

## Local Steel – Policy Enhancements

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The Local Jobs First Policy is being updated to strengthen outcomes for the local steel industry. This includes raising the profile of steel on Local Jobs First Strategic Projects.

### How does Local Jobs First work?

The Local Jobs First Policy under the *Local Jobs First Act 2003* ensures that local small and medium-sized enterprises are given the opportunity to compete for government contracts.

The Minister for Industry Support and Recovery sets minimum local content requirements for Local Jobs First Strategic Projects (valued at \$50 million or above). The Minister may also set other requirements such as maximising or using a specified amount of steel products produced by local industry to deliver the project.

Bidders for Local Jobs First projects must include a Local Industry Development Plan (LIDP) to demonstrate the ability to deliver local content commitments, including any requirements set by the Minister. Compliance with the final LIDP is a requirement under the project contract.

Victorian Government agencies are responsible for ongoing monitoring of LIDP commitments and associated compliance by suppliers (contractors responsible for delivering the project).

### What is changing?

#### New process to reduce steel offshoring

A new process is being embedded into Local Jobs First to maximise local steel industry opportunities. Under the new process, where a supplier for a Strategic Project proposes to source steel internationally, but the LIDP listed local sourcing, they must notify the project delivery agency before committing to the change.

This may be considered a ‘significant diversion’. The agency will work with the

supplier to understand what is driving the change and look for solutions to maximise local steel outcomes.

#### Prioritising steel opportunities

For all construction Strategic Projects, suppliers will be required to list steel packages and local steel commitments on the Industry Capability Network (ICN) Gateway, to provide the local steel industry with visibility of project opportunities.

Select projects will have a requirement for suppliers to prepare a Steel Engagement Plan or Steel Sourcing Plan that will form an attachment to the LIDP, to advise the steel industry of project opportunities.

For smaller projects, suppliers will be required to engage with the local steel industry.

#### Steel-focused ICN assistance

The ICN will also work closely with suppliers on Local Jobs First Strategic Projects to maximise opportunities for the local steel industry and supply chain.

### How will these changes support the steel industry?

When steel, or steel products, are listed as line items for a project, bidders often choose a local business to supply that item. However, once a project moves into delivery suppliers may need to change sourcing compared to what was outlined in the LIDP. For example, due to changes in local business quotes or availability of materials.

The policy changes will ensure that local alternatives have been considered before an international steel supplier is chosen. This will

give the local steel industry a full and fair opportunity to compete for government work.

DJPR will also have increased visibility of significant changes to steel commitments in LIDPs, providing greater oversight and informing future policy development and industry engagement.

### **What assistance will be provided to bidders to identify local steel opportunities?**

ICN industry advisers will be available to support bidders to identify local steel opportunities and solutions.

### **Will steel targets continue to be set on Strategic Projects?**

Select projects will continue to have steel targets set by the responsible Minister.

Where possible, the design and construction stages of a project will be separated to allow for specific steel targets to be set.

### **What are the implications of suppliers and agencies not following this process?**

DJPR will work with agencies that are encountering significant changes on their projects. DJPR will also monitor the effectiveness of this policy across projects, suppliers, and agencies to address any non-compliance caused by misunderstanding.

The Local Jobs First Commissioner will:

- collaborate with agencies to assist suppliers in identifying local steel businesses; and
- monitor and report on compliance with these policy changes; and
- take enforcement action in relation to breaches of the Local Jobs First Policy.

### **When will these changes come into force?**

These changes are effective immediately and apply to all new Strategic Projects.

Authorised by the Department of Jobs, Precincts and Regions

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