Parliamentary Committees

Consideration of Auditor-General's Report 9: 2014-15

Maintenance of public schools

Report No. 18, 55th Parliament

Education, Tourism, Innovation and Small Business Committee

September 2016

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Chair's foreword

This report summarises the committee's consideration of the Auditor-General's Report 9 : 2014-15 *Maintenance of public schools.*

On behalf of the committee I thank the Auditor-General and staff of the Queensland Audit Office, the Department of Education and Training, and the Department of Housing and Public Works for their assistance.

I commend the report to the House.

Scott Stewart MP
Chair

1 Introduction

1.1 Role of the committee

The Education, Tourism, Innovation and Small Business Committee (the committee) was established by resolution of the Legislative Assembly on 27 March 2015. The committee consists of three government and three non-government members.

A portfolio committee's responsibilities include assessment of the integrity, economy, efficiency and effectiveness of government financial management. In this role, a committee may examine government financial documents, and consider the annual and other reports of the Auditor-General. [1]

1.2 Role of the Auditor-General and Queensland Audit Office

The Auditor-General is an independent statutory officer appointed under the *Auditor-General Act 2009.* The Auditor-General is supported by the Queensland Audit Office.[2] The Auditor-General undertakes financial audits and performance audits of public sector entities. The Auditor-General must report to the Legislative Assembly on each audit of a public sector entity.[3]

1.3 Referral and committee's examination

The Auditor-General's *Report 9 for 2014-15: Maintenance of public schools* (the report) was tabled in the Legislative Assembly. The Committee of the Legislative Assembly referred the report to the committee for consideration under Standing Order 194B.

The committee received a private briefing on the report from the Queensland Audit Office. The committee decided to monitor the implementation of the Auditor-General's recommendations by the Department of Education and Training and the Department of Housing and Public Works.

1.4 Audit objective

The objective of the audit was to assess how well public schools and facilities are maintained.

The audit examined whether two school maintenance programs achieved their objectives, and whether school buildings and facility asset management practices are cost effective.

The two programs reviewed in the report were:

- *Advancing our Schools Maintenance* (AoSM): an additional $200 million was allocated in the September 2012 State Budget to reduce the pre-existing 2011-12 maintenance backlog over 2012-14
- *Fixing our Schools* (FoS): a further $100 million was provided in March 2013 to further address the 2011-12 maintenance backlog.[4]

Asset management by the department follows policies in the whole of government Maintenance Management Framework (MMF). The department outsources condition assessment to Building and Asset Services (BAS) in the Department of Housing and Public Works. The Department of Education and Training remains responsible for ensuring condition assessments are conducted in accordance with the MMF requirements.[5]

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1 Section 94, *Parliament of Queensland Act 2001*

2 *Auditor-General Act 2009*, ss 6, 9.

3 *Auditor-General Act 2009*, s 60.

4 *Maintenance of public schools,* p 23

5 Ibid, p 40

2 Consideration of the report – *Maintenance of public schools*

2.1 Auditor-General's findings and recommendations

In summary, the Auditor-General's report found that the Department of Education and Training was not maintaining its schools to its own standards and requirements.

The Auditor-General found that the approach to maintenance had been reactive rather than preventative and was not consistent with a whole of asset life cycle approach which takes account of the total cost of ownership. The report also found that the Department had 'not systematically and rigorously analysed its asset portfolio to determine the most cost effective approaches to prolonging the life of its assets. Instead, assets are generally repaired after they have deteriorated.'

The Auditor-General identified three factors that contributed to short term and reactive planning for long term asset management: limited funding, poor data to support long term planning and no foresight greater than 12 to 18 months.[6]

The Auditor-General recommended that the Department of Education and Training:

1. assesses the condition of school buildings so it can report how school maintenance programs have affected the condition of schools buildings.
2. agrees with Building and Asset Services (BAS) on an approach to report savings from the direct-to-market and BAS procurement methods and completes a comparative assessment of the benefits, costs and risks of both.
3. ensures a common understanding of the condition standards expected for school facilities by developing detailed descriptions for school facility assets and documenting how school facilities are to be maintained.
4. implements a schools asset maintenance program that balances preventative and condition-based assessment tasks to prolong the life of its assets and reduce the cost of maintaining them.

The Auditor-General also recommended that the Department of Housing and Public Works:

5. improves the consistency of condition assessment results and implements consistent local cost rates used by BAS staff and contractors.

2.2 Implementation of Auditor-General's recommendations

The committee sought written advice from both the Department of Education and Training and the Department of Housing and Public Works about their implementation of the Auditor-General's recommendations. The actions taken by the two departments in response to the Auditor-General's findings and recommendations include the following:

- a trial of Asset Life Cycle Assessments (ACLAs) of school buildings was commenced in 2015. A progressive roll-out of ACLAs across all schools is expected to be completed by December 2017.

  The ACLAs will provide life cycle data on the condition of facilities and are expected to facilitate better long term planning and budget allocation strategies for growth, maintenance and renewal funding (Recommendations 1 and 4)

[6] *Maintenance of public schools,* p 4

- a comparative assessment of the benefits, costs and risks of procurement methods (direct to market [D2M] and BAS) was undertaken. The assessment reported satisfaction with D2M in nine out of ten schools. For BAS, it found that time, quality and cost was adequate or met expectations in almost nine out of ten schools. The assessment identified scope for improvement in D2M planning and administrative processes. It also found that costs (for both D2M and BAS) were generally comparable to or better than market rates, and that cost variations in rural and remote locations were highly variable (Recommendation 2)
- the ACLA trial included a review of descriptions of facilities' condition standards which is being followed by collection of data and photos during the roll-out, which will contribute to development of support materials to inform a common understanding in schools of facilities' condition standards (Recommendation 3)
- a training program for BAS assessors and contractor assessors was completed in October 2015. In conjunction with the training program, an online knowledge library was established with standardised procedure manuals, tools, templates and other resources; it will be reviewed annually to ensure currency (Recommendation 5)
- recording of condition assessments is now through an on-line tool which uses tablets for assessors to directly enter data to the BAS business system for reporting to the agency that owns the assets. Indicative cost rates were reviewed by an external quantity surveyor and updated in 2015; indicative cost rates are subject to annual review (Recommendation 5)

2.3 Committee comment

The committee was satisfied that the Department of Education and Training and the Department of Housing and Public Works have effectively implemented the recommendations in the Auditor-General's Report 9 : 2014-5 *Maintenance of public schools.*

Recommendation 1

The committee recommends that the House note this report