

# CORRECTED VERSION

## EDUCATION AND TRAINING COMMITTEE

### **Inquiry into the administration of the federal government's Building the Education Revolution (BER) program in Victoria**

Melbourne — 4 October 2010

#### Members

Mr M. Dixon

Mr N. Elasmar

Mr P. Hall

Dr A. Harkness

Mr S. Herbert

Mr G. Howard

Mr N. Kotsiras

Chair: Mr G. Howard

Deputy Chair: Mr N. Kotsiras

#### Staff

Executive Officer: Ms K. Ellingford

Administrative Officer: Ms N. Tyler

#### Witness

Ms S. Duffy, principal, Beaumaris North Primary School.

**The CHAIR** — I declare this hearing of the Education and Training Committee open. I advise that the committee is hearing evidence today in relation to the inquiry into administration of the federal government's Building the Education Revolution program in Victoria.

I wish to advise all who will be providing evidence that will be taken today, including submissions, that their presentations are subject to parliamentary privilege; that means you are fairly free to speak openly. We certainly welcome the comments to be made.

Firstly, I welcome Sherril Duffy, who is from Beaumaris North Primary School. I was going to say the principal, but I am jumping the gun.

**Ms DUFFY** — I am the principal.

**The CHAIR** — You are, Sherril; all right. We would welcome some comment from you first about your experience with the Building the Education Revolution, and then a number of us might have some questions to follow up in regard to that.

**Ms DUFFY** — I do not have a formal presentation. I was in round 1 of the BER project, and I was notified in May of last year that we were going to receive a new building. At that time I was asked to keep it fairly quiet because the public announcement of it had not been made, so I was not able to actually consult with my school council; it was just something I discussed with the staff. The announcement, I believe, was made in June of last year. By that stage the staff and I had decided on what type of building we wanted. We were offered a template of one of two choices because my school has over 500 children. We selected template J, which is a 21st century learning space with six classrooms. There was consultation with the region in relation to where the building was to go. Initially the building was to be placed in a part of the school that would not impact on the rest of the school. Then the department decided it would be better at a different space at the school, which then entailed a percentage of my school being bulldozed.

It is fine if you want to ask any questions on the way through, because mine will probably be a bit different. I was asked if by the end of term 2 of last year I could relocate the classrooms that needed to be relocated in readiness for the fencing to go up and the commencement of the new building. Initially the new building was to be completed in April of this year, but it was in fact only finished on 14 August this year, so there was a quite a delay in the building being finished.

Because the site of the building had to be changed I then met with the architects, because where it had been placed by the building company did not suit me as it did not give visibility for the safety of my children. I went in to meet with the architects. They were very easy to work with and could see my point of view. We did change the building slightly onto my site so that I had visibility from one end of the school to the other. I found that it was very easy working with them insofar as that went because I put the welfare of my children first all the way through.

I had to bulldoze one wing of my school, which entailed four classrooms, a set of toilets, a disabled toilet, a school library, a canteen, a sports shed and two shelter sheds. I was then given a relocatable canteen, two relocatable mod 5s and one relocatable mod 2 to move my schoolchildren to. They all arrived on time, and the people I worked with, BRB, were very good to work with and got everything done very early for us. It was a staff decision. Our school is very much based on teams and levels. We could not just relocate four classes; we had to relocate 21 out of our 23 classrooms and all of the work out of the library, which was a mammoth task in that area. I relied very heavily on my school community for a big moving day there. We had to then put in a shed at our cost for the relocation of the sports equipment. We had to store all of our library facilities, because we did not really have anywhere for them to go.

I sought clarification from both the region and the builders of how much money I would have returned to the school. It cost me \$21 000 of school funds for the relocation, interactive whiteboards, acoustic batts and removalists. For anything that I had in relation to the BER I actually kept a copy of it. I was told initially that there would be no cost to the school. It is still a concern to me at this stage, because I still have not had any of that money returned. I have followed it up on several occasions, but I have been told that we will receive a third of the money we did expend because they were not covering the costs of all things in that area.

I actually had no problems with working with my project manager. I felt that the meetings could have been more regular. They were not as regular as I would have liked, but he was always at the end of an email or the phone. I had no problems with the builders themselves; I got on very well with them. When we did first find out that the building would go ahead I asked if I could put up some names of people from my school community who were roofers and electricians and plasterers, because I believed it was intended to stimulate the economy through small business as well. Unfortunately the time line of these tradespeople putting applications in was too short. Hooker Cockram was the building company that was doing my building, and it had all of its own employees at that stage.

The building was very slow to start because I had a disabled toilet that needed to be built before they could go any further, and there was quite a hold-up in getting that done. It was supposed to be complete by 31 July last year, but in fact it took six weeks after that, which slowed everything up. The whole of term 3 was basically spent renewing the fire service, the power and the water. At no time did I have any idea of what costs were incurred with that; I just worked with them to try to learn rather rapidly about what you could have put there.

The slab went down at the end of term 4 last year, and that is when we really could start to see the shape of it. About a third of my school was fenced off, which caused quite a few issues in relation to playground space, but I am fortunate that I have a fairly large school, so we were able to manage with that. The frame went up in January. Even before the frame went up the staff and I were asked to select the colours, the carpets and the fittings, which I found very difficult when I really could not see the size or the space of the building. We had to pick from an email rather than from the actual fabrics, but I did request that they bring samples of the Colorbond and everything to us, and they actually did oblige as long as we returned it that day. I tried to work with them to change the actual cupboards and furnishings in the template, but that was all set, and I was told it was already pre-made, so I did not have any success in being able to change that area.

My biggest concern has been the maintenance of the outside of the school ground. I was told initially that the landscaping would be to a standard that I would be happy with and that it would be safe at all times for my children. I have had the fences removed now, and they have been down for the last five weeks. I am constantly on the email to one of the workers from Hooker Cockram talking about the safety and the way things have been left.

I took some photos this morning because I have had asphaltting done during the school holidays. I asked them to come back. They had not removed all of the rubble; they just put all the rubble into my garden. It is going to be a huge job for the school community to remove bits of concrete and cement. That was not really the building component; it was just the things outside. I will be meeting with the gentleman again tomorrow about that area.

We are very pleased with the actual building itself, except that we have the louvres that operate according to the CO<sub>2</sub> that is in the building, and we have had terrible problems with that. The electricians have been back about three or four times because the louvres initially were open 24 hours a day and to anybody or anything that wanted to crawl into the building. We have now had to disable those. I was disappointed that I was not consulted in relation to where the sensors for these CO<sub>2</sub> monitors were placed. One was placed in a classroom where children will be, and another one was placed in a very large space. A lot of this was done without consultation with me. I was consulted in relation to data points, and I had my IT guy look at the data points to see that they were sufficient for what we wanted. For the wireless capability we had input into that area. We also asked whether the power points were sufficient. That is about all that we were consulted on in that area.

**The CHAIR** — So your students moved in during this last term?

**Ms DUFFY** — The students moved in on 14 August, which was four months later than what it was supposed to be.

**Mr HALL** — Have you had an official opening ceremony yet?

**Ms DUFFY** — I have nominated my dates for the official opening, but I think a few things in Canberra must have gone astray, because I have not yet heard back. Currently I have put six classes up there — I have grade 5 and grade 6 up there and eight teachers. We received the furniture grant and we have expended a certain percentage of that, but the staff decided they wanted to live in the space before we actually purchase the furniture, because they have moved from a very old portable into this space that is 950 square metres, which is

actually equal to my whole main building of 12 classrooms. We feel we are in quite a luxurious space at this point in time.

**The CHAIR** — Going back to the start, the value of the funding — —

**Ms DUFFY** — Is \$3 million, but I have not been privy to any of the actual costing involved.

**Mr KOTSIRAS** — If you were given the \$3 million and you were told to spend it on a construct that you wanted, would you have designed and built the same building?

**Ms DUFFY** — Probably we would have gone for a hall or a gymnasium, because we did have classrooms. But then again my school is 50 years old and we have never received any kind of money. We are very pleased with what we have got. Probably I would have designed it differently had I had input into the way it was designed. It is supposed to be a flexible learning space, and I was disappointed to see that the doors do not really open right up, so it is not as flexible as I think it could be.

**Mr KOTSIRAS** — Have you any idea how much you paid per square?

**Ms DUFFY** — I have no idea of that, no. Each time I asked about the costing — only because the school council asked me — I did not receive an answer.

**Mr ELASMAR** — I have some concerns about the safety issues in relation to the fence being removed. What is happening now? Is anything happening?

**Ms DUFFY** — I am going to liaise constantly with Tim Gutteridge, who is in charge of the site — he is in charge of three sites — to try to get clarification. We have it fenced off; that is what we have done. We have fenced it off so the children do not go there, but when I looked at all of the cement and bricks that had been thrown into my garden — I am going to ask them to remove all of that, because I do not have the funds to remove all of it.

**The CHAIR** — But you said that part of that area has been covered in asphalt?

**Ms DUFFY** — Yes. I have photos, and I can leave them with you.

**Mr DIXON** — Just going back to the start, Sherril, you talked about what was demolished. It was four classrooms — —

**Ms DUFFY** — Four classrooms, a block of toilets — male and female — and a disabled toilet; also a library, school canteen, school sports shed and two shelter sheds.

**Mr DIXON** — Have you got all of that back?

**Ms DUFFY** — No. My toilet entitlement is now down because the toilets that are in the new facility do not have access from the outside; you can only access them from the inside, which does not suit a school during playtime because you would not have children going into a building unsupervised. Had I known that earlier, I would have tried to have some doors put on from the outside. Now I am down on the pan allocation, and I had portable toilets put in, which I thought were going to be temporary, but it looks like they are going to remain for a while.

**Mr DIXON** — What about the canteen?

**Ms DUFFY** — I have a relocatable canteen, which is fine.

**Mr DIXON** — When did you lose your library and when did you get it back?

**Ms DUFFY** — I agreed with them to move out by the end of term 2 of last year, so we did it in about a month. The demolition started at the commencement of term 3 last year.

**Mr DIXON** — And your library?

**Ms DUFFY** — Our library is still in storage. What we did was to put one library together to service the prep, 1 and 2 area, and one member of our school community lent us a site shed. We have put most of our library in there until we can decide where we are going to put it and how we are going to use it.

**Mr DIXON** — So you have really had five terms without a library.

**Ms DUFFY** — Without a full library, yes.

**Mr DIXON** — A full library, yes.

**Ms DUFFY** — We have the reading and the novel — —

**Mr DIXON** — You are very inventive; I commend you.

**Ms DUFFY** — If people needed anything in particular, we could access the site shed. We have been very creative.

**Mr DIXON** — You have a very patient librarian by the sound of it, too.

**Ms DUFFY** — We do, yes. I think the school community was really very supportive because it was so excited at getting something new. At no time did I have any complaints from parents about tree removalists or anything that was happening. The only concerns parents had was the lack of playground space. But to the credit of Hooker Cockram, whenever we were having a function or when they finished in one area they moved the fence back for us so we could move around that.

**Mr HALL** — Thanks for coming in, Sherril, and giving us your time today to tell us your story. Can you give us an idea of how much out-of-pocket costs the school has incurred for which you are seeking reimbursement?

**Ms DUFFY** — It is \$21 025.05.

**Mr HALL** — And you were told that only one-third of that would be reimbursed?

**Ms DUFFY** — Yes.

**Mr HALL** — Why is that? What was the reason given for that?

**Ms DUFFY** — The total cost the BER is going to cover is \$7577.55.

**Mr DIXON** — Round figures.

**Ms DUFFY** — What I asked for — and I can leave this — was that we had to relocate telephones, telephone services, photocopiers and air conditioners. We had to get some Lilydale toppings to put around the outside so it was not a quagmire. I got removalists to remove all the furniture because I did not want my staff to be doing that. What the BER has said — more Hooker Cockram than the BER — is that they would not cover the Lilydale toppings, they would not cover the blinds, they would not cover a footpath I had to have put in so the children had safe access to the bike shed and they would not cover any of the removalists' costs. They would only cover two of the interactive whiteboards that needed to be removed.

**Mr HALL** — Do you anticipate the school will be faced with additional costs, particularly with the landscaping issues?

**Ms DUFFY** — Certainly. The way my building is situated on my block there is a lot of land around it, and there had to be quite severe excavation to get the building where it was. I have had a lot of concreting put around that the BER have paid for, and they did put steps to the outside classroom. We have just had some synthetic grass put in. I did not want it all cut away, so they were very easy to get on with. Rather than putting in a one-in-three cut, they put in some steps for me, so that part was good, but to the front of the building and to the side of the building it is just all dust at this point in time. I have had additional asphaltting put in at the BER's cost, but I have a very large area to landscape. One of my original gardens, which included bricks that were handmade by the children, is all just sitting there like a building heap at the moment. That is a huge concern for me.

**Mr HALL** — Yes. Your particular project is a library and classrooms, the anticipated cost components for five of which the committee has been given by way of submission from the department for that particular building. Yours is a \$3 million project; that is the nominal allocation.

**Ms DUFFY** — That is what I was told.

**Mr HALL** — You have not been told exactly what yours cost or given a breakdown of those costs?

**Ms DUFFY** — No.

**Mr HALL** — Have you inquired about that?

**Ms DUFFY** — I have on several occasions. Apart from my building, the school did get a whole new power upgrade. We also got a new fire service system put through the school. I have asked, but I have never been told.

**Mr HALL** — Do you know how many builders tendered for your project?

**Ms DUFFY** — I have no idea.

**Mr HALL** — No? Okay. In terms of the management of this project, have you personally ever been involved in managing a school building project at all?

**Ms DUFFY** — I managed an administration upgrade at my school just after I took over as principal, certainly not to the extent of this, but it was quite a sizeable one.

**Mr HALL** — Yes. In typical costs it is suggested that the project management fee would be either in the order of \$70 000 for a cost A estimate or \$79 800 for a cost B proposal. In terms of project management, would your school and your school council have been desirous of managing a project yourselves and therefore having a greater say in what would constitute this particular project?

**Ms DUFFY** — Depending on the time line. I think the thing with the way this BER program was implemented was that it needed to be done in a hurry. Yes, we would have been able to manage it, but not in the time line that was expected for it to be a stimulus package. And I would have needed to know in advance, because the hours I have are only limited to certain amounts, so I would have needed to restructure things to enable me to do things.

**Mr DIXON** — You talked about the two sites. You said you had a site in mind and the department had another site in mind. What was the difference? Why did you choose your original site, and what were the arguments for changing it?

**Ms DUFFY** — I was first told when we were in round 1 that they wanted a school where you could put a new building that was not going to impact on the rest of the school. So I had an area that the staff looked at. We thought we could put a new building down there that would not impact on the rest of the school.

**Mr DIXON** — But another site was chosen?

**Ms DUFFY** — Yes.

**Mr DIXON** — And what justification was given to you for choosing that other site?

**Ms DUFFY** — Just that it would suit the school better.

**Mr DIXON** — They knew best, obviously!

**Ms DUFFY** — Where I was going to put the building was at the back of the school. Where it is now is right at the front of the school. And it does look amazing where it is, but we were trying to find a site that would not impact on the rest of the classrooms and not entail us having to relocate as much as we have had to do.

**The CHAIR** — Regarding the old part of the school that you had replaced, how old would that have been?

**Ms DUFFY** — Our school is 50 years old — we had a 50th birthday celebration this year — and this is the first money that the school has had in that 50 years.

**Mr HALL** — What was the main reason that the completion of the project was four months overdue?

**Ms DUFFY** — I was told that the relocation of the disabled toilet held them up for a month, because I have a student who needs to use that all the time, so that was a hold-up. I am not quite sure why this was held up, but they could not bulldoze the toilets. Also the work in relation to the relocation of the fire service and putting in a new fire service took a long time, and then all the power upgrade and all the extra work putting it underground was also time consuming.

**The CHAIR** — All right. So there was the additional power upgrade and fire service upgrade for the whole school.

**Ms DUFFY** — Yes, so we are very pleased about that.

**Mr KOTSIRAS** — So how would you describe the communication between yourself and the department? Did you have access to the department for advice?

**Ms DUFFY** — I always went through the regeneration team at the region or the department, and they were always very prompt and got back to me.

I found the biggest disadvantage was working with the different project site managers, because they seemed to be on leave — unfortunately one person was very sick, and that was out of their control — but they always responded to an email within 24 hours in that area.

**The CHAIR** — Just to go back to the site change, the last comment you made about the site change was that the new building at the front of the school looks great where it is, so in retrospect are you happy that you moved to this alternative site?

**Ms DUFFY** — I am now, because I have just been told I have been accepted onto Building Futures, so in time we will get a whole new school, so that sets the theme. But, yes, I am.

**The CHAIR** — Thank you, Sherril, again, especially recognising it is the first day of term and so it has been a bit difficult for you to come in, but we certainly appreciate it.

**Ms DUFFY** — That is all right. Did you want these photos left with you to give you an indication of the rubble that was at the school?

**The CHAIR** — Yes.

**Ms DUFFY** — You are welcome to them. They just show you why I was concerned. I only had these done this morning. I was hoping it would all be clarified. You can keep those, and you would have seen the template of the school building that I have.

**Mr HALL** — Yes, I have seen them.

**Ms DUFFY** — The only other concern is that I am still waiting for some of the backboards to arrive. They are very slow getting all of that material out. And I am a bit concerned as to how it will be in summer, because there is no air conditioning — but I do have 16 gas heaters!

**Mr DIXON** — You will be warm.

**Ms DUFFY** — Probably an area of concern was that gas heaters were set to come on at 9.00 and go off at 3.00 and at a very low temperature. That meant I had to then negotiate to have that altered. Then I had to pay for an override switch to actually be able to turn the central part of the heating up if I wanted to have an out-of-school-hours event, like a staff meeting or a weekend activity. It cost me \$500 to have an override switch put on.

**The CHAIR** — Just going back to the louvres, which of course are designed to be energy efficient, are you given hope that they will function as designed?

**Ms DUFFY** — I am hopeful, but there were supposed to be louvres at the top of my building and those louvres are no longer there — it is solid plate glass — and I am not quite sure where the hot air is supposed to go out.

**The CHAIR** — I see.

**Mr DIXON** — So the louvres have been replaced, have they?

**Ms DUFFY** — Only at the top of the building; there were supposed to be louvres for the hot air to dissipate, but now they have changed that.

**The CHAIR** — So the louvres that you have are lower down, are they?

**Ms DUFFY** — The louvres are very low down. It would be totally unsuitable for a young grade because of the automatic component, and also every room is visible through glass. It is very difficult for us to find somewhere to keep our laptops. I would have liked to have had more of an input into developing somewhere that was not visible to the public.

**Mr DIXON** — Good luck this summer.

**Ms DUFFY** — Yes, thank you very much.

**The CHAIR** — Thank you, Sherril.

**Witness withdrew.**



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#### Witnesses

Mr B. Welch, executive director, and

Ms C. Farrell, senior policy adviser, Master Builders Association of Victoria.

**The CHAIR** — I welcome representatives from the Master Builders Association of Victoria, Brian Welch and Casey Farrell. When you start, Brian, you can outline your and Casey's positions in the association. As you were not here earlier when I said this, I need to inform you that everything that is said in this hearing is covered by parliamentary privilege, so you are free to speak openly. We will welcome any contribution you might like to make for 10 minutes, and then we will have some questions to follow up from that. Of course we have received the submission that you made to the inquiry, and we thank you for that as well.

**Mr WELCH** — Thank you, Chair. I will probably not use my allotted 10 minutes. I am very happy to be here and very happy to talk about that and to answer questions within my knowledge and competence. I am not a builder — I thought I would get that out. But the industry has a simple view about Building the Education Revolution, and that is that it was work available to the industry at the time it needed it. We are grateful for the fact that it came along. It stopped what would otherwise have been retrenchments in the industry and provided valuable cash flow. It was always going to be a question of whether that was an outcome that would have happened in any event. At the bottom of all that is how quickly the financial market would improve to offer credit to projects that had been stopped dead in their tracks to once again get going. That is another proposition about how the industry is travelling now, but certainly at the time many in the industry would have regarded it as a godsend.

The only thing I could add to that is giving you some indication of what the market was at that time. We surveyed our members at that stage, the December quarter 2008, on what impact the GFC had made. Some 72 per cent of construction companies had lost potential projects due to financing, and 91 per cent of large construction companies had projects fall through. One year later the level of project fall-throughs was still high, at 64 per cent, so it was a cataclysmic change to the industry with the global financial crisis. Allegedly some \$6 billion worth of projects just evaporated. That is sufficient for an opening statement.

**The CHAIR** — Yes; that is good. We would welcome you making any comments in terms of value for money in work that was done. I guess you are able to speak on behalf of your members and the overall process of the rollout of the Building the Education Revolution program.

**Mr WELCH** — It was clear that the rollout had to be done — particularly stage 1 — in a heated rush. It was perhaps silly in hindsight, because there was a need to have the sites protected by fencing that needed to have someone on site and that needed works to begin by a certain date. The contracts were fixed in duration and fixed in price, so it put the head contractors under maximum pressure. There were flaws immediately, as we found that planning permits or building permits were not available and that weeks and sometimes months passed by before there was any ability for the contractor to make any headway, yet they were incurring overheads associated with those items of fencing, portable toilets, huts and a person on site. They were expensive costs but without any income. In the first round there was a certain hardness from the departments we were dealing with in responding to the legitimate concerns of people who were doing money and living up to their end of the bargain but who had no ability to progress. It was not smooth in its uptake; it was too quick.

In terms of how we understand the building program rolled out, everything that I have heard and seen leads me to the conclusion that we have had good value for money built in Victoria. I have had this confirmed by senior public servants who would hold Victoria as a model in this regard. You would be aware that the rollout methodology varied from state to state. Project management was not part of the builders' concerns as it was in New South Wales. From our members' perspective, we believe that they embarked upon the projects within a price range that was expected and completed them without extra costs in the vast majority of circumstances. We could only construe that since they incurred costs that they did not anticipate along the way, that was good value for money.

The built form, as I am led to believe, is of a high order. We have heard no complaints or any other view. We are of the opinion that our members were grateful for the work, and that is the way they explained it to us; they were grateful for the work. They were reluctant to exercise their rights or to attempt to assert their rights where there was legitimate cause for delay and raise these matters with the department of education. They would have rather — and remain so to this day — licked their wounds privately. So if they did incur losses, they were not going to make a fuss about it, for two reasons. Firstly, they were grateful for the work that had happened, and it had saved them from a worse fate.

Secondly — and it is typical of contractors in our industry and perhaps in others — they do not want it to appear to their client that they are difficult, as it may prejudice their ability to do work for the government again. Under those circumstances you would probably find few examples of claims or criticisms from contractors about the process here in Victoria.

**Mr KOTSIRAS** — What was the cost on average per square?

**Mr WELCH** — Ask a builder. I am sorry; I cannot tell you.

**Mr KOTSIRAS** — I am talking about value for money. When I build a house I get a quote per square, and I look at the quality at the end. We cannot seem to get an answer as to how much it cost per square.

**Mr WELCH** — I think it would be easier to answer your question about commercial projects than your own home. If I asked a volume builder to produce a home for you, it would be a different proposition than an artisan-style construction, and you would probably find that the rate per square metre could double or treble.

**Mr KOTSIRAS** — No, I was not asking you to compare the two. I was just saying that I am unable to get any indication of the costs.

**Mr WELCH** — It depends on the structures — a square metre each for a basketball stadium as opposed to a classroom. The services included in it would vary. You have that resident knowledge. You are asking the wrong person in my opinion, because you have that knowledge. There is a chap from the federal government who was in charge of the rollout of money across the whole of the Victorian government who would be well aware of those figures. State government agencies, particularly the department of education, could answer the question on similar bills as to whether the square metre rate varied. We are not involved, and never are involved, in the commercial arrangements between members and their clients, other than perhaps a point of law on a particular contract, but not the rate or how it is executed. I am sorry if I fall short of your expectations there, but I cannot answer it.

**Mr DIXON** — What percentage of builders in Victoria ended up with BER contract in terms of being the lead builder, not the subbies?

**Mr WELCH** — To the best of my knowledge there are 420 organisations registered with the construction supply register.

**Ms FARRELL** — Around about that, yes.

**Mr WELCH** — And that gets right down to painters and tilers, so head contractors — not that many.

**Mr DIXON** — So large companies did a lot of schools; is that what you are saying?

**Mr WELCH** — What we hoped would happen was that regional projects would be done by regional builders.

**Mr DIXON** — Did that happen?

**Mr WELCH** — In the main, no. What happened was not dissimilar to what happened in other states, where larger contractors who were capable of meeting the requirements of state government and also of federal government were given the work and bundled projects together. It was not unusual to see a major contractor with 10 or 20 building projects to work on. The good part about the notion of the Building the Education Revolution is that it was done at a grassroots level.

One of the limiting factors in the rollout was that the federal government had occupational health and safety rules which applied to government projects. That had to be abandoned for the duration of the Building the Education Revolution, or you would have had 10 or 12 contractors do all of it in Victoria, so there was a suspension of those issues for the duration, for your information. That did still leave relatively few contractors able to do the work. How well that worked its way through the industry in terms of engaging local subcontractors is something which I am not able to answer. Too often, I suspect, subcontractors from Melbourne were taken to regional Victoria to do work.

**Mr DIXON** — That is the sort of evidence we have received, especially in regional areas.

**Mr WELCH** — We had a crazy circumstance where a builder from, I think, Orbost or Lakes Entrance was told he could not do work in his district and he had to go to Warrnambool or Melbourne. Why? No-one answered that question, but there were some pretty weird things that happened. This is probably consistent with what happens when you have an explosion and everyone has to react immediately. You get aberrations.

**The CHAIR** — When you are talking regional contracts, do you perhaps mean rural? Certainly my experience at Ballarat is that representatives of the Ballarat building firms — Nicholson and others — —

**Mr WELCH** — Flynn and so on, yes.

**The CHAIR** — They all received work. Reading through some of our submissions — —

**Mr WELCH** — They did some, yes.

**The CHAIR** — Geelong-type builders also received work.

**Mr WELCH** — There are a handful of regional and rural builders of the scale of business you talk of. There are probably about six or seven across non-metropolitan Victoria. I suspect they did get some work, but if it was imagined that at Wycheproof you would be having the local builder do it, that did not happen.

**Mr HALL** — Thanks for coming in today, Brian, and we appreciate your time, Casey. I noted a particular issue I want to explore with you, and that is the bundling of contracts. The benefits of the BER across the industry would not have been evenly spread. It would have been in favour of the building companies to the detriment of the smaller companies; is that right?

**Mr WELCH** — Directly I think that is a fair comment. Indirectly if big builders are in the shallow end of the pool, then there is more space for those other builders to do work elsewhere, if that is not too cryptic. Victoria is doing well in terms of work for the industry. We had the Building the Education Revolution work and there was a sizeable increase — a huge increase — in the number of social housing units that had to be constructed concurrently and also within tight time frames. Sadly, we had the impact of the bushfires and the need for competencies to begin the rebuilding works, and we had a Victorian economy which was chugging along pretty well. When you looked at our building activity levels in Victoria, in at least one month Victoria's activity levels exceeded those of New South Wales and Queensland combined.

If we had contractors that were busy doing some work at the school level, it meant the background noise of building works was still sufficient to feed the industry, although I think there are — and you will probably establish — that many builders outside of Melbourne are upset that they did not get their fair slice.

**Mr HALL** — As you say, I think there were anomalies, particularly in the first round of projects where certain regionally based builders were only able to tender for jobs in another region and vice versa. I think that may have been sorted out as the process went on.

**Mr WELCH** — We made representations to the department about these issues in the interests of speaking on behalf of members who were reluctant to put their head up above the trench. We raised these issues with them, and things began to improve. I am not sure that it was concurrent — perhaps we could fancy ourselves as having that big an influence — but there was a different attitude and there were extensions of time for some people. But I think maturity was gained through the process as it went along.

I might just make an observation in case it is something that might relate to your issues. The third stage was not released as quickly as it could have been. It was held back so the tenders that were being received were within the budget parameters. It was not just pushed to the industry to form a huge bubble so people would adjust their prices to reflect the huge surge in work and then there would be nothing afterwards. This was given to the industry in a measured way to keep prices within the bounds that were expected. I think that was a common-sense approach.

**Mr HALL** — Brian, your members would have done work in both government schools and non-government schools.

**Mr WELCH** — Yes.

**Mr HALL** — Each had different project management situations. Project management for non-government schools was undertaken at a school level, where in government schools it was done centrally. Did your members notice any difference in terms of the way in which projects were managed between the two systems?

**Mr WELCH** — Yes — and there is nothing scientific about this; it is anecdotal. The attitude in a private school system where people contemplated the next stage of development of a school is different to an attitude of ‘I don’t expect anything, and neither am I charged with looking ahead’. I think the responsibilities, the mindsets and the professional skills that are on offer to private schools meant they were in a far better position to seize hold of this opportunity and to develop things in the way they wanted to and which suited their ongoing plan rather than, as it turned out, to be gifted a hall — appropriate or inappropriate — the way that it sometimes worked out under the Building the Education Revolution. I think it was a difference of competence, expectations, knowledge and resources which made that possible. It would be my judgement that private schools benefited disproportionately — not in dollars but in the application — to the government scheme handout system, whatever you want to call it.

**Mr HALL** — Is there any advantage to having a local project manager — for example, the school principal — compared to having a project manager who might be in a regional office or in a Melbourne office?

**Mr WELCH** — Yes, for democracy; yes, for local input; yes, for knowledge and interaction with community; but perhaps no, for their ability to get the job done. When you look at competent project managers, they just do not grow on trees. Scheduling of work, knowing which trades are the right ones or how to overcome conditions that they may face could be a challenge greater than you would expect any school principal, as a part-time project manager, to undertake.

I am all for a local voice, but the competence in this area of building needs to be there; otherwise you could end up with something that the person could be embarrassed about, frankly.

**Mr HALL** — Sure, but they do it generally, don’t they? Many school principals handle building projects worth millions of dollars now, it seems without impediment.

**Mr WELCH** — Peter, I am not well versed in that. You might know that better than I, so I bow to your better knowledge. I just worry about competence to do the job, that is all. If they have it, all well and good.

**The CHAIR** — Thank you, Brian and Casey, for coming in. We appreciate the contribution you made.

**Witnesses withdrew.**



# CORRECTED VERSION

## EDUCATION AND TRAINING COMMITTEE

### **Inquiry into the administration of the federal government's Building the Education Revolution (BER) program in Victoria**

Melbourne — 4 October 2010

#### Members

Mr M. Dixon

Mr N. Elasmar

Mr P. Hall

Dr A. Harkness

Mr S. Herbert

Mr G. Howard

Mr N. Kotsiras

Chair: Mr G. Howard

Deputy Chair: Mr N. Kotsiras

#### Staff

Executive Officer: Ms K. Ellingford

Administrative Officer: Ms N. Tyler

#### Witnesses

Mr B. Baade, director, and

Mr J. Stewart, contracts manager, Baade Harbour Australia Pty Ltd.

**The CHAIR** — I am pleased to welcome to the inquiry representatives from BHA, Baade Harbour Australia. I reiterate that anything that is said in this inquiry is covered by parliamentary privilege, so you are free to share your views pretty openly — and honestly of course. We thank you for coming along to add your advice to the Building the Education Revolution inquiry we are undertaking. We also thank you for putting in a submission earlier on, which we have of course read. We look forward to your making any further comments that you might like to or expanding on the comments that you have already made; then we will have some questions perhaps to follow up with. Would you like to introduce yourselves, Jim and Bruce?

**Mr BAADE** — Bruce Baade is my name. I am a director of BHA. Jim Stewart is project manager within BHA. We have been involved in education — people would probably say for too long — probably for over 20 years. We have seen lots of changes within education. The BER program from both the government and the private sector placed enormous pressure on resources. There was a need for government to react fairly quickly. They opted for a template design. In some cases they also opted for a non-template design.

From our point of view, whilst there were hiccups in the process, they were going to occur anyhow just because of the time lines that were set and trying to get projects out, and in most cases I think the BER process probably worked for a majority of schools.

A large majority of schools were appreciative of actually having an opportunity to get new resources. The major difficulty I found with it was that schools were probably not involved in the consultative process sufficiently. We made a number of phone calls just providing assistance or advice to schools about what was actually going on within the school. Probably the reason for that is there was a major shift in the way this whole project was delivered, as opposed to the normal mainstream delivery within the department up until this stage. I think that is where one of the major problems occurred: schools are generally involved in a process where they are part of the consultative process. They generally have somebody — if I can use the term — representing them as part of the process. I think a lot of the schools felt a little bit left out of the process in the sense that a facility was going to be provided on that site and they really had to worry about where it was going to go and what arrangements they had to make in order to deliver that. Having said that, in some ways, because of the time lines that were set, there really were not many options to go on. From our point of view, that was the major difficulty that we would find within the state government process.

Catholic education, as you would probably well know, went along another line where they actually outsourced the money to schools and appointed consultants and then they built purpose-built facilities. I am not privy to know whether a smaller scale was possible; it may have been preferable, but on the other hand it may not have been possible in terms of the time lines that were set to deliver the project. Jim, did you want to contribute?

**Mr STEWART** — What we were finding is that because the schools were not involved in the process they felt as though they had no input into how the facility was going to end up being used and the educational outcomes. They were finding that they could not get any information at all back from the consultants. They were having a lot of trouble getting any input or response from the consultants they were working with — well, who were working on their site, I would suggest. It is because they just did not know; they were not getting information from anybody on the whole process, the outcomes or anything like that. And that was what the schools were finding out. It was only because we have been involved in education for so long, working with so many schools and having such a good rapport with them that they were coming to us and asking questions about it, which we thought should have been put to the consultants running the process, but the schools were getting no answers or getting very few answers.

**Mr BAADE** — The reason for that was that all of a sudden the process, which was known to the people who had been involved in the process previously, went way out into whole new areas where people who had not been involved in the delivery of educational projects before were becoming involved in the process. But essentially there was no choice in that either. That is where I think if it broke down anywhere, that is where it was.

**The CHAIR** — Can I just clarify your firm's involvement in the BER program? Can you just be a bit more specific about your direct involvement with the BER program?

**Mr BAADE** — We did a number of template programs. We did not work under any of the project facilitators in terms of delivering any of the BER projects, mainly because we were fairly well engaged in



capital works projects. Then we were involved in a joint development at Ballarat where the language centre — that is part of BER, isn't it?

**The CHAIR** — Yes.

**Mr BAADE** — It was added into a grant, and all of that got a little bit complicated because of the paperwork and the process — somehow trying to align all of that. What happened was that different processes were set up specifically for the BER that did not necessarily lock into the processes that had been used previously on other projects, for example. The marriage of some of the projects was a bit complicated, but that was part of the process.

**Mr STEWART** — We have been involved in non-template projects, but we also have another site — a capital works project that we are working on — where a template project is right in the middle of the project as well, so we have had to take that into consideration there.

**Mr BAADE** — Part of the capital works project.

**Mr STEWART** — We are having an involvement with template, non-template and projects impacting on our capital works project.

**Mr DIXON** — When you say the schools were coming to you for help or asking questions, were they schools under the BER?

**Mr BAADE** — Yes.

**Mr DIXON** — Were they your clients?

**Mr BAADE** — No, they would be independent, because they were not really clear about the processes and the information they were being given in order to execute the task. There would be a degree of uncertainty. We did not hear much from them while the projects were being delivered, and we have done a number of inspections for schools because there was no provision for a school sign-off in any of the work yet they would incur the facility as their responsibility as part of their asset.

**Mr DIXON** — So you were appointed by some schools to sign off on their BER projects?

**Mr BAADE** — We did not sign off on them; we only did an inspection and a report for them in order that they could then give that to the project manager associated with the project.

**Mr DIXON** — Did they pay you for that service?

**Mr BAADE** — No, we just do that.

**Mr DIXON** — That is very kind of you. You obviously have a good relationship with a number of schools.

**Mr BAADE** — I suppose education has been fairly good to us over the years, so it just a matter of paying a bit back. I think schools felt that their relationship with their project managers was collaborative but the intent was to get the project completed. That was the intent. The time lines were set, and schools can slow down. If you ask them a paint colour or something, then you finish up with it going everywhere. In some ways you are better off to insulate yourself in order to get the job done.

**The CHAIR** — In terms of what you are saying about schools' discussions with the building contractors, it appears that it must have varied a bit.

**Mr BAADE** — Yes.

**The CHAIR** — We have heard from Beaumaris today, for example, who said they did have a choice of colours. You were mentioning that in selecting a template the school did not have a say, or that was the implication, but it seems that schools which were part of the template program chose from a series of templates and then had the opportunity to make some variations within those templates.

**Mr BAADE** — I think you will find it will vary according to who the project management group was. There were some that were supportive and cooperative. We have not inspected any down that way, which is interesting. I am not going to tell you where we have inspected. I think that was one of the major differences, that the project management groups assigned to the task were not all of the same standard.

**The CHAIR** — Style.

**Mr BAADE** — Style is probably a better word to use.

**Mr KOTSIRAS** — Value for money, and I am not talking about quality of the work. It is assumed the quality is there. Was the money spent equal to the work or the structure that was put up?

**Mr BAADE** — That is an incredibly hard question to ask.

**Mr KOTSIRAS** — You are architects. You have seen over a long period of time what you can get for a dollar, so was it value for money?

**Mr BAADE** — If you automatically implement, you put heat on the market. The heat in the marketplace is like an inflationary glitch or something like that. If you build all that into it, I would say yes, I think it was. I would not call it good value for money, but it was value for money. It is really hard to assess that.

**Mr STEWART** — The other thing that we looked at, being a template design, is that there are going to be certain compromises in developing that template design, because you are going to overbuild them to compensate for deficiencies in certain other areas. I know that some of the actual design structure could have been refined to get better value for money, but being a template you would have to individually design a lot of the individual areas, so that is where it is going to be a bit hard. Where somebody says it is not good value for money, it can be a little bit subjective, because you are doing the template design and there are going to be compromises in it anyway.

**Mr BAADE** — If you just took the wind category terrain for a start, it would have to be designed for the worst wind terrain category so it could be used universally across the state, so you are going to get those sorts of things in terms of compliance for section J. For the orientation of some of the buildings you have got to take worst case scenarios on a template design to make it work. That could have some impact on costs. With the enormous pressure that was put on, they were nearly trying to get these projects out to tender at the same time they were trying to get costings on them. Everything was just on top of each other. Normally you go through a process where you document it and you cost it out and then if you have to adjust your budget, there is a normal process. With those time lines the government has denied that opportunity.

**The CHAIR** — So you are talking in particular about stage 1 projects?

**Mr BAADE** — Yes, maybe stage 1 projects.

**Mr STEWART** — Obviously there was refining on stages 2 and 3 to get things right. Obviously people then recognised the costs to implement — —

**Mr BAADE** — You got efficiencies.

**Mr STEWART** — Efficiencies that were ways of doing it.

**Mr BAADE** — The other thing is government was looking at getting state-of-the-art technologies in terms of IT infrastructures and things like that, and then that was boosted up, which we are now putting into capital works projects. There was a whole lot of groundbreaking stuff in trying to get all this stuff in, and in hindsight maybe there should not have been quite as much packed into the package in terms of sustainability, IT — everything. This was going to be the perfect model, whereas it may have been better to just rationalise it down and set up something you could deliver that was manageable.

**Mr KOTSIRAS** — In the media there were some articles talking about the cost to the independent school sector and the cost to the government school sector. There was a perception that state schools paid much more for what they got compared to the independent school sector.

**Mr BAADE** — I would not know on the template design, but I think nearly every non-template design was in under budget. We did two — we have got one at Williamstown and one at Oak Park — and both of those projects have been fantastic.

**Mr STEWART** — Even the one at Mount Clear that we did in conjunction with our capital works project.

**Mr BAADE** — Yes.

**Mr STEWART** — We redesigned that. That is because we have got the opportunity — —

**Mr BAADE** — And I suppose there is the budget. You can come in under budget, but if the budget is more than what you need, you will come under budget.

**Mr STEWART** — We had to work to the budget sector to be on those projects.

**Mr KOTSIRAS** — I am trying to work out whether that budget was reasonable or whether it was more than what you would expect to pay.

**Mr STEWART** — Generous.

**Mr BAADE** — It was generous.

**Mr KOTSIRAS** — It was generous?

**Mr BAADE** — No.

**Mr STEWART** — At Oak Park. At that one at Mount Clear it was not. It definitely was not at Mount Clear.

**Mr BAADE** — No, it definitely was not.

**Mr STEWART** — Oak Park was marginal. Williamstown was pretty average as well. We only just got that wing. Oak Park, out of those ones, was about the only one you could say was more comfortable than the others. But Mount Clear's redesign et cetera came in \$8000 under budget, which is not much. That was because we probably had the opportunity and the time to redesign to that particular site, so we could actually design it.

**Mr BAADE** — That was more site specific.

**Mr STEWART** — Make the jobs quite site specific. That is what we were saying about the templates. There are inefficiencies designed into that because you have got to go to the worst case scenario.

**The CHAIR** — Can we just go to the template designs? You have mentioned that they had a high level of ICT fit-out. Can you talk a bit about the environmental and sustainability fit-out associated with it?

**Mr BAADE** — Sustainability was high in terms of it all worked on thermal purging — in other words, automatically opening windows. In other words, they are supposed to operate essentially without any air conditioning of any type. There was that. Internally there are a lot of openings — louvre windows and things like that — in order to help air circulate around certain areas. Then the ICT was up in terms of the introduction of additional points in each room, floor boxes were introduced and the lighting was rationalised.

**Mr STEWART** — That is right. There was additional thermal insulation et cetera.

**Mr BAADE** — There was additional thermal insulation. A whole lot of peripheral stuff was introduced into those facilities that does not necessarily have to be brought into a standard capital works project, even with section J of the building regulations. So, yes, there were a few extras attached to those buildings.

**The CHAIR** — I acknowledge what you were saying about the consultation and the views of some schools. In terms of the final product, are you able to share any feedback that you have received from schools about the final product, whether they received template designs or non-template designs?

**Mr BAADE** — In terms of addressing the current pedagogy that is being promoted by schools, I think the facilities are great. That leads to another question about teachers being able to teach in the spaces and the adequate training of teachers to address the way that is done — to address your criticism.

But as a starting point in changing the way that kids are learning, I think they have come up really well. They are large spaces. The issue for some schools is whether — and this is sort of getting back to the template/non-template in the initial planning — they should have had the option of running with a non-template design or addressing specific things within their school. I mean, Williamstown, for example, could not fit a template on that site, so the automatic response was that there was a need to go back and refurbish a heritage red-brick building, which would have been really low on department priorities because of the need to meet other needs. There was a fantastic opportunity there to actually restore this building and create the learning centres. That would be my only comment.

But in terms of the design of the building itself, I think it is very good. I think the other thing is that a lot of this changing pedagogy is trying to be driven through buildings and there is a view that with the development of buildings and a changing pedagogy the people using it will change as such. There is a very positive effect and impact on schools in changing the way kids learn. As I say, teachers may not like it but it is where you will have to go in the future. So if there is a plus out of it, I reckon that is one of the best.

**Mr DIXON** — We were under the impression, having heard from Brian Welch from the building industry, that normally in a non-government school project the principal is the project manager.

**Mr BAADE** — Yes.

**Mr DIXON** — I would have thought, and my understanding was, that an architect is the project manager.

**Mr BAADE** — Yes.

**Mr DIXON** — The principal is not doing it — they are part of the team and they have a say. Is that what you would find, seeing that you have built in both?

**Mr BAADE** — Yes. What has happened is that previously you went through what they called a school council contract process. You had an agreement with the school council and you were actually responsible back to the school council. You would set up site meetings and there would be somebody from the school and you would be responsible to them.

This is a different mode of delivery altogether. In other words, the agreements have been set up with the department directly, and that is why a lot of schools were floundering a little bit. I mean, I am sure if they had been told about how it was going to be done, they would have been a bit better off. One school rang me up and said, ‘I haven’t got any money yet’, and I said — —

**Mr DIXON** — You haven’t got it either?

**Mr BAADE** — I said, ‘I’m sorry, but you’re not going to get any’, and I explained how it would work: that it would be done by a project manager with an agreement with the department and they would come out and build the building for the school. I said, ‘The level of involvement you have in that project is really up to you, but you are not the principal person’. Previously you had this delivery mode where the school was the centre of the contract. Then you have this entirely different mode of delivery.

**Mr DIXON** — Have you done building for non-government schools as well?

**Mr BAADE** — No.

**Mr DIXON** — You haven’t? Okay.

**Mr BAADE** — No, I only do state education. I do not seem to be able to get out of it.

**The CHAIR** — Just to follow on from that point, we have seen what happened in non-government schools which took responsibility for their own projects in general. For the government schools, the department took

over the responsibility. On some occasions some principals have said they would like to have had responsibility for the project along with their school councils. Would you say that was an ideal way to go?

**Mr BAADE** — I do not think you can make a rule one way or the other. Essentially principals are there to run the school, and quite often we find that building projects become a bit of a diversion from what they really should be doing. We have known school principals to go to different schools because they know there are capital works projects occurring and they can get involved in another building project.

At the end of the day it has to be a project management role, either done through an architectural practice or through a project management group. But we try to involve the school. You have a lot of involvement with the school generally in the planning process while you are actually documenting the project and working out what you are delivering within the facilitation provisions, but once a project starts you try to park them out of the process as much as possible unless there is some point of confirmation. They definitely should not be running the process.

**Mr STEWART** — Most of the involvement for a school in the meetings and things once the project is running is really just communication on management between the builder and the school to make sure there are safe working environments for both the builder and the school. Their involvement is more on the management and coordination side rather than with the actual building works themselves.

**Mr HALL** — The issue really is about whether a school has the ability to appoint their own local project management rather than having to have it appointed centrally.

**Mr BAADE** — Yes, I think that is an issue. There is a change occurring in that respect at the moment, and we are now back to centralised contracts with the department in all of our projects. There has been a shift, and as I say, it occurs — it goes around in circles.

**Mr HALL** — For years schools have been successfully appointing their own project managers for their multimillion-dollar projects at school level.

**Mr BAADE** — Yes, but having said that, that is because they have had a capital works budget, a series of projects have all been listed and they have had the time to do it. I am just not too sure whether, for every project that was undertaken, every school could have actually accomplished what has been accomplished —

**Mr HALL** — Within the strict time frame?

**Mr BAADE** — Within the strict time frame. Now maybe it is always easier in hindsight to talk about it, and maybe some schools might have been asked if they wanted to do that mode of delivery, and maybe some other schools would have said, 'Just build it'. Because there are so many, you will have some people who feel denied by the process and you will have some people who are appreciative of the process. And that is the difference just because of the size of the project.

**Mr HALL** — From your firm's experience in terms of school projects over a long period of time, can you give the committee any idea of what would be a reasonable project management cost factor with any building contract? Can you assign a cost per square metre or cost per value?

**Mr BAADE** — On capital works projects there is a set scale of fees for consultants as architectural consultants, and that varies. For jobs up to about a couple of million dollars, that would be around about 10–10.5 down to about 8 per cent, and that is a total project delivery; we have to do that within that cost.

**Mr HALL** — Would that be more than just project management? Does that include design/architectural services?

**Mr BAADE** — That is design, architecture and everything. That is a turnkey operation when we are given that scale of fee. That is from the initial master planning through all the schematic design, design development, tender documentation and contract administration and post-occupancy evaluation.

**Mr STEWART** — With that capital works process there is also a program manager that takes a fee out of the project as well. We are not privy to the percentages they get, so we are not aware of what they would get.

**Mr HALL** — So you are talking about BER projects — —

**Mr STEWART** — No, we are talking about a normal capital works project where there is still a program manager who has a fee out of the project as well.

**Mr HALL** — And you would have no idea what that fee would be?

**Mr BAADE** — No.

**Mr STEWART** — No, they are directly engaged by the department. We have no involvement.

**Mr BAADE** — There is another fee on top on that that the department pays, outside of consultants, to manage.

**Mr STEWART** — Yes.

**Mr HALL** — Of the projects under the BER that you audited on behalf of the schools to enable them to sign off on the projects, did you know what the tender cost of any of those projects was?

**Mr BAADE** — No.

**Mr STEWART** — No.

**Mr BAADE** — There were a just a few concerns; Jim did them — —

**Mr STEWART** — They were really just concerned about the level of finishes because they did not have the expertise to have an input — level of finishes, occupational health and safety and just basically the sign-off process. As I was saying, they had no involvement in the project and they were going to be getting this new building. They were just being told, ‘This is yours’, but they wanted to make sure they were comfortable moving into it and that everything had been looked at because they were getting no feedback to say, ‘Yes, somebody has looked at it independently’ — even from us signing off to say, ‘Yes, everything complies’. They were not even getting that sort of information. The sorts of things I was finding were common among them were some occupational health and safety and some maintenance. The other thing is the schools are going to become responsible for those buildings. The actual process for their being responsible for them still is not clear. As we have said, some of the facilities are going to be on title or over an entitlement and the school is only funded for maintenance and cleaning on what they are entitled to. The building is more than what they might be entitled to and they are worried about who is going to clean and maintain it as well. I do not think any of that process is clear as yet either.

**Mr BAADE** — The recurrent cost issue is something that is still — —

**Mr STEWART** — And the schools were asking us to look at them to see whether the buildings were in a condition that they should be because they are going to have to look after them.

**Mr HALL** — In your journeys around various government and non-government schools have you ever had the opportunity to make the comparison between a \$3 million allocation in a government school compared with a \$3 million entitlement in a non-government school?

**Mr STEWART** — No, I have not.

**Mr BAADE** — No, I have not. This gets down to how much money an architect can spend! I think the department, in general, drives good value for its dollar. It is a question of the educational outcome as opposed to the architectural outcome, and in some cases the architecture gets hold of the process rather than the educational part of the process. In a lot of ways there is a fair bit of scrutiny over the educational outcome within state government projects. As I said, in terms of what this government is doing — —

**Mr HALL** — I asked the question for this reason — I walk through a government and I see that \$3 million will buy you five classrooms and a library; I walk through a non-government school and I see that \$3 million will buy you six classrooms, an assembly hall, a canteen and a repaint of the rest of the school. I am asking you

whether you make any similar observations between government and non-government schools in terms of this project and how they manage that allocation.

**Mr STEWART** — No.

**Mr BAADE** — No, you have to get down to an individual case.

**The CHAIR** — There are quality issues and all sorts of things.

**Mr STEWART** — I have seen it the other way as well. I have seen a private school spending a huge amount on architecture because they rely on an income and advertise themselves to the public. So I have seen them getting less facilities as well.

**The CHAIR** — Time is getting away from us; I think we might need to wrap up. We were due to finish this about 10 minutes ago, but we certainly appreciate the expertise you have brought to bear.

**Mr BAADE** — Just on that point too, the other thing you have to address is recurrent funding on some of these buildings. Somebody might stretch this thing out, but you might find it has recurrent costs on it that far outweigh the other facility. You cannot just look at one project against the other; you need to look at it over 10 years and ask, 'What is this building actually going cost over a 10-year period?'. That might not apply, but you have to weigh all that up.

**The CHAIR** — Thank you, Bruce and Jim, for your contribution.

**Witnesses withdrew.**





# CORRECTED VERSION

## EDUCATION AND TRAINING COMMITTEE

### **Inquiry into the administration of the federal government's Building the Education Revolution (BER) program in Victoria**

Melbourne — 4 October 2010

#### Members

Mr M. Dixon

Mr N. Elasmarr

Mr P. Hall

Dr A. Harkness

Mr S. Herbert

Mr G. Howard

Mr N. Kotsiras

Chair: Mr G. Howard

Deputy Chair: Mr N. Kotsiras

#### Staff

Executive Officer: Ms K. Ellingford

Administrative Officer: Ms N. Tyler

#### Witness

Mr R. Cantlon, principal, Oakleigh South Primary School.

**The CHAIR** — Thank you for coming along to speak to us today. I know today is the first day of school term 4 so it might have been a challenge for you to come along, but we certainly appreciate it and look forward to your contribution.

In the time that we have we will be looking for you to outline your experience of the Building the Education Revolution project that took place at your school; then we will perhaps have some questions to follow up on that. Would you like to let us know your role within the school, and we will move on from there?

**Mr CANTLON** — I am the school principal. We have had a fantastic journey with the BER project. We were involved in one of the \$3 million library learning neighbourhoods. There are six classrooms and a very large space in between, with computer rooms that we were able to change — or we were able to change the plans to do a lot of the things that we wanted to do at the school.

I am mindful of the project in two ways. One is that it was a government imperative for stimulus funding and needed to be done quickly. Therefore I expected, as somebody who has built many major works before in schools both locally and with government money, that there would have to be some shortcuts taken at the time. We were very happy with the template. I am not sure that everybody else has been very happy with theirs, but we were very happy with ours. We just put 150 children in there this morning. We had all the parents there, and it is just a wonderful experience for everyone. It has provided facilities that I would never have expected to have seen in my time in education. It is a beautiful building. The ICT framework in there is wonderful. The lighting and the environmental aspects that are taken care of are second to none compared to the old light timber constructions that the rest of the school is made up of.

The project managers were mainly conspicuous by their absence. I think that is because it was a template. We were in the first lot, and they did bring all their training people down to our school to see what was going on, so there was a lot of service early but after that most of it was with the site manager, whom I met with everyday at 7 o'clock on site. He would just take me through what was being done and all that. Any concerns I would have I would address with him, although I was not supposed to do it that way; I was supposed to go through the project manager, but we had such a good relationship that we did a lot of things there. We changed walls and rooms in the project, for which I had to approach the project managers, and they were always amenable to that. I think a lot of that was due to my experience and not asking for more than I was giving; I was trying to seek parity and fairness and reasonable. I think that was appreciated on both sides. They did everything we asked in all ways, so we are very happy with what we moved into today.

**The CHAIR** — So today was the first day in?

**Mr CANTLON** — Today was the first day. There was a hold-up on the information technology infrastructure. We could have moved in at the end of last term but that was not there. There has still been a delay on that, but we decided we could not delay it longer than the start of this term. We were anxious to do it at the start of the term because in a 24-grade school moving 6 grades is a big move. To do it over the holidays was the best way to do that.

**Mr DIXON** — When did your project start? Can you just go back?

**Mr CANTLON** — I do not know. It was in the first stage, whenever that started; I cannot remember.

**Mr DIXON** — Did you have to do some demolition at all?

**Mr CANTLON** — No, it was very flat with sandy loam soil. What we did was lose a car park. We negotiated our way into having another car park built. We had to move a music room as well to give this the ideal aspect, and they agreed to do that. Halfway through the project we decided we did not want to move the music room. They were very happy to do that and replanned the car park around our new ideas.

**Mr DIXON** — I was just looking at your template. The project management fee for a template is \$69 900. Do you think you got \$69 900 worth from your project manager?

**Mr CANTLON** — I do not know; I do not mix in those circles. I do know that the template must have afforded a lot of savings. I did a \$2.5 million refurbishment in 2000 and the amount of time and money spent

with the architects was exorbitant, so I believe it would have saved a lot of that money. Whether those savings were transferred into actual building, I do not know.

**Mr DIXON** — You do not know. If you had \$3 million — it was a \$3 million project — —

**Mr CANTLON** — Yes.

**Mr DIXON** — If you had total say over it, would that have been the first thing you would have spent your money on?

**Mr CANTLON** — If I was given three months to decide, yes. But if I was given 18 months or two years to build and design it or to schematically decide, it would have been different. But we are very lucky. We are a primary school that took over a high school, so we already had an assembly hall of commonwealth funding proportions in the 1960s. This was pretty good for us. But not everyone else has that advantage.

**Mr DIXON** — That is fair enough.

**Mr CANTLON** — Having said that, if I was in a school that did not have that, I would have chosen the hall option of the template. That seemed reasonable to me, although I did not look into it that much.

**Mr KOTSIRAS** — When was the last time your school was upgraded, or any major works — —

**Mr CANTLON** — In 2000.

**Mr KOTSIRAS** — What was done in 2000?

**Mr CANTLON** — It was changed from a high school that had not been used for two years, with every window in the school broken, every wall trashed and every floor defecated on, to a state-of-the-art, high-ceiling, computer room in each classroom building. We changed every wall in the building, so I have worked on the other side of project management.

**The CHAIR** — That is when your school came into existence, or when it came to that site?

**Mr CANTLON** — No, we moved from a site down the road. We grew hugely in the 1990s.

**Mr KOTSIRAS** — How was the communication between yourself and the department? Did you have access to the department, because I received some criticisms that the department never responded to questions and queries? How did you find the department?

**Mr CANTLON** — I am probably not a typical case. I have been a principal for 21 years, and I know them all fairly well. I know you can ring Phil Dawkins at 7.15 in the morning and he will always answer the phone. My experience is exactly the opposite to that.

**Mr KOTSIRAS** — Okay.

**Mr CANTLON** — I am not saying everybody's is that.

**Mr HALL** — Ron, did your school incur any out-of-pocket expenses with this project?

**Mr CANTLON** — Not at this stage. The landscaping may cost us money, although I am not sure where that is going to end up at this stage. We got the whiteboards; that was fantastic. We already had the computers which we moved over there. We bought new furniture and tables to match the surroundings — —

**Mr HALL** — In the new classrooms?

**Mr CANTLON** — Yes. Then we got \$50 000 — —

**Mr HALL** — Did they not come out of a facilities grant?

**Mr CANTLON** — Yes, there was a \$50 00 grant as well, so no, not at this stage. There was inconvenience with building works going on and all that, but not great inconvenience.

The biggest concern to us is something that was brought up before — that is, the money for the cleaning and maintenance. It is all very well to have state-of-the-art louvre windows that open when the carbon dioxide gets too much in the classroom, but unless you are involved in education you would not understand that I get \$18 000 to maintain a school of 530 kids. I imagine that when two of those windows break down, that will be my \$18 000 budget gone. That is a huge concern to us.

The previous speaker spoke about cleaning. This facility now has toilets in it and all those sorts of things. They are not on my cleaning schedule, so that is a very big concern for us. We are awaiting clarification on that.

**The CHAIR** — Some parts of your project are over entitlement?

**Mr CANTLON** — Yes.

**The CHAIR** — Just going back to what you were saying; your louvres obviously work. We heard earlier from a school where their louvring system does not seem to work.

**Mr DIXON** — They have glassed them in.

**Mr CANTLON** — As much as I can understand it, of course.

**The CHAIR** — You noted that there is a potentially high cost of maintenance for them if something happens. Is that not going to be countered perhaps by savings in heating or air conditioning costs to the school?

**Mr CANTLON** — I cannot see any heating savings at this stage; there do not appear to be any. We are all waiting to see if the building will work without cooling, because all of our metropolitan schools have had to fund their own cooling. People will not accept 47-degree temperatures in classrooms. Let us hope it gets below 40 degrees in them, then I will be better able to answer your question. We are all waiting to find that out at this stage. I doubt that cross-ventilation will work, but I do not know.

**Mr DIXON** — We will have to have another hearing in March.

**Mr CANTLON** — We will bring you down to the building.

**The CHAIR** — We seem to have gained a pretty clear view pretty quickly from you, Ron. Thank you for taking the time to come in and share your experience.

**Mr HALL** — We are pleased it is working well for you.

**Mr CANTLON** — It is.

**Witness withdrew.**

# CORRECTED VERSION

## EDUCATION AND TRAINING COMMITTEE

### **Inquiry into the administration of the federal government's Building the Education Revolution (BER) program in Victoria**

Melbourne — 4 October 2010

#### Members

Mr M. Dixon  
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Chair: Mr G. Howard  
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#### Staff

Executive Officer: Ms K. Ellingford  
Administrative Officer: Ms N. Tyler

#### Witnesses

Mr H. Grosseck, principal, and  
Ms L. Brenner, assistant principal, and  
Mr R. Power, president, school council, Berwick Lodge Primary School.

**The CHAIR** — I acknowledge that the first day of the school term is not the best time to ask you to come to speak to us, but thank you very much for coming along anyway. As you are aware, we are inquiring into experiences with the federal government's Building the Education Revolution program. We have heard from a few other schools today, so it is good to hear from your school also. I do not know who is going to lead off, but it would be good if you could provide an overview of your experience, and then we will be able to follow up with some questions.

**Mr GROSSEK** — Thank you. We would like to thank you for the opportunity to come and speak because from our perspective I think we have been quite unhappy with the project, so this is a great opportunity. We will all take a turn at speaking so you will hear shared but different views. I will lead off.

It was interesting to listen to the school before us, because our experience is quite opposite to that. Really it began with the education department officials. Our regional network leader, who met with us first, was very supportive and cooperative. The regional director, the facilities manager and an assistant regional director put us under enormous pressure to have a second gymnasium, which we do not need at all as we have an excellent one, and in so doing threatened us — and there were witnesses; it is not hearsay — with either nothing or a greatly reduced template. That got my ginger up, and it got my school council's ginger up.

Over the next 18 months we did a lot of due diligence on a range of issues. For example, at our own cost we hired Hamilton Design, a credible project management construction company in Berwick, that we had done previous business with and that has a demonstrated record of successfully delivering projects much bigger than Berwick Lodge. We hired the company to examine the template. We were lucky on a couple of scores. We got the CD with all the documentation — the lot — the library and six-classroom template. We were able, at about \$500 of our money, to print off all the template design requirements and also the accompanying documents on the environment. There are some interesting things there.

We paid them \$8000 to have it quantity surveyed and give us expert feedback, because I spoke to a regional person at the beginning. I said, 'What's the obsession with the department wanting us to have a second gym?' The off-the-cuff remark was, 'I don't know' — this is a regional person — 'but I guess it's to do with cost'. We thought, 'That's interesting'. When we went through all of this, Hamilton Design at the end of it — I am cutting to the end — took Lynne and I in one day with the template design, which is for the library and six classrooms. His view was that was one of the most cost-inefficient designs you could get — lots of angles, bends and curves — and that without denigrating the quality of the design of the six classrooms and library and with cutting out the project management layers, Arup, APP, DEECD and so on, he could build us a redesigned building to that specification for \$2 million, and he put that in writing to our council.

Separate to that, in the process — about December last year — APP rang me and said, 'I'm sorry. You can't have your building where you want it. There is a stormwater drain and a sewerage pipe going underneath it. You will have to move it, because it is unlikely to be approved, it will cost too much and it will take six months'. That was really the only site we felt we could put such a building on. Again I did due diligence and I approached the appropriate authorities — South East Water, the City of Casey — and over a four-day process ended up approaching an authorised company to do that, which was on the same list that APP have. We got three quotes for that. APP came back to me with a written quotation outlining all of their engineers and subcontractors on those works, and their signed document said, 'This work will cost the project \$202 000, it will take four to six months to complete and approval is not necessarily likely from the authorities'.

The feedback we got was: no. 1, 'Eminently doable, if you've got the money', so approval was not a problem; and no. 2, the companies we approached said — all these documents are with APP and with the department; they have copies of all this, which I have sent them on request — \$60 000, and it would take no more than two and a half months to deliver it. In four days work, with documentation, I have proved that we could save the taxpayer and our project \$142 000. Off the record, people from Arup told me it was a blunder sending you those documents. I will not name the people, but I am not prone to lying or exaggerating; they said it is a blunder. We can marry those two things together. Then when Brad Orgill came to our school and we showed him our documentation — he investigated on behalf of Julia Gillard — he said to me, which he did not put in his report, 'Do you know what strikes me about this project, Henry, and the feedback you're giving me?'. I said, 'No, Brad; what is it?'. He said, 'It's the same as what I am hearing in many parts of Australia. The project management design by the department is overblown and consistent with the requirements you would have for

\$50 million projects, not \$1 million, \$2 million or \$3 million'. I said, 'That's an interesting observation, Brad, and I hope you take it on board'. That is an overview.

The other part I do want to raise — and I am still getting calls from people in the department — is that I started off because I felt we were being bullied and harassed. I still get calls from people in the department — there are a few there who like me — and they ring me up or email me and say, 'Henry, be careful. They are out to get you. The department will, if they can. You are more than an irritant'. I believe I have done nothing criminal in this activity. I believe I have demonstrated, not only for our school but for the system, that we are getting poor value in comparison with the private schools. I have visited private schools and seen what they get in our neighbourhood, and there are a lot of private schools competing with us for enrolments in Berwick. They do not hold back in trying to get enrolments. They are getting far better value than we are, but I am still getting calls from people in the department saying, 'Henry, they want to get rid of you'. I think that is a pretty poor way of dealing with a person who initially went through all the right processes, and they are trying to force us to have something we do not want and they are delivering no good value for our schools.

**The CHAIR** — In terms of the site, you mentioned the site problems and the resolution of that. What has happened in terms of the siting?

**Mr GROSSEK** — It is interesting, Geoff. I got a call from Andrew Wood, our new project manager from APP last Friday. The end resolution on the site is that we are staying on the same site. The end resolution is that — and I think this is an important point, given all the deep research we have done — as a last resort our school, which fought so hard for a \$3 million facility that we are entitled to, volunteered to Julie Alliston late last year, which was accepted, that we would take a \$2 million notional building. Our project manager says that could be built for \$1.25 million if he was doing it, but we have downgraded it by a million dollars because we know we are going to be out of pocket. I saw the Beaumaris Primary School six classrooms and library, and it does not meet the sorts of requirements we have. The louvre cooling system, I can tell you at another date, is a joke, and it does not work. In the specifications of the template — our consultant pointed this out — the louvre system can only operate with an evaporative cooling system, which has been removed. We were not going to get one of those and neither are others. Even so, the temperature could not be guaranteed within their own documentation of going less than 27 degrees, which does not meet the building standards that you have in commercial building. Does that answer that?

**The CHAIR** — Yes.

**Mr GROSSEK** — Andrew rang me up, and he said, 'Henry, there are still problems'. I said, 'What?'. He said, 'There will be more delays', and I said, 'Why, Andrew?'. He said, 'There's a problem with the redirection of those two services'. I said, 'Why?'. He said, 'Because the builders are having problems delivering an answer to us'. I said, 'Okay; why is that a problem?'. Because I gave the department, through John Allman and APP, all the documentation on the service rerouting. I did four days work — due diligence, compliance with everything. I was talking with John Allman in January. We had many phone calls. I said, 'Split the tender', because we could see the way it was going — that we were going to struggle to get a \$3 million building, given the way it was going. 'Split the tender, and with the service rerouting just ring these three companies up; you've got the whole lot there, and you don't have to retender it, which costs consultancy fees'. John did not give me an answer on that, but on Friday Andrew Wood said, 'They've tendered it as a block, so the builders are doing the lot; they're still tendering it out'. I said, 'Why are they doing that?'. He said, 'That's the way the department works' — inflexibility.

In doing that, even if they get a better price than APP got last year, they are still paying more to go over old ground that does not need to be gone over and, according to this, they are still losing time because they have got problems that the work has already been done. I will end there.

**Mr POWER** — My biggest concerns have been probably the approaches from the department to the school council and the school. They have been very combative and quite autocratic. We had the regional director out to a school council meeting at his request. In May last year he basically told us that we accept what we are given or take nothing. As Henry said, at that stage we were being offered a school gym — an assembly hall. We had a perfectly serviceable gym, and they even said, 'We're going to knock down the gym and replace it', which was just lunacy.

Throughout the whole process the approach of the department to the school council, Henry and Lynne has been one of, 'We are telling you what we want. We are not consulting with you, we are not trying to discuss the problem with you. We are telling you what we want, and you will accept it'. Thanks to Henry's leadership and his lack of confidence we have been able to put our case pretty well forward.

Another big problem I find is the inequity between the private schools and the state schools. A good friend of mine is principal of a Catholic school. He has built a beautiful hall/basketball stadium. We were at a basketball match one day and he was laughing at me because of the problems we are having with the BER, saying, 'I'm having trouble spending my \$2 million!' He was putting in boom gates, beautiful scoreboards and retractable seating. That was a \$2 million building — which notionally would have been charged at \$3 million to us, of course. So I cannot see how the department can say a school running the project management would not be more cost effective than the department, with its levels of management. It is unbelievable.

Also in close proximity to our school are a number of schools that are in a different electorate from ours which were represented by a Labor member. We are in La Trobe, which had a Liberal member. One school in particular, Berwick Fields, got a beautiful off-template building, a performing arts centre, which according to their school magazine was thanks to the intervention of Anthony Byrne, the local federal member. We have a copy of that here if members want to see that.

It seems that it is a multitiered sort of process where the private schools get what they want and certain state schools get what they want; there are schools like ours that fight and fight and fight and get some form of compromise; and then there are other schools that sit back and say, 'We'll take what you give us'. To my mind it is lacking a lot of equity. Also I feel the lack of transparency is really a problem. We have not received any detailed cost breakdown or price structure; the plans are not detailed. It is really mushroom territory. It is a real worry.

They are probably my main areas of concern. I agree with everything Henry has said.

**Mr GROSSEK** — And we all agree with what you are saying here today, obviously.

**Mr POWER** — Yes. But they are the three points I really find hard to deal with.

**Ms BRENNER** — I am the assistant principal. Henry and Richard have covered quite a lot of what I was going to talk about, but one of the major concerns of the school council and community has been the inflexibility of the whole project. Both Henry and Richard have already spoken about the concept of us having to have a hall to begin with, and I think it is only that we really, I guess, had quite a bit to say about it that other options were then put on the table. And then it was only templated options, none of which really met the needs and requirements that the school had. Had we had the opportunity to have a little bit more input into what we wanted, the outcome for the school would have been much better.

I guess, to use Henry's term, our ginger got up again when we found that whereas we had been told all along that we could not negotiate our own non-templated project, a neighbouring school has had that opportunity. We feel if we had had that opportunity, we would be a much happier group of people.

**The CHAIR** — Is there any difference in topography or other features between that school and yours?

**Mr POWER** — I think that school is even newer. It would not be six years old, would it?

**Mr GROSSEK** — No. There is an irony relating to that school — there are so many parts that obviously time precludes me from detailing them all. I was at a meeting with Julia Gillard where she specifically wanted only the principals there. She had a briefing in Narre Warren, and she said, 'I don't want the bureaucrats here. I want to hear what you people say'. That was in front of 150 of us. Anthony Byrne, the federal member for Holt, was there as well. That was early days, and we had already raised a fuss. Julia Gillard said, 'I can't see why the department is doing this to you and your school, Henry, and I'll guarantee you that you can have template of choice and partner project if there is money left over'. She made that as a public statement.

After the meeting we met with Anthony Byrne. He said quite clearly that he was very deeply frustrated with the Victorian department bureaucrats and certain members there and to keep him informed. For the next three weeks I got phone calls from a variety of federal Labor MPs and their staff, and then things all dried up. At the



end of the day there are eight schools in Holt that have got a different deal from the schools in La Trobe, and I think it is no surprise. I know their representatives are not here, but Berwick Primary School and Brentwood Park Primary School are deeply upset, as we are.

I guess the overarching thing is this: it is not just about Berwick Lodge. I have been in state education for over 40 years. I have been a principal for over 23 years. I love state education. That is where my heart is. I can see — and this is what our research shows — that as good as it is to get something, and we are happy to get something, any school that has a template and is working with the Victorian department of education cannot get value for money. Value for money, compared to the non-government schools that have the choice of running it themselves, does not exist.

My recommendation is that we do what occurs in England. I was over there for a month and I went into a school called Tower Road Primary School, which is run by a friend of mine, Dominic Loyd. It is a foundation grant school, a form of grant-maintained school. It is a beautiful school. I asked, ‘How do you get this?’, and he said, ‘I’m a foundation grant school’. I asked, ‘So how much more do you get than the other ones?’, and he said ‘Not a cent’.

In England they have a choice, and I don’t think one size or model fits all. It should not be a case of saying every government school should be running its own projects. Schools here should have options, as they have in England, if they can show they are capable and also have the interest. Twenty per cent of the schools in England choose to do what the private schools do and run their own projects. I think that sort of system would hold the department more accountable to deliver a good service, and schools like ours that believe they can deliver better projects should be allowed, within those guidelines, to have that opportunity. The way it is being done currently, I think state education is largely a loser.

**Mr ELASMAR** — Henry, when did you have that meeting with the Prime Minister?

**Mr GROSSEK** — That meeting with Ms Gillard was in June of 2009. It was not a personal meeting. She had called a meeting of all the principals.

**Mr ELASMAR** — Yes, I understand. And after that was there any contact between the department and yourself?

**Mr GROSSEK** — There has been contact, but initially my contact was with the national BER coordinator, and I found that very unproductive. I had cause to ring and email Dr Carol Nicoll on several occasions — I know she is busy, but we were told this was a short time line — and I did not get replies very often. I corresponded more in writing with Prime Minister Gillard, who was Deputy Prime Minister at the time. In fact after that meeting we got a pamphlet, and I can send you a copy of it. Julia Gillard said at that meeting that schools could choose a second project if they so wished. Michael Small, assistant regional director of our region, sent out to all our schools a one-page region-based thing — you saw this too, Lynne — saying, ‘Tick here that you will not make a claim for any companion project’. We still have a record of that document; that is the sort of communication.

In fairness to the department I should make this point: Jim Miles had been on leave, and I had sent some information in and had not got a reply by 5 January, so in early January John Allman, who is a general manager, rang me and apologised on behalf of Jim Miles, who had been caught up with other things, and for the duration of January I had very good conversations with John Allman. He was very receptive to what I had to say.

**Mr HALL** — Who is John Allman again?

**Mr GROSSEK** — John Allman is the general manager at the department. I do not know why, but they choose him to contact me because we had ongoing problems. John and I had three or four lengthy conversations, probably longer than John wanted, but he did say to tell him everything. At the end of a month of very good discussions with John, and I have to compliment him on this, really nothing had come of it. He came back to me with a proposal in writing. Basically, we did not move. Then my correspondence with John Allman ended.

**Mr KOTSIRAS** — Henry, I am a bit concerned about the intimidation that you mentioned earlier. Can you advise the committee if anyone from the department contacted you as a result of your coming to this hearing today?

**Mr GROSSEK** — No, nobody has contacted me. They would not have had much time, not yet. I raised this at a regional network meeting. There was a fairly robust discussion, and our regional director and assistant regional director were there. I had had calls from organisational heads — I still keep the emails; I have all my documents — and also from people within the department. They said to me, ‘Henry, be careful. They are going to try to find a way to get rid of you. Be very careful’. Of course, that rattles me; I am not that confident. Then as late as a week before I took my long service leave I got a call from a regional person. He was very distressed. He had met with people in the department — I will not say which area of the department, and I have no reason not to trust him. He said, ‘Henry, they think they can get you’. I said, ‘Get me on what?’. ‘Travel’. I said, ‘What do you mean, travel?’, and we talked through that.

**Mr KOTSIRAS** — That is a bit rich coming from some of the bureaucrats.

**The CHAIR** — We have gone over our time, so I am concerned to get to the nub of any other issues that people want to raise.

**Mr HALL** — Just for the record, did you officially ask the department whether you could appoint your own project managers?

**Mr GROSSEK** — Yes.

**Mr HALL** — For the record also, did you officially ask — —

**The CHAIR** — Everything is on the record, Peter.

**Mr HALL** — Just to be clear. You also made a request for an off-template design or to design your own facility?

**Mr GROSSEK** — In general discussions we would have raised that at the beginning, but then we chose a template.

**Mr HALL** — In your discussion with Hamilton Designs, that you said are project managers which your school has used before — —

**Mr GROSSEK** — Yes.

**Mr HALL** — Did they give you a cost estimate of what they would charge to project manage your \$3 million project to which you are entitled?

**Mr GROSSEK** — Yes, they did. I think their project cost was 10 per cent.

**Mr HALL** — Ten per cent of the \$3 million?

**Mr GROSSEK** — Yes.

**Mr POWER** — It would have cost \$2 million to build the same building. The 10 per cent is included.

**The CHAIR** — Anyway, 10 per cent.

**Mr HALL** — And that would have been for architectural design and — —

**Mr GROSSEK** — Yes, they do the lot. They went through that. They are a one-stop shop except they subcontract to builders. They took me to a couple of places in Berwick that they had built — new showrooms for Ford, and there was another one. They said, ‘Look at these buildings. We got these for under \$3 million, and we did it from whoa to go, and this is more complex than your building’.

**Mr HALL** — Berwick Lodge was entitled to \$3 million under the BER program?

**Mr GROSSEK** — Notionally, yes.

**Mr HALL** — Notionally, yes. And you went to a few private schools and made some comparisons as to what they got for \$3 million?

**Mr GROSSEK** — Yes.

**Mr HALL** — And your proposed project management group suggested they could do the same as that for \$2 million for your school, leaving you with \$1 million that you could have spent otherwise; is that correct?

**Mr GROSSEK** — Yes, that is absolutely correct.

**Mr DIXON** — Henry, what do you see as the role of a government school principal in building? Is it to supervise concrete pours, or is it to — —

**Mr GROSSEK** — No, I was insulted when Minister Pike got out and said, ‘I don’t want my principals out there supervising concrete pours’. The role of a principal insofar as managing the whole school — because we are now managing a whole school, not just the curriculum that is being delivered, and that is a good thing; it is an integrated package — is to have input. We are former teachers. We know what a good classroom design looks like. We know our own school. We would liaise, as we did on other projects. We would call someone in and say, ‘We’ve got \$3 million. Here are the guidelines from the national government. We are looking for these types of facilities. Can you come up with some design plans? Here is our site’. We then liaise with them. I have done this before. You have regular meetings with them, and they do all the legwork because they are the experts. As educators we know what it is that is the best fit for our schools. That is all.

**The CHAIR** — One of the issues I want to raise is: given the BER program was a stimulus package where the federal government wanted to get the building industry going at a time when there was a real threat of a significant downturn, and while I acknowledge your point that it might be good if schools could offer to manage their own projects, given the time that was required to roll out the stimulus package, would it have been realistic for the department to do that across the state and to test out whether in fact schools had the capacity to run their own project?

**Mr GROSSEK** — I say yes, provided that schools did not have to do it. I am not an advocate for all schools doing it. The answer is yes for two reasons. One is that they have not delivered to the time line, which is inappropriate, and in fairness to the department and the state governments, the federal government time line is appalling in our opinion. That put the department and the state governments under terrible pressure. I think the federal government owns a lot of that responsibility. Secondly, I look at the independent schools. They are getting theirs delivered on time, to budget and to their satisfaction. Those government schools which could have had that — it would have taken pressure off the state government as well.

**Mr POWER** — If you look at any of the private schools’ building projects, you can see the value they get. It is chalk and cheese. There really is a huge difference. There is too much money going into management in the state system.

**Mr HALL** — One quick final question. Do you know of any other government schools that have been allowed to appoint their own project managers?

**Mr GROSSEK** — No, I am not aware of any. All I am aware of is schools that have been able to secure more flexibility in the design of their building through the intervention of politicians. That is all I am aware of.

**Mr HALL** — Design selection, yes.

**The CHAIR** — Thank you.

**Mr GROSSEK** — Thank you very much for your time. We appreciate it.

**Witnesses withdrew.**



# CORRECTED VERSION

## EDUCATION AND TRAINING COMMITTEE

### **Inquiry into the administration of the federal government's Building the Education Revolution (BER) program in Victoria**

Melbourne — 4 October 2010

#### Members

Mr M. Dixon  
Mr N. Elasmar  
Mr P. Hall  
Dr A. Harkness

Mr S. Herbert  
Mr G. Howard  
Mr N. Kotsiras

Chair: Mr G. Howard  
Deputy Chair: Mr N. Kotsiras

#### Staff

Executive Officer: Ms K. Ellingford  
Administrative Officer: Ms N. Tyler

#### Witnesses

Mr J. Miles, general manager, resources and infrastructure strategy division, and  
Mr P. Stewart, general manager, infrastructure division, Department of Education and Early  
Childhood Development.

**The CHAIR** — We will be hearing from Jim Miles and Peter Stewart from the department. Thank you for coming along. I do not know whether you were present for all of the other hearings.

**Mr MILES** — Yes.

**Mr STEWART** — Yes, we were.

**The CHAIR** — So you are aware of some of the other comments that have been made by other contributors today. If you wish to open up with some general observations about the effectiveness of the program and the issues that are within our terms of references, we would welcome that. Certainly if you have any other responses that you want to make in terms of those earlier respondents, then that is fine too. Then we will have some further discussion from there. Over to you, Jim.

**Mr MILES** — Thank you, Chair. Thank you for the opportunity to present to you today. I will introduce us quickly. I am the general manager of resources and infrastructure strategy division of the department and also the state coordinator for BER. Peter Stewart is the general manager of infrastructure division and the government schools coordinator for BER.

#### **Overheads shown.**

**Mr MILES** — We have a short presentation of about 15 minutes that we would like to run through with you. It really outlines the department's approach to implementing the BER and provides updated information on where we are in terms of delivering the program and updates in terms of the data that was in the submission provided to the committee.

I think it is important at the start to talk about the context in delivering the BER. Part of that context is the Victorians schools plan, which is the four-year funding program that the department has been delivering under the last budget, being the last year of that four-year program. That program has provided funding for 553 major school capital projects. Importantly, in delivering the VSP we are looking to link educational outcomes with funding that is provided. The department does that through a process called Building Futures. What Building Futures does is ask schools to put forward an educational rationale for the sorts of facilities that they are looking for — not only a rationale but the improved performance in terms of student outcomes that they would seek to achieve with funding. By doing that we are putting contestability into the process. We are putting in much greater pressure for an educational return on marginal dollars invested.

The VSP, because it was a four-year commitment, has also enabled the department to invest in design and raise the standard of ESD and ICT in the way that we roll out the program. Importantly as well the department has regional networks, which are 70 geographic regions. Within each of those regions there are about 25 schools. We encourage them — and schools do — to look at educational provision and educational need, not only within their school but within the network. Therefore that means that every school is not an island providing every single set of educational opportunities on one site; we look for educational opportunities to be available to students and families across a network of schools. The department's experience therefore with the VSP significantly affected the way that we sought to deliver the BER. A lot of those principles and a lot of that strategy has informed the way we have invited and received applications for projects under the BER.

I will just move to the next slide quickly. There is just a quick reminder about the dimensions of what we are looking at. There are nearly 3000 projects under the BER. It has touched therefore almost every school. In terms of National School Pride, which was for minor works and maintenance — \$200 million worth for those projects — the priorities were identified and the projects were managed at the school level. The department did not manage them; it was done by the school. They were projects worth between \$50 000 and \$200 000.

**Mr HALL** — Have they all been completed now, Jim?

**Mr MILES** — Ninety-eight per cent of those have been completed. Most of the funding was in the P21, or Primary Schools for the 21st Century, and that impacted on almost all primary schools. Then there was a further \$140 million-odd for science and language classrooms. They were in secondary schools in disadvantaged areas.

Just in terms of the dimensions of the BER, the department has delivered over 500 capital projects over the four-year budget cycle that has just finished. That means about 125 projects per year. With the BER we were

required to conceive in scope and put to the commonwealth 1253 projects, or 10 times the number of projects, in about a three-month period. What that meant therefore was that we couldn't use the normal time for planning and design and scoping out projects, and construction had to be done in a much shorter time frame.

I will talk a little bit about the approach we have taken in delivering the BER for government schools. We have taken what we call a system-wide approach. The slide sets out the five main reasons why we have done that. The first one is really about removing what we call uncontrollable risks from schools. If a school has contamination on the site, if it has rock on the site or if it has a risk of flood exposure, then all those things result in extra costs being incurred to deliver the project. We have a number of examples where those things have caused the individual school project to require additional expenditure of, on average, \$450 000 to \$500 000. If the school had a \$2 million project, that would have meant that we would have had to cut 25 per cent, or the school would have had to agree to cut 25 per cent off the square metreage of the building, if we had left every individual school to bear those risks, but we did not do that; we managed it as a program.

The other reasons for taking a system-wide approach are set out on the slide there, particularly in the terms of the time lines for commencement and delivery. The commonwealth of course mandated that templates be used wherever possible, so we have ended up using templates on 55 per cent of our projects. The mandating of templates by the commonwealth was really because of the time lines. The BER was about economic stimulus; therefore we had to engage as much of the building industry as we could. We did that by letting tender packages for small, medium and large builders.

We were also, in taking a programmatic approach, able to test and achieve value for money. Importantly — the last point — we were able to minimise the burden on schools. It was and remains very important that the school principal be involved in identifying the sorts of facilities that are needed on school sites, but it is not important that the school principal be a project manager. Particularly, we do not think it is important that the principal be held accountable for project managing. It is important that the principal be involved in identifying the project but also that we allow, particularly under this program because of time lines, experts in project management to come in and deliver the project.

In terms of school engagement — I mentioned the time lines — that meant that the level of consultation that we would normally like to undertake was not able to be done. It meant therefore that what we ended up using — again talking about the networks — was a regional network leader, of whom there are 70, who worked with each of the schools and the networks to identify projects for individual schools and projects that effectively would benefit networks of schools.

We have received feedback, some just recently, in terms of how things are going. In response to that we beefed up our state liaison team, and we have on board a number of former principals who are helping us to work with principals and school communities to ensure we are resolving issues to the satisfaction of everybody involved — the school community, the school principal and the department — and at the same time meeting commonwealth requirements. Other engagement strategies have involved forums around the state. Obviously there is information on the website and inquiry and email inquiry lines et cetera.

Economic stimulus and job support, as I said, required the broad engagement of industry. We did that by engaging with builders and suppliers in forums early on. Around 1500 people attended sessions between April and June 2009. We also put advertisements in newspapers and the like and worked with industry groups to spread information widely.

I talked about us using small, medium and large contractors. Wherever we use medium or larger contractors obviously we encourage them to seek to source local tradespeople and supplies from local areas. We have received a significant amount of positive feedback from small builders right through to larger builders.

I would now like to hand over to Peter Stewart, who will take you through some more of the detail and provide some updated data in terms of where we are at the program.

**Mr STEWART** — Thanks, Jim. Briefly the delivery model was designed around the quick release of projects to the marketplace and also the engagement of four external project managers who have skills in terms of delivering projects on this sort of scale. In our procurement options we looked at bulk tendering as well because we had a rather large number of projects, well above what would normally be the annual release of projects to the marketplace. The commonwealth certainly mandated standard designs or template designs

wherever possible, and as a consequence of that we produced 34 standard designs for use in the system, and 55 per cent of the projects are in fact using those standardised designs.

We use an external program manager. The program manager was not funded from the project. The program manager was funded from the administrative fee that was paid to the department for managing the overall program. Essentially all of the money that was set aside for each of the projects was spent on bricks and mortar and also on the project management, which is related to those particular projects.

The BER implementation task force analysed the approaches of a number of states, and the diagram I have comes from their report. One of the comments they made was that a business-as-usual approach was not possible or appropriate for this scale of operation within the larger government organisations. The approach we took was very similar to that taken in Queensland and by some of the other education authorities.

Many of the comments which have been made relate to value for money. We believe that value for money has a number of aspects, and I guess it depends from which point you would want to view value for money. Our standpoint was certainly looking at the whole costs-of-life issue for our buildings, so therefore buildings which would certainly be sustainable but also be lower costs overall. In looking at competitive tendering we looked at the way in which we package works both to reduce the costs to industry in terms of tendering but also to try to provide as much competitive tendering as we could in the marketplace.

Speed of construction was another issue given this was the stimulus package, and so we did build in a number of elements which improved the buildability of our buildings, particularly our templated buildings. We have seen that certainly in a number of examples where the speed of construction has been achieved. We have provided very flexible spaces and spaces that are very rich in ICT from wireless networking right through to videoconferencing in some of our science and language centres. We were looking at providing the best outcome out of the budgets we had, and in fact the use of the template enabled us to provide maximised facilities for the available budgets.

Quality learning environments: we built on the five years or so of research that we have had into our school buildings, including the work that had been done with PPP contracts — PV in Schools contracts.

From the commonwealth's point of view, certainly economic stimulus and the local spread of stimulus was important and so the extent to which we engaged with local builders and suppliers was very important for us, and as I have said, that rapid construction and so forth.

In terms of the implementation task force findings, and its report came out in August 2010, the task force was established to provide an independent review of the work of each of the education authorities. Certainly they provided expertise in the areas of construction, quantity surveying, procurement and so forth. Their interim report was published in August 2010, and we believe that report shows support for our approach and that the total average cost for Victorian government schools was broadly consistent with the average across other jurisdictions and education authorities. They found that only 37 complaints existed about Victorian government school BER projects, which was about 1.2 per cent of projects. The other findings, which are in the report as well, are that Victorian government projects reviewed by the task force appear to have lower management and design fees, and that was evident in one of their graphs, which is on a subsequent slide. Certainly system-wide school level management of the P21 program required the overall system-wide development and rollout of the program to build success.

In terms of the comparative costs, we have provided a chart which compares the Victorian government to some of the other major systems around Australia. That is an average cost per project in terms of gross floor area. Our costs are comparable certainly with Queensland, lower than New South Wales and very similar to those in South Australia. We believe we have a product, a comparative cost value-for-money product, which compares adequately with all of the other states.

We have also included a number of ESD and building quality standards in our buildings, and we have certainly provided high levels of ESD maintained in our template buildings. In terms of the management and design fees, Victorian government schools were found to have an average percentage of about 11 per cent, which compared favourably with the other government systems: New South Wales, 21 per cent; Queensland, 14 per cent; South Australia, 14 per cent; Tasmania, 14 per cent; and the Australian Capital Territory, 20 per cent. We believe we



have a very good management and design fee allocation in comparison with the other governments departments in other states.

Project management fees were required to be below 4 per cent, and they were below 4 per cent of project management services; we certainly met that requirement of the guidelines.

**Mr MILES** — Just for clarity, that 4 per cent is within the 11 per cent.

**Mr STEWART** — The BER project management fees therefore are consistent with industry standards and certainly the levels of fees that we would have seen pre-BER.

In terms of the current status of BER program rollout, as Jim said, 98 per cent of funds have been spent by schools for the National School Pride program. There are a small number of schools with extensions beyond today for completion of those projects. In terms of Primary Schools for the 21st Century, there are 1253 projects and 96 per cent of those projects have been awarded or are about to be awarded. Science and language centres are 70 projects and 97 per cent have been awarded or are about to be. There are only 41 projects at this stage which are pre-contract, and the majority of those — close to 40 — are in the middle of their tender award process at the moment, so there are very few projects which are yet to get under way or be completed. The anticipated completion figure by 30 December is 689, which is more than 50 per cent of the projects associated with P21 and the science and language centres.

In terms of benefits realisation, 244 projects have already been completed, as of today. That effectively means more than 55 000 students around Victoria are seeing the benefit of those new classrooms and learning spaces. That equates to about 600 new classrooms and learning spaces, and 64 new multipurpose centres are certainly operational at this stage.

The BER program is also about the way in which those spaces are used effectively to generate improved student outcomes. The early projects are now allowing the schools and communities to finalise plans about who will teach in those spaces and which students will enjoy those spaces. We have provided grants to schools for furniture and equipment so schools can decide how to finish those spaces. We had over 1000 school staff attending a series of furniture and equipment expos that we held in July and August, and there are a further three furniture and equipment expos to be held before the end of the year. Schools have in fact been interacting very strongly with those expos and are able to purchase appropriate furniture and equipment and interactive whiteboards for their schools.

Finally, I turn to community access. Community access, according to the guidelines, is at low or no cost. Many of our schools have certainly been undertaking substantial involvement within community previously, ensuring all of these facilities will be made available for the community over the coming weeks, months and years, and in fact that will be a substantial boost for community areas.

Some of the projects we would like to highlight — Huntingdale Primary School has youth group on Friday evenings, before and after-school care and is operating a Japanese preschool immersion program on Wednesday and Thursday mornings. They are examples of how the community is in fact using these spaces to good effect.

**Mr MILES** — Thanks very much, Peter. That concludes our presentation, Chair. We would be happy to provide any clarification or respond to any questions.

**Mr KOTSIRAS** — You said on the Primary Schools for the 21st Century that 98 per cent of the projects had been completed. Is that correct?

**Mr MILES** — That is National School Pride.

**Mr KOTSIRAS** — Okay. So what percentage of the Primary Schools for the 21st Century projects have been completed?

**Mr MILES** — The percentage that has been completed at the moment — —

**Mr STEWART** — There were 224.

**Mr MILES** — Yes, so it is around 18 or 19 per cent.

**Mr KOTSIRAS** — What percentage are occupied and used?

**Mr STEWART** — They are the ones that are being occupied.

**Mr KOTSIRAS** — Previously — I am not sure if you were here — the principal of Berwick Lodge Primary School said that there was intimidation and threats within the department directed towards him for raising a few issues. Are you aware of those intimidation tactics used by some people? If not, are you going to request the department to investigate?

**Mr MILES** — We are not aware of any intimidation. I am certainly aware of the contact that Mr Allman has made, and I am certainly aware of the contact that Julie Alliston, the BER coordinator, has had with Mr Grossek. I am not aware of any other contact. All I am aware of is that we are seeking to get a satisfactory outcome. My understanding of the status of the project is that we have an agreed project and that a tender has been accepted, so construction will commence shortly.

**Mr KOTSIRAS** — We heard that there is intimidation, so are you going to take this on board and take it back to the department and request that it investigate?

**Mr MILES** — It is a very disturbing allegation, so absolutely; we would be concerned to ask wherever we can to ascertain whether or not any contact has been made and if so, by whom. But certainly I am not aware of it. I am not sure, but I am sure Peter would not be aware of it either.

**Mr DIXON** — Just on the individual costings for each school, your earlier submission to us gave the averages of the various templates. My understanding is that the Premier has said that that would be released; he told the federal government that would be released. If that is happening, when will it be happening?

**Mr MILES** — Peter can probably talk about this in a bit more detail, but the BER implementation task force is looking at a standard methodology for presenting and releasing individual school data. We would like to do it in a way that is comparable and understood around the country. I am not sure, Peter, if there is anything further.

**Mr STEWART** — Jim is right. One of the recommendations of the implementation task force interim report is for all states to agree on a common format for release of that information. We are certainly actively involved with the commonwealth and with the task force to generate an agreement on the form of that data release. In terms of the timing of that, we are managing the BER as a program, and therefore it is when we complete all of the projects that we hope to finalise all data.

**Mr DIXON** — The project is set to be finished by the end of March, is it?

**Mr MILES** — Yes, the vast majority will be finished by the end of March. There may be one or two extensions, particularly as the commonwealth has cash-flowed some of the money into 2011–12.

**The CHAIR** — Another comment the principal of Berwick Lodge made was that his school would have liked to have been able to undertake the project itself. Was this considered? You have touched briefly on the system approach. Was it considered that the department might seek to ascertain whether schools wished to undertake projects themselves?

**Mr MILES** — We took a different approach to the way we have approached it before in our normal state-funded capital program. That was driven mainly by the time lines and also driven by the fact that the department has a very clear agenda around school improvement and a very clear desire for principals to focus on improving student outcomes. That means it is very important for the principal to be involved in the type of facility, to inform that and to play a big part in it. We do not have any idea what sort of facility is required without taking input on board as well as the regional office's input. We do not see it as important for the principal therefore to have the accountability for the project management and delivery. It was considered, and we decided to take a systemic approach.

**Mr HALL** — Did you say in terms of your submission this afternoon that of the projects 55 per cent were template projects?

**Mr MILES** — Yes, that is right.

**Mr HALL** — That leaves a significant number, nearly half of them, that were non-template projects. Given that you, Mr Miles, spent some time, we were told, conversing with Mr Grossek from Berwick Lodge Primary School about his project, why was that school not given the right to consider an off-template program, particularly given the fact that it has put on record that it had a project management company other than the school itself lined up to do that task?

**Mr MILES** — The commonwealth mandated that templates be used wherever possible. In the cases where we have not used templates we have used individual designs or they have been refurbishment projects, for instance. Refurbishment projects will occur obviously where there is not a need for an additional facility. Individual design projects will occur where a school has a constrained site — for instance, a lot of inner city schools — and therefore requires an individual design template because the template building could not physically fit on the site. They are the cases where we went down the track of individual design or refurbishment. That is what really makes up the other 45 per cent. It is not that the school was able to decide to just use something in terms of individual design where there was not a constraint on space, for instance.

**Mr HALL** — Were there not constraints on Berwick Lodge Primary School, given that there were certain easements over which the proposed project was to be built?

**Mr MILES** — I cannot talk about the detail of every individual project. I am aware that there was an issue in terms of an easement. As I understand it, there was a satisfactory resolution of that and a tender has been let and accepted and the project is proceeding.

**Mr HALL** — If 45 per cent of schools used an off-template design, how many schools appointed their own project managers?

**Mr MILES** — For P21 schools have not appointed their own project manager. We are using the four project management firms that we have identified previously for managing construction.

**Mr HALL** — So that is for all P21 projects?

**Mr MILES** — Yes, that is right.

**Mr HALL** — What about the science and language centres?

**Mr MILES** — That is the case as well.

**Mr HALL** — Every Victorian school under P21 and SLC has one of the four project managers in charge of it?

**Mr MILES** — It was National School Pride whereby the school managed its own individual projects.

**Mr DIXON** — An issue that seems to be emerging — we have heard it once or twice today — is the ongoing maintenance costs. I am not sure whether the schools are over entitled with their projects, but there is a reasonable expectation that they would receive ongoing maintenance in a recurrent form. Also, witnesses from BHA Architects who were here earlier talked about their free-of-charge signing off on projects for schools. Why are schools going to independent architectural firms to sign off on projects to protect themselves — this is how it was explained to us — why would they be doing that, and does the process allow for that to happen?

**Mr MILES** — I was not here for comments on individual sign-offs, so I am not aware of what that involves or might involve. I can respond to the operating cost issue. We have received capital funding from the commonwealth; as you are aware, it is a commonwealth-funded program. It was great to receive the capital funding. Unfortunately the commonwealth did not provide operating funding. A lot of the facilities — half of them — will be built by the end of the year. It is really over the time period between now and then that we would be looking at the operating costs and the impacts on the individual schools. For things like cleaning and utilities costs it really depends on how other facilities on the site will be used. We need to have a look at some data and information on those things.

In terms of maintenance costs, we put a lot of effort into design up front with a focus on whole-of-life costs. That means therefore that maintenance costs are minimal in the early years of the facility's life, and that means that we do not anticipate material maintenance costs. But it is certainly under consideration at the moment.

**Mr DIXON** — So there is no requirement by the commonwealth or under your management to sign off on projects — they do not have to be signed off by an architect in any way, shape or form?

**Mr MILES** — Peter can talk about the process for construction.

**Mr STEWART** — Certainly with our projects I was not aware of any of the comments made by BHA, but that would seem unusual for me. Our project managers and their design team would be involved in signing off for those projects, so I guess I would be interested to follow that up with BHA to find out exactly what the issue was that they were raising.

**Mr KOTSIRAS** — There has been some criticism of the long wait on projects and the communication between individual schools and the departments. In fact one of the schools in my local area, Templestowe Park Primary School, was so concerned, upset and stressed by the fact that the department refused to talk to it that it actually wrote to the minister. How do you respond to that type of criticism regarding the BER?

**Mr MILES** — We have a significant stakeholder team on board which has been beefed up over the last few months. There is a large number of projects and we want to be able to respond to schools as quickly as we can. We have not been able to do that in the past in some cases as quickly as we would like. We are seeking to do that as quickly as possible going forward.

We want projects up and running. We want to be able to get the money spent and acquitted to the commonwealth, so there is no intention for any particular project to be held up. I mean, there are projects occurring right throughout the state.

**Mr HALL** — On page 11 of your submission today you gave some initial cost-modelling observations and comparisons of the overall total project costs in various sectors across all states. The Victorian government school average cost is shown as \$2849 per square metre; the Victorian Catholic school average cost is \$2257 per square metre. There is about a 20 per cent variance there. If you look at the Victorian independent school figure, there is about a 10 per cent variance from the costing for Victorian government schools. Why is there such a disparity between the various schools in Victoria in respect of cost per square metre?

**Mr MILES** — I can make an initial comment, and Peter can talk in a bit more detail. What this does is compare costs. It does not compare the quality of the facility. It does not make the adjustment so that you have a genuine like-for-like comparison. The BER implementation task force is seeking to do that in its next report, and we are very keen for it to do that because we believe we have invested significantly up front in the fabric and quality of the build, which means we will have lower whole-of-life costs.

The cost of building a facility is one thing. The whole-of-life cost includes the maintenance and everything else that you would spend on a facility over its life. It is really when you consider the whole-of-life cost that you get the whole picture of the cost of the facility. So we are very keen to work with the implementation task force to help it understand that. We have significant learnings in the template designs that we produced through the PPP project.

The private sector has an incentive when they build to lower the maintenance costs over the life of the facility. We used a lot of the learnings out of that project to feed into our template designs. We think that will be reflected further once further work is done by the task force.

**The CHAIR** — Could you just maybe elaborate a little bit more on the quality issues associated with some of the government construction?

**Mr MILES** — It really goes to the external fabric and the recurrence of maintenance has to be undertaken. Whether or not a building needs cleaning or maintenance on the outside and how often parts of the building, such as the roof, might need replacement depends on the quality of the build-up frame. The extent to which you invest more up front affects the extent to which you can lower the cost of that facility over its life. None of those comparisons have been done in this data by the task force, so we are quite keen to ensure that they are done.

**Mr STEWART** — I think it is also important to make the point that this comparison was made on a sample of 350 projects which were nominated by the task force. The task force is currently increasing substantially the

number of projects so that the report that comes up in late November/December in fact will have a far more comprehensive analysis of the differences in quality and also in cost between each of the education authorities.

**Mr HALL** — Didn't the commonwealth guidelines place some restrictions on quality — that is, part of the guidelines criteria?

**Mr MILES** — They did require that the buildings be ESD rich or ESD friendly to the extent possible. They also encouraged us to provide buildings that were ICT rich, which we have been doing through the Victorian schools plan anyway and which we have built into our facilities.

Again, those sorts of elements, such as ESD principles within the building and the ICT environment, are not transparent in this sort of comparison. In Victoria, for instance, we have a wireless ICT capability and have significant data points to make ICT quite accessible throughout the facilities.

**Mr HALL** — Is that not necessarily the case in Catholic and independent school projects?

**Mr MILES** — No, that was not a mandated requirement. It was encouraged but not mandated.

**Mr HALL** — What did you say about off-template designs then? Did you require quality issues to be part of those off-template designs?

**Mr STEWART** — Certainly we did. We tried wherever possible to use the templates as the exemplars for off-template design, so we asked our architects who were working on those projects to try to deliver to us a project which was of similar quality.

**Mr HALL** — When you had those off-template designs, were they government-appointed architects who developed those off-template designs or were they local architects?

**Mr STEWART** — They were a variety — they were employed by the project managers and they would have been a number of architects who were on government panels as well as local architects. It would depend on the particular project.

**Mr MILES** — We have a building quality standards handbook which provides minimum standards for provision right throughout any facility that we build.

**Mr ELASMAR** — Jim, I refer back to the evidence from the principal from Berwick Lodge — you were probably here and heard most of his contribution. One of the things he said was that he looked at the contract and found that he could save more than \$1 million. Did he write or mention that to the department, and did the department look at this, and what is the answer for this?

**Mr MILES** — There has been some correspondence, and certainly we have had a look at it. I am not sure if Peter is able to answer that in any detail.

**Mr STEWART** — Certainly we had a different view. In fact we did undertake some reviews of costs based on the information he provided. I think what we can say is that the marketplace has very clearly said — because we do not have one or two of these projects, we have multiples of these projects — the costs we have suggested are the market prices.

**Mr HALL** — I have one more quick question. Beaumaris North Primary School said to us this morning that it faced \$21 000 in out-of-pocket expenses — —

**Mr DIXON** — And 5 cents!

**Mr HALL** — For its project, of which only a third was going to be reimbursed. Why will you not reimburse the total of those out-of-pocket expenses incurred by that school?

**Mr MILES** — I do not know the details of that particular instance or case. We are happy to take that on board and have a look at it, and if the committee requires further information, we are happy to provide that subsequently.

**Mr HALL** — Is it generally the case where schools have incurred their own unforeseen expenses over these projects that they are reimbursed?

**Mr MILES** — It really depends on the individual circumstance. I cannot speak in generalities in responding to an individual circumstance. There are a whole lot of situations where schools, through the Victorian schools plan or through BER, might decide to contribute funds for a range of purposes — that is, they have voluntarily decided to contribute funds. If there has been an expenditure that a school has had to make, I do not know. I am sorry; I cannot comment on the individual circumstance without the facts or the details.

**The CHAIR** — They were talking in this case of use of removalists. I also note they said they had sought the funding from the contractor and the contractor had agreed to provide a third, but we had not heard necessarily, I don't think, about whether the department would help to meet the difference between the 7 and the 21. That was my understanding.

**Mr HALL** — My understanding was that one way or another the school was going to be at least 14 grand out of pocket, with potentially more with some additional landscaping work that was required. I would appreciate it if you would follow that up and get back to the committee on that particular case.

**Mr MILES** — Certainly.

**Mr DIXON** — And their louvres do not work — they have had to glass them up.

**Mr MILES** — Yes, okay. We are happy to follow it up and come back to the committee on that.

**Mr HALL** — Which reminds me, of those 34 template designs you mentioned, were they just developed by the Victorian government or were they Australia-wide designs?

**Mr MILES** — No. Peter can talk about how we developed those.

**Mr STEWART** — We had a competitive tender to receive a consortia of architects, and the ones who won that were the architects who had worked previously on the PV in Schools, so they have had great experience in education, particularly in Victoria but certainly around Australia. We believe we actually had a very good design solution for those templates.

**Mr HALL** — Have you heard much criticism of the cross-ventilation between the high louvres in those buildings and how it is not functional?

**Mr STEWART** — We have not had considerable complaint about that, but certainly we will undertake some post-occupancy evaluations of all of our buildings. A sampling is currently under way for quality and defects within about 10 per cent of all of our buildings, so I guess if there are issues such as that, then certainly they will be addressed very quickly.

**The CHAIR** — I guess they will be tested out next February and March particularly.

**Mr DIXON** — Yes.

**The CHAIR** — Thank you very much for your presentation and for clarifying a number of those issues for us.

**Committee adjourned.**