000 schools, and to come to defensible conclusions about whether value for money has been achieved, requires significant work. We are working to get to those conclusions as quickly as possible and we are certainly keen to get involved with schools where work has not commenced or where work has only recently commenced to make a difference. We are visiting schools everyday and as soon as we have done enough work to reach defensible, robust conclusions we will voice those.

The Hon. GREG PEARCE: Returning to the other States, I think you said you were still evaluating what South Australia had done?

Mr ORGILL: My colleagues are in Western Australia today and were in South Australia yesterday, for the last few days.

The Hon. GREG PEARCE: South Australian Coordinator General Rod Hook was attributed in April with suggesting "rather than adopt South Australia's sound model, the other States have appointed unnecessary middlemen to deliver BER projects, and mired the program in controversy over cost blowouts, price gauging and wastage." Do you have any comment on that statement?

Mr ORGILL: I would not comment on that or any other observations until I am comfortable that I understand exactly what was paid, exactly what the risks and incentives were in the different models, and exactly what was delivered, and the relative necessity of that to the size of the program pursuant to the individual authorities. I think one can reach conclusions on different basis. We are dedicated to doing it on a rigorous, fundamentally based assessment of the contracts, the risks, the incentives and the costs that were actually achieved.

Dr JOHN KAYE: Thank you for coming today?

Mr ORGILL: It is a pleasure.

Dr JOHN KAYE: I understand you are at the early stage of your investigation. Nonetheless, I want to drill into a couple of things you have said. The first thing I want to address is the 200 complaints you have received. Is there a pattern as to where they have come from? Are they overwhelmingly from public schools or are non-government schools in that lot?

Mr ORGILL: There are certainly far more public schools in that number, and about 129 relate to New South Wales' schools.

Dr JOHN KAYE: So 129 of those 200?

Mr ORGILL: 209.

Dr JOHN KAYE: 129 of the 209 are New South Wales government schools or New South Wales schools in general?

Mr ORGILL: New South Wales schools in total but the vast majority would be government schools.

Dr JOHN KAYE: Given that New South Wales has roughly one-third of the schools—we are slightly overrepresented in non-government schools and slightly underrepresented in that one-third figure—it would be fair to say that New South Wales is substantially overrepresented in the complaints you are receiving?

Mr ORGILL: One needs to drill down into the detail even further, and we have not yet made conclusions. But a couple of elements I would put on the table for consideration, and certainly ones that we are working through, are the relative completion of the program in the various States and how that impacts complaints in terms of the timing of complaints coming through, and secondly the availability of cost data at a school level and the impact that that has on the level of complaints. New South Wales has been at the forefront of releasing cost information so that there is visibility of the program in New South Wales; it is not the same in every other State. So I would not dispute your comments, but in terms of understanding why and understanding the processes behind that, we are still going through that work.

Dr JOHN KAYE: How did you harvest those 200 complaints? Did you just put a letter out to schools? Did you contact every school? What was the mechanism you used to secure those 200 complaints?

Mr ORGILL: There are really two elements to it. The Federal Department of Education was receiving complaints previous to the creation of the task force, so we assumed those complaints on our staff of 3 May. In addition, the reason why I have been talking on the Ray Hadley show or in the media is to make sure people were aware that the task force existed, that we had created a website, and that on the website there is the availability for people to contact us and lodge complaints, and that we wanted to hear those complaints. The second element is that, as a result of people being aware of the task force, they had contacted us and delivered us complaints.

Dr JOHN KAYE: One of the ingredients of your definitions of value for money was quality.

Mr ORGILL: Yes.

Dr JOHN KAYE: Can we drill down into how you assess quality? One aspect of quality is "fit for purpose". As you would be aware, there were a number of complaints in New South Wales that relate to the size of multipurpose halls, and a number of them have been substantially undersized. Is that part of your measure of quality? It is not just about going around and hitting the bricks and making sure they were put in properly; it is about making sure that the building is appropriate for the size and needs of the individual school?

Mr ORGILL: I think there are multiple dimensions. "Fitness for purpose", which is what you have described, absolutely is one element. I think the second element, and one we are looking at closely, is: Are standards overengineered? What is the differential in standards between the systems? And one needs to look at the whole-of-life costs of that: the cost of the initial construction and the cost of maintenance and safety aspects. But whether there is overengineering in some of the standards is certainly a question we are investigating.

Dr JOHN KAYE: I am thinking of one particular school in the Illawarra that has been in the media. Effectively, they got a school hall for which they are not at all grateful because it is about half the size they need to fit all the students in. They basically got done over by the construction of a stage in the school hall which

knocked out about a third of the possible seating. We are hearing a lot of those sorts of phenomena in New South Wales. How are you going to include those matters in your value for dollar assessment?

Mr ORGILL: I am not familiar with that particular case. I think one needs to step back and understand that the amount of money for schools was prescribed and limited. In assessing whether they got on an individual basis what they wanted, and therefore whether that is value for money, I think potentially that is a long stretch because it is a question of how much money did they have to spend versus what did they want, and trying to understand that process—

Dr JOHN KAYE: But surely, if you cannot deliver a hall to a school that is going to fit the school's students in, it should have been said at the outset, "Look, for your \$2.5 million you are not going to get a hall that is going to fit all your students. Why don't you have a little library, or why don't you get something else?" Does that not come into it?

Mr ORGILL: Yes, that sounds eminently sensible. And that is the process of consultation and partnership in understanding what was available to the school, what were its options, and ultimately was something delivered that had the maximum impact on educational outcomes. The link on quality is what we have talked about, but ultimately we want the infrastructure to be delivering the right and optimum educational outcome given the dollars available.

Reverend the Hon. Dr GORDON MOYES: I refer to the paper you have tabled. As you passed over some of the 200 complaints I was looking to see what commonalities there were. It seemed to me there were about six groups of common complaints. I gather that value for money would be the most-mentioned complaint?

Mr ORGILL: Many things that involve multiple elements also include value for money. I believe you would be right, if you look at it in a holistic sense like that, yes.

Reverend the Hon. Dr GORDON MOYES: Then you said something about the inflexibility of centralised bureaucracy.

Mr ORGILL: Yes.

Reverend the Hon. Dr GORDON MOYES: Would you like to expand on that a little?

Mr ORGILL: I do not think I could add to what I said previously. The complaints seem correlated with the more inflexible, the more centralised, the more bureaucracy and the less consultation that has occurred between the school and the authority with the money.

Reverend the Hon. Dr GORDON MOYES: Did that have more relevance to New South Wales than any other State?

Mr ORGILL: It is premature for me to comment until we have examined each of the State systems.

Reverend the Hon. Dr GORDON MOYES: You also mentioned that there were IT problems. What was the nature of those problems?

Mr ORGILL: What I was referring to there was the potential—and what has occurred in some cases—of de-scoping in schools, where schools have lost what they thought they would achieve in terms of getting solar panels or IT SMART Boards in the fit-out. That is what I was referring to in terms of IT.

The Hon. CHRISTINE ROBERTSON: From what I can see, New South Wales has obtained almost a third of the grants from this process.

Mr ORGILL: Yes, that sounds correct.

The Hon. CHRISTINE ROBERTSON: That is pretty high, and of course that is related to the demography?

Mr ORGILL: Absolutely: it is the biggest State.

The Hon. CHRISTINE ROBERTSON: I do not have the figures in front of me, but were a lot of those projects small ones, at small schools? New South Wales has an incredible spread of small schools.

Mr ORGILL: It has a large number of schools. How you would make that conclusion, I do not know the figures off the top of my head relative to the other States, small versus large.

The Hon. CHRISTINE ROBERTSON: In relation to your reference to 200 complaints from New South Wales, perhaps we could obtain the distribution of the sizes of grants. You are finding that the complaints have increased in relation to the small grants. I am wondering if we have a higher comparison in relation to smaller schools.

Mr ORGILL: I understand the question is: Does the distribution map the complaints in that sense, of more schools in New South Wales. I do not have the answer at my fingertips.

The Hon. CHRISTINE ROBERTSON: Perhaps we should do some statistical analysis of that?

Mr ORGILL: Yes. As I say, we are only five or six weeks in and we are going through this analytical exercise, including on elements like that, to make sure that we get a fulsome, holistic view before we reach conclusions.

The Hon. CHRISTINE ROBERTSON: New South Wales has fairly rigid school facility standards, to ensure good school environments, including ongoing safety maintenance and those sorts of matters. Have you made a comparison with other States regarding whether the facility standards are higher in New South Wales than they are in other States?

Mr ORGILL: We are getting that work done, independently and within the task force, both across States and between public and non-public systems within the State, so that we can make a fully informed decision. As I mentioned before, we are looking at the standards and the cost implications of them upfront, but also the maintenance implications of those across the line.

The Hon. CHRISTINE ROBERTSON: New South Wales applies the same rigid standards to its own projects it funds in the school sector, so it is across the board. The standards were not invented for the BER?

Mr ORGILL: No. On my understanding, the State facility standards were created well before the BER and have been applied through the BER as they would have been applied in public school construction in New South Wales pre-BER.

The Hon. SHAOQUETT MOSELMANE: Earlier you made a comment in relation to costs. I think you said one has to understand and look at the market during the BER. Can you explain what that means? Does it mean that at particular times the prices may have increased or fallen? Could you explain that a little further?

Mr ORGILL: Certainly. There are multi-dimensions to that. Clearly, the genesis of the BER program was to stimulate the economy. Therefore, prima facie you would expect that costs would not go up through the program because the purpose is to stimulate and resurrect activity that may not be happening. But I think it is clear that in some areas, because so much work was coming out at the concurrent timing, costs may have increased, particularly in some areas where there was demand for labour as a result of mining, or hospital bills, or other things. So we are looking at those factors and trying to adjust for them in comparing costs, so that we are comparing on a like-for-like basis.

We are also conscious that there may have been structural differences, and reasons for structural differences, between public systems, Catholic systems and independent schools well before the BER. We are trying to isolate what happens through BER, as distinct from what may have already been there as a structural difference because of standards or some other reasons, and isolating our views on the BER so that we can comment intelligently on that.

The Hon. SHAOQUETT MOSELMANE: Would you say some of those complaints that came through would have been as a result of increases in costs? Some of the schools may have received a limited amount of money, and they expected that money to be spent on a particular hall, library or classroom, but the costs may have increased during the process and therefore they were left short?

Mr ORGILL: Do I think that some of the complaints relate to value for money and what was achieved for the defined amount of money relative to their expectations? Yes. Could that have been caused because the demand for labour saw increasing rates in the particular regional location? Yes.

The Hon. SHAOQUETT MOSELMANE: You referred to the seven contractors that the authorities engaged. In your view, would that have been the right approach, or would you have engaged more or less? What would you have done if you had been the decision-maker?

Mr ORGILL: We have not done enough analysis for me to comment on the effectiveness or otherwise of the managing contractor model.

The Hon. SHAOQUETT MOSELMANE: In a nutshell, can you give us your general assessment to date of your view or understanding of the whole process? Can you say whether the BER program has been successful and whether it is delivering, in your view?

Mr ORGILL: I personally think that the BER clearly delivered, significant stimulus, and that was a key plank in the design and creation of the program. We hear a lot about the jobs that have been created as a result of the BER program. Secondly, the number of complaints we have received equate to less than 1 per cent of the schools across the nation. In addition to the complaints, we are hearing many cases, across different systems and different States, where the schools and the authorities are thrilled with the new infrastructure that has been delivered into the schools. So I think the program overall for the country, based on our work to date, has been successful in delivering the stimulus objectives, and in many cases has clearly been successful in delivering value for money. Has it delivered value for money in every case? No, I doubt that. And that is why we are going through the process of examining the complaints and looking at which models delivered the best outcome for the schools and the country as a whole, and for all of us who are taxpayers.

The Hon. GREG PEARCE: Could I ask you to clarify one of the things you just said, that you were satisfied the program was delivering jobs. Is it not really the case that jobs were diverted away from the downturn in the housing industry? At the same time we had a massive downturn in housing.

Mr ORGILL: What I think I said was that what I am hearing is about the creation of jobs and the stimulus was important to that, given the global financial crisis. I would not comment further than that because it is not within my terms of reference to analyse the impact on jobs or stimulus. What I am looking at is value for money and the effectiveness of the program in delivering value for money.

CHAIR: You will be comparing with other States what the New South Wales Government has spent on education buildings and their standards?

Mr ORGILL: Yes.

CHAIR: They have said they have applied the same standards with Building the Education Revolution projects. So, you will be able to give us information with your task force to identify whether the New South Wales Government's standards and costings really stack up or do not stack up as opposed to other States? That is, do they waste money or do they deliver a good outcome?

Mr ORGILL: Certainly the result of our work should get us to that point, yes.

(The witness withdrew)

(Short adjournment)

MICHAEL COUTTS-TROTTER, Director General, Department of Education and Training, ,
, and

ANGUS BARRINGTON DAWSON, Program Director, Building the Education Revolution Integrated Program Office, Department of Education and Training, , , sworn and examined:

CHAIR: We have time for a brief opening statement if you would like to make one.

Mr COUTTS-TROTTER: Thank you. I will be brief. I intend to use this 90 minutes as constructively as possible. By way of setting the scene, the New South Wales public education system is particular. It is particular because it is large. It is particular because about a third of our schools are heritage listed. More than a third are in bushfire zones. A great many are flood prone—those little timber getting communities on the North Coast that flood with great regularity, we have schools in all of them. We account for 80 per cent of all schools in remote or very remote areas of New South Wales and 80 per cent of the State's 522 very small schools.

We build to our own facility standard and we also use government contracts with very detailed specifications beyond that specifying materials, quality and the way the work is done. I am sure we will talk about that later. In our usual program it takes about four years from initial planning to completion of a new school hall, library or block of classrooms, including up to 78 weeks in planning the project with the school community.

In February last year, in the face of what looked to be an economic catastrophe, the Federal Government charged us in public schools with spending \$3.4 billion on school building in two years. It had to be within two years or we would lose that portion of the money. That is why we approached the delivery of that stimulus in the way we did. With the National School Pride Program we have made use pretty much of our existing arrangements. With the Science and Language Centre Program we used a design and construct contract, and for the bulk of the program, the P21, 2,370 projects in 1,782 schools, we went to a pre-qualified list of tried and tested, high-quality construction firms. Thirteen of them bid for nine packages of work—groups of three or four competing for each package.

Right now, we have finished National School Pride, 100 per cent, 2,179 projects, done. While it was in place it supported 2,820 people on site each day. Science and Language Centres, 118 projects—all but four will be complete by 30 June, and the other four will be complete within four weeks of that. P21, we have 94 per cent of projects under construction; 512 are finished and a further 1,716 are in construction. We have spent already in that program \$1.8 billion. It is supporting nearly 8,000 workers on site each day and we have 4,000 apprentices registered to work in that program; 2,400 of them have already done 420,000 hours of work and training. It has been an enormous success as an economic stimulus. When we look at the national comparisons, and the last available are March, in our P21 program we are well ahead of the national average of construction starts—National School Pride, done; Science and Language Centres all but four done by 30 June and P21 program absolutely on schedule.

Not only is it happening to time, it is happening safely: 4.97 million hours worked on P21, 1,063 hours lost to injury. That means the safety record of the P21 program, happening in the middle of 450,000 children between the ages of three and 12, is three times better than the average of the Australian construction industry, which is itself an extraordinarily safe construction industry. That is what we wanted in engaging the managing contractors. They bring systems, processes, experience and a track record to bear that give us the best possible assurance this will be done to time, budget, quality and safely. To date that is exactly how it has been delivered.

I should make this last point. At the outset we anticipated there would be problems in the program. It is huge. That is why we built in the audit and assurance processes that we have. We have conducted over 300 audits on our own account to date. There are other oversight tools of one kind or another, but we built those assurance programs in place because we knew there would be problems and we struck contractual arrangements with managing contractors that meant we could solve the problems at their expense and not at the taxpayers' expense. I think that is how it is bearing out as well.

CHAIR: With the Building the Education Revolution, particularly the P21 with the managing contract rollout, it would appear, although many schools are very grateful for a once in a lifetime opportunity, there are examples after examples of schools getting halls when they wanted a library, or classrooms when they wanted a hall or halls that do not fit the number of children in the school or canteens that are unworkable. So, I guess an

overall claim of not getting value for money is made by a number of schools. We have heard this morning from the Catholic Education Commission, who managed this in a different way. You are conducting an audit. If you had the time over again would you change how you rolled this out, and those projects that are yet to be rolled out, are you going to change in any way the way they are managed?

Mr COUTTS-TROTTER: We could not have done the P21 program to time, supporting those jobs, providing that quality of training, 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. The Commonwealth guidelines specify what schools get, and that puts priorities set by the Commonwealth, quite appropriately, on libraries, halls, classrooms. So, some of the concerns that schools have expressed to us have been about the time available to them to make those decisions, the degree to which they are able to consult genuinely as a school community and also about the scope of the choices. The Commonwealth had to develop guidelines quickly and get them in place quickly. So, yes, it would have been better to have a longer process of consultation but given the economic circumstances that were faced that was simply impossible.

CHAIR: But the Catholic Education Commission tells us they had a conversation with their school principals and communities and delivered an outcome they were happy with. Given the same time constraints and the same requirements from the Commonwealth, why could you not have that same conversation and deliver an outcome that everyone was happy with within the same time constraints?

Mr COUTTS-TROTTER: In most cases schools are entirely happy. We had six, eight or 20 weeks, I think—six, 12 or 20 weeks—for consultation, depending on the phase of the P21 that people are involved in—our requirement was, and the support we gave principals, was to ensure in every case the principal signed off on the project and attested to the fact that they had engaged in some form of consultation with the parents and citizens. Now six weeks is not a long period in a large school community, and we understand that, but it could not be any other way for us to be where we are in having delivered what we have delivered to the time, creating the jobs when they needed to be created.

CHAIR: So no change for future projects yet to be delivered?

Mr COUTTS-TROTTER: The quality of consultation, the quality of communication with different school communities has been variable. In most cases the quality of consultation and communication from the managing contractor has been very good. We established our own team of experienced principals within Angus's group to provide support for school principals, run principals through this process, but there have been occasions where the communication between the managing contractors and the schools has been inadequate, no doubt. In fact in some cases it has been very, very poor. But they are the minority of cases but they do greatly aggrieve school communities.

There is nothing worse than not knowing what is happening, and being surprised by what is happening in your school, given the passionate commitment that public school communities have to their school. We understand that. We tried to solve those problems when they became apparent. We intervened in all sorts of ways, as has the co-ordinator general Bob Leece, to try to make sure that those communications are open and effective.

CHAIR: During the Senate estimates process the secretary of Department of Education, Employment and Workplace Relations, Lisa Paul, said there was a way with the bilateral agreements with the States that allowed the Commonwealth to uphold, suspend or reclaim monies if the BER guidelines were breached.

Mr COUTTS-TROTTER: Yes.

CHAIR: In what way can the States reclaim that money? Are you aware of breaches of the guidelines in New South Wales? How badly have they done so? How will you act to reclaim those funds?

Mr COUTTS-TROTTER: The Commonwealth guidelines are the arrangements we have to work within and, in turn, we have struck contracts with our managing contractors to assure ourselves that we are able to meet our obligations to the Commonwealth through enforceable contracts with our managing contractors. We have had occasions where, in our view, managing contractors have not fixed defects quickly enough, in some cases where the quality of work has been inadequate, and some cases where value for money has been the question. We have responded, or will respond, in each of those cases. We manage the managing contractors, the

Commonwealth takes a view about our delivery under its guidelines—that is a judgement for it to make. I am not aware of us breaching the guidelines in any way, shape or form. We have got basically excellent delivery but there are occasions, probably 3 per cent to 4 per cent of schools on our count, where we have had problems, some of which we have fixed, some of which we will fix.

The Hon. GREG PEARCE: The Department of Services, Technology and Administration has forwarded the committee a submission which includes a draft Memorandum of Understanding [MOU] with your department as to how this whole process was to operate. That draft memorandum still has not been signed. Why has that not been arranged through two departments—

Mr COUTTS-TROTTER: It has been signed. It was not signed until recently. I had a conversation very early on with the then Director General of the Department of Services, Technology and Administration, Mr Graeme Head. What we needed to sort out was the basis on which very, very talented senior staff from that agency would help us do what we were doing. Ordinarily they strike a commercial relationship with the agencies they serve. In this case we said "That is unacceptable because a commercial relationship includes a return on equity to our Treasury". So we struck an arrangement that removes that and we simply get the benefit of those key people for the cost of their salaries and the cost of systems and equipment to support them at cost, no commercial return. That is the basis of the MOU. It was an understanding we reached straight away between agencies but it was not formalised until recently.

The Hon. GREG PEARCE: Will you provide the committee with a copy of the finalised document?

Mr COUTTS-TROTTER: Yes.

The Hon. GREG PEARCE: The document I have refers to the intentions of the parties. It says, "agencies will deliver the program to the benefit of school students, the broader community and the economy of the State". There is nothing in there about value for money though?

Mr COUTTS-TROTTER: There is. It is embedded in the process by which we selected each of the mechanisms of delivery. So for P21 the criteria by which managing contractors were selected, and the aim to which we manage those contracts, includes value for money. Value for money does not always mean getting the lowest construction price up-front and what it is quite fair to say is that we probably pay more up-front in construction costs than possibly other States, I do not know, and possibly other systems. But there is a very good reason for that and it is the accumulated wisdom of decades of delivering buildings in New South Wales public schools that have led to innovations in the way the schools are designed and also very, very exactly specified instructions contained within contracts on how the work is to be done which I am happy to get into in some detail to try to illustrate that if you like.

The Hon. GREG PEARCE: How does years of accumulated wisdom and innovation and detailed contracts translate into costing more? It should cost less.

Mr COUTTS-TROTTER: It costs less over the whole of the life of the school. 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. We have really, really careful environmental requirements. The degree of effort we put into the materials we choose.

We specify the type of mortar between bricks so bricks can be recycled at the end of the building's life, so that the mortar can be replaced—the ratios of lime, cement and sand and the water. A briefing for a school hall will be a document like that, incredibly detailed, referencing Australian standards for the composition of topsoil, the mix of fertilisers. Now that is the work done over a very long period of time that is the innovation from the experience of building schools. We know what reduces the cost of asset management over the life of the building but, most importantly, we know what we need to do to make it safe for children and safe for staff and to tread as lightly as possible on the earth when we build it. The environmental components are fantastic.

The Hon. GREG PEARCE: Mr Dawson, given that specification what element is there remaining at risk for a builder in taking on that sort of a contract if they know exactly how much lime and sand they are going to have to mix in and all that other detail? Where is the risk?

Mr DAWSON: In this system there is an enormous risk but before I get onto that if I could go over what Michael said. I am a builder. I have a degree in building. I have got a builder's licence.

The Hon. GREG PEARCE: You were a very good builder.

Mr DAWSON: Thank you, that is very nice of you to say that.

Mr COUTTS-TROTTER: Is that a revelation of a private pecuniary interest?

Mr DAWSON: When I came into the Department of Education and Training I had a very, very good look at these specifications—obviously I would, I would be very interested in them. As you know I have had a career in both the private sector and the public sector so for me looking at the specifications of the Department of Education and Training was a very important thing. It struck me on two fronts: safety and durability. Safety which I think Michael has talked about already about children swinging off things, and other things, but even down to encasing narrow steel columns in wider encasement of concrete or some other material so that kids do not hit a hard, sharp surface but more a round and larger surface, and also using materials that are allergy free, carpets and paints and all those sorts of things. I am asthmatic. I have been all my life.

Those things add costs. I will talk about risk in a minute because that is a really important thing. The other thing is the durability question. 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. The choices we have to make about recurrent funding in the future, and knowing where that recurrent funding is going to come from, and whether we want to divert recurrent funding from education into maintenance, or whether it is better to spend the money up-front and not take it out of teaching or educating in the future. That struck me as a builder as a fairly good thing to do, and certainly the builders, acquaintances and others in the industry have come back to the same with me. Many have said to me, "Your specifications are high but they are not too high."

There are two levels of risk. Yes, we reduce the risk to the Government and we reduce the risk to the builder by getting very, very detailed in our specifications. But it is also important to note, on 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. We have to be very clear; we are specifying very high standards. I think, as a builder, that is a good thing to do in the circumstances of the Department of Education and Training. We are very clear about those specifications and the risk we are transferring.

I said a minute ago we tendered the managing contractor model. We went through the New South Wales procurement guidelines, which is steeped in our contract with those managing contractors, but we went through it ourselves to select those managing contractors. In doing so, we have asked the managing contractors to take on the standard risk of building of time, cost and quality in delivering this program in the context of the guidelines that the Commonwealth has given us. So the Commonwealth has given us a wonderful opportunity in New South Wales, and indeed across the country, to have a \$3.5 billion spend in New South Wales schools. The challenge for us is to get the best we can, within those guidelines and the framework the Commonwealth has given us, and produce that in schools on the ground.

We knew, as Michael said a minute ago, that if we tried to do it with business as usual, we simply would not do it in the time. We were also 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. Having done that, we put to tender the risk of the time, cost and quality in that context to the managing contractors. That is what we asked them to take on. They then, in turn, go to each school, take a brief from us, and those very detailed specifications that Michael just talked about—I can talk about them if you like—and they go out to the market and test those in the local markets for each and every school. They go to tender for each one. In the normal course of tendering in the New South Wales Government

you will have two pre-tender estimates and then you will go to tender, and then the price you pay is as good as you administer the contract.

The Hon. GREG PEARCE: Let me stop you there because I want to test a couple of things that you have already said. Given the experience with the specifications and given that we are potentially in a recession—we will not go into a recession but we are worried about being in a recession—and given that there has been a downturn in the property market, what you really have said to me is that the extra costs that we now are seeing in these projects is because of the transfer of the time risk.

Mr DAWSON: No, that is not what I am saying at all. The extra cost that we are seeing in the project is a legitimate and real cost with very robust specifications.

The Hon. GREG PEARCE: But those specifications have been around forever. That is what you normally build on.

Mr COUTTS-TROTTER: No, our ordinary cycles are four years from go to whoa.

The Hon. GREG PEARCE: You are saying what I just said: That the issue is timing.

Mr COUTTS-TROTTER: Look, beyond doubt, there is some small premium. We estimate 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. But, as I said before, if we had tried to do things the way that we ordinarily do them, we simply would not have got these schools built in time. We would not have created jobs and we would not have got it done.

The Hon. GREG PEARCE: I am just trying to get to the bottom of the reasons for the extra cost of these projects as distinct from your normal projects, using the same fantastic detailed specifications. There should not be any extra costs or risks there. The only risk seems to be taking the time.

Mr COUTTS-TROTTER: It is the compression of time and with that comes from 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. So it is particular. Yes, it is partly a function of time because it makes every primary school a major building site.

The Hon. GREG PEARCE: So why did the Catholic system not have to pay extra for the time and risk expenses?

Mr COUTTS-TROTTER: I cannot say. I made the mistake on an ABC Radio interview of venturing into what sounded to the Catholics like a judgement that we do things better than them. I regret doing that and I rang my friends in the Catholic system and sought and received reconciliation.

Dr JOHN KAYE: Absolution, or reconciliation?

Mr COUTTS-TROTTER: Reconciliation. It is with someone in Rome to legitimise that.

Dr JOHN KAYE: Yes.

Reverend the Hon. Dr GORDON MOYES: You are forgiven, my son.

Mr COUTTS-TROTTER: But the point I was trying to make, which I made very badly, is that they do great work; we do great work; it is different. Our system is different; our relationship is different; the role of the principal 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.

The Hon. GREG PEARCE: Could you take on notice and provide to us a comparison of the actual completion prices of all the projects that have been completed and their original cost estimate?

Mr COUTTS-TROTTER: From memory, we have 512 constructions finished, but very few of those are finished under the contract. What I mean by that is that we have not accepted the building yet, and we will not do that until we have an accumulated bank of actual construction costs from which we can activate our benchmark value process where we can compare. We are looking for outlines—things that cost more than they should. That becomes apparent once we get more experience up. Yes, that information will be available. We can make it available to the Committee in due course. We are also going to publish it for every school on each school's website.

Dr JOHN KAYE: Mr Coutts-Trotter, unfortunately you did not number the pages in your submission.

Mr COUTTS-TROTTER: I am sorry about that.

Dr JOHN KAYE: You will lose marks. At about the top of the fourth page under the heading "National School Pride", you state that National School Pride was conceived as an opportunity for principals to undertake maintenance and minor capital works programs of their choosing. The submission then goes on.

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: One of the things I want to go to is the issue of maintenance. The Federal department does not refer to maintenance under National School Pride. The Federal department refers to refurbishment. This becomes significant in terms of your total recurrent budget for 2009-10.

Mr COUTTS-TROTTER: It sure does.

Dr JOHN KAYE: Compared to 2010-11.

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: It is claimed by your Minister that the reason that, from recollection, there was a 3 or 4 per cent downturn, or about a 2 per cent downturn—

Mr COUTTS-TROTTER: Funding rose by 3.4 per cent.

Dr JOHN KAYE: I will just finish the question, if you do not mind. The reason was that there was maintenance money from National School Pride included in the 2009-10 budget, which would not be there in the 2010-11 budget. I am confused as to what is the difference—you might help us here—between refurbishment and maintenance?

Mr COUTTS-TROTTER: I do not think that there is much of a difference between refurbishment and maintenance.

Dr JOHN KAYE: Your view is that the national program was about going through and doing the normal sort of maintenance that would happen in schools.

Mr COUTTS-TROTTER: If what you are unclear about is whether we have met the Commonwealth guidelines on the National School Pride Program, my view is absolutely.

Dr JOHN KAYE: You are completely comfortable that under those guidelines—

Mr COUTTS-TROTTER: Yes, I am.

Dr JOHN KAYE: —maintenance, as in routine ordinary maintenance that would normally be funded out of the State's budget—

Mr COUTTS-TROTTER: That would include things like shade cloth, upgrading the roofing and guttering and replacing electrical systems—all of those things are absolutely within the guidelines.

Dr JOHN KAYE: That you are calling maintenance and putting them into the recurrent budget.

Mr COUTTS-TROTTER: That is how the accounting standards require us to do it. We have to follow government accounting standards. That is how they are accounted for.

Dr JOHN KAYE: We will come back to that.

Mr COUTTS-TROTTER: Well, it is. It is consistent across the nation.

Dr JOHN KAYE: Perhaps we will come back to that later. I understand the department offered principals A choice of either going it alone—

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: Or that you guys would do the whole shebang.

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: My understanding was that principals were told that if they went on their own, they would take complete financial and legal risk associated with any harm that befell a child as a result of a building project, and any financial risk associated with an overrun on costs.

Mr COUTTS-TROTTER: I participated in signing off on the briefing material that went out to principals and also introducing a briefing forum we provided to principals. In the ordinary course of events, the department and subcontractors and contractors take on very specific responsibilities under OH and S legislation. In the ordinary course of events where a hall is being built within a school, really the only risk that a principal wears against that legislation is if they told children to go into a work site. In other words, they behaved in a way that no principal would.

But if they take on the task of building that hall, they step into the legal position that we currently occupy and they do expose themselves personally to a variety of legal risks that are currently borne for them by the department because of the way we manage it in the ordinary course of events. In other words, what we are saying is, "Look, understand that you are stepping into those risks. Understand these are the kinds of things you will have to do to manage those risks. You will have to make sure that you have a properly credentialed project manager. You will need to make sure they have the insurances."

The tenor of those discussions was always that we are here to try to support your decision making, but as colleagues we have to be completely candid with you about what you are taking on so that you can know that going in, and you can manage that because this is work taking place among children. It has to be done with a massive degree of conservatism when it comes to managing safety.

Dr JOHN KAYE: Certainly.

Mr COUTTS-TROTTER: I make no apologies for that. On National School Pride, about 230 schools did step into it and do it because of the scale of the work. They had choice about how they spent the maintenance and refurbishment, and it was a task that was manageable for principals. People really embraced it, and that is a terrific thing. When it came to P21, I think it is four schools that are self-managing.

Mr DAWSON: That is right.

Mr COUTTS-TROTTER: That does not surprise me. A principal has a full-time job. They really are going to be stretched in taking on the task of delivering a \$3 million building project as well.

Dr JOHN KAYE: Would you be happy to table that documentation?

Mr COUTTS-TROTTER: Look, it is on our website. We will bring to the attention of the Committee all of the documents we provided to people.

Dr JOHN KAYE: I understand what you are saying in terms of how you view it was presented. Do you accept that among a number of principals it was seen as you either take what you are given, or you put your family's financial future on the line, and that that was the beginning of the negotiations between principals and the Department of Education and Training? It was either you do what we want you to do or—

Mr COUTTS-TROTTER: Dr Kaye, I personally stood in front of that group and explained it to them, hopefully as I have explained it to you with the same tone: we respect you; you are here because you want to take on something for your school community; thank you; now, this is what you are taking on. We had WorkCover in and we had a whole variety of people and we talked about the processes of support that we could provide to school principals if they took on National School Pride, or if they took on the P21 program. The thing about the P21 program is that we are also responsible and had to get the approval of the Coordinator-General, Bob Leece, for principals taking on those projects. That is appropriate. Bob has a coordinating role across the whole program. We were working within our own guidelines and priorities, but we were also working to the guidelines and priorities of the Coordinator-General.

Dr JOHN KAYE: Let me put that to you another way. Would you accept that there are a large number of principals and teachers and indeed parents and citizens associations who are very unhappy with what they got in the end result?

Mr COUTTS-TROTTER: In what way?

Dr JOHN KAYE: Under the P21 program there are a large number who felt that if they had had more control, they would have got something that was closer, given the same amount of money and even leaving aside the value-for-money issues, which are crucial, and just looking at the particular project—where it was located, what it was, and the details of the project. You accept that there are large numbers who felt that way?

Mr COUTTS-TROTTER: As I say, for about 4 per cent of schools this has not been a good experience for them, for a variety of reasons including some of those. Some of those things are functions of the Commonwealth guidelines in relation to the projects you can choose; some of them are functions of the quality of communication; some of them are functions of the quality of delivery. There is a whole variety of reasons why, for a minority, a very small minority of schools, there have been real and significant problems. I do accept that that is the perspective of parents and citizens associations about how that has happened in some of those schools.

Dr JOHN KAYE: But do you also accept that the reason being ascribed to the outcome by a lot of principals and a lot of members of a lot of parents and citizens associations is that this was a process that was driven heavily from Mr Dawson's office and from your department without appropriately engaging with the community?

Mr COUTTS-TROTTER: We made every effort, and I think pretty creative efforts, across the three elements of the program to engage with school communities in the most effective way we could and within the timeframe is we were working to. No doubt, as I have said, sometimes that did not work well at all. I accept that. But overall, in most schools it did work well. The great thing about this program is that we get to learn from the experience of schools that have self-managed both within the National School Pride and P21 programs. The view of the union is an odd view because they greatly and vociferously resist, and have resisted, many efforts we have made to give principals more control.

Dr JOHN KAYE: Mr Coutts-Trotter, you have introduced the union, not me. I am talking about principals and parents and citizens associations.

Mr COUTTS-TROTTER: I have read the submissions. We are trying to give principals more control.

Dr JOHN KAYE: You have chosen to use the answer to take a gratuitous shot at the union, but I am not interested in that.

Mr COUTTS-TROTTER: No, I am not. You keep talking about principals' perspectives. They are embedded in submissions, or they are largely embedded in submissions from the Teachers Federation—not wholly, but largely—so I am tackling that. If you give principals more control over people, money and things, I think it remains a good thing within an interdependent system. But on many issues, that has been vociferously resisted. It is a system that is largely centralised. It is a function of its culture, and that is the system we worked with, come February 2009. They are the arrangements, the capacities and the decision-making points embedded in a huge and fantastic system of public education. That is what we had to work with. That is why to manage-contractor them all was the only way we could get P21 done to time in over 1,700 public schools right around the State.

Reverend the Hon. Dr GORDON MOYES: Mr Dawson, I want to speak to you and I accept the unsolicited commendation of my colleague Mr Pearce that you are a very good and competent builder.

Mr DAWSON: Thank you.

Reverend the Hon. Dr GORDON MOYES: That leads me to your comments. I have read through approximately 150 submissions from schools. Without selecting one school, but in general terms, these things happen in many places: classrooms were delivered that were demountables; with the demountables, there was no plumbing, no drainage; there were no paths.

Mr COUTTS-TROTTER: Yes.

Reverend the Hon. Dr GORDON MOYES: In one case, they were placed over newly laid turf that had just been put in by the school and they had leaking roofs.

The Hon. CHRISTINE ROBERTSON: This is a confidential submission.

Reverend the Hon. Dr GORDON MOYES: No, I am referring to general things.

Mr COUTTS-TROTTER: We confirmed in some cases that that is absolutely right, which is why we have the contracts we do with managing contractors to fix it.

Reverend the Hon. Dr GORDON MOYES: My point was that if you have classrooms that have inadequate heating, cooling or other defects, what are you doing to get those defects corrected immediately? As a good builder, would you be satisfied with that level of workmanship?

Mr DAWSON: Firstly, let me say, and thanks for the question because there are a lot of things in it, we are not putting in any demountables in the program. I will come back to that. To answer the last part of the question first, the managing contractors have to hand us the buildings defect free. The managing contractors have to give us the buildings defect free. They are managing contractors; they are not the builders. In some cases they can be a builder. But they have to provide them defect free. In the context of over 4,500 projects simultaneously over two years, we are going to get defects and problems. That is the nature of building, and building contracts go into how to resolve defects and other things.

In the majority of cases these defects are dealt with instantaneously and do not occur. But in the hand-over process, if we find them we will deal with them, and we will deal with them swiftly. The contracts also allow, despite the buildings being handed to the Department of Education and Training from the managing contractors defects free, that we hold money from the managing contractors for 12 months after the end of the program to make sure they will go back and fix anything else, and then there is the normal statute in dealing with that. On the defect issue, I am entirely confident that our system and our contract, more importantly, will provide the mechanisms for us to do that and is doing so.

Reverend the Hon. Dr GORDON MOYES: Would that include not just defect but, for example, lack of adequate drainage?

Mr DAWSON: Let me come back to that. That is a very good point you made. You referred to demountables coming onto site. We do not deliver demountables on site in this program. We are removing demountables. There is a range of buildings that the department has called MDR that have prefabricated components. If we go to any building site anywhere in Australia now there are prefabricated components. It might have started as a tap when I started building 30 years ago, but you go to these city buildings now and they are bringing even concrete form now that is built in factory and brought to site. There are prefabricated components. Your point is very good. We bring prefabricated components to these sites and put them on sites and then put in the drainage and the footpaths and all of those other things. That is why there is a difference between the cost of buying those prefabricated components and the cost of building, which often has been talked about more recently. That is part of the delivery contract in putting in those things. If we get to the end of that program and with all the specifications that Mr Pearce and I were discussing a minute ago and with all the statute we have in New South Wales there are defects or things missing, we will enforce the contract and make sure they are put there.

Reverend the Hon. Dr GORDON MOYES: Because templates were used, was this the reason some buildings were not orientated properly to take into account climate, weather, sunlight and so on?

Mr DAWSON: Michael talked about the timing of the selection process. The normal course of events in the Department of Education and Training before you get on site, before you select a project, is 18 months. Then there is 12 months of preconstruction where all of those things are done. The IPO are managing contractors and it had 12 weeks, effectively, for the selection of projects, and then 6 weeks for the preconstruction. The siting of buildings in an existing school without a master plan and without the time frame to think about it is a balance between the best orientation you can get and also how the school works. It comes down to some things about which I have learned an enormous amount in the past 12 months: the safety of children, how the school works, how people move between places. One of the most interesting things to me that I keep getting hooked on, I keep getting overruled by the education people, is sight lines. Putting buildings in certain places creates black spots in playgrounds where kids cannot be seen. Do we trade off solely orientation for safety of children? I think the answer is yes. In that case I would bow to the people who know more about educating and supervising children than I do. Do we do it often? No. It is a balance. We do the best we possibly can in the context. If you have a wonderful big open site, like in some of our schools in New South Wales, it is very easy to relocate the building somewhere else. If you have a very tight site with one of our inner city schools, it is very difficult and you might have to trade things off to get the right outcome. We are committed to solely orientation and those things, but at the end of the day it is a balance of the best outcome in the environment available.

Reverend the Hon. Dr GORDON MOYES: In using prefabricated parts to assemble buildings, do they have a 40-year lifespan to which the director general referred previously?

Mr DAWSON: Yes, they do.

Mr COUTTS-TROTTER: They do.

Reverend the Hon. Dr GORDON MOYES: In terms of quality of finish?

Mr COUTTS-TROTTER: Our windows, for example, would cost more than double the windows you pay for in a home because of—

Reverend the Hon. Dr GORDON MOYES: Thicker glass and so on?

Mr COUTTS-TROTTER: Yes, it is the thickness of the glass. We require all those elements to come with certificates. If there is a claim made about the fire-rating level of an element in the building, we want to see the actual certificate that assures us that it meets that standard. In some cases we actually need it tested in situ because the process of installing it brings additional risks. It is a very conservative system, but it is not done arbitrarily. It is done from the accumulated experience of decades of building schools.

Reverend the Hon. Dr GORDON MOYES: It is not easy to achieve when you are under extremely tight time lines?

Mr COUTTS-TROTTER: No doubt, but I think Mr Dawson explained some of the trade-offs well. Site lines and orientations are very good examples.

The Hon. SHAOQUETT MOSELMANE: I appreciate that this is a mammoth project with \$3.5 billion to be spent within two years, involving over 8,000 workers and 2,500 projects. It is not a small project and it is all on top of your existing work with the department. I also congratulate not only you, but the companies, the unions and the school community on making sure that safety has been a priority.

Mr COUTTS-TROTTER: Thank you.

The Hon. SHAOQUETT MOSELMANE: Certainly, that is something of which you can be proud. When a school wants, for example, a school hall, do you have the flexibility to say, "No, we can't do a school hall but we can do a canteen" or does the guideline not allow you that flexibility at all?

Mr COUTTS-TROTTER: The guidelines set priorities from the Commonwealth about what it wanted to see. It was first, a library; second, a hall; third, classrooms; and then the refurbishment of existing

facilities. Of course, part of the reason for that was to create community facilities. Our halls are built to be used not just by the school community, but also to be available for outside use, which sometimes comes with attendant costs. We have to improve the quality of lighting in pathways and car parks, if it is to be used publicly. 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. Mr Dawson referred to the need for us to develop master plans for our school sites. We are just getting into that process. That will allow us to a degree to get ahead of some of these problems by working with school communities to produce a long-term plan of how they want to see their school facilities develop so that when an opportunity comes, you have a plan within which you can fit it. School communities will know, with greater certainty, that their priorities are reflected in that master plan and in time will be reflected in the State Government's capital works program for that school. There are a number of things we have learned and are learning from this process that will improve the way we do things as we progress.

The Hon. SHAOQUETT MOSELMANE: When the seven contractors were engaged did they list the subcontractors they were going to engage? Did you see the list of subcontractors?

Mr COUTTS-TROTTER: I will let Mr Dawson deal with the detail, but my understanding is no. We selected the managing contractors. They then went through a variety of processes, including 25 regional forums where information was provided to potential subcontractors: local builders, local plumbers, local carpenters, local electricians.

The Hon. SHAOQUETT MOSELMANE: Locals were engaged as well?

Mr COUTTS-TROTTER: There was an effort to do it. There was a process of advertisements, a variety of ways of trying to communicate the opportunity to the community and through school communities through their community networks to people who might be available and have an interest in working in the subcontract chain for the managing contractors.

Mr DAWSON: To add to that, the selection of the managing contractors was not on price alone. It was also on their proposals for how they were going to it in a number of ways: the stakeholder engagement, their use of local contractors because that was part of the criteria from BER, their safety standards and how they would demonstrate both training and Aboriginal and Torres Strait Islander involvement in the program. On the issue of their subcontractors, in their bid they did not actually nominate the subcontractors. It came from a number of areas. As Michael has said already, there were forums. We and the Taskforce in New South Wales were taking registrations from people who were interested in working in the program. All of that information was passed to all of the managing contractors and those forums that went through.

The Hon. SHAOQUETT MOSELMANE: Can you explain the difference between fee A and fee B because in some submissions that seems to be a point of confusion?

Mr COUTTS-TROTTER: I know. It is not particularly penetrable language. I readily concede that. One approach is for the managing contractor to do all of the work of managing projects and programs up to the point of engaging a builder and then a builder is engaged and they in turn engage subcontract trades competitively. The managing contractor engages the builder and down it goes. Fee B is when the managing contractor fulfils the role of builder. They are directly engaged in subcontract trades and they are taking the tasks and risks that would otherwise be borne by a builder. They get paid more money on that delivery method. Broadly, 50 per cent of the projects are being delivered under the first model where a managing contractor engages a builder and they in turn engage subcontractors. Half of them are being engaged under the model where the managing contractor fulfils the role of builder. In total across those two methods of delivery we anticipate to pay managing contractors about \$345 million of \$3 billion for performing those functions, with a potential \$50 million of incentive fees available to them as well. There is a degree of confusion about those two mechanisms of delivery. The moment someone reads the word "fee" they think it is money for jam. It is not. It is money to do things that have to be done in order to deliver these buildings to quality in time.

The Hon. SHAOQUETT MOSELMANE: Would you say those fees were in keeping with the standard of the market, if you like?

Mr COUTTS-TROTTER: They were set by a market: 13 of Australia's best constructors bid against one another and they bid their incentive fees, their profit margin, their site supervision costs and their project management costs. Then they were also judged on a whole range of qualitative factors, to which Mr Dawson

referred. There was a market process there. We are not the only system using a managing contractor model of delivery. The largest Catholic diocese is using a managing contractor model, as are, as I understand, other States and the eastern seaboard is using a similar model I think for many of the same reasons. 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.

The Hon. SHAOQUETT MOSELMANE: In relation to earlier comments and in some submissions about holding some school principals liable if they were willing to make some decisions, can you expand on that and is it an exaggerated comment?

Mr COUTTS-TROTTER: Dr Kaye's point was that it is, to a degree, a matter of perception, and I made every effort—

Dr JOHN KAYE: That was not my point at all.

Mr COUTTS-TROTTER: Okay. I am sorry. I think different principals viewed the process differently. I think most people went, "Okay, I now have a very clear understanding of what I have to do and how I can acquit those responsibilities." For national school pride, most people, just about everyone who wanted to self manage, went ahead and did it. For P21—a massively larger project, a very different set of issues, and a very different and larger set of risks—very few people decided to go forward. 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 help manage those risks. These are the things you will need to do to help manage those risks."

The Hon. CHRISTINE ROBERTSON: Mr Orgill from the Commonwealth Building the Education Revolution Implementation Task Force told us the majority of complaints they had received as an organisation came from schools or school communities that received small grants. New South Wales has a disproportionate amount of the Building the Education Revolution Program because we have more people and, therefore, more schools. Perhaps this is a take-on-notice question. What proportion of our small schools received a smaller grant?

Mr COUTTS-TROTTER: There are 522 schools in New South Wales across all schools systems with fewer than 50 students and we have 80 per cent of them. You are absolutely right, the issues for us, to the extent we have issues with a minority of schools, do tend to be in smaller schools because the method by which the Commonwealth allocated funding is driven by enrolments. That is fine but what 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.

The Hon. CHRISTINE ROBERTSON: This is more an estimates question, so I am sorry to divert. You just talked about master planning. In country New South Wales where there are a lot of small schools, it is difficult to predict growth or reduction. What process does the education system use for that purpose? For example, there is massive mining in a specific area so there will be huge changes in the demography. Potential changes are a problem, are they not?

Mr COUTTS-TROTTER: We make use of demographic information and we make use of information held by councils, in country areas as well, about likely further developments. We are seeing a resurgence of mining in areas around Mudgee, for example, that will affect school populations. We try to predict that. We do that with mixed success. In some city areas we have been caught out badly by not recognising that massive apartment developments along train lines would attract families with children. In country areas, there may be areas where school communities will grow rapidly in years to come. But the Commonwealth allocation was based on the enrolment in the school at the time. We could not say that we think it is going to grow.

The Hon. CHRISTINE ROBERTSON: The comment that you made was really more about your master plan?

Mr COUTTS-TROTTER: Indeed, and we do need to do that better.

The Hon. CHRISTINE ROBERTSON: Some submissions have talked about the difficulty of getting contractors and builders to do the work. I know that happened in the country. They said that either builders did not tender at all or after talking to your contractor people they found the conditions were too difficult for them to meet. Could you talk about that issue?

Mr COUTTS-TROTTER: I will introduce it and Mr Dawson will go into more detail. That explains in part why the managing contractors are fulfilling the job of builder in about half the projects. It is a combination of local market factors. 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. You are right, some people looked at our very, very heavily specified contracts and thought, "I just don't want to take that on." To Mr Pearce's point earlier, 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.

Mr DAWSON: To add to the Director General's comments, one of the components of our managing contractors, which can work well, is that, as Michael says, builders are not very good at describing things Fee A and Fee B, builder or not builder. The managing contractors, with our approval, can move from being the supervising manager to being the builder. Yes, the fees change. But, of course, in the tendering process, they are then tendering direct to subcontractors so we are not paying a builder on site. So you end up with the same price in any event. Having said that, with all the registrations we got from individual people right through to contractors, the requirements of building in the public sector with the transparency and accountability that we need and the rigour that we go through sometimes makes it a little difficult. Some people prefer not to do that. They can make a reasonably good living doing what they are doing.

To get on a contract list with us if they are going to do something at, say, \$2 million, they will need to demonstrate a number of things: their financial viability, their legal entity, their environmental credentials. In fact, they have to have an accredited system in quality management and safety. Safety, of course, is a really important one. Some choose not to. We, the IPO, government agencies will help people live up to that and work with that. This is a job stimulus program, so we have to help people as much as possible to get onto that. But some people have chosen not to do that.

CHAIR: In relation to COLAs, covered outdoor learning areas, the community now understands. Many people who did not know previously now know what a COLA is. At the beginning of this process I heard people talk about large carparks. We understand there are COLAs with bells and whistles, there are acoustic COLAs, there are COLAs with solar panels. I get asked this question all the time. Given that your website has a standard design for a COLA that includes draft architect plans, why do individual schools have to pay as much as \$70,000 for design documentation when you already have a cookie cutter standard template?

Mr COUTTS-TROTTER: It is about where it sits within the existing site. It is about a range of planning and other approvals that Angus can talk to.

Mr DAWSON: Again, I am sorry, builders are not very good at naming things. What we have referred to in our system as designer documentation is indeed that. But everyone assumes it is an architect designing the actual facility. We have a standard set of designs. With every project in New South Wales under the Environmental Planning and Assessment Act you have to get an approval, no matter what path you take. There are a number of paths. Indeed, there is a new path introduced in this legislation. You have to get an approval and that includes all those concurrences and other things. For every approval in New South Wales you have to get the concurrence of the Environmental Planning and Assessment Act, you have to check the threatened species Act, you have to check the rivers and foreshores Act. We know the planning system very well. I know you do, Mrs Parker, and so do I.

Part of the designer documentation is documenting that to get, firstly, the specific site requirements for putting the standard design on. Those specific designs stop at floor level. Everything under the floor has to change, including for a COLA. Everything from ground has to change. It is about connecting it to all the other things that have to be connected, either by footpath services or other things. The next part of that is all the documentation required to seek approval. That has to be done. The next part of designer documentation is the

managing contractor's role in going to tender for that work. They have to then fully document those projects to go to tender in the local area for that work. That is the designer documentation cost in a whole. It is 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.

CHAIR: Do you believe that \$70,000 of taxpayers money is value for money? Do you believe that \$70,000, gouged out of their BER funding, is justified in each and every one of those cases for that work?

Mr DAWSON: I understand. The response I have to that is I just worked through all those things.

CHAIR: Yes or no.

The Hon. CHRISTINE ROBERTSON: Let him answer the question.

Mr DAWSON: I am very happy to answer the question. The response I have to that is we have to test the market. That is in regulation in government. We have put it in our contracts with our managing contractors and the managing contractors have to test the market to provide those services. We are checking all the time but they are doing that. Then we have the other checking processes with the two pre-tender estimates, the BMV [benchmark value] process. Then at any time, including at the end of the process, we look at the actual costs and compare those as well. We can always check those and do that. My view is that we have asked for certain things to occur. The market has told us how much that will cost through our managing contractors. If it looks odd, and occasionally it does, we have an internal process to check that out. We already have had quantity surveyors look at it twice before we have let it go for construction. If it still looks strange, we will send our internal governance to audit it and come back and report to us.

CHAIR: Is it not true that some of these COLAs cost a different amount of money before the BER Program. There are examples of schools that recently installed a COLA similar to or exactly the same as the ones that are being installed under the BER and the cost difference is huge? Is there not an inbuilt inflation on costs on these COLAs because of that part of the BER Program?

Mr COUTTS-TROTTER: There is proper concern that the COLA has an element within the program. Following the experience of Hasting Public School, we were worried that there might be value-for-money problems with them. So they have been the subject of a report that is now with our Minister that tries to get to those very issues and have a look at what we expect a reasonable cost would be for different sized structures and make some recommendations to the Minister about how we respond to that. That is with our Minister at the moment.

CHAIR: It would be useful for our Committee to have a copy of that report. Are you able to provide that to us?

Mr COUTTS-TROTTER: I would have to go back to my Minister and talk to her about that.

CHAIR: If you could advise us, that would be useful. Hastings Public School was one example we wanted information about.

The Hon. GREG PEARCE: I wanted to understand the managing contractors' selection process. Who, as in the people, actually made the selection of managing contractors?

Mr COUTTS-TROTTER: I will find the notes on this. It is a proper question and I have a detailed response. The process was two-stage. There was an expression of interest and then a tender. There was a pre-qualified list of people who had been doing business with the Government for a long period of time across all agencies held by the Department of Services, Technology and Administration—so people who had proven themselves over time. Fourteen of those firms were invited to move to the tender stage. Thirteen of the fourteen did. They bid in groups of three or four for nine packages of work. The initial evaluation committee was a mix of senior people from the Department of Services, Technology and Administration, one of our own asset team executives, two private sector participants nominated by the Infrastructure Coordinator General, and a secretariat from the Department of Services, Technology and Administration.

Dr JOHN KAYE: Are you talking about the group that made the decision about the—

Mr COUTTS-TROTTER: They were the EOI evaluation committee. That then moved to the next phase. I am describing there the phase where the invitation to tender went out. I am quite happy to provide this detail to the Committee. That then went out to tender in a process that was also overseen by—

The Hon. GREG PEARCE: Can you table that answer and move to who actually made the final tender selection?

Mr COUTTS-TROTTER: The final tender evaluation committee was chaired by Gary Kennedy, who is somebody I know from the Department of Services, Technology and Administration. He is the regional manager on the South Coast; he was once Australian project manager of the year. He is an extraordinarily talented person.

Ms Lai Yin Chiew from my department, another member from the Department of Services, Technology and Administration, a member associate of Evans and Peck, a probity auditor from Deloitte Touche Tohmatsu, and an observer, but he did not participate in the process. That then went forward as a recommendation to a further group: Mr Paul Gilbertson, who is the chief executive officer of the Nation Building and Jobs Plan Taskforce; Mr Alastair Hunter, who is the Deputy Director General of my agency; Mr Hugo Harmstorf who was an acting director at that stage of the BER IPO; and Mr Brian Baker, who was the Assistant Director General of the Department of Commerce. That then came forward as a recommendation through me to the Minister. The Minister needed to provide approval for me to commit to those contracts under delegation. It is an exacting process.

The Hon. GREG PEARCE: Could you provide to the Committee the evaluation that the final committee was provided with?

Mr COUTTS-TROTTER: I would need to test what of that does not raise commercial—

The Hon. GREG PEARCE: You can provide parts of it on a commercial-in-confidence basis.

Mr COUTTS-TROTTER: Of course they would. So we could describe what the criteria were by which the decision—

The Hon. GREG PEARCE: No, I would like to see the actual evaluation that went to the—

Mr COUTTS-TROTTER: Look, I understand why—

The Hon. GREG PEARCE: To pick up—

Mr COUTTS-TROTTER: There could be elements of that that genuinely contain commercial information. What we have said to managing contractors—and I understand that one has made a submission to this Committee—is that we would encourage them to make a submission if they want to that details some of that. Some have, some haven't, and there would be commercial reasons attached to it. I know that evaluation report, all of them are available to the New South Wales Auditor-General, and I cannot speak for him, but they are available to the Audit Office to review. We would be able to give you most but I suspect not all of that.

The Hon. GREG PEARCE: Just so that people understand it, at that point in time the actual projects themselves were not being costed? The managing contractors—

Mr COUTTS-TROTTER: The selection of managing contractors? Well, we provided examples of projects that they presented a costing on, but they were bidding their management costs, their program costs, their incentive fees, their profit margins, and then they were also providing cost estimates on template projects. To get a sense of that you might like to talk on that?

Mr DAWSON: In fact I think they provided more detailed cost estimates on template projects after selection—

The Hon. GREG PEARCE: At the selection period we did not actually have project costs?

Mr DAWSON: We were tendering on a management contract, which is fairly usual.

The Hon. GREG PEARCE: The benchmark value, which is the actual cost at the end of the day, has that been established yet?

Mr COUTTS-TROTTER: The actual construction cost is the actual cost at the end of the day. The benchmark value is an attempt to have a look at prices outside of the prices achieved by the managing contractor and from that is a weighted index to provide a test against which we can judge whether what they have done is within the normal bounds, where it should be, or as an outlier, too expensive. They are held to costs that are either up to 105 per cent of that benchmark value or the actual constructions costs, whichever is lower, and we are beginning to move into that process. As more and more projects are completed we develop a stock of actual construction costs against which we can build the benchmark value indicator.

Dr JOHN KAYE: You would be aware that the Catholic Block Grant Authority turned to the Commonwealth and said, "We are not interested in a template process at all. We do not want to do this by template. We want each individual school to get exactly what they want, which means individual design per school." The world, as you would be aware, did not come to an end for the Catholic Block Grant Authority at that point?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: In fact, the Commonwealth said, "That is fine. You go ahead and do it."

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: Did the state of New South Wales every turn around to the Commonwealth and say, "We don't like the templates that you are forcing us to use."

Mr COUTTS-TROTTER: They were not forcing us to use a template, other than we have the school facilities standard established in consultation over a long period of time between the department and principal groups, the New South Wales parents and citizens association, and the teachers federation, informed by the experience of teachers and educators and also by people who have the experience of managing these assets over a long period of time.

Dr JOHN KAYE: So you are saying there is no template design in New South Wales? The New South Wales Department of Education and Training [DET] did not use template designs in accordance with the requirements of the Department of Education, Employment and Workplace Relations [DEEWR]?

Mr COUTTS-TROTTER: I am saying we used the designs we have, which are far more detailed than a broad template, for school facilities standards.

Dr JOHN KAYE: As required by Department of Education, Employment and Workplace Relations?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: The Department of Education, Employment and Workplace Relations required in this process that there be template designs?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: And that all buildings conform to one or other of those templates?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: The Catholic Block Grant Authority ganged up on the Commonwealth and said, "We don't want to do it that way." The state of New South Wales, either individually or jointly with other States, never did that with the Commonwealth?

Mr COUTTS-TROTTER: The state of New South Wales took the view that these are designs that have been built in consultation with the parent group, with principals, and with the teachers federation; they come with the benefits that I have described—higher construction costs up front but lower whole-of-life

maintenance costs, and a whole range of other features. They are the schools that we build, we build them for good reasons, and they are the templates that we took into the process.

Dr JOHN KAYE: But are you not alluding to two separate issues there? One is the construction standards, and the other is the template of what the actual design looks like?

Mr COUTTS-TROTTER: They are two but they are totally related.

Mr DAWSON: May I help? Dr Kaye, as I understand it, I think you asking if we took templates imposed by the Commonwealth?

Dr JOHN KAYE: No, I never said that. I said did you take the imposition of the requirement that there be templates and that all projects conform to one or other template?

Mr DAWSON: Well then I think what the Director General is saying is quite right—we used our own templates because those templates as well as our school facilities standards are part of them, but the template designs have been developed in that process.

Dr JOHN KAYE: Let me go to the issue of sizing school halls. A number of schools have, both privately to me and also publicly in the media, said they did not get what they thought they were going to get.

Mr COUTTS-TROTTER: Right.

Dr JOHN KAYE: Largely it revolves around the issue of there being a stage?

Mr COUTTS-TROTTER: Yes.

Dr JOHN KAYE: And the stage taking up, for good reasons, about one-third of the floor space. So while they were offered in the initial instance something that would be, for example, appropriate for a primary school of 400 students, when the product was finalised the stage took up one-third of that and it would really only be appropriate for a significantly smaller school. You could not sit the entire school in the hall?

Mr COUTTS-TROTTER: I will come back with detail but one example I can think of—in our deadening jargon of 7-core, 14-core, 21-core hall—

Dr JOHN KAYE: Yes, I was avoiding that.

Mr COUTTS-TROTTER: —they are sized so that the entire school, in the case of primary schools particularly, can sit in the hall, but the children sit on their bums and not on chairs. They are the halls we have been delivering. But to go to the quality of the halls; it is a sprung wooden floor—

Dr JOHN KAYE: I was not asking you about the quality. I was asking you about the sizing of the halls?

Mr COUTTS-TROTTER: I know but you can get more square-metreage if you take out some of the features that we build into the design. In other words, it goes to how much you get, size or elements built within the hall for the same—

Dr JOHN KAYE: No, it does not. It goes to what was offered to the school versus what was delivered. If a school is told, "You are a school that is appropriate for a 14-core hall, and that hall will sit this number of students." Then when they see the final design it simply does not fit that number of students. It is not about value for money, it is about fitness for purpose?

Mr COUTTS-TROTTER: The student enrolment under our ordinary building program—and we are building a lot of halls under the State Government's own program—determines precisely whether you get a 7-, 14- or 21-core hall. I am aware of cases where managing contractors told schools, "Look, you will get an interactive whiteboard in your classroom." No, not right—they will get it in the library but not in the classroom at least for the present. So it could be one of those cases, Dr Kaye. But I do really want to make this point about the quality of the building because the halls use two types of Australian hardwood—only two types of Australian hardwood—from plantations that are certified as ecologically sustainable. They are sprung. The

concrete slab below them has built in drainage because we have discovered that children spill water in halls and it gets under this beautiful wood and wrecks it.

Dr JOHN KAYE: And other things?

Mr COUTTS-TROTTER: So there is a lot of cost and quality that is invisible when you walk in that hall. But beneath that hall is something that protects the joints of children and protects the quality of that wood for decades because of the drainage built into the concrete slab, but it is expensive. It has got a hearing loop that boosts the effectiveness of hearing aids worn by people in the hall. It is acoustically designed. It has got a whole bunch of features—

Dr JOHN KAYE: I never questioned any of that. My question was fitness for purpose not quality? Nobody has questioned the quality of the halls being built?

Mr COUTTS-TROTTER: But fitness for purposes embedded in the 7-, 14-, 21-core design is a trade-off between the cost of doing those kind of things and the cost of making the hall bigger. That is what is embedded in the standard. The enrolment determines the size of the hall you get with all these great features, and it is sized in a way that means, yes, all the children can sit down but they are sitting on their bums on the floor.

Reverend the Hon. Dr GORDON MOYES: I want to put BER into an historical perspective. We have had an enormous outflow of criticism in the press about the total BER program. Without going into that, in the last 60 years we have had a number of significant Commonwealth rollouts of funds to all schools, private and public. I remember the science blocks and the libraries that were established right across the nation. I remember the sporting facilities, gymnasiums, and things such as that. They seemed to have rolled out at that time without the same press antagonism. Is there a reason for that?

Mr COUTTS-TROTTER: You would have a better grasp of the history of that than I do to be honest.

Reverend the Hon. Dr GORDON MOYES: Mr Dawson is older than you—

Mr DAWSON: Two years.

Dr JOHN KAYE: What year were you born Mr Dawson?

Mr DAWSON: 1963, about the same vintage.

Mr COUTTS-TROTTER: That may or may not be the case. But look—the point I made to the Senate inquiry—if you go online and have a look at what is happening in education systems elsewhere in the world: California is sacking 22,000 teachers, Illinois is laying off 17,000 teachers, New York City is about to sack 6,500 teachers. This is an extraordinary program. It is fundamentally an economic stimulus program but here in public schooling in New South Wales we are hiring teachers, we are building facilities, we are improving the quality of the facilities we have got. It is an extraordinary period. It comes with real challenges and at the margins there are problems, but taken as a whole it has been done well and it is having a great effect. It is having an effect now in supporting jobs, and it will have an effect in time because when people go back to that school hall in 50 or 80 years time it will still be a great school hall and it will not have cost much to maintain.

The Hon. CHRISTINE ROBERTSON: Does the way you have to manage such an enormous program make a difference? Dr Kaye just pointed out—I was wrong—that it is the size of the program that has made it so interesting and, I guess, difficult.

Dr JOHN KAYE: Challenging.

The Hon. CHRISTINE ROBERTSON: Challenging—a better word. The public system in New South Wales got about \$3.5 billion, or a bit less?

Mr COUTTS-TROTTER: Yes.

The Hon. CHRISTINE ROBERTSON: The Catholic system, which has done an excellent job, got just over \$1 billion?

Mr COUTTS-TROTTER: Yes.

The Hon. CHRISTINE ROBERTSON: The public system has 2,200 schools involved?

Mr COUTTS-TROTTER: Yes.

The Hon. CHRISTINE ROBERTSON: And the Catholic system has 570 schools involved?

Mr COUTTS-TROTTER: Yes.

The Hon. CHRISTINE ROBERTSON: All of which are very deserving of the programs they are getting?

Mr COUTTS-TROTTER: Yes.

The Hon. CHRISTINE ROBERTSON: Does it make a difference to the way you manage programs, because of the enormity of the size?

Mr COUTTS-TROTTER: Size makes a difference. Where those schools are, 80 per cent of all remote and very remote schools are public schools. I have driven the 2½ hours from Broken Hill to Wilcannia, and you feel the remoteness; it is a long way from anywhere else. So, no doubt that is a factor. The history of our system and the ubiquity of public education—we are everywhere—means that there are particular physical factors in our sights that are different, taken as a whole, to any other system.

There are particular challenges to that, there is no doubt about that. We are a system where the building and maintenance of our school buildings and assets is largely centralised in ways that other systems are not; they are much more decentralised. But you have to work with what you have got. It is a great system, but it is configured as it is, and that is the way it was configured in February 2009 when the opportunity came to spend nearly \$3.5 billion on improving school facilities.

The Hon. CHRISTINE ROBERTSON: We heard about COLAs earlier. I drive around country New South Wales a fair bit. I understand there is a set template for COLAs. But I have seen several COLAs, which would indicate that a lot of thought has been put into climatic factors in relation to the construction of them. I recently drove past a COLA that had heavy plastic sheeting on the sides, so the children could play outside on the 5-degree days. We could do with a bit more information on how the templates have been adapted for the needs of particular schools and the various climatic conditions.

Mr COUTTS-TROTTER: Certainly. We will provide that.

The Hon. SHAOQUETT MOSELMANE: Without downplaying some of the challenges, I certainly believe you have done a good job in terms of this significant project. It has been delivered with a significant impact and benefits for the people of New South Wales, and I want to congratulate the department on doing a good job.

Mr COUTTS-TROTTER: Thank you.

Mr DAWSON: Thank you.

(The witnesses withdrew)

(Luncheon adjournment)

MARY FOGARTY, Research Officer, New South Wales Teachers Federation,

GARY ROBERT ZADKOVICH, Deputy President, New South Wales Teachers Federation,
, and

GRANT DOCWRA HEATON, Federation Representative, New South Wales Teachers Federation,
, affirmed and examined:

ROSS ARNOLD CRAVEN, Federation Representative, New South Wales Teachers Federation,
, sworn and examined:

CHAIR: Do any of you wish to make a brief opening statement?

Mr ZADKOVICH: I will open the proceedings with a few brief comments. I will refer directly to our submission to this inquiry. A summary of our concerns is outlined at the bottom of page one, in the dot points. We have listed case studies which we believe illustrate these concerns. There is a particular issue we wanted to raise in this inquiry. It is an issue that has not featured very prominently to date in public debate on the implementation of the BER program. We put it under the heading "Other Related Matters". I refer to the implementation of the Science and Language Centre Program.

I want to draw the Committee's attention to our submission where we refer to Case Study 28, on page 11. We believe that what has happened in this particular Science and Language Centre Program is wasteful duplication. Attachment "C" confirms that the Federal education ministry refused to accept a sensible, cost-effective proposal from the public school stakeholders in New South Wales. In Attachment "D", in a parliamentary brief that the Teachers Federation prepared, we explain how more than 250 secondary schools in New South Wales missed out on new science or language facilities because Federal education Minister Julia Gillard flatly refused to accept a better way of implementing this program.

I also draw your attention to the fact that the federation wishes to acknowledge the commitment of our principal members in standing up to advocate on behalf of their school communities, in spite of attempts by the Department of Education and Training to use the code of conduct to silence them. Evidence of that is provided in Attachment "I" in our submission. I would also like to introduce to the inquiry Mr Ross Craven and Mr Grant Heaton, who will provide particular examples of the problems with the BER implementation that we have outlined in our submission.

The Hon. GREG PEARCE: I take you to Attachment "I". Could you explain to the Committee what has happened there and what is being suggested in that attachment?

Mr ZADKOVICH: Essentially, a public school principal communicated concerns about the implementation of this building program to principal colleagues on a department email network of principals, and also made comments in the media about concerns held by that school community about waste and mismanagement and lack of value for money in their building works. For so doing, the department instructed the school education director overseeing that group of schools to implement code of conduct proceedings. The document is an excerpt from the letter that the principal received for standing up and advocating on behalf of his community about genuine concerns held by parents and teachers in that community.

The Hon. GREG PEARCE: Obviously, from what you are saying, you do not think that was fair; you think that was tantamount to bullying, or worse?

Mr ZADKOVICH: We are talking about public school teachers and principals who went through the usual department channels—indeed, they approached local members of Parliament as well—trying to have someone seriously address misgivings and concerns of the kind we have outlined in our submission. When those attempts failed to yield a positive outcome for that school community, our members were then left with little alternative but to speak up in the public domain and express their concerns in the ways that have been outlined. For so doing, the department took the heavy-handed action that is outlined in that letter.

The Hon. GREG PEARCE: Has that action continued, or has it been withdrawn? What has happened?

Mr ZADKOVICH: Basically, the action taken to implement the code of conduct against that principal stands on the record. That principal, presumably, was reprimanded, counselled, and told that such actions should not continue, and hence the code of conduct was used in that way.

The Hon. GREG PEARCE: We have also heard quite a few concerns from school principals that they were discouraged from self-managing their own projects. Have you any information on that issue?

Mr ZADKOVICH: Yes. You will notice that Attachment "A" illustrates the extraordinary lengths the department went to to actively dissuade public school principals from self-managing their projects. I need to be clear here. 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. However, the way this was implemented in New South Wales, under the direction of the director general, Michael Coutts-Trotter, denied public school communities the same options that private schools were able to access.

I will explain it this way. Our principals in the public sector were told, "You can either self-manage your project and take with that all of the legal OH&S responsibilities. You will be personally liable"—as explained in Attachment "A". 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. And that is why only three principals across the State, as I understand it, decided on that option. The other alternative was: "We will do it for you through our State managing contractor approach."

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. That option was denied our public school communities, and it is that, we believe, that has contributed to such a discrepancy between the public and private school sectors on these issues.

The Hon. GREG PEARCE: What seems to have happened is that the department has taken a sledgehammer and said, "If you as a local school principal, and the teachers and the community, want to actually choose what you are going to have delivered, and then negotiate how it is designed and delivered—if you want to have that involvement and accountability, you are hit with these occupational health and safety issues and all these other legal responsibilities."

Mr ZADKOVICH: True. And we believe that that represents active dissuasion from principals taking up that option. 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." The degree to which the department and the Government put that pressure on principals to not self-manage, we believe was totally unfair and inappropriate behaviour by departmental officers.

The Hon. GREG PEARCE: To pick up your third alternative, most of the principals or school communities we have heard from did not really want to be running the day-to-day project and be the building supervisor; they wanted to have a proper say in what they got and when it was going to be delivered, and the accountabilities for that.

Mr ZADKOVICH: Indeed. And that would have been consistent with previous building programs that have been implemented in our schools. Indeed, within the National School Pride Program, the school maintenance program, far greater flexibilities and autonomy were given to principals in that particular aspect. When it came to the primary school Primary Schools For the 21st Century [P21] program, that is where Michael Coutts-Trotter presented the options that he did. Clearly, the intention was to have seven statewide managing contractors do the work. We believe in that process, that is where we have lost the value for money that we believe is evident in the private school sector.

The Hon. GREG PEARCE: I have had several communications from principals and teachers who have described the process as bullying. They have said, "We were bullied."

Mr ZADKOVICH: It might be appropriate at this point to turn to my principal colleagues here and ask either of them to comment on how that particular process was enacted in the initial stages in their schools.

Mr HEATON: The turnaround time is extremely limited. I think it was a few weeks for principals to decide if they wished, as Garry so eloquently said, to put their neck in the noose. I have spoken with one of the three principals who self-managed. He is a P5 principal, which is a smallish school just out of Maitland. When you compare what he has achieved through self-management to a school immediately up the road from him of a similar size, the differences are marked.

The Hon. GREG PEARCE: Could you elaborate on that a bit? What do you mean by what he has achieved?

Mr HEATON: What he has achieved for his \$900,000 is extraordinary when you compare it to a contract-managed school in the immediate vicinity.

The Hon. GREG PEARCE: What exactly have they got for \$900,000, in general?

Mr HEATON: The school is Black Hill school just out of Maitland. I was not prepared to speak on his behalf.

CHAIR: It is in the Newcastle *Herald*.

Mr HEATON: Yes. There are a number of instances where what he has achieved compared to his neighbouring school have been published.

The Hon. GREG PEARCE: Did either you or Mr Craven attend the briefings that Mr Coutts-Trotter supposedly gave on this whole participation process?

Mr HEATON: No. We were able to view a podcast.

Mr CRAVEN: And were spoken to by our school education directors following on from information from the regional director. The other point also was 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.

The Hon. GREG PEARCE: Do you think this is the appropriate support the department should be giving to local principals in schools?

Mr CRAVEN: We would like to have seen more support. We would have liked to have seen them say, as they did with the Investing in Our Schools Fund that came through four or five years ago, schools put in what works they wanted. They were able to organise local builders to do the work and there was value for money. Yes, there was more work involved for principals and, as Garry has so well put, we do not want to see principals out there with hard hats on or involved in the day-to-day, but we did get to have a full say in the sorts of things, and we got realistic costs. The number of things that happened in my school for \$100,000 in many ways to me personally outweighs what has now cost \$279,000 for a toilet block.

The Hon. GREG PEARCE: One of the issues you raise is the wasteful duplication of constructing new buildings instead of renovating and refurbishing existing buildings. Would you like to explain to us what your concerns are?

Mr ZADKOVICH: Yes. For example, in the Science and Language Centre Program, based on existing refurbishments being done under a State Government program, it was ascertained that for around \$800,000 or \$900,000 a school could have four science laboratories completely refitted, refurbished to 2010 standards. Similarly, it was ascertained that a school could have a classroom refitted as a language centre with about \$100,000 worth of technology and related equipment. On those costings, which are currently available out there in school communities, the stakeholder groups of New South Wales public schools—parents, principals, teachers and the Aboriginal Education Consultative Group—got together and put a proposal whereby schools

that needed existing classrooms and science laboratories refurbished would be able to have that work done. That was rejected and, instead, we are now seeing whole new buildings being built in schools.

I will give you an example. There is a high school in western Sydney where an \$820,000 language centre is being constructed as a new separate building when that money could have been far better spent either refitting the science laboratories in that school or, indeed, refurbishing existing classrooms, because the school has had falling enrolments and there is space there. The money could have been better spent refurbishing existing buildings rather than go to the wasteful duplication of building a brand-new building. That is what gave rise to that comment, yes, but where do you put the memorial plaque for the politician who opens it if you are just refurbishing, repainting, refitting existing buildings and classrooms? Better to have a stand-alone monument to gain political acknowledgement. That is the kind of cynicism that has been suggested because people see it as wasteful duplication.

The Hon. GREG PEARCE: This morning we heard from Mr Coutts-Trotter on the extraordinary specifications and construction processes for school buildings and how they will last for 80 years. I would have thought what you are saying is completely supported by that proposition. If you are building for 80 years you are much better to reuse.

Mr ZADKOVICH: Unfortunately, the pattern is that more often than not public schools are getting prefabricated, modular buildings and private schools tend, more often than not, to be getting bricks and mortar, far more permanent construction methods.

Dr JOHN KAYE: I begin by thanking Mr Craven and Mr Heaton for being here. I know how busy principals are. It is fantastic you giving up your time for an important cause, which is getting to the bottom of some of the issues here. Can I get your response to the following proposition? Neither of you may be interested in your own schools in self-management but is it not correct to say that the opening salvo, the \$50,000 and the threat that you would lose your own house, created an environment of threat in the negotiations between the principal, the school community and teachers on the one side and the department on the other side?

Mr HEATON: You summed it up nicely.

Mr CRAVEN: Very accurate.

Dr JOHN KAYE: How did that impact on what you felt you could do or your community felt it could do in negotiations with the department?

Mr HEATON: There were not many negotiations. One of my major concerns with Building the Education Revolution is that we were limited to two projects. When we received the phone call from the Building the Education Revolution liaison principal I was told I was limited to those two and I had to make a choice.

Dr JOHN KAYE: So it was not like you were able to express what your school needed, what would be fit for the purposes of your school? You were told you have A or B?

Mr HEATON: No. I submitted 13 proposals and that came from the school community and the staff. From those 13 I had to choose two, when I know with \$3 million we could have quite easily funded all of them.

Dr JOHN KAYE: When the final specifications of what it was you selected were made apparent to you, have they delivered on what was originally promised?

Mr HEATON: Nothing has been done at my school yet. I am still waiting. Not a sod has been turned.

Dr JOHN KAYE: But there are plans?

Mr HEATON: Yes. I am still waiting. I have the plans but I do not know how much it is going to cost. All I know is my four classrooms will cost somewhere in the vicinity of \$3 million.

Dr JOHN KAYE: You were telling us you were getting four classrooms?

Mr HEATON: Yes.

Dr JOHN KAYE: These are standard, 28-student classrooms?

Mr HEATON: Yes, and there are small storerooms on two of them and a small block of toilets attached to it.

Dr JOHN KAYE: They would want to be gold plated.

Mr HEATON: That is one of my great concerns. I have an example here.

The Hon. CHRISTINE ROBERTSON: What is the other project? You said there were two projects.

Mr HEATON: I have now been reduced to one. Without the help of the federation earlier this year in publicising a covered outdoor learning area, it was going to cost almost a million dollars. We did not want it because our numbers were growing. I requested an increase of the two classrooms that we originally said we needed, because our numbers were growing, but I was told they would not be able to afford four classrooms and a covered outdoor learning area. The covered outdoor learning area cost \$954,000 and it was only through an intense media campaign that the Minister decided to have a revisit of our building program and decided that the covered outdoor learning area for \$954,000 was not value for money.

The Hon. GREG PEARCE: Against the \$78,000 one?

Mr HEATON: Yes. That is the one, \$78,000. So, we are now getting our four classrooms and the smaller rooms added on for a proposed \$3 million. I have here an example of a classroom block—six classrooms—and that is what I need because I will have six classrooms in demountables if it is not completed by the beginning of next year. That was built in an Adelaide private school for \$960,000.

The Hon. GREG PEARCE: Would you like to table that?

Mr HEATON: Yes.

Document tabled

Dr JOHN KAYE: Mr Craven, have you had similar experiences to Mr Heaton?

Mr CRAVEN: We had two major projects put in, and still on the Building the Education Revolution website they are listed. That is our toilet block for \$110,000 and then a covered outdoor learning area for \$140,000. As I say, they are still sitting there. The final costs I now have, and I can table, show the cost for our toilet block is now \$279,000, which is \$29,000 over the \$250,000 that was allocated to our school for that aspect. It was to fit in with the heritage style of our school. This shows our school buildings. They are weatherboard but they are a cream colour with, as you can see, a very light green roof and matching. This is our toilet block, which was round one. So, we were to be finished by the end of January. This was taken two weeks ago. As you can see, the coverings all match perfectly with our school.

Dr JOHN KAYE: That is irony.

Mr CRAVEN: That is what we have been supplied with

The Hon. GREG PEARCE: Can you say for *Hansard* what the colours are?

Mr CRAVEN: Sorry, it is a dark brick building. The fascia at the top section, front and back, is a smoky blue colouring with a light- to mid-grey roofing on it. It states in our document I got in April—that we were supposed to get at the beginning of the whole project—and was handed to me by the IPO for the department, that it is to fit in with the heritage style but it mentions Wollombi Public School. Cassilis and Wollombi are a little bit distant part, I am afraid.

Dr JOHN KAYE: I presume you are tabling all those documents?

Mr CRAVEN: Yes. I also have the costings in there, like \$36,000 to hook an electric cable five metres.

Documents tabled.

Dr JOHN KAYE: I move now to Mr Zadkovich and Dr Fogarty. In earlier evidence today Mr Coutts-Trotter suggested to us that there was a contradiction in your submission to the inquiry between, on the one hand, arguing for principal autonomy and your previous actions where you had supposedly opposed principal autonomy. Would you care to comment on that?

Mr ZADKOVICH: Yes. The federation believes in a healthy balance between State and Federal Government responsibility in the way Mr Coutts-Trotter has implemented the Building the Education Revolution in this State. As I explained earlier, that third option was not made available. Why could we not have had education Ministers, State and Federal, and their departmental bureaucrats say this to school communities: "We have this program, how can we best implement these programs in your school with your school communities, with your input? You are the people who live in these communities, you work in the schools delivering teaching and learning for our students. How can we best do this together?" What we got instead of that approach was the imposition of a particular methodology that we believe has failed in terms of value for money, waste and mismanagement.

Dr JOHN KAYE: Mr Coutts-Trotter put it to us that it was either that way, either the managing contractor model, which is basically what we are talking about here, or they would not have been able to deliver on time. Is either Dr Zadkovich or Dr Fogarty in a position to refute the allegation that this State would not have been able to deliver the expenditure on the Building the Education Revolution if it had not been for the managing contractor model?

Mr ZADKOVICH: The refutation of that assertion by the director general is there and available for all to see in the private school sector. Private schools in New South Wales were able to implement a cost-effective program to build these capital works projects in their school communities. They were able to do so with the kind of options that we believe should have been made available to public school communities. So we do not oppose school-based decision-making where it is clearly of benefit to local school communities, schools, parents, teachers, students and so on. So for the director general to assert that we are somehow contradictory, in our submission, is erroneous. We reject it and we will continue to advocate that schools are best served by a healthy balance between government central responsibility for properly administering programs of this kind and providing for the input of the people who best know the priorities and the needs of school communities.

Reverend the Hon. Dr GORDON MOYES: I asked people from the Catholic Education Commission, and I also read in submissions that basically there are three reasons for efficiency in the building and construction program and for value for money. The first is good consultation between all stakeholders including the department, principals, staff, parents and the community. Second, decentralised decision-making with decisions being made primarily by principals and those closest to the ground. Third, the accountability for good value for money came at the local level where people had their eyes on the program. Does that reflect accurately the viewpoint of the federation?

Mr ZADKOVICH: Indeed, and as I outlined earlier, that is the kind of approach that we believe should have been made available to public schools across New South Wales. We reject the assertion that this program could not have been done in that way in the public school sector. Our public school communities and our school leaders, our school principals, in particular, were quite deliberately hustled and knocked off balance in terms of their normal approach to school-based decision-making of this kind by this brouhaha created politically about "We've got to get the money spent. It's all about economic stimulus. We've got to get this money spent. You haven't got time to engage in that kind of consultation. We've got to stimulate the economy, that's the main priority" bustle, bustle.

If they had just given our school communities that additional time for consultation that you described, if they had given our school communities the opportunity to have that balanced approach to have a participatory role in how these projects would be implemented then we believe we could have saved, we could have spared a lot of the concerns we are now experiencing with these projects.

Reverend the Hon. Dr GORDON MOYES: In the triangle between the bureaucracy of the department, the principals and staff at the local level and the students and parents, why has there been a breakdown of idealism and cooperation between principals and staff and the department?

Mr ZADKOVICH: I guess you would probably be best placed to ask the director general that question. We would say though that we have seen a managerial culture inculcated by the current director general and other senior bureaucrats that is all about top-down management, it is about top-down control, it is about imposing one's will upon people. Indeed, we would argue that the model of such behaviour resides with the various politicians responsible for these programs. One is hard to find someone more adept at that kind of approach than a certain J. Gillard who, we believe, models that kind of behaviour that says, "We know best. You'll do it our way and you'll do it now". That kind of top-down imposition we believe is at the heart of a lot of the problems we have had with the management of these projects.

Dr JOHN KAYE: We have heard a lot in the media about the fact that private schools are getting double-brick constructions, architect-design and specifically focussed on the needs of that particular school community. At the same time we are hearing that a lot of public schools are getting modular design rooms [MDR], a part of a pattern design so that the pattern is imposed on that school. Are they fair criticisms from what you are hearing?

Dr FOGARTY: Yes, if you look at many of the case studies you will see their dissatisfaction with those modular buildings that they are receiving, only because the demountables that they are replacing often had carpet, air-conditioning, an attached water tank and other features but they were taken away and they have been replaced away and replaced with a modular building. Many of them are upset at the lack of air-conditioning, particularly in our cold and hot areas of the State. Often there is guttering, downpipes et cetera missing from those buildings and they have been told they will be over-budget if they are supplied. One case study that is sighted in still on pylons. There are no access stairs to that particular building because they are over-budget. They have been told they will have to find that money from their own school funds. There is a school just north of us here in leafy north shore that has that problem, and no access to their modular building.

Dr JOHN KAYE: When a project comes in over-budget schools are being asked to fund the difference? We were told by the director general that one of the great things about the process that the department has engaged in is that the risk resides with the head contractors whereas you are telling me that the risk of a budget blow-out goes back to the school?

Dr FOGARTY: In some cases it has. You will see there are case studies in this submission where the parents and citizens organisation has gone to the local press, in fact, and said that there will have to be cake stalls and various other ways of fund raising in order to supply the extras like air-conditioning. Some, and I think they have a valid point, have said whiteboards et cetera that they had in their previous classrooms, demountables that were removed are not being supplied in their new rooms. They are not being outfitted to the same extent of the rooms that were removed and they are happy to go to their local parents and citizens to raise that money to bring them up to the same standard.

But in many cases, as Ross has put so well to the committee, the actual design of the buildings—they are modular buildings. In Ross's case, if you have a certain type of school, a historical school, a school that is of a particular design, to then have these modular buildings brought in, often they are not in keeping with the architecture of the original school. I think many schools are justified in saying that this is a concern that, in fact, if bricks and mortar were used and the buildings were actually painted instead of covered in some sort of exterior cladding, they would be in keeping with the local environment and with the school. I think they do have a point there.

The Hon. GREG PEARCE: Are these modular buildings specified to the point of the amount of lime and sand will go into the cement, and the soap bowls are measured into where they are put?

Dr FOGARTY: There are a couple of case studies in the submission where one school is on a very steep slope. The modular was brought into a very steep slope and had to have various pylons et cetera to support the building. The school in the next suburb had a very flat site and, in fact, the cost of the two buildings was exactly the same. There are several instances in the submission where various schools, having received modulars, the cost works out the same. There does not seem to be any thought as to how much placing the actual building on the site, and all the other construction work. There just seems to be a set cost, particularly up Grant's way up in the Hastings Valley area a whole series of schools got modulars and they all worked out at the same costing, and the surroundings and the requirements for those school sites were completely different.

Mr ZADKOVICH: Can I just supplement by saying that the great disappointment for public school communities is that even when we finally achieve a Commonwealth program of this magnitude—billions of

dollars being spent—finally it is enrolment-based where, if 70 per cent of students are in public schools across the nation, we are getting 70 per cent of the funding for our schools. So finally we achieve a program on that basis and 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, thanks to a great decision by a Federal Government, I might add—we acknowledge that choosing schools for this kind of economic stimulus investment was a great boom for us—to then see disparity and discrepancies was greatly disappointing.

The Hon. SHAOQUETT MOSELMANE: I was fascinated and, to some extent, appalled by the significance of the aggression, hostility and negative comments contained in the submission as well as from your comments this afternoon. Do you have anything positive to say about the BER?

Dr JOHN KAYE: He just did.

The Hon. SHAOQUETT MOSELMANE: Do you have anything else to say?

Mr ZADKOVICH: Yes, I will say this. We would have public school communities across New South Wales—

[Interruption]

We would have many hundreds of school communities across New South Wales in the public school sectors that are delighted with their projects. They actually feel a great sense of gratitude and acknowledgement for having new buildings, new facilities, finally being constructed in such a wide-scale way. So, by all means, we acknowledge the magnitude of this investment and our school communities are grateful. But that gratitude does not, and should not, negate our responsibilities to ensure, just as we are accountable and responsible for the quality of teaching and learning that goes on in our classrooms, so too are our school councils, our parents and citizens associations, our school principals and local finance committees, so too should we take accountability and responsibility seriously when government funding is being invested in our schools.

Reverend the Hon. Dr GORDON MOYES: Hear! Hear!

Mr ZADKOVICH: So it is quite appropriate that we place a high premium on value for money, on ensuring that we do not have waste and mismanagement in a program like this. How could we ignore such concerns when they are so apparent and in so many places? So I do not disregard the fact that we do have school communities out there that are truly grateful and have chosen not to pursue value for money arguments. But that does not mean that there is not a value for money concern on a whole program basis.

The Hon. SHAOQUETT MOSELMANE: I do not disagree with you. I would have thought that the experiences that you have just outlined at least would have been put in your submission. Other submissions say that school principals are extremely satisfied with the BER and with the delivery of the projects that they have received. I ask, not having the understanding the relationship and politics that existed between the Teachers Federation, is it fair to say that the Teachers Federation failed to represent principals and schools to play a more constructive role between principals and the Department of Education and Training?

Mr ZADKOVICH: No, I do not accept that. I believe it would be fair to say that our political leaders, our State and Federal education Ministers, our State and Federal governments, the incumbent governments responsible for these programs are the ones who have failed because they did not genuinely include principals, parents, teachers and school communities in implementing such an important program. All we are saying is, "Let's work together for the benefit of our students. Heed what we as professionals are saying in our school communities. Work with us, and our parents to do the very best in a program like this." That is where the failure lies and, indeed, that kind of political arrogance is so frustrating to deal with. If indeed our submission reads negatively, it is a direct consequence of year after year of frustration and trying to deal with politicians who have the kind of modus operandi whereby they always know best and they always know more than do we who live and work in our school communities.

The Hon. SHAOQUETT MOSELMANE: The reason I restate my point is that you cite 28 schools or projects, and there are approximately 3,000 projects that are undertaken throughout New South Wales. I am not

downplaying the significance of the problems with these projects, but the overwhelming majority, obviously, have been successful and the principals and the school communities have been satisfied with the outcome.

Mr ZADKOVICH: Yes—

The Hon. SHAOQUETT MOSELMANE: I think that that, on balance, should be given the credit that it deserves, not a whitewash that suggests it has been a complete failure.

CHAIR: Is there a question?

The Hon. GREG PEARCE: Is that a speech?

The Hon. SHAOQUETT MOSELMANE: It is a question.

Mr HEATON: I was going to say that one should not confuse gratitude with satisfaction.

The Hon. SHAOQUETT MOSELMANE: I am not asking you for that. I never stated that. I said at the beginning that I understand and accept the comments.

The Hon. GREG PEARCE: Do you have a question? We have questions if you do not have a question.

The Hon. SHAOQUETT MOSELMANE: You have had your opportunity to speak.

The Hon. CHRISTINE ROBERTSON: We get speeches from you for the entire time.

The Hon. SHAOQUETT MOSELMANE: That is right.

The Hon. CHRISTINE ROBERTSON: We do not have to listen to that now from you.

The Hon. SHAOQUETT MOSELMANE: Absolutely.

CHAIR: Order! We have an order in which questions may be asked.

The Hon. SHAOQUETT MOSELMANE: Absolutely. The other thing was—

Dr JOHN KAYE: Is there a teacher in the room who can sort this out?

CHAIR: Order!

The Hon. SHAOQUETT MOSELMANE: Madam Chair, I have the call.

CHAIR: We are just asking you to frame some questions because our witnesses have come a long way.

The Hon. SHAOQUETT MOSELMANE: That is a question. My comment had a question in it that Mr Heaton was answering.

CHAIR: It is close to badgering the witness.

The Hon. SHAOQUETT MOSELMANE: I am not badgering anybody. That is your assessment.

The Hon. GREG PEARCE: That is the Chair. Do not be rude to the Chair.

Dr FOGARTY: As you mentioned in your question, we do have 28 case studies in the submission. We chose those case studies because they did address those terms of reference and, at short notice, they are listed under the terms of reference. We do have many, many other case studies that we could have placed in the submission.

The Hon. GREG PEARCE: I would be happy to receive them.

Dr FOGARTY: We did ask, and principals have been asked. Through our journal and through a survey we did, we asked principals and school communities to contact us if they did have issues with BER projects within their schools. I was the principal contact person, I suppose, who was taking the phone calls and receiving the emails. We have many, many schools out there that expressed dissatisfaction. Many of them have said to us, "We don't want our schools used. We don't want any publicity, but we need to share with the Federation the concerns that we have." I would just say that there were many more than those 28 case studies that were cited in the submission.

Mr ZADKOVICH: Can I also make the point that 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. You have to understand that in 2,240 public schools across the State there will be many principals and school councils and parents and citizens' executives who quite frankly have chosen other priorities to which to devote their time and energy other than pursuing the kind of concerns that have led to the creation of this inquiry. I think we also need to factor that in. I will try to be balanced here and acknowledge that we 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.

Mr HEATON: If I may, I would like to elaborate a little further. A colleague of mine who did not submit an application to the Teachers Federation has asked me to table these documents today. He is the principal of the Huntingdon Public School, which is approximately 30 kilometres west of Port Macquarie. His parents and citizens association built a covered outdoor learning area [COLA] for \$10,000. The BER program extended the COLA by five metres, and then at the other end of the COLA put up a five-by-five metre shed. The total cost of that is \$338,000 and, for a small country school, what he could have done with \$338,000 as opposed to what he has got is a tragedy, especially when you look at what he was able to do under the National School Pride Program for \$50,000. The sticking point for many principals is that if we had been given the management of those vast sums of money, we would have achieved what the Government wanted—an education revolution. At the moment we have a building replacement program. If I may, I will table those.

The Hon. CHRISTINE ROBERTSON: It is my question time, thank you, Madam Chair.

CHAIR: I just need to clarify something in my role as Chair about this document. We can stop the clock, if you are worried about losing some time. Is that document tendered as another submission to the inquiry? Has he written—

The Hon. CHRISTINE ROBERTSON: Do you want our secretaries to contact this person?

CHAIR: Has he written saying that he would like that to be part of the submission?

Mr HEATON: I can assure you that the Principal of Huntingdon Public School has no concerns at all with my tabling those documents.

CHAIR: They have put in a submission, so we will add that to the submission.

Dr JOHN KAYE: I move:

That the documents be tabled.

Motion agreed to.

The Hon. CHRISTINE ROBERTSON: Has any of you being involved in programs of this enormity that have actually taken place inside school time before?

Mr HEATON: Yes. Mr Pearce mentioned my COLA that we built in 2003 for \$78,000. We self-managed that.

The Hon. CHRISTINE ROBERTSON: But that was not actually when the students were at school?

Mr HEATON: Yes.

The Hon. CHRISTINE ROBERTSON: Okay. Of course, that was done under the auspices of your school?

Mr HEATON: Yes.

The Hon. CHRISTINE ROBERTSON: Or under the auspices of the department? Who looked after the occupational health and safety issues?

Mr HEATON: I did.

The Hon. CHRISTINE ROBERTSON: You took on the responsibility, which is what they asked some schools to do. Some schools have opted to deliver. Did you people know that the Catholic education system in the Sydney Central region used Bovis Lend Lease to contract-manage their projects?

The Hon. GREG PEARCE: At half the price of the department.

The Hon. CHRISTINE ROBERTSON: Excuse me. Did you know that they used that project?

Mr ZADKOVICH: No, I did not.

The Hon. CHRISTINE ROBERTSON: I was just interested to know if you did. The standards processes utilised in the New South Wales public system are very rigid, considering the safety issues and other issues that are plonked onto other projects in the New South Wales system. The processes are so rigid that many of the builders who thought they might be interested actually did not bother to tender, after the education session that they did for everyone, because the conditions were too enormous to them to take on. Do the headmasters in particular have a handle on the standards that are utilised for building in New South Wales education?

Mr HEATON: I am aware of them, yes.

The Hon. CHRISTINE ROBERTSON: Did you know about the builder issue? We had a lot of trouble in country New South Wales, where I am from, getting local builders because they did not feel they could meet the standards.

Mr HEATON: I know of one local builder, Williams River Steel of Coffs Harbour, who had built hundreds of COLAs. They built my 2003 COLA. I asked him why he was not involved and he said he had submitted, but he was not deemed to be a favoured supplier.

The Hon. CHRISTINE ROBERTSON: So he did tender?

Mr HEATON: Yes, and he has told me that the COLA—

The Hon. CHRISTINE ROBERTSON: We had better check if he is happy for his name to be used.

CHAIR: The name is in a submission.

Mr HEATON: I can assure you he is. For the COLA that was going to be built for my school, he said the cost would be no more than \$250,000. He said that he could, with a great sense of embarrassment, 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.

Reverend the Hon. Dr GORDON MOYES: That was OneSteel out of Newcastle, was it?

Mr HEATON: No, Williams River Steel.

The Hon. GREG PEARCE: Time!

Dr JOHN KAYE: I move:

That an extension of time for five minutes be granted to Government members.

Motion agreed to.

The Hon. CHRISTINE ROBERTSON: The gentleman who is doing the Federal review in the Commonwealth's implementation task force has said that the majority of issues and complaints that he has been picking up in the process have come from the smaller enrolments schools.

The Hon. GREG PEARCE: He did not say that.

The Hon. CHRISTINE ROBERTSON: He did. He said the ones that had the smaller grants. He said that quite clearly.

The Hon. SHAOQUETT MOSELMANE: He did.

Dr JOHN KAYE: He did not say that it was the majority.

The Hon. CHRISTINE ROBERTSON: He did. I am just wondering what your experience has been. The amount of the grant was based on the student enrolment numbers?

Mr ZADKOVICH: I think there are too many examples beyond the smaller schools of the kind of lack of value for money, waste and mismanagement that we have seen. For example, in the Mount St Thomas Primary School in Wollongong, they are talking about a major project of over \$1 million. Larger schools also have expressed similar concerns about these issues. I do not believe they are unique to smaller schools, although there may be a pattern that more of the small schools have reported concerns. But I believe these concerns are spread across the program.

The Hon. CHRISTINE ROBERTSON: Okay. I will be putting a question on notice about the operation of the code of conduct of the New South Wales public sector. I will put that on notice.

The Hon. GREG PEARCE: Ask it now.

CHAIR: No, I think time has run out.

The Hon. CHRISTINE ROBERTSON: I would be fascinated to know how they think they do not have to obey the New South Wales code of conduct.

CHAIR: Excuse me, I think time is up. People are becoming really ratty. We will ask further questions, perhaps, and we have a 21-day turnaround on questions that you might have taken on notice. I am not sure that you did. But I also ask a member of the Committee to move that we publish the documents that have been tabled.

Reverend the Hon. Dr GORDON MOYES: I move:

That the tabled documents be published.

Motion agreed to.

CHAIR: Thank you very much for attending today and for your advocacy work in general, particularly in relation to this issue. We appreciate that you have travelled long distances to attend. We look forward to putting our report together.

Mr ZADKOVICH: We thank you for the opportunity.

(The witnesses withdrew)

CHAIR: The secretariat is timing this to the second, so we will not have rude carry-on about timing anymore.

The Hon. SHAOQUETT MOSELMANE: But you are not chairing properly, are you? When interjections are happening—

CHAIR: I have been here for seven years.

The Hon. SHAOQUETT MOSELMANE: I have been involved in politics and I know what chairing is about.

CHAIR: You have been a councillor.

The Hon. GREG PEARCE: Do not canvass a ruling by the Chair in our committees.

The Hon. SHAOQUETT MOSELMANE: The Chair is making comments, and I am responding to the comments.

CHAIR: I said the secretariat is timing questions to the second.

The Hon. GREG PEARCE: This is not your little domain.

The Hon. SHAOQUETT MOSELMANE: The Chair is making comments and I am responding.

Dr JOHN KAYE: Everybody should stop talking. There will be real trouble if you continue.

CHERYL McBRIDE, Chairperson, Public School Principals Forum, , , , and

BRIAN CHUDLEIGH, Deputy Chairperson, Public School Principals Forum, , , , affirmed and examined:

CHAIR: Welcome to the first day of the inquiry into Building the Education Revolution [BER]. Both of you are quite familiar with the process. We appreciate your continued involvement and advocacy on behalf of public school principals. Would either of you like to make a brief opening statement?

Mr CHUDLEIGH: We both would, very briefly, but having arrived a little early, I was able to hear some of the exchanges. I noted that one of the latest exchanges was about perhaps the veracity of some of the claims being made and the depth and breadth of the claims, and the number of schools that were expressing dissatisfaction. I wish to make a quick statement to address that.

Our submission, which no doubt you have looked at, is supported by over 200 survey returns from schools. The Public Schools Principals Forum conducted a survey back in March-April. It was a random survey across predominantly primary schools—or all primary schools, but they were the only ones funded, of course. Over 200 responded in that pile. There were others that came later which we have not included.

In addition, we have had months and months of calls, emails, deputations and complaints from principals, such that it became very obvious to us that whilst, as others have said, there is very much gratitude on behalf of schools and their communities for the investment of the funds, there are also many deep-seated concerns about the wastage that communities and principals see has gone on. Our concerns that we have picked up, the data we have ascertained through our surveys and our anecdotal evidence, falls into three major themes. They are outlined and Cheryl might address those quickly.

Ms McBRIDE: The first, obviously, is value for money. The first question in our survey was an opinion about that from the principals. There may have been in the media some contradiction of that from the Australian principals' association. The first question it asked was: Were principals happy with the fact that they were receiving a large additional amount of funding to support building programs in schools. Of course, every principal in Australia said yes. We did not ask that question. Our first question was: Do you think you are getting value for money? Of course, more than 50 per cent said, no, they did not believe they were getting value for money. The money was welcome, but it was not representing what they thought they should be receiving.

The second theme was that a lot of principals and a lot of school communities would have liked to have been able to nominate their priorities for buildings. 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. The third theme was the obvious dichotomy between what was provided in the independent and Catholic system compared to what was being received in public schools. We have all seen direct contrasts of what some buildings have cost compared to others. We have a number of case studies in there demonstrating that, of course, the Catholic and independents in fact got far greater value for money than the government schools received.

CHAIR: In essence, we have been dealing with that today. We were fortunate to hear initially from the Catholic Education Commission about how it rolled out the program. We have heard also from the department about its assessment of consultation and what it saw as the time constraints with the program. Do you think that with the time constraints it could have been managed in the way in which the Catholic Education Commission managed its projects with more consultation with principals or do you think the timing made that impossible?

Ms McBRIDE: If the Catholics and independents could do it, why could not the government system? We were placed in the ridiculous situation of being asked to nominate projects that we wanted to have completed before guidelines were even issued. For example, at my previous school I nominated groundworks et cetera. None of those things was included in the guidelines. Afterwards we were then placed in the situation of trying to construe what could possibly fit within the guidelines but sounded like something that I had actually applied for. It was the most ridiculous situation. I think it reflects what happened in the competing priorities of the different governments and the local school community. The Federal Government had a time frame in mind

and what was actioned was that the State Government took that priority as absolute and did not listen to what was the third priority, which, of course, were the school communities saying we want to be able to have time et cetera—it would not have taken much time—to actually go through, look at what we need et cetera and feed that information back. It just seemed that the State Government, and I guess led by our director general, was in such an incredible haste to appease the priorities of the Federal Government that in fact we lost out.

CHAIR: We have heard different views as to how principals were discouraged in many ways from self-managing because of the potential liability issues. There seemed to be no middle ground in self-managing, yet many of them had probably managed smaller projects within their schools quite happily with the Investing in our Schools program, et cetera.

Mr CHUDLEIGH: And had community members who could have assisted them.

Ms McBRIDE: Absolutely.

CHAIR: Was that your experience in your school?

Ms McBRIDE: We were actually discouraged from even managing the smaller amounts of money: the National School Pride funding program, the smaller amounts of \$100,000 to \$200,000. We were invited to a meeting. We were given a document that was this thick saying, "Okay, if you manage this, you've got to worry about child protection, you've got to worry about OH&S, you've got to worry about builders' insurance, you've got to do this", all sorts of legal verbiage. And there were people at the meetings saying, "Why would you want to do this?" That was why only 300 out of the 1,800 across the State actually chose to manage their own smaller amounts of money. Those of us who did it were very pleased with the outcome because we got direct input to the schools and no middleman taking a percentage of the funding. When it came to the larger amounts of money, I do not think anybody was going to even consider doing it.

Mr CHUDLEIGH: 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."

Ms McBRIDE: Correct.

Mr CHUDLEIGH: 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. In hindsight, if you ask principals now you would get a very different response. That is a major source of a lot of the discontent that you are hearing from out there.

Ms McBRIDE: The auditing process also for the smaller amounts of money was very vigorous. Rigorous, I should say—rigorous and vigorous. Even the auditors were saying, "You guys have been put through this because you chose to self-manage your projects."

CHAIR: The self-managed COLAs that were built only weeks before the BER program for considerably less money were satisfactory to the education department's standards at the time—

Mr CHUDLEIGH: And specification, yes.

CHAIR: And their specifications, yet weeks later under the BER the cost is hugely different and a school principal no longer is able to manage that project.

Mr CHUDLEIGH: That is right. They were told the risks were far too high to countenance.

Ms McBRIDE: We were shocked by the amount of project management incentive costs et cetera that were taken out of that program.

The Hon. GREG PEARCE: We have heard also from schools about cost overruns. Have you had any experience of reports of cost overruns and how that works?

Mr CHUDLEIGH: It is difficult for schools to ascertain because this is another issue. Schools have not been able to access costing breakdowns. Even now, despite promises to the counter, principals are still complaining that they are not able to access that breakdown. Cheryl McBride, principal of Canley Vale Public School, was able to access hers because of her determination. We have included those in our brief document here. You can see for yourself that if these cost blowouts or whatever, call them what you like, are typical, schools are paying on average in the order of 30 per cent to 40 per cent for expenses, costs et cetera over and above construction. The director general has talked about issues like site management, safety of children, removal of asbestos. We chose these because, first, there is no asbestos. There are no outrageous on-costs at all. Second, the 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. It certainly does not warrant 30 per cent to 40 per cent on-costs.

Ms McBRIDE: Also, it is enormously difficult. Whilst you fight and extract these figures, they are not necessarily a true reflection of everything that has happened. When you ask the question, What was the blowout or the cost overrun, you do not get an answer. I was asked to negotiate on the third part of the project to make some compromises and changes because there was a cost blowout on the first part. I just said, "I am not going to negotiate on that until I know exactly what you're talking about. Are you talking about \$10,000? \$50,000?" I still do not have an answer to that question. I asked it six weeks ago and still do not have an answer.

Mr CHUDLEIGH: I do not know whether the false inclusion of the installation of a lift, for instance, in a two-storey building that now does not have a lift goes under the category of cost blowout or what. But, again, at Cheryl's school, a two-storey, four-classroom module had \$192,000 allocated in a quote for the installation of a lift. When Cheryl looked for the lift, obviously it was not there. 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.

Ms McBRIDE: I have actually asked again for that information. Because I raised the issue, it was not raised with me, the building constructor said that they knew about the miscalculation or the incorrect transfer of funds from one spreadsheet to another on 13 May. Nevertheless, when I got the financial papers on 17 May that was not reflected. When I raised it with them on 4 June, again they did not disclose anything. They just said it was an error. I said, "Well, I want to see how that error occurred." The information I received was a list of emails, again. All the emails have been sent on 4 June. There was a typed little bit on the top of one that said 13 May. I wrote back to them and said, "Well, given that you've guaranteed transparency et cetera, I want now to see a breakdown of that \$196,000 with receipts." That was two weeks ago. I have heard nothing since.

The Hon. GREG PEARCE: In your submission you also state that you were disappointed that the director general did not communicate more forcefully and decisively with Federal authorities via the State Minister to insist on greater flexibility in the process to allow the local priorities to be respected and honoured. Would you expand on that?

Mr CHUDLEIGH: Yes, Cheryl touched on that before that we believe the root cause of most of the problems, the disappointment, the costing blowouts et cetera, lies in the fact that, as we see it, from our evidence gathered through the surveys and other places, there are three conflicting priorities or goals. The Federal Government clearly had in mind it wanted to stimulate the economy and it was much needed, and no-one would argue with that. However, I would say that if it did not have its eye on the quality of construction et cetera as to where their money was directed, it might as well have put the money in buckets out on the Hume Highway with signs on it "Help Yourself under the condition" the proviso "that you spend it in Australia and you spend it within the next six months." It would have had the same impact as stimulating the economy. However, I would think that those of us in the electorate, Mr and Mrs voter, would expect that, yes, the money should be spent, should be injected into the economy, but spent wisely so that we have quality infrastructure long after the GFC has been and gone.

The State, as Cheryl said, has made the error of blindly, loyally, following the demands of the Federal Government, such that even our chief, our champion of public education, the director general, Mr Coutts-Trotter, also has been caught up in that. He has not seen, in our view, this massive once-in-a-lifetime, once-in-a-generation, opportunity to inject massive funds into public school infrastructure that has been so run-down for decades. We believe that a better balance could have been struck on his part. Yes, we are extremely critical of that. He forgot that on the one hand he is the champion of public education and on the other hand the servant of the Government. We are very disappointed about that. Principals at the end of the line, and their communities of

course, have one priority, as they always have, and one only, to get the maximum they can get for their children in the schools and their communities.

Dr JOHN KAYE: Ms McBride, you made remarks earlier about the time pressure that principals were under to make decisions. Rather than going through it here, on notice could you give us a timeline as it occurred to you, the time pressure and how it played out?

Ms McBRIDE: Yes.

Dr JOHN KAYE: I refer to the issue of the principals' self-management of these projects. I have put this question to principals before. Is it fair to say that even if you were not interested in self-management, the language and the threats that were used at the time about principals making the decision established a bad environment for negotiating outcomes for schools?

Ms McBRIDE: Absolutely. The department hired a number of ex-principals to assist principals to make decisions about what they were opting to have built and opting to self manage, et cetera. Those people actively discouraged principals: "This is too hard for you. You are not builders. You are not engineers." At that time there was no indication that we would be losing as much as we were. 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.

Mr CHUDLEIGH: To add to that, the New South Wales Department of Education and Training took the easy option. Sure it was low risk and it was efficient in terms of getting the money spent but it was not productive in terms of the quality of the outcome. It was easier, it was less risky and you did not have to trust principals either. To dedicate this role and function to large engineering corporations, they carried the risk but, my goodness, did they charge for it.

Dr JOHN KAYE: Which is inevitable. One of the outstanding things from your survey, 220 responses means it is a fair smattering of principals in the area. It is not a small number; it is a large number.

Mr CHUDLEIGH: It is right across the State.

Dr JOHN KAYE: It shows huge concern about value for money. What about fitness for purpose? Were the schools getting the facility that would give them the most educational benefit?

Mr CHUDLEIGH: I think this has led to one of the greatest areas of disappointment. Early on, as Cheryl has indicated, principals were negotiated with, it would seem. We were certainly led to believe it was a negotiation process. But, in fact, we realised some time later that there was not indeed negotiation at all and that always there was another agenda. That was to build halls, classrooms, whatever, whether the school needed it or not. So there is huge disappointment about the fact that here are schools that are screaming out for a new this, a new that or a refurbished this or refurbished that, but they could not have it because they had to have the roll off the back of a truck module or hall, or whatever.

The other issue is the quality, the fitness, the appearance. I was driving up from my South Coast home yesterday and I was on the Appin Road. I drove past Appin primary school and saw a huge hall, prefabricated, nice construction, large. It will serve the school very well. I drove on into Campbelltown another five kilometres and past St Paul's Anglican School. I slowed down and looked at their hall, a magnificent brick building just looking a million dollars. The difference was chalk and cheese. Of course, it was far different, one context from the other. Many schools have found they have got buildings that do not fit their existing environment. They do not fit in from an aesthetic or appearance point of view.

Dr JOHN KAYE: What are the consequences of that phenomenon in the long term for public education?

Mr CHUDLEIGH: We pay for it for a long time. 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. You walk into a classroom, it is barren, it has nothing on the walls, it is not inviting. For a child you get the same impression as a community or family person walking into a

school. It is the same vibe, the same feeling, the same impression. Down the track is the rhetorical question: Are we going to be losing enrolments because people may prefer the other—and they do get swayed by all sorts of things, uniforms, appearances, so on? 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.

Dr JOHN KAYE: Both of you have enormous experience running schools, the physical nature of the school. To get this right, to have done it the right way, to engage with the principals, teachers, the school communities, to develop the programs and put in place the right management and expenditure to get the outcome, how much longer would it have taken? What would have been the delay on the money being spent if it had been done absolutely correctly?

Mr CHUDLEIGH: It does not seem to have taken the Catholics a long time and they seem to be on time and completing ahead of us in many cases. They have been given time to sit back and contemplate. Of course, when you dangle a few millions dollars in front of principals and their communities they move pretty quickly.

Dr JOHN KAYE: You do not think it was a question of time scale; it was just the implementation within a time scale?

Mr CHUDLEIGH: The State Government, through the auspices of the Director-General, as I said earlier, were hellbent on delivering the timetable, to do the bidding of the Federal Government, which was to spend the money on time and efficiently.

Dr JOHN KAYE: If their primary focus had been on getting it right rather than on spending the money, they still could have met the time?

Mr CHUDLEIGH: We believe they could have combined the two objectives, yes.

Reverend the Hon. Dr GORDON MOYES: Mr Chudleigh, I have a very simple question for you.

Mr CHUDLEIGH: I am glad it is simple.

Reverend the Hon. Dr GORDON MOYES: One of the worst things that has come out of this has been the public perception, which has been promoted, about principals, namely, that principals seem to be untrustworthy when it comes to risk management and time management. That seems to be a perception that has been presented publicly, even before this inquiry.

Mr CHUDLEIGH: I must say, you are perceptive to have picked up on that. I was going to mention earlier that it is unfortunate that there is a culture of mistrust in our department. It has been there for a long time.

Reverend the Hon. Dr GORDON MOYES: Did the principal sitting beside you demonstrate absolute risk management skills and time management skills this week when a star fell from heaven next to her school?

Mr CHUDLEIGH: Didn't she just? My word she did, in the face of absolute monumental disaster. Yes, she did.

Reverend the Hon. Dr GORDON MOYES: I hope that perception begins to outweigh the other.

Mr CHUDLEIGH: So do I. I thank you for making that observation. She deserves it.

Ms McBRIDE: Thank you.

The Hon. CHRISTINE ROBERTSON: It is good that you put out a survey. I recognise the work that you do, particularly for this Committee. You have been before us before and helped us a great deal. In relation to the survey you have 220 responses. There are about 2,200 public schools in New South Wales?

Ms McBRIDE: There are 1,800 public schools.

Mr CHUDLEIGH: If you take the high schools out.

The Hon. CHRISTINE ROBERTSON: It was just your primary schools?

Ms McBRIDE: Only the primary schools received the funding.

The Hon. CHRISTINE ROBERTSON: So 1,800 schools?

Ms McBRIDE: Yes. The survey did not go out to the full 1,800. It was a random scatter across the State.

Mr CHUDLEIGH: It probably went to 500 or 600. It also needs to be seen in the context of what we have described for a long time as a culture of fear. Principals are not encouraged, in fact actively discouraged, barred in most cases, from making public comment. This leads to a fear on the part of principals to share honestly. Many even will refuse to give us information, despite the fact you can see on the survey that anonymity is promised, et cetera. There is history for this. Look at the Director-General's recent memo to principals regarding the NAPLAN and the threats that were made there.

We also issued another survey in 2008 leading up to Justice Wood's commission into child protection in New South Wales. We needed up-to-date data from principals about the efficacy of the Department of Community Services at that time—for instance, how was the Helpline going—so that we could put a submission together for Justice Wood. This is just to illustrate our point. Within 24 hours of that survey going out, the Director-General issued a memo to principals warning them against responding to us and providing us with information. Justice Wood heard of that. When we went and were interviewed by him at his inquiry he was highly critical of that step from the Director-General.

The Hon. CHRISTINE ROBERTSON: I am a public servant and I understand these issues. I understand there may be issues relating to public sector employees' access to records and usually it is through professional organisations. Therefore, I have empathy with you about the Justice Wood inquiry. I am sure that this process of collecting information is not a threat.

Ms McBRIDE: I think some principals still see it as a threat.

The Hon. CHRISTINE ROBERTSON: They may perceive it.

Ms McBRIDE: As well, our organisation is not well favoured by the Government because we are quite independent.

The Hon. CHRISTINE ROBERTSON: Some organisations, such as schools and hospitals, do not understand public sector rules, even though they are public servants. You are a representative group and, therefore, you understand it. But things happen that make people perceive that they cannot speak out. Is that right?

Mr CHUDLEIGH: Yes. These days, don't forget, the surveys are coming back largely by email. So immediately you can identify the school and the source of the email. Now we have presented it to you in confidence because we know that principals and their schools are protected by you. We have been hammered by the Director-General in the past to share details of some of our data from surveys and we have refused point-blank because we have given a promise, an assurance to principals that we will not. Once we break that promise they will never tell us anything.

The Hon. CHRISTINE ROBERTSON: Your status is as a professional organisation that represents whom?

Mr CHUDLEIGH: Primarily primary schools, public schools in New South Wales. We have about 800 members and many other sympathisers. We have been in operation for about 15 years. We are totally self-funded and independent. We take no resources or money from the Government at all. We meet out of hours. We spend our own money.

The Hon. CHRISTINE ROBERTSON: I did not need all that.

Mr CHUDLEIGH: I am just letting you know we are totally objective and independent.

The Hon. CHRISTINE ROBERTSON: That gives you status as a negotiating body within the department?

The Hon. GREG PEARCE: Keep going, Christine, this is good.

The Hon. CHRISTINE ROBERTSON: I am not being a smart Alec. I am assuring these people that I register who they are. Madam Chair, I am cross. The Government members did not interrupt once when any of that nonsense was going on. We do not need to be interrupted.

CHAIR: Continue asking your questions.

The Hon. CHRISTINE ROBERTSON: We received a submission from the New South Wales Primary Principals Association. It would appear they managed to negotiate some changes to the original very rigid guidelines that the Federal set and the State was trying to implement. They did manage to negotiate that.

Mr CHUDLEIGH: That is one of the reasons I went at length a moment ago to tell you of our background and the nature of our organisation. It is very different from the Primary Principals Association [PPA]. I am not here to be critical of them. But I must let you know that they receive large amounts of money each year from the State Government for professional development to release their Executive from schools, et cetera. We do not get any of that. So we are independent and we are not as perhaps in the tent, you might say, as is the PPA.

Ms McBRIDE: Some negotiated things occurred with the PPA, it was a tinkering around the edges.

The Hon. CHRISTINE ROBERTSON: Your people would have been participating and telling them what they wanted.

Mr CHUDLEIGH: We left that.

The Hon. CHRISTINE ROBERTSON: Not you, some of your members.

Mr CHUDLEIGH: I sat on the initial meeting that Minister Firth called when the Rudd money was announced. It was in Minister Firth's office. Present were the heads of all the groups, the three principals' groups, the Teachers Federation, parents and citizens, et cetera. Cheryl was absent, away at the time. The Director-General was there and the Minister was there when the whole thing was announced. Right there and then concerns were expressed about rush and concerns were expressed about the potential for money to be spent on shoddy buildings and inferior quality buildings like modulars and demountables. Even Mr Scott, the President of the PPA, was in the fore at that meeting at that time expressing or sharing those concerns.

We left the committee shortly after because it became obvious—we had a representative attend for sometime but it became obvious that they had decided to go on a different tack. The initial promises that were made about local priorities, about quality of buildings and so on were put aside, and the priority was given to speed, timetable, efficiency; it became obvious that local priorities were being overridden and we withdrew.

The Hon. SHAOQUETT MOSELMANE: On the last page of your document you comment:

If evidence of wrong doing or corrupt behaviour is uncovered we trust that those responsible will be held accountable.

Can you explain that?

Dr JOHN KAYE: Where is that?

Mr CHUDLEIGH: The last page under "The Way Forward".

The Hon. SHAOQUETT MOSELMANE: Do you have any suspicions or—

Mr CHUDLEIGH: No. Clearly we 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.

Ms McBRIDE: Minister Firth described this process as being "the most open and transparent process in Australia". I can assure her that it is not. Delving and trying to get those financial papers has just been a fight. It is ridiculous. As I said before, coming to the table to negotiate when you do not have those financial papers demonstrating where cost overruns have occurred or in fact where not as much money has been used and being able to use some of the contingency funding, all of that has been absolutely opaque. I do not think there is a principal in New South Wales who is able to have a definitive set of figures that actually demonstrates exactly where all their money has gone.

Mr CHUDLEIGH: I mentioned earlier the lift at Cheryl's school. We are not suggesting again that is an issue or a matter of dishonesty, but how would you feel as the principal discovering that in the quote for your two-storey four-classroom module is a lift and when you go and look for the lift you cannot find it, and then you ask, "Why is this \$192,000 being set aside for the lift?" and your response from the senior officers from the managing contractor Hansen Yuncken is, "Oh, oh, it's a mistake." Would you feel very confident about that or would you think Mmm? I know what I would be thinking if it was my home and the contractor about to undertake work in my home came up with that sort of response—I would be very concerned. Once again I am not suggesting, nor is Cheryl, that there is dishonesty but it is certainly sloppy.

The Hon. GREG PEARCE: Will you clarify something for me? In your third theme you talk about bricks and mortar in the private or non-government sector and modular in the public school sector?

Mr CHUDLEIGH: Yes.

The Hon. GREG PEARCE: Earlier on the Director General of Education and Training went on at length about the magnificent standards of the halls being built and the bricks and the lime and all that sort of stuff that will last for 80 years.

Mr CHUDLEIGH: Yes.

The Hon. GREG PEARCE: Was he confused? Was he talking about the private sector?

Mr CHUDLEIGH: I think he was. If he drove the way I did this morning to here, he would have seen the contrast for himself. I challenge him to walk down any street in any suburban area or rural area of a town for that matter and observe the contrast for himself. There will be some brick edifices in public schools but I tell you what, they will be few and far between.

Ms McBRIDE: I think there was a direct contrast when you saw—the *7.30 Report* had a contrast between the Canley Vale Public School and St. Christopher's School at Holsworthy. Both schools received a similar amount of money but the contrast between what we received compared with the Catholic school was absolutely outstanding.

The Hon. CHRISTINE ROBERTSON: Can you tell us what those buildings were?

Mr CHUDLEIGH: If you have a look on the fourth or fifth last page: St. Christopher's School, Holsworthy, \$3 million—

Ms McBRIDE: It is under "Case Study-2".

Mr CHUDLEIGH: For Cheryl's school she got four classrooms and then five classrooms refurbished for almost \$3 million. St. Christopher's School, Holsworthy—where my grandchildren just happen to have attended, neither here nor there—for their \$3 million they got a new hall, including a stage; a COLA, 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. All the stuff the school actually wanted. 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.

The Hon. GREG PEARCE: I think that is a slam dunk!

Mr CHUDLEIGH: It is, absolutely.

The Hon. CHRISTINE ROBERTSON: Does the Catholic system require all these amazing specifications such as sprung timber floors in halls to protect young bones?

Mr CHUDLEIGH: Yes.

The Hon. CHRISTINE ROBERTSON: They did not tell us that this morning.

Mr CHUDLEIGH: They care as much about their kids as we do.

The Hon. CHRISTINE ROBERTSON: They did not have the same specifications. They talked to us this morning.

Mr CHUDLEIGH: Well, they do. And, of course, their safety requirements and so on are just as stringent as ours—don't believe otherwise.

Ms McBRIDE: The principal at St. Christopher's was able to negotiate directly with the architect who was designing the buildings et cetera, and so were the staff. In fact they came up with the most up-to-date cutting-edge technology for the children to access as well in their libraries and soundproof rooms et cetera. We were given data points so that when we can buy our interactive whiteboards we have got somewhere to put them.

CHAIR: I did not ask them if they had unflued gas heaters in the Catholic system. Thank you very much for your work on behalf of a great number of principals. You have contributed a great deal to our inquiry.

Mr CHUDLEIGH: Thank you again for including us.

(The witnesses withdrew)

(Short adjournment)

HELEN COLQUHOUN, Chairperson, Asset Management Reference Group, New South Wales Primary Principals Association, , , and

GEOFF SCOTT, President, New South Wales Primary Principals Association, , ,
, sworn and examined:

JACKIE MALECKI, Deputy President, New South Wales Primary Principals Association, , ,
, affirmed and examined:

CHAIR: As you are no doubt aware, apart from your submission there is an opportunity for you to make some brief opening remarks before we proceed to questions.

Mr SCOTT: Thank you for giving us the opportunity to appear before the Committee. The New South Wales Primary Principals Association is a professional association of primary school principals in public schools in New South Wales. They include schools for specific purposes [SSPs], central schools, which run through the primary and secondary gamut across all schools, and environmental education centres. We have about 1,800 financial members of our association across New South Wales, in all areas.

It is a privilege to be able to present and talk to our submission to this Committee. If it is possible, I would like to make a brief opening statement. We are aware that there has been a large amount of publicity, both in the media and politically, about the BER program. Obviously, any program of this magnitude is going to attract that sort of attention, and we are aware of that.

Our primary schools are the beneficiaries of an enormous building program, and it is really fortuitous that our schools have received the benefit of this BER program. As you know, it is not an education program; it was announced by the Commonwealth Government as a building stimulus and employment program. For that reason, I think our public primary schools and their principals feel that we were pretty lucky that the money did not go to hospitals, ferries, health departments, or anything else; it actually went to public education, Catholic education, and independent education, but to primary schools. We have been the poor cousins in primary education for so many years that any money that came in we said, "Thank you very much." That is the upside.

The downside is that it came in with a great deal of political fanfare from the Commonwealth Government. The Deputy Prime Minister and education Minister, Julia Gillard, announced it all, and there was a lot of confusion in the early days. We went down to Canberra, met with the Commonwealth Department of Education, Employment and Workplace Relations. At that stage, in briefing us they did not have any idea how this money was going to be allocated, other than what had been put out in terms of \$3 million for this size school, and so on. It became clear immediately that there were going to be large problems in terms of how that was going to roll out, because it was not an equity program. We did not have needy schools getting more money than non-needy schools; we did not have government schools not getting money and Catholic schools getting money—the money went to everybody. But it went on an enrolment basis.

I guess our own government schools in New South Wales then looked to the New South Wales State Government, our asset management unit of the department and the Department of Commerce, as it was then called, to say, "Okay, how are we going to implement this program?" Of course, they did not know either, because nobody knew. Some of the stuff that came out to schools in the first instance was: "Look, what does your school need? Put in a wish list." I know that in my own case, at Blacktown South, a public school in western Sydney, my community, the parents and citizens association and I sat down together with our staff and came up with 17 areas that we wanted done in our school. We wanted this built, and that fixed, and everything else, because we felt that we had been without resources for a long while. It is really not a falling-down school; it is a big school of 800 kids that is in reasonable condition. We got a brand-new school hall in 2007—not through the BER—but we needed a lot of stuff. So we put in 17 submissions. A lot of schools did that.

As a result of that, when the Commonwealth got wind of this sort of thing, then the goalposts moved, the playing field changed, and the rules came in. You could only have a maximum of two projects. If you wanted that and that, you were told, "If you could just bring them together a little bit to make one project, that would be good; we will fund that." So there was a lot of confusion in that area at that time. It was being handled in the government sector by the Department of Education and Training, in the finance and infrastructure directorate, and this new Independent Program Office [IPO] was then set up.

In concluding my introductory statement, we as the New South Wales Primary Principals Association—Jackie, Helen and I—have met regularly with the BER Integrated Program Office [IPO], Angus Dawson and company, and those senior officers, and we have worked with that office to try to make the program work as well as it can for a broad variety of public schools in New South Wales. That has not been easy all the time, but when principals have contacted us as an association of 1,800 members and said, "I am having a problem with this. Can you take it up on our behalf?" we have done that at regular meetings with the IPO and we have had a high degree of success in resolving some of those issues.

So, our position is that we are very pleased that this program has been run out; we have a lot of infrastructure in our primary schools that we did not have before—indeed, that we never dreamt of 18 months ago—but we are aware that there are some individual problems in terms of what schools want, costings, value for money, and all those sorts of issues that certainly still need to be addressed in some instances.

CHAIR: Today we have heard from witnesses from the Catholic Education Commission, we have heard from some public school principals, and we have heard from the department. The overriding concerns, if there have been concerns—and everyone acknowledges the great opportunity that this program has provided—have primarily been about value for money, whether a particular project was what the school wanted or needed, and the inability for school principals to participate more actively in the roll-out of the program. Do you think that the school principals you have had contact with were discouraged from having a greater role if they wanted a greater role, or were they happy to let the department manage it? Has that management been disappointing? If they could go back in time, would they prefer to have taken on a greater management role?

Mr SCOTT: The issue of self-management by principals was one that was in the context of the BER program being two different programs. One was the Primary Schools For the 21st Century [P21]—that is the big money program, for big buildings—and the other program was the National School Pride Program, which was the smaller project. My school was \$3 million for the P21 program and \$250,000 for National School Pride Program. Principals were given the opportunity of self-managing projects in both. They were told, "We are happy for you to self-manage, but you need to be aware that if you do put your hand up to self-manage there are certain rules that you have to be aware of, ramifications, et cetera, et cetera." Meetings were conducted, principals who were interested were invited to go along, and they were briefed on the sorts of things they had to make sure they had in place if they wanted to self-manage.

A number of principals decided to self-manage National School Pride projects, the smaller ones, because we had been through the Investing in Our Schools program some years ago from the previous Commonwealth Government and a lot of us had self-managed those so we did not have any problems. When it came to the big ones, there were a lot of restrictions and safety issues and things that had to be signed off on by principals and most of our principals, when they saw that, said not for me. I do not have the expertise. I do not have the ability to manage my own project. I do not have the time as a school leader to get in and make sure the drains are in the right place, and so on. I think I might save money if I did it because I would not have to pay a managing contractor and I could do it myself, but the 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. So, there were plenty of opportunities but there were many riders on it to say be wary before you sign up for it.

CHAIR: Could there have been a middle ground? I know the Catholic schools had a middle ground in negotiations and management. Could there have been a better way to deal with it so that principals felt they got something that was exactly what they needed, value for money-wise?

Ms COLQUHOUN: I can probably answer that, having taken survey results and also a lot of anecdotal comment and discussion over the period of the program rollout. The majority of principals are happy with the projects they have and are being built at the moment or a nearing completion. They believe they have had an opportunity to express what they want to put forward as their community's needs as far as buildings for their schools or refurbishments or whatever it might be. 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.

Principals who want to take up that opportunity were given the opportunity to do so and I think about 200 did so in the National School Pride across the primary and probably the secondary sector as well, but I think possibly two only have done that with the P21 money which is the large amount of money. I do not hear that as an issue with primary school principals—maybe a couple, but 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.

Mr SCOTT: One of the issues is a difference between in some cases the independent school sector and the public school sector. Often, just by their very nature, the independent sector is very independent and is used to having building programs and projects going on in their schools, which they manage as principals and they have a board of control in the school. They also have their own architect, managing contractors and things as part of their parent council and parent community. Public schools rarely have that opportunity and do not have their own personnel infrastructure to call on. In my school, at the 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. So there is a difference there between the public and other sectors.

The Hon. GREG PEARCE: Mr Scott, what was your understanding of the purpose of the National School Pride money? What was it meant to be spent on?

Mr SCOTT: It was meant to be spent on projects that were to upgrade the facilities at the school up to a maximum of whatever the amount was depending on the size of the school. It could have been spent on maintenance issues. It could have been spent on minor projects. I will give you a couple of examples. Principals were asked in the early stages: We have a program of works here that includes fixing your guttering, fixing your broken tiles, fixing that door. Do you want to do that or do you want something else? Principals were a bit cynical about this and said that it is a State Government responsibility, why am I going to spend my Federal Government money on fixing something the State Government should be responsible for?

The answer to that was that in the forward estimates for the State governments it was required, as we understood it, by the Commonwealth Government that there was no reduction in what moneys the State governments were putting aside in their forward estimates to continue their maintenance work. So, we were reasonably reassured that the State Government was not going to get out of this lightly. They still had to maintain their schools. I think a lot of principals, looking at that, said what is my real need? My real need is I have a leaking classroom roof, I do not care who fixes it, I want it fixed now. The opportunity is to employ a local tradesman to do it

In my own school's case, we did not do that. We said we had some white-ant damage over there. We will leave that for the State Government to fix, it is not going to fall down, it is external and unsightly, but we will leave it, but we are going to extend our area where parents come in to be greeted in the school. We are going to extend our car park area and we are going to resurface a multipurpose court, things such as that. So, there was a whole variety of things. Some people picked up on the maintenance and some people instigated new projects.

Reverend the Hon. Dr GORDON MOYES: Part of that, I understand, was to install solar hot water, solar generation of electricity and other green initiatives. Were they taken up by any of the schools that you can speak of?

Ms COLQUHOUN: I think probably not to a great degree. I think a lot of schools went down the pathway of maintenance.

Reverend the Hon. Dr GORDON MOYES: That was my understanding.

Ms COLQUHOUN: And others went into the purchasing process, interactive whiteboards, something they could use in their classrooms. So I think that was a very small part.

The Hon. GREG PEARCE: You mentioned your survey. How many respondents were there and how many questionnaires did you send out?

Mr SCOTT: It was an Australian Primary Principals Association survey that went to primary school principals in all States and Territories. There were about 2,500 responses back to that survey out of 7,500. That is fairly common, what we would call a reasonably good response rate from sending out surveys of that kind. So, we got a pretty good feeling from most principals. What we have found over many years of surveying principals is that those who have something particular to say will respond; those who are going along fine will delete the email and move on to their next task.

The Hon. GREG PEARCE: So it was a national survey?

Mr SCOTT: It was national.

The Hon. GREG PEARCE: We do not have any evidence of New South Wales per se?

Mr SCOTT: We did not survey ours separately from the national survey.

Ms MALECKI: And the Australian Primary Principals Association survey was not specific to government schools. It was across the three sectors.

The Hon. GREG PEARCE: What did you end up getting for your \$3 million?

Mr SCOTT: In Blacktown South I have a new brick and tile library, which is a magnificent resource, and I have four new classrooms when constructed, and four very old rusty demountables about to be removed off site, thank goodness.

The Hon. GREG PEARCE: You mentioned before some of the concerns we have heard from quite a range of people. Other than the one the Chair has already raised with you about self-management, the recurrent one is the lack of choice of projects. You partly dealt with that in your opening statements but it seemed to be much more of a concern than just having nominated projects and then being driven to a certain outcome. Can you tell us a bit more about that?

Mr SCOTT: We met with Julia Gillard and the term I used when I spoke to her was, "Deputy Prime Minister, we do not wish to appear churlish about this. Thank you for the money. However, you keep changing the rules on us." As I said, basically the rules that came out from the Commonwealth were quite specific. It is part of the appendix to our submission. It said first: If you haven't got a school library or if you have a library in a demountable building, that is what we will build you. If you have a library but you haven't got a school hall, we will build you a school hall. If you have a library and a school hall and you have the classrooms you want replaced, demountables, we will do that. I think there was an early learning centre you could apply for if you had all those things and didn't need them, and if you got right down to the bottom and you have all those, what are you going to give me for the money? Then it became refurbishment of existing buildings. So the Commonwealth, when it first made the announcement publicly and in the media, did not put those restrictions, which is why, as I said, everybody put in I want this and I want that wish list. Many came down no, we will do this and we will do that and there was a pecking order and, as far as I am aware, that applies to all sectors, because it was it was a Department of Education, Employment and Workplace Relations requirement for this Commonwealth funding.

Dr JOHN KAYE: Thank you for your participation in the hearing today and for your submission. Your submission is largely based on a survey which I now understand is an Australian Primary Principals Association survey. It says at the beginning, "The submission reflects responses provided by the NSWPPA." In response to the Australian Primary Principals Association—which, as you point out, is all three sectors and every State and Territory in Australia—were you able to discriminate in those responses for New South Wales and for public schools, that is to say, your members?

Mr SCOTT: To a degree, yes, that is correct. Because the Australian Primary Principals Association survey asked for identification—in which State or Territory ensures school located, what sector it is in, and so on—so we were able to look at the response rate, which is why in the submission our national president, Leonie Trimper, indicated there was some difference between the responses from the government sectors in all the States and the independent and Catholic sectors in those States and Territories. It is on page 12 of the submission and says, "The survey made clear school principals ... see the benefits ..."

Dr JOHN KAYE: This is in the boxes?

Mr SCOTT: Yes. It went on, "A strong match with community needs is also clear from the survey results, with more than 90 per cent of principals surveyed across the three sectors ... " and then he went on to say that the difference between the State government sectors and the others were transparency of costings, implementation of projects—a clear difference—and the transparency of costings. Only 42.9 per cent of state

school principals reported they were able to access costings as opposed to 86.6 percentage for the Catholic and 93 per cent for the independent.

Again, my feeling for that is that once that emerged from asking our principals what they felt about it, we then took that up with the Independent Program Officers, and we have then gone on to say underneath that box in the appendix and said you have to get some full and detailed costings out to principals. A lot of estimated costs were put on the website—ECS, I think, was the acronym, estimated construction sum—and the difficulty was principals wanted to know how much is that wall going to cost me in the project, the painting of that wall, and the idea was principals wanted a greater unpacking of that. That is now available, partly because there was a lot of pressure to say that schools wanted it, and certainly the Primary Principals Association backed up that request.

The Hon. CHRISTINE ROBERTSON: Where did they get that from?

Mr SCOTT: They can get that by contacting their regional—there are 10 of those—project manager.

The Hon. GREG PEARCE: Have you trialled that to see if it works?

Mr SCOTT: Yes.

The Hon. GREG PEARCE: You have been able to get the information?

Mr SCOTT: Absolutely, yes. Right down to how much it costs to plaster the walls and the library and things such as that. I have to say a number of principals have not accessed that.

Dr JOHN KAYE: The survey itself, with questions, that is available on the Australian Primary Principals Association website, as it?

Mr SCOTT: Yes.

Dr JOHN KAYE: Are you prepared to provide the Committee with the statistics of the responses to those questions in respect of New South Wales public schools?

Mr SCOTT: I would if I could. I can provide you with the overall survey response.

Dr JOHN KAYE: Which is across all States and Territories and across all sectors?

Mr SCOTT: But it does differentiate between the different sectors. It is in that format there, the executive summary, and so on, and it looks through the percentage of which State or Territory is your school involved in, whether it is government, Catholic or independent, et cetera.

Dr JOHN KAYE: But it does not divide the answers up according to those categories? So, there is not a matrix in there that says this percentage of New South Wales public schools said this?

Mr SCOTT: No. It divides it up into government, Catholic and independent and the number of responses, yes, no, and percentages.

Dr JOHN KAYE: Are you prepared to table that document?

Mr SCOTT: Yes, certainly.

Documents tabled.

Dr JOHN KAYE: So, the results you report in here, where you said principals commented that the whole school community was happy with the project specific to their school and the community received the project that they wanted, what do you base that statement on, given that we have heard vast amounts of evidence from previous witnesses that a large number of principals would not have made that statement?

Mr SCOTT: It is based on the fact that the Primary Principals Association in New South Wales is a very representative organisation. We, as executive members of that, travel to virtually every meeting of area

council principals and regional principals and we raise a whole lot of issues, including BER obviously and all those other things that hit the attention from time to time, whether it is children with disabilities, national curriculum or whatever. So BER is one of those where we give principals the opportunity of saying, "Okay, you are up here in the north coast region. You are out at the western regional conference. We are here from the New South Wales PPA. Tell us your issues. Tell us your concerns" et cetera. So there is a lot of anecdotal evidence that we have collected and the vast majority of those comments that have come back to us at those meetings have been, "We are really happy with what's going on. We've never had this before. We're happy with that".

There have been some that have said to us, "Look, I've had a real battle with the managing contractor" or "I've tried to get this building moved to that part of my site and they won't move it because of this reason" or "they've moved it and I don't want it moved". In all those cases what we have said is, "Send us that information. We'll take it through to the next meeting that we have" which is a regular meeting with the Independent Program Office [IPO] and we will try to get it sorted and we will get back to them. The responses we get back from principal then is, "Thank you for taking that up. Somebody has been in touch with me and we have sorted the issue, not a problem."

Dr JOHN KAYE: How often do you meet with the IPO?

Mr SCOTT: About every month.

Dr JOHN KAYE: Do you meet with Mr Dawson?

Mr SCOTT: Angus Dawson; previously Hugo Harmstorf, who was the second in charge, who has now moved; Lucy Bergman and Janice Stewart.

Dr JOHN KAYE: At those meetings do you raise a number of school-specific issues?

Mr SCOTT: Yes, ones that we have sent through beforehand. Unless something has come up in the day or so before we go into the meeting, mostly we have sent those sorts of issues through via email and said, "We'd like to talk about these at the next meeting."

Dr JOHN KAYE: Are your members aware that you have that monthly meeting?

Mr SCOTT: Yes.

Dr JOHN KAYE: Are your members aware that they can contact you and say, "I've got a problem with this or that"?

Mr SCOTT: Our understanding at the moment is that of the something like 2,500 projects going on, about 85 at the time of this submission still have unresolved issues. They are issues that probably the committee is well aware of, they are ones that have been publicised through local members of Parliament, parents and citizens, principals and so on.

Ms COLQUHOUN: I would like to make a comment. I head up the reference group. Our reference group is representative across New South Wales. We have 10 regions. There is an asset management contact person in each of those regions. At our meetings, which occur once a term, we collate a lot of information that comes through. We actually survey that information so it is representative across the whole of New South Wales. That then goes through me and I attend at another level of meeting as a BER stakeholder IPO representative with Angus Dawson et cetera once a month as well. Those individual issues are presented at that meeting so there is another layer there, another level of reference.

Dr JOHN KAYE: Are you saying you have a separate meeting?

Ms COLQUHOUN: This is the asset management reference groups.

Dr JOHN KAYE: Do you take specific school issues to that as well?

Ms COLQUHOUN: We do and it comes through across the State through the regional representatives and then we take that to the stakeholders meeting that I attend.

Dr JOHN KAYE: Both your group and the association in general are a clearing house for—I understand that your group is part of that but both of them act—

Ms COLQUHOUN: We are canvassing for individual issues and it is to do with individual concerns, individual schools.

Dr JOHN KAYE: How many individual representations have you received since February 2009?

Mr SCOTT: It is hard to estimate.

Dr JOHN KAYE: Will you take that on notice and give evidence to the committee as to how many you have received?

Mr SCOTT: That might be difficult because generally what we are trying to do in the association, as I said BER is only one of our many issues that we handle representing principals, so generally Dr Kaye what we have done, is to take on board the issue, email it through to the BER office, take it through to the stakeholder group meeting. That has been handed to the IPO and that is fine, we delete the email. We say "We have taken that through to the appropriate" whatever.

Dr JOHN KAYE: Do you follow-up on what happens next? Do you follow-up as to whether your representations to the IPO have been acted on?

Mr SCOTT: Our principals keep us apprised of that and let us know.

Dr JOHN KAYE: But you delete the email so you keep no log of the emails coming in, you pass the issue on to the IPO or the stakeholders meeting and then that is the end of the issue from your perspective? You do not go back and ask what happened? You wait for the principal to contact you and tell you what has transpired?

Mr SCOTT: No, I am sorry, I have probably misled you Dr Kaye. Once the email has been sent through we do not keep a record of that but we do send it through to the IPO office or to a stakeholder meeting which gets through to the IPO office, and we then discuss that at the next meeting. So the issues come through on notice. We do not go in with a swag of emails and say, "Solve these issues now". We send them through beforehand and we give them a chance. They reply back at those meetings and say, "We've been in touch with that principal." "We got in touch with that managing contractor" et cetera. "We are going up to that area of those schools next week" and so on. We have left it in their hands to manage it; it is not our responsibility to manage that. But our principals are not backward in letting us know that if they have registered with us a concern and something has not happened, they are very prompt to let us know and say, "I thought you were going to take up this issue". If that comes back to us we will pursue it again.

Dr JOHN KAYE: Do you rely on there being some form of complaint that nothing has happened?

Mr SCOTT: A number of them get back to us positively and say, "Thank you for intervening" but we do not keep the record.

Dr JOHN KAYE: Are there minutes of those meetings?

Mr SCOTT: There are minutes, yes.

Dr JOHN KAYE: Those minutes would record every time you raise an issue at one of those meetings?

Mr SCOTT: At the reference group meeting, yes. The meetings that we have with the IPO senior officers, Angus Dawson and company, we do not minute those. That is a conversation meeting where we have and we raise those issues, but they take those issues down and accept our written concerns that we have sent through.

Dr JOHN KAYE: When matters are raised at the stakeholders group, is that what you called it?

Mr SCOTT: That is correct.

Dr JOHN KAYE: Is there a record of those?

Ms COLQUHOUN: Yes, there are minutes kept of those meetings Dr Kaye, and also the detailed information that comes through from the regional reports. Obviously that is also in detail and I pass that on to the IPO. The response that we expect is that the PLO from the IPO will contact the principal and sort out the issue.

Dr JOHN KAYE: What is PLO?

Ms COLQUHOUN: The principal liaison officer. The IPO's responsibility, with the many principal liaison officers who work there, then do liaising with the school. As a reference group our responsibility is to collect this data across the State and to pass it on to the IPO.

Dr JOHN KAYE: You collect it but you do not record or minute it?

Ms COLQUHOUN: It is not minuted but we have all the written reports.

The Hon. GREG PEARCE: Why do so many principals have to go through your organisation? Why are they not able to deal with these things directly?

Ms COLQUHOUN: They can.

Mr SCOTT: Yes, they certainly go direct. I mean there is a group of people to whom they can take their concerns. The local manager on site for the managing contractor—each site has its own building manager. They can take it through to the regional program officer for BER which is a department employee. They can take it through to the managing contractors direct—Lang O'Rourke, Brookfield, Multiplex and so on—or they can take it through to the BER IPO and directly email or write letters to Angus Dawson and the IPO. So there is a variety. The principal liaison officers are actually principals who have been deployed since the program started. They have come out of their schools and work in the program office to act as liaison officers between the principals and the managing contractors.

Those who are senior principals, and aged advantaged, have probably been through a lot of building construction work at their schools, but many of our principals are new principals and have never ever had any contact with builders or managing contractors on site. So the principal liaison officers are able to smooth that relationship a bit because the hard hats and the mortar boards are sometimes talking at cross-purposes.

The Hon. GREG PEARCE: The 85 unresolved to which you referred are really only the ones that you have been handling? There may be many others going through those other three routes to which you have referred?

Ms MALECKI: The 85 was information given to us by the BER office so we are assuming that that is its record as far as it is concerned about how many it is working with at the moment in terms of where concerns have been raised.

Dr JOHN KAYE: There are 85 so-called outstanding cases?

Ms MALECKI: Yes.

Dr JOHN KAYE: What you are telling us now is the data you gave us before was about the BER's record of cases that are outstanding, not complaints?

Ms MALECKI: Yes.

The Hon. CHRISTINE ROBERTSON: In your submission you mentioned the What's Hot newsletter. Is that your way to ensure there is access to information to the whole sector?

Mr SCOTT: Yes.

The Hon. CHRISTINE ROBERTSON: What sort of feedback do you get that people read it?

Mr SCOTT: A lot of anecdotal feedback because I go to every regional meeting and area meeting as the president and often accompanied by members of the executive and one of the questions I always ask semi-humourlessly is, "Can I have an indication how many people read What's Hot?" The vast majority always put up their hands. I always reply by saying, "Damn! Because if none of you read it I am not going to spend those hours putting it together". It is literally a major task to put this newsletter together. We send it out about twice each school term, and there is a lot of stuff in it. We just picked out the eyes of the BER stuff but it could be 17 or 18 pages, and secondary principals council do the same. It is on our website. It is not a secret newsletter which sometimes gets us into trouble, but that is okay. Yes, people generally do read it and they respond appropriately.

The Hon. CHRISTINE ROBERTSON: We understand because we work in this place, but it is the difficulty of addressing the incredibly powerful misinformation campaigns. Obviously many people have not read it.

Mr SCOTT: I would say that the vast majority of principals read it. There are a lot of issues that go into the What's Hot that people might read 18 pages, they skip the BER because they are not having a problem with it. "If I get a chance next weekend I might read that bit through". The recent example was the NAPLAN dispute, as you would be aware, and there was a lot of information being put out in What's Hot in terms of assisting principals in that. The feedback we got from was from the principals who found it useful. Those who said "Yes, I knew all that anyway"? We would be pretty confident that most principals of the 1,800 read it because we do get a lot of feedback saying, "Thanks for saying that" or "How dare you say that", whatever it is.

The Hon. CHRISTINE ROBERTSON: In your opening address you addressed why this particular issue became such a political hot potato. I can see that your organisation is doing its best by putting information out there but you cannot actually tackle these issues, can you? I apologise for being so vague.

Mr SCOTT: I do not believe that it is the role of the association to make any program work. We are a professional association of principals. Our brief is to give honest, robust and sometimes not well-liked advice to the director general and senior officers of the Department of Education and Training, to the Minister's office, to the office of the Leader of the Opposition and anybody else.

The Hon. CHRISTINE ROBERTSON: What input you get from the principals?

Mr SCOTT: Yes. We have certain positions that are developed about a whole variety of issues. I guess the summary I want to make about that, just in response to your question was, we are not trying to act as an arm of government in this and say, "The BER is fabulous. All these people are terrific and everything is working well, and all these other people who criticising are wrong." We are quite accepting of the fact that there are a number of issues where things need to be addressed. People bring them to us, and we say to principals regularly, "If you are not having any satisfaction, go to all these people, sort it out. If you can't have any success in that come back to us and we will go in on your behalf and act on your behalf" and that is what we do.

The Hon. CHRISTINE ROBERTSON: How do you turn into the president and the deputy president?

Mr SCOTT: We get elected.

The Hon. CHRISTINE ROBERTSON: By whom?

Mr SCOTT: By the full membership, who vote every two years for the executive, which is the president, the deputy president, the secretary-treasurer, and six vice-presidents.

The Hon. CHRISTINE ROBERTSON: You keep taking on this amazing job?

Mr SCOTT: We love it.

The Hon. CHRISTINE ROBERTSON: Okay.

Mr SCOTT: And we run our schools too, hopefully—most of the time.

The Hon. SHAOQUETT MOSELMANE: I will just make a quick comment. I would like to say I appreciate the fairness, honesty, balance and constructive approach you have adopted. As a result of that, your members are happy and satisfied with the good outcomes. Well done.

Mr SCOTT: Thank you.

Dr JOHN KAYE: Can I take you to the executive summary, question seven, in the document you have just tabled. It states that while people remain positive about their P21 projects, the level of satisfaction from the government principals at 57 per cent was quite significantly less than Catholic and independent principal colleagues, and that the major source of dissatisfaction came predominantly from New South Wales and Victorian principals, and New South Wales principals were concerned about the best fit of the funds, et cetera. How does that gel with the comment at point five where you say that principals commented that the whole school community was happy with the projects specific to their school and that the school community received the projects that they wanted? I am having difficulty aligning what I am reading in the actual survey and what you have reported in your submission.

Mr SCOTT: Dr Kaye, I guess the difference there is the number of people who respond to surveys. We have just collated a survey today in which we looked at the survey response to the NAPLAN dispute. We got 820 responses back from our New South Wales principals on that. I guess the Committee would be aware of this: generally when you send out an email survey like that—and we did one earlier in the year on a different topic, and so these things happen from time to time—the responses you get back through the survey are usually from people that have a particular issue. If they are happy with what is going on in their schools, quite often they will not take the trouble to get in and say, "I'm happy with this."

What we are taking as our indication of the majority of principals is the direct quotes from principals at the meetings that we attend. It is taken from responses when we go to meetings. We say, "Look, what's your problem with BER?" There might be a meeting of anything from 55 principals up to nearly 200 principals. When you ask them and say, "Okay, there are two roving microphones out there, so any issues you want to raise, we are here to jot them down", the vast majority will say when that happens, "I'm happy. Everything's fine." You will get quite a few who say, "My managing contractor is ripping me off because my library isn't the right size and the Catholic school down the road is getting more."

As we all know, Dr Kaye, they are the sorts of issues from the surveys where you get that response back. It does not give, we believe, an indication of the totality of what principals are feeling. The individual issues are critically important for those principals, yes, and those communities, yes, and they have to be fixed.

Dr JOHN KAYE: With respect to questions one and two in the survey, I am guessing that there were 600 responses from public school principals in New South Wales. I will not go through the maths of how I get to that, but it is likely that it is somewhere around 600. That is half of the public school principals in New South Wales who responded to the APPA survey.

Mr SCOTT: A third. We have 1,800 in New South Wales.

Dr JOHN KAYE: So that is a third, which is an extraordinarily high response rate. In order to get 57 per cent in government schools and even more in New South Wales, you have to say 60 to 70 per cent of New South Wales responses were worried about the concept of best fit to their community.

Mr SCOTT: Can I put it in the context of, okay, if we have done the maths and we have said we have 1,800 principals and of those who responded to the national survey, 600 of them, a third, are from New South Wales; 50 per cent or whatever the percentage is—I am sorry, I gave you the copy, so I do not have it in front of me—but it is 47 or 50 per cent, or whatever it is.

Dr JOHN KAYE: It is 57 per cent.

Mr SCOTT: You are therefore talking about a sixth of the principals in New South Wales government schools who raised those issues about a lack of transparency.

Dr JOHN KAYE: No. Let us get the figures right. The level of satisfaction was 60 per cent, so 43 per cent were not satisfied.

Mr SCOTT: I am sorry, Dr Kaye, what page?

Dr JOHN KAYE: I am on the executive summary, question seven, where it is said that New South Wales State school principals were concerned about best fit. They come out as being the most concerned about the project, yet major sources of dissatisfaction came predominantly from New South Wales and Victoria. You would have to say it is significantly more than 43 per cent of the respondents in New South Wales who were concerned. You would have to say it is more like 50 or 60 per cent in New South Wales who were concerned. We are already talking, even with 600 respondents, about 360 principals in New South Wales who have responded saying they had significant problems.

Mr SCOTT: Yes.

Dr JOHN KAYE: That is more than a third of principals in New South Wales saying that they did not think they got a good deal.

Mr SCOTT: Three hundred of them?

Dr JOHN KAYE: Three hundred and sixty.

Mr SCOTT: Yes, out of 1,800.

Dr JOHN KAYE: Out of 1,800, so we are talking about—

Mr SCOTT: A sixth.

Dr JOHN KAYE: More than a sixth. There are 360, so we are talking in the order of 20 per cent.

Mr SCOTT: It is a number of principals, but put it into context. Let us call it a sixth and five-sixths. Five-sixths of the principals did not express a major concerns; a sixth did. Of those one-sixth, they are the ones that we say to regularly, "You need to get this resolved. Go to these people. Go to the contact people. If you don't get any satisfaction out of that, we'll take up the cudgels on your behalf."

The Hon. CHRISTINE ROBERTSON: Could you tell as the date of this survey please?

Mr SCOTT: This year, 2010.

The Hon. CHRISTINE ROBERTSON: March or something?

Ms COLQUHOUN: March, yes. I would just make a quick comment, too. Between March and June, there is four months difference. A lot of schools are now getting their projects started and they are being built. A lot of perceptions are changing. I had a conversation with one of the tradesmen at my school this morning who said that if he did not have this work, he would be working one day a week. Now he is working seven days a week and he is delighted because of the employment, so that is a real buzz. I have three men at my school, and I have a new building with two classrooms. I have 20 refurbished classrooms and a new fence, and it is just fantastic. I think schools are now seeing, and they are very, very happy with the project.

CHAIR: Thank you very much. I am sorry, but we are out of time. Thank you so much for attending and for once again assisting our Committee with our inquiry. There may be further questions from the secretariat, and we look forward to your responses. I do not think there were any questions taken on notice.

Mr SCOTT: Thank you to everybody on the Committee.

(The witnesses withdrew)

The Committee continued to deliberate.
