LOCAL JOBS FIRST

SUPPLIER GUIDELINES

Under the *Local Jobs First Act 2003*

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 Local Jobs First Policy and any regulations made under the Act. For the purposes of the Act, the Local Jobs First Policy includes the Local Jobs First Policy document, the Local Jobs First Agency Guidelines (Agency Guidelines) and the Local Jobs First Supplier Guidelines (Supplier Guidelines).

LJF applies to all projects funded by the Victorian Government that meet the LJF thresholds of a total project value of $1 million or more in regional Victoria, or $3 million or more in metropolitan Melbourne or state-wide projects.

A **Standard Project** is a project that meets or exceeds the thresholds but is **under $50 million** budget. The Minister responsible for LJF can also declare a project with a budget of less than $3 million to be a Standard Project.

A **Strategic Project** is a project that has a total budget of **$50 million or over**. The Minister responsible for LJF can also declare a project with a budget of less than $50 million to be a Strategic Project.

The Major Projects Skills Guarantee (MPSG) applies to all construction projects valued at $20 million or more.

For more information about LJF and the scheme's objectives see the Local Jobs First Policy document and visit the Local Jobs First website.

1.2 Suppliers must follow the Supplier Guidelines when applying Local Jobs First

The Supplier Guidelines are prepared by the Minister responsible for LJF in accordance with section 4(3) of the Act and provide detailed instructions that suppliers must follow to ensure compliance with LJF. Suppliers for government projects where LJF applies **must** follow these Supplier Guidelines. **These Supplier Guidelines should be read in conjunction with the Act, the Local Jobs First Policy document, the Agency Guidelines and any regulations made under the Act available** on the LJF Key Documents page.

LJF requirements apply to all stages of a project from tender submission through to project reporting and completion. Suppliers to Victorian Government projects must deliver the LJF commitments as set out in the Local Industry Development Plan (LIDP) contained within their project contract with the agency. A key part of this is engaging with local businesses and supply chains.

Suppliers are responsible for retaining documents, monitoring progress and reporting on compliance with LJF. Supplier compliance with LJF requirements and commitments is audited regularly to investigate and report on LJF application. Audits may be led by the agency or the LJF Commissioner.

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

2 How is Local Jobs First delivered?

2.1 Suppliers

Suppliers delivering LJF-applicable projects must comply with LJF requirements, including project reporting, completion reporting, and their commitments to local content and jobs.

Whether it is building road and rail infrastructure, new schools or hospitals, manufacturing new trains, or providing IT, engineering or other services, Victorian businesses and workers are helping to shape the future of our state.

Many of the goods and services required to deliver Victorian Government projects can be undertaken by local companies using local workers, service providers and locally manufactured products.

LJF projects have local content requirements for suppliers and their supply chains that suppliers must commit to achieving.

2.2 Victorian Government agencies

Agencies are responsible for ongoing monitoring of LJF implementation and taking all reasonable steps to manage supplier compliance with LIDP commitments and all LJF reporting obligations, including submission of completion reports after practical completion of a project.

Please contact the relevant agency for more advice on specific LJF projects.

2.3 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 and suppliers. DJSIR coordinates ministerial approval of LJF requirements on all Strategic Projects and can advise agencies and suppliers 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.

2.4 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 suppliers with end-to-end assistance and practical advice on applying LJF and manages the Victorian Management Centre (VMC). The ICN also connects principal contractors with local suppliers 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.

2.5 Victorian Management Centre (VMC)

The Victorian Management Centre (VMC) is an online system that manages LJF information and reporting by suppliers and Victorian Government agencies. Bidders use the VMC to submit their LIDP as part of the tender documents for any LJF-applicable project. Suppliers use the VMC to submit LJF reporting during the project and completion reporting at practical completion of the project. A VMC user guide and other supporting resources, including VMC training sessions for bidders and suppliers, are available through the VMC online portal.

2.6 Gateway by ICN

You can register your business's capabilities on Gateway by ICN and opt in to receive notifications about new project opportunities. Your business capability profile will inform local industry capability for LJF and other Victorian Government procurement policies. Through Gateway by ICN, you will gain access to opportunities on Victorian and Australian projects, information on industry events, project pipeline and in-demand products and services. By opting in, you can specify your areas of interests and showcase your capabilities, enabling you to receive alerts about relevant opportunities and providing buyers with information about your capabilities.

2.7 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. Under the Act, the LJF Commissioner has a broad suite of powers and functions to monitor, investigate and report on LJF compliance and can take enforcement action in relation to breaches of LJF and LIDPs.

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

2.8 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.

3 What do suppliers need to do under Local Jobs First?

Local Jobs First processes and requirements will vary depending on the project and the buying approach used by the agency. The agency will tell you if the project is a Standard Project or Strategic Project, and what Local Jobs First requirements apply. **This section explains the usual process for most LJF projects**.

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

Market led proposals, panel/standing offer contracts and other procurement approaches may also be subject to LJF and required to follow specific LJF processes. If you are unsure, contact the agency or DJSIR for guidance.

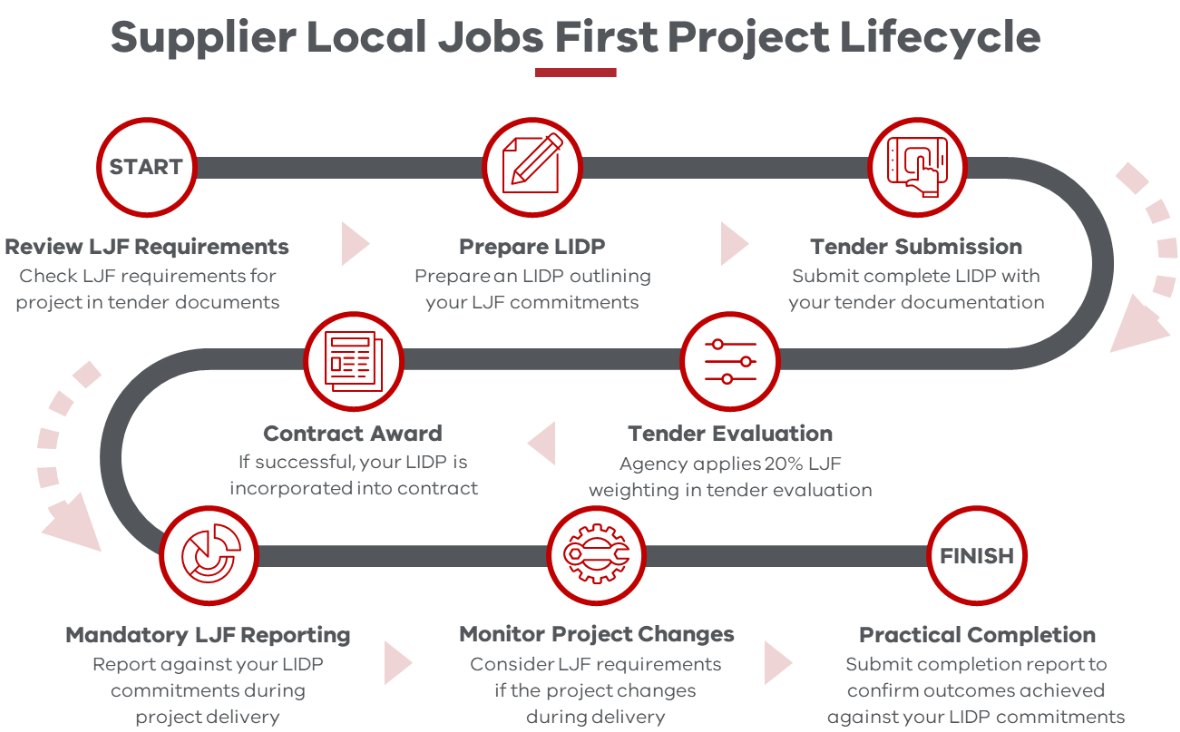

Diagram for illustrative purposes only

3.1 Step 1 - Review Local Jobs First requirements in tender documentation issued by agency before preparing a bid

All bidders must commit to engaging local SMEs to supply into LJF projects over the life of the project.

The Expression of Interest (EOI) or Request for Tender (RFT) documents will notify prospective bidders:

- **if the project must apply LJF** and when an ICN acknowledged LIDP needs to be submitted
- **of contestable items**, identifying sources of local content for bidders to consider when completing their LIDP
- **of local content requirements and any additional requirements**, where these have been set by the Minister responsible for LJF
- **of MPSG requirements**, if applicable
- **of the mandatory LJF tender evaluation weightings**.

3.1.1 Local content

Under LJF, local content refers to Australia and New Zealand (ANZ) value-added activity reflecting:

- goods produced by local industry
- services supplied by local industry
- construction activities carried out by local industry.

Local industry means industry and other businesses based in Australia or New Zealand. Local assembly of imported materials, transport of goods, and local labour are all examples of local content or local added value.

The content of a goods, service or construction activity may include the following:

- manufactured goods

- service provision (e.g. engineering, design, ICT, planning, testing and analysis certification, commissioning)
- direct capital costs (e.g. equipment, machinery)
- freight, transport and warehousing
- taxes (excluding GST), margins and insurances – up to 10% allowable of a project's local content.

3.1.2 Identification of contestable items

Before undertaking a tender process, the ICN assesses whether items and services are competitively available locally on all LJF applicable projects. A list of contestable (those items available both locally and internationally) and non-contestable items (those items found to be available either only locally or only international) will be **included in the LIDP** to assist with completing the LIDP.

3.1.3 Strategic Project requirements

All LJF-applicable Strategic Projects must 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.

Under section 7B (2) and (3) 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 contract
- 80% for the maintenance or operations phase of a Strategic Project.

A bidder's LIDP must meet the minimum local content requirements set by the Minister. For example, if the Minister sets a local content requirement for a Strategic Project at 92%, the bidder's local content commitment in their LIDP must be 92% or higher.

The Act also provides that the Minister responsible for LJF 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 or specify the use of uniforms 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.

3.1.4 Major Projects Skills Guarantee (MPSG) requirements

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.

Under section 7C of the Act, the MPSG applies to Standard Projects that are construction projects with a budget of $20 million or more and Strategic Projects that are construction projects.

All MPSG-applicable projects have a mandated requirement for the contractor 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 as part of their LIDP.

If your project is MPSG-applicable, please refer to additional guidance for MPSG projects for important further information. This includes how MPSG commitments are calculated in the LIDP, and detailed information about eligible ATCs and eligible labour hours.

3.2 Step 2 - Prepare and submit a Local Industry Development Plan (LIDP) on the VMC

All bidders must submit a complete LIDP and provide a copy of the ICN Acknowledgement Letter to the agency as part of the tender documentation for any LJF-applicable project. 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 if the LIDP has been completed properly.

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 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 assessment and the LJF Achievability Report through the VMC.

3.2.1 Importance of the LIDP

An LIDP outlines the supplier's commitment to address the LJF requirements for the project and details the committed local content and job outcomes. The LIDP informs assessment of the mandatory 20% LJF weighting during the tender process, and the preferred bidder's LIDP is incorporated within the project contract. The supplier must then comply with the LJF commitments contained within their LIDP and contract.

The LIDP should realistically reflect the project complexity and the information required will depend 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, training), including MPSG commitments where applicable (opportunities for ATCs)
- **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
- **any other commitments in relation to requirements or conditions** set by the Minister responsible for LJF in relation to the project.

3.2.2 Completing the online LIDP

Bidders must be registered on the VMC. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, contact the agency.

The Victorian Government has engaged the ICN to help bidders prepare LIDPs and identify opportunities for local suppliers. Bidders can request assistance through the VMC on completing the LIDP, including assistance to understand and identify local capability.

Preparing an LIDP can take anywhere from 1 to 6 working days, depending on the size and complexity of the project, the contestable items involved, and the bidder's experience with LJF. For some projects, it may take several weeks. All fields within the online LIDP must be completed before it can be submitted.

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 (see section 3.4 Step 4 below for more information).

In preparing an LIDP, bidders are encouraged to consider the LJF objectives 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.

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

When completing an LIDP bidders will need to calculate the number of retained and/or new jobs to be created in Australia and/or New Zealand during the life of the project. This number covers both the bidder and the bidder's supply chain, if applicable.

- A retained job means a job (one Annual Employee Equivalent) that has been working for a supplier or subcontractor before signing a project contract, working in tasks/works related to the project. This may also be referred to as an existing employee.
- A new job means a job (one Annual Employee Equivalent) that has been specifically employed by a supplier or subcontractor because of the work generated by a specific project.

The Annual Employee Equivalent (AEE) is used in place of Full Time Equivalent (FTE). Created/retained numbers must be provided in AEE. The VMC uses the total project hours divided by 1976 to determine the AEE for the project. 1976 reflects the total full-time working hours paid yearly to a full-time employee (38 hours per week for 52 weeks).

3.2.3 ICN Acknowledgement Letter

The ICN will acknowledge receipt of an LIDP and issue 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 satisfactorily completed
- 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).

3.3 Step 3 – Submit completed LIDP and Acknowledgement Letter to the agency

Bidders must submit a complete LIDP and provide a copy of the ICN Acknowledgement Letter to the agency.

During the tender evaluation process, the agency may address with bidders any issues of concern with the LIDPs, including issues identified by the ICN in the LJF Achievability Report.

Only eligible bidders with a complete LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel when selecting the successful bidder.

For guidance on how agencies evaluate LIDPs, refer to the Agency Guidelines available on the Key Documents page.

3.3.1 ICN will prepare LJF Achievability Reports for the agency

After the tender close date, the ICN will issue an LJF Achievability Report to the agency. This report assesses the achievability of the commitments made in each of the LIDPs submitted by all bidders and provides a risk rating of 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.

This rating reflects ICN's expert opinion on how likely a bidder is to meet the commitments in their LIDP. It is therefore very important to fill out the LIDP completely and realistically.

Agencies will apply a '**risk discount**' in their assessment of a bid. If a bidder receives a high-risk rating for their LIDP commitments, they may automatically score a zero for the LJF industry development weighting. If they are assessed as a medium risk, the bidder may lose two points against the weightings. It is important for suppliers to strike the right balance between committing to local content and jobs and being realistic when preparing their LIDP.

3.3.2 Resubmitting an LIDP

Agencies may ask bidders to 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. If a bidder is going to resubmit their LIDP, the agency's project manager will notify the ICN through the VMC. The LIDP must then be revised and resubmitted to the ICN through the VMC, using the same Acknowledgement Letter process.

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

3.4 Step 4 – Agency applies mandatory LJF weighting to all bids in tender evaluation process and awards contract to preferred bidder

Under the Act, LJF commitments are weighted as part of the tender evaluation. In practice, this means that agencies must consider each bidder's LIDP and apply a mandatory 10% weighting for local industry development and 10% weighting for job outcomes as part of the tender evaluation.

Agencies will use the LIDP and the LJF Achievability Report to establish each bidders' score against the LJF weightings – 10% on jobs outcomes, and 10% on industry development outcomes. The other 80% will be on the other requirements the agency is taking into consideration on the specific procurement.

3.4.1 Industry development (10% weighting)

LJF has a clear objective to support local industry development

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. The ICN can assist bidders to identify and understand local capability.

When selecting a preferred bidder and awarding a project contract, agencies will consider each bidder's commitments to industry development in their LIDP and the achievability of their commitments, using the LJF Achievability Report. Agencies may also give consideration to the LJF objectives (above) in evaluating bids against the industry development weighting.

3.4.2 Job outcomes (10% weighting)

A key objective of LJF is to promote employment and business growth by providing opportunities for local businesses. 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. Agencies must consider the job outcomes of bids when awarding a contract.

Agencies will not give a higher weighting for more created or retained jobs; they will be considered equal.

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 MPSG projects, commitments to use Victorian ATCs for a minimum of 10% of the total project labour hours must be identified in the LIDP. See section 4.1 calculating MPSG commitments for more information.

3.4.3 Agency completes tender evaluation and awards contract to preferred bidder

The preferred bidder will be notified by the tender evaluation panel of their success.

The agency's contract manager will negotiate any necessary measures to address any issues raised in the LJF Achievability Report before finalising the contract. This step is essential given the successful bidder will need to demonstrate LJF outcomes against the agreed LIDP as attached to the contract. Bidders may need to resubmit their LIDP to the ICN for acknowledgement and evaluation, with appropriate amendments through the VMC, before the LIDP is finalised for inclusion in the contract.

Bidders may ask agencies to provide feedback 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.

3.5 Step 5 – Suppliers must comply with LJF and the commitments in their LIDP

The successful bidder is now referred to as the supplier.

Agencies must ensure that project contracts require suppliers to comply with LJF and the approved LIDP. This means that the LIDP, including LJF commitments, must be incorporated into the contract as project deliverables. 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 included 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.

3.6 Step 6 - Monitor and report on Local Jobs First outcomes during project delivery

There are reporting requirements for all LJF projects. All reporting information must be submitted using the VMC.

Depending on the total project value, suppliers may be required to report on their LJF commitments as contained in the LIDP during the life of the project through to practical completion. Agencies may also require the supplier to provide regular updates on its implementation of LJF as part of their project management practices and milestone achievements within the contract.

The agency will advise the supplier what the reporting requirements are for the specific project.

Under LJF reporting is required at the beginning and completion of all LJF projects. Reporting is also required at six-monthly intervals for some projects. Suppliers should confirm their LJF reporting requirements with the agency.

Reporting type	Applicable projects	Purpose and uses
Completion reporting	Must be submitted at or before practical completion on **all** LJF projects	Confirms LJF outcomes achieved on the project against the supplier's LIDP commitments (e.g. local content, job outcomes, any ministerial requirement, MPSG, etc) Informs the ICN post contract review process May inform compliance or enforcement action by agency or LJF Commissioner if supplier does not meet LJF commitments Relevant data may be included by DJSIR in the LJF Annual Report
Six-monthly reporting	LJF projects with a budget of $20 million and above (includes all 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

3.6.1 Supplier monitoring of LJF commitments

Suppliers are responsible for ongoing monitoring of LIDP commitments for themselves and their supply chain. All LJF reporting is to be completed using the VMC.

Suppliers must keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail about how local content percentages were calculated and retaining supply chain information.

The agency, DJSIR, and the LJF Commissioner can request this information during and after completion of the project to evaluate LJF compliance.

Suppliers must notify the agency as soon as they are aware they may not meet their LIDP commitments. The ICN may be able to assist, for instance, in sourcing local SMEs.

Strategic Projects **must** follow the significant diversion process if a supplier proposes a significant change to local sourcing from their approved LIDP (see section 3.9 below).

The LJF Commissioner may review supplier monitoring processes. Under section 24 of the Act, the Commissioner may issue an information notice to request information or documents relevant to the operation of LJF or an LIDP. The LJF Commissioner also has the power to conduct site inspections (with notice) if necessary for an investigation or to determine whether a supplier has failed to comply with LJF or an LIDP.

3.6.2 Six-monthly reporting

For all Victorian Government projects with a budget of $20 million or more, including all MPSG projects and all Strategic Projects, suppliers are required to report on a six-monthly basis to the agency using the VMC.

For MPSG projects, once a project has started, the number of labour hours performed by ATCs are tracked against the contracted MPSG labour hours commitment. The labour hours data must be collected for each individual ATC throughout the duration of the project and reported six-monthly, at a minimum, to the agency. Important information about eligible ATCs and eligible hours that can be reported against MPSG commitments is provided at additional guidance for MPSG projects.

3.7 Step 7 – Review Local Jobs First requirements if the scope or value of the project changes during delivery

If an agency or supplier initiates a contract variation, LJF must be considered when changing the value, scope or activity 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 8 below).

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 AEE (total project or MPSG hours) by **less than 10%,** and the contract is being updated to reflect this.

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

If the proposed change meets the significant diversion review threshold, the supplier and agency must follow the significant diversion review process (see Step 8 below).

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 AEE (or total project /MPSG hours) 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 agency or 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 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.

Contact the agency or the ICN for more advice about project changes on a specific project.

3.8 Step 8 – 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 4.10 of the Agency Guidelines and this section 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.

3.9 Step 9 – Submit project completion reporting

Suppliers **must** submit completion reporting as soon as practicable after the practical completion of the project and/or delivery of the goods or services.

Completion reporting is essential to confirm whether supplier has met 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 included 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

Failure to submit completion reporting will result in the supplier being non-compliant with their reporting obligations under the LJF Policy. On LJF projects where the solicitation or market approach documents were **released on or after 1 July 2026**, this may result in the LJF Commissioner taking action against the supplier under the deprioritisation regime in the LJF Act.

Project completion reporting occurs at or before practical completion of the project and/or delivery of the goods or services. For goods projects, this is at the time of full supply (ahead of the defects period). For services projects, 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.

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 will indicate on the VMC that a project completion report with ICN post contract review is required.

The agency contract manager will 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.

Suppliers must explain any discrepancies between their LIDP commitments and 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.

3.9.1 ICN Post Contract Review

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, job outcomes, any ministerial requirement, MPSG, etc) and at an individual line-item level. This process is called the ICN post contract review.

The ICN post-contract review of the supplier's completion reporting data will be sent to the agency.

If a supplier's completion reporting data shows a significant variance 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.

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.

The completion reporting data submitted by suppliers after practical completion of an LJF project information given in the monitoring table and related advice informs 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.

3.10 Suppliers may face consequences for non-compliance with LJF requirements or their LIDP commitments

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 contractors 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.

Where a supplier reports that it did not meet one or more of its commitments in the LIDP/contract, the supplier 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). This should include consideration of work undertaken to maximise local industry outcomes in relation to any changes to local sourcing, and that the required process was followed.

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 dispute resolution process.

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 should consider what consequences will apply under the project contract.

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.

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.

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 an agency will 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 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.

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

4 Additional Guidance for Major Projects Skills Guarantee Projects

MPSG requirements apply to all Victorian Government construction projects with a budget of $20 million or above.

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

4.1 Calculating MPSG commitments

For MPSG projects, commitments to use Victorian ATCs for a minimum of 10% of the total project labour hours must be identified in the LIDP. You may voluntarily increase your MPSG commitment above the minimum 10% requirement.

The minimum MPSG requirement is generated from a bidder's employment commitments in the LIDP. Bidders may choose to use the Deemed Hours Formula to estimate project labour hours for their VIPP employment commitment, but this is not required. Agencies will compare bidder employment estimates and may seek further information or clarification if required. The agency will assess your MPSG commitments through a 5% weighting as part of the overall 10% weighting for job outcomes for LJF projects. Refer to the Agency Guidelines for more information about how job commitments on MPSG projects are assessed.

4.2 Eligible apprentices, trainees and cadets (ATCs)

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 at section Glossary. Note that professional traineeships (experienced workers undertaking professional development training) cannot count towards MPSG.

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 disabilities. Key resources to help achieve this may include state and federal employment programs and initiatives.

Agencies may leverage MPSG to deliver additional benefits such as social, economic, and training outcomes by specifying how ATC roles are filled on a project basis. 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. Further information about Victorian Government procurement policies such as the Social Procurement Framework and the Building Equality Policy can be found on the Buying For Vic website.

4.3 Eligible labour hours

The MPSG does not prescribe the breakdown of labour hour contributions from apprentices, trainees or cadets. They can be used in any combination of hours 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 two 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 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 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 How to apply Local Jobs First to grants and loans

The application of LJF to grant or loan recipients ensures that local SMEs can access opportunities within the procurement activity once it starts.

The main difference in the LJF grants and loans process is the requirement to consult with the ICN to acquire an Interaction Reference Number (IRN), rather than register and develop an LIDP. **Payment of monies under the grant funding agreement is conditional on compliance with the registration requirement.**

In the below steps, "grants" refers to both grants and loans provided by the State Government to any private, non-government or local government organisation that is a supplier, or grant or loan recipient for a project that falls within the scope of LJF.

Note that grants and loans with a state contribution of $50 million or above may be treated as a Strategic Project. The agency will notify you if Strategic Project requirements apply to your project.

5.1 Step 1 - Review Local Jobs First Requirements in grant documents issued by agency

The grant documents including guidelines and proposed contracts will notify grant applicants of the LJF requirements, including:

- **if the project must apply the LJF process for grants described in 5.2,** and
- **the requirement to register the grant with ICN**.

5.2 Step 2 - Register the grant and obtain an Interaction Reference Number (IRN)

The agency contract manager will advise the grant recipient that they must register the grant through the VMC. VMC registration should occur as soon as the grant recipient and agency reasonably expect the grant arrangement to proceed.

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.

The ICN will issue the grant recipient with an IRN Reference Letter.

5.3 Step 3 - Provide IRN Reference Letter to agency contract manager

The grant recipient must provide the IRN Reference Letter to the agency contract manager to demonstrate they have registered the grant within 20 business days of the grant agreement being executed.

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

5.4 Step 4 – Monitor compliance with Local Jobs First commitments

The grant recipient must monitor and maintain records demonstrating its compliance with any LJF commitments. Where required by the grant agreement, this information must also be submitted to the agency.

6 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).

6.1 Bidding to be on a panel

LJF requirements for suppliers bidding to be on a panel will be outlined in the market approach information provided by the agency establishing or renewing the panel. Typically, LJF requirements for suppliers joining a panel will only commence at the point when an agency purchases from a supplier through the panel.

In some cases, the agency may advise that the LJF Standard or Strategic Project process, including preparation of an LIDP, will apply during the panel contract establishment. Note that this can include SPCs or SEPCs where the contract is anticipated to, or may be, awarded to a sole supplier.

6.2 Supplying through a panel

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

- the total project value 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 a panel. The purchase order template and contract terms and conditions will reflect this requirement.

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

Where an LIDP was not required at the establishment or set up of a panel, the agency will register in the VMC each purchase or engagement from the panel that meets an LJF threshold. For these purchases or engagements, the supplier must submit an LIDP, which must be acknowledged by the ICN, and the supplier must report against the commitments made during delivery in the VMC. Upon completion of the project or engagement, a project completion report is also required.

If the total project value meets the LJF thresholds and it is confirmed to be an LJF-applicable project following a contestability assessment by ICN, the supplier is required to follow the process outlined at section 3, including completing an LIDP. An example would be a supplier providing one-off audit services to a department or 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 exceeds a threshold, then each time a purchase by the agency is made off a panel in relation to that project, the supplier is required to follow the process outlined at section 3, including completing an LIDP. 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.

7 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 help.

Some market-led proposals may be subject to LJF. If a market-led proposal is LJF-applicable, it will generally follow a similar process to Strategic Projects, including undergoing contestability assessments by the ICN and the setting of requirements under section 7B by the Minister responsible for LJF.

Project proponents for LJF-applicable projects are responsible for completing an LIDP using the VMC during the proposal process, 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 these Supplier Guidelines.

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)
- **engage with the ICN in developing the LIDP** on local content matters and local supply chain engagement
- **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 guideline for market-led proposals .

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

8 Glossary

Terms used in these Supplier 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 section 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 an 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) - undertake entry-level roles 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 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 an 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 section 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 Local Jobs First.

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 Local Jobs First 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.

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 Equivalent (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 an 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 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's website.

Local Jobs First Policy - comprises the Victorian Industry Participation Policy and the Major Projects Skills Guarantee. The Local Jobs First Policy may include any guidelines or material prepared by the Minister responsible for Local Jobs First 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 Local Jobs First Policy includes the Local Jobs First Policy document, the 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 Local Jobs First 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 and 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 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 (DTF) and Finance, the Department of Premier and Cabinet (DPC) 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 1 to 2 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 an 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.

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

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