

# **Addendum to Submission to the Senate Education, Employment and Workplace Relations Committee**

## **Primary Schools of the 21st Century Inquiry**

*“It’s a very sobering feeling to be up in space  
and realize that one’s safety factor was determined  
by the lowest bidder on a government contract.”*

*Alan Shepard Astronaut, Apollo 14*

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Appendix D - Updated overview of Allocations Queensland updated 16th April 2010

## 1.0 Introduction to Addendum

This document is an addendum to my original submission dated April 19th 2010. The Queensland Department of Public Works (Project Services) released new data for the allocation of builders in Queensland on the 16th April 2010. I thought it appropriate to analyse the new data and include in my submission.

The new data does not seem to match the original data in all areas, it provides a further insight into the implementation of the BER in Queensland. The new data does not alter my core conclusions; I am happy to supply additional information should it be required. I have detailed herein any additional conclusions based on the new data.

I do not understand why there continues to be a complete denial by both Federal and State Governments that value for money is not being delivered to schools under the BER program. The evidence of rorting and price gouging is now undeniable. I have personally contacted numerous politicians and bureaucrats to offer my help to deliver better financial outcomes from the BER program. It appears that by denying the reality there is a belief the problem will go away. To have to sit by and watch the wanton waste of tax dollars is excruciating.

## 2.0 Allocation and Reporting

*Round 1 (20% of eligible school projects) to be approved by the Commonwealth Government in April 2009 for commencement in May/June 2009 and completion by 20 December 2010;*

Actual figures are \$490,000,171 across 394 projects representing 27.41% of committed funds, 23.71% of projects at an average project cost of \$1,243,655. None of these projects were put to tender.

*Round 2 (40% of eligible school projects) to be approved by the Commonwealth Government in June 2009 for commencement in July 2009 and completion by 31 January 2011; and*

Actual figures are \$786,900,054 across 728 projects representing 44.01% of committed funds, 43.80% of projects at an average project cost of \$1,080,906. All of these projects were allocated to managing Contractors without tender. In fact the fees to be paid by the Government were negotiated by the 8 managing contractors acting as a group and represented by the Master Builders Association.

*Round 3 (40% of eligible school projects) to be approved by the Commonwealth Government in July 2009 for commencement in August/September 2009 and completion by 31 March 2011*

Actual figures are \$511,000,034 across 540 projects representing 28.58% of committed funds, 32.49% of projects at an average project cost of \$946,296. These projects have been allocated to managing Contractors without tender. In fact the fees to be paid by the Government were negotiated by the 8 managing contractors acting as a group and represented by the Master Builders Association.

I am in possession of a letter from the Office of Coordinator General, Department of Prime Minister and Cabinet, written on behalf of the Prime Minister, it states that DPMC has been advised by DPW that all projects in Queensland have been put to tender. Minister Wilson in a press release on 27/03/10 details that only smallest part of P21 was allocated without tender. It appears that the Prime Minister and the Queensland Education Minister have differing perspectives on the situation.

At the April 16th 2010, 162 projects had been allocated a project manager but not a builder, 151 projects had not been allocated a project manager or builder. All projects BER were to be commenced no later than December 2009. Departmental documents show that at April 16th 2010 only 174 schools from a total of 1079 have been completed in Queensland. In NSW the numbers are 259 projects from a total of 2375. This is 16.12% and 10.9% respectively. It would appear that effect of staving off the "global financial crisis" might be overstated. A comparatively low amount of the \$16.2 billion dollars is actually in circulation.

The Deputy Prime Minister commences nearly every press conference or press release stating that there are over 24,000 projects across 9500 schools. This is indeed true, what is not stated is how many of them have actually been commenced. On October 16th she stated *"The National Coordinators Implementation report confirms that there have been 55 complaints out of 25,489 applications and 24,382 projects funded. This amounts to 0.22% of applications and 0.23% of projects funded October"*

These figures are completely spurious, at the time the announcement was made very few BER projects were complete, in fact more than 70% hadn't even been commenced. It was reported by DEEWR in its evidence before the Senate Committee on November 30th 2009, there had been 62 complaints in total, 41 directly relating to P21. At that same time only 48 projects were actually complete. It would appear that the numbers do not reflect the glowing reports made by the Deputy Prime Minister or the National Coordinator. Now that financial data is becoming public, serious questions have been raised by me and many others. I have not seen a single project that truly represents good value for money for any Australian.

The Deputy Prime Minister stated on August 28th 2009, the day after having to increase funding to the BER by \$1.5 billion due to more schools wanting free buildings than the Minister envisioned, she said *"Primary Schools of the 21st Century, which is the biggest element of our Economic Stimulus Plan, is a runaway success"*. It's a runaway alright, a runaway train about to derail.

### **3.0 Commencement of BER projects in Queensland**

The new data from DPW reveals a number of key issues.

1. 162 projects have been allocated a project manager but they do not have a builder.
2. 151 projects have neither a project manager or builder
3. 669 have a managing contractor but no builder

DPW's own data highlights that at April 16th 2010, 882 projects do not have a builder. Only 119 projects from a total allocated to Managing Contractors have builder to undertake construction. Of the 788 projects given to Managing Contractors only 15.1% have builders. Under DEEWR guidelines all projects were to have commenced by December 2009.

The Deputy Prime Minister stated in April 2010 (to "The Australian Newspaper"), only two percent of P21 projects were not underway. The data in Appendix C clearly provides evidence that this is not the case.

#### 4.0 Equity in funding across Schools

I have cross matched the BER data from DEEWR, DET and DPW with enrollment data from DET for years 2005 to 2009. It reveals that some schools have missed out on hundreds of thousands of dollars based on an arbitrary cut off of student enrollments. In some cases this has been based on data from 2008 and in other cases data from 2009. Conversely other schools have benefited via the same means. I wonder if individual schools realise they have been duped compared to similar schools using different enrollment data. (data attached)

The stratification of schools into bands of funding, produces some very inequitable results

In Queensland the results are as follows:-

Funding band	Funding	Average number of students	Average funding per student
1 - 50	\$ 250,000	26	\$14,824
51 - 150	\$ 850,000	88	\$10,243
151 - 300	\$2,000,000	221	\$ 8,776
301 - 400	\$2,500,000	355	\$ 6,982
401 upwards	\$3,000,000	709	\$ 4,732

One school received \$250,000 per student where as another school received \$2,431 per student. There are also numerous cases where schools missed out on \$1,050,000 because of one student less than required to get to the next band. Yet their enrollments for the previous year would have put them in to the higher funding bracket. The determination of what enrollment data was used seems very fluid.

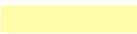
The spreadsheet on the following two pages highlights the inconsistencies in the allocation of BER funds in Queensland.

It may have been more prudent and equitable, to have funded an amount based on actual enrollment and an amount per student enrolled.

**Schools in Queensland needing clarification on BER Allocations based on enrollment data**

School	2005	2006	2007	2008	2009	BER Allocation	2008 Enr.	2009 Enr.
Kentville State School	65	66	66	64	37	250000	850000	250000
Roadvale State School	55	50	53	55	39	250000	850000	250000
Feluga State School	36	37	43	54	45	250000	850000	250000
Jambin State School	52	56	62	55	46	250000	850000	250000
Gooburrum State School	60	61	58	61	47	250000	850000	250000
Jondaryan State School	70	62	70	57	48	250000	850000	250000
Clarendon State School	32	48	59	60	50	250000	850000	250000
Island School for Travelling Show Children	69	59	50	61	50	250000	850000	250000
Aramac State School	57	62	65	57	51	250000	850000	850000
Mulgildie State School	40	44	51	44	51	250000	250000	850000
Rockhampton Special School	45	47	43	46	51	250000	250000	850000
Mount Gravatt Special School	54	53	65	57	52	250000	850000	850000
Wallangarra State School	37	34	42	42	52	250000	250000	850000
Haigslea State School	50	50	55	46	53	250000	250000	850000
Widgee State School	70	80	73	64	53	250000	850000	850000
Surat State School	92	91	92	80	59	250000	850000	850000
Ashwell State School	66	52	44	42	61	250000	250000	850000
Tennyson Special School	8	2	Δ	Δ	Δ	250000	0	0
Mount Ommaney Special School	40	44	39	44	44	850000	250000	250000
Rosella Park School	45	55	59	59	50	850000	850000	250000
Gympie Special School	55	45	51	45	51	850000	250000	850000
Mount Perry State School	47	46	41	50	51	850000	250000	850000
Mena Creek State School	41	42	35	45	53	850000	250000	850000
Eungella State School	26	29	34	42	55	850000	250000	850000
Rollingstone State School	64	54	56	45	56	850000	250000	850000
Toowoomba West Special School	53	48	49	47	59	850000	250000	850000
Port Curtis Road State School	57	58	44	50	63	850000	250000	850000
Bullyard State School	82	64	56	48	64	850000	250000	850000
Hamilton State School	60	64	60	50	67	850000	250000	850000
Richlands State School	126	151	172	160	81	850000	2000000	850000
Monto State School	180	167	153	160	136	850000	2000000	850000
Mitchell State School	137	138	135	156	138	850000	2000000	850000
Yarraman State School	235	237	206	167	139	850000	2000000	850000
Cunnamulla State School	173	173	185	171	140	850000	2000000	850000
Oakwood State School	176	162	176	167	143	850000	2000000	850000
Inglewood State School	162	155	168	161	149	850000	2000000	850000
Jandowae Prep-10 State School	145	143	159	153	151	850000	2000000	2000000
Caboolture Special School	115	130	141	147	152	850000	850000	2000000
Toowoomba North State School	81	88	127	120	152	850000	850000	2000000
Longreach School of Distance Education	167	180	155	155	159	850000	2000000	2000000
Mourilyan State School	168	163	172	155	159	850000	2000000	2000000
Blackall State School	148	135	143	148	161	850000	850000	2000000
Woodhill State School	172	135	120	133	164	850000	850000	2000000
Bounty Boulevard State School	Δ	Δ	Δ	Δ	181	850000	0	2000000
Theodore State School	193	192	188	196	182	850000	2000000	2000000
Herberton State School	224	200	194	193	184	850000	2000000	2000000
Killarney State School	171	177	185	177	191	850000	2000000	2000000
Dimbulah State School	199	177	203	189	195	850000	2000000	2000000
Mary Valley State College	189	175	176	176	206	850000	2000000	2000000
Hughenden State School	215	214	231	211	218	850000	2000000	2000000
Calen District State College	233	259	240	234	223	850000	2000000	2000000
Babinda State School	255	222	250	246	256	850000	2000000	2000000
Rosedale State School	280	269	251	282	267	850000	2000000	2000000
Glenore Grove State School	139	167	158	147	153	850001	850000	2000000
Texas State School	143	150	190	180	171	850001	2000000	2000000
Seville Road State School	158	150	144	150	150	2000000	850000	850000
Eight Mile Plains State School	142	162	162	149	172	2000000	850000	2000000
Highland Reserve State School	Δ	Δ	Δ	Δ	197	2000000	3000000	2000000

 Dominate enrollment year

 Does not match enrollment data



**Allocated Projects by DPW Queensland**

Appendix C

Contractor	Projects	Value	Ave. Value
A Gabrielli Constructions Pty Ltd	13	\$ 16,750,006	1,288,462
A.J. Homes Pty Ltd	8	\$ 11,000,003	1,375,000
Abigroup Contractors Pty Ltd	91	\$ 95,750,005	1,052,198
ADCO Constructions Pty Ltd	18	\$ 27,500,007	1,527,778
Badge Constructions (Qld) Pty Ltd	12	\$ 17,000,004	1,416,667
Boulderstone Queensland Pty Ltd	119	\$ 111,050,004	933,193
Broad Construction Services (Qld) Pty Ltd	8	\$ 9,500,001	1,187,500
Built Qld Pty Limited	13	\$ 16,000,005	1,230,770
Camporeale Holdings Pty Ltd trading as Michael Camporeale Builders	2	\$ 3,000,001	1,500,001
Canstruct Pty Ltd	2	\$ 3,000,001	1,500,001
Carmichael Builders Pty Ltd	22	\$ 12,250,004	556,818
Construction Engineering (Qld) Pty Ltd	11	\$ 13,350,005	1,213,637
Devine Constructions Pty Ltd	7	\$ 12,000,002	1,714,286
DG Wilson	3	\$ 5,000,000	1,666,667
Dickinson Constructions Pty. Ltd.	18	\$ 29,350,004	1,630,556
Evans Harch Pty Ltd	28	\$ 30,200,012	1,078,572
F.K. Gardner & Sons Pty. Ltd	35	\$ 30,750,010	878,572
FKP Constructions Pty Ltd	14	\$ 15,350,005	1,096,429
GGI Cairns Pty Ltd	1	\$ 850,000	850,000
Glenzeil Pty. Ltd	17	\$ 24,850,005	1,461,765
Grindley Construction Pty. Limited	14	\$ 18,000,004	1,285,715
Hansen Yuncken Pty Ltd	108	\$ 107,250,005	993,056
Hindmarsh Construction Queensland Pty Ltd.	6	\$ 8,350,001	1,391,667
J. Hutchinson Pty. Ltd. Trading as Hutchinson Builders	27	\$ 32,689,010	1,210,704
J.M. Kelly (Project Builders) Pty. Ltd	24	\$ 25,200,011	1,050,000
John Holland Pty Ltd	77	\$ 104,950,013	1,362,987
Kane Constructions Pty Ltd	11	\$ 14,850,005	1,350,000
Laing O'Rourke Australia Construction Pty Ltd	164	\$ 109,050,005	664,939
Laurie Lindner Constructions Pty Ltd	10	\$ 10,500,002	1,050,000
Leighton Contractors Pty Ltd	77	\$ 103,100,006	1,338,961
Matrix Projects (Qld) Pty Ltd	21	\$ 28,850,008	1,373,810
Max Bryant Pty Ltd	12	\$ 10,500,001	875,000
McNab Constructions Australia Pty Ltd	13	\$ 12,250,004	942,308
Metrobuild Constructions Pty. Limited	22	\$ 31,250,007	1,420,455
National Buildplan Group Pty Ltd	5	\$ 8,000,002	1,600,000
Northbuild Construction Pty. Ltd. And Northbuild	15	\$ 24,000,006	1,600,000
Paynter Dixon Queensland Pty Ltd	22	\$ 21,500,007	977,273
Reed Constructions Australia Pty Limited	13	\$ 16,500,003	1,269,231
Schools not allocated a builder but have a project manager	162	\$ 225,250,016	1,390,432
Schools not allocated a builder or project manager	151	\$ 49,950,001	330,795
Sommer & Staff Constructions Pty Ltd	8	\$ 9,000,004	1,125,001
St Hilliers Contracting Pty Limited	14	\$ 21,200,005	1,514,286
Statham Qld. Pty. Ltd	5	\$ 5,750,001	1,150,000
Symour Whyte Constructions Pty Ltd	4	\$ 4,100,000	1,025,000
T. & M. Buckley Pty. Ltd. Trading as Shailer	4	\$ 6,000,002	1,500,001
T. F. Woollam & Son Pty. Ltd. Trading as	21	\$ 20,300,007	966,667
TCS (Qld) Pty Ltd	8	\$ 9,000,002	1,125,000
Thiess Pty Ltd	83	\$ 106,000,009	1,277,109
Thomas & Coffey Limited	15	\$ 16,200,005	1,080,000
VCCQ	3	\$ 3,661,000	1,220,333
Walton Construction (Qld) Pty. Ltd	18	\$ 21,850,009	1,213,889
Watpac Construction (Qld) Pty Ltd	72	\$ 103,500,011	1,437,500
Wiley & Co. Pty. Ltd.	11	\$ 14,850,003	1,350,000
<b>Grand Total</b>	<b>1662</b>	<b>\$ 1,787,900,259</b>	<b>1,075,752</b>

 Managing Contractor

 Projects without Builders

 PwC Audit report interview subjects



**Round by Round Comparison***Appendix D*

<b>Round</b>	<b>Value</b>	<b>No. Projects</b>	<b>% of Value</b>	<b>% of Projects</b>	<b>Projected %</b>	<b>Av project cos</b>
1	\$ 490,000,171	394	27.41%	23.71%	20%	\$ 1,243,655
2	\$ 786,900,054	728	44.01%	43.80%	40%	\$ 1,080,907
3	\$ 511,000,034	540	28.58%	32.49%	40%	\$ 946,296
<b>Grand Total</b>	<b>\$ 1,787,900,259</b>	<b>1662</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$ 1,083,702</b>