



(No. 12)

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

**REVIEW OF PERFORMANCE OF PUBLIC WORKS COMMITTEE APPROVED
PROJECTS - MAY 2008 – MARCH 2009**

HAZELWOOD SCHOOL RELOCATION PROJECT

Members of the Committee:

Legislative Council

Hon Ivan Dean MLC

Hon Ruth Forrest MLC

Hon Jim Wilkinson MLC (Chair)

House of Assembly

Mr Brenton Best MP

Mr Kim Booth MP

Mr Peter Gutwein MP

PUBLIC ACCOUNTS COMMITTEE

Membership:

Chairman Hon Jim Wilkinson MLC

Vice Chairman Hon Ivan Dean MLC

Members Mr Brenton Best, MP
Mr Kim Booth, MP
Hon Ruth Forrest, MLC
Mr Peter Gutwein, MP

Contact Details Public Accounts Committee
Legislative Council
Parliament House
Hobart TAS 7000

Telephone 03 6233 2300

Facsimile 03 6231 1849

E-mail pac@parliament.tas.gov.au

URL <http://www.parliament.tas.gov.au/ctee/Joint/pacc.htm>

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ABBREVIATIONS LIST

DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DoE	Department of Education and Skills
JSCPW	Joint Standing Committee of Public Works
PAC	Public Accounts Committee

CHARTER OF THE COMMITTEE

The Public Accounts Committee

The Public Accounts Committee (the Committee) is a joint standing committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970*.

The Committee comprises six Members of Parliament, three members drawn from the Legislative Council and three members from the House of Assembly.

Its functions under the *Public Accounts Committee Act* (Section 6) are to inquire into, consider and report to Parliament on:

- *any matter referred to the Committee by either House relating to:*
 - *the management, administration or use of public sector finances; or*
 - *the accounts of any public authority or other organisation controlled by the State or in which the State has an interest;*
- *any matter arising in connection with public sector finances that the Committee considers appropriate; and*
- *any matter referred to the Committee by the Auditor-General.*¹

The Public Accounts Committee (PAC) also has oversight responsibilities regarding the independence of the Auditor-General, which are derived from the *Audit Act 2008*.

TERMS OF REFERENCE

The Standing Committee of Public Accounts resolved of its own motion to undertake a review of Public Works Committee Approved projects dated May 2008 – March 2009, to determine whether the projects had been effectively managed and whether adherence to authorised budgets was achieved.

Separate Report – Hazelwood School Relocation

The Committee resolved to report separately on the Hazelwood School Relocation - Southern Support School project. The findings and recommendations in relation to this project are accordingly given in this report.

¹ *Public Accounts Committee Act 1970, s.6*

EXECUTIVE SUMMARY

Background to the Review

Following completion of a report on the successful New Kingston High School Project², the PAC was concerned with the need for future reviews of Public Works Committee (JSCPW) approved projects, to monitor the adherence to authorised budgets. The PAC was concerned that after the Public Works Committee approval process was completed, there was no routine follow-up in place to assess the performance of projects.

Projects Reviewed

JSCPW approved projects, covering the period May 2008 - March 2009 were selected for review. The subject of this report is one of those projects, the Hazelwood School Relocation project.

General Findings – Hazelwood School Relocation

- Although being part of a general review of Public Works projects approved during the period May 2008 – March 2009, the findings with respect to this project were so significant as to warrant being separately reported on. Full details of the findings and recommendations are given on the next three pages of this report.
- **In general terms, the Committee found:**
Symptomatic of concerns around high level oversight and governance, the Hazelwood School Relocation project was fraught with issues, such as: under-managed scope changes; stakeholder dissatisfaction; project management issues, major budget and time blow-outs; inadequate reporting of project progress in Departmental annual reports; and was overall not a well managed project.

² Parliamentary Standing Committee of Public Accounts Report No. 11, 2008, "Report on Kingston High School"

Findings – Hazelwood School Relocation (Cont)

Key points are highlighted below:

While acknowledging special needs and complexities of the project, the Committee found the following in relation to the completion of the Hazelwood School Project:

- The budget approved by JSCPW was \$3.5m, but final cost was over \$6.4m³ – an increase from the initial budget of over 78%.
- A number of amendments and additions were made to the final project, which were over and above the components approved by the JSCPW.
- The Committee has received advice from the Department that the Minister approved additional expenditure on the project totaling \$1.413m.⁴
- What was initially scoped was not able to be delivered for the original cost estimated and scope changes were also added as the project progressed.
- There were issues with underperformance of the main contractor.
- Despite an extensive project management system, the Committee found processes in place to be ineffective, given that project outcomes were not able to be achieved.
- No one person was deemed to be responsible or accountable for the delivery and results of the project.
- The Committee found that Annual Reporting with respect to disclosure of the progress of the project was inadequate.
- The Committee notes the Department of Premier and Cabinet “Tasmanian Government Project Management Guidelines”⁵ and in particular that DoE should ensure its processes and practices are aligned with those guidelines, in particular noting the relevance of sections around: Planning and Scoping; Governance; Stakeholder Engagement; Project Review and Evaluation; and Project closure.

4.10 Fourteen recommendations were made around the Hazelwood School Project. These are outlined in the next two pages of this report.

³ DoE, Written submission to PAC, 7 October 2011, Hazelwood School Relocation – Southern Support, p. 4

⁴ DoE, Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support, Appendix C 2, p. 1

⁵ Tasmanian Project Management Guidelines, V7.0, URL:

http://www.egovernment.tas.gov.au/project_management/tasmanian_government_project_management_guidelines

RECOMMENDATIONS:

The Committee has made fourteen recommendations in this report.

List of Recommendations

The following table (pages vi – vii) reproduces the recommendations contained in the body of this Report:

Rec No	Ref p.#	Recommendations
1	vi	The Committee requests that the Minister provide a response to the recommendations that follow in this report and actions taken, within three months of this report being tabled.
Rec No	Ref p.#	The Committee recommends:
2	5	- that within three months of this report being tabled, the Education Department put in place procedures to respond to the PAC in a timely way and to submit a copy of those procedures to the PAC.
3	8	- that the Auditor-General review the expenditure on the Hazelwood School Project as part of his annual audit of DoE to ascertain the probity of expenditure with respect to approvals given for expenditure undertaken.
4	10	- implementation of a process within DoE project management so that a trigger point with respect to cost and time overrun, if reached, would routinely instigate an internal audit.
5	11	- introduction of a mechanism within the project oversight and management processes of DoE, to ensure that the Secretary of Agency, or his/her delegate, is ultimately responsible and can be held accountable for a project's success or otherwise.
6	11	- that DoE develop and implement a succession strategy plan within its risk management of future Public Works approved projects, to mitigate any risks associated with project handover and succession at the governance and oversight level when key personnel changes.
7	18	- that DoE review the stakeholder engagement process so that stakeholder concerns and engagement needs are addressed primarily before initiation of projects. This would ensure that a proactive rather than reactive approach is taken, limiting potential overruns and community concern.

List of Recommendations (cont)

Recommendations		
Rec No	Ref p.#	The Committee recommends:
8	18	- that, while the emphasis on stakeholder engagement should be in the initial phases (see Rec. 6), it is imperative that an effective process also be put in place by DoE to enable better management of stakeholder needs as the lifecycle of the project progresses. A post project review may also assist with development of this process (see Rec. 11).
9	20	- that where the project scope is significantly changed as to its original form and content, a re-evaluation of the project at the highest oversight level be undertaken. This may necessitate the project being sent back to JSCPW for reappraisal.
10	21	- DoE contract management processes be reviewed to minimize opportunity for contract underperformance on a Public Works approved project.
11	24	- DoE adhere to annual reporting protocols as per Treasurer's Instruction 201, where the estimated total cost of the project varies significantly from the estimated total cost reported in the immediately preceding financial year, and provide an explanation of that variation.
12	27	- DoE undertake a post-project evaluation upon completion of the Hazelwood School Project and that the results of this evaluation be taken into consideration by DoE when undertaking future public works projects.
13	27	- that the Auditor-General review the Hazelwood School Project as a part of his annual audit of DoE with respect to: <ul style="list-style-type: none"> • the project evaluation process undertaken by DoE post-project completion; • consideration of the effectiveness of any findings that DoE determine from that evaluation; and • assessment of the DoE's plan to implement those findings in the project management and performance process for future Public Works approved projects.
14	28	- that DoE ensures its processes and practices of project management on Public Works projects are aligned with the guidelines given in the "Tasmanian Government Project Management Guidelines".

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CHAPTER ONE - INTRODUCTION

BACKGROUND

1.1 Following completion of a report on the successful New Kingston High School Project⁶, the PAC was concerned with the need for future reviews of Public Works Committee (JSCPW) approved projects, to monitor the adherence to authorised budgets. The PAC was concerned that after the Public Works Committee approval process was completed, there was no routine follow-up in place to assess the performance of projects.

Auditor-General's Report on Contract Management

1.2 In a Special Report to the Parliament in June 2009⁷, the Auditor-General made key recommendations on Contract Management:

- 1 The principal formally recognise major risks and develop management strategies for those risks prior to entering into a contract;
- 2 Agencies ensure that all major contracts are monitored with regular updates sought at appropriate intervals;
- 3 Agencies establish a steering committee in addition to a contract management team for contracts with significant risk, materiality and public interest;
- 4 Agencies make use of contract management expertise and guidelines from entities with relevant experience.

1.3 The PAC recognised that the above recommendations around risk management strategies being in place; regular monitoring; establishment of an appropriate oversight body such as a steering committee; and the use of experts and guidelines; as being integral to the success of a major project. The Committee considered the above recommendations as a “springboard” which could assist it in identifying projects requiring further scrutiny. This requirement for further scrutiny would also include those projects that have not met time budgets (and so incurred / are incurring complementary cost over-runs), those that have sought additional funding and those that are considered to not have effective monitoring of costs in place.

⁶ Parliamentary Standing Committee of Public Accounts Report No. 11, 2008, “*Report on Kingston High School*”

⁷ Auditor-General Special Report No. 81, Contract Management, June 2009,

1.4 In summary, the PAC was keen to follow up from a contract management perspective and determine whether a budget overrun on a project was the result of a failure to closely monitor, control and manage the project effectively.

THE TERMS OF REFERENCE

1.5 The Standing Committee of Public Accounts resolved of its own motion to undertake a review of Public Works Approved projects dated May 2008 – March 2009, to determine whether the projects had been effectively managed and whether adherence to authorised budgets was achieved.

Projects Reviewed

1.6 The following JSCPW approved projects, covering the period May 2008 - March 2009 were selected for review.

Agency	Project
Department of Health and Human Services (DHHS)	- Paediatric Enhancement Project Royal Hobart Hospital
Department of Infrastructure, Energy and Resources (DIER)	- Lake Secondary road, Meander Road Junction To East Church Street Upgrade; - Tea Tree Secondary Road; - Lyell Highway, between Granton and New Norfolk; and - Brighton Hub
House of Assembly / Legislative Council	- Parliament House Works
Department of Education and Skills (DoE)	- Hazelwood School Relocation – Southern Support School; - Newstead College – Student Accommodation; - New Norfolk Primary School Redevelopment; and - Rocherlea School Relocation

Separate Report – Hazelwood School Relocation

1.7 The Committee resolved to report separately on the Hazelwood School Relocation - Southern Support School project. Accordingly, the findings and recommendations in relation to the Hazelwood School Relocation are the subject of this report. The other projects listed in the table above (para 1.6) shall be reported on independently from this report.

1.8 The reporting on the review of the Hazelwood School Relocation project is broken down into key areas around the project and is structured in this report as follows:

- | | |
|--|------------------------------|
| • Introduction | - Chapter One (this chapter) |
| • Submission of Information to the Committee | - Chapter Two |
| • Project Budget and Expenditure | - Chapter Three |
| • Stakeholder Management | - Chapter Four |
| • Scope and Planning | - Chapter Five |
| • Relationship with Contractors | - Chapter Six |
| • Accountability – Annual Reporting | - Chapter Seven |
| • Project Management Processes | - Chapter Eight |

PROCESS OF THE REVIEW

Submissions from Agencies

1.9 A questionnaire was issued to the concerned Agency (DoE) for completion, including questions around the following 4 main themes:

- Management of key dates, milestones and major project issues including budgeted to actual expenditure, timelines achieved and reporting on (any) aspects of contract underperformance;
- Monitoring and review processes in place, including how relationships between the Agency and the Contractor(s) were managed and how risks were managed;
- Management of the relationship between the Agency and stakeholders; and
- Contract management guidelines and expertise used.

1.10 DoE also had an opportunity to put in writing to the PAC details of mechanisms in place used to assist in the management of the project at the oversight level, particularly those in situ assisting the Agency to adhere to budget, manage risk effectively and to overall, enable effective monitoring of the project.

Responses reviewed

1.11 The PAC received the questionnaire responses from DoE, and these responses were subsequently reviewed. Responses included key data about budgeted expenditure and actual expenditure, whether project timelines were met or not, and details of the project management processes in place. These responses and other written submissions are listed in Appendix One.

Hearings Initiated

1.12 Following the review of responses received, the Committee prioritised the public works projects (including the Hazelwood School Relocation project) managed by DoE for further examination and on Friday 23 September 2011 held hearings in regard to this and other projects. Transcripts of the evidence are available on the Committee's website: pac@parliament.tas.gov.au. A private hearing was also received by the Committee on 03 April 2012. Refer to Appendix Two for the list of witnesses.

1.13 The Committee would like to thank all parties that contributed to this Inquiry.

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Follow up of JSCPW Approved Projects - Hazelwood School Relocation Project

CHAPTER TWO – Submission of information to the Committee

- 2.1 In the first instance, the Committee was concerned that the Department of Education and Skills was unable to respond to written questions in a timely manner. Extensions of time to submit information were needed by DoE. Information about the Hazelwood School was not able to be formally provided until some 4 months after the initial request by the PAC.
- 2.2 The Committee was initially uncertain as to the reason behind the lack of timely information from DoE, but notes that it could have been due to: inadequate record-keeping and lack of control over contract data – as the Department was unable to extract the up-to-date information needed in a timely way; and/or non-availability of staff with the project knowledge; and/or a low priority within DoE.
- 2.3 The Department however, outlined difficulties in collating responses to the PAC questionnaire due to its format:

Ms FOSTER (DoE) - The (PAC) templates had some queries for us They did not quite give us the ability to give you guys the right picture, where the project has hit significant issues, especially financially⁸.

- 2.4 The Committee confirms that while there could have been issues around the questionnaire format, a 4 month general response time by DoE raised unease around the contract management practices and processes in place.

Recommendation Two:

The Committee recommends that within three months of this report being tabled, the Education Department put in place procedures to respond to the PAC in a timely way and to submit a copy of those procedures to the PAC.

⁸ Ms Michelle Foster, Transcript of Evidence, 23 September 2011, p. 1

CHAPTER THREE - Project Budget and Expenditure:

3.1 The Committee found a number of problems initially relating to the completion of the Hazelwood School Project:

- The budget approved by JSCPW was \$3.5m, but final cost was over \$6.4m – an increase from the initial budget of nearly 80%.
- The project was completed in 2011 – nearly 3 years after it was initially scheduled for completion.
- A number of amendments and additions were made to the final project, which were over and above the components approved by the JSCPW.

3.2 The approved JSCPW components and DoE project budget information is given below:

Hazelwood School Project Costing	\$'000	\$'000
State Budget Allocation	3,108	3,108
Asset Sales	<u>477</u>	
Total Costs submitted to JSCPW	<u>3,585</u>	
Additional Funding - from DoE (Aug 2009)	1,113	
Add: BER Program funds available	<u>300</u>	
		1,413
Project Budget as at Aug 2009⁹		<u>4,521</u>

3.3 Additions and Variations to the original contract totalled \$1.497 (see table below):

⁹ DoE, Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support, Appendix C 2, p. 1

3.4 Project Additions and Variations¹⁰

Item	Variation to Original Contract \$'000	Additional Works \$'000	Total \$'000
Relocation of the swimming pool	25.9		25.9
Addition of a large, fully enclosed and heated covered way	168.5		168.5
A teaching kitchen		100.1	100.1
Additional playground space and equipment	9.3	23.6	32.9
More extensive landscaping	48.9	507.1	556.1
Additional fencing	57.8	25.4	83.3
A new bus shed	4.0	21.6	25.6
The conversion of additional rooms to learning areas	83.7		83.7
A new entrance way for improved disability access	20.4		20.4
More extensive redevelopment and parking areas		372.9	372.9
Replacement of existing heating panels	27.2		27.2
TOTAL	446.1	1,051	1,497.1

3.5 Between August 2009 and completion in September 2011, the project budget increased from \$4.5m to a total of \$6.5m.¹¹

3.6 The Committee recognizes that the additional expenditure was not a lump sum amount, but rather due to incremental increases –

Ms PARKER (DoE) - *I do not think at any stage anyone signed off on additional \$3 million. It was incremental* -¹²

Mr DEAN - *You keep coming up with that but they must have known.*¹³

Ms PARKER (DoE) - *It was \$60 000 of this and \$30 000* -¹⁴

¹⁰ DoE, Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support, Appendix C 1

¹¹ Hon Nick McKim MP, Written submission to PAC, 7 October 2011, Hazelwood School Relocation – Southern Support, p. 2

¹² Ms Cath Parker, Transcript of Evidence, 23 September 2011, p. 13

¹³ Hon Ivan Dean, Transcript of Evidence, 23 September 2011, p. 13

¹⁴ Ms Cath Parker, op. cit., p. 13

Mr DEAN - But they must have known where it was going. They would not sign off on \$30 000 today and another \$60 000 tomorrow and another \$60 000 the next day and not know where it is going.¹⁵

Ms PARKER (DoE) - It has not been over just months, but over years.¹⁶

Ms FOSTER (DoE) - Three years.¹⁷

3.7 Given the incremental nature of the expenditure approval, over a long period of time, the Committee was keen to know: who authorized the overruns; and when and how were they authorized.

3.8 The quality of evidence supplied by the Department to verify cost overruns was of concern to the Committee.

- Evidence submitted upon request was not detailed enough to determine whether formal approvals for the Additions and Variations totalling \$1.497 were made or not.
- Despite costs and issues escalating to the Ministerial level, evidence submitted was not provided to support Ministerial approval for the cost overruns beyond \$4.521m.

3.9 The Committee found that cost overruns were largely addressed by a “drip” approach as expenditure was incrementally approved by DoE in order to meet new output requirements (outside the original project scope) emerging during the life of the project.

Recommendation Three:

The Committee recommends that the Auditor-General review the expenditure on the Hazelwood School Project as part of his annual audit of DoE to ascertain the probity of expenditure with respect to approvals given for expenditure undertaken.

3.10 The Committee is concerned at the lack of control over budgets and expenditure, including the apparent failure to address outstanding project issues in a cost effective and timely way and the failure to take heed as the project progressed in order to minimize untimely and unfavourable cost outcomes.

¹⁵ Hon Ivan Dean, op. cit., p. 13

¹⁶ Ms Cath Parker, op. cit., p. 13

¹⁷ Ms Michelle Foster, Transcript of Evidence, 23 September 2011, p. 13

3.11 The Committee looked at whether there was any process in place to that would give rise to a warning or similar regarding the extent and timing of the overruns – so that a review could be routinely initiated.

Mr GUTWEIN - *What other checks and balances would have been involved? Obviously as the value stepped up above 10 per cent, 20 per cent, 30 per cent, up to close to 90 per cent more, were there meetings held? Are there checks and balances? Were there moments where the senior people in the department would come together and say, 'Hang on, let us just have think about where we are heading with this because it is becoming almost a doubling of the cost.'? Who oversaw that process as the \$30 000s and the \$60 000s and whatever were mounting up? Who had overall control of that, if anyone?*¹⁸

Ms FOSTER (DoE) - *The Director of Finance and Facilities. We were still in the picture as a section but once the director and the deputy secretary became involved, particularly when Andrew¹⁹ moved from the director role to deputy secretary, he has been kept in the loop or attended the meetings with the school, ever since the costs and demands started escalating.*²⁰

Mr BOOTH - *What was the trigger for this to become an abnormal project, in that there was the involvement of the Deputy Secretary, Corporate Services, and under that was the Director of Finance and Facilities? Normally an approved project by the Public Works Committee would not go to the director? It would normally be administered at a lower level, is that right?*²¹

Ms FOSTER (DoE) - *Definitely; they'd be administered at our level. We would provide reports about progress but most projects run to budget or have minor issues.*²²

Mr BOOTH - *So something happened there where your department referred it to the director or the minister or the deputy secretary?*²³

Ms FOSTER (DoE) - *As soon as we have political issues, such as we had with this project, we would advise the director and then the deputy secretary.*²⁴

Mr BOOTH - *So at some point in time control was taken away from you and it became managed by the director or deputy secretary?*²⁵

Ms FOSTER (DoE) - *In conjunction with the school. It was then meeting with the school*²⁶

¹⁸ Mr Peter Gutwein MP, Transcript of Evidence, 23 September 2011, p. 14

¹⁹ Mr Andrew Finch, Deputy Secretary of Corporate Services, Department of Education

²⁰ Ms Michelle Foster, op. cit., p. 14

²¹ Mr Kim Booth MP, Transcript of Evidence, 23 September 2011, p. 14

²² Ms Michelle Foster, op. cit., p. 14

²³ Mr Kim Booth MP, op. cit., p. 14

²⁴ Ms Michelle Foster, op. cit., p. 14

²⁵ Mr Kim Booth MP, op. cit., p. 14

²⁶ Ms Michelle Foster, op. cit., p. 14

Recommendation Four:

The Committee recommends implementation of a process within DoE project management so that a trigger point with respect to cost and time overrun, if reached, would routinely instigate an internal audit.

3.12 The Committee was keen to know who was responsible for what it believed to be a substantially enhanced project from that approved initially by the JSCPW.

*Mr BOOTH - So we would be able to get evidence of somebody authorising and accepting responsibility for this \$3 million-odd increase in the project?*²⁷

*Ms FOSTER (DoE) - I know we have talked about the deputy secretary but it was escalating up to the minister.*²⁸

*Mr BOOTH - Would there be a ministerial directive and approval or something the minister would sign off on?*²⁹

*Ms PARKER (DoE) - It is incremental, as we said, so it is not for a full amount.*³⁰

3.13 In examining responsibility, the Committee looked to the Tasmanian Government Project Guidelines definitions of project governance which states that:

- “project governance refers to the process by which the project is directed, controlled and held to account”,³¹ and
- “ultimate responsibility and accountability for a project’s success must be defined clearly and accepted at an appropriately high level within the agency / organization. The appropriate level is the managerial level that has discretionary control over the bulk of the resources that will be expended in the project’s execution”.³²

3.14 The Committee finds that, based on the Tasmanian Government Project Guidelines (see paragraph 3.13 above), there is sufficient directive for ultimate responsibility and accountability of DoE public works approved projects to be held by one person, who is operating at the appropriately high managerial level.

²⁷ Mr Kim Booth MP, op. cit., p. 17

²⁸ Ms Michelle Foster, op. cit., p. 17

²⁹ Mr Kim Booth MP, op. cit., p. 17

³⁰ Ms Cath Parker, op. cit., p. 17

³¹ Tasmanian Government Project Guidelines V 7.0 (July 2011); p. 38

³² *ibid*, p. 41

Recommendation Five:

The Committee recommends introduction of a mechanism within the project oversight and management processes of DoE, to ensure that the Secretary of Agency, or his/her delegate, is ultimately responsible and can be held accountable for a project's success or otherwise.

3.15 The Committee notes key personnel changes at the governance and oversight levels throughout the project's key development and implementation phases – both at the Deputy Secretary and at the Ministerial oversight level.

3.16 The Committee further notes that these changes would have added another layer to the existing complexities with respect to governance of the project.

Recommendation Six:

The Committee recommends that DoE develop and implement a succession strategy plan within its risk management of future Public Works approved projects, to mitigate any risks associated with project handover and succession at the governance and oversight level when key personnel changes.

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Follow up of JSCPW Approved Projects - Hazelwood School Relocation Project

CHAPTER FOUR – Stakeholder Management

4.1 The history around the project timelines (originally budgeted for in 2007, approved by the Public Works Committee in 2008, and not completed until September 2011) and possible health risks and other major concerns around the old site meant that the project to relocate was of high public interest and concern, and that community views were paramount. The Committee agrees with Departmental officials that these factors added to the complexities faced by the Department.

4.2 The Committee was mindful of the special needs and complexities of the project:

Mr BEST – ... *I am in a position where I have been on both committees. I was on the Public Works Committee that looked into the school itself. I understand the difficulties that existed at the previous school site, and I knew, having visited that site and the new site, some of the complexities that were involved, and I know dealing with parents that have children with disabilities how difficult that can be as well. So I guess I have a bit of an open mind about some of these things that, on paper, I suppose, may look as if they have exploded out of hand, but having looked at it I have sort of seen both sides of the equation.*³³

4.3 During the early phases of the project, there was a commitment given from the then Minister to meet those needs:

*I can say here and now that we will commit to building for that community what we committed to in the first place, no matter the cost overruns*³⁴

4.4 The Committee notes the Minister's comments, however considers "what was committed to in the first place" (referred to in para 4.3 above) to be the project approved by the JSCPW for \$3.53m.

4.5 Moreover, it appears that the above statement by the then Minister may have been taken by the DoE as an obligation throughout the project's life cycle.

Ms FOSTER (DoE) - *We certainly had the comment from the (then) Premier which gave a fair basis to the demands that we needed to deliver on this project..... that we would provide for the community no matter what the cost*³⁵

³³ Mr Brenton Best MP, Transcript of Evidence, 23 September 2011, p. 19

³⁴ House of Assembly Hansard, Parliament of Tasmania, Hon David Bartlett, Transcript 26 August 2009, p. 18

³⁵ Ms Michelle Foster, op. cit., p. 19

4.6 Concern was raised by the Committee around the process followed with respect to meeting community expectations:

Mr GUTWEIN – *A lot of the stuff with the Hazelwood School was largely driven by concerns within the community. If there were other school communities that wanted to mount similar campaigns, albeit coming from a different starting point in that it is not a school that is going to care for children with disabilities, if parents were prepared to run a concerted campaign, could the department significantly increase the spend on projects over and above what has been signed off by Public Works simply because the minister was feeling pressure? It appears to me that that is exactly what could occur.*³⁶

4.7 It is noted that a Steering Committee was convened prior to the project being approved by JSCPW and that key elements re stakeholders' needs and priorities were set at the planning stage.

4.8 The Steering Committee (9 persons), consisted of an appropriate mix of school, industry and Department-based members, including two School Association members in that make up.

4.9 The Committee notes the role of the members of the Steering Committee to “*be advocates for the project while representing their particular stakeholder interests*”³⁷ and to ensure that “*effort and expenditure are appropriate to stakeholder expectations*”.³⁸

4.10 Notwithstanding the oversight and control presence of the Steering Committee, the Committee further notes that as the project unfolded, issues on the new site as well as further stakeholder requests led to project costs escalating over and above the original budgeted amount.

4.11 Despite DoE evidence of extensive stakeholder engagement throughout the project, a key stakeholder group (the Southern Support School Association) made the following comments with respect to project completion in a communication to the Minister³⁹:

“As parents we were excited with the apparent commitment of the State Government to establish a new educational facility for our children based on the parameters later confirmed by the Parliamentary Committee in 2008 and we

³⁶ Mr Peter Gutwein, op. cit., p. 19

³⁷ Tasmanian Government Project Management Guidelines, V7.0, p. 43

³⁸ ibid, p. 177

³⁹ DoE, Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support, Appendix C 2 (ii), “Communication: 4 August 2011 from Southern Support School Association to the Minister for Education and Skills”

were determined to work within that process for the duration in order to achieve those outcomes.

Unfortunately the scope of the whole project was seriously debilitated from the very start by the token and unrealistic budget contribution made by the Department of Education/State Government to the Commonwealth funds. This precluded any option of developing a Greenfield site even though an ideal site was available and as a consequence the project has been plagued by serious design and planning shortcomings, exacerbated by project management and supervision issues.

As a result of these concerns and the apparent Departmental priority to “do everything on the cheap” for the past 18 months or so our children have attended a facility that has basically been a construction site; a place where the welfare and safety have frequently been seriously compromised across a range of areas. For these reasons, the School Association have had to be integrally involved in the project and our representative has met regularly with senior departmental managers to address these serious matters.

Whilst we regret that a considerable amount of the total expenditure for this project has been simply squandered addressing these design, planning and construction shortcomings and short cuts to do with critical areas of student welfare and safety, we are pleased to report that all of these issues have, over time, been addressed and the project is now approaching completion to an acceptable standard for a specialist facility of this nature.

However, a number of fundamental items remain incomplete. 18 months after the therapy pool was opened, a percentage of our students cannot access it as the requisite hoist and tracking have not been installed. Serious corrosion issues have been identified with the pool railings yet any commitment to replace them has to this time been avoided. Key elements of our individualised teaching and learning programs offered at the previous campus have not been available at this campus as an appropriate teaching space is not available. We were recently advised that the architect designed plan to transform the architect designed but unusable bus garage (another story) into a suitable space cannot now proceed due to current budget restraints, even though this matter has been on the agenda for 15 months. Plans commissioned by the Department of Education, in the first instance, seems to imply that it was considered an essential part of our students’ education. A serious shortage of classroom space has meant that our school library is now part of the Art room, basically negating the efficacy of both activities. A number of other important areas committed to in Parliamentary Standing Committee report have not been developed or have had to be allocated to additional teaching spaces.”

- 4.12 In their letter, the School Association members declined to attend the opening ceremony scheduled for 26 August 2011 and requested to meet with the Minister

at his earliest convenience about the issues raised⁴⁰. However, the Minister in his response dated 29 August⁴¹, requested that the Secretary, Department of Education would meet with those concerned and also confirmed that the opening ceremony would be postponed to a further date to be agreed.

4.13 It was of concern to the Committee that a key stakeholder group (such as the School Association) still held a level of dissatisfaction around the completion phase.

4.14 PAC was concerned about the issues raised by the School Association (para 4.11) and in summary, evidence received around some of the problems that were highlighted concerning the new build before and after the School moved to the new site included (not exhaustive):

- Relocation of pool site due to siting of existing underground services;⁴²
- Pool maintenance;^{43 44}
- Need for a pool hoist;^{45 46 47}
- Lack of a covered walkway to the swimming pool;^{48 49}
- A cut-off switch to the pool incorrectly placed⁵⁰
- Sensory lights in pool area;⁵¹
- Gutter surrounds needed replacing;^{52 53 54}
- Leaking eaves and ceilings;⁵⁵
- Bus shed not built to adequately meet the size of the buses,^{56 57 58 59 60}

⁴⁰ Ibid.

DoE, Written submission to PAC, 26 October 2011 Hazelwood School Relocation –Southern Support: Appendices C1-C4:
⁴¹ Appendix C 2 (iii), “Communication: 29 August 2011 Minister for Education and Skills to the Southern Support School Association”

⁴² Appendix C1”Variations listed in unofficial response”

⁴³ Appendix C4(i) DoE emails of 22/07/10 between Mark Edwards, Sherry Edwards and Andrew Finch, Phillip White and Steve Bingley, p.1-9

⁴⁴ Appendix C3(ii) “List of items requiring attention presented by the School and School Association from May 2010 – July 2010” p.1-3

⁴⁵ Appendix C4(ii) DoE emails of 11/12/09 between Sherry Edwards, Stephen Bingley, Rob Dalton and Andrew Finch emails of 11/12/09 p. 2

⁴⁶ Appendix C3(ii) “List of items requiring attention presented by the School and School Association from May 2010 – July 2010” p.1

⁴⁷ Appendix C 2 (ii) *Communication: 4 August 2011 from Southern Support School Association to the Minister for Education and Skills*”

⁴⁸ Appendix C4(ii) DoE emails of 24/03/10 between Andrew Finch and Stephen Bingley, p. 6

⁴⁹ Appendix C1”Variations listed in unofficial response”

⁵⁰ Appendix C4(i) DoE emails of 22/07/10 between Mark Edwards, Sherry Edwards and Andrew Finch, Phillip White and Steve Bingley, p.3-4

⁵¹ Appendix C4(ii) DoE emails of 8/04/10 between Andrew Finch and Stephen Bingley, p. 9

⁵² Appendix C3(ii) “List of items requiring attention presented by the School and School Association from May 2010 – July 2010” p.10

⁵³ Appendix C3(iii) “Examples of further requests and demands submitted by the School and School Association from May 2010 by email and via personal request” p. 6

⁵⁴ Appendix C4(ii) DoE emails of 20/05/10 between Andrew Finch and Stephen Bingley p.10

⁵⁵ Appendix C3(iii) “Examples of further requests and demands submitted by the School and School Association from May 2010 by email and via personal request” p. 5

⁵⁶ Ibid. p. 2

⁵⁷ Appendix C4(ii) DoE emails of 12/03/10 between Andrew Finch and Stephen Bingley p. 3-4, p. 8

⁵⁸ Appendix C4(ii) DoE emails of 08/04/10 between Andrew Finch and Stephen Bingley p. 9

⁵⁹ Appendix C1”Variations listed in unofficial response”

- Safety fencing not initially done;⁶¹
- Traffic management issues – the original completed design could not accommodate the number of buses;^{62, 63, 64}
- Incomplete and inadequate laundry;^{65, 66}
- Insufficient art room space⁶⁷;
- Sensory/ Interactive Room not complete prior to students' arrival;⁶⁸
- No covers on gas fittings;^{69, 70}
- Regarding the front entrance, initial problems with width of doors for wheelchairs and with doors meeting security access needs of disabled children;⁷¹
- A section of the inappropriate existing three rail fence (not safety standard) remained in place after the commencement of the school year;⁷²
- Revised fire access and exits needed to meet Tas Fire Service standards;⁷³
- Issues with the bike track and landscaping to be completed;^{74, 75, 76}
- Landscaping issues with drainage, and playground space, equipment and safety matting;^{77, 78, 79, 80}
- Teaching kitchen to be made suitable for wheelchairs;⁸¹
- Inadequate heating in gym;⁸²
- Air-conditioning issues;^{83, 84, 85}

Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support: Appendices C1-C4:

⁶⁰ Appendix C3(iii) "Examples of further requests and demands submitted by the school and School Association from May 2010 by email and via personal request" p. 23

⁶¹ Appendix C4(ii) DoE emails of 27/09/10 between Andrew Finch and Stephen Bingley p. 15

⁶² Appendix C4(ii) DoE emails of 19/08/10 between Andrew Finch and Stephen Bingley p. 12-13

⁶³ Appendix C4(ii) DoE emails of 18/11/10 between Rob Dalton and Stephen Bingley p. 19

⁶⁴ Appendix C1 "Variations listed in unofficial response"

⁶⁵ Appendix C3(i) "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 5

⁶⁶ Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010", p. 5

⁶⁷ Appendix C 2 (ii), "Communication: 4 August 2011 from Southern Support School Association to the Minister for Education and Skills"

⁶⁸ Appendix C3(iii) "Examples of further requests and demands submitted by the School and School Association from May 2010 by email and via personal request" p 21-25

⁶⁹ Ibid. p. 21

⁷⁰ Appendix C4(i) DoE emails of 18/03/10 between Sherry Edwards (School Principal) and Andrew Finch p.9

⁷¹ Appendix C3 (ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010", p. 1;

Appendix C4(i) DoE emails of 18/03/10 between Rob Dalton and Andrew Finch p.1

⁷² Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010", p. 4

⁷³ Appendix C2(iv) Question Time Brief 03/11/10

⁷⁴ Appendix C4(ii) DoE emails of 18/03/10 between Andrew Finch, Sherry Edwards and Phillip White, p. 5

⁷⁵ Appendix C4(ii) DoE emails of 06/10/10 between Rob Dalton and Andrew Finch, p. 17-18

⁷⁶ Appendix C3 (ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010", p. 2

⁷⁷ Appendix C4 (ii) DoE emails of 16/11/10 between Andrew Finch and Rob Dalton, p.18

⁷⁸ Appendix C1 "Variations listed in unofficial response"

⁷⁹ Appendix C3(i) "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 7-8

⁸⁰ Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010" p. 2-6

⁸¹ Appendix C4(ii) DoE emails of 11/03/11 between Andrew Finch and David Menzie (DoE), p. 22

⁸² Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010" p. 7, 9

- Security issues;^{86 87}
- Replacement of heating panels;⁸⁸ and
- Adequate safety glass needed to be installed replacing existing glass^{89 90},

4.15 The Committee further notes that \$550,000 over approved JSCPW budget was spent in relation to the landscaping (para 1.4). PAC received evidence of inadequate drainage around this area and that rectification was required⁹¹ – and finds this to be another area of the works that lacked preliminary scope and sequence.

4.16 The Committee also notes the following issues around the (old) school site that needed to be re-developed to meet the needs of its new students, such as:

- In-situ heaters that were unsafe for children⁹²,
- In-situ glass that needed to comply with Safety standards^{93 94},
- There was an (existing) building with open eaves⁹⁵

4.17 The Committee is concerned that the school was occupied by students before rectifications were made in some instances: for example; with respect to the in-situ glass, and that full safety glass, which was requested in the first instance by the School Association⁹⁶, was only later fully installed after students had commenced at the new school site. The Committee notes concerns held by the School around the glass and that a Glass Audit was ultimately recommended in July 2010⁹⁷.

Written submission to PAC, 26 October 2011, Hazelwood School Relocation – Southern Support: Appendices C1-C4:

⁸³ Ibid. p. 4-5, p. 8

⁸⁴ Appendix C4(ii) DoE emails of 11/12/09 between Andrew Finch and Stephen Bingley, p. 1

⁸⁵ Appendix C3(i), "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 5

⁸⁶ Ibid. p. 3-4

⁸⁷ Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010" p. 1,4,10

⁸⁸ Appendix C1 "Variations listed in unofficial response"

⁸⁹ Appendix C2 (i) Ministerial Briefing Note of 28/08/09, p. 2

⁹⁰ Appendix C3(i) "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 7

⁹¹ Appendix C4(ii) DoE emails of 06/10/10 between Rob Dalton and Andrew Finch, p. 17

⁹² Ms Michelle Foster, Transcript of Evidence, 23 September 2011, p. 8

⁹³ Appendix C3(i) "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 7; Appendix C2 (i) Ministerial Briefing Note of 28/08/09, p. 2

⁹⁴ Appendix C4(i) DoE emails of 22/7/10- 23/7/10 between Andrew Finch (DoE), Stephen Bingley (DoE), Rob Dalton (DoE), and Sherry Edwards (School Principal), p. 1-3

⁹⁵ Appendix C3(ii) "List of items requiring attention presented by the School and School Association from May 2010 – July 2010", p. 7,10

⁹⁶ Appendix C3(i) "List of demands from the Hazelwood School Association presented between February 2007 and July 2008", p. 7

⁹⁷ Appendix C4(i) DoE emails of 22/7/10- 23/7/10 between Andrew Finch (DoE), Stephen Bingley (DoE), Rob Dalton (DoE), and Sherry Edwards (School Principal), p. 3

4.18 The Committee received evidence that the parents were particularly influential in the latter stages, in following up through Ministerial office⁹⁸ level, to ensure that the incomplete and unfit works were in fact, satisfactorily completed.

4.19 The Committee is concerned that it appeared to take active parent intervention, to Ministerial levels, for the project to be completed to the standard required, rather than the extensive official review and evaluation processes in place (see para 8.1 – 8.2) being able to address and resolve the outstanding issues.

4.20 While acknowledging that, over time, DOE has been able to address and meet issues of stakeholder concern, the Committee finds that this dissatisfaction highlights an apparent breakdown at the stakeholder engagement level, notwithstanding the presence of the Steering Committee and extensive project management processes in place.

4.21 The Committee makes two recommendations around stakeholder management as given below.

Recommendation Seven:

The Committee recommends that DoE review the stakeholder engagement process so that stakeholder concerns and engagement needs are addressed primarily before initiation of projects. This would ensure that a proactive rather than reactive approach is taken, limiting potential overruns and community concern.

Recommendation Eight:

The Committee recommends that, while the emphasis on stakeholder engagement should be in the initial phases (see Rec. 6), it is imperative that an effective process also be put in place by DoE to enable better management of stakeholder needs as the lifecycle of the project progresses. A post project review may also assist with development of this process (see Rec. 11).

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⁹⁸ Appendix C4(i) DoE emails of 26/04/10 between Phillip White (parent), Andrew Finch (DoE), Sherry Edwards (School Principal) and Terry McCarthy (DPAC), p. 8

Follow up of JSCPW Approved Projects - Hazelwood School Relocation Project

CHAPTER FIVE – Scope and Planning

5.1 The Committee was concerned about the lack of feasibility including poor estimation (up front) of duration and costs and that what was initially scoped couldn't be delivered for the cost estimated.

5.2 The scope change involved both additional and new outputs being required (eg; new bus shelter, swimming pool, covered walkway etc). The consequence being that more funding and more time was required in relation to the project.

5.3 This raised a question mark for the Committee over the fitness for purpose around what was originally submitted to JSCPW:

Mr BOOTH – I am sorry to cut in there, but I am on that Public Works Committee and if we thought in fact the budget was going to blow out to the degree of Hazelwood I would be very surprised if it would be approved because we would consider it not fit for purpose in its original form. It is a pretty valid point, really.⁹⁹

5.4 The Committee sought information about the siting of the school and received evidence that a greenfield site was rejected and that the \$3.5 million settled on for the project (for works at the old Wentworth site) referred principally to the building of new teaching and learning areas. While evidence was received that these new areas had been built to a good standard, it did not appear that the rest of the school was considered at the outset in the redevelopment – and the students needed to also occupy the rest of the school.

5.5 It appeared to the Committee that a budget was set and the works to redevelop the Wentworth site were then attempted to fit into that pre-determined budgeted amount.

5.6 The Committee notes the role of the Steering Committee¹⁰⁰ with respect to the project scope to:

- Ensure the project's scope aligns with the requirements of the stakeholder groups;
- Ensure effort and expenditure are appropriate to stakeholder expectations; and
- Keep the project scope under control as emergent issues force changes to be considered.

⁹⁹ Mr Kim Booth MP, op. cit., p. 7

¹⁰⁰ Tasmanian Government Project Management Guidelines, Vol 7.0, p. 177

5.7 Overall, there was concern by the Committee at the way the overruns caused by scope change led to nearly double the original budget being spent. The Committee found that lack of control over scope change was a contributing factor to the budget blowout.

5.8 DoE has not been able to highlight any tangible reference with respect to ministerial directives or other high level analysis undertaken, as to why the project was doubled in size without being reassessed: for example; as a new project.

Recommendation Nine:

The Committee recommends that where the project scope is significantly changed as to its original form and content, a re-evaluation of the project at the highest oversight level be undertaken. This may necessitate the project being sent back to JSCPW for reappraisal.

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CHAPTER SIX – Relationships with Contractors

6.1 With respect to contractors and contracting issues:

*Ms FOSTER (DoE) –The first contractor on the site was Gunns Limited trading as Hinman Wright & Manser who, during the period of the contract, had indicated they were withdrawing from the construction industry. Rather than add additional work to that contract, and you may be risking it not being achieved, we appointed others to undertake certain works.*¹⁰¹

6.2 There were also issues with underperformance of the Hinman Wright & Manser (HWM) contract, “*due to the contractor’s insufficient resourcing of the project*”¹⁰²

Recommendation Ten:

The Committee recommends DoE contract management processes be reviewed to minimize opportunity for contract underperformance on a Public Works approved project.

6.3 Furthermore, regarding contracting issues, the Committee also notes that, due to the additional requirements, a second project officer was required to handle the additional works and two project managers were on the one site.

*Mr BOOTH -What we are dealing with here effectively, then is a second project within this project*¹⁰³

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¹⁰¹ Ms Michelle Foster, op. cit., p. 20

¹⁰² Hon Nick McKim MP, Submission to PAC Committee, 7 October 2011, p. 2

¹⁰³ Mr Kim Booth, op. cit., p. 21

Follow up of JSCPW Approved Projects - Hazelwood School Relocation Project

CHAPTER SEVEN – Accountability - Annual Reporting

7.1 The Committee notes the disclosure of the HWM contract for the project in the 2008-09 Department of Education and Skills Annual Report as follows:

Building and Construction > \$50,000				
Source: (p. 79 of 2009 Annual Report, Department of Education and Skills)				
Contractor	Location	Description	Period of Contract	Value of contract \$
Hinman Wright & Manser	Sandy Bay, Tasmania	Hazelwood School – additions and alterations	10/08 – 11/09	3,033,000

7.2 The Committee also notes that other than the HWM contract disclosure of \$3.03m (see para 7.1), no further information relating to contracts for the Hazelwood / Southern Support School project was disclosed in the Annual Reports for the Department during subsequent years, despite the project costing over \$6.4m.

7.3 The Committee notes the disclosure of the project in the Department of Education and Skills Annual Reports under the section “Ongoing Major Capital Projects” for the years 2009 and 2010 as follows :

Ongoing Major Capital Projects					
DoE Annual Report	Facility	Project	Est total cost \$'000	Est cost to complete \$'000	Est completion year
2009-10 (p. 79)	Southern Support School	Establishment of a contemporary learning center for students with a disability	6,142	1,166	2010
2008-09 (p. 74)	Southern Support School and inclusive education training facilities	Establishment of a contemporary learning center for students with disabilities and an inclusive education training facility	3,585	1,237	2010

Above extracted from: Annual Reports of the Department of Education and Skills

7.4 The Committee found that the estimated total cost of the project, as disclosed above in 2010 (\$6.142m) varied significantly from the estimated total cost

disclosed in 2009 (\$3.585m). No reason for the variation was given in the 2010 Annual Report.

7.5 The reporting in the Annual Report for 2010 did not conform to Treasurer's Instruction 201¹⁰⁴, Section 1(d)(i) (c) re Annual Report disclosure for uncompleted major capital projects, where information on major projects is to be included "where the estimated total cost of the project varies significantly from the estimated total cost reported in the immediately preceding financial year, and explanation of that variation".

7.6 The Committee further notes the disclosure of the Hazelwood Relocation Southern Support School project cost information as follows:

Department of Education & Skills - Annual Report	Est total cost \$'000	Est cost to complete \$'000	Est completion year
2006-07 (p. 73)	3,108	2,750	2008
2007-08 (p. 67)	3,585	3,107	2009
2008-09 (p. 74)	3,585	1,237	2010
2009-10 (p. 67)	6,142	1,166	2010

7.7 PAC was advised¹⁰⁵ in October 2011 that the project's budgeted expenditure was now \$6.5m, total payments were currently \$6.403m and that completion date was 16 September 2011.

7.8 From an initial estimated completion year of 2008, the project was actually completed in 2011.

7.9 Total final Departmental budgeted expenditure was \$6.5m compared with \$3.585m approved by the Public Works Committee.

7.10 The above information (*paras 7.6 – 7.9*) indicates that despite the project nearly doubling in completion time and \$ size from 2008-2010, there was another further under-estimation of costs in the 2010-11 period.

- The project finished in Sep 2011 rather than the previous year estimates of a 2010 finish – representing an at least 9 month time overrun during the last year.

104 Treasurer's Instruction 201 – Contents of Annual Reports,

<http://www.tenders.tas.gov.au/domino/df/df.nsf/v-ti/65A0C37F47C84CF4CA25720A0016396C>

105 Hon Nick McKim MP, Written submission to PAC, 7 October 2011, Hazelwood School Relocation – Southern Support, p. 4

- The final project budgeted expenditure was \$6.5m, compared with a prior year cost estimate to complete of \$6.142m. This increase in budgeted expenditure was 358k (6.5m less 6.142m), which represents a 30% increase in the final year expected costs to complete the project.¹⁰⁶

7.11 The Committee is further concerned at the lack of reporting about the Hazelwood School contracts and project progress in the Department's Annual Report – which, as an external document, is a tool for accountability and transparency.

Recommendation Eleven:

The Committee recommends DoE adhere to annual reporting protocols as per Treasurer's Instruction 201, where the estimated total cost of the project varies significantly from the estimated total cost reported in the immediately preceding financial year, and provide an explanation of that variation.

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106 (358k / 1,166k* = 30%) – (*see para 5.3 and para 5.6; – estimated costs to complete at end of 2010 were \$1,166).

Follow up of JSCPW Approved Projects - Hazelwood School Relocation Project

CHAPTER EIGHT – Project Management Processes

8.1 The Committee was advised of the following mechanisms being in place with respect to the management of the project by DoE¹⁰⁷:

- Steering Committee;
- Project Committee: who had the support and direction at key stages of the Manager Learning Services South and the Director Facilities and Capital Planning;
- Regular meetings with stakeholders;
- General Manager Learning Services and Deputy Secretary Corporate Services met monthly with the School Principal and the Chair of the School Association;
- Fortnightly (at least) site meetings with contractors;
- Risk management process in place and responsibility for risk management of the project assigned to an individual, Senior Project Officer, DoE;
- DoE Senior Project Officer reporting regularly on project progress to DoE senior management;
- Superintendent of Works monitored compliance with the terms of the contract performed;
- Use of internal guidelines and best practice;
- Regular reporting against key deliverables; and
- Monitoring of the project by the Deputy Secretary Corporate Services and the General Manager Learning Services South and regular reporting to then Minister.

8.2 DoE also advised that there was a monitoring plan in place to cover: contract requirements; key timelines and milestones; critical deliverables and performance reporting priorities; and also reporting against deliverables (KPIs) was completed regularly.¹⁰⁸

8.3 The Committee is concerned at the effectiveness of the processes in place (listed above in paras 8.1 – 8.2), given that project outcomes (such as delivery on time and within initial budget) were not able to be achieved.

¹⁰⁷ Hon Nick McKim MP, Written submission to PAC, 7 October 2011, Hazelwood School Relocation–Southern Support, p. 7- 12

¹⁰⁸ Ibid, p. 7

8.4 With respect to the work of DoE Project Managers on the project, the Committee received evidence that there had been multiple project managers allocated to the project over its lifecycle. The Committee finds a high turnover to be symptomatic of the project's breakdown, affecting communication and project continuity, along with associated transition issues.

8.5 Regarding post review follow-up, the Committee notes the following response from DoE officers:

CHAIR - *Obviously you had a lot of headaches in relation to Hazelwood, how would you improve the process? Did you in the end sit down as a group and say, 'This has been a problem because of a number of issues. How can we improve the process so it doesn't happen again?'. If so, what was the comment that you made?*¹⁰⁹

Ms FOSTER (DoE) - *I think this would not have occurred if it had been a greenfield site. It certainly would not have happened to that extent, so we have some significant learnings for next time. If it is a high-needs environment and we are trying to fit existing infrastructure to that need, even though there was extensive consultation it still led them to start thinking, 'The covered walkway isn't sufficient'. They were not thinking holistically because there was a building in front of them. They did not think to the whole concept, as you would with greenfields. I am not saying that we must do greenfields from now on but we would think that through a lot more carefully next time. The site had been a special school at one stage but life had moved on in the thinking of delivery of educational services, so we would think very carefully about that next time. We have certainly learnt a lot. The demands are much greater than even I think they thought at the time, so when we came to the Parliamentary Standing Committee the school association in particular would not have sat in front of that committee very quietly if they had concerns. They were all subsequent things. So I would build a lot more time into being very careful before they signed off on the plans.*¹¹⁰

CHAIR - *So more time in the preparation and the planning as opposed to what occurred?*¹¹¹

Ms FOSTER (DoE) - *Yes, but at our direction as well - 'So have you thought about this?'. So we would extend the scope of the design thinking into, in particular, the landscaping, the bike paths they asked for, the quality of the playgrounds and the extent of what was available. Once they started to learn what they could have, and this is during the construction period, the demands grew from there, particularly on the outside treatment.*¹¹²

¹⁰⁹ Chair, Hon Jim Wilkinson, op. cit., p. 21

¹¹⁰ Ms Michelle Foster, op. cit., p. 21

¹¹¹ Chair, Hon Jim Wilkinson, op. cit., p. 21

¹¹² Ms Michelle Foster, op. cit., p. 21

8.6 Notwithstanding conceptualization and budget execution issues associated with this project, the Committee recognizes the functionality and outcomes inherent in the final product and received evidence that the school is now fit-for-purpose and a teaching and learning environment reflective of what children should be entitled to.

8.7 The Committee expects a post completion review of the project to be completed by DoE and sees this as a necessary part of the process with respect to successful management of future projects.

Recommendation Twelve:

The Committee recommends DoE undertake a post-project evaluation upon completion of the Hazelwood School Project and that the results of this evaluation be taken into consideration by DoE when undertaking future public works projects

Recommendation Thirteen:

The Committee recommends that the Auditor-General review the Hazelwood School Project as a part of his annual audit of DoE with respect to:

- the project evaluation process undertaken by DoE post-project completion;
- consideration of the effectiveness of any findings that DoE determine from that evaluation; and
- assessment of the DoE's plan to implement those findings in the project management and performance process for future Public Works approved projects.

8.8 The Committee notes the Department of Premier and Cabinet "Tasmanian Government Project Management Guidelines" (Appendix Three) and noted that DoE should ensure its processes and practices are aligned with those guidelines.

Of particular relevance in this instance would be the sections around:

- Planning and Scoping;
- Governance;
- Stakeholder Engagement;
- Project Review and Evaluation; and
- Project closure.

Recommendation Fourteen:

The Committee recommends that DoE ensures its processes and practices of project management on public works projects are aligned with the guidelines given in the “Tasmanian Government Project Management Guidelines”.

APPENDIX ONE – Submissions, and other documents received

No	Name	Organisation	Date of Submission	Project
1	Hon Nick McKim MP Minister for Education and Skills	Tasmanian Government DoE	7-Oct-11	Hazelwood School
2	Unknown*	Unknown	14-Oct-11	Hazelwood School
3	Hon Nick McKim MP Minister for Education and Skills	Tasmanian Government DoE	26-Oct-11	Questions on Notice- from Hearing 23 September

* Anonymous submission

APPENDIX TWO – Witnesses

Organisation	Representative	Date
Department of Education and Skills	Ms Cath Parker Manager Capital Planning and Development Capital Planning and Development Finance, Facilities and Business Support Ms Michelle Foster Manager Facility Services Finance, Facilities and Business Support Corporate Services	23 / 09/ 2011
Private contributor	Anonymous witness	03/ 04/ 2012

End of Report

Signed this 16th day of May 2012.

.....
Hon Jim Wilkinson MLC
Chair of Joint Standing Committee of Public Accounts