

LOCAL JOBS FIRST POLICY SUPPLIER GUIDELINES

Under the Local Jobs First Act 2003

May 2020

 **LOCAL JOBS FIRST**

VICTORIA
State
Government



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1. Overview

These Guidelines are issued by the Minister for Jobs, Innovation and Trade to help suppliers in the application of the Local Jobs First Policy and *Local Jobs First Act 2003*.

Suppliers to government projects where Local Jobs First applies must follow these Guidelines.

2. Application

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

Advice regarding transitional arrangements for projects started under the former *Victorian Industry Participation Policy Act 2003* are outlined on the [Local Jobs First](#) website.

3. Victorian Local Jobs First Management Centre (VMC)

The Victorian Local Jobs First Management Centre (VMC) is the online system developed to manage the application of Local Jobs First by bidders and Government agencies and can be accessed at icnvic.force.com. The VMC is the portal where bidders submit their Local Industry Development Plan (LIDP).

4. ICN Gateway

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

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

5. Starting a Project

1. The following steps apply to all Local Jobs First Standard and Strategic Projects as outlined in the Local Jobs First (LJF) Policy, except for panels, market led proposals and grant contracts. These are outlined in a separate section.
2. You will be notified by the delivery agency as to the type of LJF project you are interested in bidding for and of the specific Local Jobs First requirements.
3. Strategic Projects are different to Standard Projects because they have a mandated minimum local content requirement that the delivery agency must meet and may include other conditions as determined by the Minister for Jobs, Innovation and Trade. Under the *Local Jobs First Act 2003* the Minister for Jobs, Innovation and Trade is responsible for setting local content requirements for a Strategic Project. The Department of Jobs, Precincts and Regions (DJPR) advises the Minister of the local content requirements, which may be informed by a contestability assessment undertaken by the ICN.
4. A contestability assessment refers to the process where the ICN assesses whether items and services are available competitively locally. 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 for your benefit.

Local Content – The term local content covers all suppliers producing Australian or New Zealand (ANZ) goods or services or when they have added value to imported items. Local content means goods that are produced by local industry, services that are supplied by local industry, or construction activities carried out by local industry. Local assembly of imported materials, transport of goods, and local labour are all examples of local content or local added value

5. The tender and/or expression of interest documents released by the delivery agency will outline these Local Jobs First requirements.

The Minister for Jobs, Innovation and Trade 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.

The Major Projects Skills Guarantee (MPSG) applies to projects that are construction projects with a budget of \$20 million or more. The MPSG may apply to both Standard and Strategic projects.

The Minister may determine other outcomes for Strategic Projects, including but not limited to:

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

6. Step by step process in applying Local Jobs First to Standard Projects

Step 1 – Tender and or Expression of interest issued by agency

1. The Expression of interest (EOI) or Request for Tender (RFT) documents will notify prospective bidders:
 - a. if the project must apply Local Jobs First, and when an ICN acknowledged Local Industry Development Plan (LIDP) will need to be submitted

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- b. contestable items for bidders to consider sourcing, local content and other requirements, including MSPG requirements, if applicable. A detailed explanation of how to apply Local Jobs First to MSPG projects is outlined below
 - c. the tender evaluation weightings. Agencies must apply a 10 per cent weighting for industry development, and 10 per cent for jobs outcomes. It is therefore not permissible to include other evaluation criteria such as social procurement requirements as part of the legislated 20 per cent weighting for LJF.
 2. LJF requires all bidders to engage local Small and Medium Sized Enterprises (SMEs) to supply into government projects over the life of a project.

Step 2 – Registering with ICN and preparing an LIDP

3. Bidders must register their businesses details on the VMC, unless previously registered. The VMC is found at icnvic.force.com. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, contact the procuring agency.
4. The bidder must then begin to complete their online LIDP.
5. Information to be provided in the LIDP includes:
 - the industry development commitments (Victorian Industry Participation Policy (VIPPP) commitments (local content, technology transfer, supply chain engagement))
 - the jobs outcomes commitments (new and retained jobs, training), including the Major Projects Skills Guarantee (MPSG) commitments where applicable
 - how the LIDP will be implemented and management of risks, including industry engagement strategies and selection and benchmarking of local content
 - monitoring and reporting requirements, including those to be delivered as part of normal project management procedures
 - the amount of small to medium enterprises that will be engaged as part of the contract.
6. The size and complexity of the project will help inform how detailed the LIDP will be. For limited contestability projects, only jobs outcomes and monitoring and reporting requirements are required from bidders.
7. LIDPs generally take between one to six working days to prepare depending on the complexity of the project, nature of the contestable items or experience with Local Jobs First by the bidder.
8. ICN can help bidders prepare their LIDPs by choosing 'Assistance' mode within the VMC. Advice on local capabilities will only be given by ICN if Assistance mode is selected. The Victorian Government funds the ICN to help bidders in preparing LIDPs and identifying opportunities for local suppliers.

Employment Commitment

9. A primary objective of the Local Jobs First Policy is to promote employment and business growth by providing opportunities for local businesses. Agencies must consider the jobs outcomes of bids when awarding a contract.
10. Calculate the number of retained and/or new jobs to be created in Australia and/or New Zealand during the life of this project. This number covers both your company and those from your supply chain, if you are using a supply chain.
11. 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.
12. A new job means a job (one Annual Employee Equivalent) that has been specifically employed by a supplier or subcontractors, because of the work generated by a specific project.

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13. Annual Employee Equivalent (AEE) is used in place of Full Time Equivalence (FTE). Created/retained numbers must be provided in AEE. Annualized Employee Equivalent is calculated by dividing the total paid hours of the contract by 1,976. 1,976 reflects the total full-time working hours paid yearly to a full-time employee (38 hours per week for 52 weeks). Agencies will not give a higher weighting for more created or retained jobs – they will be considered equal.

Importance of the LIDP

14. The LIDP will be used in the tender to inform the 20 per cent Local Jobs First weightings, and commitments made in the document will be included in the contract of the successful bidder.

Step 3 – Submitting an LIDP to ICN

15. All fields within the online LIDP must be completed before it can be submitted.
16. If you wish to submit an LIDP after the tender close date, contact the agency.
17. The agency will notify the ICN and all bidders on whether an extension has been allowed and will advise on the revised due date for all LIDPs. The agency will then revise the timeline on the VMC as appropriate.
18. Bidders should allow time for ICN to acknowledge the LIDP.
19. The ICN will review each bidder's LIDP and consider completeness, compliance and quality of the information.
20. The ICN will issue an Acknowledgement Letter to respective bidders that have submitted a complete and compliant LIDP. This can take a minimum of two to three working days.
21. The ICN will only issue the Acknowledgement Letter if:
 - all sections of the LIDP are fully complete;
 - the LIDP has been submitted within the specified tender timeframe;
 - the information provided in the LIDP can be assessed; and
 - the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.
22. The ICN will also issue the Agency with an LJF risk evaluation report, which assesses the achievability of the commitments made in each of the LIDPs submitted by all bidders and provides a risk rating of either high, medium or low. This risk rating reflects ICN's expert opinion on how likely you are to meet the commitments you have made in your LIDP and allows for agencies to provide a full and fair opportunity to bidders. It is therefore very important to fill out the LIDP correctly and honestly.
23. The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been deemed non-compliant due to incompleteness or inaccessible information being provided. When this happens, a non-compliance letter will be issued instead.
24. Agencies may request bidders re-submit an LIDP in order to rectify mistakes or clarify any points. If this changes the nature of the LIDP, then it must be revised and resubmitted to ICN for acknowledgement through the VMC, and subsequent reassessment by the ICN and agency.
25. The agency's project manager must notify the ICN that a bidder is going to revise their LIDP. Once a plan is re-submitted, it will go through the same process for an Acknowledgement Letter and evaluation.

Step 4 – Submit LIDP and Acknowledgement Letter to the Agency

26. Bidders must submit their LIDP and Acknowledgement Letter to the Agency.
27. The LIDP and Acknowledgement Letter may be submitted in hard copy or electronically to the tender evaluation panel.

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28. Agencies will apply a 'risk discount' in their assessment of your bid. If you get a high risk, you will automatically score a zero for the Local Jobs First weightings. If you get a medium risk, you may lose two points against the weightings. It is therefore very important to get the right balance between committing to local content and jobs, but also being realistic in your assessment.
 29. Agencies will use your LIDP and the ICN's risk evaluation report to establish your score against the Local Jobs First weightings – 10 per cent on your jobs outcomes, and 10 per cent on your industry development outcomes. The other 80 per cent will be on the other requirements the agency is taking into consideration on the specific procurement.
 30. During the tender evaluation process, the agency should assure themselves of the LIDP commitments and address with the bidders any issues of concern with the LIDPs, including risks identified in the LJF risk assessment evaluation report.
 31. Only notified bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel when selecting the successful applicant. LJF is a main selection criterion in choosing the preferred bidder.
 32. Should you wish to see guidance on how agencies evaluate LIDPs, refer to the Local Jobs First Agency Guidelines which can be found at localjobsfirst.vic.gov.au/key-documents.
 33. For LIDPs that reflect a nil- or limited contestability contract, the 10 per cent weighting for industry development (local content) should be automatically assessed as a 10 out of 10 due to this tender being of nil- or limited contestability.

Step 5 - Preferred bidder selected and contract awarded

34. The preferred bidder will be notified by the tender evaluation panel of their success.
35. Agencies will incorporate commitments included in the LIDP into the contract.
36. Suitable measures to manage any issues raised by ICN in its LJF risk evaluation report should be negotiated with the agency's contract manager before finalisation. This step is essential given the successful bidder will need to demonstrate LJF outcomes against the agreed LIDP. Bidders may need to resubmit their LIDP to ICN for acknowledgement and evaluation, with appropriate amendments through the VMC.
37. The supplier must comply with the LJF commitments contained within their LIDP and contract.
38. Contractors are required to report on their LJF commitments as contained in the LIDP during the life of the project to practical completion.

A bidder must register their details on the VMC and complete the online LIDP. The ICN will issue a bidder with an Acknowledgement Letter only if their LIDP has been completed appropriately and submitted on time. Only bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel.

Agencies will incorporate the preferred bidders LIDP within the contract. The supplier must comply with the Local Jobs First commitments contained within their LIDP and contract.

The ICN can assist you in completion and LIDP.

The LIDP required will reflect the size and complexity of the project. There are different LIDPs required for Standard, Strategic, contestable and limited contestability projects.

The LIDP will be used in the tender to inform the 20 per cent Local Jobs First weightings, and commitments made in the document will be included in the contract of the successful bidder.

Step 6 – Monitoring Local Jobs First during delivery of the project

39. Suppliers are required to report on their LJJ commitments as contained in the LIDP during the life of the project to practical completion.
40. For all projects valued over \$20 million, agencies must report to DJPR on Local Jobs First outcomes on a six-monthly basis.
41. Further guidance on monitoring and reporting is provided below.

Step 7 – Changes during delivery of the project

42. If an agency and supplier are varying a contract, then Local Jobs First must be given due consideration according to the change in value of the contract or scope of work. If the changes to the scope of work are substantial, the supplier must re-submit the LIDP to the ICN through the VMC, for re-evaluation, in order that their commitments can be re-assessed. If this is an MSPG project, this may necessitate the Deemed Hours Formula being re-calculated and included in the contract variation as a deliverable. Contact DJPR for more advice on a project by project basis. If you wish to seek feedback on your tender, you must do so through the delivery agency. Agencies are obliged to provide this feedback if you request it.

Step 8 – Project completion

43. Post-contract verification starts on practical completion of the project when works have been completed, and/or delivery of the goods or services. This does not include the 'defect' period.
44. Further information on preparing a Statutory Declaration is provided by the Victorian Department of Justice and Regulation at <https://www.justice.vic.gov.au/statdecs>.

7. Step by step process in applying Local Jobs First to Major Projects Skills Guarantee Projects

1. The Major Project Skills Guarantee applies to construction projects with a total project value of \$20 million or more. MSPG may therefore apply to both Standard (\$1 million to \$50 million) or Strategic (more than \$50 million) projects.
2. This process also applies in full to Public Private Partnership (PPP) projects and other forms of contracting such as alliance contracts, auctions, or the use of a panel of suppliers that are LJJ Strategic Projects.

Step 1 – Tender and or Expression of interest issued by agency

3. The Expression of interest (EOI) or Request for Tender (RFT) documents will notify prospective bidders:
 - if the project must apply Local Jobs First, and when an ICN acknowledged Local Industry Development Plan (LIDP) will need to be submitted
 - contestable items for bidders to consider sourcing, local content and other requirements, including if applicable MSPG requirements. A detailed explanation of how to apply Local Jobs First to MSPG projects is outlined below
 - the tender evaluation weightings. Agencies must apply a 10 per cent weighting for industry development, and 10 per cent for jobs outcomes. It is therefore not permissible to include other evaluation criteria such as social procurement requirements, as part of the legislated 20 per cent weighting for LJJ.
4. LJJ requires all bidders to engage local SMEs to supply into government projects over the life of a project.
5. The RFT identifies contestable items for bidders to consider sourcing in the proposal for the procurement activity.

Step 2 – Registering with ICN and preparing an LIDP

6. Bidders must register their businesses details on the VMC, unless previously registered. The VMC is found at icnvic.force.com.
7. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, contact the procuring agency.
8. The bidder must then begin to complete their online LIDP.
9. Information to be provided in the LIDP includes:
 - your Victorian Industry Participation Policy (VIPP) commitments – your commitments to local content, new and retained jobs, training, and technology transfer
 - your MPSG commitments – providing opportunities to apprentices, trainees and cadets
 - how the LIDP will be applied and management of risks, such as industry engagement strategies and selection and benchmarking of local content
 - monitoring and reporting requirements, such as those to be delivered as part of normal project management procedures
 - the amount of small to medium enterprises that will be engaged as part of the contract.
10. The size and complexity of the project will help inform how detailed the LIDP will be. For limited contestability projects, only jobs outcomes and monitoring and reporting requirements are required from bidders.
11. LIDPs generally take between one to six working days to prepare depending on the complexity of the project, nature of the contestable items or experience with LJJF by the bidder.
12. ICN can help bidders prepare their LIDP by choosing 'Assistance' mode within the VMC. Advice on local capabilities will only be given by ICN if Assistance mode is selected. The Victorian Government funds the ICN to help bidders in preparing LIDPS and identifying opportunities for local suppliers.

Employment Commitment

13. A primary objective of the Local Jobs First Policy is to promote employment and business growth by providing opportunities for local businesses. Agencies must consider the jobs outcomes of bids when awarding a contract.
14. Calculate the number of retained and/or new jobs to be created in Australia and/or New Zealand during the life of this project. This number covers both your company and those from your supply chain, if you are using a supply chain.
15. 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.
16. A new job means a job (one Annual Employee Equivalent) that has been specifically employed by a supplier or subcontractors, because of the work generated by a specific project.
17. Annual Employee Equivalent (AEE) is used in place of Full Time Equivalence (FTE). Created/retained numbers must be provided in AEE. Annualized Employee Equivalent is calculated by dividing the total paid hours of the contract by 1,976. 1,976 reflects the total full-time working hours paid yearly to a full-time employee (38 hours per week for 52 weeks). Agencies will not give a higher weighting for more created or retained jobs – they will be considered equal.

Importance of the LIDP

18. The LIDP will be used in the tender to inform the 20 per cent Local Jobs First weightings, and commitments made in the document will be included in the contract of the successful bidder.

MPSG Commitments

19. The total labour hours under the MPSG are based on the total value of the contract, including all sub-contracting under the principal contractor, and is determined by bidders using the Deemed Hours Formula, outlined below.
20. The ratios and rates used within the Deemed Hours Formula vary with the type of project. Separate labour ratios and hourly rates have been developed for building construction projects, civil and infrastructure projects, and for mixed building and infrastructure construction projects based on industry data as detailed in the table below. The determined ratio and how to apply it will be provided by the agency.

Table 1: Project Types and the Deemed Hours Formula

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

Deemed hours formula

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

Figure 1: Deemed Hours Formula

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

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

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

22. Specialist equipment as it pertains to the MPSG deemed hours formula refers to significant items or systems of equipment of significant cost for the specific Local Jobs First project. Items may include but not limited to electro-medical equipment, rail signalling, ICT systems, etc. Agencies should seek to clarify at a project specific level to prospective bidders what items are deemed to be specialist equipment.
23. Profit margin refers to the expected profit the bidder expects to make as a result from the project. It is omitted from the total contract sum in order to create an Adjusted Contract Price that is just focused on the cost of labour on the project.

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

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

Meeting the 10 per cent requirement

Who and what counts towards 10 per cent hours requirement?

24. The MPSG does not prescribe the breakdown of labour hour contributions from apprentices, trainees or cadets, or how it is to be applied across different contracts on a particular project. They can be used in any combination of hours. However, the Victorian apprentices, trainees or cadets 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.
25. The contribution can include work hour contributions from either existing or new Victorian apprentices, Victorian trainees or cadets or combinations of these.
26. Only the hours spent working on the applying project or at offsite training can be counted towards the project's 10 per cent requirement. For example, a full-time business administration trainee may work across a few projects, only spending an equivalent of two days working on the MPSG applicable project. Only 16 hours a week can be counted towards the requirement.
27. Hours spent offsite for training and education can be counted towards the 10 per cent requirement. This allows the time apprentices, trainees and cadets spend away from the project at TAFE or university to still be counted. For example, a cadet working two days on the project with five contact hours at university, a total of 21 hours can be counted towards the hours requirement. However, if a cadet is on summer break from university and therefore not attending classes, no contact hours at university can be counted. Only training contact hours while concurrently working on the project can contribute toward the 10 per cent requirement.
28. Trainees and apprentices must be registered with the Victorian Registration and Qualification Authority.

Engaging new Apprentices, Trainees and Cadets

29. Contributions to the MPSG may be from apprentices, trainees and cadets directly employed by the principal contractor or subcontractors or indirectly employed through group training organisations (GTOs).
30. Bidders are encouraged to use Victorian apprentices, trainees or cadets drawn from groups who are generally under-represented in industry vocational training such as women, and/or who face barriers to vocational training or the workforce more generally, such as indigenous or older apprentices, trainees or



cadets or those with a disability. A key resource to achieve this will be state and federal employment programs for helping long-term job seekers, such as Jobs Victoria.

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

Step 3 – Submitting an LIDP to ICN

32. All fields within the online LIDP must be completed before it can be submitted.
33. If you wish to submit an LIDP after the tender close date, contact the agency.
34. The agency will notify the ICN and all bidders on whether an extension has been allowed and will advise on the revised due date for all LIDPs. The agency will then revise the timeline on the VMC as appropriate.
35. Bidders should allow time for the ICN to acknowledge the LIDP.
36. The ICN will review each bidder's LIDP and consider completeness, compliance and quality of the information.
37. The ICN will issue an Acknowledgement Letter to respective bidders that have submitted a complete and compliant LIDP. This can take two to three working days minimum.
38. The ICN will only issue the Acknowledgement Letter if:
 - all sections of the LIDP are fully complete;
 - the LIDP has been submitted within the specified tender timeframe;
 - the information provided in the LIDP can be assessed; and
 - the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.
39. The ICN will also issue the Agency with an LJF risk evaluation report, which assesses the achievability of the commitments made in each of the LIDPs submitted by all bidders and provides a risk rating of either high, medium or low. This risk rating reflects the ICN's expert opinion on how likely you are to meet the commitments you have made in your LIDP and allows for agencies to provide a full and fair opportunity to bidders. It is therefore very important to fill out the LIDP correctly and honestly.
40. The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been deemed non-compliant due to incompleteness or inaccessible information being provided. When this happens, a non-compliance letter will be issued instead.
41. Agencies may request bidders re-submit an LIDP in order to rectify mistakes or clarify any points. If this changes the nature of the LIDP, then it must be revised and resubmitted to the ICN for acknowledgement through the VMC, and subsequent reassessment by the ICN and agency.
42. The agency's project manager must notify the ICN that a bidder is going to revise their LIDP. Once a plan is re-submitted, it will go through the same process for an Acknowledgement Letter and evaluation.

Step 4 – Submit LIDP and Acknowledgement Letter to the Agency

43. Bidders must submit their LIDP and Acknowledgement Letter to the Agency.
44. The LIDP and Acknowledgement Letter may be submitted in hard copy or electronically to the tender evaluation panel.

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45. Agencies will apply a 'risk discount' in their assessment of your bid. If you get a high risk, you will automatically score a zero for the Local Jobs First weightings. If you get a medium risk, you may lose two points against the weightings. It is therefore very important to get the right balance between committing to local content and jobs, but also being realistic in your assessment.
 46. Agencies will use your LIDP and the ICN's risk evaluation report to establish your score against the Local Jobs First weightings – 10 per cent on your jobs outcomes, and 10 per cent on your industry development outcomes. The other 80 per cent will be on the other requirements the agency is taking into consideration on the specific procurement.
 47. For the 10 per cent for jobs outcomes, 5 per cent will be weighted specifically on your commitments to the MPSG as outlined in the LIDP. The agency will assess your MPSG commitments, not the ICN.
 48. During the tender evaluation process, the agency should assure themselves of the LIDP commitments and address with the bidders any issues of concern with the LIDPs, including risks identified in the LJF risk evaluation report.
 49. Only notified bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel when selecting the successful applicant. LJF is a main selection criterion in choosing the preferred bidder.

Step 5 - Preferred bidder selected and contract awarded

50. The preferred bidder will be notified by the tender evaluation panel of their success.
51. Agencies will incorporate commitments included in the LIDP into the contract.
52. Suitable measures to manage any issues raised by the ICN in its LJF risk evaluation report should be negotiated with the agency's contract manager before finalisation. This step is essential given the successful bidder will need to demonstrate LJF outcomes against the agreed LIDP. Bidders may need to resubmit their LIDP to the ICN for acknowledgement and evaluation, with appropriate amendments, through the VMC.
53. The supplier must comply with the LJF commitments contained within their LIDP and contract.
54. Contractors are required to report on their LJF commitments as contained in the LIDP during the life of the project to practical completion.

A bidder must register their details on the VMC and complete the online LIDP. The ICN will issue a bidder with an Acknowledgement Letter only if their LIDP has been completed appropriately and submitted on time. Only bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel.

Agencies will incorporate the preferred bidders LIDP within the contract. The supplier must comply with the Local Jobs First commitments contained within their LIDP and contract.

The ICN can assist you to complete your LIDP.

The LIDP required will reflect the size and complexity of the project. There are different LIDPs required for Standard, Strategic, contestable and limited contestability projects.

For MPSG projects, commitments to use apprentices, trainees and cadets for 10 per cent of labour hours must be identified. The agency will assess your MPSG commitments through a 5 per cent weighting, part of the overall 10 per cent weighting for jobs outcomes for Local Jobs First projects.

The LIDP will be used in the tender to inform the 20 per cent Local Jobs First weightings, and commitments made in the document will be included in the contract of the successful bidder.

Step 6 – Monitoring Local Jobs First during delivery of the project

55. Suppliers are required to report on their LJF commitments as contained in the LIDP during the life of the project to practical completion.
56. For all projects valued over \$20 million (which will include all MPSG projects), agencies must report to DJPR on Local Jobs First outcomes on a six-monthly basis.
57. Further guidance on monitoring and reporting is provided below.

Step 7 – Changes during delivery of the project

58. If an agency or supplier are varying a contract, then Local Jobs First must be given due consideration according to the change in value of the contract or scope of work. If the changes to the scope of work are substantial, the supplier must re-submit the LIDP to the ICN for re-evaluation through the VMC, in order that their commitments can be re-assessed. If an MPSG project, this may necessitate in the Deemed Hours Formal being re-calculated and included in the contract variation as a deliverable. Contact DJPR for more advice on a project by project basis. If you wish to seek feedback on your tender, you must do so through the delivery agency. Agencies are obliged to provide this feedback if you request it.

Step 8 – Project completion

59. Post-contract verification starts on practical completion of the project when works have been completed, and/or delivery of the goods or services. This does not include the 'defect' period.
60. Suppliers are required to report on their application of their LIDP and demonstrate outcomes achieved at the practical completion of the project through the Monitoring and Reporting Table, which is provided at Appendix 2.
61. The purpose of post-contract verification is to confirm that the LJF outcomes have been achieved through the project. The outcomes achieved are compared to those expected in the original LIDP and outlined in the monitoring table or agreed equivalent.
62. The Monitoring and Reporting Table (Appendix 2), accompanied by a Statutory Declaration (available on the Local Jobs First website [localjobsfirst.vic.gov.au/key-documents](https://www.localjobsfirst.vic.gov.au/key-documents)) must be given to the respective contract manager within the delivery agency on practical completion of the project.
63. Statutory Declarations must only be completed by the appropriate authority i.e. Chief Executive Officer, Chief Financial Officer, Company Director etc).
64. The agency will then give this information to the ICN, so it can then verify the outcomes reported in the monitoring table against the agreed LIDP.
65. Further information on preparing a Statutory Declaration is provided by the Victorian Department of Justice and Regulation at <https://www.justice.vic.gov.au/statdecs>.

8. Applying Local Jobs First to Strategic Projects

1. A Strategic Project is a project that has a total project value of \$50 million or over or is otherwise declared to be a Strategic Project by the Minister for Jobs, Innovation and Trade.
2. Under *the Local Jobs First Act 2003* the Minister for Jobs, Innovation and Trade is responsible for setting local content requirements for a Strategic Project. DJPR advises the Minister of the local content requirements, which may be informed by a contestability assessment undertaken by the ICN.

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3. Section 7B (2) of the Act provides that the Minister for Jobs, Innovation and Trade 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.
 4. Section 7C provides that the MPSG applies to standard projects that are construction projects with a budget of \$20 million or more and strategic projects that are construction projects.
 5. The Act also provides that the Minister may determine other matters relating to Strategic Projects, including but not limited to:
 - requirements to maximise or specify the use of steel products produced by local industry
 - requirements to maximise the use of uniform and personal protective equipment (PPE) produced by local industry
 - any other requirements or conditions.
 6. The minimum local content requirements must be agreed by the Minister responsible for Local Jobs First, prior to inclusion in project documents released to market.
 7. Setting local content after the release of documentation will deem the agency non-compliant with the Local Jobs First policy, including the intent to provide full and fair opportunity to participate in government procurement activities.

Step 1 – Tender and or Expression of interest issued by agency

8. The Expression of interest (EOI) or Request for Tender (RFT) documents will notify prospective bidders:
 - if the project must apply Local Jobs First, and when an ICN acknowledged Local Industry Development Plan (LIDP) will need to be submitted
 - contestable items for bidders to consider sourcing, local content as set by the Minister for Jobs, Innovation and Trade and other requirements, including MPSG requirements, if applicable. A detailed explanation of how to apply Local Jobs First to MPSG projects is outlined below
 - the tender evaluation weightings. Agencies must apply a 10 per cent weighting for industry development, and 10 per cent for jobs outcomes. It is therefore not permissible to include other evaluation criteria such as social procurement requirements, as part of the legislated 20 per cent weighting for LJF.
9. LJF requires all bidders to engage local SMEs to supply into government projects over the life of a project.
10. The RFT identifies contestable items for bidders to consider sourcing in the proposal for the procurement activity.

Step 2 – Registering with the ICN and preparing an LIDP

11. Bidders must register their businesses details on the VMC, unless previously registered. The VMC is found at icnvic.force.com.
12. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, contact the procuring agency.
13. The bidder must then begin to complete their online LIDP.
14. Information to be provided in the LIDP includes:

- Your Victorian Industry Participation Policy (VIPP) commitments – your commitments to local content, new and retained jobs, training, and technology transfer
 - your MPSG commitments – providing opportunities to apprentices, trainees and cadets
 - how the LIDP will be applied and management of risks, such as industry engagement strategies and selection and benchmarking of local content
 - monitoring and reporting requirements, such as those to be delivered as part of normal project management procedures
 - the amount of SMEs that will be engaged as part of the contract.
15. The size and complexity of the project will help inform how detailed the LIDP will be. For limited contestability projects, only jobs outcomes and monitoring and reporting requirements are required from bidders.
 16. LIDPs generally take between one to six working days to prepare depending on the complexity of the project, nature of the contestable items or experience with LJJ by the bidder.
 17. The ICN can help prepare their LIDPs by choosing 'Assistance' mode within the VMC. Advice on local capabilities will only be given by the ICN if Assistance mode is selected. The Victorian Government funds the ICN to help bidders in preparing LIDPS and identifying opportunities for local suppliers.

Employment Commitment

18. A primary objective of the Local Jobs First Policy is to promote employment and business growth by providing opportunities for local businesses. Agencies must consider the jobs outcomes of bids when awarding a contract. For more information on this process, refer to the Local Jobs First Agency Guidelines.
19. Calculate the number of retained and/or new jobs to be created in Australia and/or New Zealand during the life of this project. This number covers both your company and those from your supply chain, if you are using a supply chain.
20. 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.
21. A new job means a job (one Annual Employee Equivalent) that has been specifically employed by a supplier or subcontractors, because of the work generated by a specific project.
22. Annual Employee Equivalent (AEE) is used in place of Full Time Equivalence (FTE). Created/retained numbers must be provided in AEE. Annualized Employee Equivalent is calculated by dividing the total paid hours of the contract by 1,976. 1,976 reflects the total full-time working hours paid yearly to a full-time employee (38 hours per week for 52 weeks). Agencies will not give a higher weighting for more created or retained jobs – they will be considered equal.

Importance of the LIDP

23. The LIDP will be used in the tender to inform the 20 per cent Local Jobs First weightings, and commitments made in the document will be included in the contract of the successful bidder.

MPSG Commitments

24. The total labour hours under the MPSG are based on the total value of the contract, including all sub-contracting under the principal contract, and is determined by bidders using the Deemed Hours Formula, outlined below.
25. The ratios and rates used within the Deemed Hours Formula vary with the type of project. Separate labour ratios and hourly rates have been developed for building construction projects, civil and infrastructure projects, and for mixed building and infrastructure construction projects based on industry data as detailed in the table below. The determined ratio and how to apply it will be provided by the agency.

Table 1: Project Types and the Deemed Hours Formula

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

Deemed hours formula

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

Figure 1: Deemed Hours Formula

$$Total\ Contract\ Sum - (10\% GST - Profit\ Margin - Specialist\ Equipment) = Adjusted\ Contract\ Price$$

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

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

27. Specialist equipment as it pertains to the MPSG deemed hours formula refers to significant items or systems of equipment of significant cost for the specific Local Jobs First project. Items may include but not limited to electro-medical equipment, rail signalling, ICT systems, etc. Agencies should seek to clarify at a project specific level to prospective bidders what items are deemed to be specialist equipment.
28. Profit margin refers to the expected profit the bidder expects to make as a result from the project. It is omitted from the total contract sum in order to create an Adjusted Contract Price that is just focused on the cost of labour on the project.

Table 2: Example of the Deemed Hours Formula:

Indicative example of a civil and infrastructure construction project: Road Project - Total Project Value of \$250m

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

Meeting the 10 per cent requirement

Who and what counts towards 10 per cent hours requirement?

29. The MPSG does not prescribe the breakdown of labour hour contributions from apprentices, trainees or cadets, or how it is to be applied across different contracts on a particular project. They can be used in any combination of hours. However, the Victorian apprentices, trainees or cadets 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.
30. The contribution can include work hour contributions from either existing or new Victorian apprentices, Victorian trainees or cadets or combinations of these.
31. Only the hours spent working on the applying project or at offsite training can be counted towards the project's 10 per cent requirement. For example, a full-time business administration trainee may work across a few projects, only spending an equivalent of two days working on the MPSG applicable project. Only 16 hours a week can be counted towards the requirement.
32. Hours spent offsite for training and education can be counted towards the 10 per cent requirement. This allows the time apprentices, trainees and cadets spend away from the project at TAFE or university to still be counted. For example, a cadet working two days on the project with five contact hours at university, a total of 21 hours can be counted towards the hours requirement. However, if a cadet is on summer break from university and therefore not attending classes, no contact hours at university can be counted. Only training contact hours while concurrently working on the project can contribute toward the 10 per cent requirement.
33. Trainees and apprentices must be registered with the Victorian Registration and Qualification Authority.

Engaging new Apprentices, Trainees and Cadets

34. Contributions to the MPSG may be from apprentices, trainees and cadets directly employed by the principal contractor or subcontractors or indirectly employed through group training organisations (GTOs).

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35. Bidders are encouraged to use Victorian apprentices, trainees or cadets drawn from groups who are generally under-represented in industry vocational training such as women, and/or who face barriers to vocational training or the workforce more generally, such as indigenous or older apprentices, trainees or cadets or those with a disability. A key resource to achieve this will be state and federal employment programs for helping long-term job seekers, such as Jobs Victoria.
 36. Cadets combine formal tertiary training with practical work experience. Cadets are individuals enrolled in a recognised tertiary level organisation and who receive structured learning opportunities as part of their engagement to a Local Jobs First Project (e.g. cadets in architecture, quantity surveying, and engineering). Cadetships vary in length depending on the vocation but are generally 18 months to two years in length. A cadetship does not fall under a National Training Contract.

Step 3 – Submitting an LIDP to the ICN

37. All fields within the online LIDP must be completed before it can be submitted.
38. If you wish to submit an LIDP after the tender close date, contact the agency.
39. The agency will notify the ICN and all bidders on whether an extension has been allowed, and will advise on the revised due date for all LIDPs. The agency will then revise the timeline on the VMC as appropriate.
40. Bidders should allow time for the ICN to acknowledge the LIDP.
41. The ICN will review each bidder's LIDP and consider completeness, compliance and of the information.
42. The ICN will issue an Acknowledgement Letter to respective bidders that have submitted a complete and compliant LIDP. This can take two to three working days minimum.
43. The ICN will only issue the Acknowledgement Letter if:
 - all sections of the LIDP are fully complete; and
 - the LIDP has been submitted within the specified tender timeframe;
 - the information provided in the LIDP can be assessed; and
 - the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.
44. The ICN will also issue the Agency with an LJF risk evaluation report, which assesses the achievability of the commitments made in each of the LIDPs submitted by all bidders and provides a risk rating of either high, medium or low. This risk rating reflects the ICN's expert opinion on how likely you are to meet the commitments you have made in your LIDP, and allows for agencies to provide a full and fair opportunity to bidders. It is therefore very important to fill out the LIDP correctly and honestly.
45. The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been deemed non-compliant due to incompleteness or inaccessible information being provided. When this happens, a non-compliance letter will be issued instead.
46. Agencies may request bidders re-submit an LIDP in order to rectify mistakes or clarify any points. If this changes the nature of the LIDP, then it must be revised and resubmitted to the ICN for acknowledgement through the VMC, and subsequent reassessment by the ICN and agency.
47. The agency's project manager must notify the ICN that a bidder is going to revise their LIDP. Once a plan is re-submitted, it will go through the same process for an Acknowledgement Letter and evaluation.

Step 4 – Submit LIDP and Acknowledgement Letter to the Agency

48. Bidders must submit their LIDP and Acknowledgement Letter to the Agency.
49. The LIDP and Acknowledgement Letter may be submitted in hard copy or electronically to the tender evaluation panel.

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50. Agencies will apply a 'risk discount' in their assessment of your bid. If you get a high risk, you will automatically score a zero for the Local Jobs First weightings. If you get a medium risk, you may lose two points against the weightings. It therefore very important to get the right balance between committing to local content and jobs, but also being realistic in your assessment.
 51. Agencies will use your LIDP and the ICN's risk evaluation report to establish your score against the Local Jobs First weightings – 10 per cent on your jobs outcomes, and 10 per cent on your industry development outcomes. The other 80 per cent will be on the other requirements the agency are taking into consideration on the specific procurement.
 52. For Strategic Projects, agencies may consider:
 - whether the bidder Passes or Fails the minimum threshold test: A bid should be designated either a PASS or a FAIL rating based on whether the bid meets the minimum local content threshold set by the minister
 - allocate 10% the for industry development based assessment of LIDPs: For example, for a bid evaluation where a maximum of 100 points can be earned, 10 points are allocated to the evaluation of industry development outcomes
 - calculate the 'VALUE-ADD' score if the bid passes the minimum threshold test, based on how high the bidder's committed local content is against the minimum set by the Minister
 - for the 10 per cent for jobs outcomes, 5 per cent will be weighted specifically on your commitments to the MPSG as outlined in the LIDP, if the MPSG applies. The agency will assess your MPSG commitments, not the ICN.
 53. During the tender evaluation process, the agency should assure themselves of the LIDP commitments and address with the bidders any issues of concern with the LIDPs, including risks identified in the LJF risk assessment evaluation report.
 54. Only notified bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel when selecting the successful applicant. Local Jobs First is a main selection criteria in choosing the preferred bidder.

Step 5 - Preferred bidder selected and contract awarded

55. The preferred bidder will be notified by the tender evaluation panel of their success.
56. Agencies will incorporate commitments included in the LIDP into the contract.
57. Suitable measures to manage any issues raised by the ICN in its LJF risk evaluation report should be negotiated with the agency's contract manager before finalisation. This step is essential given the successful bidder will need to demonstrate LJF outcomes against the agreed LIDP. Bidders may need to resubmit their LIDP to the ICN for acknowledgement and evaluation, with appropriate amendments, through the VMC.
58. The supplier must comply with the LJF commitments contained within their LIDP and contract.
59. Contractors are required to report on their LJF commitments as contained in the LIDP during the life of the project to practical completion.

A bidder must register their details on the VMC and complete the online LIDP. The ICN will issue a bidder with an Acknowledgement Letter only if their LIDP has been completed appropriately and submitted on time. Only bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel.

Agencies will incorporate the preferred bidders LIDP within the contract. The supplier must comply with the Local Jobs First commitments contained within their LIDP and contract.

The ICN can assist you in completion and LIDP.

The LIDP required will reflect the size and complexity of the project. There are different LIDPs required for Standard, Strategic, contestable and limited contestability projects.

For MPSG projects, commitments to use apprentices, trainees and cadets for 10 per cent of labour hours must be identified. The agency will assess your MPSG commitments through a 5 per cent weighting, part of the overall 10 per cent weighting for jobs outcomes for Local Jobs First projects.

Step 6 – Monitoring Local Jobs First during delivery of the project

60. Suppliers are required to report on their Local Jobs First commitments as contained in the LIDP during the life of the project to practical completion.
61. For all projects valued over \$20 million (which will include all MPSG projects), agencies must report to DJPR on Local Jobs First outcomes on a six-monthly basis.
62. Further guidance on monitoring and reporting is provided below.

Step 7 – Changes during delivery of the project

63. If an agency or supplier are varying a contract, then Local Jobs First must be given due consideration according to the change in value of the contract or scope of work. If the changes to the scope of work are substantial, the supplier must re-submit the LIDP to the ICN for re-evaluation through the VMC, in order that their commitments can be re-assessed. It may also be necessary for the minimum local requirements to be re-evaluated if the changes and / or additions to the project are significant. If an MPSG project, this may necessitate in the Deemed Hours Formal being re-calculated and included in the contract variation as a deliverable. Contact DJPR and the delivery agency for more advice on a project by project basis. If you wish to seek feedback on your tender, you must do so through the delivery agency. Agencies are obliged to provide this feedback if you request it.

Step 8 – Project completion

64. Post-contract verification starts on practical completion of the project when works have been completed, and/or delivery of the goods or services. This does not include the 'defect' period.
65. Suppliers are required to report on their application of their LIDP and demonstrate outcomes achieved at the practical completion of the project through the Monitoring and Reporting Table, which is provided at Appendix 2.
66. The purpose of post-contract verification is to confirm that the LJF outcomes have been achieved through the project. The outcomes achieved are compared to those expected in the original LIDP and outlined in the monitoring table or agreed equivalent.
67. The Monitoring and Reporting Table (Appendix 2), accompanied by a Statutory Declaration (available on the Local Jobs First website localjobsfirst.vic.gov.au/key-documents) must be given to the respective contract manager within the delivery agency on practical completion of the project.
68. Statutory Declarations must only be completed by the appropriate authority i.e. Chief Executive Officer, Chief Financial Officer, Company Director etc).
69. The agency will then give this information to the ICN, so it can then verify the outcomes reported in the monitoring table against the agreed LIDP.

70. Further information on preparing a Statutory Declaration is provided by the Victorian Department of Justice and Regulation at <https://www.justice.vic.gov.au/statdecs>.

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

An agency must contact DJPR prior to proceeding with a project to confirm the setting of local content requirements for a specific project.

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

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

9. Applying Local Jobs First to Market Led Proposals

1. LJF also applies to Market Led Proposals, sometimes known as unsolicited proposals.
2. As a project proponent you must identify the local content and job outcomes. The steps however differ, with the project proponent responsible for developing an LIDP and committing to terms and conditions that apply under these Guidelines to LJF Strategic Projects.
3. To be considered compliant with the LJF, a bidder must:
 - complete all sections of the LIDP
 - sign the Statutory Declaration and agree all other conditions, including monitoring, reporting, auditing and compliance requirements
 - engage with the ICN in developing the LIDP on local content matters and local supply chain engagement.
4. As the bidder will not have a project already set up in the VMC, the bidder is required to the template LIDP, found on the Local Jobs First website (localjobsfirst.vic.gov.au/key-documents).

10. Local Jobs First and Grants and loans

1. The main difference in the LJF process for grant or loan recipients is the requirement to consult with the ICN to acquire an Interaction Reference Number (IRN) rather than register and develop an LIDP.
2. The application of LJF to grant or loan recipients ensures that local SMEs are able to access opportunities within the procurement activity once it starts.
3. In the below steps, “grants” refers to both grants and loans provided by the State Government.

Step One – grant recipient awarded

4. The agency contract manager will advise the grant recipient that they must submit an IRN form through the VMC at icnvic.force.com. Registration on the VMC is not required for grants, there is a separate link on the



registration page. The registration should occur as soon as the grant recipient and agency reasonably expect the grant arrangement to proceed

5. The IRN form requires grant recipients and design contractors to give an indication on the nature of the grant activities to be undertaken or project being designed, and the likely goods and services to be required.

Step Two – consultation with the ICN

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

Step Three – Interaction Reference Number (IRN) Notice issued

10. The ICN will issue the grant recipient with an IRN Notice, if they are satisfied with the consultation.
11. The letter will note any agreements made between the ICN and the grant recipient in their consultation past or in the future.

Step Four – Notify contract manager on IRN outcome

12. The grant recipient will submit its IRN to the agency contract manager to demonstrate they have consulted with the ICN, and the ICN is satisfied local industry will be considered in the project. The grant recipient must provide the IRN to the agency within 20 business days of the grant agreement being executed.

11. Applying Local Jobs First to Panels

1. 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 a project.
2. LJF applies at the point of purchase from a panel. If you are supplying goods, services or construction activities through a panel, it is subject to LJF if the total value of a project that utilises the panel meets the thresholds of:
 - \$1 million or more in regional Victoria, or
 - \$3 million or more in metropolitan Melbourne or for state-wide activities.
3. The delivery agency must develop a purchase order template and contract terms and conditions that reflect this requirement.
4. EXAMPLES:
 - a one-off purchase by a department or agency procuring audit services from a supplier on the Professional Advisory Service (PAS) State Purchase Contract (SPC) that meets a threshold is required to complete a Local Industry Development Plan (LIDP); or

- the procurement is part of a larger project where the total project value exceeds a threshold. Then each time a purchase by the delivery agency is made off a panel in relation to that project an LIDP must be completed. E.g.: every instance of legal advice sought on the specific project from the Legal Services SPC, irrespective of the value of the individual purchase order, an LIDP must be completed.

5. A Statement of Intent is no longer a requirement as part of applying Local Jobs First to panels.

12. Local Jobs First Monitoring Requirements

Regular monitoring of delivery of LJF commitments

1. Contractors are responsible for ongoing monitoring of the application of LIDP commitments by themselves and their supply chain.
2. Contractors must keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail as to how local content percentages were calculated and retaining supply chain information.
3. The delivery agency, DJPR, and the Local Jobs First Commissioner can request this information during and after completion of the project.
4. Contractors must notify the delivery agency as soon as they are aware they may not meet their LIDP commitments.
5. DJPR, the Local Jobs First Commissioner or the ICN may be able to help, for instance in sourcing local SMEs.
6. For projects subject to the MPSG, once a project has started, the number of labour hours performed by apprentices, trainees and cadets are tracked against the contracted 10 per cent labour hours. The labour hours data must be collected for each individual apprentice, trainee and cadet throughout the duration of the project and reported six-monthly, at a minimum, to the delivery agency.
7. The Victorian Local Jobs First Commissioner may review contractor monitoring processes. Under Section 24 of the *Local Jobs First Act 2003*, the Commissioner may issue an information notice to request information or documents pertaining to LJF.

Six Monthly Reporting

8. For all Victorian Government projects with a value of \$20 million or more, including all projects deemed Strategic Projects, principal contractors are required to report six monthly to the agency using the agreed Monitoring and Reporting Table given in Appendix 2 or agreed to equivalent.

Annual Reporting

9. The delivery agency must report on their Local Jobs First projects in their annual reports, and DJPR also publish project outcomes in the Local Jobs First Annual Report. This will require contractors to report annually on project outcomes.



13. Compliance

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

Contractors are responsible for ongoing monitoring of the application of Local Industry Development Plan commitments by themselves and their supply chain. Evidence must be retained appropriately to demonstrate compliance with Local Jobs First. The delivery agency, DJPR and the Local Jobs First Commissioner may request information during and after a project to evaluate Local Jobs First compliance. Post contract verification starts on practical completion of the project when works have been completed. The purpose of post contract verification is to confirm that Local Jobs First outcomes have been achieved throughout the project.

Appendices

Appendix 1: Glossary

Acknowledgement Letter– 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.

Adjusted Contract Price - A calculation that informs the MPSG Deemed Hours Formula. Adjusted Contract Price is calculated by taking the sum of the specific contract, minus 10 per cent GST, the profit margin the company expects to make, and the specialist equipment involved.

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

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

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

Cadet – Cadetships combine formal tertiary training with practical work experience. There are many types of cadetships offered across different industries. Cadets are people enrolled in Australian tertiary education and who receive learning opportunities as part of their engagement on a Local Jobs First project (e.g. cadets in architecture, quantity surveying, and engineering). Cadetships can vary in length but are generally 18 months to 2 years. A cadetship does not fall under a National Training Contract.

Contestable goods and services – Goods and services in a procurement process are contestable 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.

Contract Manager – The contract manager refers to the person within the relevant Agency responsible for managing the Local Jobs First process for a contract.

Deemed hours formula – Refers to the method prescribed by the MPSG for determining a project’s total estimated labour hours, based on contract value. It is the basis from which the minimum MPSG requirement is determined for each applicable project.

Deemed labour ratio - The percentage of the total contract sum that will spent on labour. Separate labour ratios and hourly rates have been developed for building construction projects, civil and infrastructure projects, and for mixed building and infrastructure construction projects based on industry data.



Department of Jobs, Precincts and Regions – The Victorian Government agency responsible for administering the *Local Jobs First Act 2003* and Local Jobs First Policy.

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: AEE replaces Full Time Equivalence (FTE), and is calculated by dividing the total number of ordinary working hours that an employee worked and was paid over the reporting period (including paid leave) by the total number of full-time working hours paid per annum (this is generally 38 hours per week for 52 weeks = 1976).

Expression of Interest - 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 - 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 - a job (one Annual Employee Equivalent (AEE)) that has been specifically employed by a supplier or subcontractors, because of the work generated by a specific project.

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

Limited Contestability – A project or aspect of a Local Jobs First project that has been deemed to be of nil or limited contestability. This means that the Industry Capability Network Victoria (ICN) has judged that goods produced, services supplied and construction activities to be used in this contract of nil or limited contestability meaning the local content is equal to or greater than 97 percent.

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

Local Content – The term local content covers all suppliers producing Australian or New Zealand (ANZ) goods or services or when they have added value to imported items. Local content means goods that are produced by local industry, or services that are supplied by local industry or construction activities carried out by local industry. Local assembly of imported materials, transport of goods, and local labour are all examples of local content or local added value.

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

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

Local Jobs First Commissioner – An independent statutory officer with advocacy, engagement and compliance powers in relation to Local Jobs First. Further details can be found at <https://www.localjobsfirst.vic.gov.au/local-jobs-first-commissioner>

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

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



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

Non-contestable items - 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.

Practical Completion - The end of the project aside from minor administrative tasks.

SME – Small-to-Medium Enterprises

Specialist Equipment - Refers to significant items or systems of equipment of significant cost that will be purchased by the supplier to meet the scope of works on a specific Local Jobs First project.

Standard employee – All employees not classified as apprentices, cadets or trainees.

Total Contract Sum – The sum of the contract to a specific supplier. May form just one part of the total project value.

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

Request for Tender - 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 – Rural and Regional Victoria is defined as the 48 local government areas, including six alpine resort areas, set out in Schedule 2 of the [Regional Development Victoria Act 2002](#). 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.

Value for money – Value for money is a balanced judgement of a range of financial and non-financial factors. It considers the mix of quality, cost and resources; fitness for purpose; total cost of ownership and risk.

Work Package – Work package is used to define and group different parts of a project in a way that helps organise and define the overall project.



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

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Authorised by the Hon Martin Pakula MP, Minister for Jobs, Innovation and Trade
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