



Regulatory Framework

1 July 2026

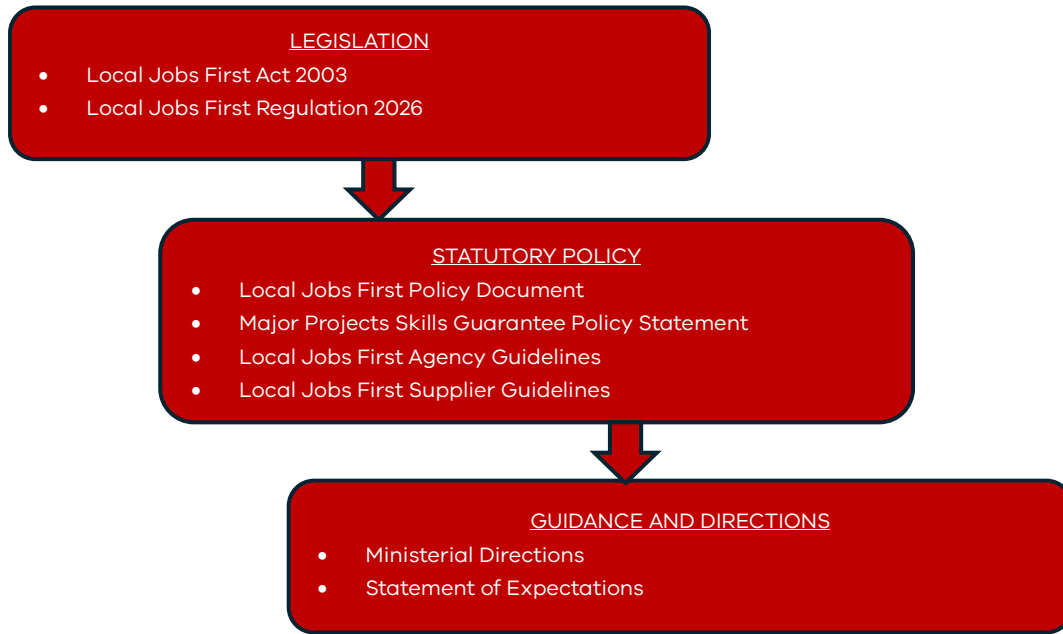
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What is Local Jobs First

The Local Jobs First legislative framework

The Local Jobs First legislative framework comprises the Local Jobs First Act 2003 and Regulations, statutory policy and guidance and directions from the Minister as illustrated below:



The **Local Jobs First Act 2003** (Act) is the legislative framework ensuring small and medium-sized enterprises (SME) and local workers benefit from Victorian Government procurement and projects. The Act is Australia's longest-standing industry participation legislation and enables the Victorian Government to provide opportunities for local businesses and workers to supply into government projects.

The **Local Jobs First Policy** is established by the Act and comprises the Victorian Industry Participation Policy and the Major Projects Skills Guarantee which ensure that Victorian businesses, workers, apprentices, trainees and cadets benefit from Victorian Government procurement.

For the purposes of the Act, the Local Jobs First Policy includes the Local Jobs First Policy document, the Local Jobs First Agency Guidelines and Local Jobs First Supplier Guidelines. These documents set out key Local Jobs First requirements agencies and suppliers, respectively, must comply with.

The Commissioner is also subject to Ministerial directions and the Minister's Statement of Expectations which relate to the performance of the Commissioner's functions and the exercise of the Commissioner's powers under the Act.

About this framework

This framework explains how the Local Jobs First Commissioner and the office of the Local Jobs First Commissioner deliver their responsibilities within the Local Jobs First legislative framework. Specifically, this document sets out to explain:

- who we are and what we do including our objective to build long lasting economic benefits for all Victorians by maximising opportunities for local businesses and industry in Victorian Government procurement
- who we regulate and how we regulate
- the actions we will take to fulfil the Commissioner’s functions and meet our overall objective.

Who we are and what we do

The Local Jobs First Commissioner

The **Local Jobs First Commissioner** is an independent statutory officer whose role is established under the Act. The Commissioner’s functions and powers are set out in the Act and include advocacy, engagement, facilitation, compliance and enforcement roles and responsibilities relating to the Act, Local Jobs First Regulations and the Local Jobs First Policy.

The office of the Local Jobs First Commissioner (OLJFC) are staff of the Department of Jobs, Skills, Industry and Regions who assist the Commissioner in delivering the functions and objectives under Local Jobs First.

Objective

Our objective is to build long lasting economic benefits for all Victorians by maximising opportunities for local industry in Government procurement. We do this by ensuring agencies and suppliers understand and comply with Local Jobs First requirements as shown in the diagram below:



Our functions

The Commissioner has 2 interrelated sets of functions that are set out in section 18F of the Act:

Advocacy, promotion, collaboration, advice

- promote Local Jobs First across agencies and local industry
- collaborate with agencies and external service providers to assist businesses in targeting companies and workers in specific sectors and regions
- work with agencies to improve Victorian industry access to current and future government procurement opportunities
- advocate for the private sector and local government to procure goods and services from Victorian industry, employ local workers and enhance the skills of local workers
- work with Victorian industry and employee organisations to facilitate collaborations between contractors and the training sector to build skills development in relation to project delivery
- support the development of and provide advice on government procurement policies and initiatives
- provide strategic advice on issues related to Local Jobs First, particularly on actions to grow participation by local industry in government activities in the short-term, medium-term and long-term

Monitoring, compliance and enforcement

- monitor and report on compliance with Local Jobs First and Local Industry Development Plans
- take enforcement action in relation to breaches of Local Jobs First and Local Industry Development Plans.

Our powers

Section 17 of the Act provides the Commissioner powers to do all things necessary or convenient to be done for or in connection with the functions of the Commissioner under this Act or any other Act. These powers are categorised in the form of tools related to communication and engagement, monitoring and enforcement:

Advocacy, promotion, collaboration, advice

The Commissioner's powers for advocacy, promotion, collaboration, advice are delivered through several channels as illustrated below. These channels and tools are explained in greater detail in the [Appendix](#).

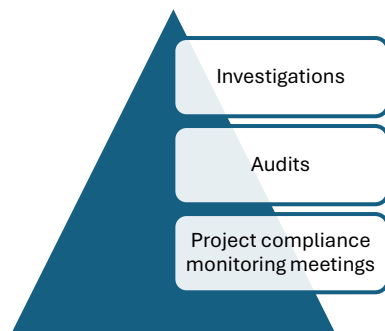


Monitoring, compliance and enforcement

The Commissioner's powers for monitoring compliance and regulatory responses for non-compliance are listed in the table and diagram below:

Monitoring

There are 3 methods the Commissioner employs to monitor compliance with Local Jobs First requirements as shown in the diagram below. These are explained in greater detail in the [Appendix](#).



The Commissioner's monitoring tools include:

- Investigations, audits and project monitoring meetings are the 3 methods the Commissioner employs to monitor compliance with Local Jobs First.
- These 3 methods provide a means to escalate monitoring of Local Jobs First requirements.
- Investigations provide the most serious and detailed method of monitoring and are focused on a specific issue of alleged non-compliance.
- As part of these methods of monitoring, the Act provides the Commissioner information gathering powers. These powers include agency information requests, information notices, and site inspections which can only be used as part of an investigation. These are explained in greater detail in the [Appendix](#).

Enforcement

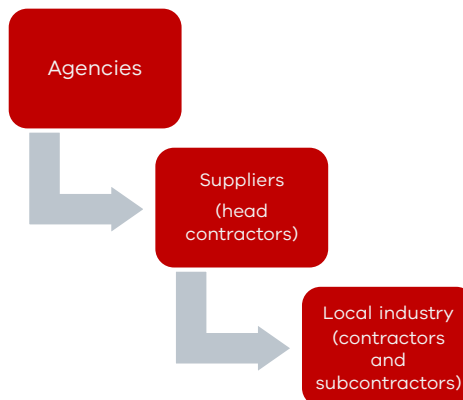
The Act provides the Commissioner 7 regulatory tools to facilitate compliance with Local Jobs First requirements as shown in the diagram below. These are explained in greater detail in the [Appendix](#). The Commissioner's enforcement tools include:

- some actions, such as deprioritisation, are specific to suppliers while recommendations are specific to agencies and compliance notices apply to any person involved in Local Jobs First
- the tools provide a means to escalate enforcement measures to bring about compliance should a person fail to comply
- tools related to education help reduce the likelihood of needing more severe enforcement tools. However, should the facts and circumstances require, escalation can occur.



Who we regulate

The diagram below shows the organisations and bodies the Commissioner regulates under the Act:



Agency

Agency means a department or public body within the meaning of the *Financial Management Act 1994*. Agencies hold primary responsibility for delivery of Local Jobs First requirements in their projects and they must implement effective systems and procedures to ensure their projects comply.

Supplier

Supplier refers to any private, non-government or local government organisation that is a supplier, contractor, or grant or loan recipient for a project that falls within the scope of Local Jobs First¹. Suppliers to Victorian Government projects must deliver the Local Jobs First commitments as set out in the Local Industry Development Plan (LIDP) contained within

¹ [Local-Jobs-First-Policy-October-2025](#)

their project contract with the agency. A key part of the commitment is engaging with local businesses and supply chain².

Local industry

Local industry means industry and other businesses based in Australia or New Zealand as defined in section 3 of the Act. Local Industry includes contractors, subcontractors and local businesses that are part of the supply chain. It is this local industry, especially small and medium enterprises, with between 0-199 employees with a turnover of up to \$250 million that the Local Jobs First framework is designed to ensure are given full and fair opportunity to compete for Victorian government contracts.

How we regulate

The way we regulate and make our decisions is focussed on achieving our objective: to maximise local employment and business growth. To do this effectively, we have:

- core principles which are embedded in everything we do
- our strategy which sets out how we operate
- our plans which maps out we will embed our principles and follow our strategy to achieve success.

Further information on our principles, strategy and plan are set out below:

Our principles

The following 4 principles are embedded in everything we do to ensure success in achieving our objective:

Evidence based

We regulate and make our decisions using the best available evidence. We do this by:

- seeking further information before acting, where evidence is unclear, including using our powers of monitoring
- placing greater weight on physical and documentary evidence rather than testimonial evidence³
- taking into consideration the evidence in the context of the:
 - project's impact on local content and local jobs: for example, the scope, nature and risks of Local Jobs First related projects including their size, impact, novelty, complexity and materials used
 - attitudes and behaviours of regulated entities: including the competence and capacity of regulated entities (agencies, suppliers and local industry) covering their experience, compliance history, and systems and procedures for Local Jobs First.
- reviewing the sources of intelligence we receive (as per table below) when making our decisions.

² [Local-Jobs-First-Supplier-Guidelines-October-2025](#) (page 2 of 25)

³ See also the [GUIDE - Auditing Local Jobs First.docx](#)

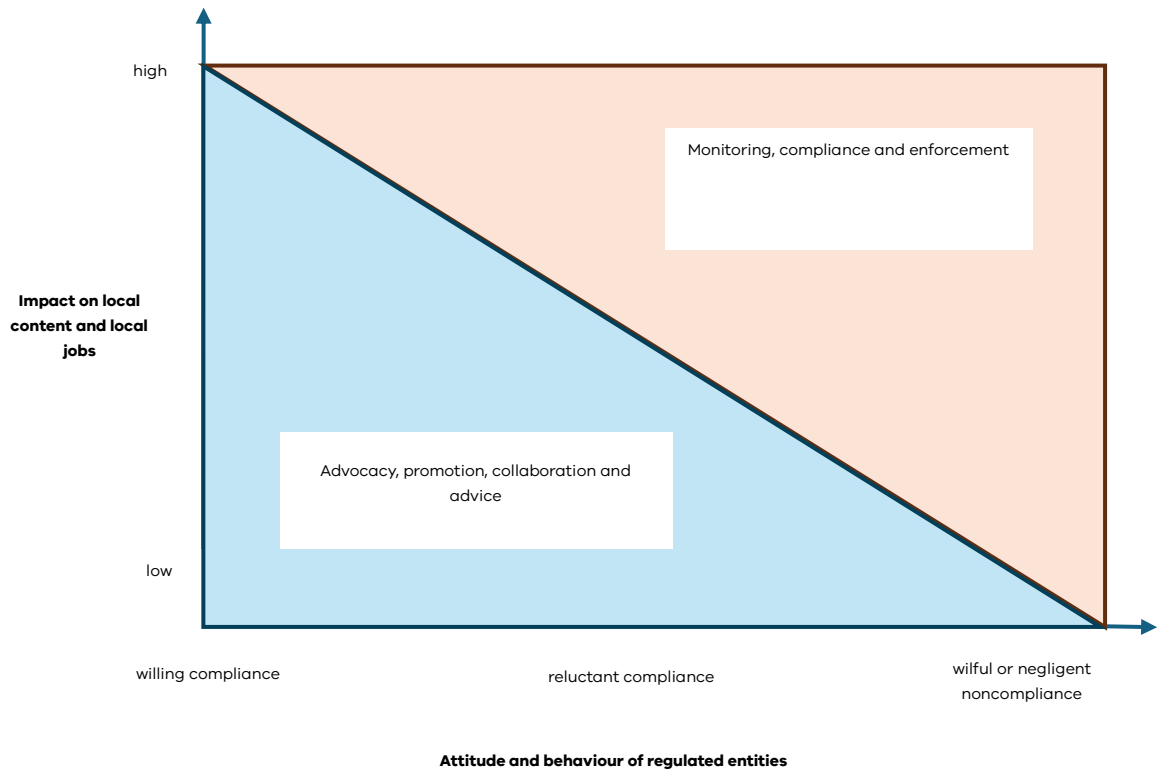
| Sources of Intelligence |
|--|
| Intelligence from compliance monitoring meetings Findings from audits and investigations Feedback and insights from industry engagements Directions from the minister Intelligence from other government departments or agencies Complaints and tipoffs |

Proportionate

We regulate and make our decisions that are proportionate to the risk of non-compliance.

We do this by:

- focusing our greatest effort on activities yielding the highest impact
- reserving our strongest monitoring, compliance and enforcement powers for serious and wilful misconduct whereas powers for advocacy, promotion and collaboration activities support and educate industry on how to comply
- being tough on those who wilfully breach Local Jobs First but reducing regulatory burden on those doing the right thing as shown below:



| IMPACT ON LOCAL CONTENT AND LOCAL JOBS | ATTITUDE AND BEHAVIOUR OF REGULATED ENTITIES | | |
|---|--|----------------------|------------------------------------|
| | Willing compliance | Reluctant compliance | Wilful or negligent non-compliance |
| <ul style="list-style-type: none"> • ↓ any steel item or new imported[#] • 10%↓ local content (more than \$5 million or 5% of contract value)[#] • 10% ↓ MPSG commitment hours[#] | High | Very high | Extreme |
| <ul style="list-style-type: none"> • Impact on local content or MPSG • Completion reporting | Medium | High | Very high |
| <ul style="list-style-type: none"> • Administrative issue • Reporting issue • No Local Jobs First impact | Low | Medium | High |

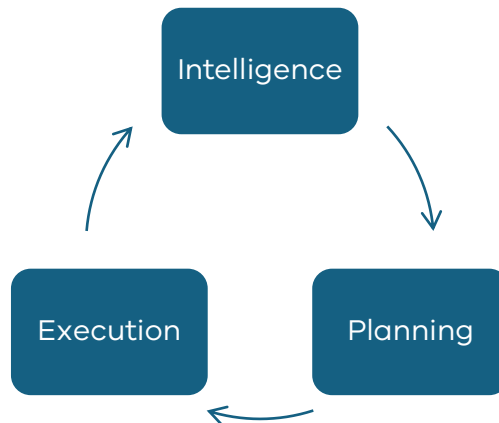
[#] Refer to the *Local Jobs First Policy*, *Local Jobs First Agency Guidelines* and *Local Jobs First Supplier Guidelines* available on the [Local Jobs First website](#).

Continuous improvement

We regulate and make our decisions to continuously improve outcomes for Local Jobs First.

We do this by:

- being proactive rather than reactive in preventing or minimising the risk of non-compliance with Local Jobs First requirements
- ensuring our two sets of functions and powers (advocacy, promotion, collaboration, advice, and those for monitoring, compliance and enforcement) complement one another creating a continuous improvement feedback loop shown below
- using intelligence gathered from undertaking our activities to further refine and improve the planning and conduct of our activities and guidance for industry



VPS values

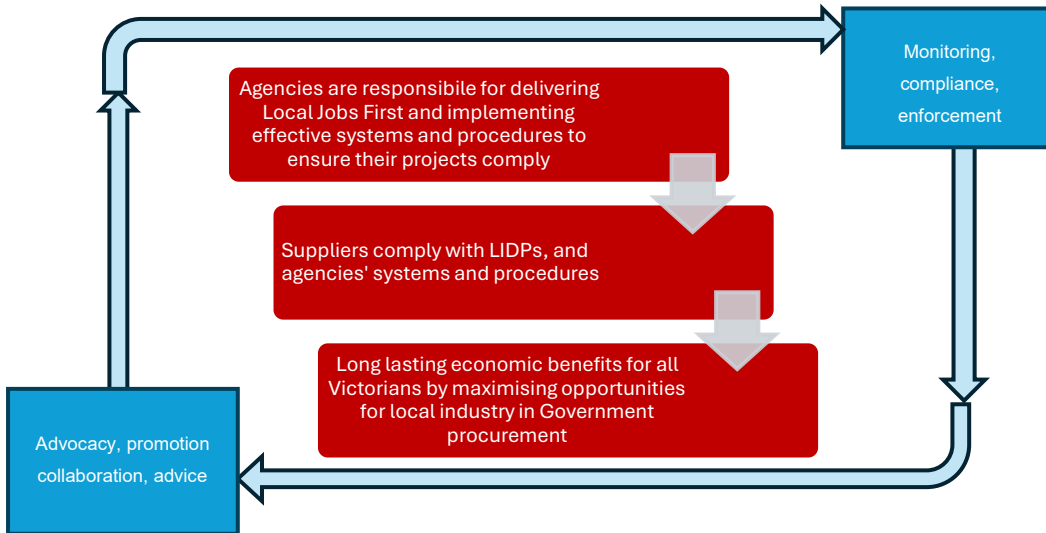
We regulate and make our decisions being guided by the [VPS values](#) of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights. We do this by:

- adopting VPS values in every interaction with industry government, community, suppliers and other employees
- ensuring VPS values are part of our day-to-day business and discharging our monitoring, compliance and enforcement powers

Our strategy

Our strategy sets out the overall approach we will take to fulfil our functions and meet our objective.

The model below shows how our functions (blue boxes and arrows) relate to our objective (red boxes centre).



Key points to note about the above model:

1. **Advocacy bottom up:** While advocacy can be applied at all levels (agency, contractor or local industry), we commence our efforts and activities with local industry because our advocacy and promotion functions aim to help local industry.
2. **Monitoring top down:** While monitoring, compliance and enforcement can be applied at any level, we start with agencies as they hold primary responsibility for delivering Local Jobs First compliance.
3. **Continuous improvement:** Both monitoring and enforcement, and advocacy and promotion are interlinked creating a feedback loop of continuous improvement in measurable Local Jobs First outcomes. This continuous improvement approach extends to our internal systems, procedures, processes and templates. We draw on our sources of intelligence to improve to ensure we continue discharge our functions effectively.

Our plan

To execute our strategy, we have developed a series of interrelated work plans and goals. Below, we provide further details on these plans including the overall goal, the type of plan, its aim and a description of what each plan covers.

Goal 1. Inform the industry so they are aware of and understand Local Jobs First requirements including consequences for non-compliance

| TYPE OF PLAN | AIM | DESCRIPTION |
|--------------------|--|--|
| Communication Plan | Sets out the information to be communicated through Commissioner's engagement channels including the website, LinkedIn, published guidance, presentations, workshops | <ul style="list-style-type: none"> Ensures agencies, suppliers and industry are aware of and understand Local Jobs First requirements including the legislative changes coming into force on 1 July 2026, and consequences for non-compliance Sets out how the Commissioner will provide timely, effective and strategic insights and information to the department and the minister on removing barriers and growing participation opportunities for local industry |

Goal 2. Monitor compliance and take proportionate regulatory action against those who fail to comply

| TYPE OF PLAN | AIM | DESCRIPTION |
|------------------------|---|---|
| Strategic Project Plan | Sets out the strategic projects and key agencies we will monitor for compliance | <ul style="list-style-type: none"> Focuses on those projects with the highest total sum of project value and impact on Local Jobs First Prioritises agencies based on the agency and head contractor competence and capacity to manage Local Jobs First compliance |
| Audit Plan | Sets out the agencies and projects that will be subject to level 1, level 2 and desktop audits | <ul style="list-style-type: none"> Creates an updated and graded audit program with 3 types of audits and new easy to use guidance and tools⁴. Focuses on an agency's systems and procedures for ensuring Local Jobs First compliance Prioritises agencies based on both their audit history and total sum of project value |
| Investigation Plan | Sets out how matters are to be investigated for non-compliance with Local Jobs First requirements | <ul style="list-style-type: none"> Provides the steps for investigating a matter to determine whether there has been non-compliance with Local Jobs First requirements Sets out the powers that will be exercised and types of evidence that will be obtained to assess and enforce compliance |

Goal 3. Identify and address barriers and promote opportunities for local industry to compete for Victorian government contracts

| TYPE OF PLAN | AIM | DESCRIPTION |
|-----------------------------|--|--|
| Stakeholder Engagement Plan | Sets out the industries, suppliers and associations we will meet | <ul style="list-style-type: none"> Seeks feedback from industry on opportunities and barriers to a full and fair opportunity to compete for Victorian government contracts Prioritises industry associations, forums and supply chains (rather than individuals) to maximise coverage and impact |

⁴ See the [GUIDE - Auditing Local Jobs First](#)

Appendix

Communication tools

| | |
|-------------------------|--|
| Reports [Section 31] | Annual and quarterly reports provide the Minister and the department information on the performance of the Commissioner's functions and exercise of powers by the Commissioner including insights, barriers and successes in Local Jobs First compliance across industry |
| Website and LinkedIn | The Website enables the Commissioner to provide visual and written information to advocate, promote, collaborate or advise industry on Local Jobs First requirements, including newsletters, messages and links to articles and information |
| Commissioner's message | <p>A Commissioner's message is a message from the Local Jobs First Commissioner impacting multiple stakeholders in response to any matter relating to the:</p> <ul style="list-style-type: none"> • performance of the Commissioner's functions: <ul style="list-style-type: none"> ○ monitoring, compliance, enforcement ○ advocacy, promotion collaboration, advice • exercise of the Commissioner's powers <p>The Commissioner's message may be published on the website, LinkedIn, part of a DJSIR communication such as a newsletter, sent as a group email, or a combination of the above</p> |
| Published guidance | <p>Published guidance provide information to industry relating to the performance of the Commissioner's functions or exercise of the Commissioner's powers such as:</p> <ul style="list-style-type: none"> • GUIDE - Auditing Local Jobs First • POLICY - Responding to and Investigating Complaints • TEMPLATE - Section 23 Level 1 Audit Tool • TEMPLATE - Section 23 Level 2 Audit Tool |
| Engagements | <p>Engagements provide the Commissioner one-on-one interactions with suppliers, stakeholders and industry on issues and success stories related to Local Jobs First requirements including:</p> <ul style="list-style-type: none"> • Industry meetings and engagements • Speaking events • Onsite visits • Compliance monitoring meetings (see below under <i>Monitoring</i>) |

Monitoring tools

| | |
|---|---|
| Compliance monitoring meetings | Meetings held with agencies on their strategic project during execution which provides the Commissioner with an update on project's compliance with Local Jobs First requirements and provides the Commissioner the opportunity to share information |
| Agency requests for information [Section 22] | A request for information that can be issued to agencies that the Commissioner believes, on reasonable grounds, that an agency has that is relevant to the Commissioner's functions |
| Audits [Section 23] | <p>Audits verify compliance with Local Jobs First focussing on the systems and procedures agencies have in place to ensure their projects comply with Local Jobs First requirements both now and in the future:</p> <ul style="list-style-type: none"> • Level 1 audits (conducted by an agency, provides a high-level overview of an agency's compliance with Local Jobs First requirements) • Level 2 audits (conducted by an agency, provides a more detailed assessment of an agency's compliance with Local Jobs First requirements) • Desktop audits (conducted onsite by the Office of the Local Jobs First Commissioner for the purpose of auditing an agency's compliance with Local Jobs First requirements) |
| Information notices [Section 24] | A notice that requires a person to provide the Commissioner information or a document the Commissioner believes, on reasonable grounds, a person has relevant to the operation of Local Jobs First or to a Local Industry Development Plan |
| Investigations [section 18A] | An investigation on any matter relating to the performance of the Commissioner's functions or exercise of the Commissioner's powers and including providing the Commissioner the power to conduct a site inspection, under section 18C |

Enforcement tools

| | |
|---|---|
| <p>Agency recommendation [Section 18F]</p> | <p>A recommendation made to an agency regarding:</p> <ul style="list-style-type: none"> • how complaints or any other matter related to Local Jobs First or Local Industry Development Plans could be resolved • how a practice or process relating to Local Jobs First or a Local Industry Development Plan could be improved • any other matter that the Commissioner considers relevant to the performance of the Commissioner's functions or the exercise of the Commissioner's powers |
| <p>Injunction or enforcement recommendations [Section 30]</p> | <p>A recommendation made to an agency to either apply to a court for an injunction, or take enforcement action under a contract, in relation to a person who is failing, or has failed, to comply with:</p> <ul style="list-style-type: none"> • Local Jobs First • Local Industry Development Plan |
| <p>Compliance notices [Section 26]</p> | <p>A notice issued to a person if the Commissioner reasonably believes that that a person has failed to comply with:</p> <ul style="list-style-type: none"> • an Information Notice • an Inspection Notice • Local Jobs First • Local Industry Development Plan |
| <p>Adverse publicity notice recommendations [Section 28]</p> | <p>A recommendation made to the Minister to publish an Adverse Publicity Notice in relation to a person who the Commissioner has determined has failed to comply with a Compliance Notice.</p> |
| <p>Civil penalty order applications [Section 30A]</p> | <p>An application is made to a court seeking payment of a monetary penalty in relation to a person's non-compliance with a compliance notice, specifically failure to comply with an information notice or inspection notice.</p> |
| <p>Supplier deprioritisation [section 11A]</p> | <p>A notice issued to a supplier to be added to a register of deprioritised suppliers who has failed to:</p> <ul style="list-style-type: none"> • submit a completion report under section 11B within 90 days after practical completion of the project <p>or</p> <ul style="list-style-type: none"> • comply with any commitment made by the supplier that is specified in the Local Industry Development Plan for the project (as in force at the time of practical completion) |

OFFICIAL

| | |
|----------------------|--|
| Name of organisation | <i>Office of the Local Jobs First Commissioner</i> |
| Title | <i>Regulatory Framework</i> |
| Date approved | <i>1 July 2026</i> |
| Last reviewed date | <i>1 July 2026</i> |
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