

## **Senate Inquiry into Primary Schools for the Twenty First Century Program**

Hastings Public School, located in Port Macquarie, New South Wales has an enrolment of 470 students and was allocated \$3 million under the Federal Government Building the Education Revolution Scheme. The details of our involvement in this program follow.

In April last year the school principal, Grant Heaton was contacted by Cliff Hoey, a principal seconded to liaise with schools on behalf of the BER. Cliff had examined the 13 proposals the school community had made and explained that two of these projects would be funded by the \$3 million allocated under the BER guidelines. These projects were :

- 1) Two permanent classrooms to replace two demountable classrooms that had been on site since 1985
- 2) A cover (COLA) over our netball court which also serves as the departure area for our bus travellers. It was felt the cover would provide sun and rain protection for these children.  
(Attachment Hastings P S)

Following is our initial list of projects we submitted for consideration.

A permanent double classroom to replace the demountables  
Re-surfacing of the basketball court (\$20,000)  
Erection of a COLA over the netball court  
Grading of Area 3 (\$250,000)  
Refurbishment of toilets (\$100,000)  
Relocation of cricket nets to Area 3 (\$10,000)  
Installation of new roof (\$250,000)  
Installation of wireless IT Network (\$50,000)  
Paving of the bottom car park (\$50,000)  
Refurbishment of canteen (\$100,000)  
Replacement of sewer system (\$400,000)  
Power system upgrade (\$20,000)  
Improved drainage around the existing COLA (\$50,000)

The estimates in brackets are cost figures which were gathered from discussions with representatives from the local Assets Management Unit and with contractors associated with the school. While they are rough figures, the total of \$1.3 million led us to believe that sufficient funds should have been available to cover the costs of the two approved projects and most of the above.

When the initial costing was issued by the BER in June 2009 the principal was surprised with the inflated cost and expressed his concerns to Cliff Hoey. Cliff's response is attached (see attachment Cliff Hoey) The principal also was contacted by The Australian newspaper. (see attachment entitled Australian COLA article).

In September 2009, it became obvious that the school numbers were growing and the principal requested a change in our BER project to extend the two classrooms to four to cater for the additional numbers.

He was informed that Department of Education demographers had advised Hastings was not forecast to grow so the request was denied. This request was repeated (see attachment Request denied) but received the same response and when asked for the name of the demographer or demographers supplying the outdated information, the principal was told to move on.

At the commencement of 2010, revised funding figures were issued for the Hastings BER projects with the COLA now estimated to be costing \$954,000 and the building reduced to approximately \$1.8

million. The prediction of the rising student numbers proved true and so a third request was made to have the COLA deleted from our BER plans and replaced with a four-classroom building. This was again denied (See attachment Request denied 2).

The first meeting of the Hastings School Council for 2010 in February moved to appeal this decision and sent a letter of appeal via email to Angus Dawson, Director of the BER in NSW. This letter was sent to the IPO manager for our area, Rebecca Wark, Julia Gillard, and our two elected representatives, Robert Oakeshott and Peter Besseling. (See attachment BER appeal) We had two major concerns.

- 1) Students would still be taught in demountable classrooms even after \$3 million had been spent
- 2) The cost of the COLA has blown from \$400,000 to approximately \$954,000 with no explanation given for this huge increase.

In mid-March 2010, the principal responded to a fax from Gary Zadkovich, vice president of the NSW Teachers' Federation requesting principals inform him of any BER concerns. The following day Mr Zadkovich appeared on Radio 2GB with Ray Hadley, giving details of our school's BER situation, but not mentioning the school by name. The day after this Angus Dawson appeared on Hadley's program in an attempt to explain the reasons behind the costings of the COLA but with little success. At the same time this was accompanied by almost daily coverage of our problems in The Australian newspaper and an apology from the NSW Minister for Education, Verity Firth who had accused one of our School Council members, Kylie Sherwood, of issuing wrong figures regarding our original COLA built in 2003.

The following week, a hurried meeting was arranged by the Port Macquarie School Education Director, Mark Youngblutt and Rebecca Wark with Kylie Sherwood and Grant Heaton. At this meeting Mrs Sherwood and Mr Heaton were asked if their BER priorities had changed and they again repeated the collective desire to have four classrooms built instead of the COLA. This request was agreed to quickly and the following day the minister announced the planned COLA was not value for money and that Hastings would be receiving four classrooms to house its growing student numbers.

Our concerns about the whole program are:

- 1) If principals or incorporated bodies such as P & Cs had been encouraged to self-manage projects, schools would have received much greater value for money. There have been many examples given over the past weeks of private schools achieving much more than similar sized public schools who are working under a managing contractor. A local school, the St Columba Anglican School, has, according its principal, achieved "spectacular value for money". The facilities this school has or will receive are "two international standard basketball courts, some office areas, a smack kitchenette, mezzanine viewing area, a weights room in the future and possibly one classroom."

There are only three public schools in NSW who have self- managed. Black Hill Public School near Maitland is a case in point and is has been reported this school has achieved much more for its \$900,000 than a similar sized public school in that district.

Since the decision to abandon the Hastings COLA project, the school has contacted the NSW Education Minister and requested that management of the school's project be transferred to the Hastings P & C as it is felt if the managing contractor was not able to deliver value for money with the COLA, why should other projects be any different. Only yesterday, did an answer arrive from the minister stating that management could only be given to an employee of the department.

- 2) A lack of responsiveness from BER representatives when changes were requested and obviously warranted. It was only when intense media scrutiny was applied to our school's specific situation that all previous objections cited by authorities suddenly did not apply.
- 3) The apparent inflated costs for work that local builders state should be for much less ie the proposed COLA at \$954,000 when in 2003 the school had built a slightly smaller shelter for \$78,000. The school council still feels that the proposed four classroom block which will also include toilets (and a special purposes room "if the budget allows") could be done much more economically than the anticipated \$3 million.
- 4) The Commonwealth Government limited projects to one or two but this has been obviously overlooked by private schools.
- 5) The fabrications employed by some politicians when trying to ameliorate a damaging political story. This was evidenced when Senator Mark Arbib was reported in March of this year as saying he was aware of the problem at our school and had visited last year to discuss the issues. Senator Arbib did visit Hastings in August 2009 but only because our principal had gone public in June of that year. This meeting with Senator Arbib was not one where our eventually substantiated fears were shared and discussed. The purpose of the meeting was to make the school see that what was being offered was fair and reasonable. It was also at this meeting that the representative of Reed Constructions informed the school that his company saw the BER program as an opportunity to do something for the community. The almost daily coverage in The Australian newspaper over late March and early April of this year would appear to be at odds with this statement.
- 6) The fact that local tradespeople appear to have been excluded from the process. When the school built its COLA in 2003, a Coffs Harbour company was hired to provide the structure (Williams River Steel), a local concreter to install the base, and local plumbers and tree removalists to perform preliminary site preparation. If we had control of the projects in 2010, this practice would again be followed as far as possible thus realizing one of the key objectives of the government's program.

Thank you for the opportunity to provide our school's story of what should have been an outstanding initiative but which has failed to meet expectations in too many areas. \$3 million wisely spent would have provided our school with many educational benefits and the local community with the resulting economic benefits.

Hastings Public School  
School Council

#### **Attachments**

##### **1) Cliff Hoey**

**From:** Heaton, Grant  
**Sent:** Friday, 12 June 2009 7:33 AM  
**To:** Hoey, Cliff  
**Subject:** BER

Good morning Cliff,

I am not one to do an inspection of a gift horse's dental work but according to the website I am getting a COLA for the cost of \$400,000. I won't say no to another one as it will provide great

protection for our bus travellers but am surprised at the cost. In 2003 we erected a 24m x 18 m for \$40,000. Have the costs escalated that much in six years or might I be able to relocate some of the anticipated excess to other needed areas? I've still got a roof that resembles a colander during wet weather.

Regards,

**Grant Heaton**

**Principal**

**Hastings Public School**

Hi Grant

To help you understand the costing and other procedures that will follow the announcement of your school's projects I can provide you with the following advice taken from an email distributed by Angus Dawson.

1. Due to the tight time frames for lodging applications with the Australian Government, the IPO Quantity Surveyors could not visit sites before lodging. We calculate that around 80% of projects should be delivered for less than the estimated amount, in some cases significantly less. (The program office instructed the quantity surveyors to calculate the variables at 80% of the reasonable maximum cost.)
2. Once a school's P21 application is approved, the file will be passed to the Managing Contractor for the region to properly design and price the work. The Managing Contractor effectively replaces the Asset Management Unit (AMU)/Commerce in P21. At this stage, the Managing Contractor will meet with the Principal at each school.
3. A Principal's main point of contact during P21 is their Managing Contractor, who will ensure the efficient and timely delivery of the project. Principals may also seek advice from their Principal Liaison Officer (PLO), or they may seek *informal* advice and opinion from their AMU. Please remember that the AMUs have no contractual role in P21.
4. The Managing Contractor works under a contract which requires them to get the best value for money for the projects. The NSW Government and Australian Government are currently preparing procedures to deal with cost variations between grant funding and actual cost. It is intended that the majority of the savings will be spent in the school.

5. Managing Contractors will receive a 4% fee and preliminary site costs, as per contractual undertakings with NSW DET.

I hope this is helpful to you.

Regards

Cliff

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*Cliff Hoey*

*Principal Liaison Officer*

*BER Team*

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## 2) Australian COLA Article

Matthew Clayfield | *June 16, 2009*

Article from: [The Australian](#)

**THE Rudd government gave \$400,000 to a school to build a structure that cost only a 10th of that six years ago.** Hastings Public School has been allocated \$400,000 as part of the latest education stimulus rollout, to build a covered outdoor learning area (COLA). The NSW mid-north coast school also received \$2.6 million to build a double permanent classroom with a special purpose room. The school's principal, Grant Heaton, said yesterday both figures seemed too high, especially given the school had built a COLA in 2003 for \$40,000.

"I certainly raised my eyebrows," Mr Heaton told The Australian.

"I am intrigued as to how the figures have been arrived at and who gave them a figure of \$400,000 for what is essentially a weather shelter.

"Reflecting on our experience of six years ago, we built a COLA that is almost as big as the one we anticipate to build now, and it cost just over \$40,000.

"Inflation hasn't increased 10-fold in six years.

"I'm expecting the Taj Mahal of COLAs."

Mr Heaton said \$2.6m for the new double classroom also seemed too high.

"I've got a friend in the building industry and his jaw dropped when I mentioned the figure to him," he said.

"It's a very large figure for two classrooms.

"I know it sounds like I'm looking a gift horse in the mouth, but this is the problem with having a centralised decision-making group.

"It's not my money. It's not your money. It needs to be used properly," the principal said.

Federal Education Minister Julia Gillard yesterday defended the \$400,000 allocation, claiming in parliament that the new COLA was more than just "some shade cloth".

"This is a significant building with a solid roof," Ms Gillard said. "It also includes an amphitheatre, seating and a sound system to facilitate school assemblies and performances and science and artwork spaces."

An Education Department spokesman said the new COLA was roughly "one and a half times the size of a tennis court" and that the school could "choose to build a smaller one and use any funds left over for other associated works" if it wished.

The spokesman also defended the \$2.6m allocation for the double classroom, claiming such a figure was "not exceptional for the extensive scope of the proposed works". But opposition education spokesman Christopher Pyne said the funding was yet another sign of "waste and mismanagement in the schools stimulus debacle".

For his part, Mr Heaton said the government would be better off letting the schools themselves choose how the money would be used.

"The best thing for them to do would be to give us the money and let us address the many issues that we know we could quite successfully address," the principal said. "Schools could spread the money around rather than seeing it concentrated in projects decided upon by some external body. "I want someone to show me why a weather shelter is going to cost \$400,000."

### **3) Request denied**

*Dear Grant,*

*Rebecca contacted the Dept's demographer and he has sent me detailed historical data and projections for the future of enrolments in Port Macquarie.*

*The data predicts an overall net increase for Public Education enrolments of between 40 to 50 students within the next 4 to 5 years.*

*This at a time when Port Macquarie PS predicts 5 empty rooms and Westport PS 6 empty rooms in 2010.*

*The other statistic to be considered is that Hastings PS's present total enrolment reflects a very high percentage of students presently living outside the enrolment zone.*

*Based on this information it would be irresponsible of me to allow the erection of more than two permanent classrooms on the Hastings School site.*

*We will continue to use demountables to meet peaks in enrolments and I'll regularly review enrolments patterns and enrolment zones within Port Macquarie to ensure a balance between community needs and responsible use of Government/community resources.*

*I note your interest in the building program at Tacking Point, they'll also have demountables in addition to any new permanent buildings that they get under the BER program.*

*Yours in education,*

*Mark Youngblutt*  
*School Education Director, Hastings*  
*14/9/09*

Grant,

I've considered the situation and my decision stands.

Cheers,

*Mark Youngblutt*  
*School Education Director, Hastings*

**From:** Heaton, Grant  
**Sent:** Thursday, 17 September 2009 12:00 PM  
**To:** Youngblutt, Mark  
**Subject:** BER REsponse

Dear Mark,

At last night's School Council and P & C meetings the issue of our BER program was discussed. I read to both meetings the correspondence received from Rebecca and you over our projects.

Both meetings asked me to respond to you requesting that a reappraisal of our claims be given for the following reasons:

- 1) Two years ago the school community would have agreed with you that the anticipated long term figures for the school did not look good and vacant classrooms were in the offing. Since then there has been an increase in the Kindergarten enrolments for 2009 and the anticipated enrolments for 2010. The demographics of the area are changing with many of the older families moving out and younger families taking their place.
- 2) Another reason for the increased enrolments is the many successful programs that have been put in place at the school. At my recent PARS discussion you told me that the school has a good feel to it. This feel is there because of many factors, one of these being the high level of parental confidence in the educational direction of the school. As we both know, happy parents and students are a school's best advertisement and the image of the school in the local community has resulted in the improving numbers. I expect the school's outstanding NAPLAN results for 2009, especially in Year 3, will further enhance our reputation in the community as a quality education provider.
- 3) The number of students moving from Heritage Christian school has also given our enrolments a boost and all feedback I have received from the parents of these students

indicates they are very happy with their children's education. I have been told other parents from that school are considering their options.

4) If our current Kindergarten enrolments are maintained at around 70, the school's enrolment could rise to near the 500 mark over the next five years.

The School Council, the P & C and I want to see the environmental aspects of Hastings match the educational achievements of the school. By allowing four classrooms to be constructed under the BER, we would all be ensuring this became a reality. If the BER is to live up to its name, then I am hoping we will see all students from Hastings housed in classrooms that match the federal government's lofty expectations.

Could you also supply me with the name of the demographer you spoke with as I feel he is working from old figures and would like to state my case regarding this issue.

Regards,

**Grant Heaton**  
**Principal**  
**Hastings Public School**

#### **4) Request denied 2**

Dear Grant

As promised, I forwarded your recent request for the increase in classroom numbers under BER to the IPO Executive for reconsideration. The response is that we are not in a position to make changes now within the BER program. There are a number of reasons for this:

1. The works being documented are as Briefed and approved by the Commonwealth;
2. The documentation is complete and tenders are about to be called (or have been);
3. Notwithstanding that your enrolment numbers have increased this year, the issue of enrolment management is up to the region to manage (I understand that this is consistent with your discussions with Mark Youngblutt). I understand that Port Macquarie PS and Tacking Point PS both had a slight decrease in enrolments in 2010. New land release areas in the Port Macquarie area will likely also bring new schools which may further alleviate your high out-of-zone enrolment percentage.

On a separate but related note, I am meeting with Reeds' Planner and the Rural Fire Service next week to discuss some of the RFS' requirements for the Hastings PS site which are proving to be a challenge from a conservation and ecological impact perspective. Reeds and I will keep you informed of progress.

I'm sorry that the answer is not the one you were hoping for but I'm sure the new facilities, once completed, will be an asset to the school.

Regards  
Rebecca

Rebecca Wark  
Scope Manager  
BER IPO - North Coast & New England



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**From:** Heaton, Grant  
**Sent:** Friday, 29 January 2010 5:25 PM  
**To:** Wark, Rebecca  
**Subject:** BER program

Dear Rebecca,

Following our telephone discussion earlier this afternoon, I formally request a reappraisal of the BER classroom project for my school based on the current enrolment pattern.

I now have 18 classes and am two to three students short of forming another class which would mean four demountable classrooms. I feel this growth in enrolments is due to a number of positive factors and the arrival of the first lot of baby bonus students. (This was an issue discussed with Michael Coutts-Trotter last December 15 on ABC regional radio.)

In light of this encouraging growth I ask that consideration be given to the building of a four classroom block to cater for the educational needs of all students of my school.

Regards,

**Grant Heaton**  
**Principal**  
**Hastings Public School**

#### **5) BER Appeal**

**From:** Sheaves, Virginia  
**Sent:** Friday, 19 February 2010 10:42 AM  
**To:** Dawson, Angus  
**Cc:** Wark, Rebecca; Julia.Gillard.MP  
**Subject:** BER Project

Dear Mr Dawson

At the meeting of Hastings P. S. School Council last Wednesday night, a motion was unanimously carried to request a change in our BER building program to accommodate all the children from our school in permanent classrooms. We formally ask that our designated two classroom block be extended to four rooms to meet this pressing need.

We have three demountable classrooms on site and are due to get a fourth one very soon. This was predicted by our principal, Grant Heaton, last year when he made a similar request via Rebecca Wark, who is the DET liaison person for this area for the BER program. Mr Heaton's request was denied on the grounds that the information given to the IPO by DET demographers indicated the school was not forecast to grow. Mr Heaton requested the names of the people who were supplying this information but this request was ignored.

He has since been proved correct as the effects of the "Baby Bonus" are now being felt with the largest kindergarten enrolment at our school in over ten years. It is anticipated such growth will continue in the foreseeable future.

To cover any extra costs we are prepared to forgo the second part of our program – the construction of a covered outdoor learning area (COLA) – as we regard children’s daily educational instruction as more important than a shelter. The cost of the COLA also troubles us as the original quote was \$400,000. The latest quote is now over \$950,000. We built a similar COLA in 2003 for under \$80,000.

As nothing has been commenced with either project we ask that the feelings of the school community be made paramount and four classrooms now be allocated for the education of our children. They are our children, it is our tax money paying for these projects and we know what is best for our school. An example of the pressing need is that one of the demountables last year underwent extensive cleaning and refurbishment for a dangerous outbreak of mould. The teacher of this classroom has recently reported the smells of last year have returned. This is a situation that cannot be tolerated any further by the students and staff of our school.

If by some chance the enrolment numbers at Hastings fall, the spare room or rooms could be used as arts, science or music rooms, similar to the style of private schools, thus offering students and parents a more complete range of educational opportunities. This would be a true indication that the BER is revolutionary and not simply a restrictive building program with a “one-size fits all” mentality.

I look forward to an early reply that acknowledges our concerns and that is in the best interests of our children.

Yours faithfully,  
Virginia Sheaves  
Secretary – Hastings P S School Council

## 6) Fair Value Test Fails

# Fair value test on \$16.2bn schools stimulus program falls short

- Anthony Klan
- From: The Australian
- April 16, 2010 12:00AM

**THE NSW government has backflipped on repeated claims it is protected from rip-offs by managing contractors under the \$16.2 billion schools stimulus program.**

The Australian can reveal the \$500 million-plus to be paid to managing contractors -- who are charging fees of up to 21 per cent on buildings -- will not be subject to its cornerstone "fair value" test.

Only the value of work done by local builders will be subject to the "benchmark" reviews, while fees paid to major construction companies, such as Hansen Yuncken and Bovis Lend Lease, will not be scrutinised under the test, the cornerstone of the NSW government's claims it will deliver value for money under the BER.

NSW Education Minister Verity Firth has repeatedly dismissed claims of overcharging by managing contractors, claiming the government was only required to pay a maximum of 5 per cent over the "fair value" of a building.

That figure was to be determined by government "benchmarking". Following more than three weeks of requests for detailed information about that fair value test, the NSW Education Department yesterday conceded it would not examine "the tendered managing contractor fees and costs".

"All project costs other than the tendered managing contractor fees and costs will be determined in accordance with the government's code of tendering," said NSW education spokesman Mark Davis.

The fair value test has been Ms Firth's key defence against scores of widely publicised examples of overcharging.

"One of the real advantages of the contract we have with managing contractors is we have what we call a benchmark value, or in layman's terms a fair value," she told Ray Hadley's 2GB on March 25.

NSW's backflip puts renewed pressure on the federal and state governments, which, despite repeated claims of "transparency", have refused to reveal how much individual managing contractors will be paid.

From the outset of the BER program the federal and state governments have repeatedly stressed that payments to managing contractors are capped at a 4 per cent "project management fee".

On April 1 an investigation by The Australian revealed the NSW government was operating a secret "Fee A" and "Fee B" structure under which managing contractors were paid fees of up to 21 per cent.

The NSW government and federal Education Minister Julia Gillard subsequently said those charges above 4 per cent were for additional work and not "project management fees".

Primary Schools for the 21st Century (P21) Program

Hastings Public School

**Project:** New Classroom Facilities - New Construction

**Approved Funding for P21 Project:** \$2,600,000.00

**Construction Status:** NOT STARTED

**Planning Pathway:** TBC

**Project:** New COLA - New Construction

**Approved Funding for P21 Project:** \$400,000.00

**Construction Status:** NOT STARTED

**Planning Pathway:** TBC