



Local Jobs First

Victorian Industry Participation Policy

Background

The Victorian Industry Participation Policy (VIPP) is an industry development procurement policy established under the *Victorian Industry Participation Policy Act 2003*. The policy is designed to ensure local small and medium enterprises (SMEs) are given full and fair opportunity to compete for Victorian government contracts, while still ensuring value for money, competitiveness and transparency. By leveraging government procurement, the VIPP generates local jobs and boosts Victoria's economic activity.

VIPP applies to Victorian Government projects and grants worth \$3 million and above and based in metropolitan Melbourne or state-wide and \$1 million and above for those located in regional Victoria.

These changes build on the Government's 2015 reforms, including lowering the threshold value for Strategic Projects to \$50 million, whereby projects valued from \$50 million and above are automatically classified as VIPP Strategic Projects with mandated local content requirements. Since December 2014, 30 projects have been classified as VIPP Strategic Projects with a combined total project value of over \$16 billion, representing significant demand for local suppliers.

The Government has also published a forward plan of VIPP Strategic Projects to assist industry to plan early and make decisions about future investment and employment.

VIPP review and further reforms

To ensure that local industry benefits more from VIPP, the Government undertook a review of the policy. The Review examined how the policy is applied across government, how it can maximise opportunities for local SMEs and how to reduce red tape.

The Government is acting on the recommendations of the Review.

The VIPP reforms are in line with the Government's commitment to strengthen VIPP and use its purchasing power to increase economic activity, opportunities for small and medium enterprises and boost local jobs.

For more information contact the Department of Economic Development, Jobs, Transport and Resources.

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Overview of changes to the Victorian Industry Participation Policy



CHANGE	EXPECTED BENEFITS
Policy change	
Introduction of a formal 10 per cent local content weighting as part of project tender evaluation	For the first time, the use of local suppliers will be given formal priority during tender assessment. This will further encourage bidders to use local suppliers in all projects.
Strengthening compliance	
Random industry audits of VIPP compliance at project completion	To improve contractor compliance with the policy as committed in VIPP Plans and Local Industry Development Plans (LIDPs).
Regular reports to Cabinet and the Victorian Secretaries Board on compliance and reform progress	Strengthened compliance across Government.
Branding change – ‘Local Jobs First’	
To sit alongside the legislated VIPP brand	To increase market awareness of what the policy aims to achieve.
Strengthening engagement and awareness	
Twice yearly education and awareness forums industry on Strategic Project pipeline	To increase awareness of Government procurement opportunities, facilitate business to business engagement, and assist industry to plan early and make decisions about future investment and employment.
Regular release of forward plan of VIPP Strategic Projects	Early notification of major projects inviting industry to register their interest to supply into projects.
Twice yearly forums conducted in partnership with ICN for Government departments and agencies	Increased understanding and application of VIPP to capture all applicable projects.
VIPP is clearly referenced as a policy for SMEs	Small and medium enterprises (SMEs) are clearly targeted and are given a full and fair opportunity to supply into Government projects.
Reducing red tape	
Streamlined VIPP Plans & Local Industry Development Plans (LIDP)	Reducing red tape by streamlining Government processes and VIPP paperwork for SMEs.
Examine a single prequalification framework	Reducing red tape by streamlining Government processes and VIPP paperwork for SMEs.

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