LOCAL JOBS FIRST POLICY

Under the *Local Jobs First Act 2003*

Updated July 2026

LOCAL JOBS FIRST

VICTORIA
State
Government

CONTENTS

1 Introduction

The *Local Jobs First Act 2003* (the Act) is Australia's longest-standing industry participation legislation and is focused on promoting employment growth by expanding market opportunities for local industry and providing for industry development.

The Act enshrines the Victorian Industry Participation Policy (VIPP) and the Major Projects Skills Guarantee (MPSG) requirements in legislation – ensuring that Victorian businesses, workers, apprentices, trainees and cadets (ATCs) continue to benefit from Victorian Government procurement.

The Act emphasises the importance of jobs and business growth and commits all Victorian Government agencies to comply with the Local Jobs First scheme, including any reporting obligations under the Local Jobs First Policy and the associated guidelines.

The Act also establishes a Local Jobs First Commissioner who balances advocacy, facilitation, compliance and enforcement functions, working closely with industry and agencies to create opportunities for small and medium-sized businesses on government projects.

This Local Jobs First Policy document should be read in conjunction with the Local Jobs First Agency Guidelines (Agency Guidelines), the Local Jobs First Supplier Guidelines (Supplier Guidelines), the Act and any regulations made under the Act. These documents are prepared by the Minister responsible for Local Jobs First and include important information about Local Jobs First application and obligations. They are available on the Local Jobs First Key Documents page.

2 About Local Jobs First

Local Jobs First is the scheme established under the Act and is set out in the Act, any regulations made under the Act and the Local Jobs First Policy. For the purposes of the Act, the Local Jobs First Policy includes any guidelines or material prepared by the Minister responsible for Local Jobs First regarding the application of, and procedures to be followed in complying with the Act, the regulations or the Local Jobs First Policy. This includes this Local Jobs First Policy document, Local Jobs First Agency Guidelines (Agency Guidelines) and Local Jobs First Supplier Guidelines (Supplier Guidelines).

Local Jobs First is administered by the Department of Jobs, Skills, Industry and Regions (DJSIR).

Local Jobs First is mandatory and must be applied by all Victorian Government agencies defined as either a public body or a department under section 3 of the *Financial Management Act 1994* (FMA), and suppliers, contractors and grant and loan recipients for projects that fall within the scope of Local Jobs First.

Detailed instructions that agencies and suppliers must follow to ensure compliance with Local Jobs First are provided in the Agency Guidelines and Supplier Guidelines, which are publicly available on the Local Jobs First Key Documents page.

In line with the Act, the Local Jobs First Policy includes this document, the Victorian Industry Participation Policy (VIPP), the Major Projects Skills Guarantee (MPSG), Agency Guidelines and Supplier Guidelines.

Local Jobs First Policy

Victorian Industry Participation Policy	Major Projects Skills Guarantee	This document, Agency and Supplier Guidelines

2.1 Victorian Industry Participation Policy

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

VIPP supports local industry participation by embedding consideration of local industry capability and jobs into the tendering process for all projects that meet the policy thresholds and setting local content and other requirements on projects of strategic significance.

The Agency Guidelines and Supplier Guidelines set out the procedural requirements for VIPP.

2.2 Major Projects Skills Guarantee

The Major Projects Skills Guarantee (MPSG) is an industry policy designed to ensure job opportunities are provided for ATCs on high-value Victorian Government construction projects.

MPSG requires that all construction projects valued at $20 million or more utilise Victorian registered ATCs for at least 10% of the contract works' total estimated labour hours.

MPSG applies to all aspects of a construction project including goods and services procurement. This includes project inputs such as prefabricated or modular components that are manufactured away from the construction site.

The Agency Guidelines and Supplier Guidelines set out the procedural requirements for MPSG.

2.3 Objectives and Principles

In developing the Local Jobs First Policy regard must be had to the following objectives:

- promoting employment and business growth by expanding market opportunities for local industry
- providing Aboriginal businesses with equitable opportunities to participate in projects undertaken or funded (whether wholly or partially) by the State

- encouraging the participation of SMEs based in regional areas in projects undertaken or funded (whether wholly or partially) by the State
- encouraging the use of local content at each stage of construction or manufacturing projects undertaken or funded (whether wholly or partially) by the State, including but not limited to project planning, design and execution
- promoting the use of standards published by or on behalf of Standards Australia in projects undertaken or funded (whether wholly or partially) by the State
- ensuring that the processes and mechanisms for tenders and procurements for projects undertaken or funded (whether wholly or partially) by the State are structured and designed to provide fair and reasonable opportunities for local industry participation
- 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, and
- 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.

MPSG contributes to these objectives by supporting future industry capability, through:

- helping to train the next generation of skilled workers
- demonstrating the value that local ATCs can add to construction projects, and
- exposing local ATCs to the workplace practices, technologies, innovations and materials adopted by large, high value Victorian Government construction projects.

The Local Jobs First Policy must take into account and be consistent with the following principles relating to procurement, tendering and the provision of financial assistance by the State:

- value for money considerations in purchasing and supply decisions, and
- open, clear and accountable tendering mechanisms and processes.

3 Roles and Responsibilities

3.1 Agencies

Agencies are defined in the Act as either a public body or a department under section 3 of the FMA.

Agencies are responsible under the Act for meeting and applying the requirements of Local Jobs First to all Local Jobs First applicable projects. As part of these responsibilities, agencies must monitor, and take all reasonable steps to manage, suppliers' compliance with the commitments in their Local Industry Development Plans (LIDPs) and all Local Jobs First and reporting obligations. This includes monitoring and managing suppliers' compliance with the mandatory requirement to submit a completion report after practical completion of a project (see 5.6 Monitoring, Reporting and Compliance for further information about completion reporting). Agencies are also responsible for reporting on their own compliance with Local Jobs First.

Agencies engage in a range of activities to support Local Jobs First implementation and must follow the Agency Guidelines.

An agency's Accountable Officer is responsible for ensuring that the agency complies with Local Jobs First. The Accountable Officer means the accountable officer under section 42 of the FMA and is usually the head or chief executive officer of the agency. For example, a Secretary is the Accountable Officer for a department.

3.2 Suppliers

A supplier could be any private, non-government or local government organisation that is a supplier, contractor, or grant or loan recipient for a project that falls within the scope of Local Jobs First.

Suppliers to Victorian Government projects must deliver the Local Jobs First commitments as set out in the LIDP contained within their project contract with the agency. A key part of this is engaging with local businesses and supply chains.

Suppliers are responsible for retaining documents, monitoring progress and reporting on compliance with Local Jobs First. They must follow the Supplier Guidelines.

3.3 Industry Capability Network (Victoria)

The Industry Capability Network (Victoria) (ICN) is a not-for-profit organisation engaged by the Victorian Government to support the delivery of Local Jobs First.

The ICN's key responsibilities include:

- working with DJSIR and agencies to support day-to-day Local Jobs First implementation, including preparing local content recommendations on Strategic Projects for DJSIR, supporting tender registration of government projects including contestability assessments, reviewing bidders' LIDP submissions and capturing contractors project reporting
- managing the Victorian Management Centre (VMC)
- identifying local capability for Local Jobs First projects, and
- providing local suppliers with the opportunity to register interest in upcoming government Local Jobs First projects.

The ICN administers its LIDP review function separately from its other assistance functions, such as identification of local goods and services, for probity and privacy reasons.

3.4 Department of Jobs, Skills, Industry and Regions

DJSIR administers Local Jobs First and provides information and advice to support Local Jobs First delivery across Victorian Government agencies. As part of this, DJSIR undertakes monitoring and reporting activities related to Local Jobs First. It also provides advice and regular reporting on Local Jobs First to the Minister responsible for Local Jobs First and the Victorian Government.

In addition, DJSIR is responsible for:

- coordinating ministerial approval of local content and jobs requirements on Strategic Projects
- managing the services delivered by the ICN to support Local Jobs First delivery
- leading engagement with the Commonwealth Government, other states and territories, and international bodies on Local Jobs First
- preparing the whole-of-government annual report on the implementation of Local Jobs First, for the Minister responsible for Local Jobs First to table in Parliament as required under the Act, and
- managing any updates to the Local Jobs First Policy and supporting documents.

DJSIR engages directly with agencies and has access to Local Jobs First documentation developed by agencies, submitted to agencies or submitted to the ICN by potential and contracted suppliers. DJSIR also collects reporting data for inclusion in the annual report by the Minister responsible for Local Jobs First to Parliament on Local Jobs First outcomes.

3.5 Local Jobs First Commissioner

The Local Jobs First Commissioner promotes Local Jobs First across agencies and local industry, advocates for the private sector and local government to procure local goods, employ local workers and enhance their skills. The Commissioner also undertakes compliance activities to ensure that agencies meet their obligations and suppliers are delivering their Local Jobs First commitments.

The Commissioner has a broad suite of powers to investigate non-compliance and where necessary to take enforcement action. These include powers to:

- request information or documents from agencies or suppliers
- investigate matters including complaints under the Act and to report to the Minister
- conduct site inspections (with notice) if necessary for an investigation or to determine whether a person has failed to comply with Local Jobs First or an LIDP
- recommend that the Minister responsible for Local Jobs First issue an Adverse Publicity Notice in relation to a person who fails to comply with an information notice, an inspection notice, Local Jobs First or an LIDP
- apply for a civil penalty order in respect of a person who fails to comply with an information notice or an inspection notice
- make determinations to deprioritise suppliers in future government tenders if the supplier is non-compliant with commitments in their LIDP, and
- recommend that an agency seeks an injunction or takes other enforcement action under contract to seek compliance with Local Jobs First or an LIDP.

The Local Jobs First Commissioner must exercise the powers and perform the functions of the Commissioner under the Act, subject to any further written direction issued by the Minister responsible for Local Jobs First.

3.6 Minister responsible for Local Jobs First

Under the Act, the Minister responsible for Local Jobs First:

- determines local content requirements for Strategic Projects, and may set additional requirements
- may determine local content and other requirements for Standard Projects

- may declare a project to be a Standard Project or a Strategic Project
- reports annually to Parliament on the implementation of Local Jobs First, and
- appoints the Local Jobs First Commissioner.

The Minister responsible for Local Jobs First also has powers to support compliance with Local Jobs First. Under the Act, the Minister may:

- direct the Local Jobs First Commissioner to conduct an investigation, and
- issue an Adverse Publicity Notice publicly naming a person if the Minister is satisfied that the person has failed to comply with an information notice, an inspection notice, Local Jobs First or an LIDP.

The Minister responsible for Local Jobs First is the Minister responsible for administering the Act under the General Order issued by the Premier.

4 Applicable Projects

Local Jobs First applies to the full range of projects, developments, procurements and other initiatives that are undertaken or funded (whether wholly or partially) by the Victorian Government and meet the relevant Local Jobs First financial thresholds, unless a project exemption applies (see 4.5 Project Exemptions).

Local Jobs First applicable projects include but are not limited to:

- the purchase of goods and/or services, regardless of the method of procurement (including but not limited to individual project tenders, State Purchase Contracts, and supplier panels)
- construction projects (incorporating design and construction phases, including if administered through a competition, and all related elements), including but not limited to individual projects, Public Private Partnerships, Alliance Contracts, Market Led Proposals, auctions, supplier panels and registers, and
- grant and loan projects, including but not limited to grant agreements or loan arrangements to private, non-government and local government organisations for a single project or group of projects.

The total project value refers to the total budget allocated over the life of the project excluding GST and not the value of individual contracts. The total budget of a standard or strategic project may include a State contribution plus other sources of funding such as private investment and Commonwealth contributions. This ensures opportunities for industry development and workers are maximised under Local Jobs First. The value for the purpose of a grant or loan project is set out below (see 4.3 Grants and Loans).

The source of a project budget does not impact the application of Local Jobs First. For example, a project budget may be sourced from State Government appropriations, internal agency resources, grants and loans or other contributions, which together make up the total project value for Local Jobs First purposes.

Local Jobs First projects are designated either Standard or Strategic, based upon their value and/or ministerial determination. There are different processes for applying Local Jobs First to Standard Projects, Strategic Projects, grants, loans and panel contracts.

Projects and contracts should not be structured by agencies to avoid the application of the Local Jobs First Policy.

4.1 Standard and Strategic Projects

A Local Jobs First Standard Project is a project:

- with a budget of $1 million or more in rural and regional Victoria, or
- with a budget of $3 million or more for statewide projects or for projects in metropolitan Melbourne, or
- declared to be a Standard Project by the Minister responsible for Local Jobs First under section 7A (1) of the Act.

A Local Jobs First Strategic Project is a project:

- with a budget of $50 million or more, or
- declared to be a Strategic Project by the Minister responsible for Local Jobs First under section 7A (2) of the Act.

For example, if a construction project involves stages such as early works, design, construction activities and maintenance, with a combined total value of $50 million or more, then the project must be treated as a Local Jobs First Strategic Project, with minimum local content requirements to be applied.

A further example is a services project involving annual delivery activities valued at $500,000 per year for each of 4 years. This project would have a total value of $2 million. In regional Victoria, this would be a Local Jobs First Standard Project. If the project had an option to renew for a further 4 years, the total project value would be $4 million. In this case, it would be a Local Jobs First Standard Project irrespective of location.

The Agency Guidelines and Supplier Guidelines set out the procedural requirements for Standard and Strategic Projects.

4.2 MPSG Projects

The MPSG applies to all Victorian Government construction projects with a budget of $20 million or more and can therefore apply to both Standard and Strategic Projects. MPSG may also be applied to non-construction projects, for example manufacturing projects, at the discretion by the Minister responsible for Local Jobs First.

The MPSG applies regardless of the amount given over in a project budget to the actual construction. For example, if only $10 million of a $30 million construction project is for the construction component, with the remainder budgeted for other things such as traffic/transport management, furniture or equipment, the MPSG applies to the total project value of $30 million.

Eligible ATCs can be utilised across all aspects of the project to meet the MPSG requirement.

The Agency Guidelines and Supplier Guidelines set out the procedural requirements for MPSG projects.

4.3 Grants and Loans

A Local Jobs First grant or loan project is a project:

- with a state contribution of $1 million or more in rural and regional Victoria, or
- with a state contribution of $3 million or more for statewide projects or for projects in metropolitan Melbourne.

For example, if a Victorian Government agency is providing a $1 million grant to a local council in regional Victoria for delivery of a project, it would be treated as a Local Jobs First project and the process for grants would apply.

A grant or loan with a state contribution of $50 million or above may be treated as a Local Jobs First Strategic Project, notwithstanding the funding source. Before proceeding with grants of this value, agencies **must** contact DJSIR to confirm if Local Jobs First applies and any applicable Local Jobs First requirements (see Agency Guidelines for more information).

Grant or loan recipients are considered as suppliers for Local Jobs First purposes and must follow the process for grants and loans as outlined in the Supplier Guidelines.

4.4 Panel Contracts

All agencies establishing or renewing a panel contract should consider the Local Jobs First Policy objectives. If the estimated or historical contract spend meets the thresholds, the agency must consult with DJSIR prior to contract establishment/market approach to determine how Local Jobs First will apply. Note that this requirement also applies to State Purchase Contracts or Sole Entity Purchase Contracts where the contract is anticipated to or may be awarded to a sole supplier (see Agency Guidelines for more information).

4.5 Project Exemptions

In some circumstances projects are exempt from Local Jobs First. Detailed information on the application of these exemptions can be found in the Agency Guidelines and Supplier Guidelines.

Emergency Exemptions

Local Jobs First does not apply to projects carried out for the purposes of the response to, or recovery from, an emergency as defined by the *Emergency Management Act 2013*.

This exemption only applies if the procurement of goods or services for the project is undertaken as part of an agency's Emergency Procurement Plan and is consistent with any relevant supply policy made under the FMA.

Exceptional Circumstances

In exceptional circumstances, the Minister responsible for a specific project may request an exemption from Local Jobs First and/or the requirements for an LIDP through the Minister responsible for Local Jobs First.

Agencies are strongly encouraged to contact DJSIR to discuss any potential request for an exemption.

The request for exemption must be submitted **at least 30 calendar days prior** to the planned release of the solicitation or market approach documents (e.g. Expressions of Interest (EOI), Request for Tender (RFT) or grant documents) to the market or agreements being issued to prospective grant recipients. Agencies that are unable to meet the 30 calendar day requirement must contact DJSIR at localjobsfirst@ecodev.vic.gov.au.

5 Local Jobs First Requirements

5.1 Contestability Assessment

Before undertaking a tender process for a Local Jobs First project, agencies must obtain a contestability assessment from the ICN to determine whether the project is contestable or non-contestable. **Agencies are not required to apply Local Jobs First to non-contestable projects**.

The ICN will review the project specifications and assess contestable items and non-contestable items based on benchmarking of capable local suppliers.

- **Contestable items** are goods and services that can be manufactured or provided competitively both locally and internationally.
- **Non-contestable** items are goods and services that are either local or international by nature, or those goods and services that can only be practically sourced internationally.

For the purposes of Local Jobs First, goods and services are usually non-contestable where there is only a local supplier or only international suppliers, but not both. An example of a non-contestable local project could be a demolition project where it is impossible for the demolition works to be undertaken elsewhere. An example of a non-contestable international project could be a licencing agreement for ICT software where no local capability exists.

The Agency Guidelines set out the procedural requirements for obtaining a contestability assessment.

5.2 Local Content and Related Requirements

The Act provides that the Minister responsible for Local Jobs First must set local content and other requirements for Strategic Projects.

The Minister responsible for Local Jobs First must, unless a project exemption applies or is granted (see 4.5 Project Exemptions), set these requirements at no less than the following for selected Strategic Project types:

- 90% for a construction project
- 80% for a services project or a maintenance project, or
- 80% for the maintenance or operations phase of a Strategic Project.

Local content requirements for other types of Strategic Projects will be set on a case-by-case basis. The Minister responsible for Local Jobs First may also set requirements for Standard Projects.

About Local Content

Under Local Jobs First, local content refers to Australia and New Zealand value-added activity reflecting:

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

In practice, the local content of a good, service or construction activity is determined on a cost basis and is the part of a product, service or activity once the cost of any international components have been subtracted. It can be expressed by the following equation:

Local content = total cost of the good or service less international content

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

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

Australia and New Zealand are treated as a single market under the Australia and New Zealand Government Procurement Agreement. All other countries are considered 'international'. Items imported into New Zealand as part of New Zealand sourced goods and services are considered to be international content.

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

5.3 MPSG Requirements

Under Local Jobs First, at least 10% of the estimated labour hours on MPSG-applicable projects must be delivered by ATCs. The requirement is based on labour estimates at project tendering.

Suppliers must meet their MPSG commitment using eligible ATCs and hours, as described in the Supplier Guidelines. Agencies may further specify how ATC roles must be filled on a project basis as required, to deliver additional benefits such as social, economic, and training outcomes.

5.4 Tender Evaluation Weightings

The Act requires the following 2 minimum weightings to be applied in evaluating tenders for all Local Jobs First projects:

- **10% for industry development.** The 10% weighting will include commitments made in relation to VIPP, such as local content and the number of SMEs in the supply-chain included in the LIDP, and

- **10% for job outcomes**. For MPSG-applicable projects, the 10% weighting will include commitments to providing opportunities for ATCs.

This is designed to ensure that local content, supply chain development and job opportunities for new and retained employees are maximised by bidders in delivery of the project.

Focus on job outcomes ensures that bids which commit to creating a **higher number of Victorian jobs and job development opportunities** are scored more highly than bids that commit to a lower number of jobs.

Guidance for the specific application of weightings is provided in the Agency Guidelines.

5.5 Local Industry Development Plans

All tenders, proposals or other submissions for a Local Jobs First project must submit an LIDP to the ICN noting this will be available to the agency and DJSIR. This requirement does not apply to projects that are exempt from Local Jobs First or are assessed as non-contestable.

The LIDP must comply with the Act and the Local Jobs First Policy, including this Local Jobs First Policy document, the Agency Guidelines and Supplier Guidelines. An LIDP must:

- specify how the requirements of Local Jobs First will be met by the bidder, and
- make clear industry development and job outcome commitments, including regional development opportunities.

The information required in the LIDP will reflect the nature and complexity of the project.

LIDPs for MPSG-applicable projects will also require bidders to commit to the use of a minimum of 10% of labour hours for ATCs.

An agency must not accept a tender, proposal or other submission that does not include an LIDP. The LIDP will be a required deliverable under the contract and agencies must monitor and manage the supplier's compliance with their LIDP.

The ICN will issue an Acknowledgement Letter to a bidder via email if the LIDP has been completed properly. A tender proposal is not complete without a completed LIDP and an ICN Acknowledgement Letter. Bidders must complete an LIDP and provide the agency with the ICN Acknowledgement Letter to be considered by the agency during selection of the preferred bidder.

Agencies and suppliers who enter into Local Jobs First projects must agree to monitoring and reporting requirements, including following notification processes when changes to local sourcing commitments of an accepted LIDP are proposed (see Agency Guidelines for more information).

Agencies may request bidders resubmit an LIDP, including during the procurement process in order to address issues identified during evaluation of the LIDP. 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.

Suppliers must comply with their LIDP

If a bidder's tender is accepted, they must comply with their LIDP. This includes a requirement under the Act for the successful bidder to comply with each commitment in their LIDP that relates to local content, job outcomes, any additional requirements specified by the Minister such as steel, and the MPSG, if applicable.

For example, if the ministerial requirements set for a Strategic Project were 90% local content and 90% steel, and the supplier committed to 92% local content for the project and 91% for steel in its accepted LIDP, then the supplier must comply with its 92% and 91% commitments. At the end of a project, the supplier will be taken to comply with a commitment if they comply with it in full.

Suppliers must also comply with delivery, monitoring and reporting requirements of the Act and Local Jobs First Policy. This includes information and documents pertaining to Local Jobs First being accessible to the Local Jobs First Commissioner, in addition to the agency.

Significant Diversion Process

Sometimes a supplier will propose changes to local sourcing from their approved LIDP during delivery of a Local Jobs First Project. If the supplier's proposed change is a significant diversion, suppliers and agencies must follow the significant diversion process set out in the Agency Guidelines and Supplier Guidelines.

For the purpose of section 7DA of the Act, the significant diversion processes for Standard Projects and Strategic Projects is outlined in section 4.10 of the Agency Guidelines and 3.8 of the Supplier Guidelines.

The significant diversion process ensures that local alternatives are considered before international suppliers are chosen and supports visibility and oversight of significant changes to local content commitments in LIDPs.

The significant diversion process set out in the Agency Guidelines and Supplier Guidelines may be subject to review or revision. Suppliers and agencies should ensure that they always consult the current version of the Agency Guidelines and Supplier Guidelines.

5.6 Monitoring, Reporting and Compliance

Agencies and suppliers are responsible for monitoring and reporting on the delivery of Local Jobs First requirements and commitments and ensuring compliance with the Act, the Local Jobs First Policy, the associated guidelines and any further requirements in project contracts.

Agencies must ensure that project contracts require suppliers to comply with Local Jobs First and the LIDP. From 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate. The mechanism should make payment contingent on the supplier's compliance with any:

- contractual obligation to comply with Local Jobs First; and
- requirements in the LIDP (for example, meeting any local content commitments).

Agencies have the discretion to determine if it is appropriate and feasible to include a contingent payment mechanism in a specific Local Jobs First project contract. In making this determination, agencies should consider the nature of the project, the contract structure and any other relevant statutory obligations.

In Victoria, contracts for building work or for the supply of related goods and services (excluding domestic building contracts) may be subject to the requirements of the *Building and Construction Security of Payment Act 2002* (SOP Act). The SOP Act helps ensure that any person who carries out construction work or supplies related goods and services under a construction contract gets paid. Agencies must consider SOP Act requirements when assessing if it is appropriate to include a contingent payment mechanism in a construction contract.

Agencies are responsible for ensuring that contracted local content and job commitments are being monitored, are on track and are being achieved. This includes taking appropriate action if they are not.

Compliance issues can be raised with the Local Jobs First Commissioner. If both contracting parties agree, the Local Jobs First Commissioner may provide advice and support the resolution of potential or actual non-compliance with the Local Jobs First Policy, an LIDP or the Act.

Suppliers **must** submit completion reporting as soon as practicable after the practical completion of their project. Further information on what agencies and suppliers need to do to comply with completion reporting requirements is set out in Agency Guidelines and the Supplier Guidelines.

Agencies must also request that suppliers submit project completion reporting at or before practical completion of a construction project, or final delivery of a goods and services project. This includes final reporting of outcomes achieved against the supplier's LIDP commitments.

Agencies are responsible for ensuring the practical completion date recorded in the VMC is kept up to date at all times.

On Local Jobs First projects where the solicitation or market approach documents were released on or after 1 July 2026, the Local Jobs First Commissioner will be notified if a supplier fails to submit completion reporting within 90 days of the project reaching practical completion or fails to meet one or more of its LIDP commitments. This may result in the Local Jobs First Commissioner taking action against the supplier under the deprioritisation regime in the Act.

Each agency must include in its report of operations under Part 7 of the FMA a report on the agency's compliance with Local Jobs First in the financial year to which the report of operations relates.

Consistent with the requirements of the Act, each agency must provide requested information for inclusion in a report to DJSIR no later than 6 weeks after the end of the financial year to which the report relates.

Directions under the FMA may include directions as to the form and content in relation to the report of operations. For further information on the Financial Reporting Directions in relation to Local Jobs First see FRD-25 Local Jobs Disclosures in the Report of Operations available on the Department of Treasury and Finance Financial reporting directions and guidance page.

DJSIR may undertake monitoring and reporting on progress at initiation, during delivery or commissioning, and at the completion of Local Jobs First projects.

Agencies and suppliers must retain documentation relating to Local Jobs First projects to demonstrate outcomes and compliance with Local Jobs First and related commitments.

The Agency Guidelines and Supplier Guidelines provide specific instructions related to Local Jobs First monitoring, compliance and reporting requirements.

6 Local Jobs First Commissioner's Compliance and Enforcement Powers

The Act establishes a transparent compliance and enforcement framework, involving a series of graduated steps that the Local Jobs First Commissioner and Minister responsible for Local Jobs First can apply to confirm delivery of LIDP commitments and actions to take if suppliers are not complying.

The Local Jobs First Commissioner has a broad suite of powers and functions to monitor, investigate and report on Local Jobs First compliance and can take enforcement action in relation to breaches of Local Jobs First and LIDPs.

7 Contact Us

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

Department of Jobs, Skills, Industry and Regions

121 Exhibition Street, Melbourne, VIC, 3000

localjobsfirst@ecodev.vic.gov.au

8 Glossary

Terms used in this Local Jobs First Policy document that are not defined in the Glossary have the same meaning as is given to those terms in the Act.

Accountable Officer - in relation to an agency, means the accountable officer under section 42 of the *Financial Management Act 1994* for the agency.

Acknowledgement Letter - is the letter received by bidders after the ICN has assessed the LIDP. This is achieved when the bidder's LIDP is submitted before the procuring agency's due date, and all sections have been adequately completed.

Apprentice - undertake under a training contract with an employer that combines structured training with paid employment. Apprenticeships are generally at Certificate III level and above and extend across a range of trades. Apprenticeships typically have a duration of three to four years and are competency based. For an apprentice to be counted towards the MPSG requirement for a project they must be:

- undertaking a course that relates directly to their role on a Local Jobs First project and is consistent with the training contract, and
- registered with the Victorian Registration and Qualification Authority (VRQA) or the vocational education and training regulator under the *Education and Training Reform Act 2006*.

Apprentices, Trainees and Cadets (ATCs) - undertake entry-level roles under a training contract, or through a combination of formal tertiary training with paid practical work experience. See the individual definitions of an apprentice, trainee and cadet in this Glossary for more information.

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

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

Cadet - undertake entry-level roles that combine formal tertiary training with paid practical work experience. There are many types of cadetships offered across different industries. Cadetships can vary in length but are generally 18 months to 2 years. A cadetship does not fall under a training contract. For a cadet to be counted towards the MPSG requirement for a project they must be:

- enrolled in Australian tertiary education
- receiving learning opportunities as part of their engagement on a Local Jobs First project (e.g. cadets in architecture, quantity surveying and engineering), and
- undertaking work that is directly tied to their associated tertiary qualification.

Cadetships are different to professional traineeships (an employee who is not in an entry level role and is undertaking professional development training), which cannot count towards MPSG.

Completion Report - suppliers must submit a completion report no more than 90 days after practical completion of a project. More information of the form and process for submitting completion reports is provided in the Agency Guidelines and Supplier Guidelines.

Contestable Goods and Services - is when there are competitive international and local suppliers that can supply the good or service. Competitive means the suppliers can offer comparable goods or services that meet the specifications given by the agency. Contestable items can be goods or services at any stage of a project.

Contingent Payment Mechanism - from 1 July 2026, agencies must ensure that project contracts include a contingent payment mechanism unless it is not practicable or appropriate. The mechanism should make payment contingent on the supplier's compliance with any:

- contractual obligation to comply with Local Jobs First; and
- requirements in the LIDP (for example, meeting any local content commitments).

Department of Jobs, Skills, Industry and Regions - is the Victorian Government department responsible for administering the Act and Local Jobs First.

Deprioritisation - suppliers may be deprioritised if they fail to achieve one or more of their LIDP commitments or fail to provide completion reporting within 90 days of practical completion. The deprioritisation regime, and associated Commissioner powers, will not apply to Local Jobs First projects which have already commenced or are out for tender when these changes come into effect on 1 July 2026. More information on the deprioritisation regime can be found in Part 2A of the Act, the Local Jobs First Regulations 2026 and on the Local Jobs First website.

Emergency - has the same meaning as in the *Emergency Management Act 2013*.

Emergency Procurement Plan - means a plan for the procurement of goods and services in response to an emergency prepared by an agency in accordance with a supply policy made under section 54L of the FMA. More information on emergency procurement plans can be found at the Buying For Victoria Emergency procurement plan page.

Employment - refers to the number of actual new or retained (i.e. existing) annualised employee equivalent opportunities (jobs) to be created in Australia and New Zealand as a result of the contract.

Note: Annual Employee Equivalent (AEE) replaces Full Time 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 = 1,976). The VMC uses the total project hours divided by 1976 to determine the AEE for the project.

Expression of Interest - is used to identify suppliers interested in, and capable of, delivering the required goods or services. Potential suppliers are asked to provide information on their capability and capacity to do the work. It is usually the first stage of a multi-stage procurement process.

Invitation to Supply - is a process of inviting offers to supply goods and/or services. This process covers both the Request for Quotation and Request for Tender process.

Jobs Created - is a job (one AEE) that has been specifically employed by a supplier or subcontractor because of the work generated by a specific project.

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

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

Local Content - is goods that are produced by local industry, services that are supplied by local industry, or construction activities carried out by local industry. Local Content is intended to capture all suppliers producing Australian or New Zealand goods or services or when they have added value to imported items. Local assembly of imported materials, transport of goods, and local labour are all examples of local content or local added value.

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

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

Local Industry Development Plan (LIDP) - is a document prepared by the supplier as part of the Expression of Interest, Request for Tender and/or tender submission for a Local Jobs First project. The LIDP details the supplier's commitment to address the Local Jobs First requirements and details the expected local content and job outcomes, including how the supplier will comply with the commitments made in the LIDP. If a supplier's tender is accepted, the supplier must comply with the LIDP. The LIDP commitments must be incorporated into the contract with the supplier as a contract deliverable.

Local Jobs First Commissioner - is an independent statutory officer with advocacy, engagement and compliance powers in relation to Local Jobs First. Further details can be found on the Local Jobs First Commissioner website.

Local Jobs First Policy - comprises the Victorian Industry Participation Policy and the Major Projects Skills Guarantee. The Local Jobs First Policy may include any guidelines or material prepared by the Minister responsible for Local Jobs First regarding the application of, and procedures to be followed in complying with the Act, any regulations or the policy. For the purposes of the Act, the Local Jobs First Policy includes the Local Jobs First Policy document, Local Jobs First Supplier and Local Jobs First Agency Guidelines.

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

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

Non-contestable Project - is a Standard Project or a Strategic Project that is determined to be non-contestable in accordance with section 4B of the Act. Agencies are not required to apply Local Jobs First to a non-contestable project.

Practical Completion - has the same meaning as specified in the contract for the project or, if the contract does not specify the meaning of that term, it means the day on which all of the supplier's obligations (other than minor or administrative obligations) to provide goods or services, or carry out construction activities, under the contract are fulfilled.

Request for Tender - is an invitation to supply or a request for offer against a set of clearly defined and specified requirements. Invitees are advised of all requirements involved including the conditions of participation and proposed contract conditions.

Rural and Regional Victoria - has the same meaning as in the *Regional Development Victoria Act 2002*. That Act defines Rural and Regional Victoria as the 48 local government areas, including six alpine resort areas. The 10 regional city local government areas are Ballarat, Greater Bendigo, Greater Geelong, Greater Shepparton, Horsham, Latrobe, Mildura, Wangaratta, Warrnambool and Wodonga. The remaining 38 local government areas, including six alpine resort areas, are referred to as the rural local government areas.

Significant Diversion - has the meaning set out in section 4.10 of the Agency Guidelines and 3.8 of the Supplier Guidelines.

Significant Diversion Process - is the process set out in section 4.10 of the Agency Guidelines and 3.8 of the Supplier Guidelines which must be followed if a supplier's proposed change to local sourcing from their LIDP is a significant diversion.

Sole Entity Purchase Contract (SEPC) - is a procurement arrangement established when a sole organisation has a specific requirement for frequently purchased goods and services. A sole supplier or panel of suppliers are appointed to provide goods or services specific to an agency over the life of the contract.

SMEs - means small to medium-sized enterprises.

State Purchase Contract (SPC) - refers to standing offer agreements for Victorian government common use goods and services, which are established when value for money can best be achieved through aggregating demand. SPCs are established and managed by the Department of Treasury and Finance, the Department of Premier and Cabinet or other government entities with specific knowledge and business drivers. A sole supplier or panel of suppliers are appointed to provide goods or services over the life of the contract, for use by Victorian Government departments and agencies.

Supply Policy - means a supply policy made under section 54L of the *Financial Management Act 1994*.

Trainee - undertake entry-level roles under a training contract with an employer that combines training with paid employment. Traineeships are undertaken at Certificate II level and above including Diploma and Advanced Diploma. Traineeships typically have a duration of one to two years and are competency based. Traineeships can be in areas including civil construction, design, business services, information technology, human resources and community services. For a trainee to be counted towards the MPSG requirement for a project they must be:

- undertaking a course that relates directly to their role on a Local Jobs First project and is consistent with the training contract, and
- registered with the VRQA or the vocational education and training regulator under the *Education and Training Reform Act 2006*.

Traineeships are different from professional traineeships (an employee who is not in an entry level role and is undertaking professional development training), which cannot count towards MPSG.

Training Contract – is a formal agreement between an employer and an apprentice or trainee. Further details can be found on the VRQA Training Contracts page. The term has the same meaning as in the *Education and Training Reform Act 2006*, which defines a training contract as an apprenticeship training contract or a traineeship training contract.

Value for Money - Consistent with the definition in section 6(2) of the Act, value for money has the same meaning as the relevant supply policy, standard or direction under the *Financial Management Act 1994* or the *Project Development and Construction Management Act 1994* (as the case may be). For more information about value for money when procuring goods and services see the Buying For Victoria Value for Money page.

Victorian Management Centre (VMC) – is an online system hosted by the ICN and used by agencies and suppliers for Local Jobs First project registration, reporting and completion.

Department of Jobs, Skills, Industry and Regions
121 Exhibition Street, Melbourne, Victoria 3000

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