

LOCAL JOBS FIRST POLICY SUPPLIER GUIDELINES

Under the Local Jobs First Act 2003

October 2018

 **LOCAL JOBS FIRST**

VICTORIA
State
Government



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1. Overview

These guidelines are issued by the Minister for Industry and Employment to assist suppliers in the application of the Local Jobs First Policy and *Local Jobs First Act 2003*, and are mandatory.

The Supplier Guidelines outline the steps to be undertaken by businesses to bid for government work when Local Jobs First has been applied to projects.

The Local Jobs First – Agency Guidelines, outlines the steps that government agencies and public bodies need to undertake to comply with Local Jobs First.

2. Application

The Local Jobs First Policy applies to all entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994*.

Transitional arrangements are outlined in the Local Jobs First Policy.

3. Victorian Local Jobs First Management Centre (VMC)

The Victorian Local Jobs First Management Centre (VMC) is the online system developed to manage the application of Local Jobs First by bidders and Government agencies and can be accessed at www.icnvic.org.au/ljf

If your businesses has not already registered its capability with the Industry Capability Network (ICN) Gateway, this is your first step. You should ensure that you have indicated your businesses areas of interest and described your capabilities to ensure that you are alerted to relevant project opportunities. ICN Gateway can be accessed at gateway.icn.org.au/

Register your businesses capabilities on ICN Gateway to be alerted to project opportunities.

4. Starting a Project

1. The following steps apply to all Local Jobs First Standard and Strategic projects as outlined in the Local Jobs First (LJF) Policy, except for panel and grant contracts. These are outlined in a separate section.
2. You will be notified by the procuring agency as to the type of LJF project you are interested in bidding for. You will be notified of the specific Victorian Industry Participation Policy (VIPPP) and Major Projects Skills Guarantee (MSPG) requirements.
3. Strategic Projects have the following key differences from Standard Projects:
 - mandated minimum local content requirements; and

- may include 'other' mandated conditions.
4. All steps for applying LJF to Strategic Projects is identical to that applying to Standard Projects, other than for those outlined below relating to the setting of local content.
 5. Under the *Local Jobs First Act 2003* the Minister for Industry and Employment is responsible for setting local content requirements for a Strategic Project. The Office of Industry Participation and Jobs (OIPJ) within the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) advises the Minister of the local content requirements, which may be informed by a contestability assessment undertaken by the ICN.

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

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

Section 7C provides that the Major Projects Skills Guarantee (MPSG) applies to standard projects that are construction projects with a budget of \$20 million or more and strategic projects that are construction projects

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

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

6. The tender and/or expression of interest documents will outline the specific Local Jobs First requirements.

Step by step process in applying Local Jobs First to Projects

Step 1 – Tender and or Expression of interest issued

7. The Expression of interest (EOI) or Request for Tender (RFT) documentation will notify prospective bidders:
 - a. if the project must apply Local Jobs First, and when an ICN acknowledged Local Industry Development Plan (LIDP) will need to be submitted
 - b. Local content and other requirements and MPSG requirements (if applicable). A detailed explanation of the application and calculation of the deemed hours formula is provided at **Appendix 2**
 - c. The tender evaluation weight applied to industry participation and job outcomes.
8. LJF requires all bidders to engage local Small and Medium Sized Enterprises (SMEs) to supply into government projects over the life of a project.
9. The RFT identifies contestable items for bidders to consider sourcing in the proposal for the procurement activity.

Step 2 – registering with ICN and preparing a LIDP

1. Once notified, bidders must register their businesses details on the VMC, unless previously registered, located at icnvc.org.au/ljf
2. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, click 'Can't find tender'.
3. The bidder must then begin to complete their online LIDP.
4. Information to be provided in the LIDP includes:

- the Victorian Industry Participation Policy (VIPPP) commitments (local content, new and retained jobs, training, technology transfer)
 - the MPSG commitments (where applicable) e.g. Deemed hours formula (apprentices, trainees and cadets)
 - how the LIDP Plan will be implemented and management of risks, including industry engagement strategies, milestones and timelines
 - monitoring and reporting requirements, including those to be delivered as part of normal project management procedures.
5. Further information on navigating the VMC and preparing a LIDP is provided in the 'How to prepare a LIDP' presentation, which can be downloaded at www.localjobsfirst.vic.gov.au
 6. Specific guidance in calculating the Deemed Hours Formula in the application of the MPSG is provided at **Appendix 2**.
 7. LIDP's generally take between one to six working days to prepare depending upon the complexity of the project, nature of the contestable items or experience with LJP by the bidding supplier.
 8. ICN can assist shortlisted bidders to identify competitive local suppliers to include in their LIDP by choosing 'Assistance' mode within the VMC. Advice on local capabilities will only be provided by ICN if Assistance mode is selected.
 9. ICN has a register of local suppliers and knowledge of the capabilities within the market to assist bidders to identify possible local suppliers to include in their project proposal.

Step 3 – submitting a LIDP Plan to ICN

10. All fields within the online LIDP must be completed before it can be submitted.
11. The LIDP must be in 'Acknowledgement' mode for it to be submitted to ICN for acknowledgement once completed. A LIDP cannot be issued with an acknowledgement letter while in 'Assistance' mode.
12. If a LIDP is submitted after the date specified by the Agency, an acknowledgement letter (non-compliant) will be issued to the bidder.
13. Extensions may be sought under certain circumstances by contacting the tendering Agency in writing (electronic or hardcopy) and requesting an extension. Bidders should outline the reasons why an extension is required.
14. Requests for extensions cannot be granted by ICN extensions must be approved by the procuring Agency only.
15. The Agency will notify ICN and all shortlisted bidders on whether an extension has been allowed, and if allowed, will advise on the revised due date for all LIDPs. The contract manager will then revise the timeline on the VMC as appropriate.

Suppliers to allow time for ICN to acknowledge LIDP

16. ICN will review each bidder's LIDP to determine if sufficient information has been provided for ICN to appropriately evaluate the LIDP.
17. ICN will provide an acknowledgement letter to respective shortlisted bidders that have provided a satisfactory LIDP. This can take two to three working days.
18. ICN will only issue the acknowledgement if:
 - all sections of the LIDP are fully complete; and
 - the LIDP has been submitted within the specified tender timeframe;

- the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.

19. ICN will also issue the Agency with a LIDP risk assessment evaluation report, which assesses the achievability of the commitments made in each of the LIDPs submitted by all shortlisted bidders.

Step 4 – submit LIDP and acknowledgement letter to the Agency

20. Once the ICN acknowledgement letter has been received, notified bidders must submit their LIDP and acknowledgement letter to the Agency's tender evaluation panel.
21. The LIDP and acknowledgement letter may be submitted in hard copy or electronically to the tender evaluation panel.
22. Only notified bidders with a LIDP and ICN acknowledgement letter may be considered by the tender evaluation panel when selecting the successful applicant. LJF is a key selection criteria in choosing the preferred supplier.
23. The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been rejected due to being incomplete or non-compliant and no acknowledgement letter will be provided. A tender is not complete without an ICN acknowledgment letter. This would mean the end of the procurement process for the bidder.

Step 5 - preferred bidder selected and contract awarded

24. The preferred bidder will be notified by the tender evaluation panel of their success.
25. Agencies will incorporate commitments included in the LIDP into the contract.
26. Suitable measures to manage any issues raised by ICN in its LIDP risk assessment evaluation report should be negotiated with the agency's contract manager prior to finalisation.
27. This step is essential given the successful bidder will need to demonstrate LJF outcomes against the agreed LIDP Plan. Bidders may need to resubmit their LIDP to ICN for acknowledgment and evaluation, with appropriate amendments, through the VMC.
28. For LJF projects valued at \$20 million or more the successful bidder must use the online ICN Analytics Platform for LJF monitoring and reporting. There is no cost to agencies or contractors to using ICN Analytics.
29. The supplier must comply with the LJF commitments contained within their LIDP and contract.
30. Contractors are required to report on their LJF commitments as contained in the LIDP during the life of the project to practical completion.

A bidder must register their details on the Victorian Local Jobs First Management Centre (VMC) and complete the online Local Industry Development Plan (LIDP). The Industry Capability Network-Victoria (ICN) will issue a bidder with an acknowledgement letter only if their LIDP has been completed appropriately and submitted on time. Only bidders with a LIDP and ICN acknowledgement letter may be considered by the tender evaluation panel.

Agencies will incorporate the preferred bidders LIDP within the contract. The supplier must comply with the Local Jobs First commitments contained within their LIDP and contract. For Local Jobs First projects valued at \$20 million or more the successful bidder must use the online ICN Analytics Platform.



Applying Local Jobs First to Market Led Proposals

1. LJF also applies to Market Led Proposals, sometimes known as unsolicited proposals.
2. As a project proponent you must identify the local content and job outcomes. The steps however differ, with the project proponent responsible for developing a LIDP and committing to terms and conditions that apply under these guidelines to LJF Strategic Projects.
3. To be considered compliant with the LJF, a bidder must:
 - complete all sections of the LIDP.
 - sign the Statutory Declaration and agree all other conditions, including monitoring, reporting, auditing and compliance requirements.
 - engage with the ICN in developing the LIDP on local content matters and local supply chain engagement.

Local Jobs First and Grants

1. The key difference in the LJF process for grant recipients is the requirement to consult with the ICN to acquire an Interaction Reference Number (IRN) rather than register and develop a LIDP.
2. The application of LJF to grant recipients ensures that local SMEs are able to access opportunities within the procurement activity once it commences.

Step One – grant recipient awarded

3. The Agency contract manager will advise the grant recipient that they must submit an IRN form through the VMC.
4. Grant recipients do not need to log into the VMC. Instead, grant recipients go through the IRN process under Grants at www.icnvic.org.au/ljf
5. The IRN form requires grant recipients and design contractors to provide an indication on the nature of the grant activities to be undertaken or project being designed, and the likely goods and services to be required.

Step Two – consultation with ICN

6. Once the IRN form is submitted, ICN will review the information and then contact the grant recipient to discuss opportunities for local industry.
7. The grant recipient must discuss with ICN how opportunities for local SMEs or contestable items will be provided for in the project. This may involve ICN contributing to or reviewing draft designs or participating in particular project meetings.
8. Consultation with ICN can take between 30 minutes and a few hours, depending upon the nature of the contestable items in the procurement activity.

Step Three – Interaction Reference Number (IRN) issued

9. ICN will issue the grant recipient with an IRN and reference letter.
10. The letter will note any agreements made between ICN and the grant recipient in their consultation past or in the future.

Step Four – Notify contract manager on IRN outcome

11. The grant recipient will submit its IRN to the Agency contract manager to demonstrate they have consulted with ICN, and ICN is satisfied local industry will be considered in the project.

12. The IRN letter does not need to be provided to the Agency. However, the grant recipient should inform the contract manager of what opportunities exist for local industry within the project.

5. Local Jobs First Monitoring Requirements

Step 6: Regular monitoring of delivery of LJF commitments

1. Contractors are responsible for ongoing monitoring of the implementation of LIDP commitments by themselves and their supply chain.
2. Contractors must keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail as to how local content percentages were calculated and retaining supply chain information.
3. The procuring agency, the OIPJ, and the Local Jobs First Commissioner can request this information during and after completion of the project.
4. All Victorian Government projects with a value of \$20 million or more, including all projects deemed Strategic Projects, must use **ICN Analytics** for monitoring and reporting from May 2018.
5. ICN Analytics is a service that has been acquired by DEDJTR at no additional cost to agencies or contractors. Projects contracted prior to this can opt in to use the system at no cost to the contractor. Specific qualities of ICN Analytics include:
 - it is a cloud based secure on-line platform that enables the collection, analysis and reporting of local content and jobs data, including supply chain monitoring and reporting.
 - it enables the tracking of outcomes against commitments made under the Local Jobs First Policy, including in relation to VIPP and MPSPG.
 - it has defined permission levels for access management providing access only to people with an allocated level of authority on the project.
6. Contractors must notify the procuring agency as soon as they are aware they may not meet their LIDP commitments.
7. The OIPJ, the Local Jobs First Commissioner or the ICN may be able to assist, for instance in sourcing local SMEs.
8. For the duration of the project, principal contractors are required to report six monthly to the Agency using ICN analytics or using the agreed Monitoring and Reporting Table provided in **Appendix 4**.
9. Once a project has commenced, the number of labour hours performed by apprentices, trainees and cadets are tracked against the contracted 10 per cent labour hours. The labour hour data must be collected for each individual apprentice, trainee and cadet throughout the duration of the project and reported six-monthly, at a minimum, to the managing agency.
10. Once submitted, the reports are required to be forwarded to the OIPJ for monitoring and compliance purposes.
11. The Victorian Local Jobs First Commissioner may review contractor monitoring processes. Under Section 24 of the *Local Jobs First Act 2003*, the Commissioner may issue an information notice to request information or documents pertaining to LJF.

6. Completing a project

Step 7 - Verification at project completion

12. Post-contract verification commences upon practical completion of the project when works have been completed. This does not include the 'defect' period.
13. Suppliers are required to report upon their implementation of their LIDP and demonstrate outcomes achieved at the practical completion of the project through the Monitoring and Reporting Table, which is provided at **Appendix 4**.
14. The purpose of post-contract verification is to confirm that the LJF outcomes have been achieved through the project. The outcomes achieved are compared to those expected in the original LIDP and outlined in the monitoring table or agreed equivalent ICN Analytics report.
15. The Monitoring and Reporting Table (**Appendix 4**), accompanied by a Statutory Declaration (**Appendix 5**) must be provided to the respective contract manager within the procuring agency upon practical completion of the project.
16. Statutory Declarations must only be completed by the appropriate authority i.e. Chief Executive Officer, Chief Financial Officer, Company Director etc).
17. The agency will then provide this information to ICN, so it can then verify the outcomes reported in the monitoring table against the agreed LIDP.
18. Further information on preparing a Statutory Declaration is provided by the Victorian Department of Justice and Regulation at www.justice.vic.gov.au/home/justice+system/legal+assistance/statutory+declarations/

7. Compliance

1. Where a contractor reports that LJF outcomes do not meet the levels committed to in the contract, contractors must notify the agency 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).
2. In circumstances where no valid reason can be identified, the agency may determine that this represents a breach of contract that may trigger that agency's respective resolution process.
3. An audit program of industry and agency compliance with LJF requirements and commitments will be undertaken annually to investigate and report on LJF application.
4. The amended *Local Jobs First Act 2003* provides a transparent compliance framework, involving a series of steps that can be followed to confirm that contracted local content and job commitments are on track and being achieved and actions to take if they are not.

Contractors are responsible for ongoing monitoring of the implementation of Local Industry Development Plan commitments by themselves and their supply chain. Evidence must be retained appropriately to demonstrate compliance with Local Jobs First. The procuring agency, Office of Industry Participation and Jobs and the Local Jobs First Commissioner may request information during and after a project to evaluate Local Jobs First compliance.

Post contract verification commences upon practical completion of the project when works have been completed. The purpose of post contract verification is to confirm that Local Jobs First outcomes have been achieved throughout the project.

Appendices

Appendix 1: Glossary

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

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

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

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

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

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

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

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

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

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



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

Contestable goods and services – Goods and services in a procurement process are considered to be contestable when there are competitive international and local suppliers. Competitive means the suppliers are able to offer comparable goods or services that meet the specifications provided in the EOI or tender documentation. Contestable items can be goods or services at any stage of a project, including maintenance.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

Trainee - Traineeships are undertaken under a National Training Contract between an employer and a trainee that combines structured training with paid employment. Traineeships are undertaken at Certificate II level and above including Diploma and Advance Diploma. Traineeships can be in areas including business services, information technology or community services. Traineeships typically have a nominal duration of one to two years and are competency based. Only work contributed by a trainee registered with the Victorian Registration and Qualification Authority (VRQA) may be counted against the minimum 10 per cent requirement.

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

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

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

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

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

Appendix 2: MPSG Specific application: Deemed Hours Formula

Types of projects

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

Table 1: Project Types and the Deemed Hours Formula

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

Deemed hours formula

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

Figure 2: Deemed Hours Formula

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

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

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

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

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

Deemed hours formula for 'other' capital projects

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

Meeting the 10 per cent requirement

Who and what counts towards 10 per cent hours requirement?

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



counted. Only training contact hours while concurrently working on the project can contribute toward the 10 per cent requirement.

Engaging new Apprentices, Trainees and Cadets

1. Contributions from Victorian apprentices may be from apprentices, trainees and cadets directly employed by the principle contractor or subcontractors or indirectly employed through group training organisations (GTOs).
2. Contractors are encouraged to use Victorian apprentices, trainees or cadets drawn from groups who are generally under-represented in industry vocational training such as women, and/or who face barriers to vocational training or the workforce more generally, such as indigenous or older apprentices, trainees or cadets or those with a disability. A key resource to achieve this will be state and federal employment programs for assisting long-term job seekers, such as Jobs Victoria.



Appendix 3: Local Industry Development Plan Template

[Per attached LIDP](#)



Appendix 4: Local Jobs First Monitoring and Reporting Table

[Per attached LIDP](#)



Appendix 5: Statutory Declaration Template

State of Victoria Statutory Declaration

I, (Full name)

of [address]

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

[contracted company]

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

[name and tender number of procurement activity]

as submitted to [agency] on ____/____/____

[date]

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

Declared at

this ____ day of ____ 20____

Signature of person making this declaration

[to be signed in front of an authorised witness]

Before me,

Signature of Authorised Witness

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



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

Office of Industry Participation and Jobs

Department of Economic Development, Jobs, Transport & Resources

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

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1 Spring Street Melbourne Victoria 3000

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