

# **LOCAL JOBS FIRST AGENCY GUIDELINES**

Under the *Local Jobs First Act 2003*

October 2025

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# 1 Before you start

## 1.1 Introduction

The Victorian Government is the largest procurer of goods, services and construction works in the State. Local Jobs First (LJF) leverages this purchasing power to help develop local industries, create jobs and boost economic activity across Victoria.

LJF supports Victorian businesses and workers by ensuring that small and medium size enterprises (SMEs) are given a full and fair opportunity to compete for government contracts, helping to create job opportunities, including for apprentices, trainees and cadets (ATCs).

LJF is the scheme established under the *Local Jobs First Act 2003* (the Act). The scheme is set out in the Act, the Local Jobs First Policy and any regulations made under the Act. For the purposes of the Act, the Local Jobs First Policy includes the Local Jobs First Policy document, Local Jobs First Agency Guidelines and Local Jobs First Supplier Guidelines.

For more information about LJF and the scheme's objectives, see the Local Jobs First Policy document and visit [www.localjobsfirst.vic.gov.au](http://www.localjobsfirst.vic.gov.au).

## 1.2 Overview

The Local Jobs First Agency Guidelines (Guidelines) are prepared by the Minister responsible for LJF in accordance with section 4(3) of the Act and provide detailed instructions that agencies must follow to ensure compliance with LJF. The Guidelines are mandatory to follow if you are applying LJF to a project. **These Guidelines should be read in conjunction with the Act, the Local Jobs First Policy document and the Local Jobs First Supplier Guidelines available at [www.localjobsfirst.vic.gov.au](http://www.localjobsfirst.vic.gov.au).**

LJF (which incorporates these Guidelines), applies to all entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994*.

LJF requirements apply to all stages of a project from market approach and evaluation of proposals through to contract establishment, delivery and completion. Agencies must consider LJF at the earliest practical stage of project initiation and development to prevent the risk of non-compliance with LJF.

Agencies are responsible for ongoing monitoring of LJF implementation, compliance with Local Industry Development Plan (LIDP) commitments and associated compliance by contractors, suppliers or grant recipients.

Agency compliance with LJF requirements is audited regularly to investigate and report on the application of LJF. Audits may be led by the agency or the Local Jobs First Commissioner.

Your agency's LJF Administrator is an internal source of expertise on LJF and can provide general information about applying LJF.

See [Appendix 1: Glossary](#) for definitions of key terms used throughout this document.

## 1.3 Victorian Management Centre (VMC)

The [VMC](#) is an online system that manages LJF information and reporting by agencies and suppliers. Agencies use the VMC to register projects, monitor and approve LJF reporting during the project, and review and approve post-contract verification at project completion. A VMC user guide and other supporting resources, including VMC training sessions for agency staff, are available through the VMC online portal.

## 1.4 Industry Capability Network Victoria (ICN)

The [ICN](#) is a not-for-profit organisation funded by the Victorian Government to support the delivery of LJF. The ICN provides end-to-end assistance and practical advice on applying LJF and manages the VMC. The ICN also connects principal contractors with local suppliers and manufacturers, including liaising with industry to identify products and services where there is local capability to manufacture, supply and value add.

You can contact the ICN Policy Implementation Team via email at [policyadmin@icnvic.org.au](mailto:policyadmin@icnvic.org.au) or on (03) 9864 6700.

## 1.5 The Department of Jobs, Skills, Industry and Regions (DJSIR)

DJSIR administers LJF and provides information and advice to support LJF delivery across Victorian Government agencies. DJSIR coordinates ministerial approval of LJF requirements on all Strategic Projects and can advise agencies on complex policy matters. DJSIR also undertakes monitoring and reporting activities related to LJF.

You can contact the Local Jobs First Unit at DJSIR via email at [localjobsfirst@ecodev.vic.gov.au](mailto:localjobsfirst@ecodev.vic.gov.au).

## 1.6 Does Local Jobs First apply to your project?

LJF applies to all projects that meet the relevant LJF thresholds (unless a project exemption applies or the project is assessed as non-contestable), regardless of the procurement strategy implemented by an agency. This includes instances where agencies may directly procure individual minor works that contribute to a project or through a work order to an existing panel.

Agencies should review the criteria for applicable projects as outlined in the Act and the Local Jobs First Policy document to determine whether LJF needs to be applied to a project. The [Decision tool](#) in these Guidelines can help you determine whether LJF applies to your project and which sections of these Guidelines are relevant to you. For any clarification, agencies should contact the [ICN](#) or DJSIR.

### 1.6.1 Decision tool

**Answer the questions below to determine if and how LJF applies to the supply of your goods, services or construction activity. You should review all questions as multiple considerations may apply.**

The project type and method of procurement will determine which LJF process you will need to follow for your project.

Note that Victorian Industry Participation Policy (VIPPP) projects under LJF are designated as either Standard or Strategic Projects, based on their value and/or ministerial determination. The Major Projects Skills Guarantee (MPSG) under LJF can apply to both Standard and Strategic Projects.

**Is your project:**

1

**A metropolitan or state-wide procurement, purchase, project or other activity valued at \$3 million or more, but less than \$50 million?**

**A regional activity valued at \$1 million or more, but less than \$50 million?**

If yes to either, your project is an LJF Standard Project. Please follow the instructions for Standard Projects in [How to Apply Local Jobs First to Standard and Strategic Projects](#).

<b>2</b>	<p><b>A construction project valued at \$20 million or more?</b></p> <p>If yes, the MPSG applies. Please follow the instructions for MPSG-applicable projects in <a href="#">How to Apply Local Jobs First to Standard and Strategic Projects</a> and important further information in <a href="#">Additional Guidance for MPSG Projects</a>.</p>
<b>3</b>	<p><b>A project valued at \$50 million or more?</b></p> <p>If yes, your project is automatically deemed a Strategic Project. Please follow the instructions for Strategic Projects in <a href="#">How to Apply Local Jobs First to Standard and Strategic Projects</a>.</p>
<b>4</b>	<p><b>A grant or loan with a Victorian Government contribution of \$50 million or above?</b></p> <p><b>An initial stage or phase of a project that may have an overall value of \$50 million or more once fully funded?</b></p> <p>If yes to either, your project may be treated as a Strategic Project, and you must contact DJSIR to discuss how LJF will apply before proceeding.</p>
<b>5</b>	<p><b>A grant or loan with a state contribution that meets the thresholds at question 1?</b></p> <p>If yes, you must follow the LJF process for grants and loans in <a href="#">How to apply Local Jobs First to grants and loans</a>. This includes grants to local governments.</p>
<b>6</b>	<p><b>Establishing or renewing a State Purchase Contract (SPC) or Sole Entity Purchase Contract (SEPC), and the estimated or historical contract spend meets the LJF thresholds at questions 1, 2 or 3?</b></p> <p>You must consult with DJSIR prior to contract establishment / market approach to determine how LJF will apply. This includes SPCs and SEPCs with sole suppliers. See <a href="#">How to apply Local Jobs First to panels</a> for more information.</p>
<b>7</b>	<p><b>A market-led proposal with the potential to meet the LJF thresholds at questions 1, 2 or 3?</b></p> <p>Some market-led proposals may be subject to LJF. You should contact DJSIR to discuss the market-led proposal as soon as practicable and seek advice on whether LJF applies. See <a href="#">How to apply Local Jobs First to market-led proposals</a> for further information.</p>
<b>8</b>	<p><b>A procurement approach not explicitly outlined in these guidelines and its value meets any of the LJF thresholds at questions 1, 2 or 3?</b></p> <p>It is likely that LJF applies. You should contact the ICN or DJSIR to discuss your project as soon as practicable. This includes procurement by direct negotiation, via a supplier register or any other procurement approach.</p>
<b>9</b>	<p><b>A procurement for goods or services undertaken as part of your agency's Emergency Procurement Plan?</b></p> <p>LJF does not apply to projects carried out for the purposes of the response to, or recovery from, an emergency as defined by the <i>Emergency Management Act 2013</i>. This exemption only applies if the procurement of goods or services for the project is undertaken as part of your agency's Emergency Procurement Plan. More information on emergency procurement plans can be found at Buying For Victoria: <a href="http://www.buyingfor.vic.gov.au">www.buyingfor.vic.gov.au</a></p>

If you are still uncertain whether LJF applies to your project, you should refer to the Act, the Local Jobs First Policy document or contact the ICN. For complex projects where the application of LJF is difficult to determine, DJSIR can provide advice.

### 1.6.2 Projects with potential to meet the financial thresholds

If a project is likely to meet the LJF financial thresholds, then LJF must be considered in the business case and the subsequent project design (including if administered through a competition) and development. Projects may undergo development for a period of months or years and LJF must be considered during this development. Engagement with the ICN is required for each package of work, particularly for projects which currently have limited funding but expect the project to meet or exceed the Strategic Project threshold once fully funded. If you have questions about the application of LJF to an initial stage or phase of a project, contact DJSIR.

If the estimated project value of a project is close to the LJF financial threshold, then consideration should be given to applying LJF to avoid issues with non-compliance and delays to procurement processes caused by the late application of LJF requirements. For example, if a package of construction works in metropolitan Melbourne is announced and is valued at \$2.9 million, it is advisable to apply LJF. Consideration should also be given to any estimated budget contingency that may cause a project to exceed the threshold.

## 1.7 About model clauses

LJF model clauses are the mechanism through which LJF is included in project documents. Agencies must incorporate the current LJF model clauses for the applicable project type into both the market approach and contract documentation for all LJF-applicable projects. Template model clauses for each project type have been prepared by the Victorian Government Solicitor's Office and are available at [www.localjobsfirst.vic.gov.au/key-documents](http://www.localjobsfirst.vic.gov.au/key-documents).

To ensure LJF is accurately reflected in the contract, any deviation from the model clauses must retain all definitions, maintain the intent of the original clause(s) and be consistent with the objectives and principles of Local Jobs First Policy. Agencies should consider whether legal advice is required to confirm this and must consult with the agency's Chief Procurement Officer (CPO) and the contract manager to confirm internal approval requirements.

## 2 How to apply Local Jobs First to Standard Projects and Strategic Projects

This section outlines the usual process for applying LJF to most Standard Projects and Strategic Projects, including MSPG projects where applicable. This process can be used for projects contracted under a range of procurement approaches including Public Private Partnerships, alliances and auctions.

Agencies are not required to apply LJF to projects that are either exempt from LJF or assessed as non-contestable by the ICN. More information on the process for obtaining a contestability assessment for Standard and Strategic Projects from the ICN is provided at section 2.1 below.

Note that the process for applying LJF to Strategic Projects is similar to that of Standard Projects, however the Minister responsible for LJF sets specific requirements on all Strategic Projects and this process can involve significant additional engagement with DJSIR and the ICN, as outlined in [Step 2 - Strategic Projects: Confirm Local Jobs First requirements](#).

[Market led proposals, panel / standing offer contracts](#) and other procurement approaches may follow this process to apply LJF. You should contact the ICN or DJSIR for guidance.

Different processes apply if the project is procured or supported via a grant or loan. See [How to apply Local Jobs First to grants and loans](#) for instructions.

## 2.1 Step 1 - Register your project with the ICN and confirm contestability

Before undertaking a tender process for a Standard Project or Strategic Project, the Act requires that an agency must obtain, in the manner set out in the Local Jobs First Policy (including these Guidelines), a determination whether the project is a non-contestable project.

**In practice, this means that agencies must obtain a contestability assessment from the ICN before undertaking a tender process to determine whether the project is contestable or non-contestable.** This requirement does not apply to projects which are exempt from LJF because:

- the project is carried out for the purposes of the response to, or recovery from, an emergency as defined by the *Emergency Management Act 2013*; or
- the Minister responsible for LJF is satisfied that exceptional circumstances apply and has granted an exemption from LJF.

Agencies are required to register **all LJF-applicable projects** with the ICN no less than 30 days before releasing tender documents to potential bidders.

**Note that for Strategic Projects, it is recommended that agencies register the project at least 8 weeks prior to the anticipated tender release date.** This timeframe should be included in procurement planning.

After you have registered the Standard Project or Strategic Project on the VMC, 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.

The ICN may request further information if required.

**If the ICN determines that the project is non-contestable, it is not an LJF-applicable project.** This means you are not required to apply LJF to the project (e.g. no LIDP is required, and you do not have to monitor or report on LJF outcomes during project delivery).

The ICN will issue the agency with a contestability assessment letter which confirms whether the project is contestable or non-contestable. A copy of this letter will be available to DJSIR.

For Strategic Projects, proceed to [Step 2 - Strategic Projects: Confirm Local Jobs First requirements](#).

For Standard Projects, proceed to [Step 3 - Standard Projects: Review ICN contestability assessment](#).

Project registration is completed through the [VMC](#). If you do not have an account, you will be required to create one. If you require assistance, please contact the ICN Policy Implementation Team via email [policyadmin@icnvc.org.au](mailto:policyadmin@icnvc.org.au) or telephone (03) 9864 6700.

To register the project, you will be required to provide the specifications, scope of works, cost breakdown and project phasing information. Please ensure all fields are completed before submitting the tender, including:

- the project type and category
- if the project is part of a larger one (e.g. a quantity surveyor project which is part of a strategic design and construction project) and provide details of the overall project
- if the project is a purchase from an existing panel contract (by selecting the panel box).



## 2.2 Step 2 - Strategic Projects: determine Local Jobs First requirements

### 2.2.1 ICN prepares Strategic Project Framework for LJF-applicable projects

If the project is determined to be contestable, the ICN will prepare a detailed Strategic Project Framework which includes recommended LJF ministerial requirements for consideration by DJSIR, including minimum local content requirements for the project and any other sector-specific requirements which may be appropriate for the project. The ICN will provide the Strategic Project Framework to DJSIR for assessment and consideration. DJSIR will seek agency agreement on the recommended draft LJF ministerial requirements before advising the Minister responsible for LJF. The Minister responsible for LJF will take these recommendations into account in determining ministerial requirements for the project under section 7B of the Act.

In exceptional circumstances, there may be insufficient data available (e.g. for a novel or unique project type) for the ICN to develop a Strategic Project Framework for a Strategic Project. If this is the case, DJSIR will make a recommendation to the Minister responsible for LJF to set minimum local content requirements for the Strategic Project in accordance with section 7B of the Act (see Local Jobs First requirements section below) or as otherwise agreed with the agency.

### 2.2.2 Local Jobs First requirements

All LJF-applicable Strategic Projects have minimum local content requirements set by the Minister responsible for LJF, creating opportunities for local industry and workers to contribute to high value goods, services and construction projects. The Minister responsible for LJF may also set additional requirements that agencies and/or suppliers must meet. This process involves detailed engagement between DJSIR, the ICN and the agency.

Under section 7B of the Act, the Minister responsible for LJF must set local content requirements at no less than:

- 90 per cent for a Strategic Project that is a **construction project**
- 80 per cent for a Strategic Project that is a **services or maintenance contract**
- 80 per cent for the **maintenance or operations phase** of a Strategic Project.

The Minister responsible for LJF may determine other matters relating to Strategic Projects, including but not limited to:

- maximising or specifying the use of steel products produced by local industry
- maximising or specifying the use of uniform and personal protective equipment (PPE) produced by local industry
- any other requirements or conditions.

The Minister responsible for LJF may have regard to any of the Local Jobs First Policy objectives when setting local content requirements or determining other matters related to Strategic Projects.

DJSIR is responsible for seeking ministerial approval of LJF requirements for each LJF-applicable Strategic Project and will advise the agency following the Minister's determination. This process includes the Minister responsible for LJF writing to the Minister responsible for the project to inform them of the LJF requirements for that project.

Agencies must include LJF requirements in project documents released to market.

**Note:** For LJF-applicable Strategic Projects proceed to [Include Local Jobs First requirements in tender documentation](#).

## 2.3 Step 3 – Standard Projects: determine Local Jobs First requirements

Under the Act, the Minister responsible for LJF may set local content requirements for Standard Projects and determine other matters related to Standard Projects, including but not limited to requirements and conditions. The Minister responsible for LJF may consider the Local Jobs First Policy objectives when setting local content requirements or determining other matters related to Standard Projects.

DJSIR will advise the agency if there are any LJF requirements for a Standard Project which must be included in the project documents released to market.

## 2.4 Step 4 - Include Local Jobs First requirements in tender documentation

Agencies must notify prospective bidders about LJF requirements in tender documents, including Expressions of Interest, Requests for Proposals/Tenders and other processes, using the [model clauses](#) provided at [www.localjobsfirst.vic.gov.au/key-documents](http://www.localjobsfirst.vic.gov.au/key-documents).

Ensure that you include the model clauses that match the type of LIDP stated in the ICN contestability assessment letter or the Strategic Project Framework. For example, a Standard Project with MPSG must include the 'Standard Project with MPSG' model clauses.

The model clauses outline bidders' LJF requirements, including reporting requirements in detail and direct bidders to the VMC in which they will prepare a custom LIDP through an online form. Note that Microsoft Word based LIDPs are no longer in use.

### 2.4.1 When an LIDP is not required during the initial market approach

For some projects, where the agency must first assess bidders' ability to meet technical capabilities and safety requirements, LIDPs are not required to be submitted at the initial market approach stage. This is agreed with DJSIR on a case-by-case basis. Typically, this is a multi-stage process, with an Expression of Interest followed by a Request for Tender.

If DJSIR has agreed that an LIDP is not required during the Expression of Interest phase, market approach documents must inform bidders that they will be subject to LJF and will be required to submit an LIDP at a later stage of the procurement process. Agencies will be required to seek agreement with DJSIR.

This process is subject to the LJF Commissioner's oversight to ensure that local businesses are not being locked out of the procurement process. DJSIR informs the LJF Commissioner of any projects that do not require an LIDP at market approach.

## 2.5 Step 5 - Ensure all bids are Local Jobs First compliant

Bidders must submit a compliant LIDP and ICN Acknowledgement Letter to the agency as part of the tender documents for any project subject to LJF. The LIDP is an online form, which bidders submit to the ICN through the [VMC](#). The ICN will issue an Acknowledgement Letter to a bidder via email if the LIDP has been completed properly and submitted on time.

**A tender proposal is not complete without an ICN Acknowledgement Letter.** Only bidders with an ICN acknowledged LIDP may be considered by the agency during selection of the preferred bidder. Failure to provide the Acknowledgement Letter will mean the end of the procurement process for the bidder.

Agencies and DJSIR have access to the submitted LIDPs, Acknowledgement Letters, contestability assessments and the ICN Achievability Rating Report (formerly the Risk Evaluation Report) from the VMC.

### 2.5.1 Importance of the LIDP

An LIDP outlines the supplier's commitment to address the LJF requirements for the project and details the expected local content and job outcomes. The LIDP informs assessment of the 20 per cent LJF weighting during the tender process. When the contract is created, the preferred bidder's LIDP is incorporated into the contract. Agencies must ensure that project contracts require suppliers to comply with LJF and the LIDP. The supplier must then comply with the LJF commitments contained within the contract, including the LIDP.

Preparation of an LIDP can take up to three weeks. The ICN administers its LIDP review function separately from its functions to identify local goods and services and provide other assistance, for reasons of probity and privacy.

An LIDP must reflect the size and complexity of the project. Information required in the LIDP will be contingent on the size and type of the project. Broadly, it will include information on:

- **industry development commitments** (VIP commitments – for example, local content, technology transfer, supply chain engagement)
- **job outcomes commitments** (new and retained jobs as well as training), including MSPG 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 number of **SMEs that will be engaged** as part of the contract
- **any other commitments in relation to requirements or conditions** set by the Minister responsible for LJF in relation to the project.

### 2.5.2 ICN Acknowledgement Letter

The ICN will review each bidder's LIDP and consider completeness and compliance of the information.

The ICN will acknowledge receipt of an LIDP and issue an Acknowledgement Letter to bidders that have submitted a complete and compliant LIDP.

The ICN will only issue the Acknowledgement Letter if:

- all sections of the LIDP are satisfactorily completed
- the LIDP is compliant with the minimum local content requirements on the project and any additional requirements set by the Minister responsible for LJF (applies to all Strategic Projects and may apply to some Standard Projects)
- the LIDP is compliant with the minimum MSPG requirement (MSPG projects only)
- the LIDP has been submitted within the specified tender timeframe
- the Statutory Declaration and all other conditions are agreed, including monitoring, reporting, auditing and compliance.

### 2.5.3 Non-compliant LIDPs

The ICN will inform a bidder and the agency in writing if the bidder's LIDP has been deemed non-compliant due to not meeting minimum local content requirements (if applicable) or incomplete information being provided. When this happens, a non-compliance letter will be issued. The agency may choose to [request that the supplier resubmits the LIDP](#).

## 2.6 Step 6 - Apply 20 per cent Local Jobs First weighting during tender evaluation

### 2.6.1 About the mandatory weightings

Under the Act, LJF commitments must be weighted as part of the tender evaluation. **Agencies are required to apply a mandatory minimum 10 per cent weighting for local industry development and 10 per cent weighting for job outcomes.**

The Act sets these weightings to ensure that industry development and job opportunities are maximised by bidders in delivery of the project. 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.

Where there are multiple stages within a procurement process, the agency must apply the weightings as early as possible and at all subsequent stages.

In addition, evidence that the weightings have been applied must be retained for project auditing purposes, including audits requested or undertaken by the LJF Commissioner and reviews undertaken by DJSIR.

Recommendations on how to apply the LJF weightings are provided at [Example scoring for Standard Projects](#) and [Example scoring for Strategic Projects](#). If your agency would like to apply a different methodology to meet the intent of a specific project, then you must ensure that the two 10 per cent weightings are applied. It is recommended that you contact DJSIR to confirm that your proposed methodology is suitable as the use of different methodologies may be subject to review by the LJF Commissioner through the LJF Commissioner's audit program.

### 2.6.2 ICN Achievability Rating Report (formerly the Risk Evaluation Report)

The ICN will provide an LJF Achievability Rating Report (formerly the Risk Evaluation Report) to the agency at a specified time after the tender close date. The agency must use the ICN Achievability Rating Report in the tender evaluation process for bidder short-listing and selection.

The ICN will assess the achievability profile of the bidder achieving their stated LIDP commitments as either High Risk, Medium Risk or Low Risk and provide a summary for the assessment. This may include recommendations to address identified issues. The ICN will draw on industry experience and internal benchmarking when making these determinations.

During the tender evaluation process, the agency should review the LIDP commitments and address with the bidders any issues of concern with the LIDPs, including issues identified in the ICN Achievability Rating Report.

### 2.6.3 Requesting bidders resubmit an LIDP

Agencies may request bidders resubmit an LIDP if further clarification is required to assure the agency that a specific supplier will be able to meet their stated commitments. For example, if mistakes have been identified, the LIDP is assessed as 'High Risk', or to address recommendations made by the ICN in the ICN Achievability Rating Report. Any resubmissions must be compliant with an agency's own probity rules and regulations.

If a bidder is going to resubmit their LIDP, the agency's project manager must notify the ICN through the VMC. The LIDP must then be revised and resubmitted to the ICN through the VMC, for subsequent reassessment by the ICN and the agency using the same Acknowledgement Letter process.

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

## 2.6.4 Scoring industry development commitments

**Agencies must allocate 10 per cent of the total points for the bid evaluation to assessment of industry development commitments.** 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 and the total number of points a bidder could obtain for the industry development commitments criterion would be 10 out of 10.

The objectives that must be considered in the development of the Local Jobs First Policy (including these Guidelines) are to support local industry development by:

- expanding market opportunities for local businesses
- providing Aboriginal businesses with opportunities to participate in LJF projects
- encouraging SMEs based in regional areas to participate in LJF projects
- encouraging the use of local content at each stage of construction or manufacturing projects
- promoting the use of Australian Standards on LJF projects
- designing tender and procurement processes to provide fair and reasonable opportunities for local industry participation
- increasing contractor access to and awareness of local industry capability
- providing exposure to innovation, including use of new technologies and materials, and
- developing international competitiveness and flexibility in responding to changing global markets.

The weighting for industry development outcomes is designed to ensure that local content is maximised by bidders in delivery of the project, to support these objectives.

Scoring will consider each bidder's commitment to industry development, noting that points should be adjusted based on the achievability of local content commitments, using the [ICN Achievability Rating Report \(formerly the Risk Evaluation Report\)](#).

Further information is provided at [Example scoring for Standard Projects](#) and [Example scoring for Strategic Projects](#). Note that the scoring process for Strategic Projects includes a threshold test and value-add scoring which considers the specific LJF requirements set for the project.

## 2.6.5 Scoring job commitments

**Agencies must allocate a further 10 per cent of the total points for the bid evaluation to assessment of job commitments.** For example, for a bid evaluation where a maximum of 100 points can be earned, 10 points are allocated to the evaluation of job outcomes and the total number of points a bidder could obtain for the job commitments criterion would be 10 out of 10.

The weighting for job outcomes is designed to ensure that job opportunities for new and retained employees are maximised by bidders in delivery of the project.

Job outcomes in bids are required to be compared against each other and relative scores assigned, using a reference or comparison method. Bids that commit to creating or retaining a higher number of Victorian jobs and job development opportunities are scored more highly than bids that commit to a lower number of jobs. The bid with the least number of jobs and job development opportunities will receive the lowest rating out of 10. Each element has equal weighting (e.g. Victorian jobs created or retained). Agencies should not favour created or retained jobs – they should be treated equally.

Further information is provided at [Example scoring for Standard Projects](#) and [Example scoring for Strategic Projects](#).

Note that for projects where MPSG applies, 5 percentage points are allocated to the evaluation of MPSG specific outcomes and 5 percentage points are allocated to broader job outcomes. **For all MPSG-applicable projects, please refer to [Additional guidance for MPSG projects](#) for important further information.** This includes key considerations when assessing MPSG commitments in the LIDP, and detailed information about eligible apprentices, trainees and cadets and eligible labour hours.

## 2.7 Step 7 - Select preferred bidder and award contract

The agency project manager must notify the ICN of the appointed supplier for a given tender. This must be done through the VMC and must occur within five business days of awarding a contract.

Agencies must ensure that project contracts require suppliers to comply with LJJ and the LIDP. **In practice, this means that the LIDP including LJJ commitments must be incorporated into the contract as a project deliverable.** This is achieved by attaching the final agreed LIDP to the contract and including the relevant [model clauses](#) in the agreement.

An agency must determine the consequences that will apply if contractors do not deliver all of the outcomes committed to in their LIDP. Agencies should consider building financial and or other disincentives into their contracts that apply if LJJ obligations are not met.

If requested, an agency must provide feedback to a bidder on a successful or unsuccessful tender. Agencies may provide the feedback provided in the ICN Achievability Rating Report to suppliers.

## 2.8 Step 8 - Monitor and report on Local Jobs First outcomes during project delivery

### 2.8.1 Project monitoring to support compliance

Agencies are responsible for ongoing monitoring of LIDP commitments and associated compliance by contractors and suppliers. This includes reviewing and approving supplier reporting through the VMC on new, in progress and completed projects.

For Strategic Projects, this also includes following a process for any [proposed changes to the local sourcing](#) of an item/s during project delivery compared to what is listed in the approved LIDP. The LJJ Commissioner may review agencies' monitoring processes.

Agencies may require the successful bidder to provide regular updates on its implementation of LJJ as part of their project management practices and milestone achievements within the contract.

Agencies must ensure contractors keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail as to how local content percentages and job outcomes were calculated and providing relevant supply chain information to the agency and DJSIR as requested. Documentary evidence of outcomes can be saved on the VMC if suppliers choose to use this function. DJSIR and the LJJ Commissioner can request this information during and on completion of the project.

Agencies can be reported in the Local Jobs First Annual Report for serious contraventions in complying with LJJ. As such, it is recommended that agencies take reasonable steps to monitor the implementation of suppliers' LIDPs and seek early advice from DJSIR to help delivery if there are concerns.

### 2.8.2 Reporting requirements

There are reporting requirements for all LJJ projects. All reporting information, including project details, commitments and outcomes, must be submitted using the VMC. Reporting is required at the beginning and completion of a project and may also be required periodically during a project, as follows:

Reporting type	Applicable projects	Purpose and uses	Reporting period/s	Agency data approval required

<a href="#">Annual reporting</a>	All LJF projects that commenced or completed in the financial year	Monitors LJF commitments and outcomes  Informs the LJF Annual Report to Parliament by the Minister responsible for LJF	1 July - 30 June	July each year
<a href="#">Six-monthly reporting</a>	LJF projects valued at \$20 million and above (includes MPSG-applicable projects)	Monitors outcomes of higher-value projects  Informs briefings to the Minister responsible for LJF  Relevant data may be included by DJSIR in the LJF Annual Report	1 October - 30 March  1 April - 30 September	April and October each year
<a href="#">Completion reporting</a>	All LJF projects	Confirms LJF outcomes achieved through the project  Informs the ICN verification process  Relevant data may be included by DJSIR in the LJF Annual Report	N/A	At practical completion of the project

DJSIR is responsible for whole-of-government monitoring and reporting, drawing on agency, contractor and ICN data from the VMC. DJSIR accesses LIDP information through the VMC after the project is awarded to a contractor.

The LJF Commissioner has a role to play in reviewing reporting to improve the application of LJF by agencies and industry and undertakes compliance activities as required.

### 2.8.3 Annual Reporting

The Act requires agencies to provide information to the Minister responsible for LJF for inclusion in a consolidated LJF Annual Report. This report is tabled in Parliament by the Minister responsible for LJF by 30 November each year.

DJSIR collects all data for the LJF Annual Report from the VMC. Therefore, agencies are responsible for ensuring data for all their projects on the VMC is correct and up to date. This includes reviewing and approving any outstanding contractor reports on the VMC.

Data collected will include details on projects commenced and projects completed during the relevant financial year. For commencement reporting, agencies must ensure all project details are correct and contracts have been awarded on the VMC. For [completion reporting](#), agencies must review the final LIDP monitoring table required at the completion of the project to assess whether the supplier met its LJF commitments.

Agencies will have their own internal processes for formal review and approval of this data, to ensure compliance with LJF. It is recommended that an agency's LJF Administrator and project contract managers are involved in this process. The LJF Administrator can be a key point of contact for contract managers and can view all monitoring tables on the VMC, to help in the annual reporting on compliance with LJF.

The Annual Report will also include information about any projects that were exempted from applying LJF or assessed as non-contestable.

Under the Act, each agency is also required to report on the agency's compliance with LJF in the financial year in its annual report of operations under Part 7 of the *Financial Management Act 1994*. Disclosure requirements for LJF are outlined in Financial Reporting Direction 25D [Local Jobs Disclosures in the Report of Operations](#).



## 2.8.4 Six-monthly reporting

LJF has mandatory six-monthly reporting requirements for all projects worth \$20 million or more to monitor outcomes of higher-value projects. For these projects, suppliers must report all achievements for the reporting period against the LIDP commitments through the VMC.

Reporting periods end on 30 March and 30 September and the reports should capture data that is as up to date as possible. Agencies must review and approve contractor reports on the VMC, for submission to DJSIR within a reasonable timeframe, as specified by DJSIR. Once approved, DJSIR will be able to access these reports for monitoring and compliance purposes.

For MPSG-applicable projects, six-monthly reporting data must include the number of labour hours performed by each individual ATC working on the project, to be tracked against the contracted MPSG commitment.

## 2.9 Step 9 – Consider Local Jobs First if the project changes during delivery

### 2.9.1 Changes to local sourcing

Suppliers must deliver the commitments set out in the LIDP within their project contract with the agency. A key part of this is engaging with local businesses and supply chains.

For Strategic Projects, a supplier proposing to change the local sourcing of an item/s compared to what is listed in the approved LIDP, must notify the project delivery agency before contractually committing to the change.

Agencies that become aware of a supplier's proposed change must work with the supplier to understand the reason for the proposed change, assess potential impact/s, and determine if it meets the LJF definition of a significant diversion. A proposed change is considered significant if a supplier proposes to divert from the approved LIDP by:

- reducing the local content of any steel item, or
- reducing the local content by 20 per cent or more of any item (or group of similar items) that are of significant value to the project (e.g. valued at greater than \$5 million or equate to 5 per cent or more of the project's contract value).

#### Has a supplier triggered a significant diversion?

1. Is the supplier proposing to reduce the local content of any steel item?
2. Is the supplier proposing to reduce the local content of an item (or group of similar items) in the LIDP by more than 20% and the value of that item/s is more than \$5 million?
3. Is the supplier proposing to reduce the local content of an item (or group of similar items) in the LIDP by more than 20% and the contract value percentage of that item/s is more than 5%?

If you answered *yes to any* of the above questions, the proposed change is considered a significant diversion. If you answered *no to all* questions, the change is not considered a significant diversion, and the notification requirement does not apply. Nevertheless, suppliers may choose to work with the ICN to consider local sourcing options.

Agencies must notify DJSIR of any proposed change that triggers a significant diversion by emailing [localjobsfirst@ecodev.vic.gov.au](mailto:localjobsfirst@ecodev.vic.gov.au), including an excerpt of the line item from the LIDP in its current and proposed form.

DJSIR may request further information, including for possible validation by the ICN, and may ask agencies to direct suppliers to work with the ICN to maximise local industry outcomes in relation to the proposed change, including instances where the supplier has identified local sourcing challenges during project delivery. Where agreement is reached that international sourcing is the preferred option, the supplier may also be required to [resubmit their LIDP](#) to the ICN for verification. Suppliers and agencies should retain evidence of the options investigated to avoid sourcing items internationally.



For significant diversions, decisions to proceed with an international supplier must not be made prior to consultation with DJSIR. Further information about this process is available at <https://localjobsfirst.vic.gov.au/key-documents>

### 2.9.2 Changes to project scope and value

If an agency or supplier varies a contract, then LJF must be considered when changing the value of the contract or scope of work. This should occur if the cost of the original contract value of the project, or the Annual Employee Equivalent (AEE) required to deliver the project, either increases or decreases by 10 per cent or more and the contract is being varied accordingly. In these instances, the supplier must resubmit the LIDP to the ICN for re-evaluation, so that the list of contestable and non-contestable items and their commitments can be reassessed. Contact the ICN for more advice on a project-by-project basis.

If a significant variation to the contract occurs during the course of the project which effects a change in the nature of the contestable items, then a revised LIDP will likely be required to check if the requirements are still appropriate. This means that there are new contestable items to consider, there are contestable items that are no longer required, or the mix of items changed significantly in the project.

The agency must notify the ICN and DJSIR if a significant variation is expected, to facilitate a review of the LIDP, and Strategic Project Framework where required, to determine if the local content requirement is still appropriate. It may be necessary for the Minister responsible for LJF to set a revised target for the project if it has changed significantly. DJSIR may request further information from the agency to support the briefing process.

### 2.9.3 If a revised LIDP is required

If the ICN recommends that a revised LIDP and/or a revised local content requirement is required, then the ICN will advise the agency and DJSIR. The agency will then notify the supplier, who must prepare the revised LIDP in collaboration with the ICN and the agency for [certification](#).

For Strategic Projects, if a revised local content requirement is required, then DJSIR will prepare a briefing for the Minister responsible for LJF to set the amended minimum local content requirement(s). DJSIR may request further information from the agency to support the briefing process. The revised LIDP will need to meet (or exceed) the amended minimum local content requirement.

## 2.10 Step 10 - Obtain and review project completion reporting from supplier

End of contract verification is required for all LJF projects to confirm the LJF outcomes achieved through the project. **Agencies are responsible for ensuring that this process occurs at or before practical completion of the project and/or delivery of the goods or services.** For projects delivering goods, this is at the time of full supply (ahead of the defects period). For projects delivering services, it is often at the end of the life of the contract. For long-term or ongoing contracts, such as projects that include a development or construction and an operations and/or maintenance phase, a completion report is required for both practical completion of the construction and for completion of the overall project, noting that different suppliers may be responsible.

LJF project completion verification documents may be prepared before finalising further administrative or regulatory processes that may need to be followed. Failure to complete the verification documents will deem the project to be non-compliant with LJF and may impact a supplier's LJF achievability rating on future projects.

Completion reporting is submitted on the VMC using the same process as reporting during the project. However, when the project has reached the final reporting cycle, the agency must indicate on the VMC that a completion report with ICN verification is required.

The agency contract manager must request the supplier to submit through the VMC the following information before practical completion of a construction project, or final delivery of a goods and services project:

- **A completed LJF monitoring table** identifying LIDP commitments and outcomes achieved (see [Appendix 5: Example Monitoring and Reporting table](#)).
- **A statutory declaration** signed by the supplier's company director, chief executive or chief financial officer, which states that the information given in the LJF monitoring table is true and correct (see [Appendix 7: Statutory Declaration Template](#)).

The contract manager must then review the completed LJF monitoring table and signed statutory declaration, and either approve it to be sent to the ICN for verification or return it to the supplier for resubmission.

The agency contract manager must ensure that suppliers explain any discrepancies between the expected and achieved LJF outcomes. For Strategic Projects, this should include an explanation of work undertaken to maximise local industry outcomes in relation to any [changes to local sourcing](#), and that the required process was followed.

Agency contract managers must compare outcomes achieved to those expected under the contract, in the LIDP or other related documents to consider any differences and any related action arising. If contractual consequences apply for failure to achieve outcomes, the agency may choose to implement them.

### 2.10.1 ICN Verification

The ICN will examine the data submitted to determine whether the outcomes reported are reasonable or require further clarification. The verification results will be sent to the agency contract manager.

If the ICN determines there is insufficient evidence that the LJF outcomes reported are reasonable, then the agency contract manager will be notified by the ICN, and the agency will be required to seek clarification of the outcomes from the supplier.

The ICN verification report is submitted to the delivery agency and provided to DJSIR for policy compliance purposes.

If required, the agency contract manager must explain any differences between expected and achieved LJF outcomes and certify that they are approved, and identify actions taken to address any unreasonable failure to meet LJF commitments. If the information given remains inadequate, the agency must report to DJSIR on why this is the case and any action to be taken under the contract. Compliance issues can also be raised with the LJF Commissioner.

The information given in the monitoring table and related advice will inform the annual reporting on LJF outcomes by the agency and the Minister responsible for LJF. The ICN will also include the final local content and job outcomes in their LJF reporting.

### 2.10.2 Compliance

Agencies are responsible for determining the consequences that apply if contractors do not deliver the LJF outcomes committed to in their LIDP and may choose to build into their contracts financial and or other disincentives that apply if LJF obligations are not met.

Where LJF outcomes reported by a contractor do not meet the levels committed to in the LIDP and contract, the agency should identify 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). For Strategic Projects, this should include consideration of work undertaken to maximise local industry outcomes in relation to any [changes to local sourcing](#) and confirmation that the required process was followed.

Where no acceptable valid reason can be identified, the agency may determine that this represents a breach of contract that may trigger that agency's dispute resolution process. The LJF Commissioner may also play a role in this process.

The Act provides a transparent LJF 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. This is in addition to the regular compliance activities undertaken by DJSIR.

Under the Act, the LJF Commissioner may request an agency to conduct a compliance audit in relation to compliance with LJF or with an LIDP. The Commissioner may request a report on the audit and may impose terms of reference or other requirements for the audit.

### 3 Additional guidance for Major Projects Skills Guarantee (MPSG) projects

The MPSG provides opportunities for ATCs to work on Victoria's largest construction projects. This helps to ensure Victorians starting their career in the construction industry have more opportunities to receive on-the-job training. Further information about the MPSG's objectives is available in the *Major Projects Skills Guarantee Policy Statement* at <https://localjobsfirst.vic.gov.au/key-documents>.

MPSG requirements apply to all Victorian Government construction projects valued at or above \$20 million.

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

#### 3.1 Calculating the minimum MPSG requirement

**All MPSG-applicable projects have a mandated requirement for the contractor to deliver at least 10 per cent of project labour hours using Victorian ATCs.** This is based on estimated labour hours provided by bidders at project tendering.

For MPSG-applicable projects, a bidder's minimum MPSG requirement is 10 per cent of the total project labour hours as provided by the bidder in the employment commitments section of the LIDP. Bidders may voluntarily increase their MPSG commitment for a project above the minimum requirement.

Refer to the Supplier Guidelines for detailed information about how the minimum MPSG commitment is calculated. The minimum MPSG requirement is generated from a bidder's VIPP employment commitments. Bidders may choose to use the Deemed Hours Formula to estimate total project labour hours for their employment commitment, but this is not required. Agencies may also use this formula to sense test a bidder's estimated labour hours for a project. For further information see [Appendix 6: Deemed Hours Formula \(updated\)](#).

#### 3.2 Assessing job commitments on MPSG projects

**The 10 percent weighting for job commitments on MPSG projects covers MPSG job outcomes and broader job outcomes on the project.** For example, for an MPSG bid evaluation where a maximum of 100 points can be earned, 5 points are allocated to the evaluation of MPSG specific job outcomes and 5 points are allocated to broader job outcomes (e.g. creation/retention of Victorian/local jobs and creation of job development/training opportunities). The total number of points a bidder could obtain for the job commitments criterion would be 10 out of 10.

The total score for job outcomes for MPSG-applicable projects can be calculated by adding the score for MPSG outcomes with the score for additional job outcomes. For example, a bidder that received 3/5 points for MPSG outcomes and 4/5 points for additional job outcomes will receive a total final score of 7/10 for job commitments.

Further information is provided at [Appendix 4: Example scoring for MPSG job outcomes](#).

Agencies may use the updated Deemed Hours Formula to sense test a bidder's estimated labour hours for a project, particularly if bidder labour estimates vary significantly. For further information see [Appendix 6: Deemed Hours Formula \(updated\)](#).

### 3.3 Eligible apprentices, trainees, and cadets

The MPSG is designed to provide on-the-job training opportunities for new entrants to the construction workforce. Detailed definitions for ATCs that can be counted towards MPSG are provided in the [Glossary](#). Note that professional traineeships (experienced workers undertaking professional development training) cannot count towards MPSG. Further guidance on the applicability of ATCs is available via the [LJF website](#).

ATCs may be directly employed by the principal contractor or subcontractors or indirectly employed through group training organisations (GTOs).

Bidders are encouraged to use Victorian ATCs drawn from groups who are generally under-represented in industry vocational training, such as women, and/or those who face barriers to vocational training or the workforce more generally, such as Aboriginal or older ATCs or people with a disability. Key resources to help achieve this may include state and federal employment programs and initiatives.

### 3.4 Eligible labour hours

The MPSG does not prescribe the breakdown of labour hour contributions from ATCs. They can be used in any combination of hours and across different contracts of a particular project. However, the Victorian ATCs that are used must reflect the existing occupational profile of the sector workforce, and bidders are to avoid reliance on any one group to achieve compliance where this is outside the industry or sector norm.

The contribution can include work hour contributions from either existing or new Victorian ATCs or combinations of these.

Only the hours spent working on the applicable project can be counted towards the project's minimum 10 per cent MPSG requirement. For example, a full-time business administration trainee may work across a few projects, only spending an equivalent of two days per week working on the MPSG-applicable project. In this example, only 15.2/38 hours per week can be counted towards the requirement.

Hours worked off-site to deliver inputs to a project can be counted towards the minimum 10 per cent MPSG requirement, where ATCs are employed by subcontractors under the principal contractor. For example, the hours worked by an engineering fabrication apprentice to manufacture prefabricated steel components for use on an MPSG-applicable project can be counted towards the MPSG hours for that project. Bidders should be encouraged to contact their off-site suppliers to understand their ATC use on the project.

Hours spent off-site on training and education can be counted towards the minimum 10 per cent MPSG requirement. This allows the time ATCs spend away from the project at TAFE or university to still be counted. For example, a cadet working two days on the project with five contact hours at university, a total of 20.2/38 hours can be counted towards the hour requirement. However, if a cadet is on summer break from university and therefore not attending classes, no contact hours at university can be counted. Only training contact hours while concurrently working on the project can contribute towards MPSG.

### 3.5 Specifying how MPSG roles are filled to support other policy objectives

Agencies can leverage MPSG to deliver additional benefits such as social, economic and training outcomes by specifying how ATC roles are filled on a project basis. This can be achieved by specifying additional requirements as part of the approach to market for the tender or proposal.

The LIDP does not require bidders to detail how ATC roles will be filled, however where applicable suppliers can choose to demonstrate delivery of additional benefits as part of the MPSG information their LIDP.

## 4 How to apply Local Jobs First to grants and loans

**Note that grants and loans with a state contribution of \$50 million or above may be treated as a Strategic Project. Before proceeding with grants of this value, agencies must contact DJSIR to confirm if LJF applies and any relevant LJF requirements (including whether a contestability assessment is required and the project monitoring and reporting requirements).**

Grant and loan recipients are subject to LJF where the value of the grant meets the LJF financial thresholds and the recipient is not a State or Commonwealth government agency.

Grants and loans involving a co-contribution from another jurisdiction, such as the Commonwealth or other third parties (including the recipient), are subject to LJF based solely on the value of the Victorian Government grant or loan meeting the LJF monetary thresholds.

If an agency believes a specific grant or loan is not targeted towards the LJF objectives, then the agency should contact DJSIR to determine the applicability of the LJF process.

The application of LJF to grant or loan recipients ensures local SMEs and workers benefit from the opportunities once the grant project begins.

The steps for an agency to comply with LJF for grant or loan contracts with a state contribution under \$50 million are outlined below. The main difference in the LJF process is the requirement for grant or loan recipients to consult with the ICN to acquire an Interaction Reference Number (IRN) rather than register and develop an LIDP.

In the steps below, the term “grant(s)” refers to both grants and loans provided by the Victorian Government.

### 4.1 Step 1 - Specify Local Jobs First requirements in grant documents

The agency must include LJF requirements in grant and loan documents, including grant guidelines and proposed contracts, using the LJF [model clauses](https://www.localjobsfirst.vic.gov.au/key-documents) for grants provided at [www.localjobsfirst.vic.gov.au/key-documents](https://www.localjobsfirst.vic.gov.au/key-documents).

### 4.2 Step 2 - Advise grant recipient to obtain an Interaction Reference Number (IRN)

As soon as the grant recipient and agency reasonably expect the grant arrangement to proceed, agencies are required to advise grant recipients that they must:

- **register the proposed grant with the ICN** using the [VMC](#) to obtain an Interaction Reference Number (IRN). The IRN form requires the details and scope of the proposed procurement activity to be given. The agency should provide relevant information to help the grant recipient to complete the IRN form
- **consult with the ICN** on the nature of the procurement activity, including obtaining a contestability assessment (if required) and identifying any opportunities for local SMEs

- **provide the IRN to the agency** within 20 business days of the grant agreement being executed
- **involve the ICN in the project** to ensure local industry has opportunities to connect into the supply chain and that local workers are given opportunities, including ATCs
- **ensure that the project adheres to LJF.**

The ICN will issue the grant recipient with an IRN and reference letter.

In some instances, such as for grants provided to local governments where the recipient is contracting out the works, it may be more appropriate for the lead contractor to complete the IRN process on the grant recipient's behalf. Prior discussion with the ICN in these cases is recommended.

### 4.3 Step 3 - Include Local Jobs First requirements in the contract or grant agreement

The agency must include the requirement for an IRN and any agreements reached regarding LJF within the contract or grant agreement using the LJF contract model clauses for grants provided at <https://localjobsfirst.vic.gov.au/key-documents>. This involves attaching LJF model clauses as a Schedule to the contract or grant agreement.

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

### 4.4 Step 4 – Receive IRN and any Local Jobs First agreements before making grant payment

The grant recipient must consult with the ICN and obtain an IRN within the required timeframe as a condition of grant payment. The agency should ensure that these requirements have been met before making a grant payment for any LJF-applicable grant.

### 4.5 Step 5 - Report annually on local content and job outcomes

The agency must retain a record of the IRN as well as any associated local content and job outcomes for inclusion in annual reporting on compliance with LJF.

Any local content outcomes achieved through consultation with the ICN will be noted and reported to the agency and DJSIR by the ICN.

## 5 How to apply Local Jobs First to panels

Panel contracts entail an agency appointing a panel of suppliers, from which individual suppliers are then selected to provide particular goods or services over the life of the contract. Examples include State Purchase Contracts (SPCs), and Sole Entity Purchase Contracts (SEPCs).

### 5.1 Purchasing from an existing panel

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

- the total value of a project meets the LJF thresholds, or
- the contract is part of a broader LJF project.

The agency is required to apply LJF at the point of purchase from the panel and must develop a purchase order template and contract terms and conditions that reflect this requirement.

Model clauses are available and can be found at [www.localjobsfirst.vic.gov.au/key-documents](http://www.localjobsfirst.vic.gov.au/key-documents).

If the total value of a project meets the LJF thresholds, the agency is required to follow the process outlined at [How to apply Local Jobs First to Standard Projects and Strategic Projects](#), including obtaining a contestability assessment to confirm if it is an LJF-applicable project. An example would be a supplier providing one-off audit services to an agency through the Professional Advisory Service (PAS) SPC, at a value that meets an LJF threshold.

If the procurement is part of a larger project where the total project value meets a threshold, then each time a purchase by the agency is made from a panel in relation to that project, the agency is required to follow the process outlined at [How to apply Local Jobs First to Standard Projects and Strategic Projects](#), including obtaining a contestability assessment if it is an LJF-applicable project. An example would be every instance of legal advice sought from the Legal Services SPC on a specific LJF-applicable project, irrespective of the value of the individual purchase order.

If the project is an LJF-applicable project, the agency must follow the [process for Strategic Projects or Standard Projects](#).

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

## 5.2 Establishing or renewing a panel

Under the Act, the LJF Policy objectives must be considered in developing the LJF Policy (which may include any guidelines or material regarding the application of the LJF Policy). All agencies establishing or renewing a panel contract should consider the LJF Policy objectives.

If the estimated or historical contract spend meets the LJF thresholds, **the agency must consult with DJSIR prior to contract establishment / market approach to determine how LJF will apply**. Note that this requirement also applies to SPCs or SEPCs where the contract may be awarded to a sole supplier.

DJSIR may advise that the contract should follow the LJF Standard Project or Strategic Project process, including preparation of an LIDP where practical based on:

- estimated expenditure
- likely number of suppliers
- risk profile
- delivery timelines
- operation of the SPC or SEPC (for example, some SPCs are managed service providers, some provide the service directly, and others undertake a Request for Quotation process on the agency's behalf)
- other project information available at the time of establishment.

## 6 How to apply Local Jobs First to market-led proposals

Market-led proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure, provide goods and/or deliver services. These projects originate within the private sector and involve organisations developing a project or service



specification and then approaching government for approval and support. This support is typically financial but may also include regulatory or other forms of assistance or support.

**Some market-led proposals may be subject to LJF.** Agencies that receive a market-led proposal with the potential to meet the LJF thresholds must contact DJSIR to determine the application of LJF as soon as practicable. If a market-led proposal project is LJF-applicable, it will follow a similar process to Strategic Projects, including undergoing contestability assessments and the setting of requirements under section 7B by the Minister responsible for LJF.

The agency must follow the requirements for agencies as advised by DJSIR, including registering the project on the VMC. The development of a [Strategic Project Framework](#), with recommended minimum LJF requirements, should be developed as soon as sufficient information is available for the ICN to undertake an assessment. Once the ICN has developed its recommendations, DJSIR will discuss them and any additional targeted requirements that support industry development outcomes with the agency.

Project proponents for LJF-applicable projects are responsible for developing an LIDP as part of the proposal process, that must meet or exceed the minimum local content and other requirements set by the Minister responsible for LJF with clear commitments to industry development (including local content) and job outcomes. Project proponents must also agree to monitoring and reporting requirements and the terms and conditions that apply to Strategic Projects under the Supplier Guidelines. An LIDP endorsed by the ICN must be developed to meet or exceed the minimum requirements set by the Minister responsible for LJF prior to financial and commercial (or contract) close of the proposal.

To be considered compliant with LJF at the proposal stage, a proponent must:

- **complete all sections of the relevant LIDP** (there may be different LIDPs to be completed depending on the scale of the project)
- **engage with the ICN in developing the LIDP** on local content matters and local supply chain engagement
- **sign the Statutory Declaration and agree to all other conditions** including monitoring, reporting, auditing and compliance requirements.

The agency may request this information from proponents as part of preparation for procurement under stage two of the market-led proposal assessment process, as outlined in the Department of Treasury and Finance [market-led proposals guideline](#).

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



## 7 Appendices

### Appendix 1: Glossary

Terms used in these Guidelines that are not defined in the Glossary have the same meaning as is given to those terms in the Act.

**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 LJF project and is consistent with the Training Contract, and
- registered with the Victorian Registration and Qualification Authority (VRQA).

**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 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** - 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 LJF project (e.g. cadets in architecture, quantity surveying, and engineering), and
- undertaking work that is directly tied to their associated tertiary qualification.

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

**Contestability Assessment** - refers to the review of project information to assess contestable and non-contestable items based on benchmarking of local capability to determine if there are competitive international and local suppliers that can supply the good or service.

**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.

**Contract Manager** - refers to the person within the relevant agency responsible for managing the LJF process for a contract.

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

**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 Financial Management Act 1994. More information on emergency procurement plans can be found at the Buying For Victoria website: <https://www.buyingfor.vic.gov.au/develop-emergency-procurement-plan-goods-and-service-guide>.

**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).

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

**Local Industry Development Plan (LIDP)** - is a document prepared by the supplier as part of the Expression of Interest, Request for Tender and/or tender submission for a LJF 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 Administrator** - supports implementation, monitoring, reporting and compliance activities within agencies. Further information can be found at <https://www.localjobsfirst.vic.gov.au/agency-guidance>.

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

**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 ATCs on high value construction and infrastructure projects.

**Non-contestable Items** - are items that are considered as only being available through the international marketplace or local suppliers only. That is, it is considered that there is no current competition between international and local suppliers to provide the good or service.

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

**Off-site Work** - is work that is conducted away from the construction site by subcontractors to deliver inputs to a project, including prefabricated or modular components. Examples of such inputs include steel panels and frames, precast concrete, switchboards, wiring systems, modular systems or preassembled components.

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

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

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

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

**SMEs** - means small to medium-sized enterprises.

**Standard Employee** - is all employees not classified as apprentices, cadets or trainees.

**State Purchase Contract (SPC)** - refers to the 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 (DTF), the Department of Premier and Cabinet (DPC) or other government entities with specific knowledge and business drivers. A sole supplier or panel of suppliers are appointed to provide goods or services over the life of the contract, for use by Victorian Government departments and agencies.

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

**Trainees** - undertake entry-level roles under a training contract with an employer that combines training with paid employment. Traineeships are undertaken at Certificate II level and above including Diploma and Advanced Diploma. Traineeships typically have a duration of 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 LJF project and is consistent with the training contract, and
- registered with the Victorian Registration and Qualification Authority.

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 at [www2.vrqa.vic.gov.au/training-contracts](http://www2.vrqa.vic.gov.au/training-contracts). 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 contract.

**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. Consistent with the definition in 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: <https://www.buyingfor.vic.gov.au/value-money-goods-and-services-guide>.

**Victorian Management Centre (VMC)** - is an online system hosted by the ICN and used by agencies and suppliers for LJF project registration, reporting and completion.

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

## Appendix 2: Example scoring for Standard Projects

All examples are based on a bid evaluation where a maximum of 100 points can be earned overall.

### **SCORING FOR INDUSTRY DEVELOPMENT OUTCOMES (10 points)**

Scoring for the local content commitment on Standard Projects can be calculated by dividing the local content commitment in a bid by 10 and applying a 'risk discount' as required, as shown in Table 1 below.

**Table 1 - Standard Project Industry Development Scoring Process**

Item	Points (out of a total of 10)	Apply 'Achievability Rating Discount'		
		Low Risk	Medium Risk	High Risk
Local content commitment	10 points	No discount required	Discount 2 points	Zero score for industry development

For example, a local content commitment of 94 per cent in a bid would earn 9.4 points out of 10, a local content commitment of 90 per cent would score 9 points out of 10 and a local content commitment of 100 per cent in a tender would earn 10 points out of 10.

A risk discount should then be applied where required. The local content commitment should be discounted depending on the level of risk assigned by the ICN:

- A 'Low Risk' rating receives nil discount from the local content commitment, as there is minimal risk that the local content commitments in the LIDP will not be achieved.
- A 'Medium Risk' rating has a discount of two points, as there is a medium risk that the local content commitments in the LIDP will not be achieved.
- A 'High Risk' rating receives a score of zero, as the ICN considers the local content commitment in the LIDP is unlikely to be met.

This becomes the score for industry development and gets added to the relevant bidder's total score.

**Table 2 - Standard Project Industry Development Score Example**

Shortlisted Bidder	Local content commitment	Local Content Score (up to 10 points)	Less Local Content 'Risk Discount'	Total score (out of 10)
Bidder 1 – Low Risk	90 per cent	9.0	0	<b>9.0</b>
Bidder 2 – Medium Risk	84 per cent	8.4	-2	<b>6.4</b>
Bidder 3 – High Risk	94 per cent	9.4	All points deducted	<b>0</b>

### **SCORING FOR JOB OUTCOMES (10 points)**

Some Standard Projects will include MPSG and must follow the guidance for [assessing job commitments on MPSG projects](#). For all other Standard Projects, the following applies.

A maximum of 10 points for job outcomes is allocated and bid scores are calculated using a reference or comparison method. Job outcomes in bids are required to be compared against each other and relative scores assigned.

The Scoring Table below should be used to rate the job outcomes of each bid out of 10.

If the Tenderer's submission contains no job creation (Victorian, Australian and New Zealand, or otherwise) the tenderer gets 0.

If the Tenderer is not committing to any new or retained jobs, then the score would be a 0. However, if it is still committing to retaining jobs then this should be judged accordingly. The Local Jobs First Policy does not differentiate between new and retained jobs.

If the Tender's submission contains no job creation (Victorian, Australian and New Zealand, or otherwise), but details a very low number of Victorian jobs retained, the Tenderer gets 1-3. However, it is important to keep in mind the context of the specific tender and bidder. The delivery agency should consider the likely employment needed to fulfil the contract and benchmark jobs commitments against this accordingly. Also, a large company will naturally be able to commit a larger (and perhaps ultimately unrealistic) number of jobs, so the size and capability of a company should also be taken into consideration.

**Table 3 - Relative scores for job outcomes on Standard Projects**

Score	0	1-3	4-7	8-10
<b>Scoring considerations</b>	No Victorian jobs created or retained  No Australian/New Zealand jobs created or retained.  No use of ATCs  No job development/training opportunities have been identified	Very low number of Victorian jobs created or retained  Very low number of Australian/New Zealand jobs created or retained.  Low use of ATCs  No job development/training opportunities have been identified	Medium number of Victorian jobs created or retained.  Medium number of Australian/New Zealand jobs created or retained.  Some use of ATCs  Job development/training opportunities have been identified.	Very high number of Victorian jobs created or retained.  Very high number of Australian/New Zealand jobs created or retained.  Very high use of ATCs  High number of job development/training opportunities have been identified in detail.

## Appendix 3: Example scoring for Strategic Projects

All examples are based on a bid evaluation where a maximum of 100 points can be earned overall.

### **SCORING FOR INDUSTRY DEVELOPMENT OUTCOMES (10 points)**

The process below can be followed to calculate the industry development evaluation score for a bidder on a Local Jobs First Strategic Project. This scoring system preferences bids that commit to more local content and are low risk.

**Table 1 - Summary of Industry Development Criteria Evaluation Process**

1. Minimum Threshold Test	2. Value-Add Calculation	3. Achievability Rating Discount Applied (as required)
<p><b>PASS</b> - Bid meets minimum local content threshold for all requirements set by the Minister responsible for LJF, value add score is calculated (if applicable)</p> <p><b>FAIL</b> - Bid does not meet the minimum local content threshold (no value-add score is calculated)</p>	<p>Local content <b>VALUE-ADD score</b> calculated out of maximum ten points (VALUE-ADD formula may be used)</p>	<p><b>Low Risk</b> - No discount required</p> <p><b>Medium Risk</b> - Discount 2 points</p> <p><b>High Risk</b> - Nil points (discount industry development score to 0)</p>

#### 1. Identify whether the bidder Passes or Fails the minimum threshold test

First, 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 responsible for LJF. A bid is designated a PASS if it meets the minimum local content threshold or a FAIL if the bid does not meet the minimum local content threshold.

Designate the bid non-compliant if the bid fails the minimum threshold test. If the bid is designated a FAIL rating, the bid is non-compliant against this mandatory evaluation criterion and no further steps need to be followed.

#### 2. Calculate the 'VALUE-ADD' score

If the bid is designated a PASS rating, a VALUE-ADD score is calculated (if applicable). A maximum of ten points is allocated to local content value-add. The objective of the scoring should be to rank or score the LIDPs comparatively, with higher scores for those that provide stronger outcomes against the Local Jobs First objectives and principles.

#### **VALUE-ADD Formula (optional)**

The VALUE-ADD score can be calculated using the VALUE-ADD formula below. This methodology may not be suitable in all circumstances.

The formula takes into consideration the local content value-add committed to in tenders by allocating 10 points to the difference between the maximum amount of local content achievable on a project (100 per cent) and the minimum local content set by the Minister responsible for LJF. For example, bids that commit to 100 per cent local content will receive 10 out of 10 points.

Using this method, bids that only commit to the minimum local content percentage are designated a PASS rating and the VALUE-ADD score is calculated to be zero.

The VALUE-ADD Formula is:

$$\frac{(\text{Local content committed in LIDP} - \text{Minimum local content percentage set by minister})}{(100 - \text{Minimum local content percentage set by minister})} \times 10 = \text{Points out of ten}$$

For example, a bid which has committed 90 per cent local content for a project that the Minister responsible for LJF has set an 80 per cent local content minimum, the score will be calculated as follows:

$$((90-80)/(100-80)) = (10/20) \times 10 = \mathbf{5 \text{ Points}}$$

### 3. Apply the Risk Discount to calculate the overall industry development score

The local content commitment should receive a 'risk discount' depending on the achievability rating given by the ICN. The ICN achievability rating will classify the risk of not achieving local content commitments as 'high, medium or low' and provide a summary for the assessment.

A 'High Risk' rating will mean the local content commitment of the LIDP does not meet expectations with a score of zero, a 'Medium Risk' rating has a discount of two points, and a 'Low Risk' rating receives nil discounts from the local content commitment. This becomes the score for industry development and gets added to the relevant bidder's total score.

### **SCORING FOR JOB OUTCOMES (10 points)**

Many Strategic Projects will include MPSG and must follow the guidance for [assessing job commitments on MPSG projects](#). For Strategic Projects without MPSG, the following applies.

Job outcomes in bids are required to be compared against each other and relative scores assigned. High, medium and low job numbers that are either created or retained are defined based on a relative basis depending on the numbers committed to among the bids being compared.

**Table 2 - Relative scores for Strategic Projects without MPSG**

Score	0	1-3	4-7	8-10
<b>Scoring considerations</b>	<p>No Victorian jobs created or retained.</p> <p>No Australian/New Zealand jobs created or retained.</p> <p>No use of ATCs</p> <p>No job development/training opportunities have been identified.</p>	<p>Very low number of Victorian jobs created or retained.</p> <p>Very low number of Australian/New Zealand jobs created or retained.</p> <p>Low use of ATCs</p> <p>No job development/training opportunities have been identified.</p>	<p>Medium number of Victorian jobs created or retained.</p> <p>Medium number of Australian/New Zealand jobs created or retained.</p> <p>Some use of ATCs</p> <p>Job development/training opportunities have been identified.</p>	<p>Very high number of Victorian jobs created or retained.</p> <p>Very high number of Australian/New Zealand jobs created or retained.</p> <p>Very high use of ATCs</p> <p>High number of job development/training opportunities have been identified in detail.</p>



## Appendix 4: Example scoring for MPSG job outcomes

### **SCORING MPSG JOB COMMITMENTS (5 POINTS)**

MPSG is designed to provide on-the-job training opportunities for new entrants to the construction industry workforce. MPSG outcomes in bids are required to be compared against each other and relative scores assigned. A bidder with a more comprehensive compliance strategy will be scored more highly than a bidder who has included minimal information in an MPSG compliance strategy.

A highly scored MPSG commitment could include for example partnering with a TAFE, a system of training and support in place for ATCs, mentoring, or a dedicated MPSG compliance reporting officer in place.

If a bidder does not use Victorian ATCs for at least 10 per cent of the total estimated labour hours, the bidder is designated a score of 0 due to non-compliance.

**Table 1 - Relative scores for MPSG outcomes on MPSG-applicable projects (maximum 5 points)**

Score	0	1-2	3-4	5
<b>Scoring considerations</b>	<p>Does not meet the minimum MPSG requirement (Victorian ATCs are not used for at least 10 per cent of the total estimated labour hours) <b>NON-COMPLIANT</b></p> <p>No MPSG compliance strategy information provided</p>	<p>Meets the minimum MPSG requirement (Victorian ATCs are used for at least 10 per cent of the total estimated labour hours)</p> <p>Minimal MPSG compliance strategy information provided</p> <p>No partnering, training or mentoring opportunities have been identified.</p>	<p>Meets the minimum MPSG requirement (Victorian ATCs are used for at least 10 per cent of the total estimated labour hours)</p> <p>Adequate MPSG compliance strategy information provided</p> <p>Partnering, training or mentoring opportunities may have been identified</p>	<p>Meets and may exceed the minimum MPSG requirement (Victorian ATCs are used for at least 10 per cent of the total estimated labour hours)</p> <p>Comprehensive compliance strategy for delivery of the MPSG commitment</p> <p>Partnering, training or mentoring opportunities have been identified</p> <p>Proposed delivery of the MPSG commitment may align strongly with any additional objectives for the project specified by the agency (e.g. social, economic, and training outcomes)</p>

**SCORING NON-MPSG JOB COMMITMENTS (5 POINTS)**

Additional (non-MPSG) job outcomes in bids are required to be compared against each other and relative scores assigned. High, medium and low job numbers that are either created or retained are defined based on a relative basis depending on the numbers committed to among the bids being compared.

The maximum number of points a bidder can receive for additional job outcomes is 5 points.

**Table 2 - Relative scores for additional job outcomes on MPSG applicable projects (maximum 5 points)**

Score	0	1-2	3-4	5
<b>Scoring considerations</b>	No Victorian jobs created or retained	Very low number of Victorian jobs created or retained	Medium number of Victorian jobs created or retained	Very high number of Victorian jobs created or retained
	No Australian/New Zealand jobs created or retained	Very low number of Australian/New Zealand jobs created or retained	Medium number of Australian/New Zealand jobs created or retained	Very high number of Australian/New Zealand jobs created or retained
	No job development/training opportunities have been identified	No job development/training opportunities have been identified	Job development/training opportunities have been identified	High number of job development/training opportunities have been identified in detail

## Appendix 5: Example Monitoring and Reporting table

Note: This example is provided as an indication of the data required for Local Jobs First project reporting. This information will be provided through the VMC and will reflect a project-by-project basis. There may be other data requirements on a given project that are not reflected here.

			LIDP Commitments						Secured Local Jobs First Outcomes						
Work package	Item Description	Manufacturer	Supplier	ANZ value-add activity (%)		Contract content (%) <sup>(B)</sup>	ANZ value-added activity (%) <sup>(C = A*B)</sup>	Total number of suppliers in project supply chain	Manufacturer	Supplier	ANZ value-add activity (%)		Contract Content (%) <sup>(B)</sup>	ANZ value-added activity (%) <sup>(C = A*B)</sup>	Total number of suppliers in project supply chain <sup>(E)</sup>
				Import	Local <sup>(A)</sup>						Import	Local <sup>(A)</sup>			
							0%	0%						0%	
							0%	0%						0%	
							0%	0%						0%	
							0%	0%						0%	
						0%	0%	0%					0%	0%	0

Employment type	LIDP commitment		Achieved / secured		Progress / Comments
	Created	Retained	Created	Retained	
Apprentices					
Trainees					
Cadets					
Standard Employees					
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## Appendix 6: Deemed Hours Formula (updated)

**Note that suppliers are no longer required to use the Deemed Hours Formula, which was previously used to calculate the MPSG requirement for all applicable projects.**

The Deemed Hours Formula can be used to estimate a project's total labour hours, based on the type and contract value of a project. Agencies may use the updated Deemed Hours Formula below to assess whether a bidder's employment commitments appear reasonable based on the project type and value. Please note that this formula provides an indicative estimate of job numbers only and the individual nature of each project will impact on job numbers.

The ratios and rates used within the updated Deemed Hours Formula vary with the type of project. Separate labour ratios and hourly rates are provided 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.

**Table 1: Deemed Hours Formula rates and ratios by project type**

Project Type	Project Description	Deemed Labour Ratio	Deemed Hourly Rate
<b>Building construction projects</b>	Building construction projects include commercial building projects, schools, education, hospitals, police, fire and ambulance stations, civic buildings, courts and similar structures.	40 per cent	\$85.00
<b>Civil and infrastructure construction projects</b>	Civil and infrastructure projects include engineering-based projects that include, but are not limited to, roads, bridges, tunnels, train and tramway works, water and sewerage treatment plants, water and sewerage reticulation pipelines and similar works.	15 per cent	\$95.00
<b>Building and infrastructure construction (mixed) projects</b>	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 per cent	\$90.00

Use the above project definitions to choose the deemed labour ratios and hourly rates for your specific construction project. The deemed labour ratio estimates the percentage of the total contract sum that will be spent on labour.

**Figure 1: Deemed Hours Formula**

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

$$\text{Total Labour Hours} \times 10\% = \text{Indicative MPSG Requirement}$$

**Deemed Hours Formula Example 1:** A building and infrastructure construction (mixed) project with a total project value of \$150m:

	Rate	Value / Hours
Total project value		\$150,000,000
Deemed labour ratio	25%	\$37,500,000
Deemed labour hourly rate	\$90 p/h	416,667 hours (total labour hours)
<b>Indicative MPSG labour hours</b>	<b>10%</b>	<b>41,667 hours</b> <b>(ATC labour hours)</b>

**Deemed Hours Formula Example 2:** A civil and infrastructure construction project with a total project value of \$400m:

	Rate	Value / Hours
Total project value		\$400,000,000
Deemed labour ratio	15%	\$60,000,000
Deemed labour hourly rate	\$95 p/h	631,579 hours (total labour hours)
<b>Indicative MPSG labour hours</b>	<b>10%</b>	<b>63,158 hours</b> <b>(ATC labour hours)</b>

## Appendix 7: Statutory Declaration template

State of Victoria

### Statutory Declaration

I, \_\_\_\_\_  
*[name, address and occupation of person making the statutory declaration]*

make the following statutory declaration under the **Oaths and Affirmations Act 2018**:

1. \_\_\_\_\_  
*[insert name]*

achieved the Local Jobs First objectives and outcomes relating to local content, employment, skills and technology transfer, and apprentices/trainees/cadets reflected in the Local Jobs First Monitoring Table for

\_\_\_\_\_  
*[insert name and tender number of procurement activity]*

as submitted to \_\_\_\_\_ on \_\_\_\_\_  
*[agency] [date]*

I declare that the contents of this statutory declaration are true and correct, and I make it knowing that making a statutory declaration that I know to be untrue is an offence.

\_\_\_\_\_  
*[signature of person making this statutory declaration in the presence of the authorised statutory declaration witness]*

Declared at \_\_\_\_\_ in the State of Victoria on \_\_\_\_\_  
*[place] [date]*

This is a true copy of the statutory declaration made by me \_\_\_\_\_  
*[name]*

**I am an authorised statutory declaration witness, and I sign this document in the presence of the person making the declaration:**

\_\_\_\_\_  
*[signature of authorised statutory declaration witness]*

on \_\_\_\_\_  
*[date]*

\_\_\_\_\_  
*[full name and personal or professional address of authorised statutory declaration witness in legible writing, typing or stamp]*

\_\_\_\_\_  
*[qualification as an authorised statutory declaration witness]*

OFFICIAL

A person authorised under section 30(2) of the **Oaths and Affirmations Act 2018** to witness the signing of a statutory declaration.

*[include if applicable]*

This document was made in electronic form and was witnessed by audio visual link in accordance with the **Electronic Transactions (Victoria) Act 2000**.

*[include if applicable]*

I confirm that reasonable modifications were used in preparing this statutory declaration and that the contents of this statutory declaration were read to the person making the statutory declaration in a way that was appropriate to the person's circumstances.

\_\_\_\_\_  
*[signature of authorised statutory declaration witness]*

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

Department of Jobs, Skills, Industry and Regions

A: 121 Exhibition Street, Melbourne, Victoria 3000

E: [localjobsfirst@ecodev.vic.gov.au](mailto:localjobsfirst@ecodev.vic.gov.au)

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121 Exhibition Street, Melbourne, Victoria 3000

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