

# Department of Education and Training

Building the Education Revolution in Queensland State  
Schools

Supplementary Report to the Minister for Education and  
Training December 2010 - Appendices

Part 3 - Appendices





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This is Part 3 of our report which consists of 3 parts that should be read together. The other two parts are:

Part 1 – Executive Summary

Part 2 – Detailed Analysis



# Appendix A Scale of the BER Program in Queensland State Schools

On 3 February 2009, the Australian Government announced an economic stimulus package called Building the Education Revolution (BER) that included \$2.12bn to enhance facilities at Queensland state schools.

### BER consists of three elements

- 1 Primary Schools for the 21st Century (P21) – to build or refurbish large scale infrastructure in primary schools, P-12s and special schools, including libraries, halls, indoor sporting centres or other multipurpose facilities (\$1.8bn).
- 2 Science and Language Centres (SLC) for 21st Century for Secondary Schools – a bid based process to build science laboratories or language learning centres in secondary schools (\$159.3m).
- 3 National School Pride (NSP) – to refurbish and renew existing infrastructure and build minor infrastructure in all schools (\$165.9m).

### Objectives of the BER Program

Through the BER, the Australian Government aims to:

- 1 Provide economic stimulus through the rapid construction and refurbishment of school infrastructure
- 2 Build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential, and bring communities together.

The BER Program in Queensland reaches out across the whole State including remote outback and island communities. The size and reach of the Program provides a context for assessing the arrangements that are required to effectively and efficiently govern and manage an endeavour of such scale, complexity, geographic distribution, and urgency.

The magnitude of the undertaking and the timelines set down by the Australian Government to ensure rapid economic stimulus have created a unique set of circumstances with heightened risk in a number of areas:

- 1 Round 1 projects needed to be mobilised in an unusually short time or risk having funding reallocated
- 2 Decisions that would normally be considered carefully and options canvassed over an extended period amongst the school community would need to be taken quickly
- 3 The volume of work to be coordinated concurrently across the State was unprecedented
- 4 Spare capacity in the building supply chain in the early stages would mean early starts were possible, and downward pressure on building costs and pricing
- 5 Rapid roll-out of projects would soon saturate the supply chain, especially in regional and remote locations, with a potential upward pressure on prices returning
- 6 Many of the state schools had no recent experience of capital works projects of this magnitude and no additional resources would be provided within the schools.

We have considered in its examination how well the processes and systems have been able to accommodate these and other factors.

**Table 1 – Scale of the BER Program in Queensland**

BER Program element	Date	Number of schools	Number of projects	Value of projects \$m
NSP Round 1	5 April 09	1039	2625	144.0
NSP Round 2	21 May 09	220	532	21.5
P21 Round 1	5 May 09	216	394	490.0
P21 Round 2	9 June 09	492	732	786.9
SLC Round 1	30 June 09	94	94	155.3
P21 Round 3	27 Aug 09	539	792	512.1
Totals		2600	5168	2109.8



# Appendix B Supporting Information – schools under sustainability review

## 1 DET approach to school closures and amalgamations

The following statement was issued by DET to media representatives on 1 June 2010:

### **Temporary closures of schools**

*“Each year, Education Queensland reviews the educational and economic viability of schools throughout Queensland.*

*A number of factors are taken into consideration when determining the viability of a school, including the capacity of the area and population demographics.*

*Indicators used to establish school viability may include:*

- *occupancy rate*
- *resident student numbers*
- *enrolment projections*
- *school population size*
- *community service obligations*
- *geographic location*
- *travelling distance to other schools.*

*Temporary closing of a school does not mean it will permanently close. It is an interim process that occurs when a school is determined to be not sustainable to continue to operate, particularly when students have access to other schools in the area.*

*Schools that are temporarily closed remain so for a period of 12 months before a final decision to close is made based on all considerations.*

*At current [sic], the Department is encouraging community members to have their say on the future of 15 Queensland schools with declining and low enrolments. These schools are:*

- *Bellenden Ker State School in the Babinda area*
- *Bymount East State School in the Roma area*
- *Daintree State School in the Mossman area*
- *Gogango State School in the Mt Morgan area*
- *Goovigen State School in the Biloela area*
- *Grosmont State School in the Wandoan region*
- *Moresby State School in the Innisfail area*
- *Murray’s Bridge State School in the Warwick area*
- *Nagoorin State School in the Gladstone area*
- *Oakenden State School in the Sarina area*
- *Osborne State School in the Home Hill area*
- *Peek-a-Doo State School in the Taroom area*
- *Palmerston East State School in the Innisfail area*

- Tannymorel State School in the Warwick area
- Yowah State School in the Cunnamulla area

No decision about the future of the school will be made until the consultation with the school community has been finalised.

Recommending closure of a school is not a decision that is taken lightly.

The Department carefully considers all the information and community views before making any decisions about the school's future.

If a school is closed assistance packages are provided to assist families with transition costs.”

The decision making process used by DET to temporarily close any school progresses through three stages that are aligned to the school year:

- the identification of schools that may become unviable (Term 1)
- consultation to temporarily close schools (Term 2)
- decision to temporarily /close school (Term 4)

At any time during this process, the arrival of even a small number of new students in the community can be sufficient to ensure a school remains viable. DET has informed us that it operates under the principle that any decision to withhold BER funds from any school before it makes a decision to temporarily close or close could potentially disadvantage a school for which DET decides in the future to continue to operate the school. DET has therefore applied for funding for all schools that are still in consultation.

The information we examined does not suggest that DET has not complied with the provisions in the BER Guidelines for school closures or amalgamations.

## 2 Schools for potential temporary closure

At the time of the deadline for applications for BER funding the department planned to conduct formal consultation with the schools being considered for temporary closure, with the aim of temporary closure at the end of 2010. Consequently, because no decision had been taken to temporarily close any of the schools listed in the following table those schools were entitled to receive funding in line with the BER Guidelines.

**Table 2 – Funding for schools in formal consultation**

	School	Program	Student Enrolment	Funding (\$)
1	Bellenden Ker State School	P21	23	250,000
		NSP	23	50,001
2	Bymount East State School	P21	12	250,000
		NSP	12	50,000
3	Daintree State School	P21	14	250,000
		NSP	14	50,001

	School	Program	Student Enrolment	Funding (\$)
4	Gogango State School	P21	15	250,000
		NSP	15	50,001
5	Goovigen State School	P21	19	250,000
		NSP	19	50,001
6	Grosmont State School	P21	9	250,000
7		NSP	9	50,000
8	McDonnell Creek State School	P21	18	250,000
		NSP	19	50,001
9	Moresby State School	P21	19	250,000
		NSP	19	50,000
10	Nagoorin State School	P21	5	250,000
		NSP	5	0
11	Oakenden State School	P21	16	250,000
		NSP	15	50,001
12	Osborne State School	P21	18	250,000
		NSP	18	50,000
13	Palmerston East State School	P21	13	250,000
		NSP	13	50,001
14	Tannymorel State School	P21	19	250,000
		NSP	17	50,000

Based on enrolments in the February 2009 BER census data Peek-A-Doo was entitled to the following:

**Table 3 – Peek-A-Doo State School funding**

	School	Program	Student Enrolment	Funding (\$)
15	Peek-A-Doo State School	P21	6	250,000
		NSP	6	50,000

Following community consultation for Peek-A-Doo State School the decision was taken on 24 April 2010 to temporarily close the school. In 2010, student enrolments were initially at five students and had since fallen to two. From Term 2 2010, enrolments were expected to fall to zero.

DET has advised that: *“The NSP funds were expended prior to the ministerial approval of mothballing. In relation to P21, the project is still classified on hold and the department has not commenced negotiations with the Australian Government in relation to allowing funds to be redirected etc. The reason for this is the following: As mothballing is a temporary closure and not permanent, we have diarised this school for review and consultation with the region in October regardless of the outcome of the other community consultation schools.”*

### 3 Schools already temporarily closed

On 30 April 2010, the Minister approved the placement of nine schools on the “consult to close” register, including one for Year 10 only.

At that time the department was to consult with the relevant communities and close a number of already temporarily closed or amalgamated schools. Consequently, the schools listed below should not have received funding. The amalgamation of Evesham State School with Longreach State School is discussed in the Detailed Analysis in Part 2 of this report.

**Table 4 – Schools already temporary closed**

	School	Program	Student Enrolment	Funding (\$)
1	Evesham State School	P21	1	250,000
2	Junction View State School	P21 and NSP	0	0
3	Kandanga State School	P21 and NSP	0	0
4	Kioma State School	P21 and NSP	0	0
5	Laravale State School	P21 and NSP	0	0
6	Mount Charlton State School	P21 and NSP	0	0
7	Pinkenba State School	P21 and NSP	0	0
8	Riverleigh State School	P21 and NSP	0	0
9	Rosevale State School	P21 and NSP	0	0
10	Wondai State School (Yr 10 only)	P21 and NSP	0	0

### 4 Monitoring of enrolments

On 30 April 2010 the Minister approved the monitoring of enrolments for 19 schools in 2010, including 11 newly listed schools, 4 schools with previous Ministerial commitment to monitor and 4 schools with exceptional circumstances (drought affected).

These schools will be allocated funding under the BER program, with BER representatives working with the school on their plans.

**Table 5 – Monitoring of enrolments**

School	Program	Student Enrolment	Funding (\$)
Bambaroo State School	P21	14	250,000
	NSP	14	50,000
Bartle Frere State School	P21	13	250,000
	NSP	13	50,000
Brigalow State School	P21	29	250,000
	NSP	30	50,000
Builyan State School	P21	9	250,000
	NSP	9	50,000
Depot Hill State School	P21	44	250,000
	NSP	44	50,001
Drillham State School	P21	22	250,000
	NSP	22	50,002
Guluguba State School	P21	11	250,000
	NSP	11	50,000
Hannaford State School	P21	13	250,000
	NSP	13	50,000
Irvinebank State School	P21	5	250,000
	NSP	5	50,000
Jarvisfield State School	P21	16	250,000
	NSP	16	50,000
Maidavale State School	P21	15	250,000
	NSP	15	50,000
Marmor State School	P21	13	250,001
	NSP	13	50,000
Maroon State School	P21	11	250,000
	NSP	11	50,000
Mount Molloy State School	P21	17	250,000
	NSP	19	50,002

School	Program	Student Enrolment	Funding (\$)
Murray's Bridge State School	P21	14	250,000
	NSP	14	50,000
Numinbah Valley State School	P21	7	250,000
	NSP	7	50,000
Pozieres State School	P21	14	250,000
	NSP	14	50,000
Rocklea State School	P21	58	850,000
	NSP	58	75,000
Winfield State School	P21	12	250,000
	NSP	13	50,003

## 5 Information provided by DET

DET provided us with the following documentation:

- Mothballing Schools Media Statement 1.06.2010 (plus a spreadsheet including details for 15 schools). Note that the term “mothballing” is no longer used by DET; the preferred term is “temporarily closing”
- Project Development Plans for P21 for the following schools: Daintree State School, Osborne State School, Moresby State School, Palmerston East State School, Bellenden Ker State School, Goovigen State School, Gogango State School, Oakenden State School, Tannymorel State School, Murrays Bridge State School
- Project Development Plans for NSP for the following schools: Bellenden Ker State School, Daintree State School, Murrays Bridge State School, Oakenden State School, Osborne State School, Palmerston East State School, Yowah State School, Grosmont State School, Tannymorel State School (Cost plan summary only)
- Ministerial Briefing Note – Department Ref File: 10/66995 for the approval of temporary closing of Peek-A-Doo State School
- Ministerial Briefing Note – Department Ref File: 10/52932 for the approval of Unviable Schools.



# Appendix C Supporting Information – Statement by Mitchell Brandtman

## The following statements have been provided to us by Mitchell Brandtman

PricewaterhouseCoopers (PwC) have engaged Mitchell Brandtman for and on behalf of the State of Queensland through the Department of Education and Training (DET) to conduct an independent and objective examination of the Australian Government's Building the Education Revolution (BER) program in Queensland state schools.

We have been requested to consider PwC conclusions regarding the following complaint.

## RAWLINSONS AUSTRALIAN CONSTRUCTION HANDBOOK 2010

### Complaint

Based on the Rawlinsons Australian Construction Handbook 2010 there is massive over charging of construction and maintenance projects in schools.

### MB Commentary

We have been requested to provide commentary about what the side effects, if any, of applying the Rawlinsons costs to the QLD BER program would be.

Our comments are as follows:

Page vii of the Rawlinsons Australian Construction Handbook 2010 (RACH) states:

*"Estimating – Building Costs Per Square Metre: This provides the average cost for wide selection of typical buildings. Whilst square metre rates are recommended for use for initial feasibility studies only, they also provide the base figure in the valuation of buildings, however when so they should be adjusted as described in the following elemental costs of buildings. It should also be noted that the figures given are for a typical building on a flat site, adjustments must be made for such factors as sloping sites, ground conditions, unusual shape and other design considerations"*

Importantly page 7 of RACH also refers to page 36 which provides the following further considerations when using RACH:

*"Costs given hereafter should be used for initial **feasibility studies** only.*

*Costs given are average prices for typical buildings at December 31, 2009 within the metropolitan areas including allowance for Preliminaries and Builders profit and overheads. ADD additional allowances for increased costs (refer Anticipated Building Price Adjustment page (xiii) and when referring to country areas (refer Regional Indices pages 22 to 31).*

*Costs given **should be adjusted to take account of** such factors as sloping sites, foundation problems, high wall to floor ratios, unusual shape and any special design factors where costs can vary considerably from the range given.*

*Costs are based on the total floor area of all levels measured between the inner faces of external walls.*

*Costs can provide **no more than a rough guide** to the probable cost of a building, and whilst in many instances a single rate is sufficient to indicate this ruling average cost, there are many other instances such as banks, function centres, theatres, churches, residential buildings, where **costs can vary considerably from the range given.***

Costs **EXCLUDE** parking areas. For basement parking to office buildings, etc. refer to Section 9.3, for open parking areas refer to Section 10.2.

Costs **EXCLUDE** land, demolitions, balconies, covered ways, external services outside 3.0m from the outside face of the building, external works other than those immediately adjacent to the building, loose or special equipment, furniture, furnishings, legal and professional fees

For a more detailed breakdown, and to assist in the compilation of a more accurate estimate, refer to **Elemental Costs of Buildings** 65 to 109. For ease of reference identical item numbers have been used for each section.

Costs exclude the Goods and Services Tax (G.S.T.)”

The **bold words have been added by us for emphasis** as these are some of the issues which can lead to the main side effects of an inaccurate budget or disappointment in the scope of construction work.

#### Our opinion is that:

The costs per square metre given within RACH should only be used for feasibility studies and are no more than a rough guide because costs can vary considerably from the ranges given.

When conducting a comparison careful consideration should be given to creating an equal playing field by making adjustments for the date that the work was completed. (RACH is published annually), the location of regional work and the exclusions. In particular demolition, external work, infrastructure, and furniture are common inclusions within the BER projects.

Ultimately the project costs are driven by the project specifics and these specifics can only be properly considered by using a detailed elemental estimating methodology rather than an overall cost per square metre. This methodology will account for cost variances due to sloping sites, foundation problems, and high wall to floor ratios, unusual shape and any special design factors.

#### Conclusion

We concur with the PwC view that inappropriate use of the data in the RACH can lead to unreliable assessments of the schools building costs in Queensland.

## BUILDERS INCREASE PRICES IN LINE WITH FUNDING

#### Complaint

Due to the amount of funding available being in the public domain, builders will increase the price of the building to be in line with the funding made available and therefore not achieving value for money.

#### MB Commentary

We have been requested to provide commentary about whether knowing the amount of funding (ie the budget) impedes the ability to achieve value for money. If possible please document other forms of contracts or process where the funding (budget) is known prior to tendering and value for money is achieved.

In previous reports we have considered the question of value for money. We found that the perception of “value for money” depends on the criteria it is measured against and

that it may be influenced by differing assessments of end achievements. Regard should be given to fitness for purpose, ongoing running and maintenance costs, quality assurance, procurement codes, and risk.

We concluded that “value for money” is often confused with the cheapest price and a thorough assessment can only be made at the individual project level.

There are a number of contract forms commonly used within the construction industry where the budget is known. Some examples include:

- Construction management agreements some examples include:
  - Australian Standard AS 4916 – 2002
  - Qld Master Builders
  - PM2 – 2005.
- Design and construct contracts some examples include:
  - Australian Standard AS 4902 – 2000
  - Qld Master Builders
  - Turnkey contracts which are common within the private sector.
  - Alliance contracts.
  - Early contractor involvement agreements.

Each of these contracts require implementation of detailed processes which include auditing, substantiation and sign-off that encourage competition down the procurement chain. The terms of reference adopted within the BER program is an example of a typical process. Other process examples can be found within the Australian Institute of Quantity Surveyors publication – Australian Cost Management Manuals.

Additionally it is normal for the Queensland Government to publish the budgets for upcoming projects which are to be tendered by competitive lump sum tenders. This information can be found within the annual publication “Queensland Government Building Projects Industry Guide and the Department of Public Works” website. Also available on this website is the Tender Activity Comparison which is produced quarterly by the Department. The March 2010 report recorded that the total accepted prices were 9.2% less than the total estimated cost.

## Conclusion

In conclusion we agree with the PwC view that if the amount of funds available is known to bidders it is unlikely to result in the failure of the tender process to achieve value for money.

However we note that “value for money” is often confused with the cheapest price and a definitive statement can only be made at the individual project level by considering the specifics.



## Disclaimer

The procedures that we have performed did not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and, consequently, no assurance has been expressed.

The Building the Education Revolution Program review procedures were intended for the benefit of the Queensland Department of Education and Training. They were not planned or conducted in contemplation of reliance by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party may not be specifically addressed and matters may exist that would be assessed differently by a third party in connection with a specific issue or transaction. Our work was carried out on a test basis. We cannot, in practice, examine every activity and procedure, nor can we be a substitute for management's responsibility to establish and maintain adequate control of all levels of operations, and their responsibility to prevent and detect irregularities, including fraud. Management should not rely on our report to identify all weaknesses that may exist in DET's systems and procedures, or potential instances of fraud that may exist. Therefore, our comments should be read in the context of the scope of our work.