



Grapevine

AUDITING THE EDUCATION REVOLUTION

The Commonwealth government is auditing its \$16.2 billion Building the Education Revolution – or at least the \$14.1 billion Primary Schools for the 21st Century bit of it (BER P21) – because of growing concerns over wastage. The BER P21 audit by an implementation taskforce is being led by Brad Orgill, the former chairman and chief executive officer of UBS Investment Bank Australasia. As Deputy Prime Minister and Minister for Education Julia Gillard told Mark Colvin on ABC Radio's *PM*, 'There is this implementation taskforce to enable the handling of complaints, the assessment of value for money and, obviously, ongoing monitoring and advice on the processes of Building the Education Revolution. Obviously, we have seen some examples that have caused concerns, like the example of the Hastings Public School, so I believe that it is important to put in place this further insurance.... I'm someone who wants every dollar spent on schools to have its maximum effect in schools.' Meanwhile, the report of the Commonwealth Auditor General, Ian McPhee, released in May, found 'some positive early indicators that the program is making progress toward achieving its intended outcomes, despite the slower than expected implementation.' The Auditor General found the program is behind schedule and over budget, but not because of 'more schools seeking to participate than had originally been forecast,' as the Deputy PM had claimed back in August last year. 'Ministers comprising the Strategic Priorities and Budget Committee of Cabinet (SPBC)...were aware from the outset that the BER P21 funding envelope represented only 90 per cent of possible expenditure; and it was therefore evident and transparent to SPBC ministers that, depending on the response of schools, a budget estimates variation' – more money – 'may be required,' the Auditor General found. Secondary school staff may recall that BER P21 costs jumped from \$14.7 billion to \$16.2 billion, with some of the \$1.5 billion shortfall being

sucked out of the second phase of the BER Science and Language Centres for 21st-Century Secondary Schools program. The Auditor General also found that, 'Some of the administrative arrangements put in place by the (Commonwealth Department of Education, Employment and Workplace Relations) were unduly complicated and time-consuming for education authorities.' Given his limited terms of reference, the Auditor General steered clear of allegations of rorting, price gouging, waste and mismanagement. Not so Shadow Commonwealth Minister for Education Christopher Pyne, who called for an investigation of reported inefficiencies, preferential treatment, misallocation of resources and cost overruns. Hastings Public School in Port Macquarie hit the headlines after its BER-funded covered outdoor learning area – with a price tag of \$954,269 – was scrapped following a New South Wales Department of Education audit that revealed it did not offer value for money. As Hastings Public School Council member Kylie Sherwood told the *Australian's* Anthony Klan, 'We had a similar one built for \$78,000 with its own concrete slab in 2003.' The school will build four classrooms instead. According to a follow-up report by Klan, an internal audit by the NSW Education Department found the roll out of the BER program in that state was 'satisfactory' in terms of governance, assurance and compliance. Like the report of the Commonwealth Auditor General, the NSW internal audit, however, did not address whether BER projects were delivering value for money. Issue 46 of the *NSW Taskforce Update* explains this whole value for money thing. 'It is important to note that the costs published for Hastings Public School, and other primary schools, are estimated costs developed at an early stage of each project (the estimated construction sum). This is not the sum paid for the project. At a later stage, the BER Program Office subjects each project to a benchmark value (BMV) test, which compares the tendered price of each project to those of other similar P21 projects. The contract with each managing

contractor makes it clear that the sum paid to the managing contractor can be no more than 105 per cent of the BMV. Therefore, if actual construction costs at Hastings Public School, or any other public school in NSW, are significantly above the benchmark, the managing contractor will not be paid the full cost.' Mind you, if every managing contractor tendered roughly the same inflated prices as all other, similar projects, they could all pass a high BMV test, yes? Not quite, according to issue 48 of the *NSW Taskforce Update*, which explains, in a nutshell, 'The benchmark value is determined when the project is about 50-75 per cent complete. At completion, the benchmark value is compared to the actual construction costs incurred. The managing contractor is paid the lesser of either the actual cost incurred or a maximum of 105 per cent of the benchmark value, acting as a real incentive to keep costs down.' Simple, really.

RANKING WEBSITE BACKS DOWN

The Australian Curriculum, Assessment and Reporting Authority (ACARA), which manages the controversial My School website, appears to have persuaded the Australia School Ranking website, a commercial website run by Stephen James that reports data on '8,000 Australia schools ranked from top to bottom,' to withdraw its report. ACARA advised James that the report on the Australia School Ranking website was in breach of the Trade Practices Act. Australia School Ranking has removed the report, as advice on the website has it, 'for now.'

THANK GOD FOR THE SALVOS

A Commonwealth-funded Salvation Army report on the treatment of disadvantaged young people was handed to Minister for Youth Kate Ellis in January, but not made public – by the Salvos – until May. The report criticises the 'earning or learning' obligation of the government's Compact with Young Australians.

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