

Follow-up of Maintenance of public schools

(Report 16: 2018–19).
Tabled 30 April 2019.

Slide 1: Welcome

Welcome to our presentation on the performance audit report on Follow-up of Maintenance of public schools.

Please note that this is a summary. The full report can be read on our website.

Slide 2: Audit objective

In this audit, we examined whether the Department of Education has effectively implemented the recommendations we made in *Maintenance of public schools* (Report 11: 2014–15). We also assessed whether the actions taken have addressed the underlying issues that led to our recommendations in that report.

Slide 3: Background

In 2015, we tabled *Maintenance of public schools* (Report 11: 2014–2015) in the Queensland Parliament. This report examined whether the department's school maintenance programs were well planned and achieved their objectives of reducing the maintenance backlog and improving the condition of school facilities. We also examined whether procurement practices delivered value for money and if the department's overall asset management practices were cost-effective.

In the original audit, we concluded that the department was not maintaining its schools to its own standards and requirements. This was due to historical underfunding of maintenance that created a backlog of repairs and other corrective maintenance tasks, which consumed almost all available recurrent funds set aside for maintenance.

The need to address the backlogs locked the department into a cycle of reactive maintenance and reduced its ability to invest in preventative and predictive maintenance strategies.

Recurrent maintenance budget allocations were below the government's own minimum recommended benchmark and were insufficient to address new maintenance requirements. This meant that the maintenance backlog was likely to compound.

Slide 4: Our findings

We found that the Department of Education has fully implemented four of the five recommendations and has partially implemented one of the recommendations we made in *Maintenance of public schools* (Report 11: 2014–2015).

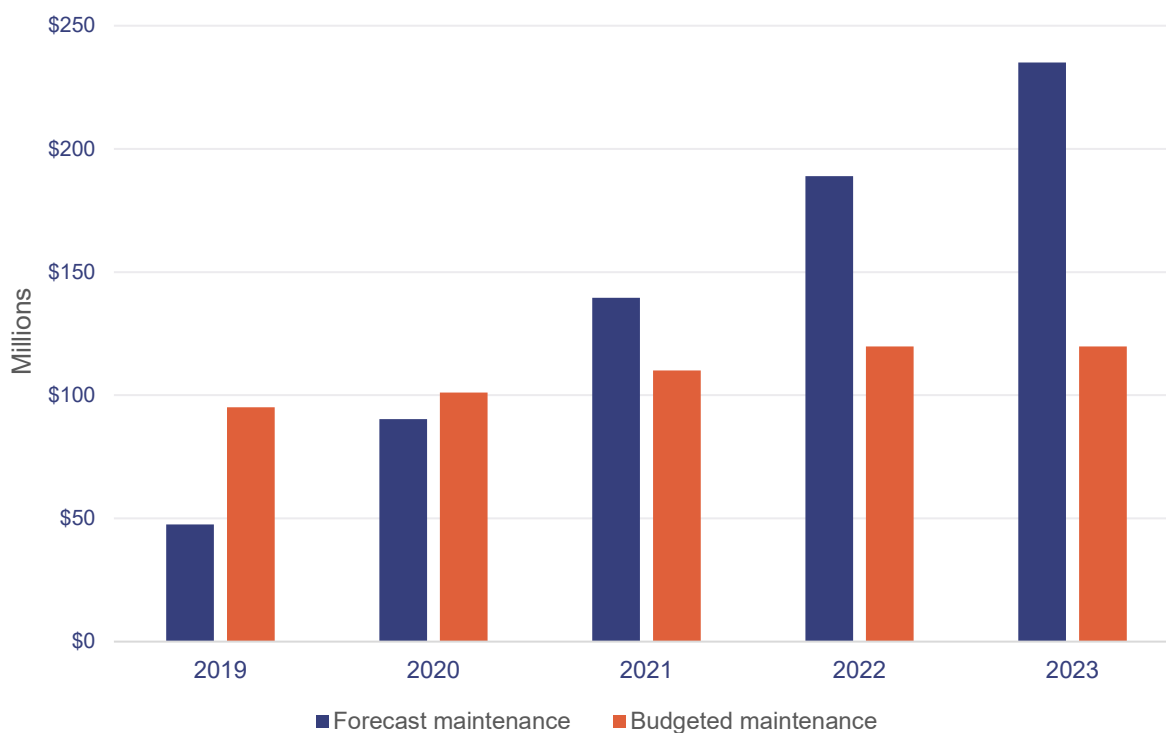
The Department of Education with support from the Department of Housing and Public Works has:

- completed asset life cycle assessments for each school
- completed a comparative assessment of the two procurement methods used by schools for maintenance, improving their approach to reporting savings
- developed descriptions for each condition standard rating and specified the expected condition standards for school facilities
- developed a maintenance policy, strategy and strategic maintenance plan and identified forecast maintenance work for the next 12 years
- used professional assessors and industry costings to estimate future maintenance costs.

Slide 5: Forecast maintenance

We estimate that based on the current condition assessments, the total expenditure required for planned maintenance over the next five years is at least \$700 million. The department's budget is \$546 million, a potential shortfall of at least \$154 million. In addition, the department is also estimating a backlog of \$146 million as at 30 June 2018. It will be important for the department to gain a complete analysis of its maintenance demand over the next three to four years to ensure the budget is enough to keep all its buildings and structures at the expected standard.

Forecast versus budgeted maintenance expenditure 2019 to 2023



Slide 6: Our conclusions

We concluded the Department of Education has made significant progress in implementing the recommendations from the original audit.

It now has comprehensive information on the general state of its buildings and a forecast of the expenditure required to maintain at or bring them up to the expected standard. It will need to work with schools to confirm or update its current estimate that \$146 million of maintenance has been deferred.

The data from the asset life cycle assessments forecasts a significant increase in the department's expenditure to maintain school buildings and structures at the expected standards. Over the next six years, the department's planned maintenance budget will need to increase its focus on preventative maintenance, to avoid increasing the existing backlog of school maintenance tasks.

Slide 7: What we recommend

We recommend that the Department of Education:

- supports all schools to develop three-year maintenance plans for all school buildings with a replacement value greater than \$100 000.

Slide 8: For more information

For more information on the issues, opportunities and recommendations highlighted in this summary presentation, please see the full report on our website.

Thank you.