



30 July 2010

Dr Shona Batge
Committee Secretary
Senate Education, Employment and Workplace Relations Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Dr Batge

Re: Inquiry into the Primary Schools for the 21st Century program

Thank you for your letters inviting Bovis Lend Lease to make a submission to the Standing References Committee on Education, Employment and Workplace Relations Inquiry into the Primary Schools for the 21st Century program. The letters were:

- (a) dated 2 July 2010 and addressed to Mr Chris Blanchard in Bovis Lend Lease's Canberra office;
- (b) dated 30 June 2010 and addressed to Mr Andrew Bean in Bovis Lend Lease's Adelaide office ; and
- (c) dated 16 June 2010 and addressed to Mr Greg McCourt in Bovis Lend Lease's Sydney office.

Since the invitation sought a response in relation to identical matters, it seems appropriate to respond in the one letter.

Bovis Lend Lease is delivering projects as part of this program in New South Wales, Victoria, the Australian Capital Territory (ACT) and South Australia. As we have separate contracts with each state authority, we have responded on a state by state basis. In all states, Bovis Lend Lease is using local contractors wherever possible.

In addition, Bovis Lend Lease has already responded to the NSW Legislative Council's invitation concerning similar issues. Under that Inquiry, Bovis Lend Lease provided certain financial information which was already in the public domain. We have duplicated those figures for the purposes of this Inquiry. Since the figures in relation to projects in other states remain commercial-in-confidence, we have not included any financial information in this letter in relation to the projects in other states. To do so, will put us in breach of Bovis Lend Lease's obligations under those contracts.

New South Wales

On 19 February 2009, the NSW Government called for Expressions of Interest (EOI) to manage and deliver school infrastructure for the Primary Schools for the 21st Century (P21) component of the Federal Government's Building the Education Revolution (BER) program. Bovis Lend Lease submitted an EOI, and on the 6 March 2009 received an Invitation to Tender for a range of contract packages. On 16 April 2009, Bovis Lend Lease received the Letters of Award to deliver the Northern Sydney Region package and the Hunter/Central Coast Region package. Bovis Lend Lease is contracted to deliver P21 BER projects across a total of 362 schools in these two regions.



We are working to a capped cost structure as agreed with the Department of Education & Training as part of a competitive tender to deliver essential services required as part of the NSW Government P21 component of the BER program.

Our services fees ("site supervision costs" – see table below) range from 5.05%-5.55%. These include the costs involved in services including program management, project management, design management, cost planning and quantity surveying, authority management, construction management, site supervision, procurement management, stakeholder management and environmental health & safety management (EH&S).

Our profit margin is 3.21%, with a further incentive fee set at a maximum of 1.5%, subject to meeting time and cost incentives.

A breakdown of Bovis Lend Lease costs are as follows:

Bovis Lend Lease	
Project management fee	Nil
Site supervision cost	5.05% - 5.55%
Profit margin	3.21%
Incentive fee	1.5%

Victoria

Packages of schools for the Victorian BER programme have been progressively tendered by various appointed Project Managers on behalf of the Victorian Government commencing in May of 2009.

Bovis Lend Lease has participated in public lump sum tenders for five separate packages of schools and been successful in two of these tenders. In October 2009, Bovis Lend Lease executed a contract with the Victorian Government for the Vic BER Regional Group 2 Package 7 for work on 25 schools and in May 2010, Bovis Lend Lease executed a contract with the Victorian Government for the Vic BER Regional Group 2 Package 40 for work on a further 19 schools.

We are not aware of the nature or extent of any fees or charges imposed by the Victorian Government on this programme of works and as such cannot comment on their levels or appropriateness.

We have not been engaged to manage or participate in the Design process and therefore cannot comment on the built products' suitability for the individual needs of each school.

South Australia

Packages of schools for the South Australian BER programme have been progressively tendered by the Department of Transport, Energy and Infrastructure (DTEI) Building Management on behalf of the South Australian Government.

In response to the Government's March 2009 Request For Proposal (RFP) in March 2009, Bovis Lend Lease participated in public lump sum tenders and were awarded contracts for projects in five schools. Individual contracts were subsequently signed for each school.



We are not aware of the nature or extent of any fees or charges imposed by the South Australian Government on this programme of works and as such cannot comment on their levels or appropriateness.

We were engaged to manage the design process of the site specific location requirements but not the overall structures, so therefore we cannot comment on the built products' suitability for the individual needs of each school.

Australian Capital Territory (ACT)

Packages of schools for the ACT BER programme were tendered to prequalified Design and Construct organisations with the ACT Government's Department of Procurement Solutions. The Department awarded Bovis Lend Lease 10 schools to deliver under the ACT's standard form of Project Management delivery model on behalf of the ACT Government commencing 30th July 2009.

Bovis Lend Lease is not aware of the nature or extent of any fees or charges imposed by the Department of Procurement Solutions to the Department of Education and Training for management of this programme of works. As such we cannot comment on their fee structure or appropriateness.

We have been engaged to manage the Design process and have delivered designs that were agreed with the Department of Education and Training on behalf of the school principals.

Bovis Lend Lease has implemented protocols for communication to schools issued by the Department of Education and Training.

Once again, thank you for the opportunity to make a submission to the Inquiry. We hope these comments are of assistance.

Yours ~~sincerely~~

Murray Coleman
Group Head of Project Management, Design & Construction
Lend Lease