

# APPENDIX A

## Submissions and comments

We have consulted with DTF, including OPV, DoT, including MTIA, and DJPR and we considered their views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

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### We received the following responses:

DTF .....	53
DoT .....	56
MTIA .....	59
DJPR .....	61

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Mr Andrew Greaves  
Auditor-General  
35 Collins Street  
MELBOURNE VIC 3000

Dear Auditor-General

**PROPOSED PERFORMANCE AUDIT REPORT – MAJOR INFRASTRUCTURE  
PROGRAM DELIVERY CAPABILITY**

Thank you for your letter dated 21 July 2021, inviting the Department of Treasury and Finance (DTF) to respond to the proposed performance audit report: *Major Infrastructure Program Delivery Capability*.

DTF notes the findings of the report and recommendations directed at DTF including the Office of Projects Victoria. DTF accepts in full six recommendations and accepts in part one recommendation.

A proposed action plan for implementing the recommendations directed at DTF and OPV is attached to this letter.

Thank you for the opportunity to comment on the proposed report.

Yours sincerely



Jason Loos  
Acting Secretary

5 / 8 / 2021



Department of Treasury and Finance, including the Office of Projects Victoria, action plan to address recommendations from the Major Infrastructure Program Delivery Capability performance audit

No	VAGO recommendation	Action	Completion date
1	DTF, including OPV and DOT, including MTIA: To the extent possible, collect and collate comprehensive, accurate, quantitative information, research and analysis to annually estimate and monitor the size and timing of resource shortages and risks across the government pipeline (see sections 2.1, 2.2, 2.3, 2.4 and 2.5)	Accepted Joint advice on skills and market capacity based on the available modelling to be provided to Government. Advice to include assessment of both public sector workforce and industry capacity to respond to the infrastructure pipeline. Timing of advice to be available in advance of annual budget deliberations. Action linked to Recommendation 7.	Early 2022 prior to 2022-23 Budget
4	DTF, including OPV: Revises its major projects industry workforce demand modelling to enable it to: <ul style="list-style-type: none"> <li>differentiate between absolute and relative workforce shortages</li> <li>account for cumulative workforce demand across the government pipeline (see section 2.5)</li> </ul>	Partially Accepted The industry workforce demand model estimates labour demand. The output of the industry workforce demand model, along with model estimates for Victoria's supply of labour (DJPR and DET) will be used to estimate relative workforce shortages, informing government policies and incentives for the existing labour pool, and education and migration strategies. Cumulative workforce demand for major projects is being addressed in the next model upgrade.	By December 2021
5	DTF, including OPV: Works with the Department of Jobs Precincts and Regions and the Department of Education and Training to ensure its revised major projects workforce demand model integrates with their state macro-economic and industry workforce models to identify potential skills shortages across the government pipeline (see Section 2.6).	Accepted The next major projects workforce demand model upgrade will include options for user variations to reflect variations in market information (e.g. escalation) over the life of an infrastructure project. The output of the demand model can be integrated with other supply and economic data in a business intelligence tool to identify shortages across the government pipeline.	By December 2021
7	DTF, including OPV: use aggregated information on Victoria's ability to deliver the government pipeline to inform their decisions and advice to the government on the state Budget and infrastructure investments, including: <ul style="list-style-type: none"> <li>the size and timing of shortages and risks across resources needed to deliver the government pipeline</li> <li>the extent that shortages and risks are being addressed by existing mitigation actions that the government and industry deliver</li> <li>how the proposed timing of new or rescheduled major projects aligns with the</li> </ul>	Accepted Work with relevant agencies so that all demand, supply and economic information is analysed and joint advice on skills and market capacity based on the available modelling is provided to Government. Action linked to Recommendation 1.	Early 2022 prior to 2022-23 Budget

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	<p>forecast availability of resources across the pipeline</p> <ul style="list-style-type: none"> <li>• priorities for any further government actions needed to secure the resources required for the pipeline's delivery (see sections 2.1, 3.1, 3.3 and 3.4)</li> </ul>		
8	<p>DTF, including OPV: make the aggregated information on resource shortages and risks available to departments and delivery agencies to inform their decisions and advice to the government about major infrastructure investments and actions needed to build and support resources (see sections 2.1 and 3.4)</p>	<p>Accepted Joint advice consolidating assessment and analysis from modelling to be made available by OPV to departments and delivery agencies as part of addressing Recommendations 1, 5 and 7.</p>	<p>Early 2022</p>
9	<p>DTF, including OPV: engage regularly with the construction and associated industries about the resources needed to deliver the government pipeline by:</p> <ul style="list-style-type: none"> <li>• working with the Department of Transport, including the Major Transport Infrastructure Authority, to complete the planned industry engagement strategy and make it publicly available</li> <li>• introducing a formal and at least annual engagement that is specific to Victoria's pipeline between the industry and relevant departments and delivery agencies (see Section 3.4)</li> </ul>	<p>Accepted Update construction industry on reforms through a co-ordinated approach between DTF, OPV, DOT and MTIA.  OPV to facilitate annual industry engagement to promote the future pipeline and consult industry on future demand pressures.</p>	<p>By December 2021</p>
11	<p>DTF, including OPV, DOT including MTIA and DJPR: coordinate, deliver and complete their strategies, actions and the committee work they lead by:</p> <ul style="list-style-type: none"> <li>• documenting implementation plans that include tasks, responsibilities, arrangements, budgets and timelines</li> <li>• setting objectives, measures, indicators and targets for what their strategies and actions aim to achieve</li> <li>• monitoring, reviewing and overseeing their progress and impact (see sections 3.3, 3.5 and 3.6)</li> </ul>	<p>Accepted DTF will report back to government on the Skills for Major Projects IDC.  DTF to update the Infrastructure Reform strategy, incorporating recent reviews.  OPVs Major Infrastructure Capability and Capacity Strategy to be replaced by the Major Infrastructure People and Systems Strategy, incorporating successful initiatives (e.g. recent modelling initiatives upgrades), and to include emerging systemic reform opportunities.</p>	<p>By December 2021</p>

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Ref: BSEC-1-21-7994R

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Level 31, 35 Collins Street  
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Dear Mr Greaves

### **Victorian Auditor-General's Office – Proposed Report – Major Infrastructure Program Delivery Capability**

Thank you for your letter of 21 July 2021 relating to the 'Major Infrastructure Program Delivery Capability' performance audit and for the opportunity to provide comments on the proposed report (the Report).

The Department accepts VAGO's findings and provides feedback in the attached action plan. The Department will continue to work collaboratively with MTIA and Agencies to ensure a better understanding of industry capability for Major Infrastructure Projects.

The Department's action plan on the Report is attached for your consideration.

Yours sincerely

**William Tieppo**  
Acting Secretary  
Department of Transport

6 / 8 / 2021





## Major Infrastructure Program Delivery Capability

### Proposed Action Plan

No.	VAGO recommendations	Action	Completion date
1.	We recommend that agencies to the extent possible, collect and collate comprehensive, accurate, quantitative information, research and analysis to annually estimate and monitor the size and timing of resource shortages and risks across the government pipeline.	Accepted. DoT will continue to work with DTF, DET, DJPR and other agencies to update and monitor the annual resources issues for current and future transport infrastructure pipeline based on the overall State based modelling. The information collated will be utilised as part of future business case development.	Ongoing – Annual update
6.	We recommend that the Department of Transport (DoT) including the Major Transport Infrastructure Authority (MTIA) uses results from government pipeline modelling by the Department of Treasury and Finance and its Office of Projects Victoria and the Department of Jobs, Precincts and Regions to understand its workforce forecasts for the transport sector and revises its forecasts to make the differences between absolute and relative shortages clear.	Accepted. DoT (with MTIA) will work with the relevant agencies to gain access to data to provide a better understanding of the predicted demands across the key workforce risk areas and revise its forecasts to make differences between absolute and relative shortages clear.	30 June 2022
10.	We recommend that DoT leads coordinated planning to assess and manage delivery capability and capacity risks for the transport sector.	Accepted. DoT will coordinate with MTIA and other agencies to annually assess the delivery capability and capacity risks for the transport sector.	Ongoing – Annual update

VAGO Proposed Report – Major Infrastructure Program Delivery Capability - Action Plan

No.	VAGO recommendations	Action	Completion date
11.	<p>We recommend that agencies coordinate, deliver and complete their strategies, actions and the committee work they lead by:</p> <ul style="list-style-type: none"> <li>• documenting implementation plans that include tasks, responsibilities, arrangements, budgets and timelines;</li> <li>• setting objectives, measures, indicators and targets for what their strategies and actions aim to achieve; and</li> <li>• monitoring, reviewing and overseeing their progress and impact.</li> </ul>	<p>Accepted.</p> <p>DoT will develop the Rail Skills Strategy and will also continue to deliver key strategies and initiatives.</p> <p>Where appropriate DoT will continue to work with the relevant agencies in contributing to, and leading such strategies as required.</p>	30 June 2022



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Dear Andrew

**MAJOR INFRASTRUCTURE PROGRAM DELIVERY CAPABILITY AUDIT – PROPOSED DRAFT REPORT**

Thank you for your letter of 21 July 2021 providing the Major Transport Infrastructure Authority with the opportunity to provide feedback and comments on the proposed draft report for the Major Infrastructure Program Delivery Capability performance audit.

MTIA values the opportunity to review the proposed draft report and understands the importance of the audit in examining how key government agencies are forecasting and managing any capability gaps and risks.

Please find the attached action plan on the proposed draft report which outlines how MTIA intends to address the audit recommendations.

Should you wish to discuss MTIA's response, please contact Sara McIvor, Director, Program Assurance, MTIA on 9655 6289 or by email: [sara.mcivor@mtia.vic.gov.au](mailto:sara.mcivor@mtia.vic.gov.au).

Please do not hesitate to contact me if you wish to discuss this matter.

Yours sincerely



Corey Hannett  
Director-General

6 / 08 / 2021





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MTIA action plan to address recommendations from the Major Infrastructure Program Delivery Capability performance audit

Rec no.	VAGO recommendation	Action	Completion date
1.	<p>Department of Treasury and Finance (including the Office of Projects Victoria) and Department of Transport (including the Major Transport Infrastructure Authority):</p> <ul style="list-style-type: none"> <li>To the extent possible, collect and collate comprehensive, accurate, quantitative information, research and analysis to annually estimate and monitor the size and timing of resource shortages and risks across the pipeline.</li> </ul>	<p>MTIA accepts the recommendation.</p> <p>MTIA will continue to work with the Department of Treasury and Finance and the Office of Projects Victoria as requested, to provide input on resource issues to support the monitoring of risks across the pipeline. .</p>	Ongoing
6.	<p>Department of Transport (including the Major Transport Infrastructure Authority):</p> <ul style="list-style-type: none"> <li>Use results from government pipeline modelling by DTF and OPV and DJPR to understand its workforce forecasts for the transport sector and revises its forecasts to make differences between absolute and relative shortages clear.</li> </ul>	<p>MTIA accepts the recommendation.</p> <p>MTIA will work with the relevant agencies to gain access to pipeline modelling to better understand the predicted demands across the key workforce risk areas.</p>	30 June 2022
11.	<p>Department of Treasury and Finance (including the Office of Projects Victoria), Department of Transport (including the Major Transport Infrastructure Authority) and Department of Jobs, Precincts and Regions:</p> <ul style="list-style-type: none"> <li>Coordinate, deliver and complete their strategies, actions and the committee work they lead by:                             <ul style="list-style-type: none"> <li>documenting implementation plans that include tasks, responsibilities, arrangements, budgets and timelines;</li> <li>setting objectives, measures, indicators and targets for what their strategies and actions aim to achieve; and</li> <li>monitoring, reviewing and overseeing their progress and impact.</li> </ul> </li> </ul>	<p>MTIA accepts the recommendation.</p> <p>Where appropriate, and as requested MTIA will continue to work with the relevant agencies in contributing to, and leading such strategies as required.</p> <p>MTIA will also continue to deliver their key strategies and initiatives. This will include the development of an Industry Workforce Strategy as requested by, and to align with the DoT Rail Skills Strategy currently being developed.</p>	Ongoing

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Department of Jobs, Precincts and Regions

Ref: BSEC-2-21-14679

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Dear Mr Greaves

**VAGO's Proposed Report – Major Infrastructure Program Delivery Capability**

Thank you for your letter of 21 July 2021, providing the department with a proposed report for VAGO's performance audit on Major Infrastructure Program Delivery Capability. We welcome the opportunity to provide comments to be included in the report.

We have reviewed VAGO's audit recommendations, and have accepted in principle two recommendations, and accepted one in full. Our detailed comments are enclosed.

We thank you and your team for the constructive engagement with the department throughout the audit.

If you require further information, please contact Justin Perkov, Acting Director Audit & Assurance on 0491 614 371 or [justin.x.perkov@ecodev.vic.gov.au](mailto:justin.x.perkov@ecodev.vic.gov.au).

Yours sincerely



**Penelope McKay**  
Associate Secretary

06/08/2021



## Response provided by the Associate Secretary, Department of Jobs, Precincts and Regions—continued

### DJPR action plan to address recommendations from the Major Infrastructure Program Delivery Capability performance audit

No	VAGO recommendation	Action	Completion date
2	In consultation with the Department of Treasury and Finance and its Office of Projects Victoria, the Department of Education and Training and other relevant agencies, leads the development of an integrated, aggregate, macro-economic model of the Victorian economy that can determine key drivers of the labour market (see Section 2.6)	Accepted in principle  DJPR is committed to working with relevant agencies to better understand the drivers of the labour market to support the delivery of major infrastructure projects as needed.	June 2023
3	Ensures that the state's employment demand modelling includes the distribution of skills across occupations and industries under the Australian and New Zealand Standard Classification of Occupations and works with other agencies as needed to do this (see Section 2.6)	Accepted in principle  DJPR is committed to expanding the state's employment projections model to consider the distribution of skills across occupations and industries, working with relevant agencies as needed.	June 2023
11	Coordinate, deliver and complete their strategies, actions and the committee work they lead by: <ul style="list-style-type: none"> <li>documenting implementation plans that include tasks, responsibilities, arrangements, budgets and timelines</li> <li>setting objectives, measures, indicators and targets for what their strategies and actions aim to achieve</li> <li>monitoring, reviewing and overseeing their progress and impact (see sections 3.3, 3.5 and 3.6).</li> </ul>	Accepted  11. a) The <i>Helping Victoria Grow: Extractive Resources Strategy</i> sets out actions supported by a funded program (ERS program). DJPR, Resources will work through the ERS Program Control Board (PCB) to update the existing Extractive Resources Strategy Program Plan (program plan) and subsidiary priority project plans. <ul style="list-style-type: none"> <li>The program plan summarises how the ERS program will be delivered, managed, and monitored over the life of the ERS program.</li> <li>The program plan sets the program level framework and governance arrangements and program controls. The program plan is adaptive and evolves over time as different stages of the ERS program are delivered and projects and priorities change.</li> <li>Considering VAGO's recommendation, the program plan will be updated to include additional and revised information on responsibilities, arrangements, budgets, and timelines.</li> </ul>	October 2021

11. b) DJPR, Resources will develop a suite of performance indicators to measure and demonstrate the impact of the actions outlined in the strategy.

- Performance indicators will be included in the program plan
- The amended program plan will be tabled at the October 2021 ERS PCB meeting for endorsement.

11. c) DJPR, Resources will monitor the performance indicators developed under Action 11. b)

- Regular updates on progress against the endorsed performance indicators will be presented to the ERS PCB.