LOCAL JOBS FIRST

AGENCY GUIDELINES

Under the *Local Jobs First Act 2003*

July 2026

LOCAL JOBS FIRST

VICTORIA
State
Government

CONTENTS

1 Before you start

1.1 What is Local Jobs First?

The Victorian Government is the largest procurer of goods, services and construction works in the State. Local Jobs First (LJF) leverages this purchasing power to help develop local industries, create jobs and boost economic activity across Victoria.

LJF supports Victorian businesses and workers by ensuring that small and medium size enterprises (SMEs) are given a full and fair opportunity to compete for government contracts, helping to create job opportunities, including for apprentices, trainees and cadets (ATCs).

LJF is the scheme established under the *Local Jobs First Act 2003* (the Act). The scheme is set out in the Act, the LJF Policy and any regulations made under the Act. For the purposes of the Act, the LJF Policy includes the LJF Policy document, LJF Agency Guidelines (Agency Guidelines) and LJF Supplier Guidelines (Supplier Guidelines).

For more information about LJF and the scheme's objectives, see the LJF Policy document and visit the LJF website Key Documents page.

1.2 Agencies must follow the Agency Guidelines when applying Local Jobs First

The Agency Guidelines are prepared by the Minister responsible for LJF in accordance with section 4(3) of the Act and provide detailed instructions that agencies must follow to ensure compliance with LJF. The Agency Guidelines are mandatory to follow if you are applying LJF to a project.

These Agency Guidelines should be read in conjunction with the Act, the LJF Policy document, the Supplier Guidelines and any regulations made under the Act. These are all available on the Key Documents page.

LJF (which incorporates these Agency Guidelines), applies to all agencies. An agency is defined in the Act and means a public body or a department as defined in section 3 of the *Financial Management Act 1994* (FMA).

LJF requirements apply to all stages of a project from market approach and evaluation of proposals through to contract establishment, delivery and completion. Agencies must consider LJF at the earliest practical stage of project initiation and development to prevent the risk of non-compliance with LJF.

See Appendix 1: Glossary for definitions of key terms used throughout this document.

2 How is Local Jobs First delivered?

2.1 Victorian Government agencies

Agencies are critical to the successful delivery of LJF. Agencies are responsible for ongoing monitoring of LJF implementation, and taking all reasonable steps to manage, suppliers' or grant recipients' compliance with their Local Industry Development Plan (LIDP) commitments and all LJF reporting obligations, including submission of completion reports after practical completion of a project.

Agency compliance with LJF requirements is audited regularly to investigate and report on the application of LJF. Audits may be led by the agency or the LJF Commissioner.

LJF Administrator

An agency's LJF Administrator is an internal source of expertise on LJF and can provide general information about applying LJF. This is not a role specified under the Act. Each agency should nominate an LJF Administrator, to support implementation, monitoring, reporting and compliance activities. Key functions of the role include:

- championing LJF application within the agency and providing general information and advice on LJF requirements and processes
- acting as a liaison point with the Department of Jobs, Skills, Industry and Regions (DJSIR), the Industry Capability Network (Victoria) (ICN) and the LJF Commissioner's Office
- supporting the agency's LJF monitoring and reporting to the Minister responsible for LJF, DJSIR, the LJF Commissioner and through the agency's normal financial reporting (such as the agency's annual report)
- acting as a coordination point for LJF communications within the agency
- acting as a coordination point for LJF auditing activities and must be consulted about any proposed variation to LJF model clauses on a project, and
- supporting project teams with LJF processes including market approaches and contracting, if deemed appropriate by the agency.

An agency's Chief Procurement Officer (CPO) will be considered the LJF Administrator unless DJSIR is told otherwise.

Accountable Officer

An agency's Accountable Officer is responsible for ensuring that the agency complies with LJF.

The Accountable Officer means the accountable officer under section 42 of the FMA and is usually the head or chief executive officer of the agency. For example, a Secretary is the Accountable Officer for a department.

2.2 Department of Jobs, Skills, Industry and Regions

The Department of Jobs, Skills, Industry and Regions (DJSIR) administers LJF and provides information and advice to support LJF delivery across Victorian Government agencies. DJSIR coordinates Ministerial approval of LJF requirements on all Strategic Projects and can advise agencies on complex policy matters. DJSIR also undertakes monitoring and reporting activities related to LJF.

You can contact DJSIR via email at localjobsfirst@ecodev.vic.gov.au.

2.3 Industry Capability Network Victoria

The Industry Capability Network Victoria (ICN) is a not-for-profit organisation engaged by the Victorian Government to support the delivery of LJF. The ICN provides end-to-end assistance and practical advice on applying LJF and manages the Victorian Management Centre (VMC). The ICN also connects principal suppliers with local SMEs and manufacturers, including liaising with industry to identify products and services where there is local capability to manufacture, supply and value add.

You can contact the ICN Policy Implementation Team via email at policyadmin@icnvic.org.au or on (03) 9864 6700.

2.4 Victorian Management Centre

The Victorian Management Centre (VMC) is an online system that manages LJF information and reporting by agencies and suppliers. Agencies use the VMC to register projects, monitor and approve LJF reporting during the project, and review and approve LJF project completion reporting at practical completion of the project. A VMC user guide and other supporting resources, including VMC training sessions for agency staff, are available through the VMC online portal.

2.5 Local Jobs First Commissioner

The LJF Commissioner advocates for local businesses and workers ensuring that they continue to benefit from opportunities to respond to and participate in Victorian Government procurement.

The LJF Commissioner also undertakes compliance activities to ensure that agencies meet their LJF obligations and suppliers are delivering their local content and jobs commitments. The LJF Commissioner may make non-binding recommendations to agencies regarding the resolution of complaints or matters of non-compliance, or how LJF practices and processes could be improved.

You can find more information and contact details for the Office of the LJF Commissioner on the LJF Commissioner website.

2.6 Minister responsible for Local Jobs First

Under the Act, the Minister determines local content requirements for Strategic Projects and may determine local content and other requirements for Standard Projects.

The Minister appoints the LJF Commissioner and has powers to support compliance with LJF. The Minister reports annually to Parliament on the implementation of LJF.

2.7 Local Jobs First model clauses

LJF model clauses are the mechanism through which LJF is included in Victorian Government project documents. Template model clauses for each project type have been prepared by the Victorian Government Solicitor's Office and are available on the Key Documents page. Agencies must incorporate LJF model clauses into both the market approach and contract documentation for all LJF-applicable projects to inform bidders of LJF requirements and obligations.

The template model clauses include drafting notes in red boxes to help agencies to ensure that their approach to market and contract documentation is completed correctly. Please ensure that the drafting notes in red boxes are deleted and the highlighted fields in the model clauses are reviewed in all market approach and contract documentation prior to release.

3 Does Local Jobs First apply to your project?

3.1 Does your project meet the Local Jobs First thresholds?

Agencies should closely review the criteria for applicable projects in the Act and the LJF Policy document to determine whether LJF needs to be applied to a project.

Answer the questions below to determine if and how your project meets the LJF thresholds. You should review all questions as multiple considerations may apply.

Does your project meet the Local Jobs First financial thresholds?		
$1 million or more and regional	*OR*	$3 million or more and metropolitan or statewide

If yes, does your project value exceed $50 million?	
No - your project is a Standard Project	Yes - your project is a Strategic Project

.If your project is a **Standard Project**, please follow the instructions for Standard Projects in how to apply Local Jobs First to Standard and Strategic Projects.

If your project is a **Strategic Project**, please follow the instructions for Strategic Projects in how to apply Local Jobs First to Standard and Strategic Projects.

3.2 Is your project required to apply the Major Projects Skills Guarantee?

Agencies should closely review the criteria for Major Projects Skills Guarantee (MPSG) applicable projects in the Act and the LJF Policy document to determine whether MPSG needs to be applied to a project.

Is it a construction project valued at $20 million or more?	
No - MPSG does not apply	Yes - MPSG applies

If MPSG applies to your project, please follow the instructions for MPSG-applicable projects in how to apply Local Jobs First to Standard and Strategic Projects and important further information in additional guidance for MPSG Projects.

3.3 Not sure if your project will meet the Local Jobs First thresholds?

If a project is likely to meet the LJF financial thresholds, then LJF must be considered in the business case and the subsequent project design (including if administered through a competition) and development. Projects may undergo development for a period of months or years and LJF must be considered during this development. Engagement with the ICN is required for each package of work, particularly for projects which currently have limited funding but expect the project to meet or exceed the Strategic Project threshold once fully funded. If you have questions about the application of LJF to an initial stage or phase of a project, contact DJSIR by emailing localjobsfirst@ecodev.vic.gov.au.

If the estimated project value of a project is close to the LJF financial threshold, then consideration should be given to applying LJF to avoid issues with non-compliance and delays to procurement processes caused by the late application of LJF requirements. For example, if a construction works project in metropolitan Melbourne is announced and is valued at $2.9 million, it is advisable to apply LJF. Consideration must also be given to any estimated budget contingency or options to extend that may cause a project to exceed the threshold. If so, it is a requirement that you apply LJF to the project.

3.4 Is your procurement undertaken as part of your agency's emergency procurement plan?

LJF **does not apply** to projects carried out for the purposes of the response to, or recovery from, an emergency as defined by the *Emergency Management Act 2013* (EMA). This exemption only applies if the procurement for the project is undertaken as part of your agency's Emergency Procurement Plan. More information on emergency procurement plans can be found on the Buying For Victoria website.

3.5 What Local Jobs First process applies to your project?

The project type and method of procurement will determine which LJF process you will need to follow for your project.

Review the table below to determine how LJF applies to the supply of your goods, services or construction activity.

Project type	
Grant or Loan	A grant or loan with a state contribution that meets the LJF thresholds, including grants to local governments. See how to apply Local Jobs First to grants and loans for further information.
Panel establishment or renewal	A panel establishment or renewal may be subject to LJF, including a State Purchase Contract (SPC) or Sole Entity Purchase Contract (SEPC). This includes SPCs and SEPCs with sole suppliers. If the estimated or historical contracted spend meets the LJF thresholds, prior to contract establishment/market approach agencies must consult with DJSIR to determine how LJF will apply by emailing localjobsfirst@ecodev.vic.gov.au. See how to apply Local Jobs First to panels for more information.
Market-led Proposal	A market-led proposal with the potential to meet the LJF thresholds may be subject to LJF. Please contact DJSIR to discuss the market-led proposal as soon as practicable and seek advice on whether LJF applies. See how to apply Local Jobs First to market-led proposals for further information.
Other	Any other procurement approach with the potential to meet the LJF thresholds is likely to be subject to LJF. This includes procurement by direct negotiation, via a supplier register or panel, or any other procurement approach. Please consult DJSIR to determine how LJF will apply as soon as practicable by emailing localjobsfirst@ecodev.vic.gov.au.

If you are still uncertain if LJF applies to your project, please consider the Act and LJF Policy document carefully. For complex projects where it is difficult to determine the application of LJF or what processes should be followed, DJSIR can provide advice.

3.6 Is your project required to meet Australian Industry Participation requirements?

If a project is subject to Commonwealth procurement policies, has a Commonwealth funding contribution or falls under the *Australian Jobs Act 2013* (Cth), it may be required to meet Australian Industry Participation (AIP) requirements.

Further information on AIP requirements can be found on the Australian Industry Participation Authority website.

Agencies **must** inform DJSIR if they believe their project is required to meet AIP requirements.

3.7 Exceptional circumstances

In exceptional circumstances, the Minister responsible for a specific project may request an exemption from LJF and/or the requirements for an LIDP from the Minister responsible for LJF.

These exemptions are rarely granted as it is challenging to meet the exceptional circumstances threshold set by the Act. Agencies are strongly encouraged to contact DJSIR to discuss any potential request for an exemption.

4 How to apply Local Jobs First to Standard Projects and Strategic Projects

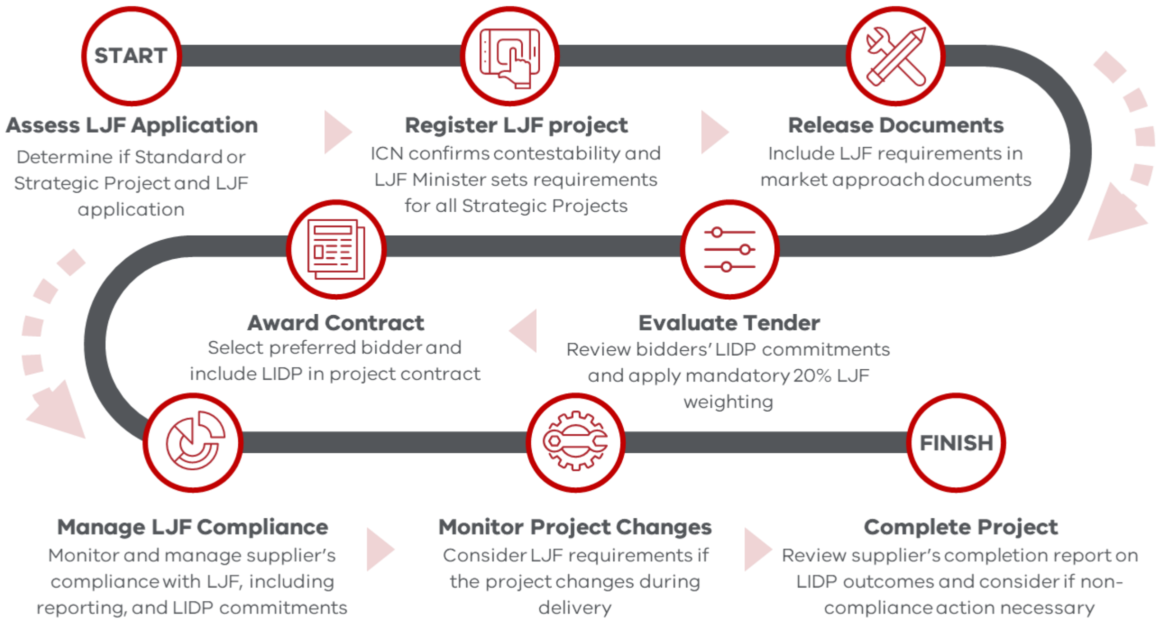

Diagram for illustrative purposes only

This section outlines the usual process for applying LJF to most Standard Projects and Strategic Projects, including MPSG projects where applicable. This process can be used for projects contracted under a range of procurement approaches including Public Private Partnerships, alliances and auctions.

Agencies are not required to apply LJF to projects that are either exempt from LJF or assessed as non-contestable by the ICN. More information on the process for obtaining a contestability assessment for Standard and Strategic Projects from the ICN is provided at section 4.1 below.

Note that the process for applying LJF to Strategic Projects is similar to that of Standard Projects, however the Minister responsible for LJF sets specific requirements on all Strategic Projects and this process can involve significant additional engagement with DJSIR and the ICN, as outlined in Strategic Projects: Determine Local Jobs First requirements.

Market led proposals, panel/standing offer contracts and other procurement approaches may follow this process to apply LJF. You should contact DJSIR for guidance.

Different processes apply if the project is procured or supported via a grant or loan. See how to apply Local Jobs First to grants and loans for instructions.

4.1 Step 1 - Register your project with the ICN and confirm contestability

Before undertaking a tender process for an LJF Standard Project or Strategic Project, the Act requires that an agency must obtain, in the manner set out in the LJF Policy (including these Agency Guidelines), a determination whether the project is a non-contestable project.

In practice, agencies must obtain a contestability assessment from the ICN before undertaking a tender process to determine whether the project is contestable or non-contestable for the purposes of section 4B of the Act.

This requirement does not apply to projects which are exempt from LJF because.

- the project is carried out for the purposes of the response to, or recovery from, an emergency as defined by the EMA; or
- the Minister responsible for LJF is satisfied that exceptional circumstances apply and has granted an exemption from LJF.

Agencies are **required to register all LJF-applicable projects** with the ICN **no less than 30 calendar days** before releasing tender documents to potential bidders.

Note that for Strategic Projects, it is recommended that agencies register the project at least 8 weeks prior to the anticipated tender release date. This timeframe should be included in procurement planning.

After you have registered the Standard Project or Strategic Project on the VMC, the ICN will review the project specifications and assess contestable items and non-contestable items based on benchmarking of capable local suppliers.

- **Contestable items** are goods and services that can be manufactured or provided competitively both locally and internationally.
- **Non-contestable items** are goods and services that are either local or international by nature, or those goods and services that can only be practically sourced internationally.

The ICN may request further information if required.

If the ICN determines that the project is non-contestable, it is not an LJF-applicable project. This means you are not required to apply LJF to the project (i.e. no LIDP is required, and you do not have to monitor or report on LJF outcomes during project delivery).

The ICN will issue the agency with a contestability assessment letter which confirms whether the project is contestable or non-contestable. A copy of this letter will be available to DJSIR.

After the contestability assessment has been completed, and if the project is determined to be **contestable**, agencies can download and share a bidder information pack from the VMC. The bidder information pack includes all the information a bidder needs to submit a bid, including VMC training videos.

For **Standard Projects**, proceed to Step 2 - Standard Projects: Review ICN contestability assessment.

For **Strategic Projects**, proceed to Step 3 - Strategic Projects: Determine Local Jobs First requirements.

Project registration is completed through the VMC. If you do not have an account, you will be required to create one. If you require assistance, please contact the ICN Policy Implementation Team via email policyadmin@icnvic.org.au or telephone (03) 9864 6700.

To register the project, you will be required to provide the specifications, scope of works, cost breakdown and project phasing information. Please ensure all fields are completed before submitting the registration, including:

- the project type and category
- if the project is part of a larger one (e.g. a quantity surveyor project which is part of a strategic design and construction project) and provide details of the overall project, and
- if the project is a purchase from an existing panel contract (by selecting the panel box).

4.2 Step 2 - Standard Projects: Review ICN contestability assessment

Under the Act, the Minister responsible for LJF may set local content requirements for Standard Projects and determine other matters related to Standard Projects, including but not limited to requirements and conditions. The Minister responsible for LJF may consider the LJF Policy objectives when setting local content requirements or determining other matters related to Standard Projects.

DJSIR will advise the agency if there are any LJF requirements for a Standard Project which must be included in the project documents released to market.

4.3 Step 3 - Strategic Projects: Determine Local Jobs First requirements

4.3.1 ICN prepares Strategic Project Framework for Local Jobs First-applicable projects

If the project is determined to be contestable, the ICN will prepare a detailed LJF Strategic Project Framework which includes recommended LJF ministerial requirements for consideration by DJSIR, including minimum local content requirements for the project and any other sector-specific requirements which may be appropriate for the project. The ICN will provide the LJF Strategic Project Framework to DJSIR for assessment and consideration. DJSIR will seek agency agreement on the recommended draft LJF ministerial requirements before advising the Minister responsible for LJF. The Minister responsible for LJF will take these recommendations into account in determining ministerial requirements for the project under section 7B of the Act.

In exceptional circumstances, there may be insufficient data available (e.g. for a novel or unique project type) for the ICN to develop an LJF Strategic Project Framework for a Strategic Project. If this is the case, DJSIR will make a recommendation to the Minister responsible for LJF to set minimum local content requirements for the Strategic Project in accordance with section 7B of the Act (see LJF requirements section below) or as otherwise agreed with the agency.

4.3.2 Local Jobs First requirements

All LJF-applicable **Strategic Projects** have minimum local content requirements set by the Minister responsible for LJF, creating opportunities for local industry and workers to contribute to high value goods, services and construction projects. The Minister responsible for LJF may also set additional requirements that agencies and/or suppliers must meet. This process involves detailed engagement between DJSIR, the ICN and the agency.

Under section 7B of the Act, the Minister responsible for LJF 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 project**
- 80% for the **maintenance or operations phase** of a Strategic Project

The Minister responsible for LJF may determine other matters relating to Strategic Projects, including but not limited to:

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

The Minister responsible for LJF may have regard to any of the LJF Policy objectives when setting local content requirements or determining other matters related to Strategic Projects.

DJSIR is responsible for seeking ministerial approval of LJF requirements for each LJF-applicable Strategic Project and will advise the agency following the Minister's determination. This process includes the Minister responsible for LJF writing to the Minister responsible for the project to inform them of the LJF requirements for that project.

Agencies must include LJF requirements in project documents released to market.

4.4 Step 4 - Include Local Jobs First requirements in tender documentation

Agencies must notify prospective bidders about LJF requirements in tender documents, including Expressions of Interest, Requests for Proposals/Tenders and other processes, using the model clauses provided on the LJF Key Documents page.

Ensure that you include the model clauses that match the type of LIDP stated in the ICN contestability assessment letter or the Strategic Project Framework. For example, a Standard Project with MPSG must include the 'Standard Project with MPSG' model clauses.

The model clauses outline bidders' LJF requirements, including project reporting requirements, and direct bidders to complete and submit an LIDP through the VMC.

From 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate. The mechanism should make payment contingent on the supplier's compliance with any:

- contractual obligation to comply with LJF; and
- requirements in the LIDP (for example, meeting any local content commitments).

Agencies have the discretion to determine if it is appropriate and feasible to include a contingent payment mechanism in a specific LJF project contract. In making this determination, agencies should consider the nature of the project, the contract structure and any other relevant statutory obligations.

In Victoria, contracts for building work or for the supply of related goods and services (excluding domestic building contracts) may be subject to the requirements of the *Building and Construction Security of Payment Act 2002* (SOP Act). The SOP Act helps ensure that any person who carries out construction work or supplies related goods and services under a construction contract gets paid. Agencies must consider SOP Act requirements when assessing if it is appropriate to include a contingent payment mechanism in a construction contract.

4.4.1 When is an LIDP required on a multi-stage procurement approach?

For some projects, where the agency must first assess bidders' ability to meet technical capabilities and safety requirements, LIDPs are not required to be submitted at the initial market approach stage. This is agreed with DJSIR on a case-by-case basis. Typically, this is a multi-stage process, with an Expression of Interest (EOI) followed by a Request for Tender (RFT).

If DJSIR has agreed that an LIDP is not required during the EOI phase, market approach documents must inform bidders that they will be subject to LJF and will be required to submit an LIDP at a later stage of the procurement process. Agencies will be required to seek agreement with DJSIR.

4.5 Step 5 - Ensure all bids are Local Jobs First compliant

Bidders must submit a complete LIDP and ICN Acknowledgement Letter to the agency as part of the tender documents for any project subject to LJF. The LIDP is an online form, which bidders submit to the ICN through the VMC. The ICN will issue an Acknowledgement Letter to a bidder via email upon receipt of a complete LIDP.

The Local Content Calculator is a free online tool which suppliers can use to help calculate local content for Local Jobs First projects.

A tender proposal is not complete without an ICN Acknowledgement Letter.

Only bidders with an ICN acknowledged LIDP may be considered by the agency during selection of the preferred bidder. Failure to provide the ICN Acknowledgement Letter will mean the end of the procurement process for the bidder.

Agencies and DJSIR have access to the submitted LIDPs, Acknowledgement Letters, contestability assessments and the LJF Achievability Report from the VMC.

4.5.1 Importance of the LIDP

An LIDP outlines the supplier's commitment to address the LJF requirements for the project and details the expected local content and job outcomes. The LIDP informs assessment of the 20% LJF weighting during the tender process. When the contract is created, the preferred bidder's LIDP is incorporated into the contract. Agencies must ensure that project contracts require suppliers to comply with LJF and the LIDP. The supplier must comply with each commitment in their LIDP that relates to local content, job outcomes, any additional requirements specified by the Minister such as steel, and the MPSG, if applicable.

For example, if the ministerial requirements set for a strategic project were 90% local content and 90% steel, and the supplier committed to 92% local content for the project and 91% for steel in its accepted LIDP, then the supplier must comply with its 92% and 91% commitments. At the end of a project, the supplier will be taken to comply with a commitment if they comply with it in aggregate.

Preparation of an LIDP can take several weeks, depending on the size and complexity of the project. The ICN administers its LIDP review function separately from its functions to identify local goods and services and provide other assistance, for reasons of probity and privacy.

An LIDP must reflect the size and complexity of the project. Information required in the LIDP will be contingent on the size and type of the project. Broadly, it will include information on:

- **industry development commitments** (for example, local content, technology transfer, supply chain engagement)
- **job outcomes commitments** (new and retained jobs as well as training), including **MPSG** commitments where applicable
- **how the LIDP will be implemented** and management of risks, including industry engagement strategies and selection and benchmarking of local content
- **monitoring and reporting requirements**, including those to be delivered as part of normal project management procedures
- the number of **SMEs that will be engaged** as part of the contract, and
- **any other commitments in relation to requirements or conditions** set by the Minister responsible for LJF in relation to the project.

4.5.2 ICN Acknowledgement Letter

The ICN will only issue, via email, an Acknowledgement Letter to bidders that have submitted a complete LIDP.

The ICN will **only** issue the Acknowledgement Letter if:

- all sections of the LIDP are completed; and

- the bidders' commitments meet the minimum local content requirements on the project, the minimum MPSG requirement (if applicable) and any additional requirements set by the Minister responsible for LJF (applies to all Strategic Projects and may apply to some Standard Projects).

4.6 Step 6 - Apply 20% Local Jobs First weighting during tender evaluation

4.6.1 About the mandatory weightings

Under the Act, LJF commitments must be weighted as part of the tender evaluation. **Agencies are required to apply a mandatory 10% weighting for local industry development and 10% weighting for job outcomes.**

The Act sets these weightings to ensure that industry development and job opportunities are maximised by bidders in delivery of the project. It is therefore not permissible to include other evaluation criteria, such as social procurement requirements, as part of the legislated 20% weighting for LJF.

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

In addition, evidence that the weightings have been applied must be retained for project auditing purposes, including audits requested or undertaken by the LJF Commissioner and reviews undertaken by DJSIR.

Recommendations on how to apply the LJF weightings are provided at Appendix 2: Example scoring for Standard Projects and Appendix 3: Example scoring for Strategic Projects. If your agency would like to apply a different methodology to meet the intent of a specific project, then you must ensure that the two 10% weightings are applied. It is recommended that you contact DJSIR to confirm that your proposed methodology is suitable as the use of different methodologies may be subject to review by the LJF Commissioner through the LJF Commissioner's audit program.

4.6.2 Local Jobs First Achievability Report

The ICN will provide an LJF Achievability Report to the agency at a specified time after the tender close date. The agency must use the LJF Achievability Report in the tender evaluation process for bidder short-listing and selection.

The ICN will assess the achievability of the bidder's commitments in their LIDP as either:

- **High Risk:** there is a high level of risk of the local content commitment not being achievable based on the information provided in the LIDP
- **Medium Risk:** there is a medium level of risk of the local content commitment not being achievable based on the information provided in the LIDP
- **Low Risk:** there is a low level of risk of the local content commitment not being achievable based on the information provided in the LIDP

LJF Achievability Reports include a summary for the assessment and may include recommendations to address identified issues. The ICN draws on its understanding of local industry capability when making these assessments.

During the tender evaluation process, the agency should review the LIDP commitments and address with the bidders any issues of concern with the LIDPs, including issues identified in the LJF Achievability Report.

4.6.3 Requesting bidders resubmit an LIDP

Agencies may request bidders resubmit an LIDP if further clarification is required to assure the agency that a specific supplier will be able to meet their stated commitments. For example, if mistakes have been identified, the LIDP is assessed as 'High Risk', or to address recommendations made by the ICN in the LJF Achievability Report. Any resubmissions must be compliant with an agency's own probity rules and regulations.

If a bidder is going to resubmit their LIDP, the agency's project manager must indicate resubmission is required through the VMC, either because the bidder has submitted incorrect data or because there are risks associated with the bidder's LIDP. The bidder must then revise and resubmit the LIDP through the VMC, for reassessment by the ICN.

The ICN will issue the bidder a new Acknowledgement Letter and reassess the revised LIDP before preparing a new LJF Achievability Report.

LIDP resubmission may also be required during project delivery, for example due to significant changes to local sourcing or project scope and value.

4.6.4 Scoring industry development commitments

Agencies must allocate 10% of the total points for the bid evaluation to assessment of industry development commitments. 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 and the maximum number of points a bidder could obtain for the industry development commitments criterion would be 10 out of 10.

The objectives that must be considered in the development of the LJF Policy (including these Agency Guidelines) are to support local industry development by:

- expanding market opportunities for local businesses
- providing Aboriginal businesses with opportunities to participate in LJF projects
- encouraging SMEs based in regional areas to participate in LJF projects
- encouraging the use of local content at each stage of construction or manufacturing projects
- promoting the use of Australian Standards on LJF projects
- designing tender and procurement processes to provide fair and reasonable opportunities for local industry participation
- increasing supplier access to and awareness of local industry capability
- providing exposure to innovation, including use of new technologies and materials, and
- developing international competitiveness and flexibility in responding to changing global markets.

Agencies may give consideration to these objectives in evaluating bids against the industry development commitments.
The weighting for industry development outcomes is designed to ensure that local content is maximised by bidders in delivery of the project, to support these objectives.

Scoring will consider each bidder's commitment to industry development, noting that points should be adjusted based on the achievability of local content commitments, using the LJF Achievability Report.

Further information is provided at Appendix 2: Example scoring for Standard Projects and Appendix 3: Example scoring for Strategic Projects. Note that the scoring process for Strategic Projects includes a threshold test and value-add scoring which considers the specific LJF requirements set for the project.

4.6.5 Scoring job commitments

Agencies must allocate a further 10% of the total points for the bid evaluation to assessment of job commitments. For example, for a bid evaluation where a maximum of 100 points can be earned, 10 points are allocated to the evaluation of job outcomes and the maximum number of points a bidder could obtain for the job commitments criterion would be 10 out of 10.

The weighting for job outcomes is designed to ensure that job opportunities for new and retained employees are maximised by bidders in delivery of the project.

Job outcomes in bids are required to be compared against each other and relative scores assigned, using a reference or comparison method. Bids that commit to creating or retaining 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). Agencies should not favour created or retained jobs – they should be treated equally.

Further information is provided at Appendix 2: Example scoring for Standard Projects and Appendix 3: Example scoring for Strategic Projects.

Note that for projects where MPSG applies, 5 percentage points are allocated to the evaluation of MPSG specific outcomes and 5 percentage points are allocated to broader job outcomes. **For all MPSG-applicable projects, please refer to the additional guidance for MPSG projects for important further information**. This includes key considerations when assessing MPSG commitments in the LIDP, and detailed information about eligible apprentices, trainees and cadets and eligible labour hours.

4.6.6 Calculating the Local Jobs First weighting when a supplier is deprioritised

The deprioritisation regime only applies to projects where the relevant solicitation or market approach documents are released to prospective suppliers **on or after** 1 July 2026. It does not apply to any LJF projects that are in delivery or out for tender prior to 1 July 2026.

The LJF Commissioner may deprioritise suppliers for a period of 6 months to 18 months if they fail to achieve one or more of their LIDP commitments or fail to provide completion reporting within 90 days of practical completion. The deprioritisation regime includes a review mechanism which allows suppliers to seek a review before the LJF Commissioner makes a deprioritisation determination.

As part of a deprioritisation determination, the LJF Commissioner must set a specific percentage deduction between 5% to 20% that will apply to the evaluation of any tender for an LJF project by the deprioritised supplier while the determination is in force.

Example of how to evaluate a tender by a deprioritised supplier

- An agency evaluates tenders for a standard project using a 50-point scale, with 10 points available for commitments to LJF.
- A supplier's tender for the project receives a preliminary score of 4 out of 5 for industry development and 5 out of 5 for job outcomes, a total of 9 out of 50 or 18 percentage points for commitments to LJF.
- The LJF Commissioner has determined that that supplier will be subject to a deprioritisation determination percentage of 10 percentage points.
- If the deprioritisation determination is in force at the time of tender closure, the agency must deduct 10 percentage points from the tender's total score for commitments to LJF.
- The tender would receive a score of 4 out of 50 or 8 percentage points for commitments to LJF.

Agencies will receive a notification and detailed instructions on how to calculate the tender evaluation score for an LJF project if a bidder is subject to a deprioritisation determination.

Further information on the procedural details of the deprioritisation regime can be found in the Local Jobs First Regulations 2026.

4.7 Step 7 - Select preferred bidder and award contract

The agency project manager must select the preferred supplier for a given tender through the VMC within 5 business days of awarding a contract.

Agencies must ensure that project contracts require suppliers to comply with LJF and the LIDP. **In practice, this means that the LIDP, including the commitments made in the LIDP, must be incorporated into the contract as a project deliverable.** This is achieved by attaching the final agreed LIDP to the contract and including the relevant model clauses in the agreement.

An agency must determine the consequences that will apply if suppliers do not deliver all of the outcomes committed to in their LIDP. Agencies should consider building financial and or other disincentives into their contracts that apply if LJF obligations are not met. From 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate (for further information is provided at Local Jobs First requirements in tender documentation).

If requested, an agency must provide feedback to a bidder on a successful or unsuccessful tender. The ICN provides every bidder with a copy of the LJF Achievability Report on their LIDP after the contract is awarded.

4.8 Step 8 - Monitor and report on Local Jobs First outcomes during project delivery

4.8.1 Project monitoring to support compliance

Agencies are responsible for ongoing monitoring, and taking all reasonable steps to manage, a supplier's compliance with their LIDP, LJF and their LJF reporting obligations, including the requirement to submit a completion report. This includes reviewing and approving supplier reporting through the VMC on new, in progress and completed projects.

This also includes following a process for any proposed changes to the local sourcing of an item/s during project delivery compared to what is listed in the approved LIDP.

The LJF Commissioner may review agencies' monitoring processes.

Agencies may require the successful bidder to provide regular updates on its implementation of LJF as part of their project management practices and milestone achievements within the contract.

Agencies must ensure contractors 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 DJSIR as requested. Documentary evidence of outcomes can be saved on the VMC if suppliers choose to use this function. DJSIR and the LJF Commissioner can request this information during and on completion of the project.

It is recommended that all LJF related contractual documents be retained in line with your agency's records management policy or any applicable guidance issued by the Public Records Office of Victoria.

Agencies can be reported in the LJF 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 DJSIR to help delivery if there are concerns.

4.8.2 Reporting requirements

There are reporting requirements for all LJF projects. All reporting information, including project details, commitments and outcomes, must be submitted using the VMC.

Agencies must monitor, and take all reasonable steps to manage, a supplier's compliance with their LJF reporting obligations, including the submission of a completion report after practical completion.

Reporting is required at the beginning and completion of a project and may also be required periodically during a project, as follows:

Reporting type	**Applicable projects**	**Purpose and uses**	**Reporting period/s**
Annual reporting	All LJF projects that commenced or completed in	Monitors LJF commitments and outcomes	1 July - 30 June To be updated in the VMC by 31 July each year

	the financial year	Informs the LJF Annual Report to Parliament by the Minister responsible for LJF	
Six-monthly reporting	LJF projects valued at $20 million and above (includes MPSG-applicable projects)	Monitors outcomes of higher-value projects Informs briefings to the Minister responsible for LJF Relevant data may be included by DJSIR in the LJF Annual Report	To be updated in the VMC twice yearly, as advised by DJSIR
Completion reporting	All LJF projects	Confirms LJF outcomes achieved through the project Informs the ICN Post Contract Review process Relevant data may be included by DJSIR in the LJF Annual Report	As soon as practicable after practical completion of the project

DJSIR is responsible for whole-of-government monitoring and reporting, drawing on agency, supplier and ICN data from the VMC. DJSIR accesses LIDP information through the VMC after the project is awarded to a supplier.

4.8.3 Annual Reporting

The Act requires agencies to provide information to the Minister responsible for LJF for inclusion in a consolidated LJF Annual Report. This report is tabled in Parliament by the Minister responsible for LJF by 30 November each year.

DJSIR collects all data for the LJF Annual Report from the VMC. Agencies are responsible for ensuring data for all their LJF projects on the VMC is correct and up to date. This includes reviewing and approving any outstanding supplier reports on the VMC.

The data collected includes details on projects commenced and projects completed during the relevant financial year. For commencement reporting, agencies must ensure all project details are correct and contracts have been awarded on the VMC. For completion reporting, agencies must review the completion report submitted in the VMC after a project reaches practical completion to assess whether the supplier met its LJF commitments. It is important that agencies update the project completion date in the VMC if it changes during project delivery.

Agencies will have their own internal processes for formal review and approval of this data to ensure compliance with LJF. It is recommended that an agency's LJF Administrator and project contract managers are involved in this process. The LJF Administrator can be a key point of contact for contract managers and can view all reporting on the VMC, to help in the annual reporting on compliance with LJF.

The Annual Report will also include information about any projects that were exempted from applying LJF or assessed as non-contestable.

Under the Act, each agency is also required to report on the agency's compliance with LJF in the financial year in its annual report of operations under Part 7 of the FMA. Disclosure requirements for LJF are outlined in Financial Reporting Direction 25D Local Jobs Disclosures in the Report of Operations.

4.8.4 Six-monthly reporting

LJF has mandatory 6-monthly reporting requirements for all projects worth $20 million or more to monitor outcomes of higher-value projects. For these projects, suppliers must report all achievements for the reporting period against the LIDP commitments through the VMC.

DJSIR provides advice and guidance to agencies on six-monthly reporting requirements, including reporting periods. Agencies must review and approve supplier reports on the VMC, for submission to DJSIR within a reasonable timeframe, as specified by DJSIR. Once approved, DJSIR will be able to access these reports for monitoring and compliance purposes.

For MPSG-applicable projects, 6-monthly reporting data must include the number of labour hours performed by each individual ATC working on the project, to be tracked against the contracted MPSG commitment.

4.8.5 Completion reporting

Suppliers **must** submit completion reporting as soon as practicable after the practical completion of their project. Further information on what agencies need to do to support the mandatory completion reporting process is set out at Step 11 - Obtain and review project completion reporting from supplier.

On LJF projects where the solicitation or market approach documents were released on or after 1 July 2026, the LJF Commissioner will receive a notification if a supplier fails to submit completion reporting within 90 days of the project reaching practical completion. This may result in the LJF Commissioner taking action against the supplier under the deprioritisation regime in the LJF Act.

4.9 Step 9 - Review Local Jobs First requirements if the scope or value of the project changes during delivery

If an agency or supplier varies a contract, then LJF must be considered when changing the value of the contract or scope of work. In some cases, a revised LIDP may be required.

If a supplier proposes changes to local sourcing from their approved LIDP, consideration must be given to whether the proposed change is a significant diversion (see Step 4.10).

Minor changes to project scope or valuation on Standard and Strategic Projects

A change is considered minor if it adjusts the original contract value or the Annual Employee Equivalent (AEE) by **less than 10%,** and the contract is being updated to reflect this.

A revised LIDP may be required if these changes effect a change in the nature of the contestable items or the type of work. Contact the ICN for more advice on a project-by-project basis.

Agencies are not required to consult DJSIR on minor changes to **project scope and valuation**, unless the Strategic Project significant diversion review process applies (see Step 4.10).

Major changes or variations to project scope or valuation on Standard and Strategic Projects

A change is considered major if it adjusts the original contract value or the Annual Employee Equivalent (AEE) by **10% or more**, and the contract is being updated to reflect this.

In these instances, the supplier must resubmit the revised LIDP to the ICN for re-evaluation, so that the list of contestable and non-contestable items and their commitments can be reassessed. Contact the ICN for more advice on a project-by-project basis.

If a major change to the contract alters the contestable items during the project, a revised LIDP may be needed to ensure the requirements remain appropriate. This means there are new contestable items, some contestable items are no longer needed, or the mix of items in the project has changed significantly.

The agency must notify the ICN if a major change is expected, to facilitate a review of the LIDP and LJF Strategic Project Framework (if applicable) to determine if any minimum LJF requirements are still appropriate. It may be necessary for the Minister responsible for LJF to set revised minimum LJF requirements for the project if it has changed significantly.

If the ICN recommends that a revised LIDP and/or revised minimum LJF requirements are required, then the ICN will advise the agency and DJSIR.

- **Standard Projects**: The agency must notify the supplier and ask them to submit a revised LIDP. If the Minister responsible for LJF has set a requirement for a Standard Project under section 7B of the Act, the agency must follow the same process as for a Strategic Project.
- **Strategic Projects**: The agency must formally contact DJSIR to request a change to the minimum LJF requirements set by the Minister responsible for LJF. After the Minister responsible for LJF issues revised minimum LJF requirements, the agency must notify the supplier and ask them to submit a revised LIDP.

4.10 Step 10 - If a supplier is likely to be unable to meet the local content commitment specified in the Local Industry Development Plan, the agency and supplier must follow this significant diversion process

Suppliers must deliver the commitments in their LIDP. A key part of this is engaging with local businesses and supply chains.

Under the Act, if a supplier is, or is likely to be, unable to meet the **local content commitment** specified in their LIDP, they must comply with the significant diversion process. The significant diversion process is the process set out in in this section of the Agency Guidelines and 3.8 of the Supplier Guidelines and provides for the approval of changes to commitments relating to the percentage or value of local content for the project. For the purposes of the Act, the LJF Policy includes the LJF Policy document, Agency Guidelines and Supplier Guidelines.

The significant diversion review process applies to all LJF projects if a supplier's proposed change to local sourcing meets the significant diversion review threshold. The information below explains how to work out whether a proposed change meets the significant diversion review threshold and what agencies and suppliers need to do.

The significant diversion process set out in the Agency Guidelines and Supplier Guidelines may be subject to review or revision. Suppliers and agencies should ensure that they always consult the current version of the Agency Guidelines and Supplier Guidelines.

Does the proposed change to local sourcing meet the significant diversion review threshold?

1. Is the supplier proposing to:
    - reduce the local content of any individual steel item (of all project steel); or
    - add a new imported individual steel item not included in the approved LIDP?

2. Is the supplier proposing to reduce the local content by 10% or more of any item (or group of similar items) that are of significant value to the project (e.g. valued at greater than $5 million or equates to 5% or more of the project's contract value)?

If the answer is **yes to either of these questions**, the supplier's proposed change meets the significant diversion review threshold.

- if the project is a Standard Project, the supplier and agency must follow the Standard Project Significant Diversion Review Process set out below.
- if the project is a Strategic Project, the supplier and agency must follow the Strategic Project Significant Diversion Review Process set out below.

If the answer is **no** to both questions, the change is not a significant diversion, and the significant diversion process does not apply. However, as part of the agency's obligation to monitor, and take all reasonable steps to manage, the supplier's compliance with their LIDP and LJF, they should continue to work closely with the supplier. The agency and supplier may choose to work with the ICN to consider local sourcing options and revise the LIDP if necessary.

Standard Project - Significant Diversion Review Process

The significant diversion review process for Standard Projects is set out below.

1. The supplier must notify the agency of the proposed change as part of the significant diversion process within **7 days**.
2. When an agency becomes aware of a supplier's proposed change to local sourcing on a Standard Project, the agency must work with the supplier to understand the reason for the proposed change, assess potential impact/s, and determine if it is a significant diversion for the purpose of the LJF Policy.
3. The agency may direct the supplier to work with industry stakeholders to maximise local industry outcomes in relation to the proposed change, including instances where the supplier has identified local sourcing challenges during project delivery.
4. The agency must decide whether to proceed with the proposed change.

The supplier may be required to submit a revised LIDP. Suppliers and agencies should retain evidence of all options for local sourcing investigated.

Strategic Project - Significant Diversion Review Process

The significant diversion review process for Strategic Projects is set out below.

The supplier and agency must not proceed with a proposed change unless approved by the Minister responsible for LJF and the Minister responsible for the project.

1. The supplier must notify the agency of the proposed change as part of the significant diversion process within **7 days**.
2. When an agency becomes aware of a supplier's proposed change to local sourcing on a Strategic Project, the agency must work with the supplier to understand the reason for the proposed change, assess potential impact/s, and determine if it meets the LJF definition of a significant diversion.
3. The **agency must notify DJSIR** of any proposed change that meets the significant diversion review threshold by emailing localjobsfirst@ecodev.vic.gov.au **within 14 days** of becoming aware of the supplier's proposed change. The agency must include an excerpt of the relevant line item from the LIDP in its current and proposed form in this email.
4. The **agency must notify the LJF Commissioner** of any proposed change that meets the significant diversion review threshold by emailing office@localjobsfirst.vic.gov.au **within 14 days** of becoming aware of the supplier's proposed change. The agency must include an excerpt of the relevant line item from the LIDP in its current and proposed form in this email.
5. DJSIR will meet with the agency to **discuss market testing and options** and provide the agency with a Significant Diversion Notification template for completion.
6. DJSIR may request further information, including evidence validating the proposed change, which must be provided within **30 days** or as otherwise agreed with DJSIR. DJSIR may ask an agency to direct the supplier to work with industry stakeholders, including ICN, to maximise local industry outcomes in relation to the proposed change, including instances where the supplier has identified local sourcing challenges during project delivery.
7. DJSIR will provide the agency with advice and support on the ministerial approval process where required, including whether the proposed change falls below the minimum local content requirements set by the Minister responsible for LJF.
8. The agency must not brief the Minister responsible for the project on the proposed change until DJSIR confirms in writing that the information provided is complete.
9. If the Minister responsible for the project decides to proceed with the proposed change, they must write to the Minister responsible for LJF to advise them of the intention to proceed and, if relevant, request approval from the Minister responsible for LJF for a revised minimum local content requirement to be set.

10. The Minister responsible for LJF will respond and, if relevant, may set a revised minimum local content requirement for the project. If the Minister responsible for LJF does not set a revised minimum local content requirement, the original requirement will continue to apply.
11. The Minister responsible for the project will then formally approve or reject the proposed change.
12. The agency must notify the LJF Commissioner if the Minister responsible for the project decides to proceed with the proposed change **within 14 days** of the decision. As part of this notification, the agency must provide details of the approved change.

The supplier may be required to resubmit a revised LIDP. Suppliers and agencies should retain evidence of all options for local sourcing investigated.

Any decision to proceed with an international supplier must not be made prior to consultation with DJSIR.

What happens if a proposed change results in the supplier's commitments falling below the minimum local content requirement set by the Minister responsible for LJF?

While the Minister responsible for a project can decide to proceed with a proposed change, only the Minister responsible for LJF can revise the minimum local content requirements for a project.

In practice, this means that if a proposed change results in the supplier's proposed commitments falling below the minimum local content commitment for the project, the Minister responsible for the project must request that the Minster responsible for LJF set a revised minimum local content requirement.

Under the Act, the Minister responsible for LJF cannot set local content requirements below:

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

If the Minister responsible for LJF does not amend the minimum local content requirement, or cannot further reduce the minimum local content requirement for the project, the original LJF requirements will continue to apply to both the agency and the supplier. If the supplier is unable to meet the relevant local content commitment in their LIDP, this may result in the LJF Commissioner taking enforcement action under the Act.

4.11 Step 11 - Obtain and review project completion reporting from supplier

Completion reporting is required for all LJF projects to confirm the LJF outcomes achieved through the project. **Agencies are responsible for ensuring that this process occurs at or before practical completion of the project and/or delivery of the goods or services**.

For projects delivering goods, this is at the time of full supply (ahead of the defects period). For projects delivering services, it is often at the end of the life of the contract. For long-term or ongoing contracts, such as projects that include a development or construction and an operations and/or maintenance phase, a completion report is required for both practical completion of the construction and for completion of the overall project, noting that different suppliers may be responsible. LJF project completion reporting data must be prepared before finalising further administrative or regulatory processes that may need to be followed. Failure to submit completion reporting will result in the project and supplier being non-compliant with LJF.

Completion reporting is submitted on the VMC using the same process as reporting during the project. However, when the project has reached the final reporting cycle, the agency must indicate on the VMC that a completion report and an ICN post contract review is required.

The agency contract manager **must request the supplier to submit completion reporting through the VMC** before practical completion of a construction project, or final delivery of a goods and services project. This includes a requirement to submit:

- final LJF reporting of outcomes achieved against the supplier's LIDP commitments, and

- a digital declaration which confirms that the project is complete, all required reporting has been submitted and the information provided is true and correct.

The contract manager must then review the supplier's LJF completion reporting data and either:

- approve it to be sent to the ICN for post-contract review against the supplier's LIDP commitments, or
- if the agency is not satisfied with the LJF completion reporting data provided, return it to the supplier for resubmission.

The agency contract manager must ensure that suppliers explain any discrepancies between the committed and achieved LJF outcomes. For Strategic Projects, this should include an explanation of work undertaken to maximise local industry outcomes in relation to any changes to local sourcing, and that the required process was followed.

Agency contract managers must compare outcomes achieved to those committed to under the contract, in the LIDP or other related documents to consider any differences and any related action arising. If contractual consequences apply for failure to achieve outcomes, the agency may choose to implement them.

4.11.1 ICN post-contract review process

The ICN will review the completion reporting data submitted to see if the outcomes reported by the supplier meet the supplier's LIDP commitments, at both an aggregate level (e.g. local content, jobs outcomes, any ministerial requirements, MPSG, etc) and at an individual line-item level. This process is called the ICN post-contract review.

When complete, the ICN post-contract review of the supplier's completion reporting data will be sent to the agency contract manager. The post contract review reports may also be provided to DJSIR.

The ICN's post-contract review will report whether the ICN has found that the supplier's completion reporting data is compliant or non-compliant with the supplier's aggregate LIDP commitments. In some circumstances, the ICN may find that the supplier's completion reporting data is compliant subject to the agency seeking clarification or substantiation of specific outcomes reported by the supplier.

If a supplier's completion reporting data shows a **significant variance** (a variation of 10% or more) in local content or contract content compared to the commitments outlined in their LIDP, the ICN will request further information and justification from the supplier before completing the post-contract review.

In circumstances where the ICN post-contract review report determines that the **supplier is non-compliant** and has not met its LIDP commitments, the agency must consider what consequences will apply.

On LJF projects where the solicitation or market approach documents were released on or after 1 July 2026, the LJF Commissioner will be notified if a supplier fails to achieve one or more of its aggregate LIDP commitments. This may result in the LJF Commissioner taking action against the supplier under the deprioritisation regime in the Act.

The completion reporting data submitted by suppliers after practical completion of an LJF project will inform the annual reporting on LJF outcomes by the agency and the Minister responsible for LJF. The ICN will also include the final local content and job outcomes in their LJF reporting.

4.11.2 Compliance

Agencies must monitor and take all reasonable steps to manage compliance with LJF commitments in their contracts with suppliers. Agencies are responsible for determining the consequences that apply if suppliers do not deliver the LJF outcomes committed to in their LIDP and may choose to build into their contracts financial and or other disincentives that apply if LJF obligations are not met. From 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate.

Where LJF outcomes reported by a supplier 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). For Strategic Projects, this should include consideration of work undertaken to maximise local industry outcomes in relation to any changes to local sourcing and confirmation that the required process was followed.

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 dispute resolution process.

The Act provides a transparent LJF 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 DJSIR. Compliance issues can be raised with the LJF Commissioner. If both contracting parties agree, the LJF Commissioner may provide advice and support the resolution of potential or actual non-compliance with the LJF Policy, an LIDP or the Act.

Under the Act, the LJF Commissioner may request an agency to conduct a compliance audit in relation to compliance with LJF or with an LIDP. The Commissioner may request a report on the audit and may impose terms of reference or other requirements for the audit. The LJF Commissioner may also recommend that an agency seek an injunction or takes enforcement action under the contract where a supplier is failing to comply or has failed to comply with LJF or an LIDP.

5 Additional guidance for MPSG projects

The MPSG provides opportunities for ATCs to work on Victoria's largest construction projects. This helps to ensure Victorians starting their career in the construction industry have more opportunities to receive on-the-job training.

MPSG requirements apply to all Victorian Government construction projects valued at or above $20 million.

The MPSG can apply to both Standard Projects and Strategic Projects. This section provides additional guidance to help agencies apply MPSG to projects where applicable.

5.1 Calculating the minimum MPSG requirement

All MPSG-applicable projects have a mandated requirement for the supplier to deliver at least 10% of project labour hours using Victorian ATCs. This is based on estimated labour hours provided by bidders at project tendering.

For MPSG-applicable projects, a bidder's minimum MPSG requirement is 10% of the total project labour hours as provided by the bidder in the employment commitments section of the LIDP. Bidders may voluntarily increase their MPSG commitment for a project above the minimum requirement.

Refer to the Supplier Guidelines for detailed information about how the minimum MPSG commitment is calculated. The minimum MPSG requirement is generated from a bidder's LJF employment commitments.

5.2 Assessing job commitments on MPSG projects

The 10% weighting for job commitments on MPSG projects covers MPSG job outcomes and broader job outcomes on the project. For example, for an MPSG bid evaluation where a maximum of 100 points can be earned, 5 points are allocated to the evaluation of MPSG specific job 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 maximum number of points a bidder could obtain for the job commitments criterion would be 10 out of 10.

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 for job commitments.

Further information is provided at Appendix 4: Example scoring for MPSG job outcomes.

5.3 Eligible apprentices, trainees, and cadets

The MPSG is designed to provide on-the-job training opportunities for new entrants to the construction workforce. Detailed definitions for ATCs that can be counted towards MPSG are provided in the Appendix 1: Glossary. Note that professional traineeships (experienced workers undertaking professional development training) cannot count towards MPSG. Further guidance on the applicability of ATCs is available via the Local Jobs First website.

ATCs may be directly employed by the principal supplier or subcontractors or indirectly employed through group training organisations (GTOs).

Bidders are encouraged to use Victorian ATCs drawn from groups who are generally under-represented in industry vocational training, such as women, and/or those who face barriers to vocational training or the workforce more generally, such as Aboriginal or older ATCs or people with a disability. Key resources to help achieve this may include state and federal employment programs and initiatives.

5.4 Eligible labour hours

The MPSG does not prescribe the breakdown of labour hour contributions from ATCs. They can be used in any combination of hours and across different contracts of a particular project. However, the Victorian ATCs that are used must reflect the existing occupational profile of the sector workforce, and bidders 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 ATCs or combinations of these.

Only the hours spent working on the applicable project can be counted towards the project's minimum 10% MPSG requirement. For example, a full-time business administration trainee may work across a few projects, only spending an equivalent of 2 days per week working on the MPSG-applicable project. In this example, only 15.2/38 hours per week can be counted towards the requirement.

Hours worked off-site to deliver inputs to a project can be counted towards the minimum 10% MPSG requirement, where ATCs are employed by subcontractors under the principal supplier. For example, the hours worked by an engineering fabrication apprentice to manufacture prefabricated steel components for use on an MPSG-applicable project can be counted towards the MPSG hours for that project. Bidders should be encouraged to contact their off-site suppliers to understand their ATC use on the project.

Hours spent off-site on training and education can be counted towards the minimum 10% MPSG requirement. This allows the time ATCs 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 20.2/38 hours can be counted towards the hour 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 towards MPSG.

5.5 Specifying how MPSG roles are filled to support other policy objectives

Agencies can leverage MPSG to deliver additional benefits such as social, economic and training outcomes by specifying how ATC roles are filled on a project basis. This can be achieved by specifying additional requirements as part of the approach to market for the tender or proposal.

The LIDP does not require bidders to detail how ATC roles will be filled, however where applicable suppliers can choose to demonstrate delivery of additional benefits as part of the MPSG information their LIDP.

6 How to apply Local Jobs First to grants and loans

Note that grants and loans with a state contribution of $50 million or above may be treated as a Strategic Project. Before proceeding with grants of this value, agencies must contact DJSIR to confirm if LJF applies and any relevant LJF requirements (including whether a contestability assessment is required and the project monitoring and reporting requirements).

Grant and loan recipients are subject to LJF where the **value of the grant** meets the LJF financial thresholds and the recipient is not a State or Commonwealth government agency.

Grants and loans involving a co-contribution from another jurisdiction, such as the Commonwealth or other third parties (including the recipient), are subject to LJF based solely on the value of the Victorian Government grant or loan meeting the LJF monetary thresholds.

If an agency believes a specific grant or loan is not targeted towards the LJF objectives, then the agency should contact DJSIR to determine the applicability of the LJF process.

The application of LJF to grant or loan recipients ensures local SMEs and workers benefit from the opportunities once the grant project begins.

The steps for an agency to comply with LJF for grant or loan contracts with a state contribution under $50 million are outlined below. The main difference in the LJF process is the requirement for grant or loan recipients to request an Interaction Reference Number (IRN) from ICN through the VMC rather than register and develop an LIDP.

In the steps below, the term 'grant(s)' refers to both grants and loans provided by the Victorian Government.

6.1 Step 1 - Specify Local Jobs First requirements in grant documents

The agency must include LJF requirements in grant and loan documents, including grant guidelines and proposed contracts, using the LJF model clauses for grants provided on the LJF Key Documents page.

6.2 Step 2 - Advise grant recipient to obtain an Interaction Reference Number (IRN)

As soon as the grant recipient and agency reasonably expect the grant arrangement to proceed, agencies are required to **advise grant recipients that they must**:

- **request an Interaction Reference Number (IRN) by registering the grant with the ICN** using the VMC. The agency should provide relevant information to help the grant recipient to complete the IRN form in the VMC
- **provide the IRN to the agency** within 20 business days of the grant agreement being executed, and
- **ensure that the project adheres to LJF**.

The ICN will issue the grant recipient with an IRN and reference letter via email.

If the grant recipient requests localisation assistance when registering the grant, the ICN will separately contact the grant recipient and assist them to understand and identify local capability.

6.3 Step 3 - Include Local Jobs First requirements in the contract or grant agreement

The agency must include the requirement for an IRN and any agreements reached regarding LJF within the contract or grant agreement using the LJF contract model clauses for grants provided on the LJF Key Documents page. This involves attaching LJF model clauses as a Schedule to the contract or grant agreement.

The IRN and any agreements reached regarding LJF will form a condition precedent to payment of funds under the agreement.

6.4 Step 4 - Receive IRN and any Local Jobs First agreements before making grant payment

The grant recipient must obtain an IRN within the required timeframe as a condition of grant payment. The agency should ensure that this requirement has been met before making a grant payment for any LJF-applicable grant.

6.5 Step 5 - Report annually on local content and job outcomes

The agency must retain a record of the IRN as well as any associated local content and job outcomes for inclusion in annual reporting on compliance with LJF.

Any local content outcomes achieved through consultation with the ICN will be noted and reported to the agency and DJSIR by the ICN.

7 How to apply Local Jobs First to panels

Panel contracts entail an agency appointing a panel of suppliers, from which individual suppliers are then selected to provide particular goods or services over the life of the contract. Examples include State Purchase Contracts (SPCs), and Sole Entity Purchase Contracts (SEPCs).

7.1 Purchasing from an existing panel

If you are procuring goods, services or construction activities through an existing panel of suppliers, it may be subject to LJF if, in addition to the other criteria for an LJF project:

- the total value of a project meets the LJF thresholds, or
- the contract is part of a broader LJF project.

The agency is required to apply LJF at the point of purchase from the panel and must develop a purchase order template and contract terms and conditions that reflect this requirement.

Model clauses are available and can be found on the Key Documents page.

If the total value of a project meets the LJF thresholds, the agency is required to follow the process outlined at how to apply Local Jobs First to Standard Projects and Strategic Projects, including obtaining a contestability assessment to confirm if it is an LJF-applicable project. An example would be a supplier providing one-off audit services to an agency through the Professional Advisory Service (PAS) SPC, at a value that meets an LJF threshold.

If the procurement is part of a larger project where the total project value meets a threshold, then each time a purchase by the agency is made from a panel in relation to that project, the agency is required to follow the process outlined at how to apply Local Jobs First to Standard Projects and Strategic Projects, including obtaining a contestability assessment if it is an LJF-applicable project. An example would be every instance of legal advice sought from the Legal Services SPC on a specific LJF-applicable project, irrespective of the value of the individual purchase order.

If the project is an LJF-applicable project, the agency must follow the process for Strategic Projects or Standard Projects.

For panels where an LIDP was prepared at contract establishment, the agency accessing the panel must register the engagement in the VMC and the supplier must report the outcome of each engagement in the VMC.

7.2 Establishing or renewing a panel

Under the Act, the LJF Policy objectives must be considered in developing the LJF Policy (which may include any guidelines or material regarding the application of the LJF Policy). All agencies establishing or renewing a panel contract should consider the LJF Policy objectives.

If the estimated or historical contract spend meets the LJF thresholds, **the agency must consult with DJSIR prior to contract establishment/market approach to determine how LJF will apply**. Note that this requirement also applies to SPCs or SEPCs where the contract may be awarded to a sole supplier.

DJSIR may advise that the contract should follow the LJF Standard Project or Strategic Project process, including preparation of an LIDP where practical based on:

- estimated expenditure
- likely number of suppliers
- risk profile
- delivery timelines
- operation of the SPC or SEPC (for example, some SPCs are managed service providers, some provide the service directly, and others undertake a Request for Quotation process on the agency's behalf)
- other project information available at the time of establishment.

8 How to apply Local Jobs First to market-led proposals

Market-led proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure, provide goods 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 or support.

Some market-led proposals may be subject to LJF. Agencies that receive a market-led proposal with the potential to meet the LJF thresholds must contact DJSIR to determine the application of LJF as soon as practicable. If a market-led proposal project is LJF-applicable, it will generally follow a similar process to Strategic Projects, including undergoing contestability assessments and the setting of requirements under section 7B by the Minister responsible for LJF.

The agency must follow the requirements for agencies as advised by DJSIR, including registering the project on the VMC. The development of a LJF Strategic Project Framework, with recommended minimum LJF requirements, should be developed as soon as sufficient information is available for the ICN to undertake an assessment. Once the ICN has developed its recommendations, DJSIR will discuss them and any additional targeted requirements that support industry development outcomes with the agency.

Project proponents for LJF-applicable projects are responsible for developing an LIDP as part of the proposal process, that must meet or exceed the minimum local content and other requirements set by the Minister responsible for LJF with clear commitments to industry development (including local content) and job outcomes. Project proponents must also agree to monitoring and reporting requirements and the terms and conditions that apply to Strategic Projects under the Supplier Guidelines. An LIDP endorsed by the ICN must be developed to meet or exceed the minimum requirements set by the Minister responsible for LJF prior to financial and commercial (or contract) close of the proposal.

To be considered compliant with LJF at the proposal stage, a proponent must:

- **complete all sections of the relevant LIDP** (there may be different LIDPs to be completed depending on the scale and complexity of the project). The LIDP is an online form, which proponents must submit to the ICN through the VMC
- **engage with the ICN in developing the LIDP** on local content matters and local supply chain engagement, and
- **agree to all other conditions** including monitoring, reporting, auditing and compliance requirements via a declaration in the VMC.

The agency may request this information from proponents as part of preparation for procurement under stage two of the market-led proposal assessment process, as outlined in the Department of Treasury and Finance's guideline for market-led proposals.

For successful market led proposals, the agency must include the final approved LIDP in the contract with the proponent.

9 Appendices

Appendix 1: Glossary

Terms used in these Agency Guidelines that are not defined in the Glossary have the same meaning as is given to those terms in the Act.

Accountable Officer - in relation to an agency, means the accountable officer under s 42 of the *Financial Management Act 1994* for the agency.

Acknowledgement Letter - is the letter received by bidders after the ICN has assessed the LIDP. This is achieved when the bidder's LIDP is submitted before the procuring agency's due date, and all sections have been adequately completed.

Apprentice - undertake under a training contract with an employer 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 duration of three to four years and are competency based. For an apprentice to be counted towards the MPSG requirement for a project they must be:

- undertaking a course that relates directly to their role on a LJF project and is consistent with the Training Contract, and
- registered with the Victorian Registration and Qualification Authority (VRQA) or the vocational education and training regulator under the *Education and Training Reform Act 2006*.

Apprentices, Trainees and Cadets (ATCs) - entry-level roles undertaken under a training contract, or through a combination of formal tertiary training with paid practical work experience. See the individual definitions of an apprentice, trainee and cadet in this Glossary for more information.

Australia and New Zealand Government Procurement Agreement (ANZGPA) - was entered into by Australian State and Federal Governments and New Zealand in 1991. The objective of the agreement is to maximise opportunities for competitive Australian and New Zealand suppliers to supply into government procurement. The agreement aims to reduce the costs of doing business for both government and industry and it applies to all Australian and New Zealand local industry participation policies.

Benchmark - the methodology by which a bidder evaluates a proposal from a subcontractor. Benchmarks can be based on "whole-of-life" parameters and appropriate quality and performance indicators and should include an evaluation of local content commitments.

Cadet - undertake entry-level roles that combine formal tertiary training with paid practical work experience. There are many types of cadetships offered across different industries. Cadetships can vary in length but are generally 18 months to 2 years. A cadetship does not fall under a training contract. For a cadet to be counted towards the MPSG requirement for a project they must be:

- enrolled in Australian tertiary education
- receiving learning opportunities as part of their engagement on a LJF project (e.g. cadets in architecture, quantity surveying, and engineering), and
- undertaking work that is directly tied to their associated tertiary qualification.

Cadetships are different to professional traineeships (an employee who is not in an entry level role and is undertaking professional development training), which cannot count towards MPSG.

Completion Report - suppliers must submit a completion report no more than 90 days after practical completion of a project.

Contestability Assessment - refers to the review of project information to assess contestable and non-contestable items that an agency must obtain prior to undertaking a tender process to determine whether the project is contestable or non-contestable for the purposes of s 4B of the Act.

Contestable Goods and Services - is when there are competitive international and local suppliers that can supply the good or service. Competitive means the suppliers can offer comparable goods or services that meet the specifications given by the agency. Contestable items can be goods or services at any stage of a project.

Contingent Payment Mechanism - from 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate. The mechanism should make payment contingent on the supplier's compliance with any:

- contractual obligation to comply with LJF; and
- requirements in the LIDP (for example, meeting any local content commitments).

Contract Manager - refers to the person within the relevant agency responsible for managing the LJF process for a contract.

Department of Jobs, Skills, Industry and Regions - is the Victorian Government department responsible for administering the Act and LJF.

Deprioritisation - suppliers may be deprioritised by the LJF Commissioner if they fail to achieve one or more of their LIDP commitments or fail to provide completion reporting within 90 days of practical completion. The deprioritisation regime, and associated Commissioner powers, will not apply to LJF projects which have already commenced when these changes come into effect on 1 July 2026. More information on the deprioritisation regime can be found in Part 2A of the Act, the Local Jobs First Regulations 2026 and on the Local Jobs First website.

Emergency - has the same meaning as in the *Emergency Management Act 2013*.

Emergency Procurement Plan - means a plan for the procurement of goods and services in response to an emergency prepared by an agency in accordance with a supply policy made under section 54L of the FMA. More information on emergency procurement plans can be found at the Buying For Victoria emergency procurement plan page.

Employment - refers to the number of actual new or retained (i.e. existing) annualised employee equivalent opportunities (jobs) to be created in Australia and New Zealand as a result of the contract.

Note: Annual Employee Equivalent (AEE) replaces Full Time Equivalence (FTE) and is calculated by dividing the total number of ordinary working hours that an employee worked and was paid over the reporting period (including paid leave) by the total number of full-time working hours paid per annum (this is generally 38 hours per week for 52 weeks = 1,976). The VMC uses the total project hours divided by 1976 to determine the AEE for the project.

Expression of Interest - is used to identify suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.

Invitation to Supply - is a process of inviting offers to supply goods and/or services. This process covers both the Request for Quotation and Request for Tender process.

Jobs Created - is a job (one AEE) that has been specifically employed by a supplier or subcontractor because of the work generated by a specific project.

Jobs Retained - is a job (one AEE) that has been working for a supplier or subcontractor before signing a project contract, working in tasks/works related to the project.

Local - means all suppliers producing Victorian, Australian or New Zealand goods or services or when they have added value to imported items, such as providing a local employment outcome to an imported product.

Local Content - is goods that are produced by local industry, services that are supplied by local industry, or construction activities carried out by local industry. Local Content is intended to capture all suppliers producing Australian or New Zealand goods or services or when they have added value to imported items. Local assembly of imported materials, transport of goods, and local labour are all examples of local content or local added value.

Local Content Calculator - is a free online tool which suppliers can use to help calculate local content for LJF projects.

Local Industry - means industry and other businesses based in Australia and New Zealand.

Local Industry Development Plan (LIDP) - is a document prepared by the supplier as part of the Expression of Interest, Request for Tender and/or tender submission for a LJF project. The LIDP details the supplier's commitment to address the LJF requirements and details the expected local content and job outcomes, including how the supplier will comply with the commitments made in the LIDP. If a supplier's tender is accepted, the supplier must comply with the LIDP. The LIDP commitments must be incorporated into the contract with the supplier as a contract deliverable.

Local Jobs First Administrator - supports implementation, monitoring, reporting and compliance activities within agencies.

Local Jobs First Commissioner - is an independent statutory officer with advocacy, engagement and compliance powers in relation to LJF. Further details can be found on the LJF Commissioner website.

Local Jobs First Policy - comprises the Victorian Industry Participation Policy and the Major Projects Skills Guarantee. The LJF Policy may include any guidelines or material prepared by the Minister responsible for LJF regarding the application of, and procedures to be followed in complying with the Act, any regulations or the policy. For the purposes of the Act, the LJF Policy includes the LJF Policy document, Supplier Guidelines and Agency Guidelines.

Local Value Added Content - are the products or services that are added locally onto an imported product.

Major Projects Skills Guarantee (MPSG) - is a policy that provides job opportunities for ATCs on high value construction and infrastructure projects.

Non-contestable Items - are items that are considered as only being available through the international marketplace or local suppliers only. That is, it is considered that there is no current competition between international and local suppliers to provide the good or service.

Non-contestable Project - is a Standard Project or a Strategic Project that is determined to be non-contestable in accordance with section 4B of the Act. Agencies are not required to apply LJF to a non-contestable project.

Off-site Work - is work that is conducted away from the construction site by subcontractors to deliver inputs to a project, including prefabricated or modular components. Examples of such inputs include steel panels and frames, precast concrete, switchboards, wiring systems, modular systems or preassembled components.

Practical Completion - has the same meaning as specified in the contract for the project or, if the contract does not specify the meaning of that term, it means the day on which all of the supplier's obligations (other than minor or administrative obligations) to provide goods or services, or carry out construction activities, under the contract are fulfilled.

Request for Tender - is an invitation to supply or a request for offer against a set of clearly defined and specified requirements. Invitees are advised of all requirements involved including the conditions of participation and proposed contract conditions.

Rural and Regional Victoria - has the same meaning as in the *Regional Development Victoria Act 2002*. That Act defines Rural and Regional Victoria as the 48 local government areas, including six alpine resort areas. The 10 regional city local government areas are Ballarat, Greater Bendigo, Greater Geelong, Greater Shepparton, Horsham, Latrobe, Mildura, Wangaratta, Warrnambool and Wodonga. The remaining 38 local government areas, including six alpine resort areas, are referred to as the rural local government areas.

Significant Diversion - has the meaning set out in 4.10 of the Agency Guidelines and 3.8 of the Supplier Guidelines.

Significant Diversion Process - is the process set out in 4.10 of the Agency Guidelines and 3.8 of the Supplier Guidelines which must be followed if a supplier's proposed change to local sourcing from their LIDP is a significant diversion.

Sole Entity Purchase Contract (SEPC) - is a procurement arrangement established when a sole organisation has a specific requirement for frequently purchased goods and services. A sole supplier or panel of suppliers are appointed to provide goods or services specific to an agency over the life of the contract.

SMEs - means small to medium-sized enterprises.

Standard Employee - is all employees not classified as apprentices, cadets or trainees.

State Purchase Contract (SPC) - refers to the standing offer agreements for Victorian Government common use goods and services, which are established when value for money can best be achieved through aggregating demand. SPCs are established and managed by the Department of Treasury and Finance, the Department of Premier and Cabinet or other government entities with specific knowledge and business drivers. A sole supplier or panel of suppliers are appointed to provide goods or services over the life of the contract, for use by Victorian Government departments and agencies.

Supply Policy - means a supply policy made under section 54L of the *Financial Management Act 1994*.

Tertiary Education Providers - are institutions offering formal education beyond high school in Australia, consisting of both government and private institutions and divided into two sectors: Higher Education (provided by universities) and Vocational Education and Training (VET) provided by government-owned TAFEs & private Registered Training Organisations (RTOs).

Trainees - undertake entry-level roles under a training contract with an employer that combines training with paid employment. Traineeships are undertaken at Certificate II level and above including Diploma and Advanced Diploma. Traineeships typically have a duration of one to two years and are competency based. Traineeships can be in areas including civil construction, design, business services, information technology, human resources and community services. For a trainee to be counted towards the MPSG requirement for a project they must be:

- undertaking a course that relates directly to their role on a LJF project and is consistent with the training contract, and
- registered with the VRQA or the vocational education and training regulator under the Education and Training Reform Act 2006.

Traineeships are different from professional traineeships (an employee who is not in an entry level role and is undertaking professional development training), which cannot count towards MPSG.

Training Contract - is a formal agreement between an employer and an apprentice or trainee. Further details can be found on the VRQA Training Contracts page. The term has the same meaning as in the *Education and Training Reform Act 2006*, which defines a training contract as an apprenticeship training contract or a traineeship training contract.

Value for Money – is consistent with the definition in section 6(2) of the Act, value for money has the same meaning as the relevant supply policy, standard or direction under the *Financial Management Act 1994* or the *Project Development and Construction Management Act 1994* (as the case may be). For more information about value for money when procuring goods and services see the Buying For Victoria Value for Money page.

Victorian Management Centre (VMC) - is an online system hosted by the ICN and used by agencies and suppliers for LJF project registration, reporting and completion.

Appendix 2: Example scoring for Standard Projects

All examples are based on a bid evaluation where a maximum of 100 points can be earned overall.

SCORING FOR INDUSTRY DEVELOPMENT OUTCOMES (10 points)

Scoring for the local content commitment on Standard Projects can be calculated by dividing the local content commitment in a bid by 10 and applying a 'risk discount' as required, as shown in Table 1 below.

Table 1 - Standard Project Industry Development Scoring Process

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

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 the ICN:

- A 'Low Risk' rating receives nil discount from the local content commitment, as there is minimal risk that the local content commitments in the LIDP will not be achieved.
- A 'Medium Risk' rating has a discount of two points, as there is a medium risk that the local content commitments in the LIDP will not be achieved.
- A 'High Risk' rating receives a score of zero, as the ICN considers the local content commitment in the LIDP is unlikely to be met.

This becomes the score for industry development and gets added to the relevant bidder's total score.

Table 2 - Standard Project Industry Development Score Example

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

SCORING FOR JOB OUTCOMES (10 points)

Some Standard Projects will include MPSG and must follow the guidance for assessing job commitments on MPSG projects. For all other Standard Projects, the following applies:

- A maximum of 10 points for job outcomes 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.
- If the Tenderer's submission contains no job creation (Victorian, Australian and New Zealand, or otherwise) the tenderer gets 0.
- If the Tenderer is not committing to any new or retained jobs, then the score would be a 0. However, if it is still committing to retaining jobs then this should be judged accordingly. The LJF Policy does not differentiate between new and retained jobs.
- If the Tender's submission contains no job creation (Victorian, Australian and New Zealand, or otherwise) but details a very low number of Victorian jobs retained, the Tenderer gets 1-3. However, it is important to keep in mind the context of the specific tender and bidder. The delivery agency should consider the likely employment needed to fulfil the contract and benchmark jobs commitments against this accordingly. Also, a large company will naturally be able to commit a larger (and perhaps ultimately unrealistic) number of jobs, so the size and capability of a company should also be taken into consideration.

Table 3 - Relative scores for job outcomes on Standard Projects

Score	0	1-3	4-7	8-10
Scoring considerations	No Victorian jobs created or retained No Australian/New Zealand jobs created or retained. No use of ATCs No job development/ training opportunities have been identified	Very low number of Victorian jobs created or retained Very low number of Australian/New Zealand jobs created or retained. Low use of ATCs No job development/ training opportunities have been identified	Medium number of Victorian jobs created or retained. Medium number of Australian/New Zealand jobs created or retained. Some use of ATCs Job development/ training opportunities have been identified.	Very high number of Victorian jobs created or retained. Very high number of Australian/New Zealand jobs created or retained. Very high use of ATCs High number of job development/ training opportunities have been identified in detail.

Appendix 3: Example scoring for Strategic Projects

All examples are based on a bid evaluation where a maximum of 100 points can be earned overall.

SCORING FOR INDUSTRY DEVELOPMENT OUTCOMES (10 points)

The process below can be followed to calculate the industry development evaluation score for a bidder on a Local Jobs First Strategic Project. This scoring system preferences bids that commit to more local content and are low risk.

Table 1 - Summary of Industry Development Criteria Evaluation Process

1. Minimum Threshold Test	2. Value-Add Calculation	3. Achievability Risk Rating Discount Applied (as required)
PASS - Bid meets minimum local content threshold for all requirements set by the Minister responsible for LJF, value add score is calculated (if applicable) **FAIL** - Bid does not meet the minimum local content threshold (no value-add score is calculated)	Local content **VALUE-ADD score** calculated out of maximum ten points (VALUE-ADD formula may be used)	**Low Risk** - No discount required **Medium Risk** - Discount 2 points **High Risk** - Nil points (discount industry development score to 0)

Identify whether the bidder Passes or Fails the minimum threshold test

First, 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 responsible for LJF. 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.

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.

Calculate the 'VALUE-ADD' score

If the bid is designated a PASS rating, a VALUE-ADD score is calculated (if applicable). A maximum of ten points is allocated to local content value-add. The objective of the scoring should be to rank or score the LIDPs comparatively, with higher scores for those that provide stronger outcomes against the Local Jobs First objectives and principles.

VALUE-ADD Formula (optional)

The VALUE-ADD score can be calculated using the VALUE-ADD formula below. This methodology may not be suitable in all circumstances.

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 responsible for LJF. For example, bids that commit to 100% local content will receive 10 out of 10 points.

Using this method, bids that only commit to the minimum local content percentage are designated a PASS rating and the VALUE-ADD score is calculated to be zero.

The VALUE-ADD Formula is:

$$\frac{(Local\ content\ committed\ in\ LIDP - Minimum\ local\ content\ percentage\ set\ by\ Minister)}{(100 - Minimum\ local\ content\ percentage\ set\ by\ Minister)} \times 10 = \boldsymbol{Points\ out\ of\ ten}$$

For example, a bid which has committed 90% local content for a project that the Minister responsible for LJF has set an 80% local content minimum, the score will be calculated as follows:

((90-80)/(100-80))= (10/20) x 10 = **5 Points**

Apply the Achievability Risk Discount to calculate the overall industry development score

The local content commitment should receive an 'achievability risk discount' depending on the achievability rating given by the ICN. The ICN achievability rating will classify the risk of not 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 of 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.

SCORING FOR JOB OUTCOMES (10 points)

Many Strategic Projects will include MPSG and must follow the guidance for assessing job commitments on MPSG projects. For Strategic Projects without MPSG, the following applies.

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 among the bids being compared.

Table 2 - Relative scores for Strategic Projects without MPSG

Score	0	1-3	4-7	8-10
Scoring considerations	No Victorian jobs created or retained. No Australian/New Zealand jobs created or retained. No use of ATCs No job development/ training opportunities have been identified.	Very low number of Victorian jobs created or retained. Very low number of Australian/New Zealand jobs created or retained. Low use of ATCs No job development/ training opportunities have been identified.	Medium number of Victorian jobs created or retained. Medium number of Australian/New Zealand jobs created or retained. Some use of ATCs Job development/ training opportunities have been identified.	Very high number of Victorian jobs created or retained. Very high number of Australian/New Zealand jobs created or retained. Very high use of ATCs High number of job development/ training opportunities have been identified in detail.

Appendix 4: Example scoring for MPSG job outcomes

SCORING MPSG JOB COMMITMENTS (5 POINTS)

MPSG is designed to provide on-the-job training opportunities for new entrants to the construction industry workforce. 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 an MPSG compliance strategy.

A highly scored MPSG commitment could include for example partnering with a TAFE, a system of training and support in place for ATCs, mentoring, or a dedicated MPSG compliance reporting officer in place.

If a bidder does not use Victorian ATCs for at least 10% of the total estimated labour hours, the bidder is designated a score of 0 due to non-compliance.

Table 1 - Relative scores for MPSG outcomes on MPSG-applicable projects (maximum 5 points)

Score	0	1-2	3-4	5
Scoring considerations	Does not meet the minimum MPSG requirement (Victorian ATCs are not used for at least 10% of the total estimated labour hours) **NON-COMPLIANT** No MPSG compliance strategy information provided	Meets the minimum MPSG requirement (Victorian ATCs are used for at least 10% of the total estimated labour hours) Minimal MPSG compliance strategy information provided No partnering, training or mentoring opportunities have been identified.	Meets the minimum MPSG requirement (Victorian ATCs are used for at least 10% of the total estimated labour hours) Adequate MPSG compliance strategy information provided Partnering, training or mentoring opportunities may have been identified	Meets and may exceed the minimum MPSG requirement (Victorian ATCs are used for at least 10% of the total estimated labour hours) Comprehensive compliance strategy for delivery of the MPSG commitment Partnering, training or mentoring opportunities have been identified Proposed delivery of the MPSG commitment may align strongly with any additional objectives for the project specified by the agency (e.g. social, economic, and training outcomes)

SCORING NON-MPSG JOB COMMITMENTS (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 among the bids being compared.

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

Table 2 - Relative scores for additional job outcomes on MPSG-applicable projects (maximum 5 points)

Score	0	1-2	3-4	5
Scoring considerations	No Victorian jobs created or retained No Australian/New Zealand jobs created or retained No job development/ training opportunities have been identified	Very low number of Victorian jobs created or retained Very low number of Australian/New Zealand jobs created or retained No job development/ training opportunities have been identified	Medium number of Victorian jobs created or retained Medium number of Australian/New Zealand jobs created or retained Job development/ training opportunities have been identified	Very high number of Victorian jobs created or retained Very high number of Australian/New Zealand jobs created or retained High number of job development/ training opportunities have been identified in detail

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

Department of Jobs, Skills, Industry and Regions

A: 121 Exhibition Street, Melbourne, Victoria 3000

E: localjobsfirst@ecodev.vic.gov.au

Department of Jobs, Skills, Industry and Regions
121 Exhibition Street, Melbourne, Victoria 3000

This document is also available in an accessible format at www.localjobsfirst.vic.gov.au