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Section 1

Executive summary
Introduction

Scope of the BER Program in Queensland

- On 3 February 2009, the Australian Government announced an economic stimulus package called Building the Education Revolution (BER) which included $2.12bn to enhance facilities at Queensland state schools.
- BER consists of three elements as follows:
  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

- According to the BER Guidelines, 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.

Scale of the BER Program in Queensland state schools

- The BER Program in Queensland reaches out across the whole State. The size and reach of the Program provides a context for assessing the arrangements required to effectively and efficiently manage a program 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; e.g. Schedule, procurement, industry constraints, and experience:
  1. Round 1 projects needed to be mobilised in a short time or risk having funding reallocated (schedule).
  2. Decisions, including the consideration of options by the school community would need to be taken quickly (procurement).
  3. The volume of work to be coordinated concurrently across the State was unprecedented (schedule).
  4. Utilising the spare capacity in the building supply chain in the early stages would mean early starts were possible, with the potential for downward pressure on building costs and pricing (industry constraints).
  5. Rapid roll-out of remaining projects would saturate the supply chain, especially in regional locations, bringing a corresponding potential for upward pressure on prices returning (schedule).
  6. Many of the state schools and P&Cs had no recent experience of capital works projects of this magnitude (experience).
Introduction

Appointment of the independent examiner

- This independent examination of the Building the Education Revolution (BER) Program in Queensland state schools was requested by the Honourable Geoff Wilson MP, Minister for Education and Training.

Background

- August 2009 – first review: PricewaterhouseCoopers (PwC) was engaged by the Queensland Department of Education and Training (DET) to carry out an independent and objective review of systems and processes put in place by DET to plan, coordinate and deliver the BER program in Queensland and advise on the improvement of these systems and processes.

- June 2010 – independent examination: PwC has been engaged by DET to carry out an independent and objective examination of the systems and processes that have been put in place, and the management of those systems and processes by the DET to implement the Australian Government’s BER Program in Queensland state schools. PwC was asked to analyse and comment on the findings of the review, and, where appropriate, advise on or suggest improvements to these systems and processes.

- Below is a summary of the four key areas of examination addressed in this report. Appendix 1 details the scope of work for each area.
  1. Undertake a survey and detailed assessment of a sample of BER projects in state schools. The survey sampling size will be determined in accordance with Australian Sampling Standard ASS 1199, Sampling Procedures for Inspection by Attribute.
  2. Undertake a consultation with a number of representatives of education and industry associations that are members of the Minister’s consultative Committee. Consultation should seek to determine if the BER program objectives have been achieved from each stakeholder’s perspective.
  3. Review the areas of DET’s implementation of the BER guidelines that could not be fully assessed in the first review using the diagnostic tool employed in that review, updated to reflect any subsequent amendments to those guidelines.
  4. In the context of the implementation of the BER program in Queensland State Schools investigate complaints received by PwC.

About this report

- In this report PwC provides our findings and opportunities for improvement.
- Administrative improvements are set out as suggestions in matters for consideration.
Value for money

Framework for assessment of value for money

- The effectiveness of the approach taken by DET to ensure value for money is a key aspect of the PwC examination.

- In the BER Program, public money is being invested by the Australian Government on behalf of the Australian people in order to:
  - Provide economic stimulus through the rapid construction and refurbishment of school infrastructure.
  - Build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.

- The State Procurement Policy for Queensland Government defines value for money as follows:
  - “Each agency must seek to obtain value for money in its procurement. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:
    1. Contribution to the advancement of Government Priorities
    2. Non-cost factors such as fitness for purpose, quality, service and support, and sustainability considerations
    3. Cost related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal
  - The relative importance given to each of these elements when making a value for money decision will flow from the supply strategies developed as part of the agency’s procurement planning process.”

- In the BER Program there are many stakeholders with different expectations of benefits and views on the best use of public monies. Each of these stakeholders is likely to form a different judgement of whether value for money has been achieved even when the facts are agreed.

- PwC believes that value for money in the eyes of such a diverse spectrum of interests can best be described in terms of the “three Es”: effectiveness, efficiency and economy:
  1. **Effectiveness** - obtaining the optimum benefit
  2. **Efficiency** - delivering the benefit for less time or effort
  3. **Economy** - optimising use of resources to minimise expense.

- This “three Es” framework helps in appreciating that in evaluating value for money some level of balance or compromise may be required. For example, an overemphasis of achieving lowest cost (economy) may compromise the objective of realising the benefit (effectiveness) in the shortest possible time (efficiency). In particular where a program such as BER has multiple objectives, the three aims of effectiveness, efficiency and economy need to be carefully balanced.

- In Section 2 of this report we have set out our understanding of the interests of the various parties that are stakeholders in the BER Program, and the nature of the respective benefits to be derived from the BER Program.
Value for Money

Engagement of the independent Quantity Surveyor

- PwC has engaged Mitchell Brandtman, independent Quantity Surveyors and Construction Cost Managers, to assist us in this examination of the BER Program. (www.mitbrand.com)
- Mitchell Brandtman, established in 1970, is a firm of construction industry professionals who have extensive industry experience within their fields and are well placed to provide credible expert opinion. Their teams take a practical approach to providing independent and impartial opinion on construction related matters including:
  - cost, time and quality
  - cost to complete
  - development & joint venture agreements
  - insurable loss
  - contractors all risk
  - professional indemnity
  - building and contents
  - due diligence
  - insolvency.
- The Mitchell Brandtman team is led by David Mitchell who is a Fellow of the Australian Institute of Quantity Surveyors

“The perception of value for money depends on the criteria it is measured against and 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. Market forces and market prices will influence the ultimate cost of any project and the PDP [the Project Development Plan adopted by DET for the BER Program] is a guide to the potential ultimate cost.”

Source: Mitchell Brandtman – Independent Examination of the BER Program in Queensland State Schools, Appendix 5 – Role of the audit Quantity Surveyor.

Professional standing

- The role of the Quantity Surveyor is recognised throughout the construction industry worldwide and is founded on a strong platform of tertiary qualifications, professional standards and a code of ethics.
- In Australia the professional standards body is Australian Institute of Quantity Surveyors (AIQS). Through its leadership, standards and code of ethics, it ensures that practising Quantity Surveyors are dedicated to maintaining the highest standards of professional excellence.
Section 1 - Executive summary

Strategy for the independent examination

- In accordance with the Australian Sampling Standard ASS 1199 PwC selected an initial sample of schools, drawn from across the state, and including schools with projects in each of the BER funding areas and in each of the funding rounds. The selection criteria resulted in a sample size of 273 schools. For the sample to be statistically valid a minimum of 80 responses would be required from a population of 1200 schools.

- An online survey was used to gather data from which PwC could ascertain the experience and the perceptions of key stakeholders regarding the implementation of the BER program at their schools. The questionnaire covered topics including:
  - management of the BER Program in Queensland
  - management of school projects
  - fitness for purpose of the new facilities
  - provision for better learning environments
  - value for money
  - economic impact.

- Within the main sample a subset of 25 schools were selected for PwC to perform a detailed examination of all project documents and control systems. The schools were selected from those within the main sample that had completed their projects and were making use of the facilities, or had progressed at least to the Project Definition Plan stage.

- Six schools within one hour’s driving distance of Brisbane’s CBD were selected for site visits. The schools selected for visits all had completed facilities that had been in use for at least a number of months.

- Additional perspectives were gained from detailed consideration of specific issues in schools that were the subject of complaints, or in which DET had identified matters for concern.

- PwC invited representatives of key education and industry stakeholder groups who are also members of the Minister’s Advisory Committee to provide their perspectives on the implementation of the BER program in Queensland State Schools.

- This broad approach enabled PwC to examine the implementation of the BER program from a number of different perspectives and hence have greater confidence that any matters of concern were likely to be detected in the examination.
Findings and opportunities for improvement

Finding 1: overall value for money is being achieved

- PwC’s view that the BER Program in Queensland is delivering overall value for money in achievement of the aims of the Australian Government through the BER Program which are 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.
- PwC’s examination of the BER Program in Queensland has found that the program governance is sound and that effective management processes and cost controls are in place and helping to ensure value for money is achieved across the overall program. In each of the 25 projects we have examined we found that the independent audit Quantity Surveyor has certified that:
  - Value for money is evident at the planning stage by examination of the estimates in the Project Definition Plan (PDP).
  - Value for money is evident at the contract formation stage by examination of the tendered amounts when the project has reached that stage.
  - Invoice claims by the contractors and subcontractors are valid before the invoices are paid by DET directly to the claimant.
- PwC’s analysis of stakeholder interests and the respective benefits to be delivered by the BER Program are set out in Section 2 against each of the three value for money criteria. PwC has found that the manner in which the BER Program is implemented in Queensland help to ensure that the anticipated benefits will be realised for each of the stakeholder groups.
- There will always be the possibility that some schools may incur, or have incurred, excessive costs in some projects.
- PwC found that there is no provision for performance bonus payments to contractors in any of the forms of contract used for the BER Program in Queensland state schools.
- PwC has noted that all unspent contingency amounts are able to be used by the school to pay for optional items related to a project once the remaining risk is well understood. Hence the school is able to benefit from the full amount of the funds available. From the analysis of our findings we therefore conclude that the BER Program in Queensland is delivering overall value for money.

Finding 2: management processes and cost controls implemented by DET are effective

- Documents examined for the sample of 25 schools show that each of these schools has a Project Development Plan (PDP) certified by the independent audit Quantity Surveyor and that the proposed expenditure is in line with industry benchmarks and current market prices.
- In each of the 25 schools examined by PwC we found that the required process had been followed and approvals at each of the control points have been documented for the procurement, project management and construction work.
- In the sample of 25 schools, PwC has not found any systemic problems that have caused:
  - a waste of taxpayers' funds, or
  - a failure to achieve reasonable value for money.
- PwC has not found any evidence to support any finding that the implementation of the BER Program in Queensland could be fundamentally flawed.
- 80 per cent of responses to the survey undertaken with key stakeholders agree (or were neutral) that management of the BER Program in Queensland has been effective.
- 84 per cent of responses to the survey undertaken with key stakeholders agree (or were neutral) that management of the school projects has been effective.
- Based on the results of our examination, PwC is of the view that the control mechanisms implemented by DET for the BER Program in Queensland are sound.
Finding 3: professional fees were within prescribed caps

- In the 25 schools examined by PwC, professional fees for Construction Management and Project Management were within the prescribed caps as evidenced by inspection of project documents by PwC and by a documented control check by the Principal’s Representative.
  - In each project the project management fees were contained within the cap of 4 per cent that was set in the BER Guidelines.
  - DET has advised that fees for Project Management are set at a maximum of 4 per cent with the average fee being 3.37 per cent of the total fee for the project.
  - PwC has examined DET reports to DEEWR that show project management fees for all current projects are equal to or less than 4 per cent.
  - DET has advised that Project Management Fees will now be capped at 3.37 per cent for Round 3 D&C projects
  - In those projects where a Construction Manager has been appointed the CM fee is within the cap of 6 per cent as evidenced by sign-off of control documents by the Principal’s Representative.

- Mitchell Brandtman has reviewed the Construction Manager fee and determined that “In our experience a fee such as 6 per cent is not unusual and would cover the provision of profit and “off-site” overheads. The list of project services provided leads us to conclude that a fee of 6 per cent is very reasonable and is representative of good value for money”.

Finding 4: number of complaints/ concerns received by PwC is very small

- Given the number of projects in the P21 and NSP funding areas the number of complaints/ concerns in each area is very small and the degree of successful resolution by DET is notable (nine complaints regarding 1,606 P21 projects and three complaints regarding 3,155 NSP projects). At the time of this report, ten of the twelve complaints/ concerns have been resolved, one P21 complaint/ concern is subject to further investigation.

Finding 5: BER additional workload is challenging for some school Principals, especially those in smaller schools

- Information provided to PwC indicates that some school Principals have experienced challenges because this is the first time they have been required to run the school, communicate requirements to consultants, engage with the project managers and builders to ensure that the impact of the construction work on the logistics of the school is minimised, and at the same time some have teaching responsibilities.
  - There was a message from some school Principals that have found it beneficial to have had a peer to consult with at critical decision points, in addition to the valued support provided by the DET Project Co-ordinator.
  - In the responses to the survey undertaken with key stakeholders 72 per cent agreed (or were neutral) to the statement that it was more appropriate for the BER Program to be managed by DET than by the school. 29 per cent disagreed with the statement and would have preferred to manage the project themselves.
  - PwC believes that whilst it may have been possible for more schools to have been given the discretion to self-manage their NSP projects, the pressure to meet the deadlines imposed by the BER Guidelines for NSP, P21 and SLC projects across the whole BER Program throughout Queensland means that co-ordinated central management is the appropriate approach to achieve the desired outcome.

This finding leads us to propose the “Opportunity for Improvement #1” on the following page.
Findings and opportunities for improvement

Opportunity for improvement 1: building on experience

Leverage the experience of the “front-runners” to help Principals to achieve the best possible result from their projects.

- In recognition that a higher level of involvement may be required by Principals than was previously anticipated to help to ensure the best outcome for the school, DET should consider options to provide support for schools such as:
  - Establishing a peer network by identifying Principals who have successfully completed projects and who are willing to be linked with a number of their peers who are developing projects, in order to share their experience, or;
  - Nominating a small number of Principals to assist in mentoring and support, or;
  - Provide additional short term resource or support services (eg additional focus within the DET delivery team) to assist single administrator schools through the busiest period of the BER projects.

Finding 6: satisfaction with new facilities is high

- The site visits by PwC to six schools that have completed projects and put the facilities into use indicate a very high level of satisfaction with the positive impact on those schools.
- There was a strong positive sentiment from all Principals and school staff that we interviewed that the new facilities would provide benefits to many students over an extended period, and are already providing opportunities to involve the wider school community more closely in school functions.
- In the survey responses to the statement “the facilities that were built and/or refurbished are being (or will be able to) utilised for the intended purpose by the school” 95 per cent were neutral or better, with 92 per cent agreed or strongly agreed.
- In the survey responses to the statement “our expectations have been (or are expected to be) met in terms of the quality and suitability of the new facilities” 97 per cent were neutral or better, with 81 per cent agreed or strongly agreed.

Finding 7: stakeholder perceptions of value for money cover a broad spectrum

- PwC has found that the independent audit Quantity Surveyors have certified value for money at the stages of cost estimation, tender acceptance, and approval of progress claims. These and other checks provide reassurance for DET that overall value for money is being achieved across the program.
- Nevertheless there are residual stakeholder perceptions that optimum value for money may not have been achieved in some instances.
- In addition, information provided to PwC in consultation with stakeholders indicates perceptions that costs incurred in the government schools projects may be higher than costs in Catholic and independent schools.
- In the survey responses to the statement “given the conditions contained in the BER guidelines, I believe the school had received sufficient value for money for the money that it was granted” 20 per cent strongly agreed, 31 per cent agreed, 23 per cent were neutral, 15 per cent disagreed and 11 per cent strongly disagreed.

PwC believes this broad spectrum of stakeholder perceptions merits further investigation as follows;
- PwC has already been advised by the Minister for Education that the Department intends to conduct a comparative analysis of the relative costs incurred in different school systems to provide some better insight into the underlying factors.

This finding leads us to propose the “Opportunity for Improvement #2” on the following page:
Opportunity for improvement 2: conduct a comparative analysis

PwC supports DET’s intention to conduct a comparative analysis of the procurement and construction processes employed in Queensland state schools with the equivalent processes employed by the Block Grant Authorities in Queensland.

- Matters for DET to consider should include:
  - Differences arising from the scale of the state school system.
  - Differences in standards in areas including: design and layout, materials, services, integration into the school campus.
  - BER specific factors such as measures taken to meet the short timeframes.
  - The additional cost that arises from the wide geographical dispersion of state schools across Queensland.
  - Opportunities to minimise any additional cost of compliance with government policies while still achieving the intended policy outcomes.
  - Opportunities to refine policy requirements that could enable the intended outcomes to be achieved in a more efficient manner.
  - Pool of skills and experience in the necessary aspects of managing successful facilities projects.
  - Ease with which existing business systems could adapt to BER requirements.

Finding 8: DET has achieved a high level of compliance

- DET has implemented a comprehensive program and project management framework and has achieved a high level of compliance with the BER Guidelines.
- Increased flexibility in the guidelines from DEEWR relating to approval for deviations from schedule start and finish dates has resulted in fewer instances of schedule non-compliance.

Finding 9: document and complaints management can be improved

- Project records including planning and control documents and correspondence including emails are stored in multiple locations by DET.
- As a result significant effort was required to locate all of the documents required for the PwC examination in a short time.
- PwC has noted that DET is currently undertaking a review of its document management systems.
- There was also insufficient evidence of a formal process supported by an information system to support management of the BER Program complaints. Such a system should allow recording of decisions, actions, delegation of tasks and the timing of events.

This finding leads us to propose document control as a “Matter for Consideration” in Section 7, and BER Program complaints Management as “Opportunity for Improvement #3” on the following page:
Findings and opportunities for improvement

Improve complaints handling to ensure efficient and effective resolution of issues:

- A comprehensive complaints tracking and management system should be implemented with triggers for follow-up and the ability to set escalation thresholds.
- DET should ensure that there are suitably knowledgeable and experienced staff with responsibility for managing all communication to and from Complainants and for project-managing the process of dealing with the complaints.
- Performance targets should be implemented for the management of complaints.
- DET should ensure that appropriate information management protocols are followed, including as promptly documenting proceedings of meetings and confirming with the participants.

Matters for consideration

- PwC has identified some areas in which administrative processes could be improved and these are set out in Section 7 “Matters for Consideration” PwC found that these have not had any significant impact on the success of the overall Program.

Matters for further investigation

- In accordance with our scope of work PwC will be required to complete the investigation of matters outstanding from complaints/concerns.
- Additional matters including issues relating to the mothballing of state schools and a comparison of approaches to the implementation of the BER program in different school systems will also be undertaken as directed by the Minister.
Section 1.1
Examination of a sample of BER projects in Queensland state schools
Overview and findings from the detailed examination

Overview

- PwC carried out a detailed examination of project documentation for projects at 25 schools. The sample of schools was selected by PwC to ensure representation from each BER funding round as well as geographical area.
- P21 projects were only selected if they had proceeded at least to completion of the Project Definition Plan (PDP) including the cost summary.
- Particular attention was paid to:
  - key documentation and processes
  - effectiveness of achieving value for money
  - review of professional costs
  - DET’s compliance with the BER guidelines.
- PwC engaged Mitchell Brandtman as independent Quantity Surveyors to provide an assessment of the adequacy of the approach adopted by DET in the use of audit Quantity Surveyors across the BER Program.
- DET has adopted a number of measures to ensure that the cost of the facilities represents value for money for the school. These measures include capping of cost elements for professional and project management fees and certification of value for money by qualified Quantity Surveyors.

Findings from the detailed examination

- PwC found that each of the 25 schools had:
  - approved Project Brief
  - approved Project Definition Plan
  - signed report from a Quantity Surveyor confirming value for money at the PDP stage, or recommending the engagement of a builder based on submitted costs following receipt of tenders.
- The documents examined for the sample of 25 schools indicate that in each of these schools professional fees were within the prescribed caps and construction costs were certified by the Quantity Surveyor to be value for money and within the allocated funds.
- To ensure visibility of actual costs DET has adopted the practice of paying subcontractor bills directly to the subcontractors. An additional benefit is the reduction in professional fees where DET is handling the transactions itself. Given the Government is the ultimate funder this method of direct payment reduces uncertainty and improves cash flow for subcontractors.
- The disclosure of itemised costs to the schools in the PDP cost summary has meant that schools have been able to query any unusually high cost items both pre and post tender. This has in many cases allowed them to better prioritise their requirements.
- Mitchell Brandtman found that: “With regard to value for money, all audit Quantity Surveyors have applied their experience and knowledge in their specialist field to achieve the best possible price for each project, taking into account the individual requirements of each of these projects. The use of multiple independent audit Quantity Surveyors coming from professional practise should introduce a high level of confidence in the satisfaction of the programs requirements.”
Analysis and conclusions from the detailed examination

Analysis

- In the sample of 25 schools PwC has not identified any systemic problems that may have caused:
  - a waste of taxpayers’ funds, or
  - a failure to achieve value for money.

- Documents examined for the sample of 25 schools show that each of these schools has a Project Development Plan (PDP) certified by the independent audit Quantity Surveyor and that the proposed expenditure is in line with industry benchmarks and current market prices.

- Value for money certification by the Quantity Surveyor at the PDP stage means confirmation of “reasonable market pricing” for the project as a whole and for components of the work, taking into account to the greatest extent possible the specific influences of the site and geographic location (economy).

- The additional requirement for the audit Quantity Surveyor to verify the actual prices bid by the providers of professional services and the building contractors provides a strong safeguard for value for money.

Conclusions

- In each of the 25 schools selected and examined by PwC the independent audit Quantity Surveyor has certified that the projects represent value for money according to the stage to which they have progressed.

- The controls put in place by DET to help ensure cost control, at the PDP estimation stage and subsequently following receipt of tenders are operating effectively.

- PwC believes that continuing diligent application of current control procedures, together with active engagement with school Principals and P&C representatives, can deliver overall value for money in the remainder of the program.
Section 1.2
Consultation with stakeholders
Section 1.2 - Consultation with stakeholders

Overview and findings from consultation

Strategy for consultation
- PwC conducted consultation with key stakeholders in three ways:
  1. Online survey – sent to 273 schools with responses from Principals and P&C Presidents at 135 schools with a variety of projects from different funding rounds.
  2. Site visits – six schools with completed projects.
  3. Email survey to educational and industry associations that are also members of the BER Ministerial Advisory Committee.

Findings from the consultation

Site visits
- The site visits indicated a very high level of satisfaction with the positive impact on the school where the new facilities are in use. PwC heard examples from Principals and witnessed firsthand some of the new facilities providing learning environments including:
  - Single classes being conducted in new resource centres.
  - A multi-class group in a school hall watching a dramatisation of Australian history by actors from the Queensland Arts Council.
- There was a strong positive sentiment from all individuals with whom PwC contacted, that the new facilities would provide their school with opportunities to benefit many students over an extended period, and to involve the wider school community more closely in school functions.
- A brief report of each school visit is provided in Section 4.2.
Findings from consultation

Online survey

• In addition to the site visits, PwC conducted an opinion survey of Principals and P&C Presidents in a sample of 273 schools. Responses were received from a total of 172 respondents from 135 schools.
• The survey format was a set of statements under 4 topics to which the respondent could signify strong agreement, agreement, neutral sentiment, disagreement or strong disagreement. Respondents who registered any disagreement were invited to add a comment for that response. All respondents had an opportunity to add a comment for each topic. To encourage open feedback, each respondent could request anonymity.
• **Topic 1** - Management of the BER Program in Queensland has been effective: 80 per cent of respondents agree (or were neutral) that management has been effective.
• **Topic 2** - Management of the school projects has been well executed: 84 per cent of respondents agree management has been well executed.
• **Topic 3** - The new facilities are fit for purpose and benefiting the whole school community: 94 per cent of respondents agree (or were neutral) that facilities are fit for purpose and benefit whole school community.
• **Topic 4** - The new facilities have provided better learning environments, value for money and economic impact on the local area: 85 per cent of respondents agree (or were neutral) that facilities have provided better learning environments, value for money and economic impact.

Findings from the consultation

Online survey (continued)

• All Topics- of the 172 responses 88 per cent were neutral or better with regards to the statements made in the survey:
  - 28 per cent strongly agree
  - 48 per cent agree
  - 12 per cent neutral
  - 10 per cent disagree
  - 2 per cent strongly disagree.
• Approximately 71 per cent of survey respondents preferred the central management approach, while the remainder would have preferred to manage the BER projects at their school.
• However all of the schools visited by PwC that had experienced the whole project lifecycle of a P21 project were strongly of the view that central management was the most efficient solution, because there was less impact on the running of the school.
• Survey results are included in Appendix 2.
Findings from consultation

Educational and industry associations

- All of the associations that are represented on the Ministerial Advisory Committee were invited to respond to the following four questions:

  1. **Consultation and communication:** Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members?

  2. **Value for money for Queensland State Schools:** Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered?

  3. **Economic stimulus:** Do you feel confident that the work is being organised in a way that will create employment and opportunities for local contractors and tradespeople?

  4. **Program administration, procurement, and delivery processes:** If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program.

- Responses were received from the Queensland Association of State School Principals (QASSP), Queensland Secondary Principals’ Association (QSPA) and the Association of Consulting Architects Queensland Branch (ACAQ). These are set out in Section 4.3.

Comments from the consultation

- QASSP: “In any program this large there would be expected to be instances where value for money is an issue. When QASSP has raised specific cases there have been thorough investigations and satisfactory outcomes for schools.”

- ACAQ: “For P21 Design and Construct projects, the delivery, quality and efficiency of the process was generally sound. There were some questionable results depending on whether the contractor had worked on similar projects for DET in the past.”

- QASSP: “In Round One some schools reported that literal interpretation of the guidelines prevented them achieving the best result for their site and school community. There were also some design issues for example amenities rooms at the ends of halls rather than the sides, making later expansion more expensive. These issues were resolved in later rounds. I have seen a number of P21 Projects that completely meet the needs of school communities.”

- QSPA: “Value for Money. This does exist for schools undertaking new construction projects under NSP where plans and documentation did not already exist.”

- QSPA: “For NSP projects involving procurement and/or maintenance the answer remains "no" - Principals do not feel that they are getting value for money where external project managers are being paid for work the school believes it could do.”
Section 1.2 - Consultation with stakeholders

Analysis and conclusion from consultation

Analysis

- PwC observed some level of difference between the results of the detailed and objective analysis of value for money in the 25 schools specifically examined compared to the more subjective opinions voiced in responses to the survey.
- PwC reviewed comments from respondents and contacted all who had responded “strongly disagree” to value for money. From this review PwC noted a number of patterns in the information:
  - The response was based on personal perceptions and not supported by an concrete evidence.
  - Dissatisfaction with value for money at the PDP estimate stage turned to satisfaction when actual bid prices were received.
  - Dissatisfaction arising from a high level comparison of the relative costs of residential housing or industrial sheds with school halls and resource centres, which is not a valid comparison.
  - Comparison of standard costs (eg cost per sq metre of floor area) available in industry publications applied with insufficient context.
  - A tendency to focus on “cost”, which is visible and readily measurable whereas value to students and school communities is much less tangible and consists of a number of factors, only one of which is cost.
  - A focus on the particular school, with less consideration given to value accruing to participants such as families dependent upon the construction industry.
- Comments from the school representatives indicated that those schools who participated actively in oversight of the projects, and who were prepared to ask searching questions, felt that they had achieved better results.

Conclusion

- PwC has not found any evidence to support any finding that the implementation of the BER Program in Queensland could be fundamentally flawed.
- There will always be the possibility that some schools may incur, or have incurred, excessive costs in some projects. Nevertheless, based on the results of our examination, we are of the view that the BER Program in Queensland is delivering overall value for money in achievement of the aims of the Australian Government through the BER Program which are 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.
Section 1.3
Review DET's implementation of the BER Guidelines
Overview

- The BER Guidelines are determined by the Australian Government, Department of Education, Employment and Workplace Relations (DEEWR).
- Each state education authority and Block Grant Authority is bound through a Bilateral Agreement with the Australian Government to comply with the requirements of the BER Guidelines.
- The guidelines set out funding entitlements, eligibility criteria, key milestones, and reporting requirements. DET has achieved a very high level of compliance as measured using a PwC diagnostic check list. Results are set out in Section 5.
- DET is responsible for managing the implementation of the BER Program on behalf of the Queensland Government. DPW is responsible for the procurement arrangements for the BER Program.

Findings regarding program and project management

Program management

- The governance processes set out in the Procurement Plan and Program Implementation Plan remain effective.
- The Senior Officer Steering Committee receives a comprehensive suite of progress reports at each fortnightly meeting. The meeting minutes show evidence that the governance of the BER Program is active and effective.
- No major revisions to these plans have been necessary as the program has progressed.
- 80 per cent of survey respondents believe (or were neutral) that management of the BER Program in Queensland has been effective.

Project management

- 84 per cent of survey respondents believe (or were neutral) that management of the school projects has been well executed.

Key finding

- DET has implemented a comprehensive program and project management framework and has achieved a high level of compliance with the BER Guidelines.
- Increased flexibility in the guidelines regarding approvals for deviations from scheduled commencement and completion dates has meant that particular circumstances can be accommodated and when appropriately approved by DEEWR.
Section 1.3 - Review DET's implementation of the BER Guidelines

Overview and findings for implementation of the BER Guidelines

Analysis

• DET has maintained the systems and processes to manage the implementation of the BER Program in accordance with the BER Guidelines as these have evolved.
• PwC has observed a professional approach to compliance with the guidelines.

Conclusion

• PwC has not detected any non-compliances in the period since the previous review that are significant to the conduct of the BER Program.
Section 1.4

Investigate complaints/ concerns relating to BER program in Queensland state schools
Section 1.4 - Investigate complaints/ concerns relating to BER program in Queensland state schools

Overview and findings from complaints

Overview

• PwC investigated nine complaints/ concerns regarding P21 projects and three regarding NSP projects on behalf of DET. We considered information provided by DET, documents provided by the Complainants, and information gathered in discussions with Complainants.

• We sought to ascertain if there was any evidence that:
  – Value for money has not been achieved in relation to a project.
  – Taxpayers’ funds have been wasted.
  – Procurement in relation to a project has not been undertaken in accordance with the relevant Queensland Government Policies.

Findings regarding complaints

• The twelve complaints related to the following topics:
  – Disappointment at being disadvantaged when the BER Guidelines required a change from a needs-based allocation to an enrolment-based allocation (1)
  – Value for money in P21 (5)
  – Delay in commencement of one NSP project (1)
  – A community issue regarding the proposed location of the school hall on a public park adjacent to the school (1)
  – Sadness at demolition/replacement of the old school hall (1)
  – Project management fees for Round 1 NSP procurements (1)
  – Noise, an increase in traffic, obtrusive lighting and parking issues (1)
  – Miscommunication of the detailed allocation of funding across multiple projects (1).

• The nine P21 complaints have arisen from a total of more than 620 P21 projects that are now in progress or completed. The three NSP complaints have arisen from more than 2500 NSP projects (approximate number of NSP projects at the time of the complaints).

• Nine of the complaints were received in the first six months of the BER Program (Mar 09 to Aug 09). Three complaints were received in the succeeding 10 months.

• At the time of this report, eight of the nine complaints relating to specific schools have been resolved. One area of concern is still being investigated by PwC as further information becomes available.

• Two school-centred complaints that have been resolved also included some matters of concern regarding matters not specific to a particular school. These matters are the subject of further investigation by PwC. They relate broadly to Australia-wide delivery of the BER Program and to aspects of the Queensland whole-of-government approach to policy and initiatives.

• All of the matters that have not been finalised at the time of this report will be the subject of a supplementary report to the Minister.
Analysis and conclusions from complaints

Analysis P21

- There have been specific instances reported to PwC by schools that have raised concerns about potential excessive costs of some items in the Project Definition Plan (PDP) cost summary. The PDP is a planning document with an estimate of costs and not a commitment to expend money. The PDP shows funds put to “contingency” for use under the BER Guidelines. The real costs are only determined upon completion of the building contractor’s bid against the detailed schematic designs.

- Concerns about value for money appear to have arisen, particularly in Round 1, where cost breakdowns were not disclosed to some of the schools or were not sufficiently detailed to be informative. Where there has been clear and open communication with the schools at the PDP development stage and where the cost plan and contingency for optional items has been well understood there has been better understanding of costs and value for money and hence no complaints.

Analysis NSP

- In recognition of the smaller nature of National School Pride (NSP) projects the Department of Public Works (DPW) invited expressions of interest from smaller consultant organisations to perform the joint roles of project manager, architect and quantity surveyor on NSP projects based on a geographically clustered basis.

- A flat cost consisting of approximately 3.5 per cent project management and 7 per cent for design, documentation, procurement and contract management (10.5 per cent in total) was developed for a range of services after analysis of a previous call for tenders.

- The procurement process for the component of BER was based on the Australian Government's guidelines. The guidelines were written with the expectation that professional design input would be required for all NSP projects and smaller consultant organisations were engaged for this purpose.

- As the interpretation of the Australian Government’s guidelines were relaxed, schools opted to change their NSP priorities towards projects consisting of the purchase of equipment. This led some schools to question the need for smaller consultant organisations in managing these projects.

- The procurement arrangements were changed for Round 2 of NSP with smaller consultant organisations not managing largely equipment purchase projects.

Conclusions

- In our investigation of whether value for money has or has not been achieved in relation to a project we found:

Complaint: NSP Round 1 projects not achieving value for money

- Value for money was diminished from the perspective of the school due to the purchase of items such as whiteboards and furniture as part of the NSP Round 1 attracting a project management fee.

Complaint: P21 projects not achieving value for money

- For each of the five schools who had complained about value for money at the PDP stage, PwC has confirmed that their concerns have been resolved, either because the real costs that have been determined through bid prices have come in lower than the PDP estimates, or through the application of contingency amounts to the benefit of the school.

Complaint: Procurement processes not followed

- Based on our detailed examination of 25 schools procurement processes were compliant with the BER Guidelines and state government policy.
Section 1.5
Overall conclusions
Overall conclusions

- The aims of the Australian Government through the BER Program are 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 Queensland Government, through the Department of Education and Training and Department of Public Works has put the following key measures in place to help to achieve these aims:
  - Adopted a rapid Design and Construct procurement and contracting method to enable it to meet deadlines in Round 1 (20 per cent of schools) and part of Round 2.
  - Implemented a robust management framework using 8 Construction Managers selected through a competitive tender process with the capacity to direct and call tenders for the high volume of work in that part of Round 2 not covered by Design and Construct procurement.
  - Adopted a Design and Construct method for the remainder of Round 3 to ensure completion of projects within the required timeframe (total Round 3 is 40 per cent of schools).
  - Expanded the pre-qualified contractor supply chain to help to ensure that demand could be met and to help to reduce upward pressure on prices that could arise as the supply chain reaches capacity.
  - Enforced as far as practicable the use of local contractors, employment of apprentices and indigenous labour in delivery of the program.
  - Applied DET standards to ensure that the new facilities are fit for purpose in a school environment.
  - Put in place cost control mechanisms using independent audit Quantity Surveyors to help to ensure value for money right from the planning stage through acceptance of bids to verification of payment claims.
  - Ensured that the school Principals and Presidents of the P&Cs reviewed and approved the Project Development Plan for their school.
  - Ensured that guidelines for community use of school facilities were applied.
- The combination of these key measures, plus a comprehensive program governance and project delivery management framework has helped to ensure a high level of compliance with the BER Guidelines, overall achievement of value for money across the program, and recognition in the school communities of the benefits to be derived from use of the new facilities for years to come.
Section 2
Value for money
Section 2 - Value for money

Effectiveness, efficiency and economy

- PwC was asked to carry out an independent examination of the systems and processes implemented by DET to deliver the BER Program in Queensland. A key aspect of several parts of our examination is the effectiveness of the approach taken by DET in achieving value for money (VFM).
- The concept of value for money is a judgment formed by a person as to the relative benefit of something compared with its cost. Some aspects of value for money can be supported by quantifiable measures; however other aspects are a subjective judgement within the value system of that person.
- In the case of the BER Program there are multiple interested parties with different expectations of benefits and strongly held views on the best use of public monies, as well as many diverse beneficiaries.
- Hence each of these stakeholders is likely to form a different judgement based on different factors of whether value for money has been achieved even when the facts are agreed.

... in the BER Program

- In the BER Program, public money is being invested by the Australian Government on behalf of the Australian people.
- The goals of the Australian Government for the investment are stated in the two elements of the BER Guidelines as follows:
  - BER consists of two elements as follows:
    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 three E’s

- Value for Money is used to assess whether or not an organisation or person has obtained the optimum benefit from the goods and services they acquire within the resources available to them.
- Some elements may be subjective, difficult to measure, intangible and open to misunderstanding.
- Judgement is therefore required when considering whether value for money has been satisfactorily achieved or not.
- Value for Money not only considers the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness, and convenience to judge whether or not, together, they constitute optimum value.
- Achieving value for money is often described in terms of ‘the three Es’ - effectiveness, efficiency and economy:
  - **Effectiveness** - obtaining the optimum benefit
  - **Efficiency** - delivering the benefit for less time or effort
  - **Economy** - optimising use of resources to minimise expense.
- In tables 1 to 3 on the following pages we have set out how each of these factors may be viewed by the different stakeholder groups with respect to the BER Program in Queensland state schools.
Table 1 – Effectiveness of the BER Program in Queensland state schools

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Interests represented</th>
<th>Aims</th>
<th>Beneficiaries</th>
<th>Key priorities and goals or constraints requirements established in the BER Guidelines</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Australian Government</strong></td>
<td>The Australian people</td>
<td>Provide economic stimulus through the rapid construction and refurbishment of school infrastructure.</td>
<td>Participants at all levels in the construction industry supply chain including: construction managers, project managers, builders, architects, quantity surveyors, engineers, electricians, plumbers, building trades people, suppliers of materials and equipment, employees.</td>
<td>Rapid mobilisation - ensure that the design, application and assessment processes are fast-tracked, with minimal red tape. Identify and communicate opportunities in local areas for trades people and other small businesses.</td>
<td>Economic stimulus sustains profitable commercial activity across the depth and breadth of the construction industry supply chain. Sustained employment despite a general downturn in building activity in other sectors. <strong>Achievements</strong> in Queensland State Schools: DET has reported that as at 1/06/2010 $476m has been expended on completed projects and $484m has been expended on projects that have commenced.</td>
</tr>
<tr>
<td><strong>Queensland State Government</strong></td>
<td>Queenslanders</td>
<td>Build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.</td>
<td>Children in state schools, teachers, families and community groups who use the facilities.</td>
<td>Construction of new libraries. Construction of new multipurpose halls (e.g. gymnasium, indoor sporting centre, assembly area or performing arts centre) or, in the case of smaller schools, covered outdoor learning areas. Construction of classrooms, replacement of demountables or other building to be approved by the Commonwealth. Refurbishment of existing facilities.</td>
<td>Better learning in fit-for-purpose facilities across a wide range of curricular and co-curricular activities. Better integration of the school into the local community through use of new facilities for cultural and sporting activities.</td>
</tr>
<tr>
<td>Department of Education and Training</td>
<td>Queensland State Schools Staff and students</td>
<td>Delivering world-class education and training</td>
<td>Students, their families, and their communities.</td>
<td>Permitted use of funding.</td>
<td>Better safety where students no longer need to travel to another facility. <strong>Achievements</strong> in Queensland State Schools: Site visits (6 schools) – Principals unanimously described the positive impacts that the new facilities are having in their schools. Survey (173 respondents) – In response to questions to determine if &quot;the new facilities are fit for purpose and benefitting the whole school community&quot; 42% of respondents strongly agree, 42% agree, 10% were neutral, 6% disagreed and 1% strongly disagreed.</td>
</tr>
<tr>
<td></td>
<td>Parents and Citizens Committees</td>
<td>Teaching and Learning - achieving better outcomes and helping students become the best they can be.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>The wider school community</td>
<td>To promote the interests of, and facilitate the development and further improvement of the School.</td>
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<td></td>
</tr>
</tbody>
</table>
Section 2 - Value for money

Table 1 – Effectiveness of the BER Program in Queensland state schools

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Interests represented</th>
<th>Aims</th>
<th>Beneficiaries</th>
<th>Key priorities and boundaries established in the BER Guidelines</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Services Division</td>
<td>Staff and students, The wider schools community, Department of Education and Training</td>
<td>To provide fit-for-purpose, value for money, well designed, long lasting infrastructure that supports users.</td>
<td>Students, their families, and their communities, Department of Education and Training.</td>
<td></td>
<td>Appropriately designed infrastructure. Minimisation of ongoing recurrent costs such as maintenance. Longevity. Benefit of the asset provided over many years for users.</td>
</tr>
<tr>
<td>Queensland State Government Department of Public Works</td>
<td>All users of the new facilities, Construction industry supply chain</td>
<td>Increase the number of PQC accredited suppliers to provide capacity in the supply chain and ensure rapid mobilisation through streamlined procurement processes while operating within the Capital Works Management Framework.</td>
<td>Businesses in the full depth of construction industry supply chain.</td>
<td></td>
<td>Economic stimulus Achievements, as reported by DET. As at 31/05/2010, $1,082m has been expended into the construction industry supply chain. As at 31/05/2010, 8,164 jobs were sustained over a 12 month period; with approximately 15,800 jobs expected to be created over the life of the BER Program in Queensland.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ensure opportunities for apprentices and for indigenous workers within the program.</td>
<td>Trade apprentices and trainees, Indigenous workers, especially those in remote communities.</td>
<td></td>
<td>Sustained employment of apprentices, trainees and indigenous workers despite a general downturn in building activity in other sectors. DPW has advised that Queensland is on target for the 10% training policy. Overall, based on Compliance Pans to 31 May 2010, 853,371 deemed hours are expected. Queensland has progressively achieved 247,901 total training hours in the combined BER and Social Housing elements of the Nation Building program (NBESP).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ensure that regional communities are not disadvantaged through scarcity of local resources for the program.</td>
<td>Queenslanders living in regions.</td>
<td></td>
<td>Regional communities can receive the employment educational benefits of the BER Program in areas where the necessary skilled resources are scarce Achievements in Queensland State Schools: 3955 projects with a total value of $1,612m are being undertaken in regional schools.</td>
</tr>
</tbody>
</table>

Conclusion

PwC found that each of the stakeholder groups has benefited as anticipated from the BER Program.
### Table 2 – Efficiency of delivery of the BER Program in Queensland state schools

<table>
<thead>
<tr>
<th>Responsible entity</th>
<th>Scope of responsibility</th>
<th>Objectives</th>
<th>Approach</th>
<th>Efficiencies achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government Department of Public Works</td>
<td>Procurement processes</td>
<td>Rapid mobilisation using existing procurement frameworks and processes. Expanding the supply chain of pre-qualified contractors to minimise delivery risk. Establishing benchmark fees for certain essential services. Meeting project delivery timeline without compromising quality. Align all management for all nation building stimulus plan.</td>
<td>Leverage pre-qualified contractors in the supply chain to achieve rapid mobilisation and ensure quality across a large volume of work. Promotion and road-show to inform contractors on how to achieve pre-qualification in time to be considered for work in the BER Program. Competitive tendering.</td>
<td>Rapid mobilisation of projects. Reduction of the impost on the industry of the cost of failed bids by contractors and professionals through the use of efficient procurement models.</td>
</tr>
<tr>
<td>State Government Department of Education and Training</td>
<td>Management of the BER Program and delivery of projects</td>
<td>Delivering the program within the required parameters of time, cost, quality and scope.</td>
<td>Cost verification by independent audit Quantity Surveyors. Program governance and management processes. Project delivery team with defined responsibilities and control processes. Detailed tracking of all project control documents to ensure all required approvals are in place at each decision point.</td>
<td>Making use of existing frameworks for certification and procurement in DPW Project Services and existing management capability in DET Infrastructure Services spread the workload across the two departments and enabled rapid mobilisation and effective project control.</td>
</tr>
<tr>
<td>School Principal</td>
<td>Sign-off of the funding application and the Project Definition Plan</td>
<td>To ensure that the proposed facilities are appropriate to the needs of the school in accordance with the BER Guidelines.</td>
<td>To review and approve the application for funding. To review and approve the Project Definition Plan prior to any work being tendered. To liaise with the site manager and project manager during construction.</td>
<td>Queensland state primary schools do not have established and well-practised processes for managing capital work projects. Centrally managing the program significantly reduced the load that would have been placed on Principals and P&amp;C Members so that schools could continue to function with the minimum possible impact.</td>
</tr>
<tr>
<td>Parents and Citizens Association</td>
<td>Sign-off of the funding application and the Project Definition Plan</td>
<td>To ensure that the proposed facilities are appropriate to the needs of the school and the wider school community in accordance with the BER Guidelines.</td>
<td>To review and approve the application for funding. To review and approve the Project Definition Plan prior to any work being tendered.</td>
<td>Centrally managing the program significantly reduced the load that would have been placed on Principals and P&amp;C Members so that schools could continue to function with the minimum possible impact.</td>
</tr>
<tr>
<td>Design and Construct Contractors</td>
<td>Design and delivery of Round 1, part of Round 2 and part Round 3 projects</td>
<td>To ensure that the new facility is fit for purpose and is constructed in accordance with required standards.</td>
<td>Management of all aspects of the design and delivery of the project subject to project controls and audit QS.</td>
<td>Rapid mobilisation of projects. Reduction of the impost on the industry of the cost of failed bids.</td>
</tr>
</tbody>
</table>
Table 2 – Efficiency of delivery of the BER Program in Queensland state schools

<table>
<thead>
<tr>
<th>Responsible entity</th>
<th>Scope of responsibility</th>
<th>Objectives</th>
<th>Approach</th>
<th>Efficiencies achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Managers</td>
<td>Managing the entire project through specification, design and construction for groups of schools in geographic regions for Rounds 2 and part Round 3</td>
<td>To ensure that the new facility is fit for purpose and is constructed in accordance with required standards.</td>
<td>Management of all aspects of the design and delivery of the project subject to project controls and audit QS.</td>
<td>Avoidance of requirement for additional resources in the DET delivery teams by engaging CMs to manage multiple projects across a region, including the tendering of work in the projects. Upskilling of level 1 and 2 PQC contractors.</td>
</tr>
<tr>
<td>Independent Audit Quantity Surveyor</td>
<td>Cost and quality control</td>
<td>Provide appropriate professional expertise to ensure that the facility will be constructed using materials of the required specification and that the cost of construction represents value for money.</td>
<td>Verification that costs included are valid; that material specifications and quantities are appropriate and that the costs proposed are in line with current benchmarks and trade prices at the location, and that site specific costs are not excessive.</td>
<td>Cost efficiencies in the facilities and services. Independent assurance of value for money.</td>
</tr>
<tr>
<td>Professional services organisations</td>
<td>Providing architecture, engineering, inspection and certification services</td>
<td>To ensure that the new facility is fit for purpose and complies with required standards.</td>
<td>Engaged by the Construction Managers and Design &amp; Construct Contractors. Under Construction Management professional fee invoices are certified by DPW and then paid by DET.</td>
<td>The pre qualification system is an efficient risk management approach that ensures that the professionals engaged have the requisite technical and financial capability.</td>
</tr>
<tr>
<td>Builders and tradespeople</td>
<td>Onsite work to prepare the site, construct and hand over the completed facility</td>
<td>To ensure that the new facility is constructed according to specification, on time and within the contracted cost.</td>
<td>Engaged by the CMs and D&amp;C Contractors. Under Round 2 and 3, CM Builders invoices are certified by DPW and then paid by DET.</td>
<td>The PQC system is an efficient risk management approach that ensures that the professionals engaged have the requisite technical and financial capability.</td>
</tr>
</tbody>
</table>

**Conclusion**

PwC found that the approach to implementation of the BER Program in Queensland state schools has been efficient when the short timeframe and large scale of the program are taken into consideration.
## Table 3 – Economy of delivery of the BER Program in Queensland state schools

<table>
<thead>
<tr>
<th>Responsible entity</th>
<th>Scope of responsibility</th>
<th>Objectives</th>
<th>Approach</th>
<th>Extent of cost control</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Government</td>
<td>Procurement processes</td>
<td>Minimise procurement cost and duration by using existing procurement frameworks and processes.</td>
<td>Round 1 and Round 2 Design and Construct Methodology. Round 2 and Round 3 Construction Manager Methodology. Round 3 Design and Construct Methodology.</td>
<td>Construction does not commence until certification of costs by an audit QS.</td>
</tr>
<tr>
<td>Department of Public Works</td>
<td>Management of the BER Program and delivery of projects</td>
<td>To ensure completion of the BER projects according to the BER Guidelines, on time, on budget and to the required quality.</td>
<td>Program Governance committees (central). Program Management team (central). Project Delivery team (distributed). Planning, risk management, performance reporting.</td>
<td>Program and project management systems are comprehensive and effective.</td>
</tr>
<tr>
<td>School Principal</td>
<td>To review and approve the application for funding. To review and approve the project cost estimates. To ensure that the proposed facilities are appropriate to the needs of the school and the wider school community and the BER funding will be utilised effectively.</td>
<td>Close involvement in the application and planning process. Communicate the needs and priorities of the school to the planning team. Engage with the Project Coordinator throughout the life of the project.</td>
<td>The Principal exercises control through the Project Coordinator, and can draw upon support from the BER Delivery Team and ultimately the Director-General as Chair of the program governance committee.</td>
<td></td>
</tr>
</tbody>
</table>
### Table 3 – Economy of delivery of the BER Program in Queensland state schools

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<tr>
<th>Responsible entity</th>
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<th>Approach</th>
<th>Extent of cost control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents and Citizens Association</td>
<td>To review and endorse the application for funding. To review and endorse the project cost estimates.</td>
<td>To ensure that the proposed facilities are appropriate to the needs of the school and the wider school community and the BER funding will be utilised effectively.</td>
<td>Close involvement in the application and planning process. Support the Principal in communicating the needs and priorities of the school to the planning team.</td>
<td>A representative of the P&amp;C is required to sign off on the PDP.</td>
</tr>
<tr>
<td>Design and Construct Contractors</td>
<td>Design and delivery of Round 1 Projects</td>
<td>To safely deliver the required facility on time and to the required standards, quality and price.</td>
<td>Managing the whole project and constructing the facility within the contracted price.</td>
<td>Construction does not commence until certification of costs by QS.</td>
</tr>
<tr>
<td>Construction managers</td>
<td>Managing the project through specification, design and construction for groups of schools in geographic regions</td>
<td>Managing the whole project within the contracted price.</td>
<td>Engaged by DET. Managing multiple projects in a designated region and constructing the facility within the contracted price.</td>
<td>Control is exercised by the CM to ensure the facility is delivered as contracted.</td>
</tr>
<tr>
<td>Professional services organisations</td>
<td>Providing architecture, engineering, inspection and certification services</td>
<td>Ensuring compliance with regulations and required standards within the scope of their discipline.</td>
<td>Engaged by the D&amp;C Contractor or CM according to the BER Round.</td>
<td>Coordination by the CM to ensure the facility is fit for purpose.</td>
</tr>
<tr>
<td>Building Contractors and tradespeople</td>
<td>Onsite work to prepare the site, construct and hand over the completed facility</td>
<td>To safely deliver the required facility on time and to the required standards, quality and price.</td>
<td>Working under the direction of the CM.</td>
<td>Control is exercised by the CM to ensure the facility is delivered as contracted.</td>
</tr>
<tr>
<td>Quantity Surveyors</td>
<td>Certification of value for money in the materials and labour costs and professional fees for each project.</td>
<td>To ensure that the price paid for the new facilities is in line with relevant benchmarks according to the nature of the facility, characteristics of the site, and geographical location.</td>
<td>Appointment of independent audit Quantity Surveyors to certify every P21 and SLC project. Benchmarking against relevant projects (pre-BER school projects, other BER projects in state and independent schools) and checking of trade prices for materials and labour.</td>
<td>With respect to the materials and labour costs and professional fees: - All Round 1 projects have been certified by the audit QS as meeting value for money criteria. - All projects that have proceeded to tender in Rounds 2 and 3 have received a QS certification of value for money.</td>
</tr>
</tbody>
</table>

### Conclusion

PwC found overall that the BER Program in Queensland state schools is achieving value for money. It is possible that implementation over a longer timeframe could have reduced the cost of delivery, however as the construction industry recovers it is likely that rising cost trends would dilute the potential benefit.
Section 3
Detailed examination of a sample of BER projects
Section 3 - Detailed examination of a sample of BER projects

Procurement controls

Project documentation examination

- PwC undertook a detailed examination of the documentation for 25 BER projects in Queensland that were completed in 25 different schools.
- This involved reviewing information for each of the 25 projects against a detailed process map and checklist that was prepared in conjunction with DET based on the different procurement methodologies.
- Particular focus was paid to:
  - Allocation of funding to the schools based on school enrolments as at February 2009.
  - Agreement from the Principal and P&C representative with the project definition plan (PDP) for each of the schools.
  - Sign-off from an independent audit Quantity Surveyor determining value for money (the role of the audit Quantity Surveyor is discussed in Appendix 4 of this report).
- For the 25 schools reviewed it was evident that the three key criteria outlined above were adhered to and the approval process followed.
- DET has, by leveraging off the existing the State Government Capital Works Management Framework, engaged in a procurement process that uses qualified Quantity Surveyor consultants to verify the value for money of costs presented by construction companies.
- Engagement of key stakeholders from school and P&C has allowed these groups to influence the design and finished product of the facilities.
- The payment process was also examined where progress claims paid to builders were supported by a Quantity Surveyor report detailing the work that had been done to date. Payment requests are submitted by the Project Manager or Construction Manager and managed in accordance with the BCIPA 2004 Act and the QBSA Act 1991.

Sample selection methodology for the 25 schools

- PwC mapped a sample selection process, which was used to select the sample 25 school projects to be examined. The process was as follows:

  **Step 1:** DET provided PwC a database containing all Queensland school projects.

  **Step 2:** PwC stratified the sample size into the categories of work performed, namely P21, SLC and NSP.

  **Step 3:** PwC established and group geographical locations in the following categories:
  - Category 1: Metropolitan + North Coast = 1825
  - Category 2: Darling Downs South + South East = 1473
  - Category 3: Central Queensland + North Queensland + Far North Queensland = 1621.

  **Step 4:** PwC filtered the data and select the following variables:
  - Category (funding allocation)
  - BER Area Program (both Brisbane and Regional)
  - Project Type P21, NSP or SLC
  - Round 1 or Round 2 or Round 3.

  **Step 5:** PwC used a random selection algorithm to select the individual school sample.

  **Step 6:** PwC checked the selected sample with list selected for examination by the Queensland Audit Office (QAO), as provided by DET. If a match is found in the QAO list, reselect sample from population listing.

  **Step 7:** PwC checked that the projects had progressed to at least the PDP stage for P21. If not, PwC reselected an item from the population listing.
Section 3 - Detailed examination of a sample of BER projects

Procurement methodologies

- All three methodologies require sign-off from:
  - School Principal
  - P&C representative
  - Letter from independent audit QS recommending the costs outlined in the PDP.
- DET are involved in reviewing all PDPs to ensure that they are in line with BER Guidelines.
- The audit QS helps to ensure value or money as detailed in Appendix 4.
- Each methodology relies on industry experts to advise on whether project costs are inline with industry costs.
- Different methodologies are used to stimulate different levels of the construction industry.
- This is documented in fact sheet 4 which states “BER seeks to deliver value for money outcomes through increasing participation across as many levels of the Queensland construction industry as possible.”
- The use of different methodologies helps to engage multiple levels of the construction industry and provides an optimal approach to the different demands of urgency and scale.
Role of audit Quantity Surveyor

- Each Audit Quantity Surveyor has been engaged by DET and has entered into an agreement which refers to the terms of reference for the Audit Quantity Surveying Consulting Services dated August 2009. In the following extract from that document, the term “Principal” refers to the Department of Public Works acting for the Queensland Government:
  - The primary objective of this consultancy is to ensure that the Principal’s financial interests in respect of this project are protected and that value for money is obtained.
  - A separate terms of reference was used for Construction Manager and Design Contractor audit Quantity Surveyor role.
- Sections 9 and 10 of the terms of reference for the audit Quantity Surveying Consulting Services for Construction Management include the following statements:
  - “The audit Quantity Surveying services will be a financial audit role for the total cost of each individual school component including all building works and non-contract items in order to provide comprehensive cost management to final completion of the project.
  - Make recommendations regarding the Construction Manager’s cost proposals for the scope of works.
  - Final approved costs will be set after detailed reviews of accepted tenders and non-contract costs with on-going adjustments made there-to. The audit Quantity Surveyor will provide a cost summary reflecting the gross project cost in accordance with DET requirements.
  - During the construction and post construction stages, the audit Quantity Surveyor will provide cost monitoring services to ascertain the values of the project costs including project contracts established by the Construction Manager. Reported costs will include any valid adjustments for variations, claims, the Construction Manager’s fee and non-contract costs.
  - The audit Quantity Surveyor will review, negotiate, and agree any necessary changes and report to the Principal on the Construction Manager’s cost submissions during all phases of the project.
  - Audit Quantity Surveyors will not be engaged for projects on which they currently have a working relationship with the same Construction Manager. Consultants must declare any conflict of interest in their submission.
  - Review, report and make recommendations to the Principal on the following services which are required to be submitted by the Construction Manager:
    > cost plans in elemental format
    > interim budget checks
    > design options and analysis
    > engineering systems options
    > building systems, material and finishes
    > site options and analysis
    > life cycle costing options
    > sub-consultant’s recommendations
    > engineering services estimates
    > monthly cash flows forecasts (on an accrued basis)
    > benchmarking comparison to establish “value for money”
    > area comparison schedules to reflect briefed areas
    > furniture and equipment allowances
    > cost plan summary report in accordance with standard DET requirements
    > claims for additional payment by consultants and statutory authorities
    > claims for additional payment by the Construction Manager”.

Section 3 - Detailed examination of a sample of BER projects
Design and Construct methodologies

Role of Project Manager as outlined in Queensland BER Fact Sheet 2
- “Private sector prequalified project manager whose role is to oversee the whole project, drive project outcomes ensuring that designs meet the agreed brief and budgets and regularly report to DET on progress on matters such as time, cost, quality and scope.”
- DET has advised that fees for Project Management are set at an average of 3.37 per cent of the total fee for the project which is below the 4 per cent threshold for Project Management set by the Australian Government.
- DET has advised that Project Management Fees are capped at 3.37 per cent for Round 3 D&C projects.

Role of Design and Construct Contractor Round 1 as outlined in BER Fact Sheet 2
- “Private sector prequalified registered builder / contractor whose role is to prepare the design documentation in conjunction with a principal consultant and then undertake the construction component of the project for Round 1 and part of Round 2”.

Role of Design and Construct Contractor Round 3 as outlined in Queensland BER Fact Sheet 2
- “Private sector Pre-qualified registered builder/contractor whose role is normally to undertake the design and construction component of the project.”
Design and Construct Methodologies

**Design & Construct (D&C) Round 1/2**

*Stage 1*
- PCQ contractor is allocated to school
- PCQ contractor paid 2.5% of allocated budget to prepare plans based on templates as agreed with school principal and P&C outlines in the project brief

Project Manager engaged to oversee the process (Ave 3.37% fee)
- ***Design and budgets outlined in the PDP are reviewed by the Contractor’s QS and then by the audit QS, Currie and Brown***
- ***Budgets and plans assessed and an assessment of Value for Money is made***
- Should the QS agree with value for money then stage 2 of the D&C contract is awarded to the contractor to construct the facilities. Should value for money not be determined then work is tendered to different contractors to ensure value for money.

*Stage 2*
Construction contract awarded.

**Project Brief**
- Obtain the Commonwealth Funding
- Agree which type of facility and the template to use
- Sign-off from School Principal, School P&C, Principal Facilities Officer, Project Director
- Prepared by the PM
- Detailed breakdown of the proposed development
- Includes detailed budget estimates
- Letter from QS stating value for money based on benchmarks
- Sign-off from School Principal, PM and D&C Contractor, school P&C, Principal Facilities Officer

**Design & Construct (D&C) Round 3**

*Stage 1*
- Project Manager is allocated to school
- Project Manager fee of 0.73% to manage the design documentation
- Tenders for Principal Consultants were called to prepare plans based on templates as agreed with school principal and P&C outlined in the project brief
- ***Design and budgets outlined in the PDP are reviewed by the Project Manager QS and then by the audit QS***
- ***Budgets and plans assessed and an assessment of Value for Money is made***
- Once the budgets are agreed as value for money in the Cost Plan summary in the PDP the project manager calls for tenders based on the details schematics
- Project Manager engaged to oversee remainder of the project for 2.64% (Total 3.37% fee)

*Stage 2*
The tenderer that is most appropriate for the development is recommended by the PM and costings are reviewed by the QS. An assessment of value for money is again determined at this***.

**Responsibilities**

**VALUE FOR MONEY**
*** Value for money is assessed by the audit Quantity Surveyor. The role of the Quantity Surveyor is discussed in Section 4.
Construction Manager methodologies

Construction Manager (CM) role

The CM is not the building contractor. The responsibilities of the CM as per AS4916-2002 6A.2 states that for each component of the PDP, the CM must:

(i) fully review DET’s project requirements for each component
(ii) provide to DET a detailed project estimate for each component which shall include:
   a. A detailed description of the scope of work to be completed on the site in respect to the component and all approved design documents.
   b. A detailed breakdown of the estimated cost of the component, including a budgeted component costs which must not exceed the budget for the component advised to the construction manager by the Principal.
   c. A description of the underlying financial, contractual and design assumptions which support the project estimate.
   d. The proposed date of completion.
   e. The amount of the lump sum payment required by the construction manager in respect of on-site overheads.

(iii) Manage site safety, performing the important role of Principal Consultant under the Workplace Health and Safety Act

CM fees are set at 6 per cent of the fixed project budget and covers profit and off-site overheads

- Project and design management
- Cost planning and estimating
- Construction planning and programming
- Commercial management and central administration
- Construction management and construction cost management
- Insurances (public liability, workers compensation & Professional)
- Disbursements, profit and off-site overheads.

Mitchell Brandtman has reviewed the Construction Manager fee and determined that: "In our experience a fee such as 6 per cent is not unusual and would cover the provision of profit and “off-site” overheads. The list of project services provided leads us to conclude that a fee of 6 per cent is very reasonable and is representative of good value for money."

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Section 3 - Detailed examination of a sample of BER projects

### Construction Manager methodologies

#### Project Brief
- Obtain the Commonwealth Funding
- Agree which type of facility and the template to use
- Sign-off from School Principal, School P&C, Principal Facilities Officer

#### Project Definition Plan (PDP)
- Prepared by the CM
- Budget breakdown of the proposed development
- Includes detailed budget estimates
- Letter from audit QS at the budget stage stating value for money
- Sign-off from School Principal, CM, P&C, Principal Facilities Officer and Project Coordinator

PDP is an overall agreement that documents all stakeholder involvement. Once agreed with by the Principal Facilities officer and BER Contracts Manager the construction contract detail, at the time the contract is awarded, cannot be varied without Principal Facility Officer’s authorisation.

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### Documentation Responsibilities

- Obtain the Commonwealth Funding
- Agree which type of facility and the template to use
- Sign-off from School Principal, School P&C, Principal Facilities Officer
- Prepared by the CM
- Budget breakdown of the proposed development
- Includes detailed budget estimates
- Letter from audit QS at the budget stage stating value for money
- Sign-off from School Principal, CM, P&C, Principal Facilities Officer and Project Coordinator

PDP is an overall agreement that documents all stakeholder involvement.

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### Construction Managers

PQC Construction Manager’s (CM) tendered for jobs based on areas. Winning contractors were:
- Abigroup Limited
- Baulderstone Pty Ltd
- Hansen Yuncken Pty Ltd
- John Holland Group
- Laing O’Rourke
- Leighton Holdings
- Thiess
- Watpac Ltd

CM is responsible for preparing the PDP. Once the PDP is agreed then the CM undertakes a tendering process. The tenderer that is most appropriate for the development is examined by the CM QS. An assessment of value for money is determined at this stage.***

DET reviews documents prepared by CM and only approves if in line with BER guidelines both at the tendering stage and the contract awarding stage

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### Value for Money

*** Value for money is assessed by the audit Quantity Surveyor. The role of the audit Quantity Surveyor is discussed in Section 4
Section 3 - Detailed examination of a sample of BER projects

Design and Construct process

General guide for schools

- DET has provided schools with the diagram in the table opposite that shows the Queensland BER flow for an individual project. The procurement methodology outlined in the diagram is the Round 1 and 2 D&C contract methodology.
- The D&C and Construction Management Methodologies are described in more detail in the following pages.
- The document provides an overview of the necessary steps from initially obtaining funding through to the opening of the new facility.
- Queensland BER fact sheet 1 states that:

“The DPW is leading the development of the overall procurement framework and models of delivery for the BER Program. All procurement strategies have been developed consistent with the requirements of the ‘Capital Works Management Framework’, the Queensland Government’s key policy for managing risks in the planning and delivery of government building projects and the Australian Government’s BER Guidelines.”

Source: DET
Section 3 - Detailed examination of a sample of BER projects

Design and Construct procurement methodology for Round 1 and 2

- PQC contractors were selected using a competitive process involving non-price criteria that include capability and financial viability and they were allocated work in a geographical area.

- BER Queensland Fact Sheet 2 states that:

“A two stage design and construct contract methodology has been adopted for the first round and a small number of the second round of P21 projects. A design and construction contract is a fast track procurement method where the contractor undertakes design and construct components of the project from a prepared client brief. The contractor engages an architect to undertake the design stage. This procurement method fast tracks the commencement of projects enabling the tight timeframes by the Australian Government to be achieved.”

- DET’s delivery strategy provides for the engagement for key stakeholders including the school Principal and the P&C through steering committee meetings for their input into the project.

- An independent Quantity Surveyor firm is involved prior to the awarding of Part 2 (the Construction) of the D&C contract. This provides an independent assessment that the Building Contractor has priced the project correctly and the costing indicates value for money is being achieved. Note: this is a secondary VFM assessment after the contractors price offer has been endorsed by the Project Manager’s Quantity Surveyor who is independent of the contractor team.

- Queensland BER Fact Sheet 2 states:

“If the lump sum tender represents value for money as assessed by (the) project manager and quantity surveyor, in accordance with the benchmark rates for the BER Program as determined by DPW, a contract is awarded for Part B to the contractor.”

- DET award the contract if all BER Guidelines have been adhered to.
Queensland BER Fact Sheet 3 states that:

“A Construction Manager is a major contracting organisation whose role is to oversee the delivery of an Australian Government approved school project; drive project outcomes including design and construction ensuring that designs meet the agreed brief and budgets; and regularly report to DET on progress on matters such as time, cost, quality and scope.”

The CM methodology allows multiple projects to be undertaken simultaneously. The expertise of the eight CMs was seen as the main driver to allow multiple projects to be completed on time and within budget.

DET, through the DPW BER procurement plan, have mapped out a process that has multiple review points.

Through the use of independent consultants and liaising with key stakeholders, DET have a process that allows issues to be raised at multiple stages in the process.

A review of the cost plan summary by an independent audit QS which provides a review of the costs estimates before the plans are tendered,

Queensland BER Fact Sheet 3 states:

“The Construction Managers competitively tender the various contract packages required to deliver the construction works including professional design fees.”

Construction Managers are then required to assess each of the tenders and make a recommendation to DET for the preferred supplier.

The audit Quantity Surveyor then reviews the revised cost plan summary and make an assessment of value for money.

If all documentation is in line with BER Guidelines and audit QS letter is satisfactory the contract is awarded.
**Round 3 D&C** is another iteration for the procurement methodology to stimulate all levels of the construction industry.

- As with the other methodologies, Round 3 D&C requires sign-off from the Principal and the P&C at the PDP development stage.
- Involves the audit QS to assess value for money for estimated costs before tenders are requested.
- DET must approve the PDP once the estimates have been reviewed for value for money. This allows the Project Manager to call tenders.
- Audit QS is involved again once tenders have been received by the PM to assess value for money.
- Should value for money be achieved the PM submits a recommendation to DET with the supporting letter from the audit QS stating value for money is achieved with the tender price.
- DET appoint builder if all documentation is in line with BER Guidelines and audit QS letter is satisfactory.
- Contract Awarded.
Control documents

Project establishment brief

The Australian Government BER Guidelines detail the projects that schools can develop, listed in priority. These are detailed below:

<table>
<thead>
<tr>
<th>Priority One</th>
<th>Construction of new libraries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Two</td>
<td>Construction of new halls</td>
</tr>
<tr>
<td>Priority Three</td>
<td>Construction of classrooms or demountables or other suitable project for the school</td>
</tr>
<tr>
<td>Priority Four</td>
<td>Refurbishment of existing buildings</td>
</tr>
</tbody>
</table>

Point 8 of the BER business rules – Project establishment brief states that:

- The standard design templates, as issued by the BER team, approved by the Minister and submitted to the Australian Government, must be used as the default solutions.

Point 11 of the BER business rules – Project establishment brief states that:

- Where a school has previously engaged a consultant to professionally document a similar in-scope project solution, these may be considered as a non-standard design solution.

Point 36 of the BER business rules – Project establishment brief states that:

- There must be sign-off on the Project Establishment brief from the Principal Facilities officer, school Principal and a representative from the P&C.

Point 42 of the BER business rules – Project establishment brief states that:

- Projects must be kept within the Australian Government funding allocation. No other funding is available from the Australian Government or the State to assist with cost overruns.

Project definition plan (PDP)

The Project Manager or Construction Manager documents the requirements of the school through schematic diagrams and a detailed budget.

Construction Managers are bound by AS4916-2002 which details the rights and obligations of the Construction Managers including their role in preparing the PDP.

The PDP must contain the following:

- Preparation of designs to ensure that the design solution complements the existing facilities and achieves a cost effective design solution with regards to site conditions, infrastructure availability, foundation adequacy, cut and fill considerations, drainage and all environmental conditions.
- A signed statement of compliance stating that the design complies with the requirements of the brief and nominated DET requirements and standards.
- There must be sign-off of the Project Development Plan from the School Principal, representative of the P&C Association, BER Project Coordinator and the Project/Construction Manager sign-off.
- More recent documentation contain an Integrated Planning Act checklist, helping to ensure all planning approaches are obtained.

Summary

Project Brief Documents – 25 of 25 schools had the document available for the examination

Project Definition Plan – 25 of 25 schools had the document available for the examination
Section 3 - Detailed examination of a sample of BER projects

Examination process

The process

- Examination process determined in conjunction with the DET Contracts Manager and a review of the DPW procurement plan.
- Initial review requested 650 documents in total across the project brief, project development plan, tender process and payment process.
- Hard copies of the files were prepared and reviewed. The documents detailed in the files were not a complete record of the project documentation.
- Subsequent to the initial hard copy review a list of documents were requested from the document management system, TRIM.
- PwC was granted access to the online document management to review to sight the relevant documents.
- An initial review of the TRIM database reduced the unfilled documents and a further request for unfilled documents was submitted. These documents were then located in the course of the examination.

The findings

- The 25 schools examined, each had:
  - a project brief
  - a project definition plan
  - an audit Quantity Surveyor report referring to value for money at PDP stage or recommending the engagement of the builder based on submitted costs at the tendering stage.
- PwC found independent audit Quantity Surveyor statements that certified that construction companies were not charging above the industry benchmarks for the work performed.
- 25 Schools had the sign-off from the Principal and P&C representative in the PDP.
- There was evidence of multiple sign-offs at a control point during Round 1 where a signatory signed for more than one project. The Contracts Manager has advised that this has subsequently being resolved with individual sign-offs required for each project.
- There was evidence that not all documents are maintained on the one system, either hard or electronic. The Contracts Manager has advised there is a backlog of documents due to the number of projects and a ballooning of the number of documents being generated. The BER project team is currently in the process of loading and cataloguing all documents in the electronic document management database, TRIM.
- Note that DET is currently undertaking a review of its document management processes to ensure consistency and compliance.

Summary

- Major control documents are evident for the projects examined.
- More than 400 control documents were initially not on file but were subsequently located.
- Several document requests were required for documents to be available for examination because not all documents are kept in the same medium.
DET has been proactive in their response to communication issues raised during Round 1.

An advisory paper was produced by DET in July 2009 that was used as a tool when undertaking face to face meetings with Project Coordinators and school Principals. The document covers the following key areas:

- Roles and Responsibilities of each of the team members in the BER project, specifically the school Principal, Regional Facilities Officer, the DPW and the Project Coordinator.
- BER funding for school projects being based upon the number of enrolments at the school with funding to cover the cost of construction and of the facilities and all other development costs.
- The use of template designs to enhance the speed to construction. The advisory paper states that templates must be used by each project unless the school has a pre-approved design available or can demonstrate that the non-use of a template is reasonable, appropriate and that the building process can still be expedited and achieved within the prescribed timeframes.
- Template cost plans and explanatory notes for each line item outlining what each line item relates to and whether it is compulsory or not.
- Near the end of construction, when the risk of additional costs is reduced, project coordinators will work with schools to determine a school’s priorities to allow for the incorporation of any unexpended contingency into the project.
- Under P21 Round 2 & 3 and SLC the Construction Managers will competitively tender the various contract packages required to deliver the construction works including the range of professional design services.
- The Construction Manager will obtain a design, cost estimate and programme for each school project under BER and be required to consult extensively with schools through the design and construction phase of the project.
- A Principal’s representative will also be engaged independent of the Construction Manager. The primary responsibility of the Principal’s representative is to undertake the day-to-day administration of the contract. The Principal's Representative will maintain ongoing liaison with the Construction Manager ensuring client expectations are being meet in line with contractual obligations.
- An independent Quantity Surveyor will be engaged to work closely with the Principal’s Representative providing an audit role that ensures the financial interests of the project are protected and that value for money is obtained.
Section 3 - Detailed examination of a sample of BER projects

Learnings

Standard templates
- Initial PDP documentation was based on a PDP standard template which was developed for establishing new schools.
- Documentation was amended to make it more BER specific with the inclusion of sign-offs from school Principal and P&C and an allowance for changes to scope.
- Specific PDPs were developed for individual BER projects i.e. P21 vs. Prefabricated buildings.
- Current PDP allows for a more detailed breakdown of costs which increases the communication with key stakeholders.

BER Queensland database
- Queensland BER Contracts Manager controls a database that manages all approval and status of the projects.
- Information in the database is updated daily and represents the live position of each of the projects.
- Database is also used as an analytical tool to compare costs of two similar projects and check for reasonableness.

Inter-department communication
- Interactions between the different departments has increased. The BER Program involves multiple Queensland Government departments (DET, DPW, DPC, DEEDI). Communication is vital to a successful implementation.
- BER contracts manager has advised that the lines of communication have improved making for a more efficient process.

Document management
- All documents need to be loaded and filed appropriately within a one week timeframe of the document been received by the contracts manager.

Multiple sign-offs
- Notwithstanding clear instructions from the BER team in DET the following non-compliances were found:
  - Multiple sign-offs on project from the BER Project Facilities Officer were sited for P21 round 1 projects. Sign-offs also contain a disclaimer which states that “subject to the BER Guidelines being adhered to then approval is given.”
  - A letter from one Quantity Surveyor which states that they approve multiple projects.
  - All sign-offs need to be individual and specific without a disclaimer.
- PwC has been advised by the BER Queensland Contracts Manager that multiple sign-offs are no longer acceptable and all sign-offs are now specific and individual.

Uniform execution of project documentation
- Execution of project documentation has historically been in multiple forms making it hard to trace through to find approvals. All projects should execute the documentation in the same way to ensure that an audit trail and be easily and efficiently followed and reviewed.
Section 4
Consultation with key stakeholders
Section 4.1
Survey
Section 4.1 - Survey

Overall findings

- PwC invited 273 Queensland state schools to participate in an online survey.
- An secure login was sent to each of the school Principal and P&C President for their participation.
- PwC received a total of 173 responses from 135 schools, made up of:
  - 135 responses from Principals
  - 38 responses from P&C Presidents.
- The survey contained 33 questions with the opportunity for respondents to provide specific comments for each question.
- The survey also allowed a general comment to be made on each of the following categories:
  - Management of the BER Program
  - Management of the school projects
  - Implementation of the BER Program
  - New facilities.
- A summary of responses to all questions from all respondents is illustrated in the graph opposite.

Responses - All Questions

All except one of the survey questions were framed so that “agree” is a positive response:

- 28 per cent of responses strongly agree
- 88 per cent of responses were neutral or better
- 2 per cent of responses strongly disagree
Per topic analysis

Responses per topic

- **Topic 1** - Management of the BER Program in Queensland has been effective:
  - 80 per cent of respondents agree (or were neutral) that management of the BER Program has been effective.
  - 20 per cent of survey respondents disagree that management of program was effective.

- **Topic 2** - Management of the school projects has been well executed:
  - 84 per cent of respondents agree (or were neutral) that management has been well executed.
  - 16 per cent of survey respondents disagree that management has been well executed.

- **Topic 3** - The new facilities are fit for purpose and benefiting the whole school community:
  - 94 per cent of respondents agree (or were neutral) that facilities are fit for purpose and benefit whole school community.
  - 6 per cent of survey respondents disagree that facilities are fit for purpose and benefit whole school community.

- **Topic 4** - The new facilities have provided better learning environments, value for money and economic impact on the local area:
  - 85 per cent of respondents agree (or were neutral) that facilities have provided better learning environments, value for money and economic impact.
  - 15 per cent of respondents disagree that facilities have provided better learning environments, value for money and economic impact.

For each topic over 80 per cent of all responses were neutral or better
Section 4.1 - Survey

Value for Money analysis

Summary

- The survey question was “Given the constraints imposed by the BER Guidelines, I believe the school has received sufficient value for the money it was granted.”
- 74 per cent of total respondents agreed (or were neutral) that their school had achieved value for money.
- 26 per cent of total respondents did not agree their school had achieved value for money.
- PwC provided respondents with an option to maintain anonymity. For those who did not claim anonymity PwC has followed up to learn the nature of the concerns.
- PwC has summarised the nature of the perceptions into the following categories (in order of priority):
  - Excessive cost.
  - Greater benefit if project had been managed by the school.
  - Value for money was not achieved due to lack of flexibility in the BER Guidelines.
  - Inappropriateness of project because funding was not needs-base.

Responses

Results of further consultation

- PwC found that cost complaints from schools whose projects were at PDP stage (estimate of costs) were largely resolved when tendered prices had been received and the schools were able to include optional items that had seemed to be beyond reach.
- The value for money concerns have been taken into account in formulating the Opportunities for Improvement.
Contract investigation analysis

Summary

- The survey question was “I believe it is necessary to further investigate contracts related to the building works at our school.”
- 82 per cent of respondents did not believe it necessary to further investigate contracts.
- 18 per cent of respondents believe it necessary to further investigate contracts.
- PwC provided respondents with an option to maintain anonymity. For those who did not claim anonymity and made a specific comment PwC has contacted the respondent to obtain additional details on their concerns regarding contracts.
- The following comments provide an insight into some of the concerns:
  - “I would be interested to look at the charge out rates that the companies who worked on our project identified for their staff. I know that senior/experience staff cost more to work on projects and in our case we were looked after by many junior professionals who lacked the experience to do a competent job” – P&C President at a Metropolitan school.
  - “I believe the contracts are over priced. We as a community feel that there is a lack of value for money with most school projects. We have enough qualified trades in our local community to perform all aspects of works yet never given the opportunity to use them. We are a small community that pride ourselves in spending locally whenever possible to keep local money in our community. It is obvious that the government feed the bigger contractors who in turn feed their exclusive sub-contractors, wasting money in the process.” – P&C President at a Regional school

Responses

- Results of further consultation
  - PwC found that the concerns expressed in responses to this question were of a general nature regarding value for money from the perspective of the cost of the facilities.
  - PwC was not advised of any matters involving irregularity with any of the contracts.
  - The value for money concerns have been taken into account in formulating the Opportunities for Improvement.
Section 4.2
Site visits
PwC selected six schools who received funding under Round 1 of the BER Program because each of these schools has gone through the whole project lifecycle and so, has real experience of the facilities in use in the school and community.

Each visit consisted of an interview with the school Principal and a tour of the new school facilities.

All six schools described how their school is now operating with the new facilities and spoke of their experience with the BER Program.

The schools visited were:
- Bald Hills State School
- Darra State School
- Everton Park State School
- Loganholme State School
- Marshall Road State School
- Wondall Heights State School.

Site visit locations
Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- There is a positive overall impression of the BER Program at Bald Hills.
- The school community is "thrilled" with the new facility.
- The school believes they have achieved value for money.
- The builders and project management team acted professionally and in the best interest of the school.
- Neither the P&C nor the school Principal had the time or the experience to take on the role as Project Manager.
- Key benefits of the new facility include the ability to hold assemblies, community activities and major school community events.
- The school will save money in the future as previously the entire school had to be transported by bus to a nearby church/hall.
- The money saved by the P&C can now be spent on other investments or any additional facilities that the hall requires.
- The key challenges faced by the school as a result of the program include playground logistics and an increase workload of the facilities manager.
- The long term benefits and savings as a result of the new facility are "fantastic". The community looks at the BER program as a long term investment.

## Table

<table>
<thead>
<tr>
<th>Type of facility</th>
<th>Hall and Resource Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of funding</td>
<td>P21 and NSP</td>
</tr>
</tbody>
</table>
| Amount of funding | P21: $3,000,000  
NSP: $200,000 |
| Project Manager  | D&C                     |
| Contractor       | Cadence Australia  
Hutchinson Builders |
| Enrolment numbers (February 2009) | 616 |

**The Principal:**

- "the community looks at the BER program as a long term investment."
- "the school believes they have achieved value for money."
Section 4.2 - Site visits

Multipurpose hall - Bald Hills State School
Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- The entire school community is “ecstatic” about the new facilities.
- The new resource centre is a “great” facility.
- The hall is “fantastic” and is used for numerous events such as concerts, weekly parade, morning teas and community activities (PCYC groups).
- The school Principal and P&C would not have been able to manage the process without the help of the Project Manager.
- The biggest challenges the school had with the program included:
  - The speed at which the program moved. Everyone involved was under enormous time pressures. There was no time to consult the community and the school felt rushed in their decision making.
  - The contractors did not always listen to the school’s requests (eg colour scheme) and this resulted in numerous small arguments and some re-work was required.
  - The program took an enormous amount of the Principal’s time and meant other parts of the Principal’s role were neglected. This is a single-administrator school.

**Recommendations from the school community**

- More time for consultation and explanation to community, Principal & P&C
- Recognise the time and energy Principals are required to give for the project and provide a short term additional resource (1 month) to help the Principal with the increased load.
Section 4.2 - Site visits

Multipurpose hall and resource centre - Darra State School
PwC visited Everton Park State School on 28 May 2010

Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- The school had several meetings with DET representative and a meeting with the Deputy Prime Minister on 1 July 2009 to resolve the issues faced by the school.
- Facilities may not be best value for money however are suitable for the school.
- Several community groups are regularly utilising the new facilities.
- The school found the Project Manager to be “fantastic” and will use him with future school projects. The school also found the Architect “good”.
- The Principal received support from the P&C as well as local politicians.
- The program consumed an enormous amount of the Principal’s time.
- The school faced a number of issues over the course of the program. These issues included:
  - Quality of workmanship has not been good but defects are being rectified.
  - The work supervisor was not active in his role.
  - The school found that there was a lack of communication and knowledge of how schools work with the majority of the contractors.

**Recommendations from the school community**

- School communities should decide what the school requires and be actively involved in the entire process to ensure the school receives value for money.
- Principals need to keep eye on the workmanship of tradesmen.
- Additional support needs to be provided to Principals. This could be in the form of a hotline or additional resources - a Principal who has been through the process.
- There should be an increase in communication and consultation from DET. The program advisory paper came too late for us.

**The Principal:**

“the school hall is a fantastic facility, which without BER funding the school would have been unable to afford.”

<table>
<thead>
<tr>
<th>Type of facility</th>
<th>Hall, refurbishment to several classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of funding</td>
<td>P21 and NSP</td>
</tr>
</tbody>
</table>
| Amount of funding| P21: $2,500,000  
NSP: $200,000     |
| Project Manager  | Incoll Management                      |
| D&C Contractor   | Glenzeil                               |
| Enrolment numbers (February 2009) | 391 |
Section 4.2 - Site visits

Multipurpose hall and science lab - Everton Park State School
PwC visited Loganholme on 21 May 2010

Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- The school would not have been able to afford the new facilities without the BER Program.
- The new hall allows the school to hold school functions regardless of the weather.
- The process to allocate funding to the school was transparent and we had good opportunity to provide input.
- The school community is satisfied that the program will have delivered better learning environments for our school.

<table>
<thead>
<tr>
<th>Type of facility</th>
<th>Hall and resource centre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of funding</td>
<td>P21 and NSP</td>
</tr>
<tr>
<td>Amount of funding</td>
<td>P21: $3,000,000 NSP: $200,000</td>
</tr>
<tr>
<td>Project Manager</td>
<td>Turner and Townsend</td>
</tr>
<tr>
<td></td>
<td>Kane Constructions</td>
</tr>
<tr>
<td>Enrolment numbers (February 2009)</td>
<td>408</td>
</tr>
</tbody>
</table>

The Principal:

"we can fit the whole school into the hall."

"the facilities have really made a difference to the school and already in use by some community groups."
Section 4.2 - Site visits

Multipurpose hall and resource centre - Loganholme State School
Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- The school would have been unable to afford the new facilities without BER funding.
- The entire community can benefit from the new hall and there are several community groups who are already utilising it.
- The hall is fantastic and can hold the entire school. It is used regularly to hold school assemblies and social events including the school graduation, Arts Council productions and P&C fundraising activities.
- The hall and the resource centre both meet the requirements of the school and the school believes they have achieved value for money.
- The biggest challenge the school faced during the implementation of the project was that the Federal Government changed the rules/guidelines. This meant that the school had to change their priorities.
- The school found the Quantity Surveyors helpful during the program.
- Neither the school nor the P&C could have managed the projects themselves. There was a great need for the Project Manager.
- In the early stages of the project the neighbours made a complaint about the location of the hall. This complaint has been resolved.

**The Principal:**

“the new facilities are fantastic and the entire community will benefit from the new hall.”

“the BER Program could not have been managed or implemented more efficiently.”
Section 4.2 - Site visits

Performing arts centre and resource centre - Marshall Road State School
Below is a summary of an interview held by PwC with the Principal, and comments made by the Principal:

- The hall is fantastic and the community is thrilled with the new facility.
- The school received funding under the State Schools of Tomorrow program for new classrooms and had already using Dickinson as the builders. They continued as the builders for the Hall. The school was extremely pleased with them.
- Principal had great support from parent community and all staff. Decisions were made collaboratively, however at the end of the day it is the Principal’s responsibility to ensure value for money and they make the final judgement.
- With enhanced facilities right across the school, teaching and learning has improved, staff morale is trending upwards and student behaviour management challenges have decreased.
- The school required the services of the Project Manager. The schools expertise is in education and not in managing construction projects.
- The DET facility officers were “extremely” helpful.
- The original plans for the hall were not as the school would have liked and the school renegotiated these until they received what the school required. The outcome ensured that the school has received a value for money facility.
- The key challenges the school faced during the program included:
  - Logistics of moving children as work progressed.
  - The unknown (i.e. water cut offs).
  - Ensuring that staff were vigilant about workplace health and safety issues.

**The Principal:**

*“Teaching and Learning has improved, staff morale is trending upwards and student behaviour management challenges have decreased.”*

*“At the end of the day it is the Principal’s responsibility to ensure value for money and they make the final judgement. If the Principal isn’t satisfied with the plan, don’t proceed.”*
Section 4.2 - Site visits

Multipurpose hall - Wondall Heights State School
Section 4.3
Key education and industry stakeholders
Consultation with education and industry stakeholders

- All of the associations that are represented on the Ministerial Advisory Committee were invited to respond to the following four questions:

  1. **Consultation and communication:** Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members?

  2. **Value for money for Queensland State Schools:** Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered?

  3. **Economic stimulus:** Do you feel confident that the work is being organised in a way that will create employment and opportunities for local contractors and trades people?

  4. **Program administration, procurement, and delivery processes:** If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program.

- Responses were received from the Queensland Association of State School Principals (QASSP), Queensland Secondary Principals’ Association (QSPA) and the Association of Consulting Architects Queensland Branch (ACAQ). These are set out in in the following pages.
### Section 4.3 - Key education and industry stakeholders

Queensland Association of State School Principals

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
</table>
| 1. Consultation and communication: Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members? | • In the very early stages of the program there was a great deal of confusion in school communities about how much money would be available to them. The Commonwealth Government published a set of indicative figures that were different to the amounts communicated to schools by DET. This caused some school P & C Associations to seek clarification from their Federal Members about the exact amount of their funds.  
• This situation was resolved in a manner that provided certainty to schools in terms of total funds available.  
• I personally believe there may still be some confusion in school communities about the fact that the total scope of work in P21 projects must be completed within this figure unless certain infrastructure work is already approved for the school.  
• The information sheets provided by the Director General have helped schools understand the nature of those "on" costs that lower the amount available for construction.  
• The training of Project Officers employed to assist schools in the nature of their role has made them much more useful to school principals in their negotiation with contractors.  
• QASSP is satisfied with the current consultation and communication strategies. Our Association applauds the establishment of the Ministerial Advisory Committee on BER.  
• A suggestion for improvement would be to notify schools at the time they enter the P21 Program of any electrical, communication, security or other infrastructure upgrades already approved for their facilities. |
| 2. Value for Money for Queensland state schools: Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered? | • There was an obvious failure to deliver value for money in the initial rounds of the NSP Program. In the first 80% of projects there was a 3.5% project management fee even where the project only required procurement from a single or small number of suppliers.  
• My briefings from senior DET officers have convinced me that this is a legally binding arrangement that cannot be changed. I believe it occurred because the first Commonwealth Government guidelines specified that all NSP projects had to have a significant building component and DET acted to secure an industry wide competitive project management fee.  
• In Round One some schools reported that literal interpretation of the guidelines prevented them achieving the best result for their site and school community. There were also some design issues for example amenities rooms at the ends of halls rather than the sides, making later expansion more expensive. These issues were resolved in later rounds. I have seen a number of P21 Projects that completely meet the needs of school communities.  
• In any program this large there would be expected to be instances where value for money is an issue. When QASSP has raised specific cases there have been thorough investigations and satisfactory outcomes for schools. |
Section 4.3 - Key education and industry stakeholders

Queensland Association of State School Principals

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
</table>
| 3. Economic stimulus: Do you feel confident that the work is being organised in a way that will create employment opportunities for local contractors and tradespeople? | • QASSP has raised examples of work being undertaken in Townsville by Cairns contractors at the same time as Townsville contractors are working in Cairns. We understand that this occurs because the scope of the BER Program means that work must be contracted in amounts that tend to exclude smaller builders. There is also the need for contractors to have prior Quality Assurance in order to meet the deadlines imposed by the stimulatory nature of the BER Program.  
• I believe, as much as possible, local contractors have been considered given the scope of the program.  
• A relaxation of the deadlines for individual schools unable to obtain satisfactory quotes for NSP projects because local contractors are not available was allowed in individual cases. |
| 4. Program administration, procurement, and delivery processes: If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program. | N/A                                                                                                                                 |


## Association of Consulting Architects Queensland Branch

### Section 4.3 - Key education and industry stakeholders

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultation and communication: Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members?</td>
<td>Yes</td>
</tr>
<tr>
<td>2. Value for Money for Queensland state schools: Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered?</td>
<td>Not generally – due to (short) timeframe and inexperience (of some suppliers in relation to school facilities)</td>
</tr>
<tr>
<td>3. Economic stimulus: Do you feel confident that the work is being organised in a way that will create employment opportunities for local contractors and tradespeople?</td>
<td>Yes</td>
</tr>
<tr>
<td>4. Program administration, procurement, and delivery processes: If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program.</td>
<td>Members have been involved in numerous different procurement methods for BER contracts. Each has their own strengths and weaknesses but the lack of familiarity with DET requirements and experience in this type of work has produced inefficiencies, questionable results and will provide long-term maintenance issues for the schools generally. We can attribute most of this to the demands of the time-frame, the need to spread the work around and enormity of the task at hand. The perceived lack of market input into the procurement measures adopted has produced some negativity in the industry as a whole. The schools are all in a better position individually and members believe that the work has produced an economy boost as designed. NSP work process has generally provided some good outcomes For P21 Design and Construct projects, the delivery, quality and efficiency of the process was generally sound. There were some questionable results depending on whether the contractor had worked on similar projects for DET in the past. It is perceived that this process however has produced better value for money than the Round 2 Managing Contractor results.</td>
</tr>
</tbody>
</table>
### The Queensland Secondary Principals’ Association (QSPA)

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultation and communication: Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members?</td>
<td>At the local school level I believe there is now quite a degree of consultation, between Principal, project manager and BER advisors. At the system level there has been much better communication through the Minister's Advisory Committee - I felt that we got a good hearing and any issues I subsequently forwarded to the BER team have been dealt with promptly. The problem is that no consultation occurred initially when the strategy regarding the contracts was being developed. If this had occurred differently, before the contracts were advertised. Unfortunately because of the expense in breaking contracts we are &quot;stuck&quot; with paying out of project funds project management fees for many projects that are procurement or simple maintenance. State Secondary Principals feel particularly aggrieved because our non state colleagues have full control of their NSP $200,000.</td>
</tr>
<tr>
<td>Value for Money for Queensland state schools: Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered?</td>
<td>This does exist for schools undertaking new construction projects under NSP where plans and documentation did not already exist. It remains to be seen whether the Commonwealth requirement for &quot;templates&quot; for the large projects eg science/language labs will allow sufficient flexibility to enable schools to get the facility that best serves their curriculum and particular needs and deliver value for money. For NSP projects involving procurement and/or maintenance the answer remains &quot;no&quot; - Principals do not feel that they are getting value for money where external project managers are being paid for work the school believes it could do.</td>
</tr>
<tr>
<td>Economic stimulus: Do you feel confident that the work is being organised in a way that will create employment opportunities for local contractors and tradespeople?</td>
<td>From discussions at the Ministerial Advisory Committee it is clear that a lot of attention has been given to creating opportunities for local contractors. However, there are cases where local contractors did not apply (or perhaps were not selected) for DET work, and some country Principals have complained that their work is being done by someone located in another city, and they are paying for travel related costs.</td>
</tr>
<tr>
<td>Program administration, procurement, and delivery processes: If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program.</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Section 5
Compliance with BER guidelines
Section 5 - Compliance with BER guidelines

Implementation of BER guidelines

Implementation of the BER Guidelines

- PwC undertook a desk review of measures implemented by DET to ensure compliance with the BER Guidelines Version 3, 21 September 2009.
- At this stage of the BER Program, DET has had the opportunity to establish systems and processes to ensure that obligations have been met.
- DEEWR has provided for greater flexibility in some key performance parameters including exception handling processes for milestone dates.
- PwC has not carried out a detailed examination of every process, rather we have relied on evidence of outcomes in program documents or on the statements of DET staff.
- A summary of our assessment is provided in the chart on the following page, and the detail of each element is set out in the following pages.
- Details of the full review are contained in Appendix 6.
Section 5 - Compliance with BER guidelines

Implementation of BER guidelines
Assessment of Program / Project Management Maturity

1. Ad-Hoc / Initial:
   Disorganised. Systems and processes are not defined. Success depends on individual effort.

2. Abbreviated / Repeatable:
   Some processes and systems are established. Underlying disciplines, however, are not well understood or consistently followed. Success of this element is largely unpredictable.

3. Organised / Defined:
   Processes and systems are documented, standardised, and integrated. Success of this element is generally predictable.

4. Managed / Measurable:
   Detailed measures of the effectiveness of this element are collected and used by management. The process is understood and controlled. Success is consistently predictable.

5. Adaptive / Optimised:
   Continuous improvement of the process is enabled by feedback from the process and from piloting innovative ideas and technologies. Success is the norm.
Section 5 - Compliance with BER guidelines

Progress towards recommendations made in the PwC Review September 2009

1. Memorandum of understanding

DET and DPW / QBuild should develop a Memorandum of Understanding that sets out mutual collaboration protocols...

Status:

Collaboration between DET and DPW has become more effective as the respective teams have become more familiar with their roles. Protocols for collaboration are documented in the responsibilities matrix.

2. Provision for recurrent funding

... a detailed assessment of the net increase in cost provisions for asset maintenance for future years should be made in time for budget submissions for recurrent costs.

Status:

Detailed assessment completed.

3. Support for new consultants and contractors

... with large numbers of new contractors / consultants who have limited experience with construction of government buildings, there is a need to incorporate additional quality assurance controls and provide additional support for new contractors and consultants throughout the program. ...

Status:

Additional support for new contractors and consultants has been provided through the network of Project Coordinators in the DET delivery team.

4. Role and participation of DEEDI

The role for DEEDI in the BER Program, and consequently their membership of the Senior Officers Steering Committee (SOSC) should be re-assessed.

Status:

Although DEEDI is no longer represented on the SOSC there is ongoing consultation between DET and DEEDI regarding matters relating to employment.

5. Developing a learning organisation

The program governance, management, procurement and delivery functions are well established and being proactively enhanced. We believe that the organisation should consider setting a goal of achieving the Adaptive / Optimised maturity level. The BER Program should be used as the catalyst for introducing learning and innovation practices. As data gathering and reporting on key performance indicators is optimised the emphasis for the program management function should become data analysis and program optimisation. The program organisation is substantially integrated into the DET line management framework, so the increased maturity gained from program learnings and feedback can be expected to contribute to sustained performance improvement across other current and future endeavours.

Status:

DET has established improved data analysis and reporting systems that will be employed in other major capital works programs. Learnings from the BER Programs has led to minor organisational refinements in Infrastructure Services Division and improvements in other capital programs.
Matters for consideration

Of the sixteen matters for consideration, fourteen have been adopted; one relating to use of an online survey system has been partially adopted, and the development of documentation for a supplementary quality plan has been commenced.

Status:

Discussions with DET staff have indicated that matters for consideration have been continued or substantially adopted. Exceptions are:

– the use of an online survey tool for ongoing assessment of stakeholder satisfaction. DET has preferred to conduct small-scale personal consultations with specific groups of stakeholders on particular issues affecting the group.
– drafting of a Quality Plan as a component of the Program Delivery Plan has been commenced and should now be completed.
Section 6
Investigation of complaints
Section 6 - Investigation of complaints

Complaints background

Background

- The Department of Education, Training and Arts (DET) through their Program Implementation document dated July 2009 outlined the following summary of the Building the Education Revolution program:

  - “On 3 February 2009, the Australian Government announced an economic stimulus package which included $14.7b to enhance facilities at schools called Building the Education Revolution (BER).”

- Of this, Queensland State Schools are expected to be allocated a total of $2.1billion. BER consists of three elements as follows:
  - 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.
  - 3. National School Pride - to refurbish and renew existing infrastructure and build minor infrastructure in all schools.

Program objectives

- 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 role of the independent examiner

- Subsequent to the implementation of the BER program, complaints have been received by both the Department of Education, Training and the Arts and the independent examiner, PwC.

- PwC’s role as independent examiner is to investigate complaints received that allege one or more of the following criteria
  - Value for money has not been achieved in relation to a project.
  - Tax payer’s funds have been wasted in relation to a project.
  - Procurement in relation to a project has not been undertaken in accordance with relevant Queensland Government policies.

- The complaint review process adopted by PwC is detailed on the following page.
Section 6 - Investigation of complaints

Process of reviewing complaints
Section 6 - Investigation of complaints

Context for the concerns/complaints

Key statistics - P21
- The table below is a summary of total expenditure on facilities in Queensland primary schools, for all rounds allocated to Queensland schools.

<table>
<thead>
<tr>
<th>Education authority</th>
<th>No of projects</th>
<th>No of schools</th>
<th>Amount funded</th>
<th>% per sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>1,670</td>
<td>1,080</td>
<td>$1,789,000,259</td>
<td>68.29%</td>
</tr>
<tr>
<td>Catholic</td>
<td>359</td>
<td>228</td>
<td>$495,940,935</td>
<td>18.93%</td>
</tr>
<tr>
<td>Independent</td>
<td>217</td>
<td>166</td>
<td>$334,701,725</td>
<td>12.78%</td>
</tr>
<tr>
<td>Total</td>
<td>2,246</td>
<td>1,474</td>
<td>$2,619,642,919</td>
<td>100%</td>
</tr>
</tbody>
</table>

- In the Government Category (Queensland State Schools) a total of 338 P21 projects are complete and 289 projects are currently under construction.
- Nine complaints relating to P21 projects have been forwarded by DET to PwC for review.
- Out of the nine complaints, four relate to ‘value for money’.
- At the date of this report eight of the nine P21 complaints have been resolved and one is the subject of further investigation.

Key statistics - NSP
- The table below is a summary of total expenditure on facilities in Queensland primary schools, for all rounds allocated to Queensland schools.

<table>
<thead>
<tr>
<th>Education authority</th>
<th>No of projects</th>
<th>No of schools</th>
<th>Amount funded</th>
<th>% per sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>3037</td>
<td>1,264</td>
<td>$165,156,121</td>
<td>69.65%</td>
</tr>
<tr>
<td>Catholic</td>
<td>491</td>
<td>289</td>
<td>$45,279,000</td>
<td>19.09%</td>
</tr>
<tr>
<td>Independent</td>
<td>178</td>
<td>177</td>
<td>$26,696,693</td>
<td>11.26%</td>
</tr>
<tr>
<td>Total</td>
<td>3706</td>
<td>1,730</td>
<td>$237,131,814</td>
<td>100%</td>
</tr>
</tbody>
</table>

- As at the date of this report three complaints in relation to NSP projects have been received by DET.
- Out of the three complaints one relates to a value for money issue.
- The value for money complaint regarding the application of project management fees to equipment purchases was not resolved for all projects in Round 1, however measures were taken in Round 2 to provide greater flexibility around equipment purchases.
- At the date of this report, two of the three NSP complaints have been finalised and one was received too late to be included in this report. It will be included in a future report.
Timeline of complaints

* 1 new matter received

Legend
- Orange: P21 – Round 1
- Blue: P21 – Round 2
- Purple: P21 – Round 3
- Green: NSP – Round 1

Section 6 - Investigation of complaints
## Summary of complaint/concerns

<table>
<thead>
<tr>
<th>School</th>
<th>Summary of concern</th>
<th>Status of concern</th>
<th>Round</th>
<th>Initial concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beechmont State School</td>
<td>Some members of the local community are concerned that the proposed location of the hall in a public park, adjacent to the school will have a detrimental impact on the use of the park for community sport.</td>
<td>Concern regarding use of the public park is being handled by the relevant agencies. DEEWR confirmed that building on leased land complies with BER Guidelines and the Administrative Arrangements for the Capital Grants Program in Block Grant Authorities.</td>
<td>P21 - Round 1</td>
<td>August 2009</td>
</tr>
<tr>
<td>Boondall State School</td>
<td>Proposed plans for hall do not include a stage and disability access is extremely costly.</td>
<td>Tenders have been received. Principal and P&amp;C are now satisfied that they will receive a stage and costs are within budget.</td>
<td>P21 - Round 2</td>
<td>March 2010</td>
</tr>
<tr>
<td>Bulimba State School</td>
<td>The school experienced a delay in receiving their approved NSP funding as a result of a number of project variations submitted.</td>
<td>Funds have been made available &amp; the projects have been finished. The concern has been resolved.</td>
<td>NSP - Round 1</td>
<td>July 2009</td>
</tr>
<tr>
<td>Eatons Hill State School</td>
<td>Concerns were raised by the Principal and P&amp;C President around cost estimates made by the Project Manager at the PDP stage.</td>
<td>Tenders have been received &amp; the school has advised PwC that it is now satisfied with the cost estimates.</td>
<td>P21 - Round 2</td>
<td>March 2009</td>
</tr>
<tr>
<td>Hendra State School</td>
<td>Concerns in relation to value for money have been expressed by a private citizen. There is no complaint from the school or current P&amp;C.</td>
<td>PwC is awaiting further information to enable the examination to be completed.</td>
<td>P21 - Round 2</td>
<td>April 2010</td>
</tr>
<tr>
<td>Holland Park State School</td>
<td>Concerns in relation to value for money have been expressed by a private citizen who is a former President of the P&amp;C. Neither the school nor the current P&amp;C has registered any complaint.</td>
<td>Complainant has advised PwC that there is no specific issue with Holland Park State School and he is no longer proceeding with any complaint relating to the school. The Complainant has raised matters of concern as a private citizen, relating broadly to Australia-wide delivery of the BER Program and to aspects of the Queensland whole-of-government approach to policy and initiatives.</td>
<td>P21 - Round 2</td>
<td>March 2009</td>
</tr>
</tbody>
</table>

See also Appendix 3
## Summary of complaints/concerns

<table>
<thead>
<tr>
<th>School</th>
<th>Summary of concern</th>
<th>Status of concern</th>
<th>Round</th>
<th>Initial concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marshall Road State School</td>
<td>Local resident’s felt that a new hall could result in an increase in noise, an increase in traffic, obtrusive lighting and parking issues for the neighbours of the school.</td>
<td>The hall was re-oriented and shifted 10 metres. It is now finished and the concern has been resolved.</td>
<td>P21 - Round 1</td>
<td>April 2009</td>
</tr>
<tr>
<td>Tullawong State School</td>
<td>The size and type of hall was questioned. In the PDP the proposed hall was smaller than originally agreed and was designed as a sporting facility and not a combined sport and performing arts complex.</td>
<td>The configuration of the hall was re-negotiated and its area increased. Construction is in progress and the concern has been resolved.</td>
<td>P21 - Round 2</td>
<td>April 2009</td>
</tr>
<tr>
<td>Wondall Heights State School</td>
<td>Members of the school community felt a strong attachment for the old school hall for which they had been raised significant funds, and were reluctant for it to be demolished.</td>
<td>A consultant report advised that it would be un-economical to modify the old hall. A farewell ceremony for the old hall was held at the school and the concern has been resolved.</td>
<td>P21 - Round 1</td>
<td>June 2009</td>
</tr>
<tr>
<td>Yugumbir State School</td>
<td>Complainant believes professional fees relating to NSP projects (10.5%) are high in comparison to fees charged in other states (5%). School Principal believes school could manage NSP projects themselves.</td>
<td>Project Management fee for NSP projects is 3%. NSP project are all complete at this school.</td>
<td>NSP - Round 1</td>
<td>June 2009</td>
</tr>
<tr>
<td>Mount Crosby State School</td>
<td>Investigation in progress</td>
<td>In progress</td>
<td>P21 - Round 3</td>
<td>July 2009</td>
</tr>
<tr>
<td>New Matter</td>
<td>PwC has not yet examined this matter</td>
<td>Not yet examined</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

See also Appendix 3
Section 7
Matters for consideration
Matters for consideration

• The following matters are brought to the attention of the BER Team in DET as areas in which some minor non-conformances have been detected, which give rise to some opportunities for improvement.

Document management
• In the projects that PwC examined in detail, the required control documents were evident; however there is currently a backlog in recording physical documents in the DET electronic document management system.
• Not all documents are maintained on the one document management system, either hard or electronic. The Contracts Manager has advised there is a backlog of documents due to the large number of concurrent projects and the project administration staff are currently in the process of filing all documents onto the one electronic database, TRIM.

Document approval
• PwC found evidence of multiple sign-offs at a control point during Round 1 where a signatory signed for more than one project in a single memorandum.
• Non uniform execution of documentation, i.e. different forms of execution include:
  – individual signature
  – email confirmation of approval
  – third party confirmation of approval.
• Multiple sign-offs on projects from the BER Project Facilities Officer were sighted for P21 Round 1 projects. These sign-offs also contain a disclaimer which states that “subject to the BER Guidelines being adhered to then approval is given.”

Document approval (continued)
• A letter from one Quantity Surveyor which states that they approve multiple projects, simply by listing the projects.
• Note: The Contracts Manager has advised that this practice has subsequently being eliminated, with individual sign-offs required for each project.

Inconsistency in project execution practices
• A small number of schools have reported an unnecessary overhead in project execution including, for example:
  – Meetings convened without agendas.
  – Meetings held to review large documents that should have been forwarded for prior review by the school.
  – Too many people attending; multiple people representing various disciplines.
  – Little value added by some interior design consultants who had insufficient experience with schools.
• Other schools have been reporting effective meeting practices and high praise for the execution teams.
Appendix 1
Scope and approach
Appendix 1 - Scope and approach

Area 1: Undertake a detailed assessment of a sample of BER projects in state schools

Scope

- Undertake a detailed assessment of a sample of BER projects in state schools by performing a survey of the sample plus a detailed assessment of 25 projects from 25 schools selected within the sample:
  - Document the life cycle of BER projects including key documentation and processes relating to the project’s time, cost, scope and quality including the application, the establishment brief, the project development plan, the procurement and contractual documentation, and the delivery. Review each of the projects to determine the extent of its compliance with the documented life cycle.
  - Review of the effectiveness of achieving value for money, using criteria and measures that are based on the BER guidelines and relevant Queensland Government policies.
  - Review the professional costs in relation to project management, site management, design and quantity surveying for compliance with the BER guidelines and compare them against relevant industry practices.
  - Assess DET’s compliance with the BER guidelines relevant in each of the 25 projects using the diagnostic tool employed in the prior review, updated to reflect any subsequent amendments to those guidelines.

Approach

- A sample of 25 schools was selected by PwC on the basis that they had either completed or were well advanced in their projects.
- A process map showing decision points and the necessary control documents was developed, in conjunction with BER and DET representatives, to provide a consistent basis for each examination.
- A thorough document examination was conducted to verify the existence and integrity of control documents.
Area 2: Undertake a consultation with stakeholders

Scope

Consult with Minister’s Consultative Committee

- Undertake a consultation with the key education and building industry stakeholders (up to 18) who are current members of the Minister’s Consultative Committee. Consultation should seek to determine if the BER program objectives have been achieved from each stakeholder’s perspective.

- The objectives of the BER Program are:
  - Provide economic stimulus through the rapid construction and refurbishment of school infrastructure; and
  - Build learning environments to help children, families and communities participate in activities that will support achievement, develop learning potential and bring communities together.

Develop survey

- Develop a survey instrument to ascertain the perceptions of the school principals, and parents and citizens associations for the sample schools regarding the process and outcomes, fitness for purpose according to established DET standards, level of school utilisation, and level of community utilisation for the BER projects. Report on information received and identify any matters that should be referred to DET to ascertain what action should be taken.

Conduct site visits

- Conduct six site visits selected by PwC from the sample.

Process

Consult with Minister’s Consultative Committee

- We invited Committee representatives to make comments on:

  1. **Consultation and communication.** Do you feel that the approach to providing information about the BER Program is meeting your needs or the needs of your members?

  2. **Value for money for Queensland State Schools.** Within the guidelines and conditions set down by the Australian Government, do you believe that the approach being adopted by DET to deliver the BER Program will ensure that the schools receive value for money in the solutions delivered?

  3. **Economic stimulus.** Do you feel confident that the work is being organised in a way that will create employment and opportunities for local contractors and tradespeople?

  4. **Program administration, procurement, and delivery processes.** If you are in a business that is participating in the performance of work under the BER Program, please make some comments regarding your experiences relating to the management of the Program.

Develop survey

- A survey instrument was designed for distribution to state school Principals and P&C Presidents.

- 273 schools were selected on a set of criteria to ensure a comprehensive range of circumstances would be considered. 135 school Principals & 38 P&C Presidents responded. Responses were analysed, and comments were extracted and assessed.

- PwC contacted each school for which a response of “strongly disagree” was recorded to a value for money question, and assessed whether further action was required.

Site visits

- PwC selected 6 schools with completed BER projects to visit. During each visit PwC held a discussion with the Principal on how their school found the program. The new facilities were also viewed.
Area 3: Review DET’s implementation of the BER guidelines using the diagnostic tool

Scope

- Review the areas of DET’s implementation of the BER guidelines that could not be fully assessed in PwC’s first review (September 2009) using the diagnostic tool employed in that review, updated to reflect any subsequent amendments to those guidelines.
- Review the progress towards the recommendations made in the September 2009 review.

Process

- BER Compliance
  - The compliance assessment diagnostic tool used in the PwC report dated 1 Sept 2009 was updated to include the latest BER Guidelines and then applied to current circumstances.
  - A desktop and document review, plus interview of DET staff, was undertaken to assess compliance against new BER Guidelines and those factors that could not be assessed earlier in the program.
  - A summary of results are provided in Section 6.
- Program and project management
  - A desktop and document review was undertaken to assess changes in maturity assessments against the Project Management Body of Knowledge (PMBoK).
  - The results are summarised in Section 5.
Area 4: Investigate complaints

Scope
- In the context of the implementation of the BER program in Queensland state schools, investigate complaints received that allege one or more of the following criteria:
  - Value for money has not been achieved in relation to a project.
  - Tax payer’s funds have been wasted in relation to a project.
  - Procurement in relation to a project has not been undertaken in accordance with the relevant Queensland Government policies.
- In conducting the investigation of complaints implement as appropriate the following processes and procedures:
  - Establish a contact point for receiving complaints from the public.
  - Receive documented evidence or information from the Complainant to support the complaint.
  - Review each complaint against the validation criteria & if it meets the criteria investigate the complaint and discuss with DET as to whether the complaint:
    > Is frivolous or vexatious
    > Lack substance or credibility
    > Lacks supporting evidence or information
    > Would require greater than a reasonable use of resources than is available to PwC for it to be properly dealt with.
  - Review documents, to the extent they are made available or can be accessed to investigate the complaint.
  - Report to the Minister in relation to complaints received and take any action agreed with the Minister.
  - Refer any complaints that are not BER related and do not meet the validation criteria to the BER Project Director for appropriate action.

Process
- DET provided PwC with documentation relating to complaints that had been received by DET.
- PwC established an email address for further complaints to be lodged (BER_Queensland_Review@au.pwc.com).
- Each complaint was assessed against the validation criteria, and where necessary additional information requested direct from the Complainant.
- Any immediate recommendations were communicated to DET.
- The status of each complaint has been communicated to DET and a detailed report is in Appendix 3.
Appendix 2
Detailed survey results
Sample selection methodology

PwC mapped a sample selection process, which was used for the sample selection of 250 schools. The process is as follows:

Step 1: DET provide PwC a database containing all Queensland school projects.

Step 2: Stratify the sample size into P21, SLC and NSP.

Step 3: Establish and group geographical locations in the following categories:
- Category 1: Metropolitan + North Coast = 1825
- Category 2: Darling Downs South + South East = 1473
- Category 3: Central Queensland + North Queensland + Far North Queensland = 1621.

Step 4: Filter the data and select the following variables:
- Category (Funding allocation)
- BER Area Program (Both Brisbane and Regional)
- Project Type P21, NSP or SLC
- Round 1 or Round 2 or Round 3.

Step 5: Use a Random Selection Algorithm to select the individual school sample.

Step 6: Check the selected sample with list from QAO, as provided by DET. If a match is found in the QAO list, reselect sample from population listing.

Step 7: Check that the samples have progressed to at least the PDP stage for P21. If not, reselect sample from the population listing.

Survey responses by topic

Topic 1: Management of the BER Program in Queensland has been effective
- 11 questions

Topic 2: Management of the school projects has been well executed
- 10 questions

Topic 3: The new facilities are fit for purpose and benefitting the whole school community
- 7 questions

Topic 4: The new facilities have provided better learning environments, value for money and economic impact in the area
- 5 questions

Total 33 questions
Appendix 2 - Detailed survey results

Survey responses - Topics 1 to 4

Topic 1: Management of the BER Program in Queensland has been effective

Topic 2: Management of the school projects has been well executed

Topic 3: The new facilities are fit for purpose and benefitting the whole school community

Topic 4: The new facilities have provided better learning environments, value for money and economic impact in the area
Survey responses – Q1 to Q4

**Question 1:** The process that was followed to allocate funding for our school was transparent

**Question 2:** The process to determine what facilities our school could apply for allowed sufficient input from the key stakeholders

**Question 3:** Communication from DET ensured that I understood how the BER Guidelines were being applied to our school and I was kept informed of the impact of changes to the BER Guidelines

**Question 4:** I am satisfied that DET followed the BER Guidelines throughout the implementation of the Program
Survey responses – Q5 to Q8

Question 5: The Principal of our school had sufficient opportunity to provide input throughout the process

Question 6: The P&C of our school had sufficient opportunity to provide input throughout the process

Question 7: In the P21 Program the timeframe imposed by the Australian Government allowed sufficient time to prepare our application and develop the plans for our school.

Question 8: DET has been responsive to issues raised by our school during the planning and implementation stages of the BER Program
Survey responses – Q9 to Q12

Question 9: Our school has been able to work within the options available under the BER Guidelines to select facilities that meet the needs of our school

Question 10: Given the short timelines it was more appropriate for the BER Program to be managed by DET rather than by our school community

Question 11: The key stakeholders in the school community were appropriately informed about how the money allocated to our school would be spent

Question 12: The key stakeholders were well informed of the nature of the proposed facilities prior to approval being given for work to proceed
Appendix 2 - Detailed survey results

Survey responses – Q13 to Q16

Question 13: All variations to the initial specification were adequately documented and signed off by the school and a DET representative

Question 14: The construction team working on site took adequate measures to ensure that the site works did not compromise the health and safety of the school community

Question 15: The documents provided to the school and the P&C kept us well informed of the funds allocated, the approvals, the status of the work in progress and the actual expenditure

Question 16: The project/construction manager kept us well informed of the status of the work as it progressed
Survey responses – Q17 to Q 20

**Question 17**: Construction has been commenced in a timely manner according to the agreed plan

**Question 18**: Construction has been completed in a timely manner according to the agreed plan

**Question 19**: The facilities that have been provided comply with the relevant standards for Queensland state schools

**Question 20**: The school received (or will receive) the benefit of any unspent contingency amount
Appendix 2 - Detailed survey results

Survey responses – Q21 to Q24

Question 21: I believe it is necessary to further investigate contracts related to the building works at our school

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>4%</td>
<td>14%</td>
<td>36%</td>
<td>34%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Question 22: The facilities that we have received (or expect to receive) meet the needs of the school as originally envisaged by the school community

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>34%</td>
<td>42%</td>
<td>7%</td>
<td>14%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Question 23: The facilities that were built and/or refurbished are being (or will be able to be) utilised for the intended purpose by the school

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>42%</td>
<td>50%</td>
<td>3%</td>
<td>4%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Question 24: The facilities built and/or refurbished have enabled (or will enable) staff to provide new learning opportunities for the students

<table>
<thead>
<tr>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>48%</td>
<td>44%</td>
<td>5%</td>
<td>3%</td>
<td>0%</td>
</tr>
</tbody>
</table>
Appendix 2 - Detailed survey results

Survey responses – Q25 to Q28

Question 25: The facilities that have been (or will be) built and/or refurbished have made (or will make) a positive impact on the whole school community

Question 26: The new facilities are (or are expected to be) extensively used by students during the school day

Question 27: Our expectations have been (or are expected to be) met in terms of the quality and suitability of the new facilities

Question 28: The new facilities have been (or will be) advertised as available for use by the local community
Appendix 2 - Detailed survey results

Survey responses – Q29 to Q32

**Question 29:** There has been (or is expected to be) a high level of utilisation of the new facilities by the local community

**Question 30:** The school community is satisfied that the program will have delivered better learning environments for our school

**Question 31:** As a result of the BER Program, the school is enjoying facilities that it would not otherwise have received

**Question 32:** Given the conditions contained in the BER Guidelines, I believe the school has received sufficient value for the money it was granted
Survey responses – Q33

Question 33: The BER Program has had a positive impact on the building industry in our area

![Survey Results Graph]

- Strongly Agree: 15%
- Agree: 33%
- Neutral: 27%
- Disagree: 19%
- Strongly Disagree: 6%
Appendix 3

Complaints/concerns examined by PwC
Appendix 3.1
Beechmont State School
Overview

Complaint/concerns

- Two members of the community have raised concerns about the proposed location of the Beechmont State School multi-purpose hall. For various reasons, the proposed location of the hall is in a public park adjacent to the school rather than on the school property itself.

- One Complainant has made the following comments:
  - “I strongly believe that the BER funds allocated to Beechmont State School are being misappropriated by being directed to the Graceleigh Park proposal.”
  - “I therefore believe that the BER funds allocated by the Federal Government to Beechmont State School are being used for a purpose outside of guidelines set for the BER Program.”
  - The Graceleigh Park proposal is being strongly promoted as a community hall/public hall.
  - “I wish to declare that at no stage have I been against the BER Project being constructed within the existing DET, Beechmont State School site.”
  - DET have acted inappropriately in implementing BER program at Beechmont State School.
  - DET’s proposal for Graceleigh Park is not consistent with the Department of Infrastructure and Planning Draft Greenspace Strategy currently being proposed.
  - Beechmont State School can not justify the resumption of a large part of Graceleigh Park when the BER Funding objectives can clearly be achieved within the existing school site. There is no reason for the allocating of a 30 year lease of Graceleigh Park.”

- The Complainant also expressed concerns with the public consultation process conducted by the Scenic Rim Regional Council (SRRC).

Background

- Beechmont State School is located 90km south of Brisbane in the Gold Coast Hinterland.

- In February 2009 there were 181 children enrolled in the school.

- In line with BER Guidelines Beechmont State School received funding approval under Round 1 of the P21 element for an extension to the existing library and construction of a multi-purpose hall for a total of $2 million.

- Beechmont Community Hall Committee (BHCH) was established by the community a number of years ago to manage the current community hall and this committee has been seeking a new community hall to replace the old hall.

- The SRRC together with the BCHC conducted a pre-feasibility consultation in 2007 and prior to the BER Program were in the planning stages of developing a community hall.

- DET has had discussions with the school Principal, P&C and representatives from SRRC where it was agreed that the best site for the hall would be on Graceleigh Park rather than on the school property, as a large amount of money would be required for foundations reducing the amount available for the hall, and there would be public access problems.

- The SRRC sent a letter to DET dated 16 April 2009 which confirmed Council’s support to construct the hall on Graceleigh Park. The letter states that discussions with DERM have outlined a process by which it will be possible to provide a lease to Education Queensland covering the proposed site for a period of up to 30 years.
Overview

• In documents provided to PwC by DET we have found that:
  − DEEWR has confirmed to DET that BER funding can be spent on facilities constructed on leased land provided that funds are not used to meet the cost of leasing the land. DEEWR has advised that the Administrative Arrangements for the Capital Grants Program in the Block Grant Authorities should be applied in this situation.
  − The Department of Environment and Natural Resource Management (DERM) has advised the SRRC that in order for the hall to be constructed on Graceleigh Park community consultation must be undertaken. DET received verbal advice from SRRC that the consultation process was complete and there were approximately 200 submissions received with the majority of submissions in favour of the proposed location (Graceleigh Park).
  − DERM must give their approval and a joint development arrangement between the SRRC and School must be drafted and signed before construction can commence. This process could take three to six months and any delay could ultimately put the project funding in risk of not meeting BER timelines if an extension is not granted by DEEWR.

<table>
<thead>
<tr>
<th>Construction specifics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of Funding</strong></td>
</tr>
<tr>
<td>P21 and NSP</td>
</tr>
<tr>
<td><strong>Total Funding Approved</strong></td>
</tr>
<tr>
<td>P21: $2,000,000</td>
</tr>
<tr>
<td>NSP: $125,000</td>
</tr>
<tr>
<td><strong>Project Description</strong></td>
</tr>
<tr>
<td>P21: Hall</td>
</tr>
<tr>
<td>P21: Extension to resource centre</td>
</tr>
<tr>
<td>NSP: Integrated data upgrade</td>
</tr>
<tr>
<td>NSP: Classroom renewal</td>
</tr>
<tr>
<td>NSP: Library data upgrade</td>
</tr>
</tbody>
</table>
Communication with key stakeholders

DET communication with key stakeholders

- Meeting was held between DET and the SRRC on 23 June 2009 to discuss options and forward strategy. It was agreed that the Principal Facilities Officer from DET would liaise with the Manager, Regional Development from SRRC going forward.

- Council commenced their public consultation process with a media release on 18 August 2009. The Beaudesert Times reported on the media release on 19 August 2009.

- DET has received a number of emails and letters from community members (approximately six) supporting the hall being built on Graceleigh Park. DET has responded to all letters stating that at a meeting held on 23 June 2009 between DET representatives, local council and the school Principal it was agreed that Graceleigh Park offered the preferred building site for the new hall as proposed by the community not DET.

- DET has received numerous communications from one family who are not in support of the proposed location of the new hall. Communication has included numerous phone conversations and a number of formal letters.

- The key complaint is that if the hall is built on Graceleigh Park then it would diminish the community’s ability to use the park as a sporting facility and would severely impact on the long term sustainability of Graceleigh Park as a public facility.

Summary of meetings: DET and key stakeholders

- 2 April 2009 - project start up meeting for initiation of the project. Established scope of works, discussion around site implications and approvals required.

- 16 April 2009 - project steering meeting. Discussions around concept design, costs impacting scope and original plan.

- 11 June 2009 - project steering meeting. Schematic design tabled and discussed. PDP submitted.

- 22 June 2009 - DET & PM meeting. Discussions on PDP requirements.

- 31 July 2009 - PDP review meeting. Revised PDP submitted and reviewed.

- 20 August 2009 - project steering meeting. Project process and update.

- 31 March 2010 - stakeholder meeting. DERM, SRR C and DET discussions regarding the process and responsibilities for the land issues to proceed through the approval process.

- 20 May 2010 - project steering meeting. Project process and update on issues.
Communication with key stakeholders

PwC communication with key stakeholders: the Complainants

- PwC contacted one Complainant on 10 May 2010 to discuss their concerns. During this conversation the views of the Complainant were noted as follows:
  - There has been a lack of communication and transparency from DET, SRRC and the school.
  - Construction of the hall on Graceleigh Park is an unnecessary use of public facilities and the BER Program should not impact on a public asset.
  - DET cannot justify a 30 year lease of the park.
  - No objection to the BER Program being implemented within school grounds.
- Since the initial conversation outlined above PwC has received eight emails and numerous phone calls from the first Complainant. PwC has reviewed all correspondence and the Complainants key concerns are summarised as:
  - BER funds allocated to Beechmont State School are being misappropriated by being directed to the Graceleigh Park proposal.
  - BER funds allocated by the Federal Government to BSS are being used for a purpose outside of guidelines set for the BER Program.
  - There has been a veil of secrecy over this project and a lack of transparency and accountability.
  - There has been insufficient community consultation.
- A second Complainant had similar concerns to the first and added the following:
  - The school has been approved an incorrect amount of BER funding.

PwC communication with key stakeholders: the Principal & P&C

- PwC contacted the school Principal on 10 May 2010 to discuss the complaint. During this conversation the following was noted:
  - Beechmont is an ex dairy farming community with a number of suburbs and large tracts of land.
  - The local community hall is in need of replacement/repair.
  - The local not for profit community hall organization discussed the potential of a combined project with the school which involved constructing the hall on Graceleigh Park. The group had already started to conduct a feasibility study on building a hall on Graceleigh Park.
  - If the hall is built on school property a large amount of money would be required to build foundations, reducing the amount of money left to construct the hall.
  - The SRRC, politicians and the majority of the community are in favour of the Hall being built on Graceleigh Park.
  - Recently the SRRC conducted consultation with the community regarding the proposed location. 70 per cent agreed that the hall be built on Graceleigh Park and 30 per cent did not agree.
- PwC contacted the P&C President on 11 June 2010 to discuss the complaint. During this conversation the following was noted:
  - The P&C is fully behind the proposal to build a community hall on Graceleigh Park.
  - Having the hall adjacent to the school will remove the need to transport the school students some 10km to the current community hall.
Appendix 3.1 - Beechmont State School

Analysis

Has the school been allocated the correct amount of funds under P21 element of the program?

- PwC has confirmed the funding allocated to the school is in accordance with the BER Guidelines by comparing enrolment data as at February 2009 provided by DET with the published BER entitlements.
- In February 2009 there were 181 children enrolled in the school.
- Based on the BER Guidelines, Beechmont State School was eligible to receive $2,000,000 in P21 funding.
- Beechmont State School have had $1,803,180 of P21 funding approved for a new multi purpose hall and $196,820 approved for the library facility.

Has DET complied with the BER Guidelines with respect to the facility at Beechmont State School?

- PwC has sought advice regarding the use of BER funds to construct a facility on leased land. We have sighted an email from DEEWR to DET dated Tuesday 15 June 2010 in which the branch manager of the BER Delivery branch states “Funds cannot be used to meet the cost of leasing property. However, a school that is leasing a site may apply for funding of a construction, refurbishment or equipment project on the property. The Administrative Arrangements for the Capital Grants Program in Block Grant Authorities specify that for an investment of over $1.5m the term of the lease must be 20 years or longer.”

Other Matters referred to in the complaint

- Matters relating to community preferences and land use and planning are beyond the scope of PwC investigations.
- It is PwC’s understanding that these matters are being dealt with by the appropriate state and local government agencies.

Status of complaint

- PwC has investigated concerns regarding compliance with the BER guidelines with respect to the quantum and proposed use of the BER funds. Based on the information provided by DET the quantum of funds allocated is in accordance with the BER allocation for the enrolment numbers at the school.
- BER funding can be used to construct a facility on leased land that is outside of school grounds provided that the period of the lease meets the requirements of Administrative Arrangements for the Capital Grants Program. For an investment greater than $1.5 million the period of the lease must be 20 years or more.
- In the case of Beechmont State School the proposed investment is approximately $1.8 million for the hall and the proposed period of the lease is 30 years.
- The Beechmont State School proposal complies with the BER guidelines and the Administrative Arrangements for the Capital Grants Program in Block Grant Authorities.
- As DEEWR has confirmed that the proposed solution complies with the BER guidelines, it is considered that this complaint has been addressed within the scope of the PwC examination.
Appendix 3.2
Boondall State School
Overview

Complaint/concerns
- The P&C President of Boondall State School contacted DET with a number of concerns, including:
  - The current hall plans have minimal drama and music facilities included and do not include a stage. The school wants the hall to be a multipurpose complex and not just a sports hall.
  - Companies who are asked to provide pricing in short timeframes will not have sufficient time to do accurate estimates and therefore will increase their estimates.
  - The construction of a covered walkway, bike cage and disability ramp on a sloping site adds significantly to the cost.

Background
- Boondall State School is located 15km North of the Brisbane CBD.
- In February 2009 there were 673 children enrolled in the school.
- DET representatives visited the school late in 2009 to determine what facilities the school required. It was agreed that the school required a multipurpose hall with a stage. The Construction Manager was appointed and the cost plan summary and PDP were developed and signed off by the P&C President and school Principal.
- After the development of the cost plan summary the school was told they would likely be unable to afford a number of the extras including a stage.
- Tenders closed in May 2010. Although a builder is not yet engaged, the school community is concerned that they will not receive a stage.

Construction specifics

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<th>P21 and NSP</th>
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<td>P21: $3,000,000</td>
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<tr>
<td>NSP: $200,000</td>
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</tbody>
</table>

Project Description

| P21: Multipurpose hall |
| NSP: Replace flooring |
| NSP: Internal & external painting |
| NSP: Installation of latest technology & data cabling |
Appendix 3.2 - Boondall State School

Communication with key stakeholders

DET communication with key stakeholders

- DET met with the Construction Manager, P&C President, and Principal on 23 April 2010. During this meeting the school’s concerns were discussed. The central issue was that a stage had not been incorporated in the PDP due to budget constraints. During this meeting the PDP process was explained by the DET representatives.

- The BER Project Director met with the Principal, Construction Manager, Quantity Surveyor, and P&C Representatives on 5 May 2010. During this meeting it was agreed that the school would work with the Construction Manager to develop a wish list of inclusions should the tender price allow for any contingency.

PwC communication with DET

- PwC met with DET on 27 May 2010. It was noted that:
  - The PDP was signed off by the previous P&C President and Principal. DET showed flexibility in addressing the concerns of the school and met with the Construction Manager, P&C President, and Principal on 23 April 2010.
  - The tender process is currently being finalised. DET is hopeful that the school will be able to achieve a multipurpose hall to suit the school’s requirements.
Communication with key stakeholders

PwC communication with key stakeholders: the Principal

- PwC contacted the Principal of BSS on 19 May 2010. During this conversation it was noted:
  - The previous P&C President signed off on the PDP and was involved in initial discussions with DET. A new P&C President was elected in 2010 and has raised concerns around the BER Program at Boondall State School.
  - Due to budget constraints the initial hall plans did not include a stage. This concerned the P&C and school community.
  - The school agreed that the hall would be built as a physical education complex and used to promote the SMART moves program.
  - The P&C President and Vice President have visited several nearby schools to view their new facilities.
  - The Principal believed the BER Program was very positive and provided a number of opportunities for schools.
- An email was sent to the Principal on 19 May 2010 summarising the conversation with PwC. The Principal responded on 19 May 2010 and provided a number of comments including:
  - The Project Director of the BER Delivery Team immediately addressed the concerns raised by the school.
  - Concerned that the project will not be complete by the end of 2010.

PwC communication with key stakeholders: the P&C President

- PwC contacted the P&C President on 20 May 2010. During this conversation it was noted:
  - Current P&C President was not involved in BER Program last year.
  - The school was disappointed with the cost plan summary and as a result were worried that they would not receive a facility as good as the facility built at a local school.
  - Main concerns of the school:
    > Overestimating of costs in the PDP (examples were provided).
    > Communication of what was included in the estimates.
    > Cost of the disabled ramp.
    > Area based methods for estimating costs for data points and power points in a school hall should not be based on per square metre rates (for office buildings).
  - Two DET representatives visited the school to discuss their concerns. As a result of that meeting communication and co-operation between all parties improved.
- An email was sent to the P&C on 19 May 2010 summarising the key questions discussed with PwC. All issues discussed above were outlined in the email and the email reiterated that the parents and staff of BSS were concerned they might not receive value for money.
- PwC contacted the P&C President on 10 June 2010. It was noted that tenders had been received, a contractor appointed and the school was satisfied they would achieve value for money as the stage was included in the budget. The P&C President confirmed that the concerns of the school had been resolved and there was no complaint outstanding.

Status of complaint

- The complaint raised by the P&C President related to a value for money concern.
- The concern has been appropriately addressed and is no longer outstanding.
Appendix 3.3
Bulimba State School
Overview

Complaint/concerns

- Representatives from the Parents and Citizen’s (P&C) Association and the Outside Hours School Care (OHSC) program were concerned with the delay in receiving the approved National School Pride (NSP) funding.
- The delay in funding was a concern to the school as it meant that the school did not have a main playground available to the OHSC.
- A letter was sent on 30 July 2009 from the Co-Presidents of the P&C, the Chair OHSC and the Business Manager OHSC to DET detailing their concern.

Background

- Bulimba State School is situated less than 5 km from the Brisbane city and was first opened in 1866.
- In February 2009 there were 579 children enrolled in the school.
- The school’s main playground was closed at the start of 2009 due to safety concerns.
- The school received approval for a number of projects under Round 1 of the NSP element.
- The engaged architects met with the school on four occasions between May-July 2009. Variations to the initial plans were required. These were submitted in July 2009 and approved in September 2009.
- The variations to the initial plans resulted in a delay in funding.

Construction specifics

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<th>Type of Funding</th>
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| Total Funding Approved | P21: $3,000,000  
NSP: $200,000 |
| Project Description | P21: Hall  
NSP: Covered playground  
NSP: B block classroom upgrade  
NSP: Outdoor learning  
NSP: Painting of pool |
Communication with key stakeholders

DET communication with key stakeholders

- A letter was sent from the P&C and OHSC to DET on 30 July 2009 detailing their concern about the delay in the school receiving their approved NSP funding.
- Between 30 July 2009 and 14 October 2009 variations to the original projects were submitted. The variations were approved by DEEWR in September 2009.
- A letter responding to the concern raised by the school was sent from the Director-General on 14 October 2009 stating that since the concern was raised school representatives had met with the architect to progress works and work on all three projects had commenced.

Summary of meetings: DET and key stakeholders

- 24 May 2009- kick off meeting.

PwC communication with DET

- PwC met with DET on 27 May 2010 to discuss the complaint relating to Bulimba State School.
- It was noted that Bulimba State School was one of the first schools to receive approval for NSP funding in the BER program.
- The delay in the NSP funding was a result of a miscommunication issue. DET acknowledge that there was miscommunication early on in the program.
- DET have now produced a program advisory paper and increased communication and consultation with schools.
Status and recommendations

PwC communication with key stakeholders: P&C Co-President

- On 22 April 2010 PwC spoke with one of the P&C Co-Presidents.
- During the discussion the Co-President explained the following:
  - At the time of writing the letter to DET, the children of Bulimba State School had no playground facility and although funding had been approved the funds have not been received and construction had not commenced.
  - We have been advised that the major issue with not having a playground was that the school could potentially be in breach of the terms of the Outside Hours School Care license.
  - After the letter was sent to DET communication increased and construction commenced.
  - The complaint has been resolved.
- The P&C Co-President was invited by PwC to make any further comments on this issue. No further comments have been received.

Status of complaint

- The construction and installation of all NSP projects is complete.
- Based on the information examined, the complaints in relation to Bulimba State School do not relate to the following issues:
  - value for money
  - tax payers’ funds being deemed to be wasted
  - procurement.
- PwC believes that this matter has been resolved.
Appendix 3.4
Eatons Hill State School
Background

Complaint/concerns
- The Principal and the P&C President have raised concerns around cost estimates.
- The school is concerned they will not achieve value for money based on the estimates in the initial PDP.

Background
- Eatons Hill is located 21km North of the Brisbane city.
- In February 2009 there were 958 children enrolled in the school.
- Prior to the announcement of the BER Program the school was in the planning stages of constructing a new hall and in March 2009 had received over 15 tenders.
- Shortly after the announcement of the BER Program the school was approved Round 1 P21 funding. The Project Manager and builder were both assigned to the school.
- The tender price provided to the school Principal and P&C for sign-off was more expensive than the quotes the school had previously received during their own tender process, for a different building.
- Quantity Surveyors Currie and Brown reviewed the PDP.

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<td>Total Funding Approved</td>
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<tr>
<td>Project Description</td>
<td>P21: Hall P21: Extension to new resource centre NSP: with covered outside area</td>
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Communication with key stakeholders

DET communication with key stakeholders

- DET engaged independent consultants in October 2009 to conduct an independent review of the BER Program at Eatons Hill. The reason for the review was to address the school’s concerns around cost estimates.
- DET have had a number of meetings with the school Principal and P&C President.

PwC communication with DET

- PwC met with representatives from DET on 27 May 2010.
- During the meeting DET provided some history/background surrounding the concern. It was noted that prior to the BER Program the school had received approval for funding under the Smart School Subsidy Scheme. This approval was revoked after the school received funding under the BER Program.
- A number of meetings had been held with the school aimed at addressing their concerns.
- DET explained that the education building standards for all new buildings are very high. The buildings are built to be long term investments and must be made with quality products. This may have been partly responsible for the difference in tender prices before and after the BER Program. A key objective of DET is low maintenance costs which occurs with specialty building materials.
- Having regard to the issues raised by the school and the different requirements/standards before the BER program compared to after the implementation of the BER program, DET determined that a new Project Manager should be engaged and a tender process adopted.

DET key learning

- Increase communication with key stakeholders.
- Follow the BER process and work through all issues as they arise.
Communication with key stakeholders

PwC communication with key stakeholders: President of P&C

- On 7 May 2010 PwC contacted the President of the P&C to discuss the school’s concern. During this conversation the following was noted:
  - The P&C President stated that the major issue he had was with the procurement process, which had to be re-started to be able to qualify for BER funding.
  - Prior to the BER Program the school was planning to construct a hall and had been out to tender in March 2009. DET had signed off the tender documents.
  - The BER Program was announced and one of the builders who had tendered for the work in March 2009 was assigned as the schools builder. The builder provided a quote.
  - The quote that was provided was significantly more expensive than the tender that was provided by the same builder in March 2009 (although the scope had changed only slightly).
  - A number of changes had been made to the original plans however, the school felt that they were not getting value for money.
  - The school was disappointed in the Quantity Surveyors involved in the process.
  - The P&C believe that the Project Manager has been unresponsive to their requests.
  - After several meetings with DET representatives and other key stakeholders a new Project Manager was assigned, and a new tender process conducted.
  - As at June 2010 tenders have been received, reviewed and the builder is ready to be appointed with construction to commence in the near future.

PwC communication with key stakeholders: the Principal

- PwC contacted the Principal to discuss the school’s concern on 10 May 2010. It was noted that:
  - The school has never made a formal complaint to DET, although several concerns have been raised.
  - The school experienced several problems with the Project Manager and the Quantity Surveyors.
  - The State Member for Everton helped arrange a meeting with the Deputy Director-General Infrastructure Services. After this meeting several steps were implemented to address the school’s concerns.
  - The meeting on site with the Deputy Director-General Infrastructure Services and others was pivotal in moving forward- this did not occur until September 2009, almost six months after BER rollout had been announced.
  - The project is now progressing and construction should commence in June 2010.
Additional investigations

Comments from independent quantity surveyor assisting PwC

- PwC has noted that DET put in place a team of Project Coordinators who are DET personnel available to support school Principals throughout their school projects. PwC has signalled "Opportunity for Improvement 1" see p9 of this report to strengthen the support available to Principals.

- PwC requested Mitchell Brandtman to review the pre and post tender costs for Eatons Hill projects. The following comments were contained in their response:
  - Building 1 - Resource Centre:
    > Regarding the cost estimates: "We have compared this with our estimating data records for similar projects, within which benchmarking has also been considered. We find this budget to represent "value for money" given the nature of the work involved."
    > Regarding the tendered prices: "...subsequent tender indicates an amount ... well within the budget allocation for this building and represents excellent "value for money."

  - Building 2: Multi-purpose Hall
    > Regarding the cost estimates: "We have compared this with our estimating data records for similar projects, within which benchmarking has also been considered. We find this budget to represent "value for money."
    > Regarding the tendered prices: "...subsequent tender indicates an amount ... in-line with the budget allocation for this building and represents "value for money."

  - Building 3: Covered Tennis Courts
    > "We have compared this with our estimating data records for similar projects, within which benchmarking has also been considered. We find this budget to represent "value for money."
    > Regarding the tendered prices: "...subsequent tender indicates an amount ... exceeds the budget allocation for this building, however it is within the range of our expectations and represents "value for money."

- Siteworks, Civil Works, Roads & Carparks, Landscaping, Covered & Uncovered Links and Site Services

- "Items such as these can not be benchmarked to determine "value for money" as they are site specific issue" - for example "to deal with noted inherent site conditions, being; 'black soil' and the need for piered footings and a 'steeply sloping site' and the need for cut and fill including piered footings on fill."

- Mitchell Brandtman also provided the following advice, which PwC believes is consistent with DET's normal project management and cost controls: "...items for which PC or Provisional Sums have been allowed need careful and detailed cost planning and monitoring to ensure the works are done within the sums allowed."
Status and recommendations

Status of complaint
- It was negotiated that the contract with the original contractor be terminated and a new competitive tender process take place.
- Five contractors were invited to tender.
- A committee was established to review the tenders.
- Three contractors declined to tender and two remained to compete for the works.
- A contractor has been selected and a post-tender PDP has now been developed.
- The concerns raised around value for money have been addressed.
- PwC believes that this matter has been resolved.

Recommendations
- Ensure procurement process is transparent to all stakeholders.
- Follow BER Guidelines all the way through.
- Increase communication with key stakeholders.
Appendix 3.5
Hendra State School
Appendix 3.5 - Hendra State School

Overview

Complaint/concerns

- A member of the school community has raised concerns around the Budget Cost Plan Summary, specifically; the cost of services to the new facility. The Complainant believes that the cost of site services in the PDP is excessive and the school is not receiving value for money.
- The Complainant believes a comparison between Independent and State School BER projects should be undertaken.

Background

- The Complainant is a qualified civil engineer with 15 years experience.
- Hendra State School is situated approximately 7km from the Brisbane city and was established in 1864.
- In February 2009 there were 70 children enrolled at the school.
- The project definition plan, schematic design drawings and schematic design cost plans were prepared by the Construction Manager on 17 February 2010.
- On 24 February 2010 the independent audit Quantity Surveyor, confirmed that in their view, the proposal represented value for money. However, they stated that the following items need to be corrected in the tender cost plan:
  - Estimation for Site Survey (removed - it is included in the professional fees).
  - Provision for Q-Leave needs to be corrected as per the agreed amounts.

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Communication with key stakeholders

DET communication with key stakeholders: the Complainant

- An email was sent by the Complainant to the Director-General on 7 April 2010 expressing concerns about aspects of the PDP. Attached to the email was the proposed plan and costs provided by the Construction Manager.
- A second email was sent by the Complainant to the Director-General on 7 April 2010. The Complainant advises, among other things, that the provision for site services should be scrutinised closer by the Quantity Surveyor.
- A meeting took place on 27 April 2010 with the Complainant, representatives from DET and the Construction Manager to explain to the Complainant the details of the estimation and tendering process.
- An email was sent on 28 April 2010 by the Complainant to all who had attended the meeting on 27 April 2010 explaining that the Complainant had approached two builders. One is currently tendering for other BER jobs and already prequalified. The second builder has completed some works at another local school however the Complainant is unsure if that builder is prequalified.
- The Construction Manager replied to the email from the Complainant, explaining that they would be seeking competitive quotes but only from PQC1 or 2 rated contractors as required within the BER program within Queensland state schools.

PwC communication with DET

- PwC met with representatives from DET on 27 May 2010.
- During the meeting DET provided some history/background surrounding the concern. It was noted that:
  - The Complainant is concerned with items in the budget cost summary, in particular the provision for site services.
  - There have been a number of meetings with the Complainant, representatives from DET, the School Principal and the Construction Managers. During these meetings available information has been shared with the Complainant, including an explanation of every line of the PDP cost plan. The Complainant has stated that he has contact details of builders who would be able to provide competitive quotes. DET have welcomed the suggestion and requested the Complainant provide the Construction Manager with the details of these builders.
  - At the time of this meeting, the Construction Manager had just received tenders and these were under review.
Communication with key stakeholders

**PwC communication with key stakeholders: the Complainant**

- An email was sent from the Complainant to PwC (as independent examiners) on 9 April 2010. In the email the Complainant states that he is concerned with the Budget SD Cost Plan Summary for Hendra State School. In particular the Complainant states that the allowance for Site Services is: “unbelievably excessive and is probably the case for other projects [sic].”
- The email also states that in order to determine if the public is getting value for money a comparison of the Independent School BER projects vs. State School BER projects should be conducted.
- PwC met with the Complainant on 26 May 2010. During the meeting the Complainant raised a number of concerns.
- The concerns raised at this meeting, and in correspondence from the Complainant, about the BER program as a whole are the subject of further investigation by PwC
- The concerns specifically relating to Hendra State School are summarised as:
  - The risk margins incorporated in project prices are at an extremely high level. e.g. for siteworks at Hendra State School.
  - School Principals do not understand what they are signing off in the Project Definition Plan and therefore questioned the relevance of their input and signing off of the PDP. e.g. it was unclear whether air-conditioning had been provided for in the PDP for Hendra State School.

**PwC communication with key stakeholders: the Principal**

- On 26 May 2010 PwC spoke with the Principal of Hendra State School. During the conversation it was noted that:
  - A meeting was held in the week beginning 12 April 2010. The purpose of the meeting was to explain the tender process to the Complainant.
  - Tenders for the facility closed on 21 May 2010. The tenders were narrowed to three contractors and are currently being reviewed.
  - The Principal believes the complaint about value for money is unjustified at the moment as the school has not viewed the final tender.
  - The Principal is comfortable with the level of communication with the Construction Manager.
  - This complaint is not supported by the Principal or the current P&C.
Analysis

Issue #1
The risk margins incorporated in project prices are at an extremely high level. E.g., for site works and site services at Hendra State School. (Note that this was the Complainant’s view at the PDP estimation stage)

• PwC noted from the information provided that the tendered price is less than the initial estimate and has been assessed as value for money by the independent Audit Quantity Surveyor.

• PwC considers this matter to have been finalised within the normal project processes and controls.

Issue #2
School Principals do not understand what they are signing off in the Project Definition Plan and the Complainant therefore questioned the relevance of their input and signing off of the PDP. E.g., it was unclear whether air-conditioning had been provided for in the PDP for Hendra State School.

• Sign-off by the Principal and the P&C is an essential control in the project processes, without which the project cannot proceed.

• PwC has found that the DET Project Delivery Team provides support to Principals to assist them at all stages through their projects. Some Principals have expressed a wish for additional support.

• See Finding 5 and Opportunity for Improvement #1

Comments from independent Quantity Surveyor
PwC requested clarification from the independent audit Quantity Surveyor, Donald Cant Watts Corke (DCWC).

• We have received a response regarding the provision for site services in the tendered prices which includes:
  
  – “As per the design requirements of DET, the electrical capabilities of a school needs to provide a 25 per cent increase for future loads and therefore an allowance is required for sub-mains upgrade, but all other allowances in site services are for connections to existing services.

  – The figures represented in the PDP are based on performance specification, consulting engineer’s advice and the contractor’s quantity surveyor. Detail designs were not completed at the time of the estimate, hence DCWC based our decision on the information provided and our previous experience from estimating services, and we assessed the allowance as value for money.”
Status

Status of complaint

Issue #1

- Based on the information examined the first complaint in relation to Hendra State School is a value for money issue relating to the cost of site services included in the PDP cost estimation stage.
- On 23 June 2010, following receipt of tenders, the Independent audit Quantity Surveyor stated in writing:

  “Based on the information provided, we confirm that after various tenders and reviews of tender documentation and approval of the revised scope by the school, that the tender from [name withheld] for Hendra State School represents value for money and is recommended for acceptance.”

- This complaint is not supported by the Principal or the current P&C.
- PwC believes that this matter has been resolved.

Issue #2

- This matter has been noted and has been addressed in Finding 5 and Opportunity for Improvement #1
Appendix 3.6
Holland Park State School
Complaint/concerns

- The Complainant wrote a letter to the Director-General on 23 March 2009 introducing himself as President of the Holland Park State School P&C Association.
- In the letter the Complainant raised a number of concerns regarding the implementation of “Kevin Rudd’s Building the Education Revolution (BER) Program”.
- The specific concern regarding Holland Park State School is that the Complainant believes “We have demonstrated that we have the technical expertise and ability to deliver high quality and functional projects. It is such a shame that these skills will not be used in the roll out of any infrastructure, under the BER, at our school”.

Background

- Holland Park State School is located in the suburb of Holland Park, 8km south of the Brisbane city.
- In February 2009 there were 732 children enrolled at Holland Park State School.
- The concerns were stated by the President of the P&C at the time. Since the complaints were raised the P&C President has resigned and no longer represents the school.

Construction specifics

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NSP: $200,000 |
| Project Description | P21: Hall extension  
P21: 2 storey classroom building  
NSP: Play area refurbishment  
NSP: Classroom refurbishment  
NSP: Fit out of hall |
Communication with key stakeholders

DET communication with key stakeholders
- The Director-General met with the Complainant in April 2010. The purpose of the meeting was to provide the Complainant an opportunity to present evidence relating to his concerns.

Summary of meetings: DET and key stakeholders
- 3 September 2009 - pre-meeting with school.
- 21 October 2009 - re-brief of budget allocated to Hall refurbishment.
- 4 November 2009 - initial meeting. Form 1 signed off.
- 10 and 16 November 2009 - Surveyor and Geotech on-site.
- 19 November 2009 - form 2 signed off.
- 4 December 2009 - form 2, with costings.
- 9 December 2009 - internal cost planning meeting.
- 11 December 2009 - meeting with Acting Assistant Director-General Infrastructure Delivery and Operations to discuss budget.
- 16 December 2009 - Correspondence with audit QS, reviewed cost plans.
- 13 January 2010 - internal meeting with key stakeholders regarding costs.
- 9 February 2010 - form 2 signed off.
- 3 March 2010 - form 3 signed off.
- 17 March 2010 - PDP sign-of - agreed at $2.5m budget with 10 per cent contingency allowed for delayed start-up. Deletion options discussed with school: option 1) delete 2 classrooms, option 2) delete 4 classrooms.
- 14 April 2010 - hydrant test to ascertain extent of works carried out.

PwC communication with DET
- DET provided PwC with all of the documents presented by the Complainant to the Director-General and requested PwC to conduct an examination.

- 27 April 2010 - documentation put out to tender.
- 17 May 2010 - form 4 signed off - internal and external finishes.
- 27 May 2010 - tenders received.
- 1 June 2010 - geotech investigation carried out to ascertain if driveway can be considered hardstand for QFRS. Report due 9 June 2010.
Communication with key stakeholders

PwC communication with key stakeholders: the Principal

- PwC contacted the Principal of Holland Park State School on 13 May 2010. During the conversation the following was noted:
  - The school community is extremely happy with the opportunity presented by the BER Program.
  - Construction is progressing and the facilities are close to being finished.
  - The school believes the projects will achieve value for money as they are likely to be complete on time and within budget.
  - Initially communication between the Project Manager and the school was slow however communication protocols have been established and the school is now satisfied with communication levels.
  - The school does not support the complaints made by the former P&C President.
  - Neither the school nor the P&C has any complaint regarding the BER Program.

PwC communication with key stakeholders: ex P&C President

- PwC met with the former P&C President on 26 May 2010. During the meeting the former P&C President stated that he no longer represented Holland Park State School and had no specific concerns with the BER Program at Holland Park State School.
- During the meeting on 26 May 2010 the Complainant raised a number of concerns as a private citizen. These concerns are currently under investigation by PwC.

Analysis

- “We have demonstrated that we have the technical expertise and ability to deliver high quality and functional projects. It is such a shame that these skills will not be used in the roll out of any infrastructure, under the BER, at our school”.
- DET has adopted a centrally managed delivery model for the BER program across all Queensland State Schools.
- The school does not support the complaints made by the former P&C President.
- Neither the school nor the P&C has any complaint regarding the BER Program.

Status of complaint

- The concerns relating to Holland Park State School were not substantiated by the Complainant and no documentary evidence was produced to support the concerns other than the statements made by the Complainant in the letter to the Director General dated 23 March 2009.
- No further investigation concerning Holland Park State School will be undertaken by PwC.
- The concerns raised by the former P&C President as a private citizen are currently under investigation.
Overview

Complaint/concerns

- Community members who reside on Rheims Street had several concerns with the proposed location of the school hall. They were concerned that the new hall would result in the following:
  - increase in noise
  - increase in traffic
  - parking issues
  - obtrusive lighting.

- The concerns of the community were initially raised in April and May 2009 by the member for Greenslopes.

Background

- Marshall Road State School is located in the suburb of Holland Park, 8km south of the Brisbane city.
- In February 2009 there were 458 children enrolled at the school.
- On 5 May 2009 Marshall Road State School received approval for $3,000,000 in P21 BER funding for a resource centre and hall and $200,000 for a play area and interactive whiteboards.
- Suitable building sites at the school are limited due to the inner-city location and terrain of the site.
- In order to comply with legislation and to provide suitable access to people with disabilities the hall was proposed to be built in close proximity to the front entry of the school. This meant that the hall would back onto Rheims Street.

Construction specifics

<table>
<thead>
<tr>
<th>Type of Funding</th>
<th>NSP and P21</th>
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</thead>
</table>
| Total Funding Approved | P21: $3,000,000  
NSP: $200,000 |
| Project Description | P21: Resource centre  
P21: Hall  
NSP: Play area  
NSP: Interactive whiteboards  
NSP: Refurbishment of classrooms |
Appendix 3.7 - Marshall Road State School

Communication with key stakeholders

DET communication with key stakeholders

- PwC has been advised that on 28 May 2009 the Member for Greenslopes with a DET representative met with residents of Rheims Street. After the meeting the DET representative attended a P&C extraordinary meeting and PwC has been advised that it was agreed that the hall should be moved a further distance from the neighbour’s boundary.
- PwC has viewed correspondence with residents of Rheims Street addressing their concerns. The following information was included in the correspondence, together with an explanatory “frequently asked questions” document:
  - “Suitable building sites at Marshall Road State School are limited due to the terrain and the need to provide access for people with a disability, both the library and the hall need to be located in close proximity to the front entry of the school and to other buildings to promote ease of access by students”.
  - “The hall is designed for activities and performance rather than for larger sporting events.”
  - “Management of traffic on public roads is a matter for the Brisbane City Council”.
  - “Following discussions with residents, the Marshall Road State School hall has been shifted to be 10 meters from the Rheims Street property boundary and the hall has been re-orientated to ensure the activity area is towards the Kurts Street property boundary.”
  - “The Project Manager will manage the inconvenience caused by construction vehicles accessing the school site and keep in contact with the neighbour.”

Summary of meetings: DET and key stakeholders

- 25 May 2009 - pre-start meeting.
- 5 June 2009 - steering group meeting.
- 19 June 2009 - steering group meeting.
- 4 September 2009 - steering group meeting.

PwC communication with DET

- PwC met with DET on 27 May 2010 to discuss the complaint relating to Marshall Road State School. It was noted that:
  - The initial complaint was raised by a resident who became aware of the proposal to build a facility before the BER Program was formally announced by the Australian Government.
  - After the BER Program was announced DET notified stakeholders of the plans for Marshall Road State School.
  - DET provided regular updates in the form of letterbox drops and open conversations.
  - As a result of the neighbours’ noise concerns the hall was rotated, moved approximately ten metres further from the boundary. Noise reduction fences were installed on two neighbouring boundaries.
  - DET explained to neighbours that the hall would not be rented out for parties and that there were guidelines in place regarding the use of the hall by community groups.

DET key learning

- Ensure that local residents who may be inconvenienced during construction and later from the use of a school hall are fully informed at an early stage of the planned timing for construction work and guidelines for future use of the hall by community groups.
Communication with key stakeholders and status of complaint

PwC communication with key stakeholders: local resident

- On 21 April 2010 PwC spoke with one of the residents of Rheims Street.
- The below is a summary of the key points discussed with the Resident:
  - The resident feels that their concern was not sufficiently addressed by DET.
  - The resident believes they were not provided with accurate information from DET or the school Principal throughout the process.
  - The resident understands that the school requires a hall.
- An email was sent by PwC to the resident inviting any further comments. No further comments were provided.
- On 18 May 2010 PwC met with the school Principal. A summary of the meeting is in Section 5. The Principal acknowledged the sensitivity of the situation and that reasonable practices have been adopted to help minimise the inconvenience to local residents.

Status of complaint

- The hall was re-oriented and shifted 10 metres further away from the boundary, to address the concerns of the community.
- DET provided timber fences to two properties on Rheims Street at no cost to the residents.
- The school consulted with residents explaining that the hall would only be rented out to responsible community groups who comply with the DET guidelines.
- Based on the information examined, the concerns in relation to Marshall Road State School do not relate to the following:
  - value for money
  - tax payers’ funds being deemed to be wasted
  - procurement.
- PwC believes that this matter has been resolved.

Recommendations

- The school community must remain sensitive to concerns associated with evening functions in the hall.
Appendix 3.8
Tullawong State School
Overview

Complaint/concerns:
- Two complaints were made, one by the P&C and one by a member of the school community. Both complaints are with respect to the size of the proposed hall and include the following points:
  - There are over 1100 students at the school and numbers are growing
  - The school community do not want a hall whose main purpose is for sport as they have a range of performing arts within the school.
- The school was initially offered a larger hall under the needs-based model proposed by DET to enable it to cater for both sport and performing arts. When the BER Guidelines were changed the funding entitlement was based on enrolment numbers rather than needs-based and there were insufficient funds to build the proposed multi-purpose hall.

Background
- Tullawong State School is located in Caboolture, approximately 50km from Brisbane city.
- In February 2009 there were 1073 children enrolled in the school.
- Before the Australian Government’s BER Guidelines were finalised DET proposed a needs-based model to distribute the funding amongst state schools.
- Based on the needs-based model and initial discussions with DET (before the BER Program) Tullawong State School was expecting to receive funding to construct a large hall able to cater for both sports and performing arts.
- On 24 February 2009 the Australian Government released the BER Guidelines and on 26 February 2009 the Director-General notified all schools that the needs-based model was no longer to be used due to the change in the federal guidelines. Under the BER Guidelines Tullawong State School was entitled to a maximum of $3,000,000 for P21 funding.

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<tr>
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</table>
| Total Funding Approved | P21: $3,000,000  
NSP: $200,000 |
| Project Description | P21: Hall  
NSP: Covered outside teaching area  
NSP: Shade structure  
NSP: Terraced seating  
NSP: Refurbishment of classroom blocks. |
DET communication with key stakeholders

- On 24 April 2009 a Departmental Regional Planning Officer met with the Principal and P&C to discuss design options that could address the schools concerns regarding the new facility.

- Subsequent to the meeting held on 24 April 2009 both Complainants were informed by letter from the Minister’s office (August 2009) that “I can advise that on this date all parties agreed on a proposed design option and signed a project brief detailing scope of work.”

PwC communication with key stakeholders

- PwC has communicated with the President of the P&C and have been advised that:
  - The issue has been resolved and stakeholders are satisfied with the outcome.
  - Construction was due to commence in early May.

- The second Complainant is no longer associated with the school and has not been contacted by PwC.

PwC communication with DET

- PwC met with DET on 27 May 2010 to discuss the complaint relating to Tullawong State School.

- DET explained that the main reason for the complaint was the fact that the BER process/guidelines were changed after initial consultation with the school community had already taken place.

- A formal letter was sent to the school on 24 February 2010 explaining that the guidelines had changed.

- After the concern was raised with DET communication and consultation with the school was increased.

Status of complaint

- Through a combination of careful selection of design options in consultation with the CM, Principal, and through competitive pricing the concerns of the school have been addressed and the new hall will enable it to cater for both sports needs and performing arts.

- Construction of the new hall commenced in May 2010.

- Based on the information examined, the concerns in relation to Tullawong State School do not relate to the following issues:
  - value for money
  - tax payers’ funds being deemed to be wasted
  - procurement.

- PwC believes that this matter has now been resolved.

DET key learning

- These events highlight the need for early and open, two way communication between the school, P&C, the Construction Manger and DET.
Appendix 3.9
Yugumbir State School
Overview

Complaint/concerns:
- The Member for Rankin wrote to DET and outlined the key concern of some schools in the Rankin Electorate, specifically Yugumbir State School.
- The concern is that the fee structure relating to professional fees within the NSP projects is very high in comparison to several other states.
- The Member for Rankin also noted that many school Principals have expressed the desire to manage the NSP projects themselves in order to save costs.

Background
- Yugumbir State School is located 30km south of the Brisbane CBD.
- In February 2009 there were 1,059 children enrolled in the school.
- PL Architects were engaged to prepare any necessary tender documents, and oversee construction, installation and delivery of projects.
- In accordance with the Nation Building Economic Stimulus Plan Queensland Procurement Plan developed by DPW, NSP Project Managers are paid 10.5 per cent for professional services. This consists of a flat cost of approximately 3 per cent relating to project management and 7.5 per cent for documentation and contract management.

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| Total Funding Approved | P21: $3,000,000  
NSP: $200,000 |
| Project Description | P21: Resource centre  
P21: Hall  
NSP: 8 Interactive whiteboards  
NSP: Internal Refurbishment Works  
NSP: 2 shade structures |
Communication with key stakeholders

DET communication with key stakeholders

- 30 October 2009 a letter was sent to the Member for Rankin from the Honourable Minister for Education and Training. The letter explains that:
  - “Under the NSP element a flat cost consisting of approximately 3 per cent project management and 7.5 per cent for documentation and contract management (10.5 per cent in total) was developed for a range of services after analysis of a previous call for tenders for projects under the NSP element of the BER Program. This was assessed against industry benchmarks and was found to represent value for money”.
  - “The Department of Public Works (DPW) is overseeing the procurement framework for BER”.
  - “The cost breakdown you supplied for Yugumbir State School was a preliminary document and has since been reviewed for value-for-money by the Department’s project coordinator. The revised cost plan, which has been reduced by some $20,000 in line with the value-for-money assessment, reflects the costs as detailed for professional services above, and includes all three projects originally approved. The final cost will be determined once tenders have been finalised.”

Summary of meetings: DET and key stakeholders

- 11 September 2009 - steering committee meeting.
- 8 December 2009 - discuss the program and scope of works that will be completed by Sarcon for internal painting of classrooms.

PwC communication with key stakeholders

- PwC contacted the school Principal on 6 May 2010. During this conversation the following was noted:
  - As a result of the BER guidelines, the school had to pay approximately $20,000 to engage a consultant to manage the NSP projects.
  - The school believes engaging a consultant was a waste of money.
  - The school has a well established Business Services Manager with a track record of successful capital works projects. Therefore the school believed they could have done the work without the services of the consultant.
  - The school was unhappy that they were not given the option to manage the projects themselves.

- An email was sent to the Principal on 17 May 2010 summarising the key questions discussed during each phone conference with PwC. The school Principal responded on 28 May 2010 stating that he had nothing further to add to his comments made during the phone conversation with PwC.
Status and recommendations

PwC communication with DET

- PwC met with DET on 27 May 2010. During the meeting it was noted that:
  - The initial BER Guidelines indicated that NSP projects would be minor works projects and the inclusion of equipment purchases was a later amendment to the guidelines.
  - DET established contracts for the project management of Round 1 NSP work.
  - The change in the BER Guidelines to include equipment purchases meant that these were also covered by the project management contracts and it was not possible to change those contracts that were in place.
  - 80 per cent of NSP funding was allocated in Round 1 and only 20 per cent allocated in Round 2.
  - DET reviewed all feedback provided by Round 1 schools. As a result Round 2 schools are now able to manage their own projects that are straight procurement assignments and do not involve works.

Status of complaint

- The complaint is a value for money issue.
- The NSP projects for Yugumbir State School are all finished.
- DET has applied its learning from this concern in its revised approach to Round 2.

DET key learning

- In subsequent revisions of the BER guidelines and further instructions provided by DEESWR more flexibility was provided to procure equipment. Subsequently the proportion of NSP expenditure involving equipment purchases was much greater than anticipated. At that stage contracts had been signed and many had been partially fulfilled.
Appendix 3.10
Wondall Heights State School
Overview

Complaint/concerns

- The P&C President corresponded with the local newspaper and stated that the decision to replace the school's existing hall with a new hall had resulted in both sadness and excitement within the school community.

- The school required a new hall for the following key reasons:
  - The need for appropriate facilities and disability access.
  - The size of the existing hall was insufficient for the increased number of students.
  - The existing hall did not meet current building legislation and contained asbestos.

- Several community members did not wish to demolish the old hall. The P&C President also noted that the school wished to invite the families involved in the construction of the original hall 25 years ago to attend a farewell ceremony at the school.

- DET requested PwC to examine the situation. No specific complaint had been made by any of the parties.

Background

- Wondall Heights State School is located east of Brisbane city and was first opened in 1966.

- In February 2009 there were 557 children enrolled in the school.

- PwC has been informed that six families from the school's P&C mortgaged their own homes to help fund the construction of the existing hall 25 years ago. As a result, the existing hall has sentimental value for several community members.

### Construction specifics

<table>
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<tr>
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</table>
| Total Funding Approved | P21: $3,000,000  
NSP: $200,000 |
| Project Description | P21: Multipurpose hall,  
NSP: Swimming pool upgrade  
NSP: Library extension  
NSP: Electronic whiteboard |
Communication with key stakeholders

DET communication with key stakeholders

- External consultants were engaged to prepare a report on the current condition of the existing hall. The report found that the hall did not comply with the Building Code of Australia (BCA) class 9 (b) building standards. The report found that the cost to upgrade the existing hall in order for it to comply with the BCA standards would be great and the process would not achieve value for money.

- DET provided PwC with a copy of a media statement to the Wynnum Herald 15 June 2009 regarding Wondall Heights State School. This media statement addressed the community’s concerns including the following:
  - The existing hall does not have adequate disabled access and is not large enough to cater for full school assemblies.
  - The new hall will be large enough to accommodate the full school enrolment.
  - Education Queensland, along with current parents and students of Wondall Height State School, acknowledge and appreciate the commitment and efforts of former parents and members of the school’s P&C Association.
  - The school is arranging a special event to celebrate and farewell the old hall, scheduled to be held on 24 June 2009.
  - The school has consulted with the current P&C Association, and a number of former members, and there is an overwhelming feeling of enthusiasm and support for the planned new hall.

PwC communication with DET

- PwC met with DET on 27 May 2010 to discuss the complaint relating to Wondall Heights State School. It was noted that:
  - The old hall was showing wear and tear from many years of use and could no longer accommodate the whole school.
  - DET provided PwC with a copy of the external consultants report on the old hall.
  - DET increased communication with the school community including those involved with the construction of the old hall.
  - DET advised that all stakeholders are very happy with the new facility.

DET key learning

- Prompt action to assess the nature of the complaint, followed by a decisive course of action and clear communication with the community has led to resolution of the issue.
- Sympathetic recognition of the commitment and efforts to former parents has helped to resolve the concern.
Communication with key stakeholders and status of complaint

PwC communication with key stakeholders

- On 7 May 2010 PwC spoke with the school Principal. The Principal explained that the school had hosted a farewell event for the hall.
- An email was sent to the Principal requesting any further comments. The Principal replied explaining that he was not aware of any outstanding concerns with regards to the BER Program in Wondall Heights State School and the school community are happy with the new facility and the way it is being utilised.
- On 7 May 2010 PwC spoke with the P&C President, it was noted that:
  - As a result of time pressures the process of acquiring the new hall was rushed.
  - The community is very pleased with the new facility.

Status of complaint

- The school held a memorial event for members of the prior P&C who were involved in the construction of the old hall.
- The old hall has been demolished.
- Construction of the new hall is finished and the new hall is in use.
- The Principal advised that there are no outstanding concerns relating to the BER Program in Wondall Heights State School.
- Based on the information examined, the concerns in relation to Wondall Heights State School do not relate to the following issues:
  - value for money
  - tax payers' funds being deemed to be wasted
  - procurement.
Appendix 4
Role of the audit Quantity Surveyor
1. INTRODUCTION

Mitchell Brandtman has been engaged by PricewaterhouseCoopers (PwC) 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.

Our examination includes for and is limited to the following:

A review of the scope of services for the audit Quantity Surveyors provided by the Department of Public Works (DPW) plus the submissions from the eight (8) audit Quantity Surveyors, providing commentary on the effectiveness of the benchmarking processes employed by each of the organisations based on the information provided.

2. DOCUMENTATION

The following is a list of documents that were provided to Mitchell Brandtman to form part of this review:

- Copy of PricewaterhouseCoopers’ request letter sent to all audit Quantity Surveyors.
- Copy of the eight (8) response letters received from the audit Quantity Surveyor’s.

3. REVIEW OF BUILDING THE EDUCATION REVOLUTION (BER) TERMS OF REFERENCE FOR AUDIT QUANTITY SURVEYING CONSULTANCY SERVICES

The Department of Public Works (DPW) on behalf of the Department of Education and Training (DET) issued the Building the Education Revolution Program (BER) Terms of Reference for Audit Quantity Surveying Consultancy Services (TOR), dated August 2009. This document details the following:

- The purpose of the appointment of the audit Quantity Surveyor;
- A brief background of the Client;
- A general description of the project;
- Details of the Principal;
- Project objectives (generally);
- Management of the project;
- Budget principals;
- Program;
- Project delivery; and
- Scope of services of the audit Quantity Surveyor.

Its primary objective was to ensure that the Principal’s financial interests in respect of the project were protected and that “value for money” was obtained.

Within the TOR, it is clear that the audit Quantity Surveyors were required to carry out:

- Financial auditing;
- Make recommendations regarding the Construction Manager’s cost proposals for the scope of works;
- Review and negotiate the Construction Manager’s overheads and tender/trade package submissions;
- Benchmark projects to ascertain “value for money” in conjunction with other successful audit Quantity Surveyors;
- Provide cost summary in accordance with DET requirement;
- Provide cost monitoring services to ascertain values of the project costs, including adjustment for variations, claims, the construction management fee and non-contract costs;
- Review, negotiate, and agree necessary changes to project estimates, tender recommendations, cost monitoring reports and payment claims submitted by the Construction Manager;
- Attend formal meetings including project co-ordination / design team meetings, steering committee meetings and site meetings as required;
- Benchmark engineering services estimates/tenders provided by the Construction Managers consultants/sub-contractors;
- Assess and negotiate engineering variations during the construction stage; and
- Produce cost monitoring reports to include for non-contract costs such as professional fees, statutory charges, OHS auditor fees, QBAA audit fees, loose furniture, equipment and project contingency.

Schematic Design (PDP) and Contract Documentation Phases

Review, report and make recommendations on the following services submitted by the Construction Manager:

- Cost Plans in elemental formats;
- Interim budget checks;
- Design options and analysis;
- Engineering system options;
- Building systems materials and finishes;
- Site options and analysis;
- Life cycle costing options;
- Sub-consultants recommendations;
- Engineering service estimates;
- Monthly cash flow forecast;
- Benchmarking comparison to establish “value for money”;
- Area comparison schedule to reflect briefed areas;
- Furniture and equipment allowances;
- Cost plan summary to reflect standard DET requirements;
- Claims for additional payment by consultants and statutory authorities; and
- Claims for additional payment by the Construction Manager.
Supply a recommendation report on whether or not the Construction Manager’s Schematic Design proposal (PDP) is “value for money”.

Tender Phase

Review, report and make recommendations on the following services required by the Construction Manager:

- Component trade package recommendations;
- Benchmarking comparison to establish “value for money”; and
- Cost plan summary report in standard DET format based on tendered costs.

Review, negotiate and make recommendations to the Principal on the Construction Manager’s on-site overheads.

Construction and Post Construction Phases

Review and advise on project estimate and tenders and adjustments to project contracts.

Check, negotiate and advise on:

- Valuations submitted by the Construction Manager in respect of proposed variations to scope and quality of the work;
- Valuations submitted by the Construction Manager in respect of proposed variations to the project contracts;
- Adjustment of provisional quantities and sums;
- Claims for liquidated damages for delay by the Principal;
- Claims for prolongation costs by the Construction Manager; and
- Other claims made by the Construction Manager under the agreement.

Attend project coordination / design team, steering committee, site meetings as requested by the Principal’s Representative.

Review and advise on the Construction Manager’s cost monitoring reports.

At Practical Completion and Final Completion:

- Check, negotiate and recommend claims for payment for work completed by the Construction Manager and his subcontractors and consultants;
- Ensure that the Construction Manager provides satisfactory evidence of costs claimed;
- Ensure that previous payments and other properly deductible amounts are deducted; and
- Ensure that payments are prepared in accordance with the BCIP Act.

Provide a final cost report reconciling all budgetary provisions including expenditure against the contingency allowance.

Review and advise on the Construction Manager’s component cost report for DET asset reporting purposes including final variation costs based on AIQS elemental break-up.

3.1 OBSERVATIONS

This is a comprehensive list of duties and it is clear that the DET have endeavoured to achieve an in depth review with stringent cost control undertaken by the audit Quantity Surveyors throughout all phases of the project. The intention was clearly to achieve good “value for money”.

The perception of “value for money” depends on the criteria it is measured against and 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. Market forces and market prices will influence the ultimate cost of any project and the PDP is a guide to the potential ultimate cost.

Although the TOR document is comprehensive, it does encourage and allow the audit Quantity Surveyors to use their own expert industry knowledge to determine “value for money”. The TOR also encourages all appointed audit Quantity Surveyors to work in conjunction with one another in regards to benchmarking.

The BER selection of local Construction Managers also facilitates the use of local knowledge and market conditions.
4. REVIEW OF SCOPE OF SERVICES PROVIDED BY THE EIGHT AUDIT QUANTITY SURVEYORS AND THE EFFECTIVENESS OF THEIR BENCHMARKING PROCESSES.

The scope of services provided by the eight audit Quantity Surveyors is comprehensive. All have applied the guidelines in the TOR together with employing their professional knowledge and procedures.

Key components employed by the audit Quantity Surveyors include:

- Checks for general compliance focusing on completeness, quantity measurements and arithmetic correctness;
- Verification that rates and prices are comparable with current market rates;
- Benchmarking rates with similar projects and other non-school projects (including industry benchmarks and comparison with internal databases of costs);
- Checks on allowances for project specific items (external works, external services etc);
- Ensuring reasonable contingencies are included;
- Checks that all set fees have been included;
- Testing design fees as a percentage of construction cost;
- All companies have employed competitive tendering;
- Should benchmarking flag anomalies then these have been interrogated to seek the reasons for the differences and cost has been negotiated so that “value for money” is achieved; and
- All audit Quantity Surveyors have worked in conjunction with their Construction Managers and where a higher than expected figure has been encountered they have worked towards an agreed solution and agreed “value for money”.

From our review of the eight audit Quantity Surveyors’ submissions provided, we determine that all eight companies have included a benchmarking process within their methodology.

Benchmarking is an estimation method of comparing similar elements from other projects which are included in the ‘specific project’ being analysed. All other areas which are inconsistent between projects need to be independently assessed by the audit Quantity Surveyor.

The benchmarking processes employed have been derived from a combination of:

- Their own internal data;
- Published industry data;
- Comparisons between tenders;
- Comparisons with other BER projects; and
- Comparisons with other similar private projects with which they have been involved.

This provides a large range of data for benchmarking and should ensure that any anomalies are highlighted. The reports provided by the Quantity Surveyors vary in detail, so it is difficult to determine the exact benchmarking methodology undertaken by each of the audit Quantity Surveyors on specific projects.

In an effort to establish a consistent benchmarking range for the program, the TOR requires the audit Quantity Surveyors to work in conjunction with each other to benchmark projects across other construction management packages. There is good justification for a level of communication within the process to ensure consistency across the large number of projects. There is evidence within the reports that a level of communication has occurred.

The audit Quantity Surveyors have highlighted the limitations with benchmarking and have applied their knowledge to interrogate any divergences which would limit the usefulness of benchmarking on particular projects. Reasons listed for the limited usefulness of benchmarking are that in most cases the modular designs have been modified to suit particular sites due to:

- Poor ground conditions;
- Orientation;
- Sloping sites;
- Available space at the school;
- Adjoining footpaths/roads etc;
- Remote/difficult location;
- Connection to site services;
- Requirement to upgrade existing services infrastructure (capacity to support new and future works is not always available);
- Structural upgrades;
- Architectural adjustments (selecting materials “sympathetic” to surrounding buildings); and
- School specific requirements (adjustments to suit school Principal’s requests).

Abnormal costs have been extracted and reviewed separately by all audit Quantity Surveyors. This made it possible to apply standard industry benchmarks to the basic structure.

Whilst benchmarking is a valuable tool it is only one of the elements involved in achieving “value for money”.

In an effort to achieve “value for money”, consideration needs to be given to the nature of this Government program. It is ambitious in its requirements for the quantity of work required in numerous locations. This has an effect on the method of procurement. There were also strict timeframes imposed. The audit Quantity Surveyor’s have provided anecdotal evidence that Government works attract a premium, yet the requirements of this program needed to be satisfied.

The audit Quantity Surveyors have given consideration to:

- Tenderers are invited from a list of pre-qualified PQC contractors. The capability of these contractors to be able to deliver multiple projects within the timeframe was of utmost importance. Significant factors were,
  - Size of the Contractor;
  - Complexity of the works; and
  - Specification of the works.
- The timing of the tendering in relation to supply and demand within the construction industry;
- Contractors, suppliers and consultants have to comply with exacting requirements which are generally not replicated in the private sector such as;
  - A higher level of quality assurance;
  - The PQC pre-qualification system; and
  - Additional project reporting.
- The total cost of the project within the PDP includes for items which would not normally be included in a benchmarking process (e.g. furniture, fixtures and equipment, design, professional and statutory fees, contingencies). These are identified separately within the cost plans;
5. CONCLUSION

The TOR is a well thought out document which endeavours to provide strict guidelines to ensure “value for money” is achieved on these projects. It covers all major project phases from a cost control and monitoring point of view and facilitates independent thought and input from the audit Quantity Surveyors in regards to benchmarking methodology. Whilst the scope of the TOR is comprehensive there is a requirement for a level of assurance that it is followed.

It appears from the reports provided that all audit Quantity Surveyors have understood and implemented the scope of services within the TOR. They have all applied a benchmarking process. However, the reports provided vary in detail, making it difficult to determine the exact benchmarking methodology undertaken by each of the audit Quantity Surveyors on specific projects. All audit Quantity Surveyors have included provisions within their methodology to deal with anomalies within the scope of the individual projects.

With regard to “value for money”, all audit Quantity Surveyors have applied their experience and knowledge in their specialist field to achieve the best possible price for each project, taking into account the individual requirements of each of these projects. The use of multiple independent audit Quantity Surveyors coming from professional practice should introduce a high level of confidence in the satisfaction of the program's requirements.

We consider this process adequate to achieve the objectives called for in the TOR.

Yours sincerely

MITCHELL BRANDTMAN

David Mitchell
Director
Appendix 5
Locality indices
Locality indices developed by the Department of Public Works Project Services

- The Queensland Government Department of Public Works publishes the following table of Locality Indices for locations throughout Queensland.
- The indices are based on standard school and similar value government buildings and provide a means of estimating the cost of building at each location compared with building the same facility in Brisbane.
- The table highlights the increased cost of providing facilities in remote locations.
- The impact on communities in those locations, when constrained by an enrolment-based funding allocation such as is the case with the BER Program is that those communities can only build a lesser facility with the same funds granted to a metropolitan school.
The Locality Index (L.I.) is produced by Project Services Quantity Surveyors and is based primarily on tenders for typical Government buildings to a maximum value of $50M (excl. GST).

Indices are for the exclusive use of Queensland Government Departments for the formulation of budgets for Government building projects and are not to be used for other purposes. The State of Queensland disclaims all responsibility and all liability (including without limitation, liability in negligence) for all expenses, losses, damages and costs incurred by any person as a result of or in any way connected with any use of the information provided.

An * beside an index represents an updated value since the previous report.
Appendix 6
Compliance with the BER Guidelines
### Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Compliance</th>
<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BER Objectives</td>
<td>Complies</td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
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</tr>
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<td>2</td>
<td>P21 Element</td>
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<th>Percentage</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Branding &amp; Recognition</td>
<td>100%</td>
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<td>State Obligations</td>
<td>100%</td>
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<td>7</td>
<td>Reporting Requirements</td>
<td>97%</td>
<td>Complies</td>
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<thead>
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<th>Comments</th>
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<td>Total</td>
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<td>92%</td>
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<td>Not measurable until later in the program</td>
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### Key

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<tr>
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<th>Complies</th>
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<tbody>
<tr>
<td>I</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>Partially complies (In progress)</td>
</tr>
<tr>
<td>N</td>
<td>Non compliant or unable to assess</td>
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</table>
### 1. BER Objectives

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist (State/Territory requirements only)</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
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<tr>
<td>1</td>
<td>Alignment with objectives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Economic stimulus</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provide economic stimulus through the rapid construction and</td>
<td></td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>refurbishment of school infrastructure</td>
<td><strong>Procurement Plan</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Learning environments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Build learning environments to help children, families and</td>
<td></td>
<td>C</td>
<td>Building and construction standards referred to in the Procurement Plan and BER Business Rules.</td>
</tr>
<tr>
<td></td>
<td>communities participate in activities that will support</td>
<td><strong>Procurement Plan; BER Business Rules</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>achievement, develop learning potential and bring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>communities together.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Governance Arrangements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The BER will come under the oversight arrangements put in</td>
<td></td>
<td>C</td>
<td>The governance structure and responsibilities are set out in the Program Implementation Plan. Records of Senior Officers Steering Committee have been examined to confirm the effective operation of the governance processes and accountabilities</td>
</tr>
<tr>
<td></td>
<td>place by the Office of the Coordinator-General (OCG) in the</td>
<td><strong>Building the Education Revolution, Program Implementation Plan for Queensland State Schools</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of the Prime Minister and cabinet. A BER National</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Coordinator from within the Department of Education,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employment and Workplace Relation (DEEWR) will be</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>appointed and will report to the OCG, as required.</td>
<td></td>
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<td></td>
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**Results for 1. BER Objectives**

<table>
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<td>Not measurable until later in the program</td>
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<td>P</td>
<td>0</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0</td>
<td>Not Compliant</td>
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<tr>
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<td>Total factors assessed</td>
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<table>
<thead>
<tr>
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<tbody>
<tr>
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<td>100%</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>0%</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>0%</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0%</td>
<td>Not Compliant</td>
</tr>
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<td>Item</td>
<td>Source of Evidence</td>
<td>Compliance</td>
</tr>
<tr>
<td>------</td>
<td>-------------------</td>
<td>------------</td>
</tr>
<tr>
<td>2</td>
<td>Discussions held with DET</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Statement of the status of schools provided by DET</td>
<td>C</td>
</tr>
<tr>
<td>2.2</td>
<td>Discussions held with DET</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Discussions held with DET</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>Discussions held with DET</td>
<td>P</td>
</tr>
<tr>
<td></td>
<td>Discussions held with DET</td>
<td>I</td>
</tr>
</tbody>
</table>

2. BER Element 1 - Primary Schools for the 21st Century

2.1 Eligibility
A school must be a ‘Primary School’, that is, delivering a level of primary education as defined in the Schools Assistance Act 2008 or as defined in the particular state or territory.

Confirm that the school is not planned for closure? (If so the application should not have been approved)

If the school is part of a planned amalgamation within 3 years is this a compliant combined proposal?

2.2 Round 1 - Achievement of timeline
February–March 2009 States, territories assess proposals

By 10 April 2009 Submit lists to Commonwealth for approval

May–June 2009 Commencement of projects

20 December 2010 Projects completed—up to 18 months for schools larger than 150 students, up to 7 months for smaller schools

2.3 Round 2 - Achievement of timeline
April 2009 States, territories assess proposals

By 15 May 2009 Submit lists to Commonwealth for approval

June–July 2009 Commencement of projects

31 January 2011 Projects completed—up to 18 months for schools larger than 150 students, up to 7 months for smaller schools
## 2. P21 Element

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
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<td>(State/Territory requirements only)</td>
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<td>2.4</td>
<td>Round 3 - Achievement of timeline</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>June 2009 States, territories assess proposals</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>By 10 July 2009 Submit lists to Commonwealth for approval</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>September-October 2009 Commencement of projects or construction must commence by 1 December 2009</td>
<td>Discussions held with DET</td>
<td>P</td>
<td>See 2.11 below</td>
</tr>
<tr>
<td></td>
<td>31 March 2011 Projects completed—up to 18 months for schools larger than 150 students, up to 7 months for smaller schools</td>
<td>Discussions held with DET</td>
<td>I</td>
<td>See 2.12 below</td>
</tr>
<tr>
<td>2.5</td>
<td>New iconic facility</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Library</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multi-purpose hall</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Classroom</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Upgrade existing facility</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>2.6</td>
<td>Funds allocated</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funds allocated are within indicative funding cap for school size</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Funds allocated are above indicative funding cap for school size but overall jurisdictional allocation has not been exceeded</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Where an application is ten per cent or more under the indicative funding allocation, states and territories must obtain a signed letter from the school principal agreeing that their school receive a funding amount which is less than the indicative funding allocation for their school. Applications may not be approved unless DEEWR is in receipt of signed letters from principals where the notional allocation is ten per cent or more under the notional funding allocation.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>
### 2. P21 Element

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>2.7</td>
<td>Conditions of funding</td>
<td>Discussions held with DET</td>
<td>C</td>
<td>This is measured on a quarterly basis. Reporting by Treasury on current capital works and BER capital works.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussions held with DET</td>
<td>C</td>
<td>Design templates are based on new school designs. Variances from the templates have been negotiated where necessary to accommodate particular site requirements, provided that expenditure remains within the allocated funds.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussions held with DET</td>
<td>C</td>
<td>Building and construction standards referred to in the Procurement Plan and BER Business Rules.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussions held with DET, school Principals and survey responses</td>
<td>i</td>
<td>Indications are that community access is being facilitated. Should be assessed again at project completion.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussions held with DET</td>
<td>i</td>
<td>100% of schools with completed projects that responded to a PwC survey reported that they have complied with this requirement. For remaining schools compliance will be not measurable until later in the program at completion of their projects.</td>
</tr>
</tbody>
</table>

Each school and/or system must maintain its current and planned investment in capital for the next four years in addition to its BER funding. In the case of states and territories, this will be monitored by the Australian Treasury.

Design templates or configurations must be used by states and territories wherever possible.

Consideration will be given to a school that has a preapproved design ready to build, or can demonstrate that non-use of a template is reasonable, appropriate and that the building process can still be expedited and achieved in prescribed timeframes.

Wherever possible, all new buildings and refurbishments should incorporate sustainable building principles to help reduce any impact of building on the natural environment. Sustainable buildings will be designed to maximise energy efficiency.

The school must agree to provide access at no, or low cost to the community to libraries and multipurpose halls funded under this element of BER. This must include reasonable access by any community or not-for-profit groups in the local community.

Schools must agree to advertise the availability of the infrastructure for use by the community through any avenue available to them which does not incur significant cost to the school (e.g. newsletters, school website, free community papers).

Schools may charge a low fee for the use of the facility where the charge is to cover recurrent costs incurred by the school in providing the community access (e.g. electricity, cleaning, security).

Schools that have facilities funded under BER that are not libraries or multipurpose halls must make either their existing library or multipurpose hall (or a comparable facility within the school) available for community use under the same conditions as schools that have facilities funded under the BER.

Other funding conditions are set out in the bilateral agreements for the BER.
## 2. P21 Element

### BER Guidelines Checklist

<table>
<thead>
<tr>
<th>Item</th>
<th>Source of Evidence</th>
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</thead>
<tbody>
<tr>
<td>2.9</td>
<td></td>
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</tbody>
</table>

**Use of funding**

Funding can be used for capital expenditure on the following items (in order of priority):

1. construction of new libraries;
2. construction of new multipurpose halls (e.g. gymnasium, indoor sporting centre, assembly area or performing arts centre) or, in the case of smaller schools, covered outdoor learning areas;
3. construction of classrooms, replacement of demountables or other building to be approved by the Commonwealth; or
4. refurbishment of existing facilities.

If this project is for an early learning centre does it meet the stated requirements?

Funding may be used for costs related to ICT in the fit-out, only if the ICT items are necessary to make the building operational for the purpose for which it has been built. Items which are covered by the guidelines relating to the National Secondary School Computer Fund or the additional funding associated with the deployment of computers under this Fund, will not be funded under any element of BER.

Funding must not be used for the following non-capital items: portable items that are not specifically related to the design purpose of the building; portable sports equipment (rackets, balls etc); portable gymnasium equipment (mats, beams etc); decorative items.

Funding can not be used for the building or refurbishment of any facility which has religious worship as its primary purpose.

### 2.10 Payment of funding

Funding for this element of BER will be paid by the Commonwealth Treasury to the state and territory treasuries. State and territory treasuries are required to pay the funding to state and territory Education Departments for government schools.

Has the school received its allocated funding for this project when required?

Examination of enrolment data | C | PwC has examined enrolment data as at Feb 2009 provided by DET. All schools have received the correct entitlements according to the BER Guidelines.
2.11 Project Commencement
All projects are required to commence in line with the timeframes set out in these Guidelines. Where a state and territory cannot meet the project commencement timeframes, approval to delay commencement must be sought from DEEWR. Where a delay is required, states and territories should write to the BER National Coordinator setting out their reasons for the delay and seeking consideration of a new commencement date, which must be included as part of the proposed request. In considering any request to delay project commencement, DEEWR will consult with the OCG.

2.12 Project Completion
Extensions to the completion deadline for projects will be considered by DEEWR on a case by case basis. In applying for an extension to the completion deadline, states and territories must take into consideration that one of the objectives of the BER is to provide economic stimulus through the rapid construction or refurbishment of school infrastructure. Where an extension is required, states and territories should write to the BER National Coordinator setting out their reasons for an extension (such as delays due to severe weather) and seeking consideration of a new completion date, which must be included as part of the proposed request.

Results for 2. P21 Element

<table>
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<tr>
<th>Number</th>
<th>Percentage</th>
<th>Description</th>
</tr>
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<tbody>
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<td>C</td>
<td>82%</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>11%</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>7%</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0%</td>
<td>Not Compliant</td>
</tr>
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<table>
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<td>36 Compliant</td>
</tr>
<tr>
<td>I</td>
<td>5 Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>3 Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0 Not Compliant</td>
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</table>

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions held with DET</td>
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### 3. SLC Element

#### BER Element 2 - Science and Language Centres for 21st Century Secondary Schools

<table>
<thead>
<tr>
<th>Item</th>
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<th>Compliance</th>
<th>Comments</th>
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<tr>
<td>(State/Territory requirements only)</td>
<td></td>
<td></td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.1 Eligibility criteria

1. demonstrated need or disadvantage - the determination of need should be demonstrated by should be demonstrated by providing relevant evidence (quantitative and qualitative) to establish disadvantaged schools and school communities. This may include the use of existing indices such as the DEEWR Determined SES Score (as used in section 72 of the *Schools Assistance Act 2008*), Socio-Economic Indexes for Area (SEIFA), or Index or relative socio-economic disadvantage (IRSED);

| Discussions held with DET | C | Need or disadvantage reviewed by a Regional panel, State panel and Commonwealth panel. |

2. demonstrated need for the specified building—the school does not have a contemporary science building/laboratory or a language learning centre, or any existing facilities of that kind or they are inadequate for the school’s current or emerging needs;

| Discussions held with DET | C | |

3. demonstrated readiness and capacity to begin and complete construction of the building within the 2009–10 financial year.

| Discussions held with DET | C | |

#### 3.2 Achievement of timeline

- March-May 2009 States, territories and BGAs assess proposals
- 31 May 2009 Submit lists to Commonwealth for approval (lists may be submitted earlier)
- August - September 2009 Commencement of projects
- 30 June 2010 Projects completed

| Discussions held with DET | C | |
| Discussions held with DET | C | See 3.6 below |
| Discussions held with DET | P | See 3.6 below |
| Discussions held with DET | I | See 3.6 below |

#### 3.3 Have the funds been allocated using a competitive process in accordance with the Eligibility Criteria

| Discussions held with DET | C | |

#### 3.4 Conditions of funding

Each school and/or system must maintain its current and planned investment in capital for the next four years in addition to its BER funding. In the case of states and territories, this will be monitored by the Australian Treasury.

Each school must be able to meet agreed starting and completion dates for building as prescribed for this BER element.

Design templates or configurations must be used by states, territories and BGAs, wherever possible.

| Discussions held with DET | C | |
### 3. SLC Element

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist (State/Territory requirements only)</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consideration will be given to a school that has a preapproved design ready to build, or can demonstrate that non-use of a template is reasonable, appropriate and that the building process can still be expedited and achieved in prescribed timeframes.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td>Building and construction standards referred to in the Procurement Plan and BER Business Rules.</td>
</tr>
<tr>
<td></td>
<td>Wherever possible, all new buildings and refurbishments should incorporate sustainable building principles to help reduce any impact of building on the natural environment. Sustainable buildings will be designed to maximise energy efficiency, including insulation, energy efficient solar hot water (where appropriate), lighting, glazing, heating and cooling and a water tank. This will apply unless an exemption is given by the Commonwealth to take account of particular regional climate requirements.</td>
<td>Discussions held with DET; Procurement Plan; BER Business Rules</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other funding conditions are set out in the bilateral agreements for the BER funding made between the Commonwealth and the states/territories.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>3.5 Payment of funding</strong>&lt;br&gt;Has the school received its allocated funding for this project when required?</td>
<td>Discussions held with DET</td>
<td>C</td>
<td>State has agreed with the Commonwealth to manage funding centrally. Complies to the extent that funding has been received by the State for the Schools.</td>
</tr>
<tr>
<td></td>
<td><strong>3.6 Project Completion</strong>&lt;br&gt;Extensions to the completion deadline for these projects will be considered by DEEWR on a case by case basis. In applying for an extension, states, territories and BGAs must take into consideration that one of the selection criterion for funding under this element was capacity to complete the project by 30 June 2010. Where an extension is required states, territories and BGAs should write to the BER National Coordinator setting out their reasons for an extension (such as delays due to severe weather) and seeking consideration to a new completion date, which must be included as part of the proposed request.</td>
<td>C</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

172
### Results for 3. SLC Element

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
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<td>C</td>
<td>14</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>1</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>1</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0</td>
<td>Not Compliant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number</th>
<th>Total factors assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>88%</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>6%</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>6%</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0%</td>
<td>Not Compliant</td>
</tr>
</tbody>
</table>
### 4. NSP Element

#### Item BER Guidelines Checklist

(State/Territory requirements only)

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

### 4. BER Element 3 - National School Pride Program

#### 4.1 Eligibility

This element of BER will provide funding to every Australian school—primary and secondary, government and non-government. Confirm that the school is not planned for closure? (If so the application should not have been approved) If the school is part of a planned amalgamation within 3 years is this a compliant combined proposal?

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Item</td>
<td>BER Guidelines Checklist (State/Territory requirements only)</td>
<td>Source of Evidence</td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>4.4</td>
<td>Funds allocated on the basis of enrolment numbers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0 to 50 $50,000</td>
<td>Data provided by DET</td>
</tr>
<tr>
<td></td>
<td>51 to 150 $75,000</td>
<td>Data provided by DET</td>
</tr>
<tr>
<td></td>
<td>151 to 300 $125,000</td>
<td>Data provided by DET</td>
</tr>
<tr>
<td></td>
<td>301 to 400 $150,000</td>
<td>Data provided by DET</td>
</tr>
<tr>
<td></td>
<td>401+ $200,000</td>
<td>Data provided by DET</td>
</tr>
<tr>
<td>4.5</td>
<td>Use of funding</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>refurbishment of buildings; construction or upgrades of fixed shade structures, covered outdoor learning areas, sporting grounds and facilities; green upgrades (water tanks), insulation; and specialised infrastructure support for students with disabilities or special needs.</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>Items which are covered by the guidelines relating to the National Secondary School Computer Fund or the additional funding associated with the deployment of computers under this Fund, will not be funded under any element of BER (including computers for student use).</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>Funding can not be used for installation or refurbishment of air conditioning or heating.</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>Funding can not be used for the building or refurbishment of any facility which has religious worship as its primary purpose.</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td>4.6</td>
<td>Payment of funding</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>Has the school received its allocated funding for this project when required?</td>
<td>Discussions held with DET</td>
</tr>
<tr>
<td></td>
<td>Other funding conditions are set out in the bilateral agreements for the BER</td>
<td>Discussions held with DET</td>
</tr>
</tbody>
</table>
## 4. NSP Element

**Item BER Guidelines Checklist**
(State/Territory requirements only)

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>20</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>0</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>2</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0</td>
<td>Not Compliant</td>
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</tbody>
</table>

**Results for 4. NSP Element**

<table>
<thead>
<tr>
<th>Number</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>C</td>
<td>91%</td>
</tr>
<tr>
<td>I</td>
<td>0%</td>
</tr>
<tr>
<td>P</td>
<td>9%</td>
</tr>
<tr>
<td>N</td>
<td>0%</td>
</tr>
</tbody>
</table>

Total factors assessed: 22

Number: Compliant

Percentage: Not measurable until later in the program

Partial Compliant

Not Compliant

Not Compliant
5. Branding & Recognition

Requirements for all three BER Elements

5.1 Branding and Recognition

1. the Deputy Prime Minister must be invited to all opening ceremonies;

2. a convenient date for the ceremony for all parties should be chosen. Schools are required to choose three dates to allow greater flexibility for the Deputy Prime Minister or representative to attend;

3. ceremonies should not be scheduled on Parliamentary sitting days;

4. for assistance with organising an official opening, schools must contact DEEWR to arrange an Official Recognition ceremony through the BER website;

5. provide the Deputy Prime Minister with at least two months notice of any openings and public events relating to the projects;

6. hold an official opening or ceremony within three months of the completion of the project, unless otherwise agreed by the Deputy Prime Minister, and

7. make provision in the official proceedings for the Deputy Prime Minister or representative to speak.

Publicity: Schools should acknowledge the Commonwealth’s assistance in publicity issued by the school regarding its BER funded project such as newsletters, web sites, articles in the local media, school outdoor signs and any other form of advertising available to the School.

Plaques: Schools will be required to affix a plaque, to be supplied by the Commonwealth, to all completed projects. This includes, but is not limited to, new buildings and substantially refurbished buildings.

Where a plaque cannot be attached to a project because of the nature of the project, then a plaque must be placed in an appropriate location in the school, such as the front foyer or administration area.

Roadside signs: Schools will be required to affix a roadside sign, to be supplied by the Commonwealth, in front of the school for projects being funded under the Primary Schools for the 21st Century and Science and Language Centres for 21st Century Secondary Schools.
## 5. Branding & Recognition

### BER Guidelines Checklist
(State/Territory requirements only)

<table>
<thead>
<tr>
<th>Item</th>
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<th>Comments</th>
</tr>
</thead>
</table>

**Results for 5. Branding & Recognition**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>11</td>
<td>100%</td>
<td>Compliant</td>
</tr>
<tr>
<td>I</td>
<td>0</td>
<td>0%</td>
<td>Not measurable until later in the program</td>
</tr>
<tr>
<td>P</td>
<td>0</td>
<td>0%</td>
<td>Partially Compliant</td>
</tr>
<tr>
<td>N</td>
<td>0</td>
<td>0%</td>
<td>Not Compliant</td>
</tr>
</tbody>
</table>

Total factors assessed: 11
**6. State Obligations**

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist (State/Territory requirements only)</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>State and territory obligations</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. enter into bilateral agreements with the Commonwealth under which they will receive BER funding.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. call for and assess project proposals from government schools for each BER element in line with these Guidelines;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. ensure that the design, application and assessment processes are fast-tracked, with minimal red tape;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. maintain their current and planned level of investment for capital infrastructure in schools over the next four years, spending it concurrently with BER funding on school infrastructure, and providing the Australian Government with evidence of capital expenditure for the past four years and estimates for the next four years. This process will be overseen by Heads of Treasuries and reported to COAG;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. use a design from the templates submitted to the Commonwealth for each element of BER, where appropriate. States and territories will submit their design templates to the Commonwealth by 19 February 2009;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. ensure that projects covered by the Funding use their best endeavours to give priority in contracting and tendering arrangements to businesses that agree to aim to secure at least 10 percent of the total contract labour hours to be undertaken by apprentices and trainees and those seeking to up-skill, where this does not result in unreasonable costs to business, and report to the Commonwealth on this;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. assess proposals and prioritise infrastructure proposals in accordance with these Guidelines and prepare project lists for approval by the Commonwealth;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. accept and adhere to branding of the projects, as set out in these Guidelines;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. accept and adhere to the reporting requirements as outlined in the National Partnership Agreement and funding agreements with the Commonwealth and in these Guidelines;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10. provide information to the Commonwealth on the implementation of the BER by completing the Implementation Plan provided by the Commonwealth. In the Implementation Plan, states and territories will be asked to provide information on:</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a. how projects will be called for, assessed, prioritised and selected;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. strategies to be used to fast-track application and assessment outcomes;</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## 6. State Obligations

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist (State/Territory requirements only)</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>c.</td>
<td>how applications from schools marked for closure or for merger will be managed;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>d.</td>
<td>what ongoing project management of each project will be offered;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>e.</td>
<td>what project management approach will be adopted;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>f.</td>
<td>how every school will maximise its opportunities under BER;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>g.</td>
<td>how smaller or less resourced schools/communities will be assisted;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>h.</td>
<td>how sustainable building principles (maximising energy efficiency, including insulation, energy efficient solar hot water [where appropriate], energy efficient lighting, energy efficient glazing, energy efficient heating and cooling, and a water tank)</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>i.</td>
<td>steps to be taken to achieve broad community consultation;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>j.</td>
<td>how new and refurbished facilities in primary schools will be available for broad community use at no or low cost;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>k.</td>
<td>how data entry will be undertaken on school projects to meet all data requirements;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>l.</td>
<td>key contacts.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>appoint a state coordinator for BER who will oversee government school participation in the program.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

## 6.2 Tendering and Procurement

States and territories must ensure that tendering and procurement arrangements for BER funded projects require the projects to demonstrate:

1. value for money;

2. compliance with any relevant planning requirements

| Examination of project documentation | C | Every project is required to demonstrate value for money through certification of "value for money" by a qualified Quantity Surveyor, at the cost estimation stage and again when tender processes have been received. | Compliance Check List |
6. State Obligations

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist</th>
<th>Source of Evidence</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>(State/Territory requirements only)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. The project is able to be delivered within the required timeframes

- Examination of project documentation: C
- Contract documentation: C

6.3 Variations to Project Approvals

To maximise the impact of the BER, project variations will be considered by DEEWR on a case by case basis. Any proposed variation must be consistent with the BER Guidelines. DEEWR will provide a project variation template for completion for any proposed project variations, including for those which require states and territories to notify DEEWR of a variation rather than seek approval. For those project variations which require DEEWR’s approval, a fully completed project variation template must be submitted to DEEWR for approval before any proposed project variation will be considered. DEEWR will assess the project variation against these Guidelines in making decisions about approval.

6.3.1 Project Variations under Primary Schools for the 21st Century

Any project variation that has an impact on the scope of a project must be approved by DEEWR prior to any work on the project variation commencing. Project variations which will be considered under this category include where an approved project is to be cancelled and replaced with a new project; or where an approved project is varied in some way without impacting on the overall BER approved funding for that project.

States and territories will have the flexibility to manage project variations within a school without seeking approval from DEEWR prior to work on the project variation commencing. Where this occurs, DEEWR must be notified within 21 days of month end, using the DEEWR project variation template.

DEEWR’s prior approval is required in instances where the quantum of funding to be moved from one school to another is five per cent or more of the approved project. Approval will be subject to:

- the provision of a signed letter from the school principal agreeing to the funding being moved;
- the funding being tied to an overspend for a specific project at a specific school, and
- the provision of justification for the overspend.

Project variations which will be considered include:

- where there is an underspend in one, or more, project/s and these funds are to be reallocated to offset overspends on other project/s in other schools;
- where an approved project has changes that do not impact on the approved funding allocation, e.g. where a project has underspends and a variation is sought to extend the project within the difference in funding.

Discussions held with DET: C

Discussions held with DET: C

Discussions held with DET: C
6. State Obligations

6.3.2 Project Variations under Science and Language Centres for the 21st Century Secondary Schools

It is anticipated that there may be a requirement to vary details of an approved project to accommodate unforeseen circumstances where there is a significant impact on the approved project. For example, where a project design submitted as part of the application and approval process needs to be changed to enable the project to be delivered within the specified timeframe.

In addition, a variation will be required where the final contracted price for the approved project exceeds BER funding approved and the school wishes to contribute their own funding to ensure the scope of the project is not reduced. The variation will identify the contribution.

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

6.3.3 Project Variations under the National School Pride Program

Any project variation that has an impact on the scope of a project must be approved by DEEWR prior to any work on the project variation commencing. Project variations which will be considered under this category include:

- where an approved project is to be cancelled and replaced with a new project; or
- where an approved project is varied in some way without impacting on the overall BER approved funding for that project

States and territories will have the flexibility to manage project variations within a school without seeking approval from DEEWR prior to work on the project variation commencing. Where this occurs, DEEWR must be notified within 21 days of month end, using the DEEWR project variation template.

States and territories will also have the flexibility to move funding from one school to another where that quantum of funding is up to five per cent of the approved project funding, subject to the funding being tied to an overspend for a specific project at a specific schools. Where this occurs, DEEWR must be notified within 21 days of month end, using the project variation template. The project variation template must be accompanied by written assurance that the appropriate levels of consultation have been undertaken with the relevant school principal/s.

<table>
<thead>
<tr>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>
### 6. State Obligations

**BER Guidelines Checklist (State/Territory requirements only)**

<table>
<thead>
<tr>
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<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
</table>

**DEEWR’s prior approval is required in instances where the quantum of funding to be moved from one school to another is five per cent or more of the approved project. Approval will be subject to:**
- the provision of a signed letter from the school principal agreeing to the funding being moved;
- the funding being tied to an overspend for a specific project at a specific school; and
- the provision of justification for the overspend.

**Project variations which will be considered include:**
- where there is an underspend in one, or more, project/s and these funds are to be reallocated to offset overspends on other project/s in other schools;
- where an approved project has changes that do not impact on the approved funding allocation, e.g. where a project has underspends and a variation is sought to extend the project with the difference in funding.

**Results for 6. State Obligations**

- **Number**
  - C: 35 Compliant
  - I: 0 Not measurable until later in the program
  - P: 0 Partially Compliant
  - N: 0 Not Compliant

- **Percentage**
  - C: 100% Compliant
  - I: 0% Not measurable until later in the program
  - P: 0% Partially Compliant
  - N: 0% Not Compliant
### 7. Reporting Requirements

**States, territories and BGAs** are required to report in accordance with the Monthly Reporting Guidelines provided by the DEEWR on 13 July 2009.

**a.** reporting to the Coordinator General, the Department of the Prime Minister and Cabinet, and COAG on overall program progress;

**b.** periodic departmental reporting, including progress against key outputs and outcomes by states, territories and BGAs;

**c.** analysis on whether projects are meeting delivery timetables and objectives, and also provide advice on possible strategies and interventions to prevent slippages;

**d.** identification of potential issues and constraints across the industry sectors that will be supporting BER and the wider Nation Building stimulus package; and

**e.** ad-hoc reporting as required.

### 7.1 Roles and Responsibilities

**States, Territories and BGAs**

- a. reporting against the commitments outlined in the National Partnership Agreement and the Bilateral Agreements;
- b. either collecting and entering required data for individual projects, or ensuring individual schools do so;
- c. validating accuracy of information provided by schools or other parties;
- d. monitoring the three elements of BER to ensure the program is delivered on time and that it achieves the specified and desired outcomes;
- e. timely identification and advice of program and project slippages;

#### 7.1.1 Source of Evidence

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Item</th>
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<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Reporting Requirements</td>
<td></td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Discussions held</td>
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<td>DET</td>
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<tr>
<td>7.1</td>
<td>Roles and Responsibilities</td>
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<td></td>
<td>States, Territories and BGAs</td>
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<td>Discussions held</td>
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<td>DET</td>
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</table>

**Notes:**

- DET reports on a quarterly basis to the Queensland Treasury. As the data capturing processes are still being refined there may questions around the accuracy of data.
- Analysis of project schedules is reported to the Commonwealth on a monthly basis.
- DET has raised with the Commonwealth the capacity in industry to undertake the work required for the Program. Amendments were made to the Integrated Planning Act (regulations) in order to permit accelerated approvals to meet the time requirements.
- Processes are in place to capture information however further work in progress to ensure valid and accurate data is captured.

**Comments:**

- Project tracking updated daily
## 7. Reporting Requirements

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist</th>
<th>Source of Evidence</th>
<th>Compliance</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>f.</strong> assist schools to develop strategies and interventions to rectify the program or project slippages or blockages;</td>
<td>Examination of documents</td>
<td>C</td>
<td>Managed centrally by DET.</td>
<td></td>
</tr>
<tr>
<td><strong>g.</strong> retaining adequate records to demonstrate compliance with obligations under the bilateral agreements;</td>
<td>Examination of documents</td>
<td>C</td>
<td></td>
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</tr>
<tr>
<td><strong>h.</strong> storing in a secure place not accessible by unauthorised persons, and retaining, for a minimum period of seven years from the date the last action is completed, all records for each of the projects funded under BER, in order for the Commonwealth to fulfil its obligations under the Archives Act 1983;</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
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</tr>
<tr>
<td><strong>i.</strong> keeping financial books and accounts in accordance with Australian Accounting Standards; and</td>
<td>Discussions held with DET</td>
<td>C</td>
<td>Internal processes and Internal Audit of financial accounts.</td>
<td></td>
</tr>
<tr>
<td><strong>j.</strong> ensuring that schools for which they are responsible allow access to the school by an officer of DEEWR authorised in writing by the BER National Coordinator, to inspect the progress of the project, subject to reasonable notice.</td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
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</tr>
</tbody>
</table>

### Schools

- a. collection of timely and accurate information prescribed by their state government or BGA;
- b. input to the reporting tools and templates provided by DEEWR;
- c. timely identification of project slippages and issues which could prevent achievement of the specified program outcomes and notification to state, territory or BGA; and
- d. development of strategies or interventions to rectify the project slippages; and
- e. ensuring access to the school by an officer of DEEWR authorised in writing by the BER National Coordinator, to inspect the progress of the project, subject to reasonable notice.

### 7.3 Key Reporting Requirements

#### Application phase

In calling for, and assessing, project proposals, the states, territories and BGAs will collect the following information:

- a. project type, for example, new construction (specify type of facility) or refurbishment;
- b. facility type, using the standard descriptions defined in the Guidelines. However, additional sub-categorisation may be included;

- Discussions held with DET | C | | |
### 7. Reporting Requirements

<table>
<thead>
<tr>
<th>Item</th>
<th>BER Guidelines Checklist (State/Territory requirements only)</th>
<th>Source of Evidence</th>
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<tr>
<td>c.</td>
<td>building construction considerations including:</td>
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</tr>
<tr>
<td>i.</td>
<td>approximate building size (square metres); and</td>
<td></td>
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</tr>
<tr>
<td>ii.</td>
<td>construction type (e.g. brick, concrete, timber).</td>
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<td>d.</td>
<td>sustainability aspects of projects (e.g. energy efficiency rating, recycled water or other sustainability measures being put in place).</td>
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<tr>
<td></td>
<td>discussions held with DET</td>
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<td>C</td>
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<tr>
<td></td>
<td>discussions held with DET</td>
<td></td>
<td>C</td>
<td>Building and construction standards referred to in the Procurement Plan and BER Business Rules. Part of QLD standards.</td>
</tr>
<tr>
<td></td>
<td>discussions held with DET</td>
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<td>discussions held with DET</td>
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<tr>
<td></td>
<td>discussions held with DET</td>
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<td>C</td>
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</table>

#### Additional requirements for Primary Schools for the 21st Century projects

- c. project schedule versus milestones, including construction commencement and completion. If work-steps such as planning approval are on the critical path, these should be reported on;

|      |                                                             |                    | n/a         | Discontinued by DEEWR |
|      | discussions held with DET                                   |                    | n/a         | Discontinued by DEEWR |

#### 7.4 Ongoing Reporting

- a. project expenditure versus budgeted expenditure by milestone – include actual expenditure to date and forecast expenditure for all milestones;

|      |                                                             |                    | n/a         | Discontinued by DEEWR |
|      | discussions held with DET                                   |                    | n/a         | Discontinued by DEEWR |

- b. administrative expenditure versus budget;

|      |                                                             |                    | C          |          |
|      | discussions held with DET                                   |                    | C          |          |

- c. project schedule versus milestones, including construction commencement and completion. If work-steps such as planning approval are on the critical path, these should be reported on;

|      |                                                             |                    | n/a         | Discontinued by DEEWR |
|      | discussions held with DET                                   |                    | n/a         | Discontinued by DEEWR |

- d. jobs supported on the school site by the project. This reporting should be specific to the project and should identify data for overall jobs involved in the project as well as target areas such as apprenticeships or traineeships;

|      |                                                             |                    | C          |          |
### 7. Reporting Requirements

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Discussions held with DET</td>
<td>C</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Discussions held with DET</td>
<td>n/a</td>
<td>Discontinued by DEEWR</td>
</tr>
</tbody>
</table>

#### 7.5 Ad hoc Reporting Requirements

It is expected that throughout the program, additional detail may be requested on individual projects.

#### 7.6 Frequency of Reporting

Period reporting or updating will be required monthly within 21 days of the end of the month. Exception based reporting will be required where there is a material change to either the job support objectives or the schedule for a project. This exception based reporting should be provided to the government no later than five working days after the identification of the issue.

### Results for 7. Reporting Requirements

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>33</td>
<td>97%</td>
</tr>
<tr>
<td>I</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>P</td>
<td>1</td>
<td>3%</td>
</tr>
<tr>
<td>N</td>
<td>34</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Legend:**
- C = Compliant
- I = Not measurable until later in the program
- P = Partially Compliant
- N = Not Compliant

**Note:**
- Estimated impact on project schedule, budget and job creation should be provided; and
- Discussions held with DET.

**Community Access:**

- f. post completion community access to the facility, including information on the range of groups using the facility and estimation of the number of hours and cost incurred by the community groups.
- Discussions held with DET.

**Discontinued Projects:**

- n/a: Discontinued by DEEWR.
Appendix 7
List of Abbreviations and Definitions
### Appendix 7 - List of Abbreviations and Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BER Business Rules</td>
<td>An explanatory document circulated by DET to interpret the BER guidelines for Queensland State Schools</td>
</tr>
<tr>
<td>BER Fact Sheets</td>
<td>A series of fact sheets circulated by DET to provide an overview of the implementation of the BER program in Queensland State Schools, matters relating to delivery and costs, construction management, procurement arrangements and procurement processes.</td>
</tr>
<tr>
<td>Complaint</td>
<td>Formal complaint or an unresolved issue that has been forwarded by DET to the independent examiner for review.</td>
</tr>
<tr>
<td>DEEWR</td>
<td>Department of Education Environment and Workplace Reform</td>
</tr>
<tr>
<td>DERM</td>
<td>Department of Environment and Resource Management</td>
</tr>
<tr>
<td>DET</td>
<td>Department of Education and Training (Queensland)</td>
</tr>
<tr>
<td>DPW</td>
<td>Department of Public Works</td>
</tr>
<tr>
<td>P&amp;C</td>
<td>Parents and Citizens Association</td>
</tr>
<tr>
<td>PDP</td>
<td>Project Development Plan</td>
</tr>
<tr>
<td>PMBoK</td>
<td>Project Management Body of Knowledge, guide to project management published by the Project Management Institute</td>
</tr>
<tr>
<td>PQC</td>
<td>Pre-qualified contractor</td>
</tr>
<tr>
<td>QAO</td>
<td>Queensland Audit Office</td>
</tr>
<tr>
<td>QS</td>
<td>Quantity Surveyor</td>
</tr>
<tr>
<td>The Minister</td>
<td>The Minister for Education and Training (Queensland)</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>-------</td>
<td>----------------------------------------------------------------</td>
</tr>
<tr>
<td>P21</td>
<td>Primary Schools for the 21st Century</td>
</tr>
<tr>
<td>SLC</td>
<td>Science and Language Centres</td>
</tr>
<tr>
<td>NSP</td>
<td>National School Pride</td>
</tr>
<tr>
<td>PM</td>
<td>Project Manager</td>
</tr>
<tr>
<td>CM</td>
<td>Construction Manager</td>
</tr>
<tr>
<td>D&amp;C</td>
<td>Design and Construct</td>
</tr>
<tr>
<td>QASSP</td>
<td>Queensland Association of State School Principals</td>
</tr>
<tr>
<td>ACAQ</td>
<td>Association of Consulting Architects Queensland Branch</td>
</tr>
<tr>
<td>VFM</td>
<td>Value for Money</td>
</tr>
<tr>
<td>DEEDI</td>
<td>Department of employment, economic development and innovation (Queensland)</td>
</tr>
<tr>
<td>DPC</td>
<td>Department of premier and cabinet</td>
</tr>
<tr>
<td>SRRC</td>
<td>Scenic Rim Regional Council</td>
</tr>
<tr>
<td>OHSC</td>
<td>Outside Hours School Care</td>
</tr>
<tr>
<td>QFRS</td>
<td>Queensland Fire and Rescue Service</td>
</tr>
<tr>
<td>SOSC</td>
<td>Senior Officers Steering Committee</td>
</tr>
</tbody>
</table>
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.