

Auditor-General of Queensland

Report to Parliament No. 10 for 2010
Expenditure under the Nation Building –
Economic Stimulus Plan at 31 August 2010

A Financial and Compliance audit



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QUEENSLAND

Prepared under Part 3 Division 3 of the
Auditor-General Act 2009

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Auditor-General of Queensland

October 2010

The Honourable R J Mickel MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Mr Speaker

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled Expenditure under the Nation Building – Economic Stimulus Plan at 31 August 2010. It is number ten in the series of Auditor-General Reports to Parliament for 2010.

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely



Glenn Poole
Auditor-General



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Contents

1 Executive summary	1
1.1 Audit overview	1
1.2 Audit conclusions.....	1
1.3 Key findings	2
1.4 Recommendations.....	4
1.5 Stakeholder's responses	4
2 Audit focus	7
2.1 Background	8
2.2 Audit scope	10
2.3 Audit procedures.....	11
3 Building the Education Revolution	13
3.1 What is Building the Education Revolution?	14
3.2 How was funding need identified?	14
3.3 What was the funding at the regional level?	16
3.4 How was the program procured?.....	16
3.5 Did cost of construction increase?	18
3.6 Fees.....	20
3.7 Is the program on target and on schedule?	22
4 Social Housing Initiative	25
4.1 What is the Social Housing Initiative?	26
4.2 What are the key elements?	26
4.3 How was the new construction program delivered?.....	27
4.4 Were reasonable processes used for turnkey projects?	30
4.5 Did cost of construction increase?	34
4.6 Fees.....	35
4.7 Is the program on target and on schedule?	36
5 Roads and Safety Initiative	39
5.1 What is the Roads and Safety Initiative?	40
5.2 What are the key components?	40
5.3 Is the program on target and on schedule?	41
6 Appendices	43
6.1 Roles of specific agencies	43
6.2 Projects audited	46
6.3 Funding and project allocations under Building the Education Revolution.....	50
6.4 Expenditure by procurement strategy for the Social Housing Initiative	52
6.5 Acronyms.....	52
6.6 References	53
7 Auditor-General Reports to Parliament	55
7.1 Tabled in 2010	55

1 | Executive summary

1.1 Audit overview

The Commonwealth Government's Nation Building – Economic Stimulus Plan was released on 3 February 2009 to support jobs and invest in future long term economic growth. The Plan included \$4.392b for Queensland to build school halls, libraries, classrooms, new public housing and rail and road projects under three major programs: Building the Education Revolution, Social Housing Initiative, and Roads and Safety Initiative.

The progress of the Queensland Government in delivering the Plan's infrastructure projects was last reported in *Auditor-General Report to Parliament No. 8 for 2009 Results of audits at 31 October 2009*.

This audit was performed to assess whether the relevant Queensland Government departments complied with the requirements of the Nation Building – Economic Stimulus Plan and included assessments of value for money, competitive procurement processes and timely delivery of projects. The audit also included an assessment of compliance with the State Government's Capital Works Management Framework.

1.2 Audit conclusions

Overall the audit found that the Department of Education and Training and the Department of Communities, in conjunction with the Department of Public Works, and the Department of Transport and Main Roads had designed and implemented appropriate processes to address the requirements of the Building the Education Revolution, Social Housing Initiative, and Roads and Safety Initiative.

Given the tight timeframes and the large number of individual projects to be completed, it was expected that there would be examples of projects which could have been better managed. However, overall the outcome of the work undertaken by the departments on these programs is positive. Improvement opportunities identified during the audit are outlined below.

Building the Education Revolution

The Building the Education Revolution construction costs examined by audit were generally less than pre Stimulus program construction costs. However, these costs appear to be higher for some school facilities when compared with the lower range of industry benchmarks. To better understand this cost differential, the Department of Education and Training needs to periodically undertake a capital works process review as outlined in the Capital Works Management Framework to assess current practices and determine whether they are appropriate and achieve value for money. Such a review should also consider benchmarking procurement practices and construction costs with independent and catholic schools and relevant industry benchmarks.

Significant progress during the next four to seven months is required to achieve the Commonwealth Government's construction completion targets across a range of Building the Education Revolution elements.

Social Housing Initiative

The Social Housing Initiative construction costs examined and compared to pre Stimulus program construction costs ranged from being 36 per cent lower to 14 per cent higher depending on the dwelling type.

To better understand the cost differential between the Social Housing Initiative and pre Stimulus program, the Department of Communities needs to periodically undertake a capital works process review as outlined in the Capital Works Management Framework to assess current practices and determine whether they are appropriate and achieve value for money. Such a review should also consider benchmarking procurement practices and construction costs with relevant industry benchmarks.

Prior to the Stimulus program, the turnkey procurement strategy (dwelling and land packages) had limited use in the Department of Communities' annual construction program. For future programs, consideration should be given to the greater use of turnkey developments as a procurement approach for those projects where it may provide overall better value for money.

Significant progress during the next four months is required to achieve the Commonwealth Government's construction completion targets for the Social Housing Initiative.

1.3 Key findings

1.3.1 Building the Education Revolution

- Funding to schools across the elements of Building the Education Revolution was consistent with the Commonwealth Government guidelines.
- The Building the Education Revolution program utilised a number of procurement strategies: design and construct, construction management, direct and traditional procurement.
- Independent quantity surveyors were engaged to review costs submitted by potential contractors. Where these costs were deemed to be too high, they were either renegotiated or retendered.
- Projects examined under the Building the Education Revolution program delivered costs which were an average of nine per cent lower for classrooms and halls, five per cent lower for covered areas and similar for libraries when compared with equivalent pre Stimulus program projects.
- While costs for the Building the Education Revolution projects examined were generally less than the pre Stimulus program costs, they appear to be higher for certain facilities when compared with the lower range of industry benchmarks.
- The allocation of funding to the fifteen schools identified for potential closure was considered appropriate within the Building the Education Revolution funding guidelines. These schools were generally provided funding for demountable buildings at a cost of \$250,000 per school which should allow for possible relocation of these buildings if required.
- Round 1 of Primary Schools for the 21st Century appears to be on target for completion by December 2010 however, the other rounds are scheduled for significant progress during the next four to seven months to achieve Commonwealth Government targets.

- While project completions under Science and Language Centres for 21st Century Secondary Schools and National School Pride did not meet original Commonwealth Government timeframes, these timeframes have now been renegotiated.
- Queensland had spent \$1,465.124m or 69 per cent of the \$2,109.723m funding for the Building the Education Revolution program at 31 August 2010. This expenditure represents 88 per cent of the Commonwealth Government's expenditure target of \$1,657.730m at 30 September 2010.

1.3.2 Social Housing Initiative

- The average cost of delivery of dwellings in Queensland under the program is \$271,300 which is below the cost expected by the Commonwealth Government of no greater than \$300,000.
- The construction profile across the regions and dwelling types was consistent with the needs identified at the commencement of the Social Housing Initiative.
- The average cost per unit of dwelling including land for turnkey projects was \$294,631. The average cost per dwelling for constructing on departmental land was \$267,096. The average cost of funding for not for profit organisations was \$238,904 per dwelling. These costs are not directly comparable due to the different approaches to the land component and other cost impacts.
- For turnkey projects, the price the department paid for land was consistent with valuations, with the total variance being only 2.1 per cent above valuation.
- Projects examined under the turnkey procurement strategy delivered lower costs of 16 per cent and 36 per cent respectively, for a four bedroom house and a two bedroom duplex, while a two bedroom apartment was 14 per cent more expensive when compared with equivalent traditional pre Stimulus program projects.
- Projects examined under the traditional procurement approach for the Social Housing Initiative delivered an average cost of eight per cent lower for a two bedroom duplex, similar for a four bedroom house and 13 per cent higher for a two bedroom apartment when compared with equivalent traditional pre Stimulus program projects.
- At 31 August 2010, Queensland had completed 506 dwellings. Another 2,208 (81 per cent of target dwellings) need to be completed over the next four months to meet the Commonwealth Government target of 2,714 dwellings.
- At 31 August 2010, Queensland spent \$614.291m which was 53 per cent of the Social Housing Initiative allocation of \$1,165.567m. This expenditure represents 86 per cent of the Commonwealth Government expenditure target of \$715.120m at 30 September 2010.

1.3.3 Roads and Safety Initiative

- At 31 August 2010, Queensland spent \$123.3m (98 per cent) of the overall allocation of \$126.1m.
- Expenditure in relation to the three components of the Roads and Safety Initiative (being black spot safety projects, boom gate installations and additional regional road maintenance) was appropriately incurred under existing departmental systems and processes.

1.4 Recommendations

Building the Education Revolution

The Department of Education and Training should:

- periodically undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework to better understand costs, and further develop and refine systems and processes for future capital works planning and investment.
- continue to give high priority to monitoring the timely completion of the Building the Education Revolution program consistent with the targets set by the Commonwealth Government.

Social Housing Initiative

The Department of Communities should:

- periodically undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework to better understand costs, and further develop and refine systems and processes for future capital works planning and investment, including considering other procurement options such as the turnkey procurement strategy as part of its annual capital works program.
- continue to give high priority to monitoring the timely completion of the Social Housing Initiative program consistent with the targets set by the Commonwealth Government.

1.5 Stakeholder's responses

1.5.1 Department of Communities

The Director-General, Department of Communities provided the following response:

The Department accepts the findings and both recommendations on the Social Housing Initiative component of the report and acknowledges that reports such as these provide a valuable means of improving business and ensuring appropriate processes are in place.

To assist in supporting our continuous business improvement cycle the department will continue to undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework which will assist in better understanding costs, and further developing and refining systems and processes for future capital works planning and investment. This will include consideration of other procurement options such as turnkey procurement as part of the annual capital works program. A review of 'best practice' methods of turnkey and traditional procurement models will contribute to providing best value for money outcomes for the department.

The department is also continuing to give high priority to monitoring the timely progress of the Social Housing Initiative program consistent with National Partnership Agreement with the Commonwealth Government. As you are aware the targets are ambitious, however, we are committed to delivering positive social housing outcomes while providing a significant economic stimulus to the building and construction industries across Queensland. Internal control mechanisms and robust analyses have been, and are continuing to be implemented at the highest levels to monitor performance.

1.5.2 Department of Education and Training

The Director-General, Department of Education and Training provided the following response:

I note the two recommendations arising from the Queensland Audit Office's audit of the Building the Education Revolution (BER) program, for which the Department of Education and Training (DET) is responsible for implementing.

As requested, the following comments are provided by DET.

Recommendation 1

Periodically undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework (CWMF) to better understand costs, and further develop and refine systems and processes for future capital works planning and investment.

Comment

DET welcomes the recommendation to undertake periodic reviews of its capital works program, including processes, costs, systems and planning. DET has a proud history of planning and delivering large capital programs, including the Building the Education Revolution program, which is approximately four times the size of DET's average annual capital program. DET complies with all requirements of the CWMF and periodically reviews its outcomes against industry standards and those of other jurisdictions. The most recent reviews have seen independent groups Davis Langdon, PricewaterhouseCoopers and the Commonwealth Government's BER Taskforce all provide positive reports on DET's capital works administration and value for money.

Recommendation 2

Continue to give high priority to monitoring the timely completion of the Building the Education Revolution program consistent with the targets set by the Commonwealth Government.

Comment

DET will continue to focus on completing the BER initiative in line with timelines outlined by the Australian Government in the BER guidelines. The Department acknowledges the Australian Government's flexibility in the BER guidelines to deliver projects beyond March 2011 to accommodate local circumstances, such as delays caused by weather.

1.5.3 Department of the Premier and Cabinet

The Director-General, Department of the Premier and Cabinet provided the following response:

I am pleased that the findings of this audit have recognised that the Queensland Government's management of the Economic Stimulus Package has been effective and that the outcomes of the work undertaken by Building the Education Revolution, Social Housing Initiative, and Roads and Safety Initiative have been positive.

The Queensland Government established comprehensive and effective governance arrangements at the commencement of the Economic Stimulus Plan, with the Department of Public Works undertaking the role of Coordinator-General of the Plan. My department has been receiving regular reporting on the progress of the implementation and has taken appropriate action to ensure that the Economic Stimulus Plan remained on track and was delivering value from its investments for the community.

1.5.4 Department of Public Works

The Acting Director-General, Department of Public Works provided the following response:

The Plan, as a response to the global economic downturn, has presented an excellent opportunity for investment in Queensland's infrastructure for schools, housing and roads and rail crossings. As indicated in the audit conclusions in the report, a large number of projects have had to be delivered within very tight timeframes set down by the Australian Government. Although the Plan has presented the State delivery agencies with a number of challenges, overall the State Coordinator for the Plan is satisfied with the progress of the delivery to 31 August 2010. As the Auditor-General has acknowledged, the governance arrangements and procurement strategies implemented by the Department of Public Works have positively contributed to the overall progress and broad stimulus to date.

With respect to the recommendation of the continued monitoring of the timely completion of the Building the Education Revolution (BER) and the Social Housing Initiative (SHI) programs, the Programme Management Office established within the Department of Public Works at the commencement of the Plan will continue to work closely with the BER and SHI teams at both the State and Commonwealth level to maintain the momentum and to complete the program of work.

1.5.5 Department of Transport and Main Roads

The Director-General, Department of Transport and Main Roads provided the following response:

The Department of Transport and Main Roads (TMR) recognises the importance of your intention to report to Parliament on the Roads and Safety Initiative (RSI) portion of the Australian Government's ESP, in accordance with s.64(1) of the Auditor-General Act 2009. Your report includes the assessment of TMRs' management of ESP funding across three sub-programs: regional road maintenance, boom gates for rail crossings and additional projects under the Nation Building Black Spot Program. I support the report comment that the overall outcome of the work undertaken by TMR has been positive.

TMR received \$126.1 million allocated across the three sub-programs. The regional road maintenance and boom gates for rail crossings programs are complete and fully expended. The Black Spot Program was scheduled to complete 90 projects by 30 June 2010. Following representations by TMR, the Deputy Secretary of the Department of Infrastructure and Transport, confirmed that a small number of projects will be completed post 30 June 2010. The remaining projects are forecast for final completion by the end of the 2010-11 financial year.

The three sub-programs under the RSI have met the requirements of the National Partnership Agreement on the Nation Building and Jobs Plans: Building Prosperity for the Future and Supporting Jobs Now. These requirements were to deliver infrastructure for identified projects, agree outcomes on a quarterly basis with Queensland Treasury and report to Heads of Treasury and the Department of Infrastructure and Transport.

2 | Audit focus

Summary

Background

An audit was performed to assess whether the relevant Queensland Government departments complied with the requirements of the *National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now* including assessments of value for money, competitive procurement processes and timely delivery of projects. The audit also included an assessment of compliance with the State Government's Capital Works Management Framework.

Key activities

- Selected projects from the Building the Education Revolution, Social Housing Initiative, and Roads and Safety Initiative were audited for compliance with Commonwealth and State Governments' guidelines.
- Information provided by relevant agencies was analysed, assessed and conclusions drawn.

2.1 Background

2.1.1 Nation Building – Economic Stimulus Plan

A major component of the Commonwealth Government's response to the global economic downturn was the \$42b Nation Building – Economic Stimulus Plan released on 3 February 2009. The Plan included the provision of \$21.5b to the States and Territories under three major programs: Building the Education Revolution, Social Housing Initiative, and Roads and Safety Initiative. The Queensland Government was allocated approximately \$4.392b to deliver these projects in Queensland.

The key features of the Nation Building – Economic Stimulus Plan were the delivery of:

- new facilities such as libraries, multipurpose halls or additional classrooms for all Australian primary schools
- new science laboratories or language centres for secondary schools, on a competitive basis
- grants of up to \$200,000 for individual school communities to fund maintenance
- new houses, through direct investment and assistance of the social housing sector
- urgent maintenance to upgrade social houses including major maintenance for run down homes that, without repairs, would not be able to be used as social housing
- additional projects in the Black Spot program
- new boom gates at priority open level crossings
- additional regional road maintenance projects on Australia's national highways
- funding to boost local community infrastructure.

During February 2009, the Queensland Government entered into an agreement with the Commonwealth of Australia, to facilitate the delivery of these new infrastructure and economic stimulus measures. The purpose of this agreement, *National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now* was to improve coordination, monitoring and delivery of timely economic stimulus within the Australian economy.

The agreement required State agencies to:

- deliver infrastructure (both new construction and refurbishment) for the identified projects
- agree outcomes with Heads of Treasury and applicable Federal Government agencies
- report to Heads of Treasury every three months on the activities undertaken against agreed outcomes.

The processes in place to facilitate the Heads of Treasury report were examined and reported to Parliament in *Auditor-General Report to Parliament No. 8 for 2009 Results of audits at 31 October 2009*.

2.1.2 Allocation of funds to Queensland

Of the \$21.5b available to States and Territories under the Plan, Queensland was allocated a total of \$4.392b.

Figure 2A shows the breakdown of funding across the three programs and their individual elements.

Figure 2A – Funding allocated to Queensland

Agency and program	Total funding (\$m)
Building the Education Revolution – Total	3,100.077
State Schools (Department of Education and Training)	
• Primary Schools for the 21 st Century**	*1,813.191
• Science and Language Centres for 21 st Century Secondary Schools**	157.589
• National School Pride**	167.945
	2,138.725
Non-state schools (Block Grant Authorities)	
• Primary Schools for the 21 st Century**	843.102
• Science and Language Centres for 21 st Century Secondary Schools**	45.195
• National School Pride**	73.055
	961.352
Social Housing Initiative (Department of Communities)	1,165.567
• New construction	1,085.471
• Repairs and Maintenance	80.096
Roads and Safety Initiative (Department of Transport and Main Roads)	126.100
• New construction	73.200
• Repairs and Maintenance	52.900
TOTAL for Queensland	4,391.744

*This amount does not include \$2.644m funding transferred to the Building the Education Revolution Implementation Taskforce.

**These amounts include the 1.5 per cent administration funding allocation.

2.2 Audit scope

An audit was conducted to determine whether relevant Queensland Government departments complied with the requirements of the *National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now*.

In particular, the audit examined the National Partnership Agreement's requirement for States to ensure projects were delivered within the required time frames, and that the Building the Education Revolution program demonstrated value for money and the Social Housing Initiative followed competitive processes.

The Capital Works Management Framework issued by the Department of Public Works is the Queensland Government's key policy for managing risks in the planning and delivery of government building projects. It identifies the major risk areas and the steps that must be taken to manage those risks. The audit included an assessment of compliance with this framework, particularly policy objectives for achieving value for money, ensuring probity and accountability for outcomes and ensuring consistency and transparency in the procurement processes.

This audit was undertaken as part of QAO's annual financial and compliance audits of the Department of Education and Training, Department of Communities and Department of Transport and Main Roads. The examination of capital works expenditure at these departments was a material aspect of QAO's annual financial and compliance audit.

The Department of Public Works was also audited in its capacity as the coordinator for the Nation Building – Economic Stimulus Plan. More information about the specific responsibilities and accountabilities of each of these agencies is provided in Section 6.1.

Overall the scope of the audit was to:

- examine the procurement, probity and appropriate authorisation of expenditure
- examine the reporting, performance and outcome requirements of the Plan.

This report also provides the status of construction progress at 31 August 2010. This audit did not examine the \$961.352m funding provided to non-state schools under the Building the Education Revolution program as the responsibility for delivering these projects resided with the relevant Block Grant Authority. In relation to the \$326.578m funding provided to not for profit organisations as part of the Social Housing Initiative, the audit was limited to the assessment of capital grant submissions.

2.3 Audit procedures

Construction project costs were compared under the Building the Education Revolution and Social Housing Initiative with the pre Stimulus program costs for comparable facilities in terms of type and scope. For Building the Education Revolution, the assessment was made on base construction cost as the total cost reflected enrolment based funding with funds surplus to building cost redirected to furniture and fittings, walkways, landscaping, etc. The Social Housing Initiative building costs were compared on a completed construction turnkey basis. This comparative analysis, undertaken by the Department of Public Works was reviewed by audit for reasonableness.

In terms of the specific programs, the following procedures were conducted:

Building the Education Revolution

The audit focused on the capital acquisition component of the Department of Education and Training's capital works program. A sample of 36 projects was selected for audit review across all geographic regions, program elements, funding rounds and types of construction projects. The projects audited are outlined at Section 6.2.1.

Social Housing Initiative

The audit focused on the capital acquisition component of the Department of Communities' capital works program. A sample of 48 Social Housing Initiative projects was audited covering a range of regions, dollar values, project managers, timeframes, dwelling types, developers and not for profit organisations (testing was limited to assessment of capital grants submissions in relation to not for profit organisations). Details of the 48 projects audited are outlined in Section 6.2.2.

Roads and Safety Initiative

The initiative was delivered through existing Commonwealth Government arrangements at the Department of Transport and Main Roads. The expenditure under this initiative was audited as part of the annual financial and compliance audit.

3

Building the Education Revolution

Summary

Background

The objective of Building the Education Revolution is to provide new facilities and refurbishments in Australian schools. Funding has been provided by the Commonwealth Government for three elements of this program: Primary Schools for the 21st Century, Science and Language Centres for 21st Century Secondary Schools and National School Pride.

Key findings

- Funding to schools across the elements of Building the Education Revolution was consistent with the Commonwealth Government guidelines.
- The Building the Education Revolution program utilised a number of procurement strategies: design and construct, construction management, direct and traditional procurement.
- Independent quantity surveyors were engaged to review costs submitted by potential contractors. Where these costs were too high, they were either renegotiated or retendered.
- Projects examined under Building the Education Revolution delivered costs which were an average of nine per cent lower for classrooms and halls, five per cent lower for covered areas and similar for libraries when compared with equivalent pre Stimulus program projects.
- While costs for the Building the Education Revolution projects examined were generally less than the pre Stimulus program costs, they appear to be higher for certain facilities when compared with the lower range of industry benchmarks.
- The allocation of funding to the fifteen schools identified for potential closure was considered appropriate within the Building the Education Revolution funding guidelines. These schools were generally provided funding for demountable buildings at a cost of \$250,000 per school which should allow for possible relocation of these buildings if required.
- Round 1 of Primary Schools for the 21st Century appears to be on target for completion by December 2010 however, the other rounds are scheduled for significant progress during the next four to seven months to achieve Commonwealth Government targets.
- Queensland had spent \$1,465.124m or 69 per cent of the \$2,109.723m funding for the Building the Education Revolution program at 31 August 2010. This expenditure represents 88 per cent of the Commonwealth Government expenditure target of \$1,657.730m at 30 September 2010.

3.1 What is Building the Education Revolution?

The primary objective of the Building the Education Revolution program is to provide economic stimulus through the rapid construction and refurbishment of school infrastructure.

The Building the Education Revolution program has three distinct program elements:

- Primary Schools for the 21st Century — building new facilities such as libraries (resource centres), multipurpose halls and classrooms or upgrading existing facilities for primary schools.
- Science and Language Centres for 21st Century Secondary Schools — construction of new science laboratories or language learning centres on a competitive basis.
- National School Pride — minor capital works and maintenance projects.

Figure 3A outlines the funding provided to Queensland state schools for the three elements of Building the Education Revolution.

Figure 3A – Funding for the elements of Building the Education Revolution

Element	Number of schools	Number of projects	Funding (\$m)	Funding (per cent)
Primary Schools for the 21 st Century (P21)	1,080	1,567	1,789.000	84
Science and Language Centres for 21 st Century Secondary Schools (SLC)	94	94	155.260	7
National School Pride (NSP)	1,259	2,865	165.463	8
Sub-Total		4,526	2,109.723	99
Administration fee to the Department of Education and Training	N/A	N/A	29.002	1
Total		4,526	2,138.725	100

The average annual capital works program for the Department of Education and Training for the two years prior to the commencement of the Building the Education Revolution program was \$483.730m. Under the Building the Education Revolution program, the allocated funding represents more than four times the department's annual pre Stimulus capital works program. While the Building the Education Revolution program is being delivered over a two year period, the department was required to have in place contracts for the delivery of the program within a 12 month timeframe.

3.2 How was funding need identified?

3.2.1 How was funding assessed?

Each element of Building the Education Revolution was generally delivered through funding rounds, each with their own specific milestones and parameters.

The projects within the Building the Education Revolution program were assessed for funding by the Commonwealth Government based upon full time equivalent (FTE) school enrolments data at February 2009 for Primary Schools for the 21st Century and National School Pride projects. Science and Language Centres for 21st Century Secondary Schools were funded on a competitive basis where schools could demonstrate need, readiness and capacity to begin and complete construction within the designated timeframe.

3.2.2 How was school viability assessed for funding?

The Department of Education and Training has processes to assess and monitor the ongoing viability of schools which have small and declining enrolments. It allows for future decisions to be made with regard to temporary closure, formal closure or reopening as appropriate. Processes undertaken to assess schools for potential closure are generally considered over a 12 to 24 month period with consultation with the school community and regional offices of the department.

Fifteen schools were identified by the Department of Education and Training for viability assessment during the period ending 30 June 2010.

Audit considers that the allocation of funding to the fifteen schools identified for potential closure was appropriate within the Building the Education Revolution funding guidelines. These schools were generally provided funding for demountable buildings at a cost of \$250,000 per school which should allow for possible relocation of these buildings if required.

3.2.3 What funding was allocated for Primary Schools for the 21st Century?

Funding for Primary Schools for the 21st Century accounted for 84 per cent of the total funding for the Building the Education Revolution program. Figure 3B shows the funding allocated to the 1,080 Queensland primary schools under the Primary Schools for the 21st Century element of the Building the Education Revolution. School funding is shown across the various geographical regions of the Department of Education and Training.

Figure 3B – Funding allocation for Primary Schools for the 21st Century

Allocation band	Metropolitan	South East Qld	Darling Downs South West	North Coast	Central Qld	North Qld	Far North	Total
\$250,000	20	11	90	21	64	31	35	272
\$850,000	29	13	52	43	39	20	32	228
\$2,000,000	46	16	22	26	28	15	14	167
\$2,500,000	26	10	7	22	12	8	10	95
\$3,000,000	89	79	20	68	25	22	15	318
Total	210	129	191	180	168	96	106	1080

The above figures are as originally approved by the Commonwealth Government in 2009 and do not take into account amalgamated schools and funds transferred between schools since that date.

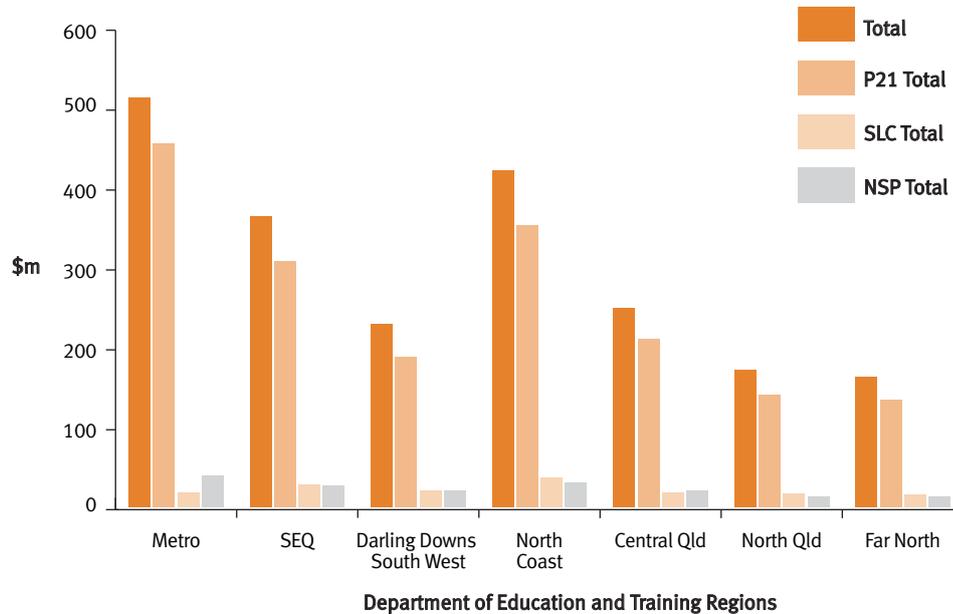
Audit considers the enrolment based funding for primary schools was consistent with the Building the Education Revolution guidelines. Details of how funding was allocated on an enrolment basis are provided in Figure 6D in Section 6.3.

Generally, projects delivered ranged from a demountable classroom to multiple facilities such as new halls, resource centres and classrooms. Details of the type of projects delivered within the funding allocation bands are provided in Figure 6E in Section 6.3.

3.3 What was the funding at the regional level?

Funding allocated under the Building the Education Revolution program across the various geographical regions of the Department of Education and Training is presented in Figure 3C.

Figure 3C – Funding for Building the Education Revolution across regions



Audit considers that the funding to schools across the elements of Building the Education Revolution was consistent with the guidelines.

3.4 How was the program procured?

Building the Education Revolution projects were delivered and built by contractors and consultants who were prequalified by the Department of Public Works. Such contractors were previously assessed in relation to their capabilities, capacity and statutory requirements to undertake building projects for the Queensland Government. The number of construction projects enabled the Department of Public Works to actively promote the Building the Education Revolution program to potential contractors and encourage them to register with the department if they were interested in participating in the program. As a result, the number of active prequalified contractors listed by the Department of Public Works has grown from 553 to 982 since the commencement of the Nation Building - Economic Stimulus Plan in February 2009.

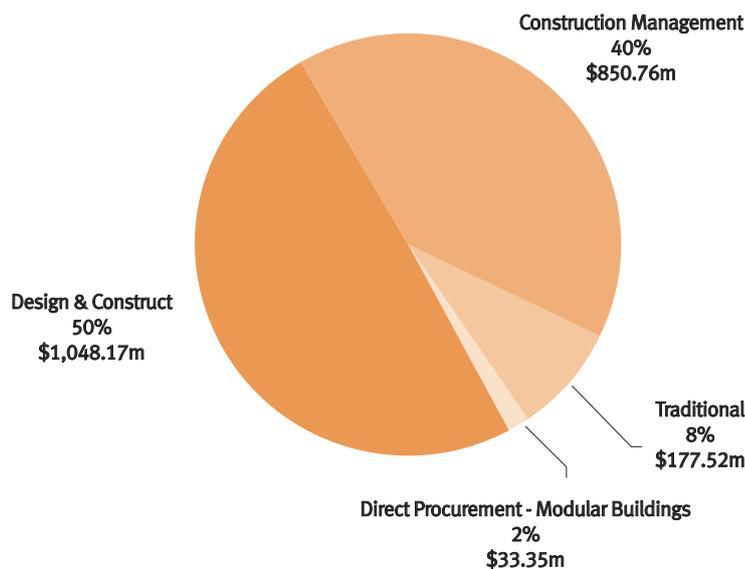
The procurement approach for Building the Education Revolution projects ranged from seeking expressions of interest from prequalified contractors to seeking competitive tenders. In the expression of interest process, the Department of Public Works sought non price submissions from prequalified contractors. The selected contractors were then asked to provide schematic design and fixed price for assigned projects to each contract on a regional basis. Independent quantity surveyors were engaged to review these costs. Where these costs were deemed to be too high, they were either renegotiated or retendered.

The procurement methods utilised by the Department of Public Works were:

- *Design and construct* - contractors are responsible for the design and construction parts of the project. A project manager is also independently appointed to oversee project delivery and the contractor engages a principal consultant (architect) to undertake the design stage.
- *Construction management* - a contractor is engaged to manage the delivery of a large number of projects on multiple sites. The construction managers are required to engage local prequalified or registered consultants and contractors on behalf of the Department of Education and Training. This model provides opportunities for smaller contractors who may not otherwise have been engaged on this program.
- *Direct procurement* - obtaining modular or demountable buildings from suppliers against a standing offer arrangement.
- *Traditional* - requests for offer are made to the open market via tender and selected upon the meeting of mandatory requirements and value for money.

Figure 3D shows the value of Building the Education Revolution projects awarded through these procurement methods.

Figure 3D – Procurement profile for Building the Education Revolution



The independent quantity surveyor assessments of cost undertaken prior to awarding of the contract and the certification of progress payments prior to payment were reviewed by audit with the conclusion that these processes were operating appropriately and were consistent with the Building the Education Revolution guidelines.

Figure 3E provides a list of top ten building contractors by contract value for all elements of Building the Education Revolution.

Figure 3E – Top ten building contractors by value of contract for Building the Education Revolution at 31 August 2010

Building contractor	Total value of building contracts (\$m)*	Per cent of total value of building contracts
Evans Harch Pty Ltd	47.125	3
Paynter Dixon Queensland Pty Ltd	46.886	3
F. K. Gardner & Sons Pty Ltd	43.317	3
J. Hutchinson Pty Ltd trading as Hutchinson Builders	42.910	3
Dickinson Constructions Pty Ltd	35.429	3
Northbuild Construction Pty Ltd	33.242	3
ADCO Constructions Pty Ltd	33.192	3
Matrix Projects (QLD) Pty Ltd	32.821	2
A Gabrielli Constructions Pty Ltd	30.760	2
Gardner Bros Pty Ltd	28.737	2
Other	1,020.807	73
Total	1,395.226	100

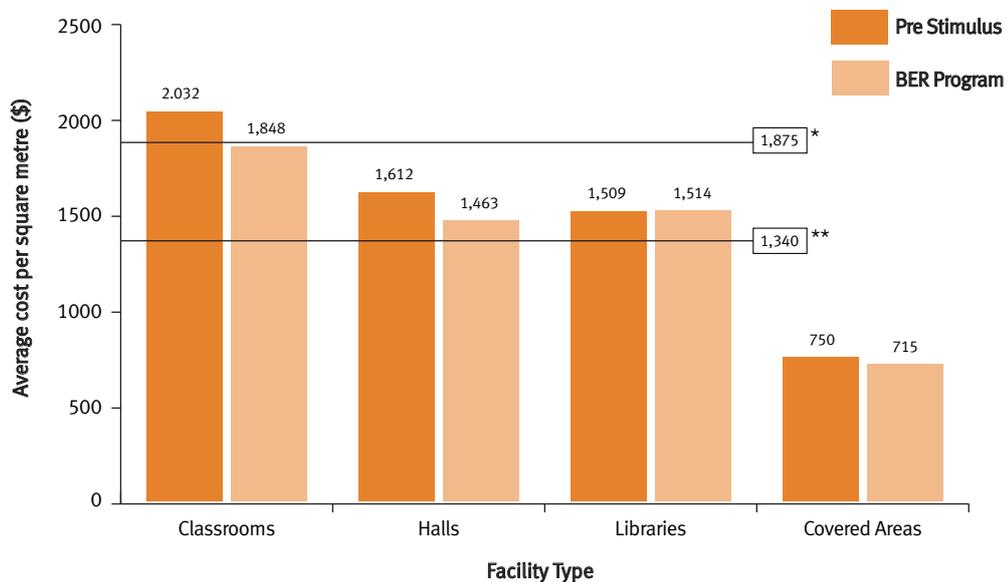
*The amounts do not include project management fees, fittings, furniture and equipment, contingency and unlet contracts.

3.5 Did cost of construction increase?

The base building costs per square metre for a sample of projects prior to the Stimulus program were compared to project costs for equivalent Building the Education Revolution projects. The average base building cost for pre Stimulus program projects was adjusted for the movements in the building price index and regional cost variations. Base building costs do not include external site works, ancillary costs, fees, and furniture and fittings.

Figure 3F provides a comparison of base building costs for primary schools under the pre Stimulus program with those for Building the Education Revolution.

Figure 3F – Comparison of average base building costs pre Stimulus program with average base building costs for Building the Education Revolution



*Industry benchmark from Davis Langdon's The Blue Book 2010.

**Industry benchmark from Rawlinsons' Australian Construction Handbook 2010.

The projects examined under the Building the Education Revolution program delivered costs which were an average of nine per cent lower for classrooms and halls, five per cent lower for covered areas and similar for libraries when compared with equivalent pre Stimulus program projects. Industry average benchmarks for primary school buildings suggest that the average base cost of construction per square metre for primary schools range from \$1,340 to \$1,875 per square metre. This range of industry average benchmarks has been sourced from handbooks available to the construction industry.

While costs for the Building the Education Revolution program projects examined were generally less than the pre Stimulus program costs, they appear to be higher for certain facilities at the lower range of the industry benchmarks. Audit considers that to better understand this cost differential, the Department of Education and Training needs to undertake a capital works process review as outlined in the Capital Works Management Framework to assess current practices and determine whether they are appropriate and achieve value for money.

Such a review should also consider benchmarking procurement practices and construction costs with independent and catholic schools and relevant industry benchmarks.

Recommendation

The Department of Education and Training should periodically undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework to better understand costs, and further develop and refine systems and processes for future capital works planning and investment.

3.6 Fees

The Building the Education Revolution program used various procurement strategies across all rounds including design and construct, construction management, traditional and direct procurement. Across all delivery strategies the project management fees will be approximately \$66.105m which is 3.4 per cent of the combined value for Primary Schools for the 21st Century and Science and Language Centres for 21st Century Secondary Schools of \$1,944.260m at 31 August 2010.

A schedule of fees and charges for project managers and construction managers was established by the Department of Public Works and is shown in Figure 3G.

Figure 3G - Fees applicable to procurement types

Element (Round)	Fee type	Fee %	Payable to	Description of services procured
P21 (1) P21 (2)	Project management of design and construct contracts	As per individual tender *	External project manager	Project management services
P21 (1) P21 (2) SLC	Project definition plan preparation	2.5	Design and construct contractor	Schematic design and pricing
P21 (2) P21 (3) SLC	Project management of design and construct contracts	3.37	External project manager	Project management services
P21 (2) P21 (3) SLC	Construction manager	6	Construction manager	Managing: 3.5% for project management 2.5% for program management, construction management, design management and cost planning
P21 (2) P21 (3) SLC	Principal's representative**	0.36	Department of Public Works	Day to day administration of contract on behalf of department for construction management contracts

* Fee submission average is below 4 per cent.

** Principal relates to primary department contracted to.

Under the guidelines, National School Pride focussed on minor capital works and maintenance projects valued generally from \$50,000 to \$200,000. Principal consultants were engaged to manage a team to design, document and deliver the works under this element of the Building the Education Revolution program. The fee was determined at 10.5 per cent of the project value.

In addition, the Department of Education and Training was allocated funding for the administration of the Building the Education Revolution of \$29.002m which represents approximately 1.5 per cent of the program's total funding in accordance with the Commonwealth Government agreement. This funding is being utilised to manage the implementation of the Building the Education Revolution program, coordinate the program delivery in Queensland state schools and meet Queensland's reporting obligations with the Commonwealth Government.

Figure 3H shows the fees paid to the top ten construction and project managers for Building the Education Revolution projects.

Figure 3H – Top 10 fees paid to construction / project managers at 31 August 2010 and per cent of fees against total value of contract

Construction / project manager	Total value of construction / project manager contract (\$m)	Total fees paid (\$m)	Number of schools managed / to be managed	Per cent of total value of contract
Construction Managers				
Boulderstone Queensland Pty Ltd	108.350	3.535	68	3.26
Laing O'Rourke Australia Construction Pty Ltd	116.550	3.522	117	3.02
John Holland Pty Ltd	103.800	3.501	49	3.37
Thiess Pty Ltd	107.220	3.210	53	2.99
Leighton Contractors Pty Ltd	102.560	2.980	44	2.91
Hansen Yuncken Pty Ltd	109.590	2.900	74	2.65
Watpac Construction (Qld) Pty Ltd and related companies	103.500	2.443	40	2.36
Abigroup Contractors Pty Ltd	99.190	2.321	61	2.34
Project Managers				
Tracey Brunstrom & Hammond Pty Ltd	60.900	2.007	26	3.30
Incoll Management Pty Ltd	58.250	1.533	26	2.63
Other (36)	929.020	29.496	484	3.17
Total (46)	1,898.930	57.448	1,042	3.03

Audit noted that some fees across individual Building the Education Revolution projects could not be separately identified within the Department of Education and Training's accounting system. Fees in excess of \$8.260m were identified during the audit as being recorded as cost of construction. This limits the ability to compare and monitor fees for individual projects under the Building the Education Revolution program with fees attributable to other capital works programs.

3.7 Is the program on target and on schedule?

At 31 August 2010, 75 per cent of Building the Education Revolution program projects had been completed. Figure 3I provides the number of planned projects and completed projects across each program at 31 August 2010.

Figure 3I – Building the Education Revolution construction status at 31 August 2010

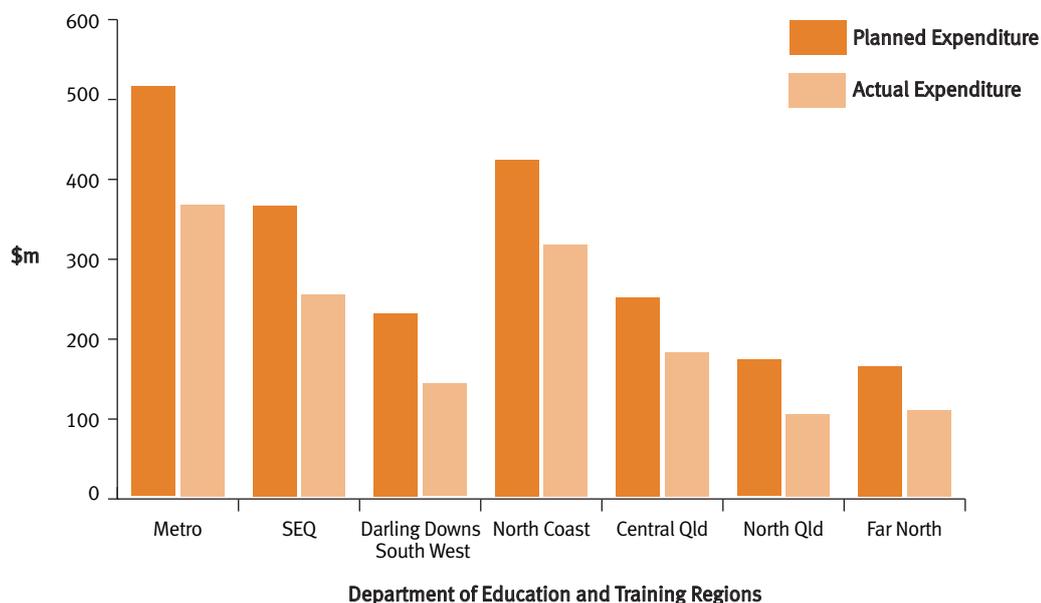
Element and round	Planned number of projects	Completed projects	Target completion date	Progress (per cent)
Primary Schools for the 21st Century				
Round 1	379	354	20 December 2010	93
Round 2	693	148	31 January 2011	21
Round 3	495	30	31 March 2011	6
Total	1,567	532		34
Science and Language Centres for 21st Century Secondary Schools				
Total	94	26	30 June 2010	28
National School Pride				
Round 1	2,366	2,343	20 December 2009	99
Round 2	499	497	1 February 2010	99
TOTAL	2,865	2,840		99
Grand Total	4,526	3,398		75

Round 1 of Primary Schools for the 21st Century appears to be on target for completion by December 2010. The other rounds are scheduled for significant progress during the next four to seven months, as construction activities peak in the latter part of 2010, to achieve Commonwealth Government deadlines. While Science and Language Centres for 21st Century Secondary Schools and National School Pride did not meet original deadlines, these deadlines have now been renegotiated with the Commonwealth Government.

Audit was advised that construction progress was adversely impacted by unseasonal wet weather conditions in western and northern regions of Queensland particularly in February / March 2010. Construction progress may be further impeded by wet weather in the ensuing months. The State Government provides updates at least monthly to the Commonwealth Government on progress in relation to all targets.

Figure 3J show the status of Building the Education Revolution projects in terms of value of planned expenditure and actual expenditure across each region at 31 August 2010.

Figure 3J – Building the Education Revolution planned and actual expenditure at 31 August 2010



Queensland spent \$1,465.124m or 69 per cent of the \$2,109.723m funding for the Building the Education Revolution program at 31 August 2010. The 31 August 2010 expenditure to date represents 88 per cent of the Commonwealth Government expenditure target of \$1,657.730m at 30 September 2010. The Department of Education and Training has forecast expenditure of \$175.548m and \$154.595m for September and October 2010, respectively. The department's forecast expenditure of \$1,640.672m at 30 September 2010 is 99 per cent of the Commonwealth Government's expenditure target at that date.

The majority of future spending will be for classrooms, libraries, covered areas and halls under Primary Schools for the 21st Century and Science and Language Centres for 21st Century Secondary Schools. Nearly 100 per cent of projects planned under National School Pride had been completed at 31 August 2010.

Recommendation

The Department of Education and Training should continue to give high priority to monitoring the timely completion of the Building the Education Revolution program consistent with the targets set by the Commonwealth Government.

4

Social Housing Initiative

Summary

Background

The objective of the Social Housing Initiative is to increase the supply of social housing throughout Australia. Funding has been provided by the Commonwealth Government through this initiative for the construction of new dwellings and for repairs and maintenance to existing social housing stock. To procure the construction of new dwellings required, three different strategies were used: turnkey (dwelling and land packages by private sector developers), not for profit (through providing grants to charitable bodies) and traditional (by government).

Key findings

- The average cost of delivery of dwellings in Queensland under the program is \$271,300 which is below the cost expected by the Commonwealth Government of no greater than \$300,000.
- The construction profile across the regions and dwelling types was consistent with the need identified at the commencement of the Social Housing Initiative.
- The average cost per unit of dwelling including land for turnkey projects was \$294,631. The average cost per dwelling for constructing on departmental land was \$267,096. The average cost of funding for not for profit organisations was \$238,904 per dwelling. These costs are not directly comparable due to the different approaches to the land component and other cost impacts.
- Projects examined under the turnkey approach delivered lower costs of 16 per cent and 36 per cent respectively, for a four bedroom house and a two bedroom duplex, while a two bedroom apartment was 14 per cent more expensive when compared with similar traditional pre Stimulus program projects.
- Projects examined under the traditional procurement approach for the Social Housing Initiative delivered an average cost of eight per cent lower for a two bedroom duplex, similar for a four bedroom house and 13 per cent higher for a two bedroom apartment when compared with similar traditional pre Stimulus program projects.
- At 31 August 2010, Queensland had completed 506 dwellings. Another 2,208 (81 per cent of target dwellings) need to be completed over the next four months to meet the Commonwealth Government target of 2,714 dwellings.
- At 31 August 2010, Queensland had spent \$614.291m which was 53 per cent of the Social Housing Initiative allocation of \$1,165.567m. This expenditure represents 86 per cent of the Commonwealth Government expenditure target of \$715.120m at 30 September 2010.

4.1 What is the Social Housing Initiative?

The objective of the Social Housing Initiative is to significantly increase the supply of social housing throughout Australia and provide accommodation for disadvantaged Australians, particularly those who are homeless or at risk of becoming homeless.

Through this initiative, the Commonwealth Government committed funding of \$1,165.567m for Queensland over the years 2008-09 to 2011-12. During this period, around 4,000 additional social housing dwellings will be built at an average cost of below \$300,000 per dwelling and existing housing dwellings will be refurbished so that they can become available for occupancy, further increasing the social housing stock.

Figure 4A outlines the funding provided to Queensland for the Social Housing Initiative.

Figure 4A – Funding for the Social Housing Initiative

Element	Funding (\$m)	Funding (per cent)
New construction	1,085.471	93
Repairs and maintenance	80.096	7
Total	1,165.567	100

4.2 What are the key elements?

The funding for the Social Housing Initiative consists of two elements: new construction, and repairs and maintenance.

4.2.1 New construction

Construction of new dwellings is being delivered using three procurement strategies: turnkey, not for profit and traditional. Under turnkey, dwelling and land packages were negotiated directly with developers. Not for profit relates to capital grants provided to community and local government housing providers, churches and charities that provide social housing and other housing for low income households. Traditional procurement refers to design and construction being undertaken on Department of Communities land managed by the Department of Public Works.

Figure 4B shows the number of dwellings to be built and funding under each procurement strategy.

Figure 4B – Number of dwellings and funding across procurement strategies at 31 August 2010

Procurement strategy	Number of dwellings	Funding (\$m)
Turnkey	2,033	589.489
Not for profit	1,389	326.578
Traditional	579	152.197
Sub-Total	4,001	1,068.264
Disability modifications and contingencies	N/A	17.207
Total	4,001	1,085.471

The Commonwealth Government's expectation was for the State to deliver each individual unit of accommodation at an average cost of no greater than \$300,000. At 31 August 2010, the average cost of dwellings was \$271,300.

The average annual capital works program for the Department of Communities for the two years prior to the commencement of the Social Housing Initiative was \$114.743m (444 dwellings). Under the Social Housing Initiative, the funding allocation represents more than nine times the department's pre Stimulus annual capital works program. While the Social Housing Initiative program is being delivered over a three year period, the department was required to have in place contracts for the delivery of the program within a 12 month timeframe.

4.2.2 Repairs and maintenance

Funding for repairs and maintenance was initially aimed at refurbishing existing social housing dwellings that are not currently suitable for occupation. However, as the Queensland social housing stock was generally well maintained, the Department of Communities was able to reallocate the budget for upgrades and amenities.

The existing social housing stock at 31 March 2010 was 59,427 dwellings. Figure 4C provides the funding allocation and actual expenditure for repairs and maintenance.

Figure 4C – Funding and actual expenditure for repairs and maintenance

Element	Number of dwellings*	Funding (\$m)	Actual expenditure at 31 August 2010 (\$m)
Maintenance	7,537	16.059	16.059
Upgrade	16,335	64.037	60.397
Total	*21,983	80.096	76.456

*Some maintenance and upgrades have been performed at the same property.

Figure 4C shows that 37 per cent of the existing social housing stocks had been maintained or upgraded and 95 per cent of the allocated funding had been spent at 31 August 2010.

The maintenance program primarily related to fencing and landscaping and commenced in March 2009. The upgrade program included the provision of ceiling insulation, solar hot water systems, lifts, wardrobes, carports and floor coverings. At 31 August 2010, Queensland had spent \$76.456m of the overall allocation for repairs and maintenance of \$80.096m.

4.3 How was the new construction program delivered?

4.3.1 How were the locations and dwelling types identified?

Queensland changed its allocation of social housing accommodation from a 'wait-list' basis to a 'needs' basis from September 2008. The Department of Communities has in place a client intake and assessment process to identify and assess applicants who have housing needs. The eligible households are placed on a housing register in accordance with the assessed level of needs e.g. very high need, high need, moderate need and low need.

Figure 4D outlines the identified housing needs at 31 March 2009 (the commencement of the Social Housing Initiative) and the planned construction across the various geographical regions of the Department of Communities.

Figure 4D – Housing needs and planned construction across Department of Communities' regions

Region	Total needs	Per cent of needs	Social Housing Initiative constructions	Social Housing Initiative constructions (per cent)
Brisbane	5,283	27	1,039	26
South East Queensland	4,792	24	836	21
North Coast	3,314	17	450	11
South West Queensland	1,448	7	326	8
Central Queensland	1,805	9	607	15
North Queensland	1,796	9	444	11
Far North Queensland	1,352	7	299	8
Total	19,790	100	4,001	100

Audit considers that the construction profile across the regions was generally consistent with the need identified at the commencement of the Social Housing Initiative.

Figure 4E outlines the need by dwelling types at 31 March 2009 (the commencement of the Social Housing Initiative) and the planned construction of these dwelling types.

Figure 4E – Housing needs and planned construction by dwelling types

Dwelling type	Total needs	Per cent of needs	Social Housing Initiative constructions	Social Housing Initiative constructions (per cent)
One bedroom	9,822	50	2,091	52
Two bedroom	4,397	22	1,790	45
Three bedroom	4,070	20	54	1
Four or more bedrooms	1,501	8	66	2
Total	19,790	100	4,001	100

While the construction profile was consistent for one bedroom dwellings, three bedroom dwellings were underrepresented as a dwelling type compared to the need identified at the commencement of the Social Housing Initiative. The Department of Communities advised that the existing housing portfolio includes a significant proportion of three bedroom dwellings some of which are currently occupied by tenants requiring one or two bedroom dwellings. Significantly increasing one and two bedroom dwellings under the Social Housing Initiative will provide options for more effective utilisation of the current three bedroom dwellings.

Ninety-seven percent of Social Housing Initiative constructions related to one and two bedroom dwellings which contributed to the Department of Communities achieving an average cost per dwelling of \$271,300 below the required target of \$300,000.

4.3.2 How were the dwellings procured?

The Department of Public Works sought proposals through a formal request for offer process for turnkey projects as well as from not for profit organisations in the first half of 2009.

Figure 4F outlines the status of proposals received and accepted at 31 August 2010.

Figure 4F – Project proposals received and accepted

Procurement strategy	Project proposals received	Number of dwellings for project proposals	Accepted project proposals	Number of dwellings for accepted project proposals
Turnkey	2,059	25,429	205	2,033
Not for profit	345	7,170	94	1,389
Total	2,404	32,599	299	3,422

The remaining 579 dwellings were to be built on Department of Communities land as traditional projects by the Department of Public Works through a competitive tender process which was awarded to 57 contractors.

The average costs per dwelling under the three procurement strategies were:

- The average costs per unit of dwelling including land for turnkey projects was \$294,631.
- The average construction price per dwelling for traditional projects on departmental land was \$267,096.
- The average cost of funding by the department for not for profit organisations was \$238,904 per dwelling.

Average cost per dwelling across the three procurement approaches is not directly comparable as they are not calculated on the same basis. For example, the average dwelling cost under the not for profit procurement strategy tends to be lower, as in most instances the organisations contributed equity to the project either in the form of land or by way of a contribution to total development costs.

4.3.3 Funding for not for profit organisations

Queensland provided capital grants to 31 not for profit organisations. Figure 4G provides an analysis of the top ten grant recipients by value for not for profit projects awarded.

Figure 4G – Top ten capital grant recipients

Not for profit organisation	Total grants to be paid (\$m)	Per cent of grants to be paid	Number of projects	Number of dwellings
Brisbane Housing Company	93.336	30	12	473
Churches of Christ Care in Queensland	85.496	27	6	304
Gold Coast Housing Company Ltd	49.955	16	28	219
St Vincent de Paul Society QLD	18.030	6	4	82
Y-Care (South East QLD) Inc	13.464	4	1	57
YWCA Downs and South West QLD Inc	6.553	2	1	23
BRIC Housing Company	5.815	2	2	26
FSG Australia	4.404	1	8	20
Mackay Regional Council	3.780	1	2	14
Tablelands Regional Council	3.021	1	6	20
Other (21)	31.616	10	24	151
Total (31)	315.470	100	94	1,389

The top ten capital grant recipients account for 90 per cent of the total capital grants provided.

Audit concluded that the assessment of capital grant funding to not for profit organisations was consistent with Department of Communities' guidelines.

4.4 Were reasonable processes used for turnkey projects?

As part of procurement for turnkey projects, assessment of proposals from developers was undertaken at three levels:

- The land purchase price was compared with an independent valuation.
- The base construction cost was compared with cost estimates from the quantity surveyor.
- The overall project cost was assessed for overall value on a cost per dwelling basis.

Figure 4H provides a regional profile of the land purchase price compared with the independent land valuations.

Figure 4H – Regional profile for turnkey project land values

Region	Valuation of land purchased (\$m)	Land purchase price (\$m)	Variance (\$m)	Per cent of variance
Brisbane	24.905	25.752	0.847	3.4
South East Queensland	35.224	36.640	1.416	4.0
North Coast	16.970	17.110	0.140	0.8
South West Queensland	8.895	9.079	0.184	2.1
Central Queensland	18.764	18.739	-0.025	-0.1
North Queensland	14.687	15.135	0.448	3.1
Far North Queensland	12.108	11.847	-0.261	-2.2
Total	131.553	134.302	2.749	2.1

Overall the price paid for land by the Department of Communities was consistent with valuations with the total variance being 2.1 per cent above valuation.

Figure 4I outlines prices for individual parcels of land compared to independent valuations.

Figure 4I – Land valuation matrix for turnkey projects

Per cent of variance	Number of projects	Number of dwellings	Land valuation (\$m)	Negotiated land price (\$m)
0 to -5 per cent	29	260	17.541	16.081
0 per cent	82	771	49.105	49.105
Up to 5 per cent	32	377	25.711	26.515
> 5 to <=10 per cent	61	605	38.151	41.352
>10 per cent	1	20	1.045	1.249
Total	205	2,033	131.553	134.302

Land price variances ranged from -5.00 per cent to 19.52 per cent. For half of the properties, the negotiated land value was either at valuation or less than valuation, and generally for the balance, the negotiated land value did not exceed valuation by more than 10 per cent.

While one project's land contract exceeded the land market valuation by 19.52 per cent, this project was approved as it provided an overall average price per dwelling of \$291,681.

Figure 4J provides the developer's margin and costs on a turnkey basis across the Department of Communities' regions.

Figure 4J – Developer's margin and costs for turnkey projects across regions

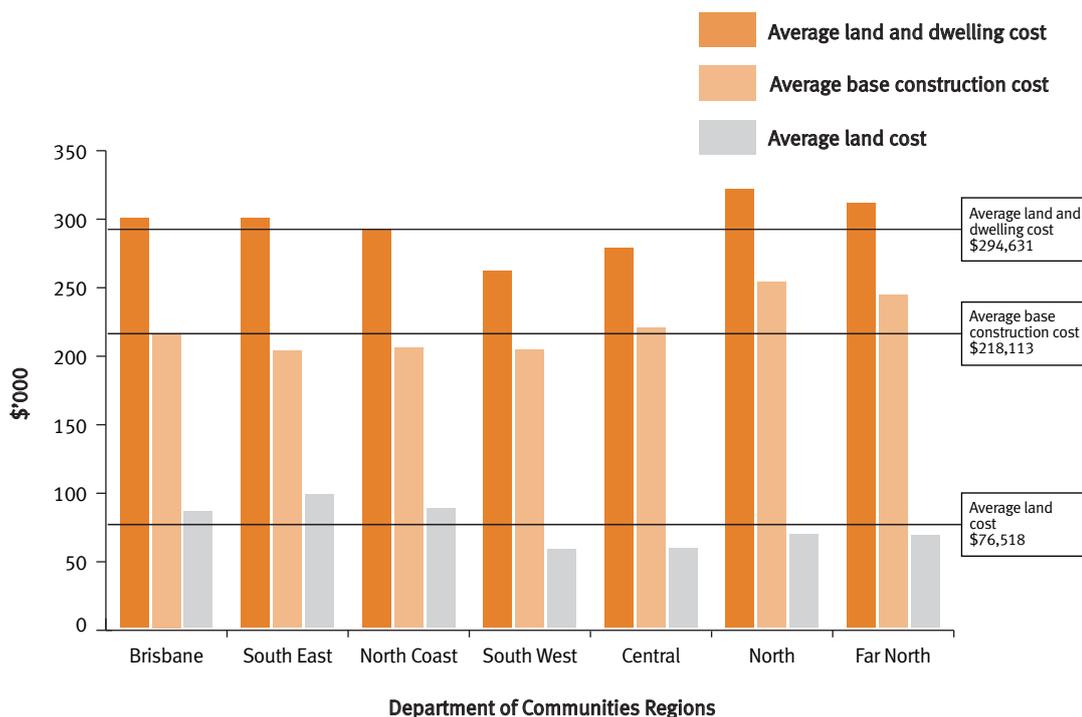
Region	Land valuation and construction cost estimate (\$m)	Total price to be paid to developer as per contract (\$m)	Developer's margin and costs (\$m)*	Developer's margin and costs as a per cent of cost estimates
Brisbane	88.970	95.356	6.386	7
South East Queensland	111.040	123.452	12.412	11
North Coast	56.765	65.341	8.576	15
South West Queensland	40.654	44.462	3.808	9
Central Queensland	89.560	95.472	5.912	7
North Queensland	69.965	75.501	5.536	8
Far North Queensland	54.651	57.396	2.745	5
Total	511.605	556.980	45.375	9

*Developer's margin and costs may include associated land costs (stamp duties, legal costs, etc.), project costs (demolition, consultant costs, etc.), authorities' approval fees and charges, site investigations and developer costs (travel, margin for risk and profit, etc.).

The developer's margin and costs is the difference between the total contract price paid to the developer and the estimated costs for land and construction. For turnkey projects, the developer's margin and costs ranged from five per cent for the Far North Queensland region to 15 per cent for the North Coast region and overall averaged nine per cent. Margins vary in accordance with the availability of development sites. In regions such as the North Coast, well located small development sites, close to transport and amenities were less readily available. The Department of Public Works advised that under these circumstances, margins of around 15 per cent were considered to be reasonable to ensure the provision of social housing in this region.

Figure 4K provides an analysis of average price for turnkey land and construction components across the regions.

Figure 4K – Regional cost profile for turnkey projects



Queensland has contracted 98 developers for turnkey projects. Figure 4L below provides an analysis of the top ten developers for turnkey projects awarded which accounts for 41 per cent of the total turnkey funding.

Figure 4L – Top ten developers by value of contracts

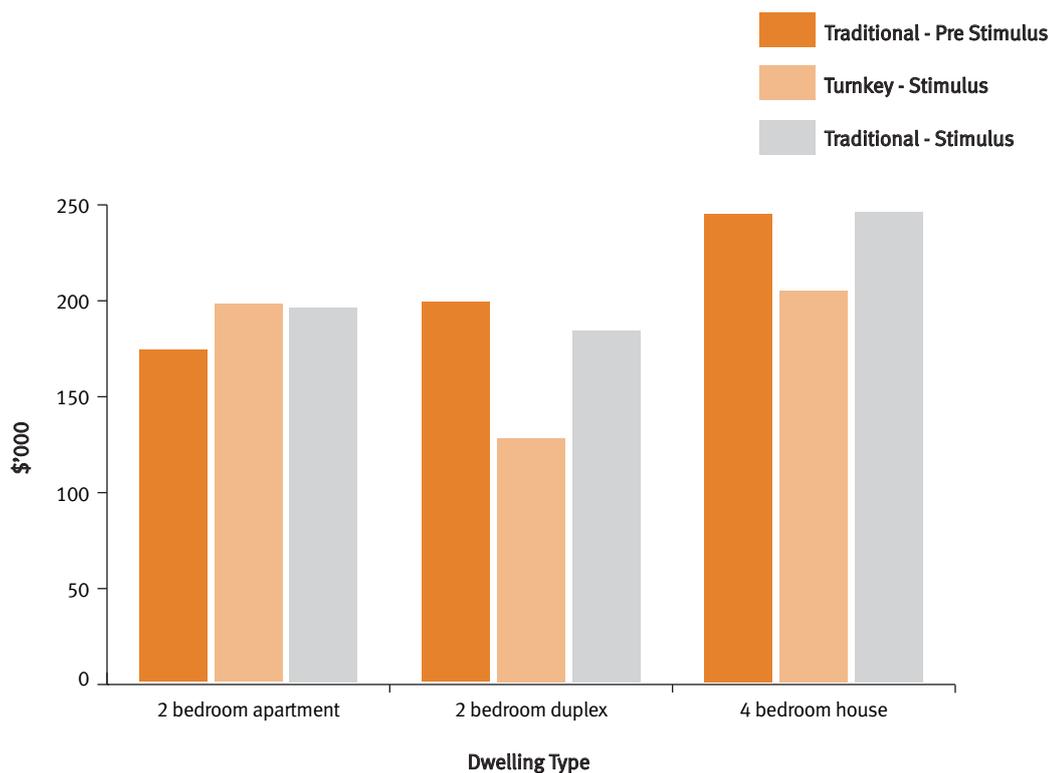
Developer	Total amount to be paid to developer as per contract (\$m)	Per cent of total amount to be paid to developer	Number of projects	Number of dwellings
Pacific Pines Project Pty Ltd	45.258	8	10	164
VBT Developments Pty Ltd	39.321	7	10	145
C-Change Investments Pty Ltd	31.920	5	16	134
Blackwatch Projects Pty Ltd	25.802	5	9	94
BlackWhite Pty Ltd	24.241	4	6	87
JHC Development Group	22.034	4	5	80
Hervey Bay Heights ATF The Royal Trust	12.389	2	9	52
Fine Art Heritage Australia Pty Ltd	10.081	2	2	38
Kachina Pty Ltd	9.770	2	2	40
Dream Seeds Pty Ltd ATF Gainspare Development Trust	9.315	2	4	38
Other (88)*	326.849	59	132	1,161
Total (98)	556.980	100	205	2,033

*Within the remaining projects there is a significant project of 146 dwellings to be delivered by a large construction company. The contract for this project is yet to be finalised.

4.5 Did cost of construction increase?

Construction costs for a sample of Social Housing Initiative projects and pre Stimulus program projects for the South East Queensland region were compared. South East Queensland including Brisbane accounted for approximately 45 per cent of the Social Housing Initiative. The construction cost analysis was based on total construction costs only for turnkey and traditional projects (i.e. no land component). The analysis is outlined in Figure 4M.

Figure 4M – Comparison of construction cost for Social Housing Initiative projects with pre Stimulus program projects for South East Queensland region



When compared with traditional pre Stimulus program projects, the turnkey procurement approach for the Social Housing Initiative projects delivered lower cost of between 16 per cent to 36 per cent for a four bedroom house and two bedroom duplex respectively, with a two bedroom apartment being 14 per cent more expensive.

When compared with traditional pre Stimulus program projects, the traditional procurement approach for Social Housing Initiative projects was on average eight per cent less expensive for a two bedroom duplex, similar for a four bedroom house and 13 per cent more expensive for a two bedroom apartment as shown in Figure 4N.

Figure 4N – Comparison of construction costs for Social Housing Initiative projects and pre Stimulus program projects for South East Queensland

Cost variance	Two bedroom apartment	Two bedroom duplex	Four bedroom house
Social Housing Initiative turnkey (per cent) compared with pre Stimulus traditional	+14	-36	-16
Social Housing Initiative traditional (per cent) compared with pre Stimulus traditional	+13	-8	+0.5

Under the Social Housing Initiative, one bedroom and studio apartments were constructed at an average cost of \$183,828 per dwelling across all regions of the State. There were no one bedroom and studio apartments constructed in the years immediately prior to the initiative for comparison of costs.

To better understand the cost differential between Social Housing Initiative projects and pre Stimulus Program projects, the Department of Communities needs to undertake a capital works process review as outlined in the Capital Works Management Framework to assess current practices and determine whether they are appropriate and achieve value for money. Such a review should also consider benchmarking procurement practices and construction costs with relevant industry benchmarks.

The turnkey procurement strategy had limited use pre Stimulus program in the Department of Communities' annual construction program. For future projects, consideration should be given to the greater use of turnkey as a procurement strategy where it may provide overall better value for money.

Recommendation

The Department of Communities should periodically undertake capital works management process reviews in accordance with the State Government's Capital Works Management Framework to better understand costs, and further develop and refine systems and processes for future capital works planning and investment, including considering other procurement options such as the turnkey procurement strategy as part of its annual capital works program.

4.6 Fees

A program management fee will be paid to the Department of Public Works for the Social Housing Initiative. This fee is included in the funding for new construction of \$1,085.471m and represents approximately five per cent of this element of the initiative. It includes both internal and external project management services including consultants such as architects, project managers, valuers and other construction industry specialists. The fee is in the order of \$52m.

4.7 Is the program on target and on schedule?

At 31 August 2010, the average cost of committed dwellings was \$271,300 (4,001 dwellings).

Figure 4O – Dwelling completion status

Procurement strategy	Number of planned dwellings for completion by 30 June 2012	Number of completed dwellings at 31 August 2010	Number of dwellings contracted and planned for completion by 31 December 2010
Turnkey	2,033	375	1,876
Not for profit	1,389	71	657
Traditional	579	60	577
Total	*4,001	506	*3,110

* The Commonwealth Government target for completion is 2,714 dwellings by 31 December 2010 and program completion of 4,001 dwellings by 30 June 2012.

At 31 August 2010, Queensland had completed 506 dwellings and another 2,208 (81 per cent of target dwellings) need to be completed over the next four months to meet the Commonwealth Government target of 2,714 dwellings. At this stage, there are contracts in place for completing 3,110 dwellings by 31 December 2010.

The commencement of the Social Housing Initiative in Queensland required a greater lead time compared to other states due to the limited land stocks held by the Department of Communities. Audit was advised that construction progress had been impacted by unseasonal wet weather conditions in Queensland particularly in February / March 2010. While Queensland has contracts in place for completing 3,110 dwellings by 31 December 2010, construction progress may be further impeded by wet weather in the ensuing months. The State Government provides updates at least monthly to the Commonwealth Government on progress in relation to all targets.

Figure 4P provides the actual expenditure and commitments for the Social Housing Initiative at 31 August 2010.

Figure 4P – Actual and committed expenditure at 31 August 2010

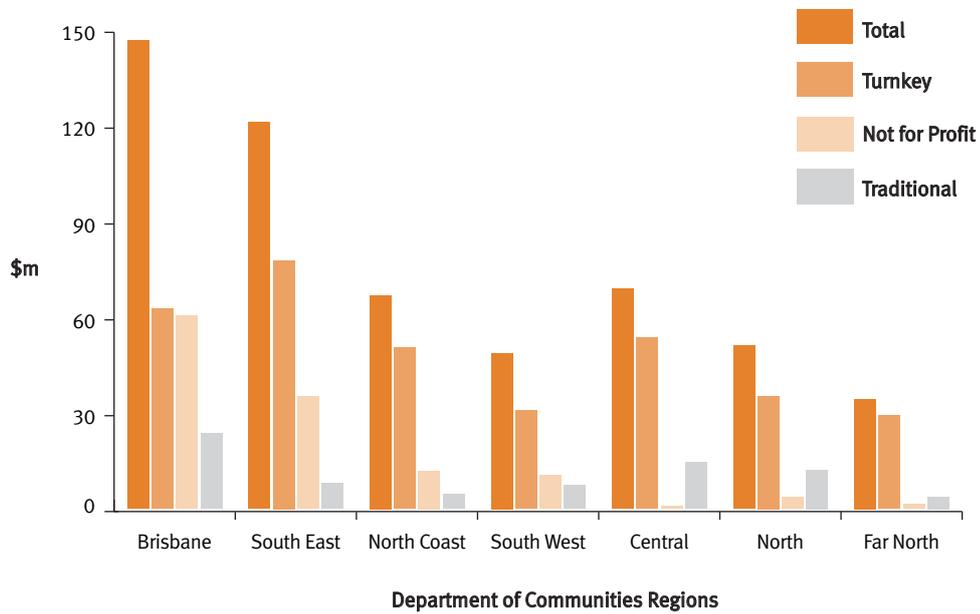
Procurement strategy	Committed (\$m)*	Actual expenditure (\$m)
Turnkey	589.489	339.798
Not for profit	326.578	123.963
Traditional	152.197	74.074
Total Construction	1,068.264	537.835
Repairs and maintenance	79.941	76.456
Total Social Housing Initiative	1,148.205	614.291

*Figures above do not include \$2.000m disability modification and \$15.207m contingency allowances.

At 31 August 2010, Queensland spent \$614.291m which was 53 per cent of the planned budget for the Social Housing Initiative of \$1,165.567m. The 31 August 2010 expenditure to date represents 86 per cent of the Commonwealth Government expenditure target of \$715.120m at 30 September 2010. The Department of Communities has forecast expenditure of \$77.686m and \$77.412m for September and October 2010, respectively. The department's forecast expenditure of \$691.977m at 30 September 2010 is 97 per cent of the Commonwealth Government's expenditure target at that date.

Actual expenditure for the turnkey, not for profit and traditional procurement strategies across the Department of Communities' regions at 31 August 2010 is shown in Figure 4Q. Details of the committed and actual dollars spent for each of the procurement strategies by region at 31 August 2010 are provided in Section 6.4.

Figure 4Q – Social Housing Initiative actual expenditure at 31 August 2010



Recommendation

The Department of Communities should continue to give high priority to monitoring the timely completion of the Social Housing Initiative program consistent with the targets set by the Commonwealth Government.

5 | Roads and Safety Initiative

Summary

Background

The objective of the Roads and Safety Initiative is to provide timely stimulus to local jobs through addressing the backlog in highway maintenance and safety at rail crossings. The initiative provided funding to Queensland for additional safety projects under the Black Spot program, additional road maintenance projects and installation of boom gates and other control mechanisms at priority open level crossings.

Key finding

- At 31 August 2010, Queensland spent \$123.3m (98 per cent) of the overall allocation of \$126.1m.
- Expenditure in relation to the three components of the Roads and Safety Initiative (being black spot safety projects, boom gate installations and additional regional road maintenance) was appropriately incurred under existing departmental systems and processes.

5.1 What is the Roads and Safety Initiative?

The Roads and Safety Initiative is an extension of existing bilateral programs between the Commonwealth Government and the Queensland Government to provide for additional black spot safety projects, additional regional road maintenance and installation of boom gates and other active control mechanisms at priority open level crossings.

Through this initiative, the Commonwealth Government committed funding of \$126.1m for Queensland over the 2008-09 and 2009-10 financial years.

Figure 5A outlines the funding provided to Queensland for the Roads and Safety Initiative.

Figure 5A – Funding for the Roads and Safety Initiative

Element	Funding (\$m)	Funding (per cent)
Black spot safety projects	30.5	24
Boom gates for rail crossings	42.7	34
Regional road maintenance	52.9	42
Total	126.1	100

5.2 What are the key components?

The funding for the Roads and Safety Initiative consists of three elements: black spot safety projects, installation of boom gates for rail crossings and additional regional road maintenance.

5.2.1 Black spot safety projects

Black Spot Economic Stimulus Plan Projects were delivered by either local governments or by the Department of Transport and Main Roads. Normal project planning controls and construction processes were used by these agencies in completing these projects.

Figure 5B shows the number of projects by jurisdiction and the total funding allocated.

Figure 5B – Black spot safety projects by agency

Agency	Number of projects	Funding (\$m)
Local governments	38	10.7
State department (Department of Transport and Main Roads)	55	19.8
Total	93	30.5

5.2.2 Installation of boom gates

The total funding provided for the program was \$42.7m. Queensland Rail Limited was engaged to manage the delivery of the program on behalf of the Queensland Government. Due to the significant amount of works required to be delivered within a tight timeframe, an alliance delivery model was established utilising two alliances, Synergy and Aspect3.

An alliance is a commercial legal framework between an owner and a service provider to deliver capital works projects.

The Department of Transport and Main Roads was the direct contact between the Commonwealth Government and the delivery agency. The State Government's role was to provide governance, administration and monitoring.

Figure 5C outlines the number of boom gate projects by alliance.

Figure 5C – Boom gate projects by alliance group

Alliance group	Number of projects
Aspect3	28
SYNERGY	35
Total	63

In addition to the 63 projects delivered by the alliances, three projects were delivered by Queensland Rail Limited.

5.2.3 Additional regional road maintenance

The additional regional road maintenance funds of \$52.9m were spent on a variety of agreed maintenance projects in 2008-09 as part of the Nation Building – Economic Stimulus Plan.

5.3 Is the program on target and on schedule?

At 31 August 2010, 98 per cent of total funding had been appropriately spent as detailed in Figure 5D.

Figure 5D – Total actual expenditure for the Roads and Safety Initiative at 31 August 2010

Element	Funding (\$m)	Actual expenditure at 31 August 2010 (\$m)	Actual expenditure (per cent)
Black spot safety projects	30.5	27.7	91
Boom gates for rail crossings*	42.7	42.7	100
Regional road maintenance	52.9	52.9	100
Total	126.1	123.3	98

*The last boom gate was commissioned in August 2010. Any funds in excess of \$42.7m were met by the Department of Transport and Main Roads and Queensland Rail Limited.

6 | Appendices

6.1 Roles of specific agencies

6.1.1 Department of Public Works

The Department of Public Works leads the development of the overall procurement framework and models of delivery for the Building the Education Revolution and Social Housing Initiative programs.

Lead role for Building the Education Revolution

- procurement framework and strategy
- liaison and organisation of the overall supply chain and market
- the form of contracts
- resolution of any barriers with the Commonwealth Government
- prequalification of contractors
- coordination with the Commonwealth Government on the Nation Building - Economic Stimulus Plan

Lead role for the Social Housing Initiative

- procurement framework and strategy
- liaison and organisation of the overall supply chain and market
- the form of contracts
- resolution of any barriers with the Commonwealth Government
- prequalification of contractors and consultants
- program management and project coordination
- management of delivery and performance under the contracts
- management of funding and payments to contractors
- coordination with the Commonwealth Government on the Nation Building - Economic Stimulus Plan

Accountability

- accountable to Director-General, Department of Public Works
- accountable as State Coordinator for the Nation Building - Economic Stimulus Plan
- accountable for effective procurement framework and strategies for the Building the Education Revolution program and the Social Housing Initiative
- accountable for advice to the Department of Education and Training and Department of Communities through the Senior Officers' Steering Committee.

6.1.2 State Coordinator

The State Coordinator is the chief executive officer responsible for Queensland's planning and response to the Nation Building - Economic Stimulus Plan. The State Coordinator has established a governance framework which includes a cross agency coordination meeting chaired and managed by the Director-General, Department of Public Works, as State Coordinator to oversee the wider stimulus plan implementation.

6.1.3 Treasury Department

Treasury Department, in partnership with the Department of the Premier and Cabinet is responsible for the advice on Queensland Government policy and financial oversight of the delivery of the overall economic stimulus plan.

Lead role

Provision of advice on Queensland Government policy and financial funding matters as they impact upon the Nation Building - Economic Stimulus Plan.

Accountability

- accountable to the Under Treasurer and the Director-General, Department of the Premier and Cabinet
- monitoring of financial progress of the Program and preparation of financial reports for consideration by Heads of Treasury
- reporting to the Council of Australian Governments through the Ministerial Council for Federal Financial Relations
- advice on Government policy, financial and funding matters provided to the Departments of Education and Training, Communities, Public Works and Transport and Main Roads via the State Coordinator's Chief Executive Officers' Steering Committee.

6.1.4 Department of Education and Training

The Department of Education and Training is responsible for the delivery of the Building the Education Revolution program which is the largest component of the overall economic stimulus plan.

Lead role

- achievement of the Building the Education Revolution Bilateral Agreement for state schools with the Commonwealth Government
- program formulation and prioritisation
- application and nomination processes
- liaison and reporting to the Commonwealth Government
- execution of the contracts
- management of delivery and performance under the contracts
- management of funding and payments to contractors

Accountability

- Implementation of the Commonwealth Government's Building the Education Revolution program for state schools.
- Building the Education Revolution Ministerial Advisory Committee is chaired by the Minister of Education and Training and occurs as strategic issues require broad consideration and advice by a wider stakeholder group.
- Building the Education Revolution Senior Officers Steering Committee has been established to provide guidance on the implementation of Building the Education Revolution. This committee is chaired by the Director-General, Department of Employment and Training and is attended by representatives of key state departments, the Parliamentary Secretary and Minister's Office representatives.

Exclusions

- Implementation of the Commonwealth Government's Building the Education Revolution program for non-state schools.

6.1.5 Department of Communities

The Department of Communities is responsible for the delivery of the Social Housing Initiative.

Lead role

- Identifying social housing projects within their jurisdiction that are already in their development pipelines and can be brought forward and be completed before 30 June 2010. These projects will be funded through stage one of the new construction element of the initiative.
- Undertaking a competitive process to determine suitable social housing projects to be funded through stage two of the new construction element of the initiative for 2009-10 onwards.
- Identifying social housing dwellings within their jurisdiction that are not suitable for occupation and would be suitable for refurbishment through the repairs and maintenance element of the initiative.
- Identifying, managing and reporting on Commonwealth Government approved construction projects and Commonwealth Government funded repairs/maintenance programs in their jurisdiction.

6.1.6 Department of Transport and Main Roads

The Department of Transport and Main Roads is responsible for the delivery of the Roads and Safety Initiative.

6.2 Projects audited

6.2.1 Building the Education Revolution

Figure 6A – Building the Education Revolution projects audited

School	Suburb	Region	Program element	Funding round	Original project type and description	Original project funding cap (\$m)
Earnshaw State College	Banyo	Metropolitan	P21	2	New resource centre	2.500
Bracken Ridge State School	Bracken Ridge	Metropolitan	P21	2	Extension of library	0.700
Ashgrove State School	Ashgrove	Metropolitan	P21	2	New hall above resource centre	1.000
Serviceton South State School	Inala	Metropolitan	P21	2	New fully enclosed hall	2.500
Salisbury State School	Salisbury	Metropolitan	P21	2	New multipurpose hall	1.250
Coopers Plains State School	Coopers Plains	Metropolitan	P21	2	Resource centre	1.000
MacGregor State High School	Macgregor	Metropolitan	NSP	1	Replace sports floor in hall	0.140
Wellers Hill State School	Wellers Hill	Metropolitan	NSP	1	Shade cover establishment	0.200
Beenleigh State High School	Beenleigh	South East	NSP	1	Outdoor learning and eating area	0.200
Bellevue Park State School	Southport	South East	P21	2	Refurbishment of three space library	3.000
Benowa State School	Benowa	South East	P21	2	Refurbish fully enclosed hall	1.500
Miami State School	Mermaid Waters	South East	P21	2	New three space library	1.500
Merrimac State School	Merrimac	South East	P21	2	New four space library and multipurpose hall	3.000
Yuleba State School	Yuleba	Darling Downs-South West	NSP	1	Multipurpose room – refurbishment	0.050
Canungra State School	Canungra	South East	P21	2	New three space library	1.545
Amberley State School	Yamanto	Metropolitan	P21	2	New multipurpose hall	1.000
Fernvale State School	Fernvale (via Ipswich)	Metropolitan	P21	2	Multipurpose hall	1.900
Rangeville State School	Toowoomba	Darling Downs-South West	P21	2	New resource centre	1.455

School	Suburb	Region	Program element	Funding round	Original project type and description	Original project funding cap (\$m)
Highfields State School	Highfields	Darling Downs-South West	P21	2	Refurbish library	1.500
Dalby State High School	Dalby	Darling Downs-South West	NSP	2	New shade structures	0.170
Petrie State School	Petrie	North Coast	NSP	1	Construct a covered walkway	0.048
Banksia Beach State School	Banksia Beach (Bribie Island)	North Coast	P21	2	Library extension	0.250
Nanango State School	Nanango	Darling Downs-South West	NSP	1	Classroom upgrades - refurbishment	0.104
Monto State High School	Monto	Central Queensland	SLC	N/A	Science and language centre	0.420
Tinana State School	Tinana	North Coast	NSP	1	Shade structure	0.091
Bundaberg East State School	Bundaberg East	North Coast	P21	2	Fully enclosed hall	1.512
Berserker Street State School	North Rockhampton	Central Queensland	P21	2	New three space library	1.243
Bouldercombe State School	Bouldercombe	Central Queensland	P21	2	Library	0.850
Gracemere State School	Gracemere	Central Queensland	P21	2	New resource centre	0.900
The Caves State School	The Caves	Central Queensland	P21	2	Refurbish for two space library	0.850
Capella State School	Capella	Central Queensland	P21	3	Facilities - small school solution	1.675
Capella State School	Capella	Central Queensland	P21	3	Library – resource centre	0.325
Coppabella State School	Coppabella via Mackay	Central Queensland	NSP	1	Upgrade general learning areas	0.025
Home Hill State High School	Home Hill	North Queensland	SLC	N/A	Science and language centre	1.080
Trinity Bay State High School	Manunda Cairns	Far North Queensland	SLC	N/A	Science and language centre	1.970
Western Cape College - Weipa	Weipa	Far North Queensland	P21	2	New multipurpose hall	3.000

6.2.2 Social Housing Initiative

Figure 6B - Turnkey and traditional projects audited

Projects	Estimated outlay	Projects	Estimated outlay
Calliope – 1 detached house (5B)	\$0.47m	Redbank Plains – 2 duplexes (2B)	\$0.60m
Kippa-Ring – 9 clusters (3B)	\$3.93m	Berserker – 5 clusters (2B)	\$1.47m
Enoggera – 6 apartments (2B)	\$2.32m	Charters Towers – 8 apartments (2B)	\$2.34m
Moorooka – 8 apartments (2B)	\$2.99m	Landsborough – 12 apartments (2B)	\$3.42m
Moorooka – 4 apartments (2B)	\$1.47m	Beerwah – 15 apartments (2B)	\$4.14m
Cannonvale – 6 apartments (2B)	\$2.14m	Townsville – 2 duplexes (2B)	\$0.53m
Holmview – 2 duplexes (2B)	\$0.67m	Newtown – 4 clusters (2B)	\$1.03m
Holmview – 2 duplexes (2B)	\$0.66m	Bundaberg West – 8 clusters (2B)	\$1.96m
Coomera – 2 duplexes (2B)	\$0.65m	Yeppoon – 6 apartments (1B)	\$1.36m
Capalaba – 16 apartments (2B)	\$5.02m	East Ipswich – 8 apartments (2B)	\$1.50m
Kallangur – 10 apartments (2B)	\$3.05m	Wellington Point – 6 apartments (2B)	\$1.10m
Birkdale – 6 apartments (2B)	\$1.80m	Mount Gravatt East – 8 apartments (2B)	\$1.44m

Figure 6C – Not for profit projects audited

Projects	Estimated outlay	Projects	Estimated outlay
Garbutt – 1 detached house (5B), 2 attached houses (2B)	\$1.01m	Cooktown – 6 apartments (1B)	\$1.02m
Richlands – 21 attached houses (16 x 3B, 4 x 4B, 1 x 5B)	\$4.9m	Mundingburra – 5 studio apartments (1B)	\$1.09m
Upper Coomera – 1 detached house (4B)	\$0.41m	Tully – 12 apartments (10 x 1B, 2 x 2B)	\$2.60m
Holmview – 1 detached house (4B)	\$0.38m	Gatton – 6 apartments (2B)	\$1.60m
Allingham – 8 duplexes (1B)	\$0.95m	Bucasia – 4 apartments (2B)	\$1.14m
North Booval – 4 studio apartments (1B)	\$0.71m	Enoggera – 12 apartments (10 x 1B, 2 x 2B)	\$1.11m
Kirwan – 12 apartments (1B)	\$1.88m	Innisfail – 1 apartment (2B)	\$0.31m
Mount Molloy – 2 apartments (1B)	\$0.31m	Newstead – 5 studio apartments (1B), 21 apartments (18 x 1B, 3 x 2B)	\$6.20m
Richmond – 2 apartments (2B)	\$0.34m	Toowoomba – 26 clusters (3 x 1B, 23 x 2B)	\$5.92m
Roma – 6 apartments (1B)	\$1.11m	Marian – 10 apartments (2B)	\$2.84m
Dalby – 2 apartments (2B)	\$0.38m	Mitchelton – 7 studio apartments (1B), 9 apartments (7 x 1B, 2 x 2B)	\$3.18m
Charters Towers – 5 apartments (1B)	\$1.00m	Fitzgibbon – 12 studio apartments (1B), 36 apartments (24 x 1B, 12 x 2B)	\$10.50m

6.3 Funding and project allocations under Building the Education Revolution

Figure 6D – Funding by school enrolment numbers

Element	School size (FTE)	Indicative funding caps
Primary Schools for the 21 st Century	1 to 50	\$250,000
	51 to 150	\$850,000
	151 to 300	\$2,000,000
	301 to 400	\$2,500,000
	401+	\$3,000,000
National School Pride Program	1 to 50	\$50,000
	51 to 150	\$75,000
	151 to 300	\$125,000
	301 to 400	\$150,000
	401+	\$200,000

Figure 6E – Examples of school projects delivered within funding bands

School projects funded to:	Examples of school projects delivered*
\$250,000	<ul style="list-style-type: none"> ● New small or modular library ● Refurbishment of existing library ● Small covered outdoor learning area ● Demountable classrooms ● Classroom refurbishment
\$850,000	<ul style="list-style-type: none"> ● New two or three space library ● Refurbishment and/or extension of existing library ● Refurbishment of existing hall ● Multipurpose hall ● Small to medium covered outdoor learning area ● New classrooms ● Classroom refurbishment
\$2,000,000	<ul style="list-style-type: none"> ● New two, three or four space library ● Refurbishment and/or extension of existing library ● Multipurpose hall and amenities ● Multipurpose hall with sports centre ● Multipurpose hall with science and information technology centre ● Small, medium and large covered outdoor learning area ● Covered sports area ● New classrooms ● Classroom refurbishment

School projects funded to:	Examples of school projects delivered*
\$2,500,000	<ul style="list-style-type: none"> ● New two, three or four space library ● Refurbishment and/or extension of existing library ● Multipurpose hall and amenities ● Multipurpose hall with sports centre ● Multipurpose hall with science and information technology centre ● Small, medium and large covered outdoor learning area ● Covered sports area ● New classrooms ● Classroom refurbishment
\$3,000,000	<ul style="list-style-type: none"> ● Similar types of constructions acquired to those in the \$2,500,000 funding band ● Notably the majority of school projects acquired in this funding band were: <ul style="list-style-type: none"> - New two, three or four space library and - New multipurpose hall.

*This is not a comprehensive list.

Figure 6F – Number of projects planned and related funding (\$m)

	Metro	South East Qld	Darling Downs South West	North Coast	Central Qld	North Qld	Far North	Total
Primary schools for the 21st Century								
Round 1	103 (\$151.900)	47 (\$62.350)	34 (\$36.250)	87 (\$110.750)	53 (\$56.450)	29 (\$41.500)	26 (\$33.000)	379 (\$492.200)
Round 2	109 (\$160.450)	109 (\$167.900)	133 (\$92.350)	131 (\$161.650)	97 (\$93.200)	66 (\$65.250)	48 (\$46.850)	693 (\$787.650)
Round 3	102 (\$143.000)	47 (\$77.550)	89 (\$59.600)	70 (\$80.400)	72 (\$60.500)	52 (\$34.000)	63 (\$54.100)	495 (\$509.150)
Total	314 (\$455.350)	203 (\$307.800)	256 (\$188.200)	288 (\$352.800)	222 (\$210.150)	147 (\$140.750)	137 (\$133.950)	1,567 (\$1,789.000)
Science and Language Centres for 21st Century Secondary Schools								
Total	11 (\$18.290)	16 (\$28.400)	13 (\$20.200)	21 (\$37.230)	13 (\$17.930)	10 (\$17.010)	10 (\$16.200)	94 (\$155.260)
National School Pride								
Round 1	446 (\$32.400)	321 (\$24.300)	381 (\$16.850)	452 (\$29.775)	358 (\$18.350)	176 (\$10.875)	232 (\$11.475)	2,366 (\$144.025)
Round 2	115 (\$6.762)	57 (\$3.000)	99 (\$3.325)	34 (\$1.450)	86 (\$2.525)	60 (\$2.550)	48 (\$1.825)	499 (\$21.438)
Total	561 (\$39.162)	378 (\$27.300)	480 (\$20.175)	486 (\$31.225)	444 (\$20.875)	236 (\$13.425)	280 (\$13.300)	2,865 (\$165.463)
Grand Total	886 (\$512.802)	597 (\$363.500)	749 (\$228.575)	795 (\$421.255)	679 (\$248.955)	393 (\$171.185)	427 (\$163.450)	4,526 (\$2,109.723)

6.4 Expenditure by procurement strategy for the Social Housing Initiative

Figure 6G provides the commitment and spending across the Department of Communities' regions for turnkey projects, capital grants for not for profit organisations and traditional projects.

Figure 6G – Committed and actual expenditure by procurement strategy by region at 31 August 2010

Region	Turnkey expenditure committed (\$m)	Turnkey actual expenditure (\$m)	Not for profit expenditure committed (\$m)	Not for profit actual expenditure (\$m)	Traditional expenditure committed (\$m)	Traditional actual expenditure (\$m)
Brisbane	103.413	62.609	113.519	60.362	38.627	23.651
South East Queensland	130.153	77.740	86.668	35.268	13.194	8.088
North Coast	68.989	50.463	54.100	11.872	7.508	4.492
South West Queensland	46.858	30.763	23.488	10.534	12.835	7.414
Central Queensland	100.601	53.657	12.699	0.808	44.079	14.482
North Queensland	78.866	35.350	26.185	3.660	23.786	12.177
Far North Queensland	60.610	29.217	9.919	1.459	12.168	3.770
Total	589.490	339.799	326.578	123.963	152.197	74.074

6.5 Acronyms

BER	Building the Education Revolution
COAG	Council of Australian Governments
DET	Department of Education and Training
DPW	Department of Public Works
NSP	National School Pride
NFP	Not for profit
P21	Primary Schools for the 21 st Century
QAO	Queensland Audit Office
SLC	Science and Language Centres for 21 st Century Secondary Schools
The Plan	<i>National Partnership Agreement on the Nation Building and Jobs Plan: Building Prosperity for the Future and Supporting Jobs Now</i>

6.6 References

Council of Australian Governments, *National Partnership Agreement on the Nation Building And Jobs Plan: Building Prosperity For The Future And Supporting Jobs Now*, February 2009

Department of Public Works, *Capital Works Management Framework*, September 2010.

Davis Langdon, *The Blue Book*, 2010.

Rawlinsons, *Australian Construction Handbook*, 2010, Perth, Western Australia.

7

Auditor-General

Reports to Parliament

7.1 Tabled in 2010

Report No.	Subject	Date tabled in Legislative Assembly
1	<i>Auditor-General Report to Parliament No. 1 for 2010</i> <i>Audit of A1 Grand Prix Agreements</i> A Financial and Compliance audit	4 February 2010
2	<i>Auditor-General Report to Parliament No. 2 for 2010</i> <i>Follow-up of selected audits tabled in 2007</i> A Performance Management Systems audit	23 March 2010
3	<i>Auditor-General Report to Parliament No. 3 for 2010</i> <i>Administration of Magistrate Court Services in Queensland</i> A Performance Management Systems audit	13 April 2010
4	<i>Auditor-General Report to Parliament No. 4 for 2010</i> <i>Results of local government audits</i> Financial and Compliance audits	21 April 2010
5	<i>Auditor-General Report to Parliament No. 5 for 2010</i> <i>Performance Reviews – Using performance information to improve service delivery</i> A Performance Management Systems audit	18 May 2010
6	<i>Auditor-General Report to Parliament No. 6 for 2010</i> <i>Using student information to inform teaching and learning</i> A Performance Management Systems audit	20 May 2010
7	<i>Auditor-General Report to Parliament No. 7 for 2010</i> <i>Information systems governance and control, including the Queensland Health Implementation of Continuity Project</i> Financial and Compliance audits	29 June 2010
8	<i>Auditor-General Report to Parliament No. 8 for 2010</i> <i>Results of audits at 31 May 2010</i> Financial and Compliance audits	6 July 2010

Report No.	Subject	Date tabled in Legislative Assembly
9	<i>Auditor-General Report to Parliament No. 9 for 2010</i> <i>Sustainable management of national parks and protected areas</i> A Performance Management Systems audit	5 October 2010
10	<i>Auditor-General Report to Parliament No. 10 for 2010</i> <i>Expenditure under the Nation Building</i> <i>– Economic Stimulus Plan at 31 August 2010</i> A Financial and Compliance audit	October 2010

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