

# Local Jobs First – Policy Enhancements

Industry presentation

# Presentation Overview

- Nanette Fitzgerald (Assoc. Deputy Secretary, DJPR)
- Jane Barnett (Director, Industry Participation)
- Moana Weir (Local Jobs First Commissioner)
- Questions

# Overview:

## Local Jobs First Policy objectives

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



# Background: Local Jobs First

**Local Jobs First** sets minimum requirements for local content and the use of apprentices, trainees and cadets on projects that meet Local Jobs First thresholds.

The policy must be applied by all Victorian government departments and agencies for any type of project (grants, loans and procurement) with a value of:

- **Standard Projects** – applies to all projects over \$1 million in regional Victoria and \$3 million in metro Melbourne and Statewide
- **Strategic Projects** – applies to all projects over \$50 million (or as declared by Government)
- The Minister must determine minimum local content requirements for Strategic Projects, which must be no less than –
  - 90% for a strategic project that is a construction project
  - 80% for a strategic project that is a services project
  - 80% for the maintenance or operations phase of a strategic project.



# Background:

## Local Industry Development Plans

Bidders for LJF Strategic Projects must submit a Local Industry Development Plan (LIDP), outlining how they will meet the specified local content requirements.

- Assessed by the Industry Capability Network (ICN)
- **Suppliers** are legally and contractually responsible for meeting the targets outlined in their LIDP
- LJF Commissioner empowered to enforce

# Local Jobs First – Policy Enhancements

A new process has been introduced for LJF strategic projects to maximise opportunities for local industry.

These policy enhancements apply to strategic projects:

- Where a **significant diversion** is proposed to the local sourcing of goods, materials or labour under a LIDP, and/or
- That involve the use of **steel**

The intent of these policy enhancements is to ensure local businesses continue to be provided a full and fair opportunity to compete for both large and small government contracts.

# Policy Enhancements:

## Part one - a 'significant diversion'

A supplier for a LJF Strategic Project **must now notify the project delivery agency in advance of any proposed change to local sourcing** (vs the LIDP).

1. The delivery agency **must work with the supplier** to understand the proposed change and potential impacts
2. Where the delivery agency considers that the proposed change constitutes a 'significant' diversion, **it must notify DJPR and ICN and follow a set process**

The supplier cannot enter into a new contract until the process is complete.

**A significant diversion is one that proposes to:**

- reduce the local content of any steel item, or
- reduce by 20% or more the local content of any item\* of significant value to the project (>\$5 million or 5% of total project value)

\*whether a single item OR a group of similar items

# Policy Enhancements:

## Part two: local steel requirements

The new LJF process to maximise opportunities for the local **steel industry** contains three key elements:

- Introduction of a **requirement to notify** the project delivery agency of any proposed change to the sourcing of steel (vs the LIDP)
  - Agencies to work with the supplier to understand the reasons for the problem and seek solutions to maximise local steel outcomes
- Introduction of a **requirement for all new construction Strategic Projects to list steel packages and local steel commitments on the Industry Capability Network (ICN) Gateway**
  - Provides the local steel industry more visibility of project opportunities
  - Select projects will have a requirement for suppliers to prepare a **Steel Engagement Plan** or **Steel Sourcing Plan**
- Provision of **additional ICN support to suppliers** to maximise opportunities for the local steel industry and supply chain



## Policy Enhancements: What this will mean for Industry

- The threshold for proposing an amendment to the local content on a strategic project is raised – changes will need to be justified, including in cases where the overall local content percentage is maintained
- Suppliers must work with ICN and Agencies to identify local alternatives prior to entering into any agreement to purchase steel from overseas
  - This entails consideration of full project impacts
- Bidders will receive more support from ICN industry advisers to ensure local steel content can be maximised in project proposals - reducing the likelihood of later amendments to the LIDP

# Expected Benefits to Industry

- **Enhanced Clarity:** Ensuring greater consistency in treatment of commitments under each LIDP will lead to better market outcomes
- **Enhanced Predictability:** Taking advantage of greater ICN Industry Adviser support at the bid stage, proponents will be better placed to formulate accurate commitments and foresee challenges
- **Stronger local supply chains:** Supporting local industry will enhance the availability of critical inputs to ensure progress of major projects is not interrupted

# Policy Enhancements: Conclusion

## Changes are now in effect

- New requirements apply to existing, as well as new, strategic projects

**Ongoing support available – please reach out**

# Contact:

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# Local Jobs First Commissioner

Moana Weir



# Role of the Local Jobs First Commissioner

- **Statutory appointment** – reports to Minister for Industry Support and Recovery & Minister for Employment
- Commissioner's powers apply to all projects under Local Jobs First Act approved after 15 August 2018
- The role balances **stakeholder engagement and advocacy**, with **compliance and regulatory functions**

# Engagement and Advocacy

The Local Jobs First Commissioner:

- Works with regulated entities - procuring government agencies and their contractors - on strategic projects to ensure that Local Jobs First content and jobs contractual commitments are delivered.
  - This is primarily through regular project monitoring meetings
- Promotes and advocates for LJF Policy and the capability of local industry and SMEs to ensure full and fair opportunity to compete for Victorian government procurement contracts, and maximisation of use of local goods and services
  - This advocacy is with a broad range of stakeholders including local industry associations and professional bodies, unions and local businesses
- Remit was expanded by Ministerial direction December 2021 to also cover the Social Procurement Framework.

# Compliance and Regulatory

The Local Jobs First Commissioner has a number of compliance and regulatory powers:

**Request audits from agencies** in relation to: compliance by a person or agency with the LJF Policy, or compliance by a person with a LIDP.

**Issue Request for Information from agencies** – where the Commissioner believes on reasonable grounds that an agency has information or a document that is relevant to the performance of the functions of the Commissioner.

**Information Notices** – where the Commissioner believes on reasonable grounds that a person has information or a document that is relevant to the operation of the LJF Policy or LIDP.

**Issue Compliance Notice** – The Commissioner may issue a compliance notice where the Commissioner reasonably believes that a person has: failed to comply with an information notice, failed to comply with the LJF Policy or failed to comply with a LIDP.

**Adverse Publicity Notice** – where the Commissioner has determined that a person has failed to comply with an information notice, or Local Jobs First Policy or LIDP, the Commissioner may recommend to the Minister responsible for the Act that an Adverse Publicity Notice be issued.

**Injunctions** – the Commissioner may recommend to the appropriate agency that they seek an injunction or take other enforcement action where there is failure to comply with the LJF Policy or a LIDP.



# Current focus

Significant number of large Victorian strategic projects underway in construction and infrastructure and services, along with disrupted supply chain and tight labour market

- Represents opportunities and challenges for local industry, and government agencies managing contractors on Local Jobs First projects
- The Local Jobs First Commissioner will look for evidence of a robust project governance structure where agencies meet very regularly with head contractors, and keep close watch on delivery of local content and jobs commitments right through the supply chain
- This requires head contractors to be tightly managing sub contractors and throughout its supply chain.

# Contact:

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