

LOCAL JOBS FIRST POLICY SUPPLIER GUIDELINES

Under the *Local Jobs First Act 2003*

October 2022

 **LOCAL JOBS FIRST**

 **VICTORIA**
State
Government

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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. The *Local Jobs First Policy* (the policy) under the *Local Jobs First Act 2003* (the Act) leverages this purchasing power to help develop local industries, create jobs and boost economic activity across Victoria.

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

For more information about the policy and objectives visit www.localjobsfirst.vic.gov.au.

1.2 Overview

The *Local Jobs First Supplier Guidelines* are issued by the Department of Jobs, Precincts and Regions (DJPR) and provide detailed instructions that suppliers must follow to ensure compliance with the policy and the Act. Suppliers to government projects where Local Jobs First (LJF) applies must follow these guidelines. **These guidelines should be read in conjunction with the policy available at www.localjobsfirst.vic.gov.au.**

The policy applies to all projects funded by the Victorian Government that meet the thresholds of a total project value of \$1 million or more in regional Victoria, or \$3 million in metropolitan Melbourne or state-wide projects. A Standard Project is a project that meets the thresholds but is under \$50 million or is otherwise declared to be a Standard Project by the responsible minister. A Strategic Project is a project that has a total project value of \$50 million or over or is otherwise declared to be a Strategic Project by the responsible minister. The Major Projects Skills Guarantee (MPSG) applies to all construction projects valued at \$20 million or more.

LJF requirements apply to all stages of a project from tender submission through to project reporting and completion. Suppliers to Victorian Government projects must deliver the LJF commitments as set out in the Local Industry Development Plan (LIDP) contained within their project contract with the agency. A key part of this is engaging with local businesses and supply chains.

Suppliers are responsible for retaining documents, monitoring progress and reporting on compliance with the policy. Supplier compliance with LJF requirements and commitments is audited regularly to investigate and report on LJF application. Audits may be led by the procuring agency, DJPR or the LJF Commissioner.

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

1.3 Victorian Management Centre (VMC)

The [Victorian Management Centre \(VMC\)](#) is an online system that manages LJF application by suppliers and Victorian Government agencies. Bidders use VMC to submit their Local Industry Development Plan (LIDP), LJF reporting during the project and post-contract verification at project completion. A VMC user guide and other supporting resources including VMC training sessions for bidders and suppliers are available through the VMC online portal.

1.4 Industry Capability Network Victoria (ICN)

The [Industry Capability Network Victoria \(ICN\)](#) is a not-for-profit organisation funded by the Victorian Government to support administration of LJF. ICN provides suppliers with end-to-end assistance and practical advice on applying LJF and manages the VMC. 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.

1.5 ICN Gateway

You can register your business capabilities on the [Industry Capability Network \(ICN\) Gateway](#) to be alerted to project opportunities. Your business capability profile will inform local industry capability for LJF, the Social Procurement Framework and other industry participation policies. Through ICN Gateway, you will gain access to opportunities on Victorian and Australian projects, information on industry events, project pipeline and in-demand products and services. Indicate your areas of interest and describe your capabilities to ensure that you are alerted to relevant opportunities and for buyers to receive information on your capabilities.

1.6 Local Jobs First Commissioner

The Local Jobs First Commissioner promotes the policy across agencies and local industry, advocates for the private sector and local government to procure local goods, employ local workers and enhance their skills, and monitors industry and government agency compliance. Further information, including frequently asked questions about supplier compliance, is available on the [Local Jobs First Commissioner website](#).

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

The process for applying LJF to your project depends on the project type and the procurement approach of the project delivery agency. The delivery agency will advise you whether the project you are interested in bidding for is a Standard or Strategic project, and of any specific LJF requirements.

This section outlines the usual process for applying LJF to most Standard and Strategic Projects, including MSPG projects where applicable. The process for applying LJF to Strategic Projects is similar to that of Standard Projects except that the minister sets specific requirements for a Strategic Project that agencies and/or suppliers must meet.

[Market led proposals, panel / standing offer contracts](#) and other procurement approaches may follow this process to apply LJF. If you are unsure, contact the procuring agency or ICN for guidance.

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

2.1 Step 1 - Review Local Jobs First requirements in tender documentation issued by agency

LJF requires all bidders to engage local Small and Medium Sized Enterprises (SMEs) to supply into government projects over the life of a project.



The Expression of interest (EOI) or Request for Tender (RFT) documents will notify prospective bidders:

- **if the project must apply LJF**, and when an ICN acknowledged Local Industry Development Plan (LIDP) will need to be submitted
- **contestable items** identifying sources of local content for bidders to consider when completing their LIDP
- **local content requirement and any additional requirements** (where these have been set by the responsible minister)
- **MPSG requirements**, if applicable
- **tender evaluation weightings**

2.1.1 Local content

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

2.1.2 Contestability assessment

A contestability assessment refers to the process where the ICN assesses whether items and services are available competitively locally. A list of contestable (those items available both locally and internationally) and non-contestable items (those items found to be available either only locally or only international) will be included in the LIDP for your benefit.

2.1.3 Strategic Project requirements

All LJF Strategic Projects have minimum local content requirements set by the responsible minister, creating opportunities for local industry and workers to contribute to high value goods, services, and construction projects. The minister may also set additional requirements that agencies and/or suppliers must meet.

DJPR advises the minister of the proposed local content requirements, which may be informed by a contestability assessment undertaken by the ICN. Section 7B (2) of the Act provides that the minister must set local content requirements at no less than:

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

The Act also provides that the minister may determine other matters relating to Strategic Projects, including but not limited to:

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

2.1.4 Major Projects Skills Guarantee (MPSG) requirements

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 MSPG's objectives is available in the *Major Projects Skills Guarantee Policy Statement* at <https://localjobsfirst.vic.gov.au/key-documents>.

Section 7C of the *Local Jobs First Act 2003* provides that the MSPG applies to Standard Projects that are construction projects with a budget of \$20 million or more and Strategic Projects that are construction projects.

If your project is MSPG-applicable, please refer to [Additional Guidance for Major Projects Skills Guarantee \(MPSG\) Projects](#) for important further information. This includes how MSPG commitments are calculated in the LIDP, and detailed information about eligible ATCs and eligible labour hours.

2.2 Step 2 - Prepare and submit Local Industry Development Plan (LIDP) in consultation with ICN

Under the *Local Jobs First Act 2003*, LJF commitments are weighted as part of the tender evaluation.

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 would mean the end of the procurement process for the bidder.

Agencies and DJPR have access to the submitted LIDPs, Acknowledgement Letters, contestability assessment and the ICN's Risk Evaluation Report through the VMC.

2.2.1 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, and the preferred bidder's LIDP is incorporated within the contract. The supplier must then comply with the LJF commitments contained within their LIDP and contract.

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** (Victorian Industry Participation Policy (VIPP) commitments - local content, technology transfer, supply chain engagement)
- **jobs outcomes commitments** (new and retained jobs, training), including MSPG commitments where applicable (opportunities for ATCs)
- **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.

For limited contestability projects, only jobs outcomes and monitoring and reporting requirements are required from bidders.

2.2.2 LIDP industry development commitment (10 per cent weighting)

LJF has a clear objective to support local industry development by:

- expanding market opportunities for local businesses
- 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. The ICN can assist bidders to identify local suppliers of contestable items.

When awarding a contract, agencies will consider each bidder's commitment to industry development as outlined in the LIDP and the risk of delivery and hence achievement of local content commitments, using the [ICN Risk Evaluation Report](#).

2.2.3 LIDP employment commitment (10 per cent weighting)

A primary objective of the policy is to promote employment and business growth by providing opportunities for local businesses. 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. Agencies must consider the jobs outcomes of bids when awarding a contract.

Calculate the number of retained and/or new jobs to be created in Australia and/or New Zealand during the life of this project. This number covers both your company and those from your supply chain, if you are using a supply chain.

A **retained job** means a job (one Annual Employee Equivalent) that has been working for a supplier or subcontractor before signing a project contract, working in tasks/works related to the project. This may also be referred to as an existing employee.

A **new job** means a job (one Annual Employee Equivalent) that has been specifically employed by a supplier or subcontractors, because of the work generated by a specific project.

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

Note that **for MPSG projects**, commitments to use Victorian ATCs for a minimum of 10 per cent of the total project labour hours must be identified in the LIDP. See [Calculating MPSG commitments](#) for more information.

2.2.4 Completing the online LIDP

Bidders must register their businesses details on the [VMC](#), unless previously registered. The LIDP is completed by logging into the VMC and selecting the relevant tender. If the tender is not listed, contact the procuring agency.

The Victorian Government funds the ICN to help bidders prepare LIDPs and identify opportunities for local suppliers. ICN Industry Advisors are available to assist you in preparing your LIDP and close consultation with the ICN is encouraged. Select 'Assistance' mode within the VMC to receive ICN advice on local capabilities.

Preparation of an LIDP can take up to three weeks, however LIDPs generally take between one to six working days to prepare depending on the complexity of the project, nature of the contestable items



or experience with LJF by the bidder. All fields within the online LIDP must be completed before it can be submitted. You should also allow time for [ICN to acknowledge the LIDP](#).

If you wish to submit an LIDP after the tender close date, contact the agency. The agency will notify the ICN and all bidders on whether an extension has been allowed. If the agency agrees to an extension they will advise the revised due date for all LIDPs and revise the timeline on the VMC as appropriate.

2.2.5 ICN Acknowledgement Letter

The ICN will review each bidder's LIDP and consider completeness, compliance and quality of the information. ICN administers its LIDP review function separately from its identification of local goods and services and other assistance functions, for reasons of probity and privacy.

The ICN will acknowledge receipt of an LIDP and issue an Acknowledgement Letter to bidders that have submitted a complete and compliant LIDP. This can take a minimum of three to five working days. 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 (Strategic Projects only)
- the LIDP is compliant with the minimum MPSG requirement (MPSG 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.

2.2.6 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 incompleteness or inaccessible 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.

2.3 Step 3 - Submit LIDP and Acknowledgement Letter to the agency

Bidders must submit their LIDP and Acknowledgement Letter to the agency. The LIDP and Acknowledgement Letter may be submitted in hardcopy or electronically to the tender evaluation panel.

During the tender evaluation process, the agency may address with bidders any issues of concern with the LIDPs, including risks identified in the LJF Risk Assessment Evaluation Report.

Only notified bidders with an LIDP and ICN Acknowledgement Letter may be considered by the tender evaluation panel when selecting the successful applicant.

Should you wish to see guidance on how agencies evaluate LIDPs, refer to the *LJF Agency Guidelines* which can be found at localjobsfirst.vic.gov.au/key-documents.

2.3.1 ICN Risk Evaluation Report

After the tender close date, the ICN will issue an LJF Risk Evaluation Report to the agency. This report assesses the achievability of the commitments made in each of the LIDPs submitted by all bidders and provides a risk rating of either high, medium or low. This risk rating reflects ICN's expert opinion on how likely you are to meet the commitments you have made in your LIDP and allows for agencies to provide a full and fair opportunity to bidders. It is therefore very important to fill out the LIDP correctly and honestly.



Agencies will apply a 'risk discount' in their assessment of your bid. If you receive a high risk rating for your LIDP commitments, you may automatically score a zero for the LJJ industry development weighting. If you get a medium risk, you may lose two points against the weightings. It is therefore very important to get the right balance between committing to local content and jobs, but also being realistic in your assessment.

Agencies will use your LIDP and the ICN's Risk Evaluation Report to establish your score against the LJJ weightings – 10 per cent on your jobs outcomes, and 10 per cent on your industry development outcomes. The other 80 per cent will be on the other requirements the agency is taking into consideration on the specific procurement.

2.3.2 Resubmitting 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 ICN in the Risk Evaluation Report. If a bidder is going to resubmit their LIDP, the agency's project manager will 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](#).

2.4 Step 4 - Preferred bidder selected and contract awarded

The preferred bidder will be notified by the tender evaluation panel of their success and agencies will incorporate commitments included in the LIDP into the contract. The supplier must comply with the LJJ commitments contained within their LIDP and contract.

Suitable measures to manage any issues raised by ICN in its LJJ Risk Evaluation Report should be negotiated with the agency's contract manager prior to contract finalisation. This step is essential given the successful bidder will need to demonstrate LJJ outcomes against the agreed LIDP as attached to the contract. Bidders may need to [resubmit their LIDP](#) to ICN for acknowledgement and evaluation, with appropriate amendments through the VMC, before the LIDP is finalised for inclusion in the contract.

2.5 Step 5 - Monitor and report on Local Jobs First outcomes during project delivery

There are reporting requirements for all LJJ projects and all reporting information must be submitted using the VMC.

Suppliers are required to report on their LJJ commitments as contained in the LIDP during the life of the project through to practical completion. 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.

The *Local Jobs First Act 2003* provides a transparent compliance framework, involving a series of steps that can be followed to confirm that contracted local content and job commitments are on track and being achieved, and actions to take if they are not.

2.5.1 Supplier monitoring of LJF commitments

Suppliers are responsible for ongoing monitoring of LIDP commitments by themselves and their supply chain. All LJF reporting is to be completed using the [VMC](#).

Contractors must keep and maintain strong supporting evidence to demonstrate compliance with LIDP commitments. This includes proof and detail about how local content percentages were calculated and retaining supply chain information.

The delivery agency, DJPR, and the LJF Commissioner can request this information during and after completion of the project to evaluate LJF compliance.

Contractors must notify the delivery agency as soon as they are aware they may not meet their LIDP commitments. The ICN may be able to assist, for instance in sourcing local SMEs.

For Strategic Projects, this includes following a process for any [proposed changes to the local sourcing](#) of an item/s compared to what is listed in the approved LIDP.

The Victorian LJF Commissioner may review contractor monitoring processes. Under Section 24 of the *Local Jobs First Act 2003*, the Commissioner may issue an information notice to request information or documents pertaining to LJF.

2.5.2 Six-monthly reporting

For all Victorian Government projects with a value of \$20 million or more, including all MPSG projects and all Strategic Projects, principal contractors are required to report six monthly to the agency using the [VMC](#). An example Monitoring and Reporting Table is provided at [Appendix 3](#).

For MPSG projects, once a project has started, the number of labour hours performed by ATCs are tracked against the contracted MPSG labour hours commitment. The labour hours data must be collected for each individual ATC throughout the duration of the project and reported six-monthly, at a minimum, to the delivery agency. Important information about eligible ATCs and eligible hours that can be reported against MPSG commitments is provided at [Additional Guidance for Major Projects Skills Guarantee \(MPSG\) Projects](#).

2.5.3 End of financial year reporting

The delivery agency must report on their LJF projects in their annual reports, and DJPR also publishes project outcomes in the LJF Annual Report. This requires contractors, suppliers and service providers to keep reporting current and regularly updated in the VMC.

2.6 Step 6 - Consider Local Jobs First if the project changes during delivery

2.6.1 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 will work with the supplier to understand the reason for the proposed change, assess potential impact/s, and determine if it meets the LJJ 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).

For significant changes, suppliers will be directed to work with the ICN to identify local alternatives. Where agreement is reached that international sourcing is the preferred option, the supplier may also be required to [re-submit their LIDP](#) to the ICN for verification. Suppliers and agencies should retain evidence of the options investigated to avoid sourcing items internationally.

2.6.2 Changes to project scope and value

If an agency and supplier are varying a contract, then LJJ must be given due consideration according to the change in value of the contract or scope of work.

If the changes to the scope of work are substantial, the supplier must re-submit the LIDP to the ICN through the VMC, for re-evaluation, in order that their commitments can be re-assessed. If this is an MPSG project, this may necessitate the MPSG commitment being re-calculated and included in the contract variation as a deliverable. For Strategic Projects, it may be necessary for the minimum local requirements to be re-evaluated if the changes and / or additions to the project are significant.

Contact the procuring agency or ICN for more advice about project changes on a specific project. Note that if you wish to seek feedback on your tender, you must do so through the delivery agency. Agencies are obliged to provide this feedback if you request it.

2.7 Step 7 - Submit project completion reporting

Project completion reporting (also known as end of contract verification) is required for all LJJ projects to confirm the LJJ outcomes achieved through the project. Failure to complete the verification documents will deem the project to be non-compliant with LJJ and may impact a supplier's risk rating on future projects. **End of contract verification occurs at or before practical completion of the project and/or delivery of the goods or services.** For goods projects, this is at the time of full supply (ahead of the defects period). For services projects, 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.

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

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

- **A completed LJJ monitoring table** identifying LIDP commitments and actual achievements (see [Appendix 2: 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 LJJ monitoring table is true and correct (see [Appendix 4: Statutory Declaration Template](#)). Further information



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

Suppliers must 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.

The contract manager will 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 if further information or explanation is required. Agencies will 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.

2.7.1 ICN Verification

The ICN will examine the data submitted to determine whether the achievements 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, the agency contract manager will be notified and will contact the supplier to clarify the outcomes.

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

2.7.2 Compliance

Where a contractor reports that LJF outcomes do not meet the levels committed to in the contract, contractors must notify the agency whether there has been a valid reason for this (e.g. an unavoidable change of supplier or product that resulted in a drop of local content or employment). For Strategic Projects, this should include consideration of work undertaken to maximise local industry outcomes in relation to any [changes to local sourcing](#), and that the required process was followed.

In circumstances where no valid reason can be identified, the agency may determine that this represents a breach of contract that may trigger that agency's respective resolution process.

3 Additional Guidance for Major Projects Skills Guarantee (MPSG) Projects

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

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

3.1 Calculating MPSG commitments

For MPSG projects, commitments to use Victorian ATCs for a minimum of 10 per cent of the total project labour hours must be identified in the LIDP. You may voluntarily increase your MPSG commitment above the minimum 10 per cent requirement.



Note that suppliers are no longer required to use the Deemed Hours Formula to calculate the project's MSPG requirement. The minimum MSPG requirement is generated from a bidder's VIPP employment commitments in the LIDP. Bidders may choose to use the updated Deemed Hours Formula to estimate project labour hours for their VIPP employment commitment, but this is not required. Agencies will compare bidder employment estimates and may seek further information or clarification if required. See [Appendix 3: Deemed Hours Formula \(updated\)](#) for more information. The agency will assess your MSPG commitments through a 5 per cent weighting, part of the overall 10 per cent weighting for job outcomes for LJF projects. Refer to the *LJF Agency Guidelines* for more information about how job commitments on MSPG projects are assessed.

3.2 Eligible apprentices, trainees and cadets

MPSG is designed to provide on-the-job training opportunities for new entrants to the construction workforce. Detailed definitions for apprentices, trainees and cadets (ATCs) that can be counted towards MSPG are provided at [Appendix 1: Glossary](#). Note that professional traineeships (experienced workers undertaking professional development training) cannot count towards MSPG. 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 who face barriers to vocational training or the workforce more generally, such as Indigenous or older apprentices, trainees or cadets or those with a disability. A key resource to achieve this will be state and federal employment programs for helping long-term job seekers, such as Jobs Victoria. The Jobs Victoria website can be found at <https://jobs.vic.gov.au/>.

Agencies may leverage MSPG to deliver additional benefits such as social, economic, and training outcomes by specifying how ATC roles are filled on a project basis. 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 MSPG information their LIDP. Further information about Victorian Government procurement policies such as the Social Procurement Framework and the Building Equality Policy can be found at <https://www.buyingfor.vic.gov.au/>

3.3 Eligible labour hours

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

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 10 per cent requirement. For example, a full-time business administration trainee may work across a few projects, only spending an equivalent of two days per week working on the MSPG applicable project. In this example, only 16 hours per week can be counted towards the requirement.

Hours worked off site to deliver inputs to a project can be counted towards the 10 per cent requirement, where the apprentices, trainees or cadets 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 MSPG-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 for training and education can be counted towards the 10 per cent requirement. This allows the time apprentices, trainees and cadets spend away from the project at TAFE or university to still be counted. For example, a cadet working two days on the project with five contact hours at university, a total of 21 hours can be counted towards the hours requirement. However, if a cadet is on summer break from university and therefore not attending classes, no contact hours at university can be counted. Only training contact hours while concurrently working on the project can contribute towards MPSG.

4 How to apply Local Jobs First to grants and loans

The application of LJF to grant or loan recipients ensures that local SMEs can access opportunities within the procurement activity once it starts.

The main difference in the LJF grants and loans process is the requirement to consult with the ICN to acquire an Interaction Reference Number (IRN), rather than register and develop an LIDP. **Payment of monies under the grant funding agreement is conditional on compliance with the consultation requirement.**

In the below steps, “grants” refers to both grants and loans provided by the State Government to any private, non-government or local government organisation that is a supplier, contractor, or grant or loan recipient for a project that falls within the scope of the policy.

Note that grants and loans with a state contribution of \$50 million or above may be treated as a Strategic Project. The agency will notify you if Strategic Project requirements apply to your project.

4.1 Step 1 - Review Local Jobs First Requirements in grant documents issued by agency

The grant documents including guidelines and proposed contracts will notify grant applicants of the LJF requirements, including:

- **if the project must apply LJF**, and
- **the requirement to consult with the ICN** regarding opportunities for local businesses, particularly for contestable items.

4.2 Step 2 - Submit Interaction Reference Number (IRN) form to ICN when grant is awarded

The agency contract manager will advise the grant recipient that they must submit an IRN form through the [VMC](#). VMC registration should occur as soon as the grant recipient and agency reasonably expect the grant arrangement to proceed.

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



required. The agency may provide information about the details and scope of the proposed activity to help the grant recipient to complete the IRN form.

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 ICN in these cases is recommended.

4.3 Step 3 - Consult with the ICN on opportunities for local industry

Once the IRN form is submitted, the ICN will review the information and then contact the grant recipient to discuss opportunities for local industry.

The grant recipient must discuss with the ICN how the project will provide opportunities for SMEs, including consideration of contestable items where there are competitive international and local suppliers. This may involve the ICN contributing to or reviewing draft designs or participating in project meetings.

Consultation with the ICN can take between 30 minutes and a few hours, depending on the nature of the contestable items in the procurement activity.

If the ICN is satisfied with the consultation it will issue the grant recipient with an IRN and a Reference Letter noting any agreements made between the ICN and the grant recipient during the consultation.

4.4 Step 4 - Provide IRN and Reference Letter to agency contract manager

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

The grant recipient must also inform the agency contract manager of any opportunities for local business agreed with ICN and may do this by providing a copy of the Reference Letter.

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

4.5 Step 5 – Monitor compliance with Local Jobs First commitments

The grant recipient must monitor, and maintain records demonstrating its compliance with any LJF commitments. Where required by the grant agreement, this information must also be submitted to the agency. The agency or DJPR may consult with ICN about the grant recipient's compliance with any LJF commitments.

Any local content outcomes achieved through consultation with the ICN will be noted and reported to the agency and DJPR 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 Joining a panel

LJF requirements for suppliers joining a panel will be outlined in the market approach information provided by the agency establishing or renewing the panel. Typically, LJF requirements for suppliers joining a panel will only commence at the point when an agency purchases from a supplier through the panel.

In some cases, the agency may advise that the LJF Standard or Strategic Project process, including preparation of an LIDP, will apply during the panel contract establishment. Note that this can include SPCs or SEPCs where the contract is anticipated to, or may be, awarded to a sole supplier.

5.2 Supplying through a panel

If you are supplying goods, services or construction activities through a panel, it is subject to LJF when:

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

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

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

Where an LIDP was not required at establishment or set up of a panel, the agency will register in the VMC each purchase or engagement from the panel that meets a LJF threshold. For these purchases or engagements, the supplier must submit an LIDP, which must be acknowledged by ICN, and the supplier must report against the commitments made during delivery in the VMC. Upon completion of the project or engagement a project completion report is also required.

If the total value of a project meets the LJF thresholds, the supplier is required to follow the process outlined at [How to apply Local Jobs First to Standard Projects and Strategic Projects](#), including completing an LIDP. For example, a supplier providing one-off audit services to a department or 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 exceeds a threshold, then each time a purchase by the delivery agency is made off a panel in relation to that project the supplier is required to follow the process outlined at [How to apply Local Jobs First to Standard Projects and Strategic Projects](#), including completing an LIDP. For example, for 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.

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 help.

LJF applies to market-led proposals. Market-led proposals follow a similar process to Strategic Projects, including specific [requirements set by the responsible minister](#). As a project proponent you are responsible for developing an LIDP using the VMC during the proposal process, 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 these guidelines.

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

- **Complete all sections of the relevant LIDP** (there are 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 all other conditions**, including monitoring, reporting, auditing and compliance requirements.

The lead department 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 lead department will include the final approved LIDP in the contract with the proponent.

7 Appendices

Appendix 1: Glossary

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

Apprentice - Apprenticeships are entry-level roles undertaken under a Training Contract between an employer and an apprentice that combines structured training with paid employment.

Apprenticeships are generally at Certificate III level and above and extend across a range of trades. Apprenticeships typically have a duration of three to four years and are competency based. For an apprentice to be counted towards the MSPG 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).



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

Cadet – Cadetships are 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 LJJ 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.

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

Contract Manager – The contract manager refers to the person within the relevant agency responsible for managing the LJJ process for a contract.

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

Employment – Refers to the number of actual new or retained (i.e. existing) annualised employee equivalent opportunities (jobs) to be created in Australia and New Zealand (ANZ) 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 = 1976).

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

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

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

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

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

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



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

Local Industry – Local industry means industry and other businesses based in ANZ.

Local Industry Development Plan (LIDP) – A Local Industry Development Plan is a document prepared by the supplier as part of the Expression of Interest, Request for Tender and/or tender submission for a 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.

LJF Commissioner – 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 (LJF) Policy – The policy comprises the Victorian Industry Participation Policy and the Major Projects Skills Guarantee. LJF ensures government supports Victorian businesses and workers by mandating that small and medium-sized enterprises (SMEs) are given full and fair opportunity to compete for government contracts of all sizes and types. It also mandates that a portion of total hours worked on government construction projects must go to ATCs.

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

Major Projects Skills Guarantee (MPSG) – The Major Projects Skills Guarantee is a policy that provides job opportunities for ATCs on high value construction and infrastructure projects.

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

Off-site Work – 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 and modular systems or preassembled components.

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

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

Rural and Regional Victoria – Rural and Regional Victoria is defined as the 48 local government areas, including six alpine resort areas, set out in Schedule 2 of the [Regional Development Victoria Act 2002](#). The 10 regional city local government areas are [Ballarat](#), [Greater Bendigo](#), [Greater Geelong](#), [Greater Shepparton](#), [Horsham](#), [Latrobe](#), [Mildura](#), [Wangaratta](#), [Warrnambool](#) and [Wodonga](#). The remaining 38 local government areas, including six alpine resort areas, are referred to as the rural local government areas.

SME – Small-to-Medium Enterprises

Sole Entity Purchase Contract (SEPC) - A sole supplier or panel of suppliers are appointed to provide goods or services specific to an agency over the life of the contract.

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



State Purchase Contract (SPC) - 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.

Trainee - Traineeships are entry-level roles undertaken under a Training Contract between an employer and a trainee that combines training with paid employment. Traineeships are undertaken at Certificate II level and above including Diploma and 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 (VRQA).

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.

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

Victorian Management Centre (VMC) – Online system hosted by ICN and used by agencies and suppliers for LJF project registration, reporting and completion. It also manages reporting for the Social Procurement Framework.

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

Appendix 3: 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. Suppliers may wish to use the deemed hours formula to estimate their employment numbers for the project or to sense check the employment numbers they have estimated using a separate methodology. Please note that this formula provides an indicative estimate of jobs numbers only and the individual nature of each project will impact jobs 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.

Project Type	Project Description	Deemed Labour Ratio	Deemed Hourly Rate
Building construction projects	Building construction projects include commercial building projects, schools, education, hospitals, police, fire and ambulance stations, civic buildings, courts and similar structures.	40 per cent	\$85.00
Civil and infrastructure construction projects	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
Building and infrastructure construction (mixed) projects	Building and infrastructure construction (mixed) projects are where the specified works are civil/infrastructure in nature but include significant building construction elements such rail upgrades or projects that include stations, or water treatment plants that include facility buildings or sheds.	25 per cent	\$90.00

Use the above project definitions to choose the deemed labour ratios and hourly rates for your specific construction project.

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)
Indicative MPSG labour hours	10%	41,667 hours (ATC labour hours)

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)
Indicative MPSG labour hours	10%	63,158 hours (ATC labour hours)

Appendix 4: 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]



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 the Local Jobs First policy and processes please contact:

Department of Jobs, Precincts and Regions

A: 121 Exhibition St, Melbourne, VIC, 3000

E: localjobsfirst@ecodev.vic.gov.au

Ph: ~~13 22 15~~

~~Authorised by the Hon Ben Carroll Martin Pakula MP, Minister for Industry Support and Recovery Jobs, Innovation and Trade~~

~~October August July May 202220~~

Department of Jobs, Precincts and Regions
1 Spring Street Melbourne Victoria 3000

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