

**Queensland Government
Submission
to the
Senate Inquiry into the
Australian Government's
Primary Schools for the 21st
Century element of the Building
the Education Revolution
program**

October 2009

Introduction

The Queensland Government welcomes the opportunity to participate in the Australian Government's *Building the Education Revolution* (BER) program which will deliver close to \$2.1 billion in funded projects for Queensland state and non-state schools over three financial years. The Queensland Government supports the objectives of the BER program.

In Queensland, the BER program is being implemented in all three education sectors; state, Catholic and independent. The BER State Coordinator oversees the implementation of the program in Queensland. The Department of Education and Training is primarily responsible for the implementation of the program in the state education sector, with coordination across a number of state government agencies, including the Department of the Premier and Cabinet, Queensland Treasury and the Department of Public Works in their capacity as Queensland coordinator of the Nation Building Economic Stimulus Plan and procurer of consultants for Queensland Government works. The implementation of BER within the Catholic and independent school sectors is managed through their respective "Block Grant Authorities". Information sharing and regular liaison occurs between all three sectors. However the Queensland Government is not accountable for the implementation of the BER program in the non-state education sector.

The information contained in the submission focuses on the Queensland Government's implementation of BER in the education school sector, along with the achievements to date and the management of key risks.

As at 20 October 2009, there were 926 projects commenced and 13 complete under the *Primary Schools for the 21st Century* element in Queensland state schools.

Queensland is well placed to deliver a program, such as *Primary Schools for the 21st Century*, due to:

- the Department of Education and Training's (DET) history of successfully delivering large capital works programs in Queensland state schools, including in recent years the state's investment in the facilities for Preparatory Year of schooling to every state school in Queensland and the \$1 billion Tomorrow's Schools program.
- the Department of Public Works' Prequalification (PQC) System that provides a comprehensive central register of prequalified building industry contractors and consultants.

Given the scale and complexity of the BER program, Queensland recently commissioned Price Waterhouse Coopers to review the implementation of BER in Queensland state schools. The final report presented a very positive picture of Queensland's work in delivering BER.

Further information on the BER implementation in Queensland state schools can be located at:

<http://education.qld.gov.au/infrastructure/strategy/ber/>
<http://www.nationbuilding.qld.gov.au/Pages/index.aspx>

(i) Conditions and criteria for project funding

Queensland state schools have been allocated funds for P21 projects based upon the number of school enrolments. This amounts to approximately \$1.8 billion in funding, the largest element of the BER program.

The Australian Government has provided separate funding of 1.5% of the total BER program value to the State for program administration. This funding is appreciated by the Queensland Government and is being fully utilised to support the BER program at central and regional levels.

The BER P21 funding provides welcomed investment in 1080 aging state schools. Prior to the BER program, Queensland's state primary schools were not generally provided with multipurpose halls. Investment in these facilities, particularly the multipurpose halls, along with libraries and other facilities, has received overwhelming support from principals and local communities.

The BER program is complimented by the Queensland Government's history of investment in education infrastructure. The Queensland Government's own school renewal program *Tomorrow's Schools* \$1b and the DET base capital works program for 2009-2010 \$843m will see investment in new schools, and replacement and enhancement of facilities in existing schools. This investment in facilities will continue with \$400m earmarked to create quality early childhood education programs across the state through to 2013-2014. These investments follow on the back of the introduction of the Preparatory year of schooling into primary schools at \$282m.

A very small minority groups and individuals have been vocal in raising issues through the media, mainly concerning perceptions surrounding value for money, neighbourhood/community concerns and siting issues. These issues have been resolved through extensive consultation with all affected and aggrieved parties.

Given Queensland's decentralised geographical nature, a key issue in the early stages of the BER program formulation related to the potential for a needs-based model, including the desirability of re-allocating funding in rural and remote locations based on a locality index. However, the BER guidelines, published on 26 February 2009, required all schools to be allocated their published funding cap, regardless of geographic location or socio-economic circumstance and hence DET's program formulation was changed to align with the published BER guidelines.

The timelines for delivery of the BER program are considered tight by industry standards; however implementation of the BER program continues with 1664 P21 projects in various stages of delivery.

The Queensland Government takes pride in the fact that Yandina State School was the site of the first P21 project completed in Australia. The Queensland

Government remains very optimistic that the P21 projects will be completed on time or in advance of the timelines outlined BER program guidelines.

(ii) Use of local and non-local contractors

The Queensland Government's goal is to use local contractors, sub-contractors, suppliers and consultants, balanced against the BER program's priorities. DPW and its Nation Building Economic Stimulus Plan (NBESP) State Coordinator's Project Management Office (PMO) has drawn on its strengths to develop innovative procurement methods to assist DET with the rapid rollout of the BER program and to help ensure the use of local consultants, building contractors and subcontractors.

All procurement methodologies contained in the NBESP Queensland Procurement Plan support training and up-skilling of construction based apprentices and workers, with special requirements for Indigenous people on NBESP projects in specified Aboriginal and Torres Strait Islander communities. Both DPW and DET provide updated information for contractors through their websites.

Yandina State School in the Sunshine Coast Hinterland, the first P21 project to be completed in Australia, exemplifies the State of Queensland's commitment to use of local contractors. On this project, 90% of the subcontractors were based on the Sunshine Coast.

The engagement of local sub-contractors will occur in most parts of Queensland, dependant upon their availability and competitiveness.

(iii) Role of state governments

The Queensland Government notes there has been a policy shift from recent Commonwealth education infrastructure programs from a direct Commonwealth relationship with schools towards greater involvement of state and territory jurisdictions in implementation and delivery. The Queensland Government welcomes the involvement of states and territories to facilitate planning, coordination, timely delivery, provide appropriate quality assurance and value for money assessments.

DET officers responsible for implementing BER communicate regularly with their counterparts in the Queensland Block Grant Authorities to share information and enable local level cooperation, where possible.

To facilitate the rapid delivery required under the BER program, the Queensland Government also amended its *Integrated Planning Regulation* to allow fast-tracking of town planning approvals.

Queensland notes that in some instances, there is a direct relationship between the Australian Government (DEEWR) and schools (e.g. delivery of signage, organisation of recognition ceremonies) which complicates P21 implementation for DET. Through DEEWR seeking to communicate directly with Queensland

state schools on recognition events, it makes it difficult for DET to ensure information provided to them by schools is consistent with data held by the department and for DET to track potential official opening dates and to keep stakeholders informed those dates. Given its role in managing the implementation of the BER program centrally on behalf of schools, DET is seeking greater involvement in these instances and welcomes the Australian Government's willingness to review these arrangements with a view to increased communication and partnering.

(iv) Timing and budget issues, including duplication

The Queensland construction industry has confirmed that the timing and amount of work of the P21 element of the BER program has reduced the impact of the economic downturn on a severely slowing building industry and helped avoid potential job losses. Feedback gathered during PricewaterhouseCooper's (PWC) review of Queensland's implementation of the BER program included:

"Works undertaken as part of the BER have an immediate impact on the number of employees and subcontractors engaged by our company. Without these projects being undertaken, the engagement of these new employees would have never taken place."

The Queensland Government is committed to ensuring the continuing benefit of BER to all communities in Queensland. Where issues have arisen, the Queensland Government has worked with the Australian Government to ensure the program's objectives are still able to be achieved. For instance, where schools are under consultation regarding their future (closure, amalgamation etc), it has been agreed with the Australian Government that approved funds will be spent at a date after the Queensland Government has made a decision on the school's future. The BER program completion timelines will still be met in these instances.

External professional project managers have been engaged to maximise project outcomes, achieve value for money and facilitate timely delivery of projects. Rigorous value for money checks, including the use of independent quantity surveyors, are in place, in cases delaying the commencement of delivery until negotiations/re-tendering is finalised.

Professional project management also mitigates risks and ensures quality outcomes and timely delivery. There has been some confusion in the community over this issue, resulting in some adverse media coverage. In particular, other professional costs (e.g. architect, engineering) have sometimes been confused with project management costs. All BER project management costs in Queensland state schools are less than the Australian Government's BER guidelines (4%). DET has utilised a range of strategies, including fact sheets and web material to ensure that stakeholders understand this issue.

The Queensland Government is committed to maintaining its planned investment in education infrastructure. Within this context, the Queensland Government is continuing an extensive infrastructure investment in schools, including its own

school renewal program *Tomorrow's Schools* \$1b, the base capital works program for 2009-2010 \$843m to build new, replace and enhance facilities in schools. The P21 element and the Queensland Government's investment in schools are coordinated at the state and school level, including careful site-by-site consultation with each school, ensuring that each school and community derives maximum benefit from the facilities provided and duplication is avoided.

(v) Requirements for school signs and plaques

The Queensland Government recognises that signage for building works and recognition plaques which display funding source/s is appropriate. This has occurred with previous state and federal infrastructure programs. DET is liaising with DEEWR regarding their requirements and advising Queensland state schools as appropriate.

Where the Queensland Government, or other funding source, has also contributed funds to a BER project, the Queensland Government seeks joint recognition on both signage and plaques.

(vi) Management of the program

DET will manage the implementation of over \$1 billion in Capital Works expenditure in the 2009 – 2010 financial year, approximately 55% of the Department's total Capital Works budget.

In order to effectively manage the BER program, separate plans have been developed for the Program Implementation, Procurement Plan, Risk and Communications. In addition, to ensure innovation and continuous improvement of the Honourable Geoff Wilson MP, Minister for Education and Training requested a review of the program implementation. Completed in August 2009 by an external consultant PricewaterhouseCoopers, the independent review presented a positive assessment of Queensland's implementation, providing further assurance that effective outcomes are being delivered within appropriate management framework by the state of Queensland.

The Queensland Government is implementing the Nation Building Economic Stimulus Plan across a number of agencies. The Director-General of the Department of Public Works (DPW) acts as the Queensland Coordinator-General. The Deputy Director-General, Infrastructure Services, of the Department of Education and Training (DET) acts as the BER State Coordinator. This role oversees the implementation of the BER program in Queensland state schools, with assistance provided to the Block Grant Authorities (Queensland Catholic Education Commission and Independent Schools of Queensland) who are managing their own implementation. The relationship between the state and the non-state education sector on the BER program is positive and productive.

Central management of the BER program for state schools is occurring to ensure that the Australian Government's timelines and rapid deployment of economic stimulus can be met. This model is achievable with existing capital works

program management capability in DET and as prequalification systems for consultants/contractors in DPW.

The central delivery model allows school principals to focus on the core business of teaching and learning rather than project management. The main role of principals under this model is to consult and agree on BER priorities with the school community via its Parents and Citizens Association.

A number of challenges for DET have arisen during the program including:

- determining appropriate procurement strategies to ensure engagement across the entire building industry
- ensuring the community understands how value for money is being achieved
- meeting the Australian Government's project variation requirements to gain approval where details of the original project change which can result in delays to project delivery if not resolved quickly
- meeting the Australian Government's detailed reporting requirements not captured by existing DET systems which can result in delays to funding payments to DET if not resolved quickly.

Strategies to address these challenges adopted by the Queensland Government are outlined below.

- DPW utilised the state's Capital Works Management Framework (CWMF) to identify major risk areas and develop strategies to engage all tiers of the building industry. As part of the CWMF, the State's Pre Qualification Certification (PQC) system was utilised to ensure all registered contractors and consultants had the opportunity to tender for BER work. The PQC System was promoted widely and received a significant increase in the registration of contractors and consultants to ensure the state was able to achieve timely engagement for BER.
- DET has established a number of BER consultation mechanisms including a Ministerial Advisory Committee comprising peak education and industry stakeholder representatives and a cross-agency Senior Officers Steering Committee that meets weekly to oversee the program implementation. A number of communication strategies have also been implanted to ensure stakeholders such as school are kept up to date.
- All approved projects require some form of variation, as required by the revised BER Guidelines, due to the speed with which they were developed before approval. Initially, all variations required approval from DEEWR before the project could commence, including those that were simply the result of a re-defined budget for a project, but not resulting in any change of project scope or funding allocation to a school. In order to expedite implementation, DEEWR has agreed to a notations process that allows changes of budget between projects at a school without requiring approval prior to project commencement. Even with this initiative, the time taken both to administratively process the information for all of the variations and notations, as well as the sometimes delay in approvals, is continuing to impact on the delivery timelines. DET is involved in a working group formed between a

number of Education Authorities, the Block Grant Authorities and DEEWR to further streamline the process.

- Information for reporting is collected, validated, and reported by DET directly from the Project Managers, Consultants, and Construction Managers involved in the P21 projects. Reporting in a detailed monthly per-project basis as required by DEEWR is a challenge due to the scale, the speed and the number of new consultants/contractors across the program. Through the progressive development of new reporting requirements and the interaction between reporting and the variations system, Queensland will continue to refine and improve the processes, procedures and accurate reporting.

Summary and conclusion

The BER program is a significant and welcomed investment by the Australian Government in Queensland state school infrastructure. There is much evidence that the building industry has been revived, jobs have been sustained in the building and construction industries and local economies stimulated by this program. It has also provided ongoing benefits to all Queensland schools and school communities for the long term.

Balancing the Australian Government's requirements for rapid delivery, school community needs, value for money and local consultants/contractors will remain an ongoing challenge for the state's implementation.

The state was well positioned and has responded to these challenges with existing capital works program management, procurement and delivery capabilities. The state is proud of its achievement with Yandina State School the first P21/NSP project completed in Australia and many more proceeding.

Independent consultants Price Waterhouse Coopers reviewed the state's role in BER and provided reassurance that its implementation is occurring successfully in Queensland state schools.

School communities have overwhelmingly welcomed the program and are indicating their satisfaction with its implementation.

The Queensland Government looks forward to continuing to work with the Australian Government to refine program administrative processes and successfully implement the objectives of the BER program.