

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Prime Minister and Cabinet Portfolio

Department of the Prime Minister and Cabinet

Budget Estimates Hearing 25-29 May 2009

Question: PM50

Topic: Project Management fees

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Senator: Ryan

Mr Mrdak- Every project involves some project management fee requirement. In some jurisdictions the projects are being managed in-house. For instance, Queensland is utilising its existing Department of Public Works. I am not aware of what project management fee is being charged by them for individual projects. I am happy to check that for you.

Answer:

In relation to project management fees under the Building the Education Revolution (BER), the Department of Education, Employment and Workplace Relations has reminded education jurisdictions that where project management is being undertaken by an arm of a state government, the Commonwealth has provided 1.5 per cent above Building the Education Revolution project costs to administer project implementation.

Outside this, any project management costs should only reflect where additional resources need to be employed to manage a project/s.

Four per cent has been identified as an industry standard for direct oversight and project management for the purposes of the BER. The project application process includes a compliance check for project management fees.

It is assumed there will be economies of scale in project management across the Building the Education Revolution, in that a project manager, if employed, will manage more than one project per school and/or more than one school's projects.