
Major Infrastructure Program Delivery Capability

Tabled 18 August 2021



Objective

This audit examined whether public sector agencies have strategically planned the material and human resources needed to deliver Victoria's pipeline of major infrastructure projects valued at \$100 million or more.

Who we examined

We examined the Department of Treasury and Finance (DTF) and its Office of Projects Victoria (OPV) and the Department of Jobs, Precincts and Regions (DJPR).

As most major projects are in the transport sector, we also examined the Department of Transport (DoT) and its Major Transport Infrastructure Authority (MTIA).

What we examined

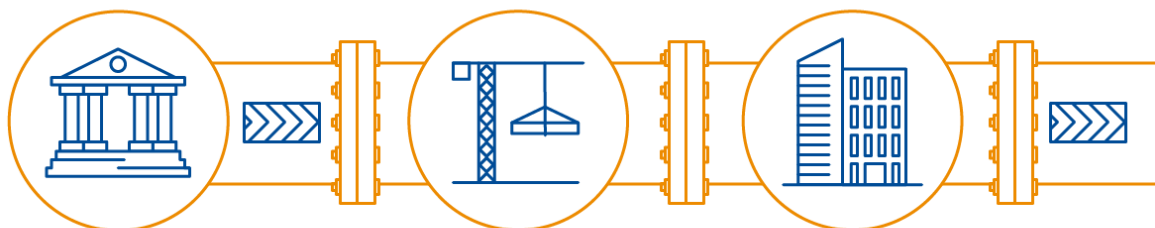
The audited agencies are not sufficiently strategic in planning for the material and human resources they need to deliver major projects. This increases the risk of cost overruns and delays. The agencies have identified potentially critical resource shortages and risks. However, there are significant gaps in the information they use to assess and address these shortages and also in the way they coordinate this work.

As a result, no agency fully understands the construction industry and public sector's ability to deliver the government's pipeline, or how effectively their work is mitigating shortages. The audited agencies do not consistently disclose the extent of these knowledge gaps about these risks in their advice to government, limiting the reliability of their advice.

Background

Victoria's pipeline of major projects has expanded dramatically since 2016, particularly for transport projects. The annual government investment in these projects more than doubled from

Conclusion



\$9.1 billion in 2016–17 to a forecast \$24.2 billion for 2021–22. Infrastructure spending across Australia has also risen, which has put pressure on the construction market and led to shortages in skills and other resources. This makes it harder for the government to deliver projects on time and budget.

We examined four types of resources needed to deliver the pipeline: the industry workforce, which builds projects; the public sector workforce, which plans and oversees their delivery; construction firms, which bid for and build these projects; and the materials used to build infrastructure, such as rock and gravel.

Finding 1

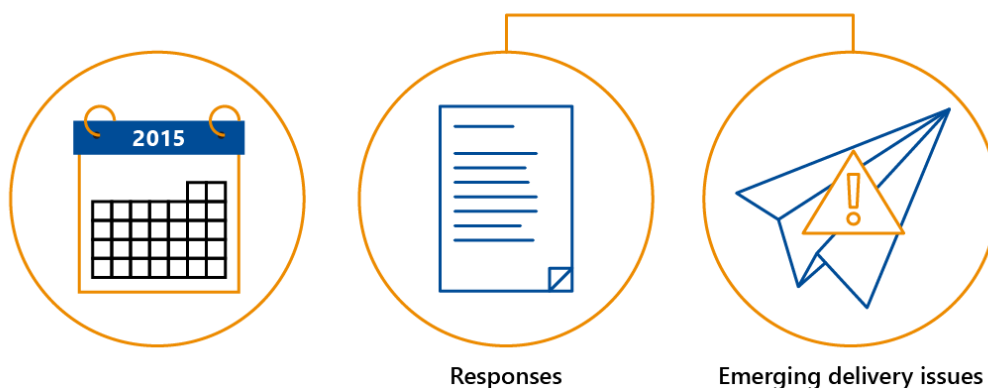
Since 2015, the audited agencies have identified shortages or emerging shortages across all four types of resources that we examined. For example, MTIA has found that between 2022 and 2025 there will be shortages in 98 per cent of high-skilled construction occupations, such as civil engineers and surveyors. However, none of the audited agencies know the size or timing of these shortages and how they could affect the pipeline's delivery. This is because there are gaps in the agencies' data and limitations in their forecasting models.

Finding 2

Collectively, the audited agencies have six strategies and over 80 actions to address resource shortages and risks. However, they do not know if their work is having an impact because they do not have the performance measures or monitoring they need to assess it.

The agencies have also not completed many of the actions that they intended to finish by now. For example, OPV has only completed less than a quarter of its planned actions to address workforce and construction market shortages. These actions were due by the end of 2019.

Finding 3



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In 2015, the audited agencies recognised the need to coordinate their responses to emerging delivery issues. DJPR set up a taskforce in 2015 with government agencies and industry to support the supply of quarry materials. The other agencies did not start their major efforts to work together to respond to these issues until late 2018. By this time, the government's forecast annual investment in infrastructure had almost doubled.

Recommendations

We made eleven recommendations to the audited agencies about coordinating their supply and demand models for the construction industry workforce, ensuring their advice to the government is informed by current, comprehensive knowledge, and completing their intended actions.