

# **LOCAL JOBS FIRST POLICY AGENCY GUIDELINES**

Under the Local Jobs First Act 2003

October 2018

 **LOCAL JOBS FIRST**

**VICTORIA**  
State  
Government



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# 1 Overview

1. These guidelines are issued by the Minister for Industry and Employment to assist agencies in the application of the Local Jobs First Policy and *Local Jobs First Act 2003* and are mandatory. This document should be read in conjunction with the Local Jobs First Policy and Local Jobs First Supplier guidelines.

## 2 Application

2. The Local Jobs First Policy and these Guidelines apply to all entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994*.
3. Transitional arrangements are outlined in the Local Jobs First Policy.

## 3 Starting a Project

4. The following steps apply to all Local Jobs First Standard and Strategic projects as outlined in the Local Jobs First Policy, except for panel and grants contracts. There are different processes for applying Local Jobs First (LJF) to market led proposals and grants contracts as outlined in part 3.4 and 3.5.

### 3.1 Applying Local Jobs First

5. Application of LJF must be considered at the earliest practical stage of project initiation and development, as the pre-step to all others listed below.
6. If a project is likely to meet the LJF financial threshold then LJF must be considered in the business case and subsequent project design and development.
7. If the estimated project value is close to the financial threshold, then consideration should be given to applying LJF to avoid issues with non-compliance and delays to procurement processes caused by late application of LJF requirements.
8. This includes projects that are applying the LJF Standard Projects process but are likely to exceed the Strategic Project threshold in the bidding process. If this is the case it is recommended that the Strategic Project requirements be applied at the outset to avoid delays in the procurement process and non-compliance.
9. To determine if your project is LJF applicable consider the following:
  - a) Is your project a goods, service or construction activity that involves:
    - A metropolitan or state-wide activity valued at \$3 million or more, but less than \$50 million? If yes, your project may be a LJF Standard Project. Please refer to the LJF Standard process below for more information and next steps.
    - A regional activity valued at \$1 million or more, but less than \$50 million? If yes, your project may be a LJF Standard Project. Please refer to the LJF Standard process below for more information and next steps.
  - b) Is it valued at \$50 million or more? If yes, your project is automatically deemed a Strategic Project under the *Local Jobs First Act 2003*. Please refer to the LJF Strategic Project process below for more information and next steps.
  - c) Is a construction project greater than \$20 million or more? Then the Major Projects Skills Guarantee applies. See Appendix 3: MPSG Specific application: Deemed Hours Formula
  - d) Has not been exempted from the Local Jobs First policy by the Minister for Industry and Employment.

10. If you answered no to the above, then your project falls outside of the Local Jobs First Policy and no further action in relation to LJF is required.

Agencies need to consider the application of Local Jobs First at the earliest practical stage of project initiation and development to prevent the risk of non-compliance with the Local Jobs First Policy.

Agencies should review the criteria for Local Jobs First applicability to determine whether it needs to be applied to a project. For any clarification, agencies should contact the Office of Industry Participation and Jobs.

## 3.2 Step by step process in applying Local Jobs First to Standard Projects

### Step 1 – Local Jobs First Project Registration

1. Prior to the release of the tender documents, agencies need to register the project including project specifications with the Victorian Local Jobs First Management Centre (VMC) (at [www.icnvc.org.au/ljf](http://www.icnvc.org.au/ljf)). Project registration should occur no less than 14 days before the release of documentation to bidders.
2. Project registration and the subsequent steps apply for any project subject to LJF unless an exemption has been provided by the Minister for Industry and Employment in accordance with the Local Jobs First Policy.

### Step 2 – Local Content Contestability assessment – Standard Projects only

3. The Industry Capability Network - Victoria (ICN) will review the project specifications and assess whether there are contestable items and capable local suppliers.
  - a. If contestable items are identified, the ICN will issue the agency with a contestability letter with a list of contestable items available from competitive local and international suppliers. A copy of this letter will be provided to the Department of Economic Development, Jobs, Transport and Resources' (DEDJTR) Office of Industry Participation and Jobs.
  - b. Where ICN considers that there is no contestability, it will advise DEDJTR's Office of Industry Participation and Jobs, who will make a determination on this matter and inform the agency.
4. The agency is required to request data, monitor outcomes and report on LJF outcomes, including local content and jobs to be delivered on the project and actual achievements, irrespective of the contestability assessment. (**Appendix 5**)

### Step 3 – Specify Local Jobs First requirements in tender documents and go to tender

5. The agency must notify prospective bidders in tender documentation of the LJF requirements, including Expressions of Interest, Requests for Proposals/Tenders and other processes.
6. A compliant Local Industry Development Plan (LIDP) must be provided by bidders for any project subject to LJF.
7. For individual tenders, proposals or other submissions that form part of a project but are valued less than \$100,000 an agency can determine that a LIDP is not required. However, the total value of these tenders, proposals or other submissions of the project where a LIDP is not required cannot exceed \$500,000. Instances where agencies determine that a LIDP is not required must be documented and is subject to review and audit by the Office of Industry Participation and Jobs and The Local Jobs First Commissioner.
8. Agencies must advise bidders to complete a LIDP, along with the information required to complete one and how to register with the VMC.
9. A LIDP must reflect the size and complexity of the project. Preparation of a LIDP can take between a day to three weeks and is prepared by the bidders and submitted as part of the tender documents. Close consultation with the ICN is encouraged.

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10. Information to be provided in the LIDP includes:
    - the Victorian Industry Participation Policy (VIPP) commitments (local content, new and retained jobs, training, technology transfer)
    - the Major Projects Skills Guarantee (MPSG) commitments (where applicable) (deemed hours formula)
    - how the LIDP will be implemented and management of risks, including industry engagement strategies, milestones and timelines
    - monitoring and reporting requirements, including those to be delivered as part of normal project management procedures.
  11. Model clauses have been developed to be incorporated into project documentation to be applied by the agency. Any variation to these clauses must be agreed by the agency's LJF Administrator. (Refer website – ([www.localjobsfirst.vic.gov.au](http://www.localjobsfirst.vic.gov.au))).
  12. The requirements to be included in a LIDP are issued by the Office of Industry Participation and Jobs. Any additional requirements must be agreed by the agency's LJF Administrator and the Office of Industry Participation and Jobs.

#### **Step 4 – Shortlisted/Notified bidders preparation and ICN acknowledgement of LIDP**

13. Bidders must submit a LIDP through ICN Victoria's VMC at [icnvic.org.au/ljf](http://icnvic.org.au/ljf).
14. Agencies and DEDJTR's Office of Industry Participation and Jobs can download the submitted LIDPs, acknowledgement letters, contestability assessment letters and ICN's Risk Evaluation Report from the VMC.
15. ICN will acknowledge receipt of a LIDP and issue an acknowledgement letter to a bidder. ICN will only issue the acknowledgement if:
  - all sections of the plan are fully complete; and
  - the Plan has been submitted within the specified tender timeframe; and
  - the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.
16. The ICN will also provide a risk assessment (LJF evaluation report) to the agency, once all LIDPs have been completed or the due date in the VMC has passed, to assist the agency with the tender evaluation process.
17. The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been rejected due to being incomplete or non-compliant and no acknowledgement letter will be provided.
18. A tender proposal is not complete without an ICN acknowledgment letter. This would mean the end of the procurement process for the bidder.

Agencies must register projects on the Victorian Local Jobs First Management Centre (VMC) prior to the release of tender documents.

The Industry Capability Network (ICN) will notify agencies of a project's contestability.

Agencies must notify prospective bidders of Local Jobs First requirements within tender documents.

**A Local Industry Development Plan** must be provided by bidders to be eligible for any project subject to Local Jobs First.

Agencies are required to report on Local Jobs First outcomes, including local content and jobs to be delivered on the project and actual achievements, irrespective of the contestability assessment.

The ICN will issue an acknowledgement letter to a bidder if the Local Industry Development Plan has been completed properly and submitted on time.

The ICN will provide a risk assessment report to the agency to assist the agency with the tender evaluation process.

**A tender proposal is not complete without an ICN acknowledgement letter.**

## Step 5 – Final tender evaluation and consideration of LIDP

19. Bidders must submit their LIDP and ICN acknowledgement letter to the agency's tender evaluation panel. Only bidders with an ICN acknowledged LIDP may be considered by the tender evaluation panel during selection of the preferred supplier.
20. The agency must use the LJF Risk Assessment provided by the ICN in the tender evaluation process, including for bidder short-listing and selection, with further details provided in **Appendix 2: Application of LJF weightings in tender evaluation**.
21. Further information is provided at **Appendix 3: MPSG Specific application: Deemed Hours Formula** to assist agencies in understanding whether bidders have accurately calculated MPSG commitments. This guidance is also provided in the Supplier guidelines.
22. When assessing LIDPs, an agency is required to apply a mandatory minimum 10 per cent weighting for local industry development and 10 per cent for job outcomes (see **Appendix 2**). This is designed to ensure that local content and job opportunities are maximised by bidders in delivery of the project.
23. During the tender evaluation process, the agency should assure themselves of the LIDP commitments and address with the shortlisted bidders any issues of concern with the LIDPs, including risks identified in the LJF Risk Assessment. If this changes the nature of the LIDP, then it must be revised and resubmitted to ICN for acknowledgment through the VMC, and subsequent reassessment by the ICN and agency.
24. The agency's project manager must notify the ICN that a bidder is going to revise their LIDP by clicking the post-tender negotiations area of the VMC.

## Step 6 – Awarding a contract

25. The agency project manager must notify the ICN of the appointed supplier for a given tender. This can be done through the VMC and must occur within five business days of awarding a contract.
26. For all projects with a project value of \$20 million or more the agency must require the use ICN Analytics to monitor and report local content and job outcomes. The agency must contact the ICN to set-up an ICN Analytics account for the project within 5 business days of awarding a contract.
27. The LIDP commitments must be incorporated into the contract as project deliverables.
28. This can be achieved by attaching the final agreed LIDP to the contract and including the relevant model clauses in the agreement. Refer to the LJF Model Request for Tender (RFT) and Contract Clauses, which have been prepared by the Victorian Government Solicitor's Office (VGSO) and is available on the Local Jobs First website.
29. Contractors are required to report on their Local Jobs First commitments as contained in the LIDP during the life of the project to practical completion (see Step 7).

Bidders must submit their LIDP and ICN acknowledgement letter to the agency's tender evaluation panel.

Agencies must use the ICN Risk Assessment Report during the evaluation process.

Agencies are required to apply a mandatory minimum 10% weighting for local industry development and 10% for job outcomes and notify the ICN of the appointed supplier.

For all projects valued over \$20 million, agencies must require the use of ICN Analytics to monitor and report local content and job outcomes.

**Local Industry Development Plan commitments must be incorporated into the contract as project deliverables.**

## 3.3 Step by step process in applying Local Jobs First to Strategic Projects

30. All steps for applying LJF for Strategic Projects are identical to those applying to Standard Projects, other than for Step 2, relating to the setting of local content requirements which replaces Step 2 for LJF Standard Projects.

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31. This process also applies in full to Public Private Partnership (PPP) projects and other forms of contracting such as alliance contracts, auctions, or the use of a panel of suppliers that are LJV Strategic Projects.

## Step 2 – Setting Local Content requirements – Strategic Projects only

32. Under the *Local Jobs First Act 2003* the Minister for Industry and Employment is responsible for setting local content requirements for a Strategic Project. The Office of Industry Participation and Jobs advises the Minister of the local content requirements, which may be informed by a contestability assessment undertaken by the ICN.

Section 7B (2) of the Act provides that the Minister for Industry and Employment must set local content requirements at no less than:

- 90% for a strategic project that is a construction project
- 80% for a strategic project that is a services or maintenance contract
- 80% for the maintenance or operations phase of a strategic project.

Section 7C provides that the MPSG applies to standard projects that are construction projects with a budget of \$20 million or more and strategic projects that are construction projects.

The Act also provides that the Minister may determine other matters relating to Strategic Projects, including but not limited to:

- requirements to maximise or specify the use of steel products produced by local industry
- requirements to maximise the use of uniform and personal protective equipment (PPE) produced by local industry
- any other requirements or conditions.

33. Before proceeding with a project, the agency must contact DEDJTR's Office of Industry Participation and Jobs to confirm the process for setting local content requirements for the specific project.
34. The Office of Industry Participation and Jobs will confirm whether a contestability assessment is required to be conducted by the ICN.
35. If the Office confirms that a contestability assessment is not required, and that the minimum specified in the Act or otherwise agreed with the agency is to be set, the Office will make a recommendation to the Minister for Industry and Employment.
36. If the Office confirms that a contestability assessment is required, the agency must provide the ICN with available project specifications, with ICN to determine contestable items and capable local suppliers.
37. The ICN will provide a detailed contestability assessment and recommended minimum local content requirements to DEDJTR's Office of Industry Participation and Jobs.
38. The Office of Industry Participation and Jobs will consider the ICN assessment and consult with the agency on the recommended minimum local content requirements.
39. The minimum local content requirements must be agreed by the Minister responsible for Local Jobs First, prior to inclusion in project documents released to market.
40. Setting local content after the release of documentation will deem the agency non-compliant with the Local Jobs First policy, including the intent to provide full and fair opportunity to participate in government procurement activities.

Applying Local Jobs First to Strategic Projects is identical to that of Standard Projects except that the Minister for Industry and Employment is responsible for setting local content requirements for a Strategic Project.

An agency must contact the Office of Industry Participation and Jobs prior to proceeding with a project to confirm the setting of local content requirements for a specific project.

The Minister must agree to the minimum local content requirements which are required to be included in project documents released to the market.

Release of documents without the agreement of the Minister for Industry and Employment to local content requirements will deem the agency non-compliant with Local Jobs First.

### 3.4 Applying Local Jobs First to Market Led Proposals

41. Market led proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure, provide goods (such as rolling stock) and/or deliver services. These projects originate within the private sector and involve organisations developing a project or service specification and then approaching government for approval and support. This support is typically financial but may also include regulatory or other forms of assistance.
42. LJF applies to Market Led Proposals, with the project proponents to make clear their commitments to industry development (including local content) and job outcomes.
43. The steps however differ, with the project proponent responsible for developing a LIDP and committing to terms and conditions that apply under these guidelines, including details outlined in paragraphs 9 and 10.
44. To be considered compliant with the LJF, a proponent must:
  - complete all sections of the LIDP
  - sign the Statutory Declaration and agree all other conditions, including monitoring, reporting, auditing and compliance requirements.
45. The proponent is encouraged to engage with the ICN in developing the LIDP on local content matters and local supply chain engagement.

### 3.5 Applying Local Jobs First to Grant Recipients

46. Grant recipients are subject to LJF, where the value of the grant meets the LJF financial thresholds as outlined under the LJF policy and the recipient is not a State or Commonwealth government agency.
47. LJF applies to all other grant recipients including local councils, businesses and other organisations.
48. Grants involving a co-contribution from another jurisdiction, such as the Commonwealth or other third-parties including the recipient, are subject to LJF based solely upon the value of the Victorian Government grant meeting the LJF monetary thresholds.
49. The application of LJF to grant recipients ensures local SMEs and workers benefit from the opportunities once the grant project commences.
50. The steps for an agency to comply with LJF for grant contracts are outlined below.

#### Step 1 – Specify Local Jobs First requirements in grant documentation

51. The agency must include LJF requirements in grant documentation, including grant guidelines and proposed contracts.
52. Agencies are required to advise grant recipients that they must obtain an Industry Reference Notice (IRN) from the Victorian LJF Management Centre and inform the recipient of the expectation that the local industry engaged on the project be consistent with the Local Jobs First policy.
53. Model clauses have been developed to be incorporated into grant documentation to be applied by the agency. Any variation to these clauses must be agreed by the agency's LJF Administrator. (Refer website [www.localjobsfirst.vic.gov.au](http://www.localjobsfirst.vic.gov.au))

## Step 2 – LJF Grant Registration and IRN

54. The agency must register the proposed grant with the Victorian LJF Management Centre [icn.vic.org.au/ljf](http://icn.vic.org.au/ljf). The registration should occur as soon as the agency reasonably expects the grant arrangement to proceed.
55. The grant recipient must obtain an IRN from the ICN. The IRN form requires the details and scope of the proposed procurement activity to be provided. The agency should provide relevant information to assist the grant recipient to complete the IRN form.
56. The grant recipient must consult with the ICN on the nature of the procurement activity and identify any opportunities for local SMEs or contestable items.
57. If contestable items are identified, then ICN can assist the grant recipient to identify potential local SME suppliers.
58. The grant recipient is responsible for ensuring that the project adheres to the LJF Policy and involving the ICN in the project to ensure local industry has opportunities to connect into the supply chain and that local workers are provided opportunities, including apprentices, trainees and cadets.
59. The ICN will issue the grant recipient with an IRN and reference letter.

## Step 3 - IRN issued by ICN to grant recipient

60. The grant recipient must provide the IRN to the agency within 20 business days of the grant agreement being executed.
61. The agency must include the IRN and any agreements reached regarding LJF within the contract or grant agreement.

## Step 4 - Annual reporting

62. The agency must retain a record of the IRN and any associated local content and job outcomes for inclusion in annual reporting on compliance with Local Jobs First.
63. Any local content outcomes achieved through consultation with ICN must be noted and reported to the agency and DEDJTR's Office of Industry Participation and Jobs by the ICN.

Local Jobs First applies to Market Led Proposals.

Project proponents must develop a Local Industry Development Plan as part of the proposal and make clear industry development and job commitments, including local content, and agree to monitoring and reporting requirements.

Grant recipients are subject to Local Jobs First where the value of the grant meets the Local Jobs First financial thresholds and the recipient is not a state or commonwealth government agency.

Agencies must include Local Jobs First requirements in grant documentation including in guidelines and contracts.

Grant recipients must obtain an Interaction Reference Number (IRN) from the Victorian Local Jobs First Management Centre.

The grant recipient must provide the IRN to the agency within 20 business days of the grant agreement being executed.

# 4 Local Jobs First Monitoring Requirements

## Step 7: Regular monitoring of delivery of LJF commitments

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64. Agencies are responsible for ongoing monitoring of the implementation of the Local Jobs First Policy, LIDP commitments and associated compliance by contractors, suppliers or grant recipients, including reporting on new, in progress and completed projects.
  65. DEDJTR's Office of Industry Participation and Jobs can assist with agency reporting and is responsible for whole-of-government monitoring and reporting, drawing on agency, contractor and ICN data.
  66. All Victorian Government projects with a value of \$20 million or more, including all projects deemed Strategic Projects, must use **ICN Analytics** for monitoring and reporting from May 2018. ICN Analytics is a service that has been acquired by DEDJTR at no additional cost to agencies or contractors and their supply chains. Projects contracted prior to this can opt in to use the system at no cost to the agency. Specific qualities of ICN Analytics include:
    - it is a cloud based secure online platform that enables the collection, analysis and reporting of local content and jobs data, including supply chain monitoring and reporting
    - it enables the tracking of outcomes against commitments made under the Local Jobs First Policy, including in relation to VIPP and MPSG
    - it supports the monitoring and reporting by agencies and contractors
    - it has defined permission levels for access management providing access only to people with an allocated level of authority on the project.
  67. The Victorian Local Jobs First Commissioner may review agencies monitoring processes. Under Section 23 of the *Local Jobs First Act 2003*, the Commissioner may also request an agency to conduct an audit in relation to compliance by a person or agency with the Local Jobs First Policy, or compliance by a person with a LIDP. The Commissioner may impose terms of reference or other requirements in relation to an audit conducted by an agency.

## 5 Completing a project

### Step 9 - Verification at project completion

68. End of contract verification must occur prior to or at practical completion of the project and/or delivery of the goods or services.
69. The purpose of verification at project completion is to confirm LJF outcomes that have been achieved through the project. The outcomes achieved are compared to those expected under the contract, in the LIDP or other related documentation.
70. Preparing LJF project completion verification documentation may occur prior to finalising further administrative or regulatory processes that may need to be followed.
71. Failure to complete the verification documentation will deem the project to be non-compliant with the LJF.
72. The agency contract manager must request the supplier to submit the following information, prior to practical completion of a construction project, or final delivery of a goods and services project:
  - a completed LJF monitoring table – identifying LIDP commitments and actual achievements (**Appendix 5**).
  - a statutory declaration (**Appendix 6**) – the statutory declaration must be signed by the supplier's company director, chief executive or chief financial officer, and must state that the information provided in the LJF monitoring table is true and correct.
  - The contract manager will then submit the completed Local Jobs First monitoring table and signed statutory declaration to ICN for verification. This is achieved through the VMC, by uploading the relevant documents and completing the monitoring form.
  - The ICN verification process involves an examination of the data submitted and a subjective determination of the achievements reported as 'reasonable' or requiring further clarification. The verification results will be sent to the agency contract manager.
  - If ICN determines there is insufficient evidence that the LJF outcomes reported are reasonable, then the agency contract manager will be notified by ICN and the agency will be required to seek clarification of the outcomes from the supplier.
  - The agency contract manager is required to ensure that suppliers explain any discrepancies between the expected and achieved LJF outcomes.

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73. The agency contract manager must provide the final accepted monitoring table to the ICN and the Office of Industry Participation and Jobs, and if required explain any differences between expected and achieved LJF outcomes and certify that they are approved, and identify actions taken to address any unreasonable failure to meet LJF commitments. If the information provided remains inadequate, the agency must report to DEDJTR on why this is the case and action to be taken under the contract.
74. The information provided in the monitoring table and related advice will inform the annual reporting on LJF outcomes by the agency and the Minister for Industry and Employment.

**Agencies are responsible for ongoing monitoring of the implementation** of the Local Jobs First Policy, Local Industry Development Plan commitments and associated compliance by contractors, suppliers or grant recipients, including reporting on new, in progress and completed projects.

All Victorian Government projects with a value of \$20 million or more, including all projects deemed Strategic Projects, must use **ICN Analytics** for monitoring and reporting from May 2018.

End of contract verification must occur prior to or at practical completion of the project and/or delivery of the goods or services. This verification seeks to confirm the Local Jobs First outcomes achieved through the project, consider any differences and any related action arising.

## 6 Compliance

75. An agency must determine the consequences that will apply if contractors do not deliver the local content outcomes committed to in their LIDP. Agencies may choose to build into their contracts financial and other disincentives that apply if LJF obligations are not met.
76. Where LJF outcomes reported by a contractor do not meet the levels committed to in the LIDP and contract, the agency should identify whether there has been a valid reason for this (e.g. an unavoidable change of supplier or product that resulted in a drop of local content or employment).
77. Where no acceptable valid reason can be identified, the agency may determine that this represents a breach of contract that may trigger that agency's respective resolution process. The Local Jobs First Commissioner may also play a role in this process.
78. An audit program of industry and agency compliance with LJF requirements and commitments will be undertaken annually to investigate and report on LJF application, which can be led by the agency, DEDJTR's Office of Industry Participation and Jobs or the Local Jobs First Commissioner.
79. Agencies can be reported in the Local Jobs First Annual Report for serious contraventions in complying with LJF. As such, it is recommended that agencies take reasonable steps to monitor the implementation of suppliers' LIDPs and seek early advice from DEDJTR to facilitate delivery if there are concerns.
80. The *Local Jobs First Act 2003* provides a transparent compliance framework, involving a series of steps that can be followed to confirm that contracted local content and job commitments are on track and being achieved and actions to take if they are not. This is in addition to the regular compliance activities undertaken by DEDJTR's Office of Industry Participation and Jobs.

## 7 LJF information requirements

### 7.1 Regular information reporting

81. The *Local Jobs First Act 2003* requires agencies to provide information to the Minister for Industry and Employment:
- demonstrating their compliance with LJF

- detailing the procurements, projects and grants that either commenced or were completed during the financial year
  - detailing the projects that satisfy the LJF thresholds, that did not require LIDP plans
  - providing the rationale for not requiring a LIDP, where one was recommended by ICN
  - outlining the LJF outcomes achieved over the financial year.
82. This information is included in a consolidated Local Jobs First Annual Report that is tabled in Parliament by the responsible Minister by 30 November each year.
83. Agencies must ensure contractors must keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail as to how local content percentages and job outcomes were calculated and providing relevant supply chain information to the agency and DEDJTR as requested.
84. The Office of Industry Participation and Jobs and the Local Jobs First Commissioner can request this information during and on completion of the project.
85. The Victorian Local Jobs First Commissioner has a role to play in reviewing reporting to improve the application of LJF by agencies and industry and undertake compliance activities as required.

## 7.2 Half yearly reporting

86. LJF has mandatory reporting requirements for all projects worth \$20 million or more:
87. For the duration of the project, contractors are required to report every six months to the agency using the template provided in **Appendix 5: Monitoring and Reporting Table**. Information requirements are outlined in **Appendix 8: Local Jobs First Information requirements for projects commenced**.
88. Once submitted, the reports are required to be forwarded on to the Office of Industry Participation and Jobs for monitoring and compliance purposes.
89. The six-monthly report is due to the Office of Industry Participation and Jobs within 5 working days from the end of half year period, namely 30 September and 30 March. This is separate to the data for the annual report required close to the end of each financial year.
90. Local Jobs First has minimum data requirements which every project must collect and report on, this section outlines all data requirements.
91. Once the project is awarded to a contractor the Office of Industry Participation and Jobs requires a copy of the LIDP.
92. Once a project has commenced, the number of and labour hours performed by apprentices, trainees and cadets are tracked against the contracted 10 per cent labour hours. The labour hour data must be collected for each individual apprentice, trainee and cadet throughout the duration of the project and reported six-monthly, at a minimum, to the managing agency.
93. Demographics of the individual apprentices, trainees and cadets information is not a requirement; however, it assists with policy understanding, impact and future policy developments. The additional data to be collected for each individual apprentice, trainee and cadet is:
- a. Birth year
  - b. Mature Aged (45+)
  - c. Identify as Aboriginal
  - d. Identify as Culturally & Linguistically Diverse
  - e. Individual with a Disability

## 7.3 Annual reporting

94. The agency's Local Jobs First Administrator must report annually on the LJF outcomes for the agency as a whole and submit this to the responsible Minister through DEDJTR's Office of Industry Participation and Jobs.
95. The report must include the information outlined in **Appendix 8: Local Jobs First Information requirements for projects commenced**.
96. The report from each agency must include information on projects commenced and projects completed during the specific financial year as outlined in **Appendix 8 and 9**. Commencement reporting is done by reviewing the supplier's contract which attaches the final agreed LIDP. Completion reporting is done by reviewing the final LIDP monitoring table required at the completion of the project to assess whether the supplier met its LJF commitments.
97. The Completion Report (**Appendix 9**), uses the same template as the quarterly report, is due before or upon practical completion of the project or final provision of goods and services. Once the report is submitted to the managing agency the report is required to be forwarded on to the Office of Industry Participation and Jobs for policy compliance purposes.

An agency must determine what consequences will apply if contractors do not deliver the local content and job outcomes committed to in their Local Industry Development Plan .

Agencies may choose to build into their contracts financial disincentives that apply if Local Jobs First obligations are not met.

Agencies and contractors can be reported in the Local Jobs First Annual Report for serious contraventions in complying with Local Jobs First.

The agency's Local Jobs First Administrator must report annually on the Local Jobs First outcomes for the agency as a whole and submit this to the responsible Minister through DEDJTR's Office of Industry Participation and Jobs.

## 8 Appendices

### Appendix 1: Glossary

Policy and Guidelines provide full definitions. This glossary provides a general overview.

**Agency** – The term agency is used to cover all Victorian government public sector bodies which include but are not limited to: departments; statutory authorities; administrative offices; state owned companies; police and emergency services; regulatory agencies; hospitals; Health Purchasing Victoria; water and land management authorities and tertiary institutions. The term agency means a department or a public body within the meaning of the *Financial Management Act 1994*.

**Alliance Contract** - is a method of procuring, and sometimes managing, major capital assets. Under an alliance contract, a state agency contractually works collaboratively with private sector parties to deliver the project. Alliance contracting is characterised by a number of key features, which generally require the parties to work together in good faith, act with integrity and make best-for-project decisions. The alliance participants work as an integrated, collaborative team to deal with key project delivery matters. Under alliance contracts, risks of project delivery are often jointly managed by the parties, although financial exposure lies mostly with the State.

**Annualised Employee Equivalent** - Annualised Employee Equivalent (AEE) is calculated by dividing the total number of ordinary working hours that an employee worked over the reporting period by the total number of full-time working hours paid per annum (this is generally 38 hours per week for 52 weeks per year). The employee's working hours include paid leave (e.g. sick leave, paternity leave, recreation leave, long service leave etc.) but NOT unpaid leave.

**Apprentice** - Apprenticeships are undertaken under a National Training Contract between an employer and an apprentice that combines structured training with paid employment. Apprenticeships are generally at Certificate III level and above and extend across a range of trades. Apprenticeships typically have a nominal duration of three to four years and are competency based. Only work contributed by an apprentice registered with the Victorian Registration and Qualification Authority (VRQA) may be counted as contributing towards outcomes committed in a Local Industry Development Plan as they relate to the Victorian Industry Participation Policy and the Major Projects Skills Guarantee.

**Australian Industry Participation** - The Commonwealth Government has an Australian Industry Participation (AIP) policy to promote local firms to supply goods and services into its major projects. The Local Jobs First Policy, including the Victorian Industry Participation Policy, can be applied as a substitute to the Commonwealth's AIP policy in some circumstances, particularly for Victorian projects that are implemented by the State Government.

**Australian and New Zealand value-added (local content)** – The VIPP policy covers all suppliers producing Australian and New Zealand goods or services and/or adding value to imported components. Imported goods and services which have had an Australian or New Zealand component added are referred to as ANZ value-added activity.

**Australia New Zealand Government Procurement Agreement (ANZGPA)** – The Local Jobs First Policy recognises the Australia New Zealand Government Procurement Agreement (ANZGPA) entered into by Australian State and Federal Governments and New Zealand in 1991. The objective of ANZGPA is to maximise opportunities for competitive ANZ suppliers to supply into government procurement and to reduce costs of doing business for both government and industry and applies to all Australian and New Zealand local industry participation policies.

**Bidder** – The term bidder refers to the organisation that, if successful, will be contracted to deliver the procurement activity for the Victorian Government.

**Cadet** – Cadetships combine formal tertiary training with practical work experience. Cadets are individuals enrolled in a recognised tertiary level organisation and who receive structured learning opportunities as part of their engagement to a Local Jobs First project (e.g. cadets in architecture, quantity surveying, and engineering). Cadetships vary in length depending on the vocation but are generally 18 months to 2 years in length. A cadetship does not fall under a National Training Contract.

**Contract Manager** – The contract manager refers to the person within the relevant agency responsible for managing the procurement activities and the VIPP process for a particular contract.

**Contestable goods and services** – Goods and services in a procurement process are considered to be contestable when there are competitive international and local suppliers. Competitive means the suppliers are able



to offer comparable goods or services that meet the specifications provided in the EOI or tender documentation. Contestable items can be goods or services at any stage of a project, including maintenance.

**Equivalent Learners** - Principal contractors can seek the inclusion of equivalent learners, who fall outside on the definition of apprentices, trainees and cadets, on a project by project basis. The contractor would need to demonstrate to the Office of Industry Participation and Jobs and the Department of Education and Training (DET) the relevance and significance of the training to the project and justify the departure from traditional educational pathways. The training programs cannot be 'business as usual', such as industry tickets or first aid qualifications. A contractor must apply in writing to the Office of Industry Participation and Jobs before the matter will be considered.

**ICN Analytics** – ICN Analytics is a secure network platform that collects, analyses and presents local content and jobs data and must be used on all LJJF project worth \$20 million or more.

**Interaction Reference Number (IRN)** – The Interaction Reference Number is used in the application of the Local Jobs First in grants.

**Local** - 'The term 'local' means all suppliers producing Victorian, Australian or New Zealand goods or services or when they have added value to imported items.

**Local Content** – The term 'local content' covers all suppliers producing Australian or New Zealand (ANZ) goods or services or when they have added value to imported items. Under Section 3(1) of the **Local Jobs First Act 2003**, local content means goods that are produced by local industry, or services that are supplied by local industry or construction activities carried out by local industry.

**Local Industry** – Under Section 3(1) of the **Local Jobs First Act 2003**, local industry means industry and other businesses based in Australia or New Zealand.

**Local Industry Development Plan (LIDP)** – A Local Industry Development Plan is a document prepared by the supplier as part of the EOI, RFP and/or tender submission for a Local Jobs First project. The LIDP details the supplier's commitment to address the LJJF requirements and details the expected local content and job outcomes. An LIDP must have an ICN acknowledgement letter from the ICN to be admissible.

**Local Jobs First Commissioner** – The Local Jobs First Commissioner means the Local Jobs First Commissioner appointed under Section 12 of the **Local Jobs First Act 2003**.

**Local Jobs First Policy** – The Local Jobs First Policy is comprised of the Victorian Industry Participation Policy and the Major Projects Skills Guarantee.

**Major Projects Skills Guarantee** – The Major Projects Skills Guarantee is a policy that provides job opportunities for apprentices, trainees and cadets on high value construction projects.

**Market led proposals** – Market led proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure projects and/or provide services. It originates within the private sector and involves organisations developing a project or service specification and then approaching government for approval and support of the proposal. This support is typically financial but may also include regulatory or other forms of assistance.

**Procurement Activity** – Procurement is the acquisition of 'goods and services' and 'construction related works and services' by any contractual means including purchase, hire, lease, rental, exchange, competitive tendering and contracting arrangements across all stages of the procurement process.

**Project** – The term 'project' refers to the procurement of goods, services or construction works that may be limited to a single contract or may involve several contracts under a single broader project. For the purposes of determining the project value for Local Jobs First purposes the value of the all the contracts under the project are to be included.

**Project value** – The value of the project refers to the total budget allocated over the life of the project and not the value of individual contracts, excluding GST.

**Responsible Minister** - The Minister with responsibility for administering the *Local Jobs First Act 2003*.

**Supplier** - A supplier is a contractor or bidder responding to the Victorian Government invitation to supply goods, services or provide construction services. Suppliers can also be a secondary organisation engaged to provide goods or services as part of a larger project.

**Trainee** - Traineeships are undertaken under a National Training Contract between an employer and a trainee that combines structured training with paid employment. Traineeships are undertaken at Certificate II level and above



including Diploma and Advance Diploma. Traineeships can be in areas including business services, information technology or community services. Traineeships typically have a nominal duration of one to two years and are competency based. Only work contributed by a trainee registered with the Victorian Registration and Qualification Authority (VRQA) may be counted against the minimum 10 per cent requirement.

**Value for money** – The Victorian Government Purchasing Board describes value for money as a ‘balanced judgment of a range of financial and non-financial factors, taking into account the mix of quality cost and resources; fitness for purpose; total cost of ownership and risk.’

**Victorian Industry Participation Policy (VIPP)** – The Victorian Industry Participation Policy is an industry development policy designed to ensure small and medium-sized enterprises are given full and fair opportunity to compete for Victorian Government contracts.

**Local Jobs First Administrator** - Each agency must nominate a LJF administrator, who is generally located in procurement teams within departments or agencies, as a coordination point to support the advice and manage an agency’s compliance with LJF. The role of the LJF administrator may include: advising on the application of the LJF Policy; overseeing LIDPs and other project registrations related to a given agency being processed through the Victorian LJF Management Centre; being a liaison point for ICN, DEDJTR and the Commissioner, and coordinating the agency’s monitoring and reporting requirements to the responsible Minister for the VIPP Annual Report and through the agency’s normal financial reporting mechanisms.

**Office of Industry Participation and Jobs** – An office in DEDJTR that provides advice to the Minister, agencies, and the ICN on the application of the LJF. The Office of Industry Participation and Jobs supports the Minister to deliver the LJF policy (including setting guidelines, templates and undertaking related policy work), coordinates the setting of local content requirements, manages the ICN contracted services to support the delivery of the policy, prepares regular reports to the Minister on progress, including the whole-of-government LJF Annual Report under the Act.

**Victorian Local Jobs First Management Centre (VMC)** The Industry Capability Network hosts the Victorian Local Jobs First Management Centre, which is the online platform for agencies to register their tenders and shortlisted bidders to prepare an online LIDP. The Victorian LJF Management Centre also assists businesses and government agencies to manage their compliance with LJF.

## Appendix 2: Application of LJF weightings in tender evaluation

The *Local Jobs First Act 2003* sets a mandatory weighting of 10% for industry development and 10% for job outcomes to be applied by all government agencies in the evaluation of bids, including Expressions of Interest (EOIs), tenders and other supplier arrangements.

Where there are multiple stages within a procurement process, the agency must apply the weightings as early as possible and all subsequent stages.

Agencies are required to disclose industry development and job outcomes as weighted evaluation criteria in their tender documentation for projects that satisfy Local Jobs First thresholds.

In addition, evidence that the weightings have been applied must be retained for project auditing purposes, including reviews undertaken by DEDJTR's Office of Industry Participation and Jobs and the Victorian Local Jobs First Commissioner.

### Scoring for industry development outcomes – introduction

Local Jobs First has a clear objective to provide for local industry development. Priority areas of focus include SME growth, supply chain augmentation and the level of activity in Victoria.

For a tender evaluation where a maximum of 100 points can be earned, 10 points must be allocated to the evaluation of industry development outcomes.

Scoring will consider each bidder's commitment to local content, noting that the following applies when scoring for industry development:

- Bidders must meet local content requirements set by the Minister – failure to meet these requirements in full will result in a zero score.
- Failure to submit a fully completed Local Industry Development Plan (LIDP) and/or the absence of an acknowledgement letter from the ICN, will also result in a zero score.
- Bidders that commit to engaging with the local supply chain and achieving more than the minimum local content requirements set by the Minister are allocated more points.
- Points will be adjusted based on the risk of delivery and hence achievement of local content commitments.
- Failure to meet local content requirements set by the Minister will receive a zero score for industry development.

The total number of points a bidder can obtain for the industry development criterion is 10 out of 10 points.

### Scoring for industry development outcomes – Local Jobs First Standard Projects

Scores are allocated for local industry development on the basis of a combination of factors, and taking into account the level of risk, as shown in the table below:

**Table 1- LJF Standard Projects**

Item	Points (out of a total of 10)	Apply Local Content Achievement 'Risk Discount'		
		Low Risk	Medium Risk	High Risk
Local content commitment	10 points	No discount required	Discount 2 points	Zero score for industry development

Further details on each element are outlined below:

#### Points for Local Content Commitment

Scoring for the local content can be calculated by dividing the local content commitment in a bid by ten and applying a 'risk discount' as required. For example, a local content commitment of 94% in a bid would earn 9.4 points out of 10, a local content commitment of 90% would score 9 points out of 10 and a local content commitment of 100% in a tender would earn 10 points out of 10.

A risk discount should then be applied where required. The local content commitment should be discounted depending on the level of risk assigned by ICN. The ICN assessment reports will classify the risk of achieving local content commitments as 'high, medium or low' and provide a summary for the assessment.

**Example of scoring for industry development**

**Table 2- Standard Project Local Content Score Example**

Shortlisted Bidder	Local content commitment	Local Content Score (up to 10 points)	Less Local Content 'Risk Discount'	Total score (out of 10)
Bidder 1 – High Risk	94%	9.4	All points deducted	0
Bidder 2 – Low Risk	90%	9	0	9.0
Bidder 3 – Medium Risk	84%	8.4	-2	6.4

**Guidance on assessment of industry development outcomes – Local Jobs First Strategic Projects Only**

The below steps should be followed to calculate the industry development evaluation score for a bidder on a LJJ Strategic Project:

- 1- **Identify whether the bidder Passes or Fails the minimum threshold test:** A bid should be designated either a PASS or a FAIL rating based on whether the bid meets the minimum local content threshold set by the Minister. A bid is designated a PASS if it meets the minimum local content threshold or a FAIL if the bid does not meet the minimum local content threshold.
- 2- **Designate the bid non-compliant if the bid fails the minimum threshold test:** If the bid is designated a FAIL rating, the bid is non-compliant against this mandatory evaluation criterion and no further steps need to be followed.
- 3- **Allocate 10% of the total points for the bid evaluation to assessment of LIDP Plans:** For example, for a bid evaluation where a maximum of 100 points can be earned, 10 points are allocated to the evaluation of industry development outcomes.
- 4- **Calculate the 'VALUE-ADD' score if the bid passes the minimum threshold test:** If the bid is designated a PASS rating, a VALUE-ADD score is calculated (if applicable).
- 5- **For bids that meet the minimum local content in the LIDP but do not commit to more than the minimum percentage, the bid is designated a PASS rating and the Value-ADD score is calculated to be zero.**
- 6- **Use the VALUE-ADD Formula:** The VALUE-ADD score can be calculated using the VALUE-ADD formula:

A maximum of ten points is allocated to local content value-add. For example, for bids that commit to 100% local content, the bid will receive 10 out of 10 points. The formula takes into consideration the local content value-add committed to in tenders by allocating 10 points to the **difference** between the maximum amount of local content achievable on a project (100%) and the minimum local content set by the Minister.

The VALUE-ADD Formula is:

(LOCAL CONTENT COMMITTED IN LIDP – MINIMUM LOCAL CONTENT PERCENTAGE SET BY MINISTER)	x	10	= POINTS OUT OF TEN
DIVIDED BY			
(100- MINIMUM LOCAL CONTENT PERCENTAGE SET BY MINISTER)			

For example, a bid which has committed 80% local content for a project that the Minister has set a 60% local content minimum, the score will be calculated as follows:

$$((80-60)/(100-60))= (20/40) x 10 = 5 \text{ Points}$$

**Apply the Risk Discount to calculate the overall industry development score:** The local content commitment should be discounted depending on the level of risk assessed by the Industry Capability Network – Victoria (ICN). The ICN assessment reports will classify the risk of achieving local content commitments as ‘high, medium or low’ and provide a summary for the assessment.

A ‘High Risk’ rating will mean the local content commitment will mean the LIDP does not meet expectations with a score of zero, a ‘Medium Risk’ rating has a discount of two points and a ‘Low Risk’ rating receives nil discounts from the local content commitment. This becomes the score for industry development and gets added to the relevant bidder’s total score.

This scoring system preferences bids that commit to more local content and are low risk.

**TABLE 3- Summary of Industry Development Criteria Evaluation Process**

Strategic Project Type and Local Content %	BID EVALUATION – INDUSTRY DEVELOPMENT OUTCOME RATING				
	Local Content Minimum	Value Add Calculation (score calculated out of maximum ten points)	Risk Discount Applied (as required)		
			Low Risk	Medium Risk	High Risk
<b>Construction Project:</b> 90% local content  <b>Services or Maintenance Contract:</b> 80% local content  <b>Maintenance or Operations Phase of a Strategic Project</b> 80% local content  <b>Other projects with minimums set by Minister</b> X% local content	<b>PASS</b> (bid meets minimum local content threshold, value add score is calculated (if applicable))  <b>FAIL</b> (bid does not meet the minimum local content threshold; no value add score is calculated)	VALUE ADD FORMULA USED	No Discount Required	Discount 2 points	Nil points

**Scoring for job outcomes – Projects where MPSG does not apply**

For non-MPSG applicable projects, a maximum of 10 points is allocated and bid scores are calculated using a reference or comparison method.

Job outcomes in bids are required to be compared against each other and relative scores assigned.

The Scoring Table below should be used to rate the job outcomes of each bid out of 10. Bids that commit to creating a higher number of Victorian jobs and job development opportunities are scored more highly than bids that commit to a lower number of jobs. The bid with the least number of jobs and job development opportunities will receive the lowest rating out of 10. Each element has equal weighting (e.g. Victorian jobs created or retained).

**Table 4- Relative scores for non-MPSG Applicable Projects**

Score	0	1-3	4-7	8-10
<b>Mandatory</b>	<p>No Victorian jobs created or retained</p> <p>No Australian/New Zealand jobs created or retained.</p> <p>No use of apprentices, cadets and trainees</p> <p>No job development/ training opportunities have been identified</p>	<p>Very low number of Victorian jobs created or retained</p> <p>Very low number of Australian/New Zealand jobs created or retained.</p> <p>Low use of apprentices, cadets and trainees</p> <p>No job development/ training opportunities have been identified</p>	<p>Medium number of Victorian jobs created or retained.</p> <p>Medium number of Australian/New Zealand jobs created or retained.</p> <p>Some use of apprentices, cadets and trainees</p> <p>Job development/ training opportunities have been identified.</p>	<p>Very high number of Victorian jobs created or retained.</p> <p>Very high number of Australian/New Zealand jobs created or retained.</p> <p>Very high number of apprentices, cadets and traineeship positions created</p> <p>High number of job development/ training opportunities have been identified in detail.</p>

**Guidance on assessment of job outcomes –MPSG Applicable Projects**

For projects where MPSG applies, a maximum of 5 points are allocated to MPSG specific outcomes and 5 points are allocated to broader job outcomes (e.g. creation/retention of Victorian/local jobs and creation of job development/training opportunities). The total score for job outcomes for MPSG applicable projects is 10.

MPSG outcomes in bids are required to be compared against each other and relative scores assigned. A bidder with a more comprehensive compliance strategy will be scored more highly than a bidder who has included minimal information in a MPSG compliance strategy.

A highly scored MPSG commitment practically could include for example; partnering with a TAFE; system of training and support in place for apprentices, trainees and cadets, mentoring, dedicated MPSG compliance reporting officer in place.

A bidder that does not use Victorian apprentices, trainees or cadets for at least 10% of the total estimated labour hours, the bidder is designated a score of 0 due to non-compliance.

**Table 5- Relative scores for MPSG outcomes (maximum 5 points)**

Score	0	1	2	3	4	5
	<p>Does not meet 10% minimum</p> <p><b>NON-COMPLIANT</b></p>	<p>Meets 10% minimum</p> <p><b>BASELINE COMPLIANT</b></p>				

		<p>A poor compliance strategy has been included as part of the Skills Guarantee Compliance Plan; or</p> <p>No compliance strategy included in the Compliance Plan.</p> <p>-----</p> <p>No information or a low amount of information has been included in the compliance strategy/plan.</p> <p>-----</p> <p>Project seems unlikely to deliver minimum percentage due to lack of a clear implementation strategy.</p>	<p>Some basic information has been included in the compliance strategy that will be adopted in order to achieve the minimum requirement.</p> <p>-----</p> <p>No implementation detail has been included in the compliance strategy.</p> <p>-----</p> <p>There is a low level of confidence that the project will deliver the minimum percentage due to lack of detail provided.</p>	<p>A respectable amount of information has been included in the strategy to support the delivery of the minimum requirement.</p> <p>-----</p> <p>Some implementation details have been included in the compliance strategy.</p> <p>-----</p> <p>There is a medium level of confidence that the project will deliver the minimum percentage due to information provided.</p> <p>-----</p> <p>Bidder has potentially committed above 10% minimum.</p>	<p>A detailed compliance strategy has been included as part of the Skills Guarantee Compliance Plan in order to achieve the minimum requirement.</p> <p>-----</p> <p>A high level of detail has been included in the implementation strategy.</p> <p>-----</p> <p>There is a high level of confidence that the project will deliver the minimum percentage due to detail provided.</p> <p>-----</p> <p>Bidder has potentially committed above 10% minimum.</p>	<p>A comprehensive, detailed and achievable compliance strategy has been included as part of the Skills Guarantee Compliance Plan in order to achieve the minimum requirement.</p> <p>-----</p> <p>Supplier has gone to great lengths in the implementation plan to ensure that the minimum percentage will be achieved and that apprentices, cadets, trainees will be supported on the job.</p> <p>-----</p> <p>There is a very high level of confidence that the project will deliver the minimum percentage due to information provided.</p> <p>-----</p> <p>Bidder has potentially committed above 10% minimum.</p>
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**MPSG Applicable Project- Additional Job Outcomes – 5 Points**

Additional (non-MPSG) job outcomes in bids are required to be compared against each other and relative scores assigned. High, medium and low job numbers that are either created or retained are defined based on a relative basis depending on the numbers committed to amongst the bids being compared.

The maximum number of points a bidder can receive for additional job outcomes is 5 points.



**Table 6- Relative scores for additional job outcomes (MPSG applicable projects) (maximum 5 points)**

Score	0	1	2	3	4	5
	<p>No Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>No Victorian jobs created or retained.</p> <p>No job development/training opportunities have been identified.</p>	<p>Very low number of Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>No or very low number of Victorian jobs created or retained on top of MPSG.</p> <p>No job development/training opportunities have been identified.</p>	<p>Low number of Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>Low number of Victorian jobs created or retained on top of MPSG.</p> <p>No job development/training opportunities have been identified.</p>	<p>Medium number of Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>Medium number of Victorian jobs created or retained on top of MPSG.</p> <p>Job development/training opportunities may have been identified.</p>	<p>High number of Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>High number of Victorian jobs created or retained on top of MPSG.</p> <p>Some job development/training opportunities have been identified.</p>	<p>Very high number of Australian or New Zealand jobs created or retained in addition to MPSG.</p> <p>Very high number of Victorian jobs created or retained on top of MPSG.</p> <p>Decent job development/training opportunities have been identified.</p>

**Guidance on assessment of job outcomes –MPSG Applicable Projects**

The total score for job outcomes for MPSG applicable projects can be calculated by adding the score for MPSG outcomes with the score for additional job outcomes.

For example, a bidder that received 3/5 points for MPSG outcomes and 4/5 points for additional job outcomes will receive a total final score of 7/10.

## Appendix 3: MPSG Specific application: Deemed Hours Formula

### Types of projects

1. The total labour hours under the MPSG are based on the total value of the contract, including all sub-contracting under the principal contract, and is determined by using the prescribed Deemed Hours Formula.
2. The ratios and rates used within the Deemed Hours Formula vary with the type of project. Separate labour ratios and hourly rates have been developed for building construction projects, civil and infrastructure projects, and for mixed building and infrastructure construction projects based on industry data as detailed in the table below.

Table 1: Project Types and the Deemed Hours Formula

Project Type	Project Description	Deemed Labour Ratio	Deemed Hourly Rate
<b>Building construction projects</b>	Building construction projects include commercial building projects, schools, education, hospitals, police, fire and ambulance stations, civic buildings, courts and similar structures.	35%	\$75.00
<b>Civil and infrastructure construction projects</b>	Civil and infrastructure projects include engineering-based projects that include, but not limited to, roads, bridges, tunnels, train and tramway works, water and sewerage treatment plants, water and sewerage reticulation pipelines and similar works.	15%	\$70.00
<b>Building and infrastructure construction (mixed) projects</b>	Building and infrastructure construction (mixed) projects are where the specified works are civil/infrastructure in nature but include significant building construction elements such rail upgrades or projects that include stations, or water treatment plants that include facility buildings or sheds.	25%	\$75.00

### Deemed hours formula

3. Use the above project definitions to pick the deemed labour ratios and hourly rates for your specific construction project. Use the below formula to find your projects' deemed hours.

Figure 2: Deemed Hours Formula

*Total Contract Sum – (10% GST – Profit Margin – Specialist Equipment) = Adjusted Contract Price*

$$\frac{\text{Adjusted Contract Price} \times \text{Deemed Labor Ratio}}{\text{Deemed Hourly Rate}} = \text{Total Labour Hours}$$

$$\frac{\text{Total Labour Hours}}{10\% \text{ Minimum Target}} = \text{Minimum 10\% target}$$

Table 2: Example of the Deemed Hours Formula: Indicative example of a civil and infrastructure construction project: Road Project - Total Project Value of \$250m

	Rate	Value (\$)
<b>Total project value (excluding GST)</b>		<b>\$250,000,000</b>
Less margin		\$20,000,000
Less specialist equipment		\$55,500,000
Total contract deductions		\$75,500,000
<b>Adjusted MPSG value</b>		<b>\$174,500,000</b>
Deemed labour ratio	15%	\$26,175,000
Deemed labour hourly rate	\$70 p/h	373,929 hours
<b>Minimum 10% requirement</b>	<b>10%</b>	<b>37,392 hours</b>

#### Deemed hours formula for 'other' capital projects

- The deemed hours formula for other capital project works contracts will be determined on a case by case basis and reflect the nature of work specified within these projects.
- The project contracts may utilise either of the formulae outlined above, or combination of formulae if warranted by the specified works.
- Alternatively, where necessary, the formula may be subject to negotiation between procuring departments and agencies and tenderers/contractors. Any variation to the nominated formulae negotiated between contractors and departments or agencies for 'other' capital projects are to be reported to the Office of Industry Participation and Jobs (OIPJ). An example of an 'other' capital project which may require variation to the formula is a maintenance contract.

#### Meeting the 10 per cent requirement

##### **Who and what counts towards 10 per cent hours requirement?**

- The MPSG does not prescribe the breakdown of labour hour contributions from apprentices, trainees or cadets. They can be used in any combination of hours. However, the Victorian apprentices, trainees or cadets that are utilised must reflect the existing occupational profile of the sector workforce, and contractors are to avoid reliance on any one group to achieve compliance where this is outside the industry or sector norm.
- The contribution can include work hour contributions from either existing or new Victorian apprentices, Victorian trainees or cadets or combinations of these.
- Only the hours spent working on the applying project can be counted towards the project's 10 per cent requirement. For example, a full-time business administration trainee may work across a number of projects, only spending an equivalent of two days working on the MPSG applicable project. Only 16 hours a week can be counted towards the requirement.
- Hours spent offsite for training and education can be counted towards the 10 per cent requirement. This allows the time apprentices, trainees and cadets spend away from the project at TAFE or university to still be counted. For example, a cadet working two days on the project with five contact hours at university, - a total of 21 hours can be counted towards the hours requirement. However, if a cadet is on summer break from university and therefore not attending classes, no contact hours at university can be counted. Only training contact hours while concurrently working on the project can contribute toward the 10 per cent requirement.

##### **Engaging new Apprentices, Trainees and Cadets**

- Contributions from Victorian apprentices may be from apprentices, trainees and cadets directly employed by the principle contractor or subcontractors or indirectly employed through group training organisations (GTOs).

- 
2. Contractors are encouraged to use Victorian apprentices, trainees or cadets drawn from groups who are generally under-represented in industry vocational training such as women, and/or who face barriers to vocational training or the workforce more generally, such as indigenous or older apprentices, trainees or cadets or those with a disability. A key resource to achieve this will be state and federal employment programs for assisting long-term job seekers, such as Jobs Victoria.



## Appendix 4: Local Industry Development Plan template

[Per attached LIDP](#)



## Appendix 5: Monitoring and Reporting Table

[Per attached LIDP](#)



## Appendix 6 Statutory Declaration Template

### State of Victoria Statutory Declaration

I, [Full name]

of [address]

[occupation], do solemnly and sincerely declare that: -

[contracted company]

achieved the Local Jobs First outcomes relating to local content; employment; skills and technology transfer; and apprentices/ trainees reflected in the Local Jobs First Monitoring Table (or ICN Analytics report) for

[name and tender number of procurement activity]

as submitted to [agency] on \_\_\_\_/\_\_\_\_/\_\_\_\_

[date]

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at

this \_\_\_\_ day of \_\_\_\_ 20\_\_\_\_

Signature of person making this declaration

[to be signed in front of an authorised witness]

Before me,

Signature of Authorised Witness

The authorised witness must print or stamp his or her name, address and title under section 107A of the Evidence (Miscellaneous Provisions) Act 1958 (as of 1 January 2010), (previously Evidence Act 1958), (e.g. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist)

## Appendix 8: Local Jobs First Information requirements for projects commenced.

The Local Jobs First Administrator must advise the responsible Minister, through DEDJTR's Office of Industry Participation and Jobs, on the number of new Local Jobs First -applicable projects each financial year. This information must include:

- name and tender number of Local Jobs First -applicable projects
- monetary value of the project
- location (metropolitan Melbourne or regional Victoria)
- Interaction Reference Numbers (if required for grantees or design contractors)
- number of instances a LIDP plan is not required
- estimate of local content percentage for each project
- number of new LIDP plans with ICN acknowledgement letter
- number of new LIDP plans without ICN acknowledgement letter
- how tender panels considered Local Jobs First in their evaluation of bidders
- AEE jobs committed (new and retained)
- AEE apprenticeships/ traineeships committed (new and retained)
- local content (%) (ANZ value added content) committed
- industry sector as per the ANZSIC Codes
- number and percentage of SMEs involved in LIDPs at short-listing stage
- how Local Jobs First was applied at the shortlist stage (brief description)
- how Local Jobs First informed, or not, the selection of preferred bidders.
- MPSG specific outcomes. (if applicable)
  - Total hours completed by every individual apprentice, trainee and cadet
  - The training contract number for every apprentice and trainee
  - Current Student ID and university for every cadet
  - Name of employer or Group Training Organisation for every apprentice, trainee and cadet
  - Whether the apprentice, trainee or cadet was hired for the project (new) or was an existing employee prior to the project (retained)
  - Occupation/ trade of every apprentice, trainee and cadet
  - Gender

## Appendix 9: Completed LJF Projects

Information on completed projects must also be supplied by agencies to the responsible Minister via [localjobsfirst@ecodev.vic.gov.au](mailto:localjobsfirst@ecodev.vic.gov.au) as part of the annual reporting process. Information to be provided on completed projects includes the:

- name and tender number of each LJF project
- project budget
- location (metropolitan Melbourne or regional Victoria)
- LIDP plan with ICN acknowledgement letter
- Interaction Reference Number (IRN) (if required)
- date of project
- AEE jobs committed (new and retained)
- AEE jobs achieved (new and retained)
- AEE apprenticeships/ traineeships committed (new and retained)
- AEE apprenticeships/ traineeships achieved (new and retained)
- local content (%) (ANZ value added content) committed
- local content (%) (ANZ value added content) achieved
- industry sector as per the ANZSIC codes
- **MPSG specific outcomes.**
  - Total hours completed by every individual apprentice, trainee and cadet
  - The training contract number for every apprentice and trainee
  - Current Student ID and university for every cadet
  - Name of employer or Group Training Organisation for every apprentice, trainee and cadet
  - Whether the apprentice, trainee or cadet was hired for the project (new) or was an existing employee prior to the project (retained)
  - Occupation/ trade of every apprentice, trainee and cadet
  - Gender



For further information or assistance on the Local Jobs First policy and processes please contact:

Office of Industry Participation and Jobs

Department of Economic Development, Jobs, Transport & Resources

A: 121 Exhibition St, Melbourne, VIC, 3000

E: [localjobsfirst@ecodev.vic.gov.au](mailto:localjobsfirst@ecodev.vic.gov.au)

Ph: 13 22 15

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Authorised by the Hon Ben Carroll, Minister for Industry and Employment  
October 2018

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