



Background

- The stimulus package of \$42bn was announced by the Commonwealth Government and passed by the House of Representatives in February 2009.
- The purpose of the package was to preserve jobs and stimulate economic activity.
- [\$4.5bn] was allocated to NSW targeted at social housing and schools.
- Each state has structured programs differently. NSW established a Task Force with responsibility for rapid roll-out to achieve the Australian Government's program.
- The Task Force is headed by the Infrastructure Director General, Bob Leece. Bob was responsible for the build program for the Sydney 2000 Olympics.
- Three schools programs were identified: National Schools Pride, Science and Language Laboratories and Primary Schools for the 21st century – or P21.
- Parallel programs are allocating funds to Independent and Catholic schools.
- The P21 program is responsible for \$2.7bn, to be spent by March 2011. There are approximately 1,822 schools ranging in size from 3 to over 400 pupils.
- In response to the aggressive program, the Task Force determined that the P21 program could best be delivered by top tier builders under a Managing Contractor arrangement.
- Under this arrangement, Managing Contractors arrange design and construction on behalf of the government under a cost plus arrangement, with checks and balances to ensure value for money and a commitment to local employment.
- The NSW Department of Education and the NSW Department of Commerce together ran a process to choose the Managing Contractors with the right skills, attitude and capacity.
- Fourteen top tier contractors were pre-selected and asked to express interest.
- Requests for Expressions of Interest were issued in late February with extremely short time frames for response. The standard of responses was uniformly excellent.
- A team drawn from Commerce, Education and the private sector, with probity oversight by Deloitte, reviewed the EOIs.
- Select tender lists of three or four were determined for each of the standard DET educational administrative regions. Lists were based on the particular skills, resources and preferences expressed by the respondents to the EOI.
- The Tenderers were given two weeks in which to tender.
- Tenderers were asked to bid for a % fee applied to actual sub-contract costs for design and construction.
- After an intense period of review, evaluation, interview, clarification and analysis, preferred Tenderers were selected in late March and awarded in mid April.
- Value for money in respect of Managing Contractor fees was established by the competitive tender process.
- The value for money for actual build costs will be established through a benchmarking process. Quantity surveyors will review the prices provided by the Managing Contractors and will establish 'fair value' for work taking into account market forces and regional variances. Payments to Managing Contractors will be the greater of the actual costs or the benchmark value plus 5%.



FAQ's

- **Managing Contract - value for money?**

As the title of the contract describes, it is a managing contract. That is the Managing Contractor gets paid to liaise with School Principals, and engage designers and contractors to undertake the works - this includes engagement of local contractors where possible. To ensure value for money and the most appropriate allocation of risk to government and the contractor, the construction price is worked up during the schematic design, then the design documentation and then during the first 50% of construction where the price is then locked in. This ensures that government is receiving the best value, without higher up front premiums where high risk aspects of the works are yet to be defined.

- **Air Conditioning - Will I be receiving Air Conditioning to my new classrooms which will replaced by demountables that currently have air conditioning.**

If your school is within the zone that allows the classrooms to be air conditioned, they will be provided with air conditioning as per the design standards. Where the demountables were provided with Air conditioning units, they will need to leave with the AC units.

- **What if a School Principal has builder quotation for P21 project that is cheaper than that forecasted by Government?**

The DET School Facility Standards define the minimum performance requirements for its range of building. These standards ensure cost effective functional design and built outcomes for education delivery. They also address ongoing maintenance commitments and environmental performance. Alternative building solutions offered may not fully meet the minimum standards set by DET.

Similarly the project delivery risks addressed in the Government contract may have been considered and costed by the local builder.

- **Will the builder engaged by RCC be responsible for the school project as Principal Contractor?**

No. The MC is the Principal Contractor for all work under the Contract. The builder will have still carry an OH&S responsibility to create and maintain a safe working environment, with focus on continued improvement for their project work site.