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| FRD 25C |  |  | Local Jobs First - Victorian Industry Participation Policy Disclosures in the Report of Operations (November 2016) |
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| Purpose |  |  | To prescribe the disclosure requirements for the Local Jobs First -Victorian Industry Participation Policy (Local Jobs First - VIPP) in the report of operations in accordance with section 9 of the *Victorian Industry Participation Policy Act 2003.* |
| Application |  |  | Applies to all entities defined as either a public body or a department under section 3 of the *Financial Management Act 1994*.  |
| Operative date |  |  | Reporting periods commencing on or after 1 July 2016. |
|  |  |  | FRD 25B *Victorian Industry Participation Policy Disclosures in the Report of Operations* is withdrawn and superseded effective 1 July 2016. |
| Requirements |  |  | The accountable officer must disclose the details of the implementation of the Local Jobs First - VIPP in the entity’s report of operations. |
|  |  |  | The accountable officer of each entity is responsible for ensuring all contracts to which the Local Jobs First - VIPP applies are reported on in summary form. |
|  |  |  | Reporting on all contracts except those related to grants provided |
|  |  |  | **The report of operations should contain the following information for contracts commenced and/or completed to which Local Jobs First - VIPP applied in the reporting period:** |
|  |  |  | 1. **the number and total value of contracts commenced and/or completed in the reporting period to which a VIPP Plan or Local Industry Development Plan (LIDP) was required;**
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|  |  |  | 1. **the number and percentage of ‘local content’ committed under contracts that commenced in the reporting period where a VIPP Plan or LIDP was not required (due to nil to limited contestability) split by:**
	1. **those that are local by nature; and**
	2. **those that are international by nature;**
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|  |  |  | 1. **the number of small and medium sized businesses engaged as either the principal contractor or as part of the supply chain;**
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|  |  |  | 1. **the number and percentage of ‘local content’ committed under contracts that commenced and/or completed in the reporting period to which a VIPP Plan or LIDP was required, split by:**
	1. **metropolitan;**
	2. **regional; and**
	3. **State wide.**
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|  |  |  | 1. **for contracts commenced, a statement of total VIPP Plan or LIDP commitments (local content, employment and engagement of apprentices/trainees) committed as a result of these contracts;**
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|  |  |  | 1. **for contracts completed, a statement of total VIPP Plan or LIDP outcomes (local content, employment and engagement of apprentices/trainees) achieved as a result of these contracts; and**
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|  |  |  | 1. **for contracts, commencing from 1 September 2016, the number of contracts where the minimum formal weighting was applied for local content in the tender evaluation of the VIPP Plan or LIDP.**
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|  |  |  | Reporting on grants provided and design contracts |
|  |  |  | 1. **The total number of conversations with the Industry Capability Network that correspond with the registration and issue of an Interaction Reference Number.**
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| Definitions |  |  | For a complete glossary of terms related to Local Jobs First - VIPP refer to the VIPP Guidelines at http://www.vic.gov.au/vipp |
|  |  |  | Annualised Employee Equivalent (AEE) – means 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). |
|  |  |  | Contestability – means in the context of Local Jobs First - VIPP’s focus on contestable items, those goods and services where there are competitive international and competitive local suppliers. |
|  |  |  | Design contract - Design contractors include architects, design firms and project management firms charged with developing the design of a project and its specifications. For design contracts, the value of the design contract itself is not relevant. It is the value of the project meeting the Local Jobs First - VIPP monetary thresholds ($3 million or more in metropolitan Melbourne and for state-wide projects, or $1 million or more for procurement activities in regional Victoria) that will trigger the need for designers to apply for an Interaction Reference Number (IRN). |
|  |  |  | Industry Capability Network (ICN) – means the organisation that manages the VIPP Management Centre which administers the Local Jobs First - VIPP on behalf of the Victorian Government at http://www.icnvic.org.au/vipp.  |
|  |  |  | Interaction Reference Number – means the reference to a grant recipient’s or design contractor’s consultation with the Industry Capability Network on the nature of the procurement activity and identifying any opportunities for local industry content for the supply of goods and services. The consultation is to ensure local businesses will not be locked out of bidding on projects that will trigger the application of the Local Jobs First - VIPP, because of the specifications designed. |
|  |  |  | Local content – means goods and services sourced from or industry based in Victoria, Australia and New Zealand (ANZ). Local content is calculated using an ANZ value added activity calculation, which involves deducting the monetary value of the imported components from the total value of the goods or services being delivered by the procurement activity, expressed as a percentage. |
|  |  |  | Local Industry Development Plan (LIDP) – means a document (electronic or otherwise) prepared by the supplier in the tender submission that outlines the plan to deliver the local content requirements of a Local Jobs First – VIPP strategic project.  |
|  |  |  | Local Jobs First - VIPP – means the Victorian Industry Participation Policy as defined under section 4 of the *Victorian Industry Participation Policy Act 2003*. |
|  |  |  | Local Jobs First - VIPP Process – means the process to be applied by departments, public bodies and industries to optimise ‘local content’ supply in contracts awarded for government procurement and other projects in accordance with the policy and associated guidance. |
|  |  |  | Regional – means Regional Victoria as defined in the *Regional Growth Fund Act 2011*, which includes the municipal councils and alpine resorts of the Hume, Loddon Mallee, Grampians, Barwon South West and Gippsland regions of Victoria. |
|  |  |  | Strategic projects – means projects valued at $50 million or more, excluding maintenance and operational costs.  |
|  |  |  | VIPP Plan – means an online smart form prepared by the supplier in the tender submission that must be completed through the VIPP Management Centre which is managed by the Industry Capability Network. |
| Guidance |  |  | The objectives of the Local Jobs First - VIPP are:* promoting employment and business growth by expanding market opportunities for local industry;
* providing contractors with increased access to, and raised awareness of, local industry capability;
* exposing local industry to world's best practice in workplace innovation, e-commerce and use of new technologies and materials; and
* developing local industry's international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.
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|  |  |  | The desired outcome of Local Jobs First - VIPP is to foster industry development by encouraging bidders to genuinely and systematically consider Victorian, Australian and New Zealand suppliers. |
|  |  |  | Departments and public bodies are required to apply Local Jobs First - VIPP in all tenders over $3 million in metropolitan Melbourne or State-wide, and $1 million in regional Victoria. Local Jobs First - VIPP applies to Victorian Government procurement and project activities; such as:* procurement of goods and services, regardless of the method of procurement (tenders, State Purchase Contracts and Major Events);
* construction projects (Public Private Partnerships and Alliance Contracts);
* delivery of major events and other government projects;
* using a panel of suppliers to deliver goods or services;
* grants provided (funding to private, non-government and local government organisations for investment support, business development and community infrastructure); and
* design contracts (planning and designing capital works or other large infrastructure projects).
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|  |  |  | For each contract commencing from 1 September 2016, where a VIPP plan or LIDP is required, departments and public bodies are required to apply a minimum 10 per cent formal weighting for local content when evaluating tenders for Local Jobs First - VIPP applicable projects.  |
|  |  |  | Illustrated exampleAn example of a Local Jobs First - VIPP disclosure is illustrated in the Model Report for Victorian Government Departments for the corresponding reporting period, available on the DTF website at <http://www.dtf.vic.gov.au/Government-Financial-Management/Financial-reporting-policy/Model-report>. |
|  |  |  | Detailed information about Local Jobs First - VIPP implementation and reporting is available on the Department of Economic Development, Jobs, Transport & Resources website for VIPP at [www.vic.gov.au/vipp](http://www.vic.gov.au/vipp).Further inquiries can be directed to the VIPP Team by email, vipp@ecodev.vic.gov.au or by telephone on 13 22 15. |
| Relevant pronouncements |  |  | * The *Victorian Industry Participation Policy Act 2003*; and
* Local Jobs First - Victorian Industry Participation Policy (VIPP) Guidelines for entities, as amended from time to time, located at [www.vic.gov.au/vipp](http://www.vic.gov.au/vipp).
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| Background |  |  | * In October 2003, the Victorian Parliament passed the *Victorian Industry Participation Policy Act 2003*. This Act requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy. These actions were the basis of FRD 25.
* In 2009, the Victorian Industry and Manufacturing Statement, Building Our Industries for the Future, announced a number of actions to strengthen the VIPP outcomes, including the VIPP reporting guidelines reflected in FRD 25A.
* FRD 25B was issued in May 2014 following implementation of the Victorian Government’s reform to VIPP on 1 January 2013 to provide a stronger focus on contestable procurement opportunities, and to improve monitoring and reporting of VIPP outcomes.
* FRD 25C was issued in October 2016 following the implementation of the Victorian Government’s remaining reform commitments to VIPP. The reforms include the introduction of a formal minimum 10 per cent weighting of local content in the project tender evaluation of applicable projects, and the new brand ‘Local Jobs First’ to sit alongside the legislative VIPP brand, to reflect what the policy is seeking to achieve.
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