Application of government policies in public construction procurement

Factsheet

* + 1. Government policies

Agencies must ensure that all contracts for Works or Construction Services comply with government policy requirements listed in [Ministerial Instruction 7.2.1.](https://www.dtf.vic.gov.au/contractual-terms-and-conditions-direction-and-instruction-72) These include, but are not limited to:

* Fair Payments Policy
* Supplier Code of Conduct
* Local Jobs First - Victorian Industry Participation Policy
* Local Jobs First - Major Project Skills Guarantee
* Social Procurement Framework
* Building Equality Policy
* Fair Jobs Code.
  + - 1. Fair Payments Policy

All Victorian Departments and applicable agencies must apply the [Fair Payments Policy](https://djsir.vic.gov.au/__data/assets/pdf_file/0012/2298378/Victorian-Government-Fair-Payment-Policy-2024.pdf) to contracts entered into where the value of the goods or services does not exceed $3 million.

The Fair Payments Policy requires the payments of invoices within ten business days, penalty interest for late payments and the insertion of a Fair Payments clause for new contracts valued at less than $3 million.

This policy is managed by the Department of Jobs, Skills, Industry and Regional Development.

* + - 1. Supplier Code of Conduct

The [Supplier Code of Conduct](https://www.buyingfor.vic.gov.au/supplier-code-conduct#application-of-the-code) applies to all goods and services procurement, including public construction procurement, regardless of value.

The Supplier Code of Conduct sets mandatory minimum standards that Suppliers must meet when doing business with Government.

This policy is managed by the Department of Government Services.

* + - 1. Local Jobs First

Victorian Industry Participation Policy

The [Local Jobs First – Victorian Industry Participation Policy](https://localjobsfirst.vic.gov.au/agency-guidance/agency-guidelines) requires Agencies to consider competitive local suppliers, including small and medium sized enterprises, when awarding contracts.

The Local Jobs First – Victorian Industry Participation Policy applies to projects with a monetary value of:

* $3 million (exclusive of GST) or more for metropolitan Melbourne and state-wide activities, and
* $1 million (exclusive of GST) or more for activities in regional Victoria.

**Note**: The term ‘local’ covers all suppliers producingVictorian, Australian or New Zealand goods or services or when they have added value to imported items.

This policy is managed by the Department of Jobs, Skills, Industry and Regional Development.

Major Project Skills Guarantee

The [Local Jobs First – Major Project Skills Guarantee](https://localjobsfirst.vic.gov.au/agency-guidance/major-project-skills-guarantee) requires all publicly funded contracts for Works valued at or over $20 million (ex GST) to use Victorian apprentices, trainees, or engineering cadets for at least 10 per cent of the total estimated labour hours.

This policy is managed by the Department of Jobs, Skills, Industry and Regional Development.

* + - 1. Social Procurement Framework

Agencies implement the [Social Procurement Framework](https://www.buyingfor.vic.gov.au/social-procurement-framework) through individual procurement activities using a scalable approach based on expenditure.

*Regional projects under $1 million; Metro or State-wide under $3 million (ex GST)*

* Incorporate social objectives into regular procurement planning.
* Seek opportunities where available to directly or indirectly procure from social enterprises, Australian Disability Enterprises or Aboriginal businesses.

*Regional projects valued at $1 to $20 million; Metro or State-wide $3 to $20 million (ex GST)*

* Incorporate social objectives into regular procurement planning.
* Use evaluation criteria (5 to 10 per cent weighting) to favour businesses whose practices support social and sustainable objectives.

*State-wide projects valued at $20 to $50 million (ex GST)*

* Complete a Social Procurement Plan during procurement planning.
* Include performance standards and contract requirements that pursue social and sustainable objectives.

*State-wide over $50 million (exclusive of GST)*

* Complete a Social Procurement Plan during procurement planning.
* Include targets and contract requirements that pursue social and sustainable objectives.

This policy is managed by the Department of Government Services.

* + - 1. Building Equality Policy

The [Building Equality Policy](https://www.vic.gov.au/building-equality-policy) applies to Requests for Tender for construction works released on or after 1 January 2022 in relation to projects with a monetary value of $20 million (ex GST).

The Policy is implemented through the Social Procurement Framework. It aligns with the women’s equality and safety objective.

The Policy requires contractors to:

* meet project-specific gender equality targets for onsite labour;
* engage women as apprentices and trainees for at least 4 per cent of the contract works’ total estimated labour hours for these roles; and
* develop and implement Gender Equality Action Plans.

This policy is managed by Industrial Relations Victoria.

* + - 1. Fair Jobs Code

The [Fair Jobs Code](https://www.buyingfor.vic.gov.au/fair-jobs-code) applies to tenders, and the resultant contract, released to market on or after 1 September 2024.

The Policy requires:

* Suppliers to hold a Fair Jobs Code Pre-Assessment Certificate if the value of the contract being tendered for is values at $1 million or more (ex GST).
* Significant subcontractors listed for subcontracts valued at $1 million or more (ex GST) to hold a Fair Jobs Code Pre-Assessment Certificate.
* Suppliers of Works to submit a Fair Jobs Code Plan Addendum when tendering for Works valued at $20 million or more (ex GST). N.B. The Fair Jobs Code Plan Addendum is in addition to any other industrial relations management plan required by the tender.
* Suppliers of Construction Services to submit a Fair Jobs Code Plan when tendering for Works valued at $20 million or more (ex GST).

This policy is managed by the Department of Jobs, Skills, Industry and Regional Development.

* + 1. Summary tables
       1. Construction Works

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| **Government policy application** | **<$1M** | **$1M–<$3M** | **$3M–<$20M** | **$20M-<$50M** | **$50M+** |
| Fair Payments Policy | ✔ | ✔ | ❌ | ❌ | ❌ |
| Supplier Code of Conduct | ✔ | ✔ | ✔ | ✔ | ✔ |
| Local Jobs First – VIPP Metro | ❌ | ❌ | ✔ | ✔ | ✔ |
| Local Jobs First – VIPP Regional | ❌ | ✔ | ✔ | ✔ | ✔ |
| Major Project Skills Guarantee | ❌ | ❌ | ❌ | ✔ | ✔ |
| Social Procurement Framework - Metro or Statewide | * Planning * Seek opportunities | * Planning * Seek opportunities | * Planning * Evaluation criteria (5-10%) | * Social Procurement Plan * Performance standards in contract | * Social Procurement Plan * Targets in contract |
| Social Procurement Framework - Regional | * Planning * Seek opportunities | * Planning * Evaluation criteria (5-10%) | * Planning * Evaluation criteria (5-10%) | * Social Procurement Plan * Performance standards in contract | * Social Procurement Plan * Targets in contract |
| Building Equality Policy | ❌ | ❌ | ❌ | ✔ | ✔ |
| Fair Jobs Code – Pre-assessment Certificate | ❌ | ✔ | ✔ | ✔ | ✔ |
| Fair Jobs Code Plan Addendum | ❌ | ❌ | ❌ | ✔ | ✔ |

* + - 1. Construction Services

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| **Government policy application** | **<$1M** | **$1M–<$3M** | **$3M–<$20M** | **$20M-<$50M** | **$50M+** |
| Fair Payments Policy | ✔ | ✔ | ❌ | ❌ | ❌ |
| Supplier Code of Conduct | ✔ | ✔ | ✔ | ✔ | ✔ |
| Local Jobs First – VIPP Metro | ❌ | ❌ | ✔ | ✔ | ✔ |
| Local Jobs First – VIPP Regional | ❌ | ✔ | ✔ | ✔ | ✔ |
| Social Procurement Framework - Metro or Statewide | * Planning * Seek opportunities | * Planning * Seek opportunities | * Planning * Evaluation criteria (5-10%) | * Social Procurement Plan * Performance standards in contract | * Social Procurement Plan * Targets in contract |
| Social Procurement Framework - Regional | * Planning * Seek opportunities | * Planning * Evaluation criteria (5-10%) | * Planning * Evaluation criteria (5-10%) | * Social Procurement Plan * Performance standards in contract | * Social Procurement Plan * Targets in contract |
| Fair Jobs Code – Pre-assessment Certificate | ❌ | ✔ | ✔ | ✔ | ✔ |
| Fair Jobs Code Plan | ❌ | ❌ | ❌ | ✔ | ✔ |

* + 1. Help and support

If you have any queries, please contact Infrastructure Division by email: [construction.procurement@dtf.vic.gov.au](mailto:construction.procurement@dtf.vic.gov.au).