

# LOCAL JOBS FIRST

## VICTORIAN INDUSTRY PARTICIPATION POLICY

### ANNUAL REPORT 2015-16



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Cover photo: Level Crossing Removal Project

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# Minister's Foreword



**The Victorian Government has made a clear decision to support local jobs and local companies.**

The Victorian Industry Participation Policy (VIPP), *Local Jobs First*, is an important tool for delivering on the government's broader objectives. It ensures greater local industry participation in a vast range of Victorian Government procurement contracts.

The Victorian Government is the largest procurer of goods, services, and construction works in the State and is committed to using its substantial procurement power to develop local industries, create jobs and boost economic activity across Victoria.

The government has implemented a range of reforms to strengthen the policy. On 1 July 2015, the threshold for Strategic Projects was halved to \$50 million and all projects above this threshold are now automatically deemed strategic. All Strategic Projects have local content requirements set by government on a case-by case basis.

This change has resulted in a significant increase in the number of Strategic Projects. The Victorian Government set minimum local content requirements for 22 Strategic Projects in 2015-16 (this takes the total number of active Strategic Projects to 30 worth a combined project value of over \$16 billion). These 30 projects will support over 10,600 local jobs.

During 2015-16 the government released a forward plan of these Strategic Projects to enable small and medium enterprises (SMEs) to better plan for future opportunities.

A number of the Strategic Projects had additional requirements supporting the local steel industry. The Level Crossing Removal Project has the mandated requirement to use 100 per cent local steel products made from locally milled steel. Other projects including the Western Distributor, the Mernda Rail and the West Gate Distributor – Northern Section have the mandated requirement to maximise the use of local steel products.

The government undertook a comprehensive VIPP Review during 2015-16 that recommended a number of further reforms. Positive feedback on VIPP was received from industry stakeholders and they also welcomed strengthening of the policy to better support the development of local industry. The government endorsed the recommended reforms, which came into effect on 1 September 2016.

These reforms included the introduction of a formal 10 per cent local content weighting in the evaluation of *Local Jobs First* applicable tenders; activities to increase industry engagement and awareness of the policy; a strengthened compliance framework and measures to reduce red tape.

*Local Jobs First* is working with other key government commitments to support local industry including the Major Projects Skills Guarantee policy that came into effect on 1 January 2016. The policy compliments the activities of *Local Jobs First* construction based projects requiring that at least 10 per cent of the workforce on projects valued at over \$20 million will need to be made up of apprentices, trainees or cadets.

Through a strengthened *Local Jobs First*, the Victorian Government is promoting the State's economic development by creating local jobs, driving innovation and supporting the growth of local SMEs.



**The Hon Wade Noonan MP**

Minister for Industry and Employment

# Executive Summary

**The Victorian Government is committed to providing a full and fair opportunity for local business to compete for government contracts.**

The *Local Jobs First* – Victorian Industry Participation Policy (VIPP) is implemented by Victorian government agencies to raise awareness of local capabilities and to encourage participation by local small and medium enterprises (SMEs) in public sector purchasing.

The 2015-16 *Local Jobs First* Annual Report reflects the application of the policy by departments and agencies across government on procurements, projects and grants that either commenced or were completed during the financial year.

## **2015-16 *Local Jobs First* achievements in summary**

- \$5.43 billion worth of procurement commenced and will support over 5,556 local jobs and 510 local apprentices and trainees.
- minimum local content requirements were set for 22 Strategic Projects (this takes the total number of active Strategic Projects to 30 worth a combined project value of over \$16 billion, which are expected to deliver an average 89 per cent local content and support over 10,600 jobs).

- \$2.45 billion worth of procurement completed. These contracts delivered an average 89 per cent local content and supported 8,545 local jobs and 600 apprentices and trainees.

## ***Local Jobs First* – strategic projects**

*Local Jobs First* – Strategic Projects are projects valued at \$50 million or more. These projects have minimum local content requirements set by government on a case-by-case basis.

In 2015-16, Victoria had 30 current Strategic Projects with minimum local content requirements set by government. These projects represent investment of over \$16 billion across a range of infrastructure projects including transport and roads, new schools and hospitals. These Strategic Projects are expected to deliver an average of 89 per cent local content and support over 10,600 jobs over the coming years.

The number of Strategic Projects more than tripled over 2015-16 as compared to the period prior to December 2014. This is largely due to the policy reforms introduced on 1 July 2015 that halved the Strategic Project threshold to \$50 million and automatically deemed all projects above the threshold as Strategic Projects.

## Strategic projects – commencements

Of the 30 Strategic Projects currently active (in the market), twelve projects valued at \$2.62 billion commenced construction in the 2015-16 year, including a number of the Level Crossing Removal Project work packages, new schools and upgrades to hospitals. These projects will deliver an average of 85 per cent local content and support 1,874 local jobs and 170 local apprentices and trainees.

### ▼ Nick Babic, Director, Stilcon Holdings

Stilcon Holdings in Melbourne's West is supplying structural steel into the 'New Schools Public Private Partnership'(PPP) Local Jobs First Strategic Project. The project will see 15 high priority new government schools delivered across a number of Victoria's fastest growing suburbs.



Strategic Projects such as the Level Crossing Removal Project are delivering further local content outcomes set by government. The first four level crossings are mandated to maximise the use of local steel products, whilst the remaining 46 level crossings to be removed are required to use local steel products made from locally milled steel. Other projects including the Western Distributor, the Mernda Rail project also and the West Gate Distributor – Northern Section projects also have mandated requirements to maximise the use of local steel products.

### **Strategic projects – completed**

One project, the \$989 million Victorian Comprehensive Cancer Centre (VCCC), was completed during 2015-16. The VCCC delivered 92 per cent local content and supported 2,084 local jobs including 185 apprentices and trainees. This is four times the original number of jobs anticipated.

### **Local Jobs First – standard projects**

*Local Jobs First* – Standard Projects are projects that satisfy the base thresholds of \$1 million or more for projects based in regional Victoria and \$3 million or more in metropolitan Melbourne or State-wide. These projects require tenderers to complete VIPP plans that outline the expected local content to be achieved.

### **Projects commenced**

During 2015-16, 256 projects commenced with a total value of \$5.43 billion.

### **Contestable projects**

During 2015-16, 114 contestable projects valued at \$3.36 billion commenced. The projects committed to achieve an average of 87 per cent local content and are expected to support 5,556 local jobs and 510 apprentices and trainees. Contestable projects include products and services that are capable of being supplied competitively by local and international suppliers.

### **Non-contestable projects**

During 2015-16, 142 projects with a total value of \$2.07 billion were classified as non-contestable, that is, the goods and services required for the project are either only available locally or can only be imported. A total of 83 per cent of projects in 2015-16 were reported as wholly locally sourced.

### **Standard projects completed**

During 2015-16, 121 standard projects valued at \$1.46 billion were finalised. These contracts delivered an average 89 per cent local content and supported 357 local jobs and 80 apprentices and trainees.



## Local Jobs First – grants and design projects

*Local Jobs First* is applied to grants and designs to ensure that all procurement activities consider local suppliers.

During 2015-16 a total of 82 grants or design procurements were registered with 76 per cent of the projects being contestable and therefore presenting opportunities for local content.

## Local Jobs First – compliance

There was a significant improvement in compliance with *Local Jobs First* in 2015-16. A stronger focus on education and awareness activities resulted in 28 non-compliant projects compared to 126 projects in the previous year.

## Local Jobs First – reforms

Key reform measures implemented during the 2015-16 year to strengthen the policy included:

- Effective from 1 July 2015, the Strategic Project threshold was halved to \$50 million and all projects above this threshold are automatically deemed strategic
- In February 2016 the government released a forward plan of Strategic Projects providing early advice of future Strategic Projects

- A review of the VIPP policy examined how the policy is applied across government, how it can maximise opportunities for local SMEs and how to reduce red tape.

Reforms recommended by the VIPP review became effective on 1 September 2016, including:

- the introduction of a formal 10 per cent local content weighting as part of project tender evaluation
- strengthening the compliance framework, including random industry audits
- reducing red tape and paperwork by streamlining government processes on VIPP Plans and Local Industry Development Plans (LIDPs)
- the application of a range of engagement and awareness activities
- introduction of a new trading brand, *Local Jobs First*, to increase market awareness of what the policy aims to achieve.

# 1. Introduction

The Victorian Industry Participation Policy, *Local Jobs First*, is the Victorian Government's commitment to improving opportunities for local suppliers to create more new jobs and grow the economy.

## 1.1 What is the *Local Jobs First* – Victorian Industry Participation Policy?

The *Local Jobs First* – Victorian Industry Participation Policy (VIPP) ensures that small and medium size enterprises (SMEs) are given a full and fair opportunity to compete for government contracts, such as construction of hospitals, schools and road projects, while still achieving value for money for government.

The Victorian government is the largest procurer of goods, services, and construction works in the State and is committed to using its substantial procurement power to develop local industries, create jobs and boost economic activity across Victoria.

Under *Local Jobs First*, the government promotes employment and business growth by expanding market opportunities for local industry.

*Local Jobs First* applies to the full range of government goods, services and construction procurement activities that satisfy the thresholds including:

- using a panel of suppliers to deliver goods or services
- grant recipients (funding to private, non-government and local government organisations for investment support, business development and community infrastructure)<sup>1</sup>
- design contracts (planning and designing capital works or other large infrastructure projects)
- Public Private Partnerships.

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<sup>1</sup> Note: grant recipients and design contractors go through a separate process, using an Interaction Reference Number.

## 1.2 How does *Local Jobs First* work?

*Local Jobs First* requires government departments and agencies to consider competitive local SMEs, when awarding contracts valued at:

- \$1 million or more in regional Victoria, or
- \$3 million or more in metropolitan Melbourne or for State-wide activities

*Local Jobs First* also has a Strategic Projects framework for projects valued at \$50 million or more. These projects are automatically granted Strategic Project status. Strategic Projects have minimum local content requirements and other conditions determined on a case-by-case basis by government that link to local industry benefits.

The government releases a forward plan of Strategic Projects for *Local Jobs First* to provide industry with information on current and future government procurement activities valued at \$50 million and above, including information on local content commitments.

## 1.3 Which government agencies are involved?

*Local Jobs First* is implemented by all Victorian government agencies to raise awareness of local capabilities and to encourage participation by local small and medium enterprises (SMEs) in public sector purchasing. The Industry Capability Network (Victoria) Ltd (ICN) supports the Department of Economic Development, Jobs, Transport and Resources (the department) with implementation of *Local Jobs First* and assists both Victorian public sector bodies and bidders to comply with its conditions.

The 2015-16 Annual Report reflects the data received from departments and agencies across government on procurements, projects and grants that were either commenced or completed throughout the financial year.

The department wishes to acknowledge the support and cooperation of all VIPP administrators and procurement officers across the Victorian Government public sector bodies, ICN and government suppliers in applying the Victorian Industry Participation Policy.

## 2. Victorian Industry Participation Policy Act 2003

The *Victorian Industry Participation Policy Act 2003 (VIPPA Act)* establishes a commitment to local industry and emphasises the importance of jobs and business growth to all departments and agencies.

The *VIPPA Act* requires all Victorian public sector bodies as defined by the *Financial Management Act 1994* to report on their implementation of VIPPA in two ways:

- a consolidated report on VIPPA implementation as part of agencies' normal annual reporting arrangements
- a detailed report to the responsible Minister to enable the Minister to report annually to Parliament on VIPPA outcomes across government.

### 2.1 VIPPA objectives

The *VIPPA Act* also sets out the main objectives of the VIPPA as:

- promoting employment and business growth by expanding market opportunities for local industry
- providing contractors with increased access to, and raised awareness of, local industry capability
- exposing local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials
- developing local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

## 3. Local Jobs First – framework

### 3.1 General requirements

Under *Local Jobs First*, local SMEs are provided with a full and fair opportunity to supply into projects with a monetary value of \$3 million or more for metropolitan Melbourne and State-wide activities and \$1 million or more for activities in regional Victoria. The policy also opens up supply chain opportunities for SMEs to supply into larger Strategic Projects valued at \$50 million or more.

For projects that meet the applicable thresholds, Victorian public sector bodies are required to obtain a contestability assessment from the Industry Capability Network (Victoria) Ltd (ICN) to determine the potential for local content in the project, and therefore whether a VIPP Plan or Local Industry Development Plan (LIDP) is required as part of a bidders' tender documentation.

The Industry Capability Network (Victoria) Ltd is a not-for-profit organisation that supports the government in its administration of the policy.

Under *Local Jobs First*, 'contestable products' are goods and services capable of being supplied competitively by local and international suppliers and that meet the specifications of the tender documentation.

Where contestable products are identified, all shortlisted bidders are required to submit a detailed VIPP Plan for a standard project or a Local Industry Development Plan (LIDP) for a Strategic Project. Information captured in the VIPP Plan and the LIDP includes:

- local value-added activity of the goods and services to be engaged
- number of jobs created and retained by the head contractor and sub-contractors
- number of apprenticeships and traineeships created and existing positions to be utilised
- training and innovation outcomes to be achieved.

Through its requirement to document the training and innovation outcomes to be achieved through delivery of the contract, the VIPP Plan and the LIDP also enables government to use procurement to address local skills gaps in manufacturing, construction and service industries.

### 3.2 Grant and design requirement

Grant funding and design tenders that meet the relevant monetary thresholds are also required to fulfil the *Local Jobs First* objectives, however they are not required to comply with a full standard process.

Grant recipients and design contractors must engage with the **Industry Capability Network (Victoria) Ltd (ICN)** to discuss opportunities for local SME inclusion on the project. An Interaction Reference Number confirming engagement is issued by the ICN and must be submitted by the grant recipient or design contractor to the funding government department or agency to demonstrate that local content was considered.

### 3.3 Strategic projects

On 1 July 2015, the threshold for Strategic Projects was halved to \$50 million and all projects above the threshold are deemed to be strategic (unless government specifically determines otherwise) and have local content requirements set. This change in policy has more than tripled the number of declared Strategic Projects and that means billions of dollars of extra projects are now more accessible to local industry.

Strategic Projects support local industry through:

- contributing to the productive capability of Victoria and making a strategic economic contribution to the State
- potentially generating significant local industry participation, employment or skills and training/technology transfer
- creating opportunities to build ongoing industry capability, skills and employment benefits

Strategic Projects under *Local Jobs First* have minimum local content requirements and other conditions determined on a case-by-case basis by government to drive economic activity. Other conditions that may be applied to Strategic Projects include requirements to demonstrate other industry outcomes such as the number of new and retained jobs, number of new and retained apprentices/trainees, training and skills development of the workforce and technology transfer (such as through innovation, research and development, transfer of intellectual property or transfer of know-how).

Short-listed bidders must complete a LIDP that details the local content commitment along with any other conditions and demonstrates how these commitments will be met.

## 4. Local Jobs First – reforms

**Local Jobs First reforms have made it easier for local industry to access more opportunities.**

The Andrews Government believes in using our procurement processes to support and develop local jobs. That is why we have implemented significant reforms to strengthen *Local Jobs First*, to align practice with the objective of delivering more opportunities for local industry that translate into jobs.

### 4.1 Reforms introduced 1 July 2015

Effective from 1 July 2015, the Strategic Projects threshold was halved to \$50 million and all projects above this threshold are automatically deemed strategic (unless the government specifically determines otherwise). This change in policy has more than tripled the number of Strategic Projects and that means billions of dollars of extra projects now have local content requirements set by government, making the projects more accessible to local industry. Prior to July 2015, a separate process was required to declare the project a Strategic Project, for which local content requirement would be set.

For the first time a forward plan of Strategic Projects was released to enable SMEs to better plan for future opportunities and the government committed to update the plan on a six-monthly basis or as required. The release of the forward plan has been well received by industry.

The forward plan is hosted on the ICN Victoria website allowing businesses to register their interest to supply into the projects.

Local content requirements will now be calculated on capital rather than whole-of-life costs. This ensures that the local content requirements are more focused on the goods and services directly related to the construction activities.

### 4.2 Policy review

To improve the way local industry benefits from the VIPP, the government undertook a review of the policy in 2016. The review examined how the policy is applied across government, how it can maximise opportunities for local SMEs and how to reduce red tape. Through consultation during the review, industry stakeholders provided positive feedback of the policy welcoming reforms to strengthen the policy to better support the development of local industry.

The VIPP reforms are in line with the government's commitment to strengthen the policy and use its purchasing power to increase economic activity, increase opportunities for small and medium enterprises and boost local jobs.

▼ Rob Colquhoun, Managing Director, Prebuilt Pty Ltd

Prebuilt Pty Ltd in Melbourne's East is supplying prefabricated train station structures for the Level Crossing Removal Project. The project will see the removal of 50 of Melbourne's most congested and dangerous level crossings.



### 4.3 Reforms effective 1 September 2016

Recommendations from the review were endorsed by government during 2015-16, and came into effect on 1 September 2016, including:

- the introduction of a formal 10 per cent local content weighting as part of project tender evaluation. This means that the use of local suppliers will be given formal priority during tender assessment which will further encourage bidders to use local suppliers in all projects
- strengthening of compliance with random industry audits
- reducing red tape and paperwork by streamlining government processes on VIPP Plans and Local Industry Development Plans (LIDPs)
- the application of a range of engagement and awareness activities
- introduction of a new trading brand, *Local Jobs First*, to increase market awareness of what the policy aims to achieve.



## 5. Local Jobs First – implementation

**There are currently 30 active (out to market) Strategic Projects with a combined value of \$16 billion expected to deliver an average of 89 per cent local content. These projects are expected to support over 10,600 jobs.**

### 5.1 Strategic projects – construction status

Of the 30 Strategic Projects during 2015-16:

- Twelve projects valued at \$2.62 billion commenced construction.
- One continued construction activities throughout the year.
- Seventeen were released to market with an estimated value of \$14 billion and are expected to commence construction in the coming years.

Each of these Strategic Projects has a minimum local content requirement applied to help drive additional economic activity. There are currently 30 active (out to market) Strategic Projects with a combined value of \$16 billion that have set local content requirements. These projects are expected to support over 10,600 jobs.

The minimum local content requirements for Strategic Projects are determined on a case-by-case basis by the Victorian Government, with consideration of the project undertaken by ICN based on their experience with previous projects of a similar nature and information provided by the responsible agency.

The Level Crossing Removal Project is delivering further industry focused support with the government requiring the first package to maximise the use of local steel products and the remaining packages to use 100 per cent local steel products made from locally milled steel. Other projects including the Western Distributor Project, the Mernda Rail Project and the West Gate Distributor-Northern Section, have mandated requirements to maximise the use of local steel products.

Table 1 on pages 18-19 sets out the projects that have commenced construction, those that went out to market and the one completed project during 2015-16 along with the local content requirements..

Table 1: Local Jobs First – Strategic Projects 2015-16

<b>Commenced in 2015-16</b>	<b>Local content requirement (%)</b>
Level Crossing Removal Project – First Package	90%
<ul style="list-style-type: none"> <li>Maximising the use of local steel products made from locally milled steel</li> </ul>	
Flinders Street Station Redevelopment – Heritage works	87%
West Gate Distributor – Northern Section Stage One	93%
<ul style="list-style-type: none"> <li>Maximising the use of local steel products made from locally milled steel</li> </ul>	
Latrobe Regional Hospital	85%
Level Crossing Removal Project – Second Package	90%
<ul style="list-style-type: none"> <li>Local steel products made from locally milled steel</li> </ul>	100%
CityLink-Tulla Widening – Bulla Road to Airport	
<ul style="list-style-type: none"> <li>Road works</li> </ul>	95%
<ul style="list-style-type: none"> <li>Integrated Transport Systems (ITS)</li> </ul>	80%
Level Crossing Removal Project – Fourth Package	90%
<ul style="list-style-type: none"> <li>Local steel products made from locally milled steel</li> </ul>	100%
Melbourne Park Redevelopment Stage Two – Rod Laver Arena Refurbishment	82%
New Schools Public Private Partnership	90%
Calder Highway (Ravenswood) Interchange	96%
Shepparton Court Redevelopment	85%
Myki – Ticketing Services Retender	70%
<b>Out to market 2015-16</b>	<b>Local content requirement (%)</b>
Sunshine Avenue to Calder Freeway, M80 Ring Road Upgrade	95%
Princes Highway Duplication – Winchelsea to Armytage (Section 1)	95%
Princes Highway Duplication – Armytage to Warncoort (Section 2)	95%
High Capacity Metro Trains	
<ul style="list-style-type: none"> <li>Fleet</li> </ul>	60%
<ul style="list-style-type: none"> <li>Maintenance Depot</li> </ul>	87%

Joan Kirner's Women's and Children's Hospital	85%
Melbourne Metro Rail, Enabling Works	88%
Princes Highway East Duplication – Traralgon to Sale	95%
<b>Monash Freeway Upgrade</b>	
• Road works	95%
• Lane Use Management System (LUMS)	81%
<b>Level Crossing Removal Project – Thompsons Rd Duplication and Grade Separation</b>	<b>92%</b>
• Local steel products made from locally milled steel	100%
<b>Murray Basin Rail Project</b>	98%
<b>Mernda Rail Project</b>	92%
• Maximising the use of local steel products made from locally milled steel	
<b>Western Hwy Duplication – Section 2B – Buangor to Ararat</b>	<b>95%</b>
<b>Craigieburn Sewage Transfer Hub Project</b>	<b>80%</b>
<b>Western Treatment Plant Stage 2 Augmentation Project</b>	<b>80%</b>
<b>Werribee Mercy Hospital Project</b>	<b>85%</b>
<b>Western Distributor Project</b>	
• Land Use Management System (LUMS)	89%
• Maximising the use of local steel products made from locally milled steel	82%
<b>Level Crossing Removal Project – Caulfield to Dandenong Package</b>	<b>92%</b>
• Line Signalling	50%
• Local steel products made from locally milled steel	100%
<b>Under construction 2015-16</b>	<b>Local content requirement (%)</b>
Melbourne Trams Procurement	25%
<b>Project completed 2015-16</b>	<b>Local content achieved (%)</b>
Victorian Comprehensive Cancer Centre	92%

## 5.2 Strategic projects completed

The \$989 million Victorian Comprehensive Cancer Centre (VCCC) project was completed during 2015-16. The VCCC project delivered 92 per cent local content which was the requirement originally set by government. The project supported 2,084 new jobs which was four times the number originally estimated; while a further 3,950 current jobs were retained. There was also good news for apprentices and trainees as the VCCC project supported 336 new and current apprentices and trainees, 135 more than originally anticipated.

## 5.3 Contestability

In 2015-16, 454 contracts with an aggregate value of over \$9.5 billion underwent a contestability assessment by ICN. Of these, 232 contracts, with a total value of \$6.7 billion, were found to be contestable. The remaining contracts were found to have nil to limited contestability with 83 per cent found to be local by nature, as the products or services being tendered were only available in the local market with low competition from international suppliers. The remaining 17 per cent were found to be international by nature, due to the products or services not being available in the local market. Products and services not available in the local market included certain items of computer software, ICT equipment, medical equipment, medical consumables and specialised vehicles.

## 5.4 New contracts commenced

There were 256 contracts with a combined value of \$5.43 billion registered with ICN and reported as having commenced during 2015-16. Of these 114 contracts with a combined value of \$3.36 billion were assessed as contestable. Contestable projects include products and services that are capable of being supplied competitively by local and international suppliers. Contestable contracts require VIPP plans or LIDPs that outline the local goods and services that will be engaged, providing opportunities for local industry.

A total of 429 VIPP plans and LIDPs were prepared by businesses in bidding for these contracts. SMEs prepared 307 of these plans, representing 71.5 per cent of the total number prepared.

The successful bidders for contracts that commenced in 2015-16 have committed in their VIPP plans or LIDPs to using an average of 87 per cent local content, representing \$2.92 billion in orders for local industry.

New contracts in 2015-16 cover a range of activities, including infrastructure works, public transport investment, information technology services and the purchase of medical equipment.

Commitments that have been made by contractors with regards to skills and technology transfer outcomes for the Victorian economy are diverse and include:

- skills development in engineering disciplines
- research and development activities
- product innovations and
- training, development and mentorship opportunities for apprentices and other employees.

## **5.5 Contracts completed**

During 2015-16, 121 contracts were completed, with a total combined value of just over \$2.45 billion. These contracts achieved an average of 89 per cent local content which was 2 per cent higher than originally committed.

## **5.6 Grants and design procurements**

Proponents registered 82 grants or design procurements with ICN to obtain assistance in increasing opportunities for local SMEs. 49 registrations related to grants and 33 to design contracts.

Of these 82 grants or design procurements, 76 per cent presented opportunities to utilise local content. The remaining grants or design procurements did not present opportunities for localisation.

## 6. Local Jobs First – compliance

### 6.1 Contracts registered with ICN

Of the contracts commenced (excluding grants and design contracts) in 2015-16 and registered with ICN, all 256 were reported by agencies as fully adhering to the *Local Jobs First* process.

Of the contracts completed (excluding grants and design contracts) in 2015-16 and registered with ICN, all 121 projects were reported by agencies as fully adhering to the *Local Jobs First* process.

Of the grants and design contracts in 2015-16 registered with ICN, 62 were reported by agencies as fully adhering to the *Local Jobs First* process, representing 76 per cent of total contracts.

### 6.2 Contracts not registered

There were no contracts reported that were not registered with ICN. This is a significant improvement from 2014-15 where 73 projects that met VIPP thresholds had not been registered.

### 6.3 Improving compliance

A high level of compliance with *Local Jobs First* was achieved by government agencies for contracts registered during 2015-16. Reported non-compliance with *Local Jobs First* fell from 126 contracts in 2014-15 to 28 contracts in 2015-16 specifically for grant and design projects.

Throughout 2015-16, the department undertook activities to increase awareness of *Local Jobs First*. Education sessions were provided to procurement teams and committees across government departments and agencies.

The Victorian Government is delivering on its commitments to strengthen *Local Jobs First* by raising awareness and emphasising the importance of the policy across government departments and agencies. It recognises the value of improving compliance with *Local Jobs First* to deliver a strong industry participation policy and is working to achieve improved outcomes.

The importance of *Local Jobs First* will continue to be communicated across government and additional monitoring and information sessions will be undertaken with departments and agencies to ensure it meets its intended objective of delivering opportunities for local suppliers and service providers as part of the recent reforms.

## 7. Role of the Industry Capability Network (Victoria)

**The Industry Capability Network Victoria Ltd (ICN) is a not-for-profit organisation that supports the government in its administration of *Local Jobs First*.**

ICN plays a key role in liaising with government agencies and bidders on *Local Jobs First* applicable projects, providing support to industry to complete the required VIPP or Local Industry Development Plan (LIDP) and provides the link between principal contractors and local suppliers.

ICN supports the implementation of *Local Jobs First* by providing an on-line portal for the registration of projects by government agencies and provides the on-line platform for suppliers to register their interest in supplying into *Local Jobs First* Strategic Projects.

ICN reported a significant increase in engagement activities with local small and medium enterprises, departments and agencies on the implementation of *Local Jobs First* including project contestability assessments and VIPP plan certifications.

