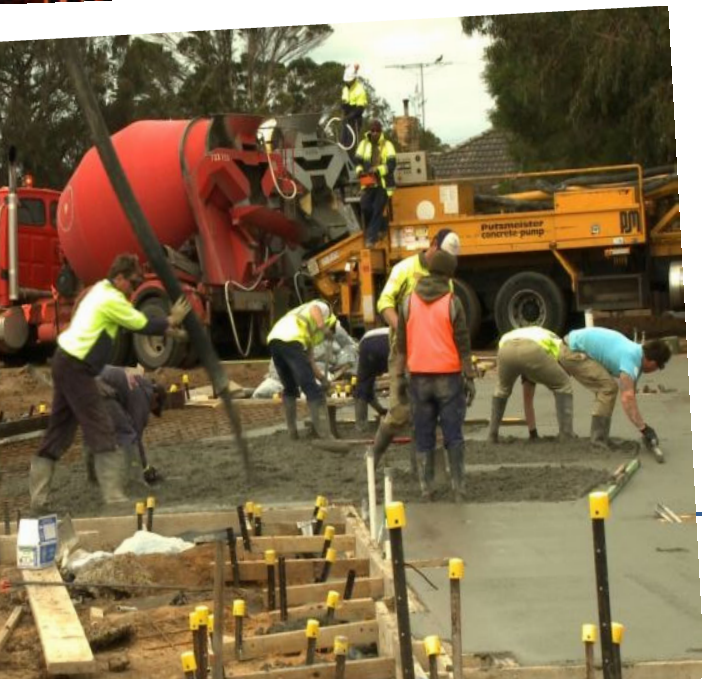


Submission to Senate Committee Inquiry into Building the Education Revolution



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1. Introduction

Together with the Victorian Government's recent and planned investments in school facilities, the Federal Government's Building the Education Revolution (BER) program has provided an unprecedented opportunity to refresh and revitalise the infrastructure in Victorian government schools.

The BER program complements the policy directions for education in Victoria and is enabling an acceleration of reforms in several key areas:

- renewal of infrastructure in schools through the Victorian Schools Plan building on the latest research into links between learning environments and modern pedagogy
- information and communication technology in schools to support the integration of technology into learning
- encouragement for schools to think co-operatively about how together they can meet the educational needs of their local communities
- positioning schools as hubs in their local communities
- streamlining of processes to improve the effectiveness and drive cost efficiencies in capital projects, while allowing school leaders to focus on student improvement and school leadership.

The BER program will enable over 1,250 P21 projects to be built in government schools across Victoria, to the value of \$2,198,680,000. These projects will generate over 7,000 jobs during the life of the program. These projects are progressing well and school communities are looking forward to their completion.

The following sections of this submission provide background information on the Victorian approach to implementing the Primary Schools for the 21st Century element of the BER and specific comments against the inquiry's terms of reference.

2. Victorian Schools Plan (VSP)

In 2006 the Victorian Government committed to an ambitious plan to transform the school education infrastructure across the State by 2017. The Government outlined its intention to invest \$1.9 billion to rebuild, renovate or extend 500 schools in four years.

This commitment represented the largest school building program in Victoria's history and brought the Victorian Government's investment in school buildings to date to \$3.3 billion since 1999.

Along with the renewal of infrastructure in individual schools, several significant policies and programs have been developed in recent years:

- the **Building Futures** policy which changed the focus of infrastructure planning so that the educational rationale is at the core of infrastructure investment decisions. No major investment decisions are made unless there is a clear educational improvement plan in place for the school which addresses the educational needs of the school and how new facilities would improve teaching and learning practice and outcomes.
- the introduction of 70 **Regional Network Leaders** to work across clusters of around 25 schools to drive improvements, including through collaborative cross-school approaches

- the **rural replacement program**, which secured the future of small rural schools as cornerstones of their communities and introduced state of the art, purpose-designed permanent buildings
- the **Partnerships Victoria in Schools program**, which is using a public private partnership model to build eleven iconic schools in growth corridors using designs based on the latest educational research and will involve new methods of providing maintenance services
- a major program of **innovation in school design** including research into the connectivity between pedagogy and learning spaces.

These policies and programs and the overall investment through the VSP provided the Department of Education and Early Childhood Development (DEECD) with a strong platform to implement the Building the Education Revolution in a way which drives school improvement outcomes as well as delivering on the economic stimulus imperatives.

In accordance with the Federal Government's requirements, the Victorian Government's commitment and planned infrastructure investment will be maintained.

3. Victorian BER Procurement Strategy

Program Management

To ensure the successful delivery of the BER program the following arrangements were established in Victoria:

- oversight of the BER rollout by the Economic Stimulus Plan Coordinator-General and the Victorian Education Coordinator
- oversight of DEECD's implementation of BER in government schools by a project board
- a dedicated BER project team within DEECD which works closely with Regional Network Leaders and other regional staff
- engagement of an external program manager and project management firms to manage project delivery in specific geographic areas.

Design Templates

The Federal Government's guidelines for BER outline the priorities for BER projects:

- construction of new libraries
- construction of new multipurpose halls (eg gymnasium, indoor sporting centres, assembly areas or performing arts centres) or, in the case of smaller schools, covered outdoor learning areas
- construction of classrooms, replacement of demountables or other buildings to be approved by the Commonwealth
- refurbishment of existing facilities.

The guidelines also specify that to further enhance efficiency and early take-up, design templates will be used by each project unless a school or system has a pre-approved design available, or can demonstrate that the non-use of a template is reasonable,

appropriate and that the building process can still be expedited and achieved within the prescribed timeframes.

DEECD developed a suite of 34 design templates which enabled schools of all sizes to select a modern facility suitable for their needs as their BER proposals.

As an example, schools with between 150 and 401+ enrolments could select from a range of designs for library and learning neighbourhoods or multipurpose halls. These designs:

- have been developed by some of the leading architects in Victoria along with educational experts and school principals and are the subject of national and international recognition
- enable schools to adjust their learning spaces to meet their changing needs eg for individual learning activities, for small and large group teaching and for combined indoors/outdoors learning
- incorporate high levels of ICT infrastructure and environmentally sustainable features
- support community use through provision of meeting spaces and other shared use rooms
- can be the basis of staged renewal of school facilities by allowing additional buildings to be linked at a later time.

The template designs are flexible to adjust to the needs and constraints of individual schools and allow for internal modifications as needed and the customisation of facades to suit a school's preference.

Non-Template Designs

In some cases the design templates were not appropriate for individual schools due to site constraints particularly in inner urban areas. In other cases schools had already developed a design plan which could be implemented within the Federal Government's timelines.

In these instances DEECD and its project managers worked closely with the schools to develop projects which meet the BER guidelines.

Relocatable Buildings

A number of small schools in Victoria, particularly in rural areas, have BER projects with funding of under \$500,000 and a seven month completion deadline.

These schools have been able to select a pre-fabricated building solution which offer excellent teaching and learning spaces, high energy efficiency ratings and a level of comfort and amenity comparable to permanent buildings.

The relocatable buildings provided through the BER program will be permanent fixtures at the schools and can be customised internally and externally to meet the schools' needs.

Development of Proposals

In approaching the development of BER proposals, DEECD sought to maximise the educational outcomes for Victorian communities by focusing on the collective needs of local communities rather than individual schools.

This approach recognised:

- Victorian policy priorities for cross-school collaboration to better meet students' needs
- the recent introduction of 70 Regional Network Leaders to work across clusters of around 25 schools to drive improved student outcomes through network planning
- variations in the needs of individual schools for infrastructure upgrades, as a result of the significant investment in many schools in recent years through the Victorian Schools Plan.

This approach was designed to meet the BER economic stimulus imperatives while seeking to drive improved outcomes for schools and the Commonwealth.

The key step in this process involved the Regional Network Leaders working collaboratively with schools in their networks to identify the priority needs across the network within the total indicative funding caps of the network schools. Schools then identified complementary facilities to meet community needs and funding levels. This approach was informed by school performance, educational improvement plans and recent infrastructure investment in individual schools.

While a very small number of school principals decided to pursue an individual approach, the overwhelming majority of school communities viewed the BER planning discussions as constructive, and a sensible progression of network level discussions over the past year to develop educational provision plans.

As a result of the network led process, 66% of government schools in Victoria submitted proposals to the value of their indicative funding caps. A number of schools decided to forego some or all of the funds notionally available under their indicative funding caps in order to enable needier schools to apply for more funding. Other schools developed joint proposals to maximise the outcomes for their local community by seeking a larger facility for shared use across schools.

Some schools also used the BER funding as an opportunity to accelerate their plans for co-locations or mergers. Consistent with the BER guidelines, funds have been pooled for projects which will benefit the merging or co-locating schools.

All schools receiving BER funding will receive facilities to the value of the project funds provided by the Federal Government.

A system-wide approach to contingency funds has been adopted consistent with standard practice in managing a large scale capital program. This recognises that costs will vary across individual schools, for example, where a school encounter rock or soil issues, or needs to extend its water, gas or electricity services. It would not be fair for this individual school to have to forego part of its facility in order to meet this extra cost, so costs have been allocated across all projects. It also ensures that rural and remote schools are not disadvantaged by the higher construction costs in these areas, and that schools whose projects are in different rounds are not negatively affected by the prevailing market conditions at the time their project is tendered.

Industry Engagement

DEECD adopted a comprehensive industry engagement strategy including:

- early and active engagement of potential builders and suppliers through information sessions across Victoria
- public advertisements and engagement with industry associations to publicise BER opportunities
- encouragement of potential builders to register through the Victorian Government's Construction Supplier Register
- work to increase builders' approved limits on the Construction Supplier Register to enable builders to tender for higher value projects
- involvement of Victoria's Industry Capability Networks to link tradespeople and suppliers with contractors.

Tender processes have been managed by the project management firms and overseen by the program manager. These processes have been conducted within the Victorian Government's purchasing regulation frameworks and have been examined by independent probity advisors.

Project tenders have been packaged to encourage small, medium and large builders to apply for work. Multiple tenderers have been selected to tender for each package in accordance with the value of projects they are authorised to deliver (using the Construction Supplier Register) and their nominated interest in particular geographic areas. Firms which tendered unsuccessfully in the early rounds have been invited to retender in subsequent rounds.

The first round of BER projects focused on schools with straightforward projects where construction could commence in short timelines to meet the Federal Government's requirements. The tender strategy for this round focused on small and medium builders.

The second round of projects involved a large number of design template projects and the tender strategy aimed to engage all sizes of builders. Tender packages included small projects to attract small local builders as well as medium size packages and large packages worth tens of millions of dollars to attract the large tier one builders.

The third round of projects focus primarily on the more complex, purpose-designed construction and refurbishment projects. To ensure the most appropriately qualified builders are engaged for these projects, the tender strategy has focused on small and medium size firms.

All contractors have been encouraged to use local tradespeople and sub-contractors as a first preference and where available. Local tradespeople across Victoria are also benefiting from work generated through the BER National School Pride program, as almost every school across the State has been funded between \$50,000 and \$200,000 for minor works.

Consistent with the Federal Government's requirements, every endeavour has been made to encourage contractors to employ apprentices and trainees as part of their BER projects.

Value for Money

Assessment of potential tenderers has focused on the demonstrated capacity of builders to deliver quality projects within the required timeframes as well as the need to achieve value for money.

In ensuring value for money, the assessment process includes analysis of tenders against cost estimates provided by independent quantity surveyors as well as comparison of results across the State and across the different project rounds.

A number of second round tenders did not offer value for money, potentially because:

- sections of the construction market in Victoria have not been substantially affected by the economic situation
- of concerns about possible materials and skills shortages
- of concerns at the mandated seven month completion dates for smaller projects.

To ensure taxpayers get the best possible value for money, projects not initially awarded are being repackaged and retendered. While this will delay the start of construction, DEECD expects to meet the completion timelines or to negotiate extensions with the Federal Government on a case by case basis.

DEECD has also sought to achieve value for money by combining BER and State-funded projects where possible in an effort to minimise the overhead costs involved eg project management and site set-up costs.

4. Conditions and Criteria for Project Funding

The Federal Government's guidelines for BER outline the priorities for BER projects:

- construction of new libraries
- construction of new multipurpose halls (eg gymnasium, indoor sporting centres, assembly areas or performing arts centres) or, in the case of smaller schools, covered outdoor learning areas
- construction of classrooms, replacement of demountables or other buildings to be approved by the Commonwealth
- refurbishment of existing facilities.

The guidelines also specify that to further enhance efficiency and early take-up, design templates will be used by each project unless a school or system has a pre-approved design available, or can demonstrate that the non-use of a template is reasonable, appropriate and that the building process can still be expedited and achieved within the prescribed timeframes.

DEECD developed a suite of 34 design templates. These designs enabled schools of all sizes to select a modern facility suitable for their needs as their BER proposals.

The template designs are flexible to adjust to the needs and constraints of individual schools and allow for internal modifications as needed and the customisation of facades to suit a school's preference.

The processes to customise template designs for individual schools and to develop purpose built designs for non-template projects has involved extensive engagement of professionals in the design industry. For example, more than 150 local architects across the state were employed to develop architectural site plans.

The cost of template designs for each enrolment band matches the indicative caps schools were eligible to receive from the Commonwealth according to their enrolments.

In some cases the design templates were not appropriate for individual schools due to site constraints particularly in inner urban areas. In other cases schools had already developed a design plan which could be implemented within the Federal Government's timelines. In these instances DEECD and its project managers worked closely with the schools to develop projects which meet the BER guidelines.

A number of small schools in Victoria, particularly in rural areas, have BER projects with funding of under \$500,000 and a seven month completion deadline. These schools have been able to select a pre-fabricated building solution which offer excellent teaching and learning spaces, high energy efficiency ratings and a level of comfort and amenity comparable to permanent buildings. The relocatable buildings provided through the BER program will be the permanent property at the schools and can be customised internally and externally to meet the schools' needs. This differs from the normal DEECD arrangements whereby relocatable buildings are considered to be statewide resources which can be moved between schools as needed.

Options have been explored for the demolition of outdated and superfluous facilities as part of the planning for individual BER projects. In some cases obsolete school buildings will be demolished to make space for the BER facility. In other cases the new facilities will mean school will have sufficient modern classrooms to meet the needs of their students, and their BER projects provide an opportunity to remove old and unnecessary buildings to provide greater scope for future school developments.

5. Use of Local and Non-local Contractors

DEECD held industry information sessions across Victoria to encourage builders in all areas to register with the Victorian Government's Construction Supplier Register.

Local tradespeople were encouraged to contact the Industry Capability Networks to link them with contractors.

Project tenders have been packaged to encourage small, medium and large builders to apply for work. Project tenders have been packaged to encourage small, medium and large builders to apply for work. Multiple tenderers have been selected to tender for each package in accordance with the value of projects they are authorised to deliver (using the Construction Supplier Register) and their nominated interest in particular geographic areas.

Small builders have been invited to tender in all three rounds of the BER program. Local firms which tendered unsuccessfully in the early rounds have been invited to retender in subsequent rounds.

All contractors engaged through the BER program have been encouraged to use local tradespeople and sub-contractors as a first preference and where available.

6. The Role of State Governments

The respective roles and responsibilities for State and Federal levels of government are outlined in the bilateral agreements and the BER guidelines.

In implementing the BER program in Victoria, DEECD works in close partnership with the federal Department of Education, Employment and Workplace Relations.

The Victorian ESP Co-ordinator General and the State Education Co-ordinator work closely with their counterparts at State and national levels to share ideas and identify and resolve issues.

7. Timing and Budget Issues

The simultaneous pursuit of successful project delivery within tight timeframes and value for money from the market has the capacity to create tensions.

A number of second round project tenders did not offer sufficient value for money and are being repackaged and retendered. While this will delay the start of construction, DEECD expects to meet the completion timelines or to negotiate extensions with the Federal Government on a case by case basis.

8. Requirement for School Signs and Plaques

School signs and plaques are delivered by the Federal Government direct to schools, and their erection is being incorporated into the site works. This is a longstanding requirement of both Federal and State Governments.

In Victoria many BER projects also involve State Government funding through the Victorian Schools Plan. Under the current BER and Victorian guidelines, schools are required to erect two signs.

DEECD suggests further consideration is given to joint Federal and State Government signs where funding from both sources is provided to complete a school project. This would be in line with the partnership approach taken by the Victorian Government towards the BER program and send a positive message of different levels of Government working together.

9. Project Management and Administration Expenses

Project Management

Traditionally Victorian school principals have been closely involved in capital projects in their schools, including a role in engaging architects and managing projects. However this is not an area of expertise for most school principals and many have seen it as a distraction from their core roles of school leadership and educational improvement.

In recognition of the need to minimise the burden on principals and ensure the delivery of projects within unprecedented timelines, DEECD engaged a team of project management firms to manage the delivery of BER P21 and Science and Language Centre projects across schools in defined geographic areas.

Following a competitive process, the project managers were selected based on their knowledge and expertise. They are responsible for co-ordinating the finalisation of designs, completing contract documentation, tendering the project works, overseeing building contracts and liaising with schools throughout the projects.

The work of the project managers is overseen by the BER program manager (see below)

The costs of project management are consistent with industry standards and below the 4% ceiling set by the Federal Government.

Administration

The administration fee of 1.5% provided for the BER program is being used to fund the following program management functions:

- support for the operations of the Economic Stimulus Plan Coordinator-General
- a dedicated BER team within DEECD comprising a mixture of fixed term public servants and contract staff
- an external program manager engaged by DEECD to manage the overall delivery of the BER program in partnership with the Department.

No BER project funds are being used to support the program management functions.

All project expenditure is subject to rigorous monitoring and accountability processes and audit scrutiny at both State and Federal levels.