



The Hon Wade Noonan MP

Minister for Industry and Employment
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Senator Chris Ketter
Chair
Senate Economics References Committee
PO Box 6100
Parliament House
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Dear Senator

Response to Questions on Notice

Thank you for the opportunity to provide evidence to the inquiry into the *Future of Australia's naval shipbuilding industry*. I am pleased to provide responses to the questions on notice on behalf of the Victorian Government.

What is the impact for the Victorian economy of the closure of the (Williamstown) shipyard?

The Victorian Government estimates that the revenue of Victoria's naval shipbuilding sector was approximately \$368 million, based on the last available information in 2013-14. A large component of this was derived from work undertaken at the Williamstown Shipyard, though the Victorian Government is not in a position to disclose the breakdown between the site owner BAE Systems Australia and its supply chain for commercial reasons. While Victorian businesses continue to support the in-service sustainment of naval platforms, the revenue from this is a small component of the then total revenue.

Over the period late 2014 to early 2016, approximately 1000 workers have been made redundant from the shipyard. The Victorian Government understands approximately 200 staff remain at the Williamstown site to work on the engineering and sustainment management of existing naval platforms. In addition, a small number of staff remain to maintain the site.

Other matters the Victorian Government wishes to provide advice on

For the Committee's benefit, I have attached the following documents:

- Australian Maritime Innovation Centre proposal and proposed operational model
- Local Jobs First: Victorian Industry Participation Policy Agency Guidelines
- Local Jobs First: Victoria Industry Participation Policy Supplier Guidelines
- Fishermans Bend Overview

The Victorian Government appreciates the opportunity to make a submission to this inquiry.

Yours sincerely

Hon Wade Noonan MP

Minister for Industry and Employment

Date: 4 / 8 / 2017

Encl. Australian Maritime Innovation Centre proposal and proposed operational model
Local Jobs First: Victorian Industry Participation Policy Agency Guidelines
Local Jobs First: Victorian Industry Participation Policy Supplier Guidelines
Fishermans Bend Overview

A photograph of a submarine's conning tower and sail emerging from the dark blue ocean. Two crew members in military-style uniforms are standing on the conning tower. A tall, slender mast with a black antenna extends from the top. The background is a clear, light blue sky. A white rectangular box with blue text is overlaid on the right side of the image, and a red rectangular box with white text is overlaid below it.

AUSTRALIAN MARITIME INNOVATION CENTRE

PROPOSAL

SUPPORTING ORGANISATIONS

This proposal has been supported by the following organisations for the consideration of the Australian Government and the Department of Defence:

- The University of Melbourne and Monash University in consultation with 13 other Australian universities with scientific and research capabilities in maritime design and engineering
- Defence Science Institute
- Australian Industry Group
- Australian Industry & Defence Network
- The State of Victoria.

The supporting organisations have prepared this paper to assist the Australian Government and the Department of Defence in their consideration of the largest naval acquisitions in the nation's history.

Almost \$100 billion has been committed over coming decades to build Australia's future submarines, frigates, offshore patrol vessels and Pacific patrol boats in a continuous building program. The objective is not only to equip the Royal Australian Navy with a modern fleet, but also to achieve positive economic outcomes for the nation.

These naval shipbuilding programs offer the opportunity to foster Australian capability in maritime design, engineering, science, research, materials technology and systems integration as well as in shipbuilding. Success in managing technological, schedule and financial risks, as well as successfully achieving positive outcomes for the economy, depends much on the decisions taken at the outset.

The supporting organisations are of the view that the establishment of an Australian Maritime Innovation Centre (AMIC) at an early stage will be critical to the successful delivery, upgrade and sustainment of the naval platforms.

The supporting organisations provide this proposal to aid discussions with the Australian Government on the appropriate design and solution to be provided by AMIC. The supporting organisations are committed to working in collaboration at a national level with the Australian Government, the Department of Defence, the Royal Australian Navy and the defence industry to secure success.

Version 1.1

Images courtesy of the Department of Defence:

Cover: HMAS Dechaineux, HMAS Waller and HMAS Sheean (CPOIS David Connolly).

Page 3: HMAS Perth (ABIS Julianne Cropley).

Page 9: HMAS Canberra (LSIS Helen Frank).

AMIC will contribute to a new generation of high technology industries in Australia.



EXECUTIVE SUMMARY

AMIC will provide Defence with maritime research and development capability, foster the generation of the skilled engineering workforce required to deliver and sustain the next generation of surface warships and submarines and provide innovative solutions to help supply chain companies meet industry challenges. AMIC will coordinate Defence requirements with Australia's maritime scientific, research and engineering capabilities and with the defence industry. AMIC would help to advance solutions to complex challenges facing our naval platforms by drawing together the best capabilities Australian industry and research institutes have to offer. It would complement the work of the Defence Science and Technology (DST) Group, Centre for Defence Industry Capability (CDIC), Defence Innovation Hub, Defence Materials Technology Centre (DMTC), Defence Science Institute (DSI), and our universities and research organisations. AMIC would operate under a Defence mandate.

Delivery of Australia's naval platforms, including future submarines, is a national endeavour. The acquisition and sustainment of Australia's future maritime capabilities – centred on the Future Submarine and Future Surface Ship programs – is amongst the most significant engineering endeavours in our nation's history. The Australian Government's commitment to a continuous naval shipbuilding plan in Australia will drive innovation and technological leadership, and help to secure the long-term future of Australian naval shipbuilding and related industries. The scale of these investments is beyond the capacity and capability of any single state or territory. To be successful, the scientific research, engineering, technology and industrial capabilities of the entire nation will be needed.

A coordinated national research and development base will build Australian capabilities. The Future Submarine Program is the most complex military acquisition in Australian history. There are a range of organisations that will contribute to this and other naval investments. To ensure success, increase productivity and lower costs, our national scientific research, engineering, technology and industrial capabilities must be mobilised and coordinated in a focused effort. AMIC will provide this coordination and focus and, in doing so, help to build major new export industries and global competitiveness, leveraging off the major investment made by the Australian government.

AMIC will be a critical part of the national innovation system. AMIC will serve as a developer of and gateway to maritime innovation and research for the Royal Australian Navy, the Department of Defence and naval contractors and their supply chains. It will aid innovation to solve the challenges that will inevitably confront the shipbuilding task. It will help link industry with the best maritime research capabilities in the nation. It will contribute to a new generation of high technology industries in Australia. AMIC will also undertake world-class research to position Australia and Australian industry at the forefront of maritime developments. In delivering its role, it will facilitate innovative research, provide knowledge, network development and advice in an environment with appropriate security and intellectual property management controls.

Aligning with Defence requirements is key to the long-term success of the centre. AMIC's activities will be informed by the Department of Defence to ensure alignment with the requirements of the Royal Australian Navy. To be successful, AMIC needs the support of the Australian Government, the Department of Defence and Australian industry, and must be shaped by the requirements of the naval platforms to be acquired and sustained. As well as the immediate build of the platforms, AMIC will develop the technological capabilities for the Department of Defence to adequately sustain, upgrade and operate these platforms over coming decades.

A consortium of Australia's leading maritime research organisations is committed to establishing AMIC. It is proposed that AMIC's national headquarters be in Melbourne to take advantage of the significant concentration of defence industry and research expertise in the city, including the DST Group's Maritime Division, the University of Melbourne, Monash University, DMTC, CSIRO, DSI and the Bureau of Meteorology. It would complement the work of these organisations in support shipbuilding operations in South Australia and Western Australia, and naval sustainment operations nationally.

The Victorian Government is committed to assist financially and with infrastructure to establish and host AMIC.

AMIC could provide the following functions:

- Maintain an intelligence base of Australian naval industry and research capabilities
- Link industry and research, help solve problems and stimulate innovation
- Provide a gateway to access design, engineering, research and technology expertise
- Lead an Australian digital shipbuilding approach
- Have the technical insight and competence necessary to anticipate needs
- Establish networks and relevant Communities of Practice, facilitate linkages and help form consortia
- Initiate and manage research projects, including injecting a business orientation into scheduling and completion
- Foster the provision of educational programs to create the supply of engineers and technologists in the specialities that the projects will require
- Ensure critical mass of high end skills to support the vessels for decades to come
- Support and expertise on tap for the Head Navy Engineering

AMIC could provide support for the following research areas:

- Mechanical systems
- Hull and hydrodynamics
- Naval architecture
- Oceanography and ocean engineering
- Engineering
- Acoustics and vibration
- Computer aided design and engineering
- Safety engineering and systems
- Human-machine interface
- Power systems, engines, battery technology (including land based test facilities)
- Intellectual property access for the Department of Defence
- High end (non-crew) training
- Capacity planning and economics
- Advanced Defence manufacturing
- Whole-of-life (30 years) innovation support



DELIVERY OF THE FUTURE SUBMARINE AND SURFACE SHIP PROGRAMS IS A NATIONAL ENDEAVOUR

The acquisition and sustainment of Australia's future maritime capabilities – centred on the Future Submarine Program – is amongst the most significant engineering endeavours in our nation's history. The Australian Government's commitment to a continuous naval shipbuilding plan in Australia will drive innovation and technological leadership, and help to secure the long-term future of Australian naval shipbuilding and related industries. The scale of these investments is beyond the capacity and capability of any single state or territory. To be successful, the scientific research, engineering, technology and industrial capabilities of the entire nation will be needed.

Future submarine and surface ship programs

The Australian Government has set Australia on the path to build 12 new submarines, 9 future frigates, 12 offshore patrol vessels and 21 Pacific patrol boats. The timeframe for the commencement and completion of these projects is ambitious. The sheer scale, complexity and timeframe presents many challenges for the

Department of Defence and industry, and will require a national solution beyond the capacity of existing defence industry capabilities and infrastructure.

These four projects will ensure Australia retains a sovereign capability to build and sustain its naval platform. Together they represent close to \$90 billion worth of investment in Australia's future naval capabilities and our naval shipbuilding industry. To achieve a transformative economic impact, all necessary capabilities must be harnessed in a national collaboration in a timely manner.

Maximising opportunities for the Australian defence industry now and in the future

The 2016 Defence Industry Policy Statement and appointment of a dedicated Minister for Defence Industry signify the importance of the defence industry to the future development of

NAVAL SHIPBUILDING PLAN



Future Submarine Program (SEA1000)

DCNS of France has been selected as the preferred international partner for the design of the 12 Future Submarines to be constructed in Adelaide. This \$50 billion investment will directly sustain around 1,100 Australian jobs and a further 1,700 Australian jobs through the supply chain.



Pacific Patrol Boats (SEA3036)

This project involves the acquisition and support of up to 21 Pacific Patrol Boats estimated to be worth \$594 million and will be constructed in Henderson, Western Australia.

“...the commitment to an Australian build will create a sustainable Australian naval shipbuilding industry and provide the certainty that industry requires to invest in innovation and technology and grow its workforce.”

– Prime Minister and Minister for Defence, April 2016.

Australian industry, and in particular, advanced manufacturing. It will deliver new jobs and opportunities in the advanced manufacturing sector across the national supply chain, for small, medium and large organisations.

This includes the Naval Shipbuilding Plan which will directly secure more than 2,500 jobs and generate thousands of additional jobs with suppliers for decades to come. These announcements provide for two shipyards in Australia to implement the Government’s commitment to a continuous build of naval surface ships and rolling build for the future submarine program. The construction of major warships and submarines will be centred in Adelaide and smaller vessels in Henderson, Western Australia.

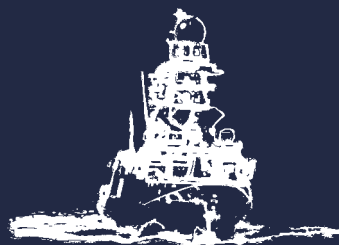
AMIC will work closely with other industry programs, including the CDIC, funded by the

Australian Government, industry peak bodies and industry advocacy groups. AMIC will complement these programs and groups by building the innovation, research and engineering capability for Australia to further develop its industry capability, Australia will be able to enhance its involvement in the design and development of these ship platforms over the decades-long construction process. Creation of high value add technology will shield Australian industry from the easy substitution of labour by capital leading to long-term jobs through the lifetime of the vessels. In addition, high level technical capabilities, including digital shipbuilding, developed by AMIC will enable efficient maintenance of the platforms and the development of export capabilities and access to global supply chains in areas where Australia can develop a technological advantage.



Offshore Patrol Vessels (SEA1180)

This program is estimated to be worth more than \$3 billion and will see the construction of twelve Offshore Patrol Vessels in Adelaide and Western Australia creating over 400 direct jobs.



Future Frigates (SEA5000)

Nine frigates will all be built in Adelaide, incorporating the Australian-developed CEA Phased-Array Radar, in a program estimated to be worth more than \$35 billion which will directly create over 2000 jobs.

A COORDINATED NATIONAL RESEARCH AND DEVELOPMENT BASE WILL BUILD AUSTRALIAN CAPABILITIES

The Future Submarine Program is the most complex military acquisition in Australian history. There are a range of organisations that will necessarily contribute to this and other naval investments – such as the DMTC, DST Group, DSI, CDIC, universities, industry and others. To ensure success, increase productivity and lower costs, our national scientific research, engineering, technology and industrial capabilities must be mobilised and coordinated in a focused effort. AMIC will provide this coordination and focus and, in doing so, help to build major new export industries and global competitiveness, leveraging off the major investment made by the Australian Government.

Harnessing the local capabilities

The Future Submarine design and builder DCNS, Pacific Patrol Boat builder Austal, and contractors and design partners for other naval platforms will need to engage with Australia's industry and research base. The Turnbull Government has said it will maximise Australian industry involvement in the program and will work closely with DCNS to identify opportunities for local businesses to integrate into the supply chain.

Many local suppliers are small or medium enterprises, often with good technical capability but low market recognition and reach. This limits access to major opportunities such as the future submarine and surface ship building programs. Similarly, Australia's highly regarded research capabilities are spread across numerous universities, research institutions and private companies, making it difficult to identify and access relevant expertise.

By connecting with local businesses and research organisations to coordinate effective partnerships and consortia AMIC will assist local suppliers to win work and help prime contractors and design partners to harness the local R&D and supply chain capabilities.

Establishing a sovereign capability

By undertaking world-leading industry-driven research, AMIC will help to build the capabilities needed to construct, upgrade and sustain surface warships and submarines, underpinning the development of new export industries for Australia. As such, AMIC will ensure the maximum outcomes for the nation as part of the direct shipbuilding programs and develop new industries for the nation.

Overcoming technology challenges

The technological challenges arising from Australia's planned naval construction projects are immense. Stealth, weaponry, propulsion, oceanography, materials, computing, communications, command and control are just some of the fields of research required.

As these projects develop, it will be critical that technology is not just transferred "off-the-shelf" from overseas but that Australia can develop its own technology and intellectual property. In this way, Australia can use the investment by the Australian Government to position new industries and for Australia to gradually develop greater local capability in a range of emerging technologies, including digital shipbuilding and smart manufacturing. AMIC will make a significant contribution to building capability in the future ship and submarine build programs. This capability will have collateral benefits to other areas of defence and industry sectors.

“...these capabilities in Defence easily translate across into the commercial sector, providing export dollars, providing jobs and driving growth in our economy.”

– Minister for Defence Industry, July 2016.



AMIC – A CRITICAL PART OF THE NATIONAL INNOVATION SYSTEM

The core role of AMIC will be to bring the expertise of industry and research partners to develop the next generation of technologies. It will respond to demand, facilitating access to research and development, and liaising with new and existing suppliers and contractors in the supply chain.

AMIC would help to advance solutions to complex challenges facing our naval platforms by drawing together the best capabilities Australian industry and research institutes have to offer. It would complement the work of the DST Group, CDIC, Defence Innovation Hub, DMTC, DSI, and our universities and research organisations.

Supplementary support will comprise the Australian Industry & Defence Network, the Australian Industry Group, suppliers and contractors within the existing supply chain, and suppliers seeking new opportunities.

AMIC will interface with the Department of Defence, its prime contractors and networks of experts and suppliers to connect and establish appropriate consortiums of capabilities to deliver contracts and research projects.

AMIC will deliver its role in an environment with appropriate security and intellectual property management controls.

The 2016 Defence Industry Policy Statement sets out \$1.6 billion of funding over the decade to FY 2025-26. Initiatives include:

- Establishment of the Centre for Defence Industry Capability
- A Next Generation Technologies Fund to invest in strategic technologies
- New Defence Innovation Hub to undertake collaborative innovation activities

Source: 2016 Defence Industry Policy Statement, p 11.

“The Government’s objective for Defence industry policy is to deliver the Defence capability necessary to achieve the strategy set out in the Defence White Paper, supported by an internationally competitive and innovative Australian defence industrial base”
– 2016 Defence Industry Policy Statement, p 10.



ALIGNING WITH DEFENCE REQUIREMENTS WILL BE KEY TO SUCCESS

The success of the centre will be determined by the involvement of a range of defence agencies, including the Department of Defence, DST Group, Navy Engineering, Capability Acquisition and Sustainment Group and the arrangements to implement the Defence Industry Policy Statement. The governance arrangements and long-term structure of AMIC, will need to evolve in line with requirements of the Department of Defence and industry.

Finance

The Victorian Government has made a commitment to provide seed funding through its Future Industries Fund, recognising defence technologies as a sector with the potential to drive significant jobs growth and attract deep, future investment.

Arrangements to fund AMIC will be determined by Defence, in consultation with key partners.





AUSTRALIAN
MARITIME
INNOVATION CENTRE

A CONSORTIUM OF AUSTRALIA'S LEADING MARITIME RESEARCH ORGANISATIONS

A national consortium of Australia's leading research providers and the Victorian Government are working to establish AMIC. Twenty one of Australia's leading universities, research and industry organisations have agreed in principle for the need to coordinate activities and have further agreed to work together towards this end. Harnessing their capabilities in a single research and innovation centre will strengthen Australia's maritime engineering, technology, research and innovation needs and support the Australian Government's naval shipbuilding plan.

It is proposed that AMIC's national headquarters be in Melbourne to take advantage of the significant concentration of defence industry and research expertise in the city. The Centre will, however, operate as a national, networked research and development centre with nodes distributed across the nation to take advantage of expertise in maritime engineering, propulsion and fuels, materials and impact resistance, computing, communications and control systems, and human factors and training.

A clear focus and mandate

AMIC will focus on areas of research and development identified by the Department of Defence, prime contractors and industry as requiring innovation. Specifically, AMIC will respond to industry demand to provide:

- Access to world-leading research and development capabilities.
- A means by which Australian firms, particularly SMEs in the defence sector, can minimise the costs and risks associated with exploring new product and process opportunities.
- A capability available to Australian defence firms to maximise the return on their investments in new product design and development, optimising manufacturing processes, increasing productivity and improving competitiveness.
- An online innovation portal through which a network of businesses interested in innovation can share the latest thinking and practices.
- A cross-disciplinary training platform creating a new generation of defence engineers and facilitating the development and delivery of industry led training courses for upskilling the workforce in the defence sector.
- A network that facilitates new business to business, and business to research interactions.

“Technology spillovers are more likely if high-tech activities such as R&D are conducted in Australia.”

– Productivity Commission Trade and Assistance Review 2014-15, p 37.

ORGANISATIONS WHICH HAVE EXPRESSED INTEREST IN FORMING AMIC

Australian Maritime College

Australian Industry & Defence Network

Australian Industry Group

The Bureau of Meteorology

CSIRO

Curtin University

Deakin University

Defence Science Institute

Flinders University

La Trobe University

Monash University

Queensland University of Technology

RMIT University

Swinburne University of Technology

The University of Adelaide

The University of Melbourne

The University of New South Wales

The University of South Australia

The University of Western Australia

The University of Wollongong

Victoria University



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VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) SUPPLIER GUIDELINES

Policy Statement - the Victorian Industry Participation Policy (VIPP)

The Victorian Government is committed to ensuring that local small and medium enterprises (SMEs) are given a full and fair opportunity to compete for government contracts.

The *Victorian Industry Participation Policy Act 2003 (the VIPP Act)* provides for the development of the Victorian Industry Participation Policy (VIPP) and its implementation as a core consideration in certain procurement activities across Victorian government departments and agencies.

The Industry Capability Network (Victoria) Ltd (ICN) is engaged by the Victorian Government to provide services to both bidders for government projects, and to Victorian Government departments/agencies delivering these projects. As part of this role, ICN Victoria works under strict probity conditions to facilitate the operation of VIPP.

Objectives of VIPP

The main objectives of the Victorian Industry Participation Policy (VIPP) as set out in the VIPP Act, seek to:

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

VIPP is delivered by Victorian Government departments and agencies through a requirement that short-listed bidders for procurements and projects must prepare a VIPP Plan acknowledged and evaluated by ICN Victoria. VIPP Plans outline the bidder's commitments to achieving local content, employment and training through delivery of the contract.

Principles of VIPP

VIPP supports the fundamental procurement principles and the provision of financial assistance by the state including:

- the provision of open, clear and accountable tendering mechanisms and processes.
- value for money - as the primary consideration in purchasing and supply decisions

Value for money is defined as a balanced judgment of a range of financial and non-financial factors, taking into account the mix of quality, cost and resources; fitness for purpose; total cost of ownership; and risk (Victorian Government Purchasing Board).

Purpose of the Supplier Guideline

The VIPP – Supplier Guideline outlines the steps to be undertaken by businesses to bid for government work when the Victorian Industry Participation Policy (VIPP) has been applied. This document is one of two documents.

The second guide, the VIPP – Agency Guideline, outlines the steps for government agencies and public bodies to comply with VIPP.

Application of VIPP to Procurement Activities

VIPP must be applied to procurement activities that meet or exceed:

- \$3 million for procurement activities occurring in metropolitan Melbourne or across all of Victoria; and
- \$1 million for procurement activities occurring in regional Victoria.

- Projects valued at \$50 million or more are classified as VIPP Strategic Projects.

The following types of 'procurement activities' are seen to be VIPP-applicable:

- procurement of goods and services, regardless of the method of procurement (tenders, State Purchase Contracts and major events)
- construction activities
- delivery of major events and other government projects
- using a panel of suppliers to deliver goods or services
- grant recipients (funding to private, non-government and local government organisations for investment support, business development and community infrastructure) ¹
- design contracts (planning and designing capital works or other large infrastructure projects)².

VIPP requirements apply to all eligible projects

- Where contestable products and services are identified, bidders are required to submit a detailed plan (VIPP Plan for a Standard Project or Local Industry Development Plan (LIDP) for a Strategic Project that outlines the local content commitment and methodology to be applied to achieve the commitment.
- Where there are no contestable items, no plan is required; however, bidders are required to report the expected local content, even if the local content is zero (Refer to VIPP Monitoring Table Appendix A).

Australian Industry Participation and VIPP

The Commonwealth Government has an Australian Industry Participation (AIP) policy to promote local firms to supply goods and services into major projects. VIPP can supersede the Commonwealth's AIP policy in some circumstances, particularly for Victorian projects that are implemented by the State Government.

Strategic Projects Framework

The VIPP Strategic Project status automatically applies to projects valued at \$50 million or above (excluding maintenance and operational costs associated with the project). Please note it also includes stand-alone maintenance projects. The Government sets a minimum local content requirement (where contestable items are identified) for VIPP Strategic Projects.

Bidders are required to submit a Local Industry Development Plan (LIDP) outlining how the mandated minimum local content requirement and other conditions will be applied and achieved. The LIDP will be used to assess competing bids during the tender process

How is 'local content' defined?

Under VIPP, the term 'local content' covers all suppliers producing Australian or New Zealand (ANZ) goods or services or when they have added ANZ value to imported items.

The 'local content' (ANZ value added activity) of a good or service is determined on a cost basis and is the part of a product or service left once the cost of the international component has been subtracted. It can be expressed by the following equation:

Local content = total cost of the good or service less international content

¹ Note: grant recipients and design contractors go through a separate process, using an Interaction Reference Number. Please refer to the Grants and Design Contracts section below.

² Note: grant recipients and design contractors go through a separate process, using an Interaction Reference Number. Please refer to the Grants and Design Contracts section below.

The content of a good or service may include but not be limited to; fees, tax, margins, profits, tariffs, insurances, freight, transport, engineering, planning, testing and analysis certification, commissioning, manufacturing or provision of service.

Australia and New Zealand are treated as a single market for government procurement under the Australia and New Zealand Government Procurement Agreement. All other jurisdictions are considered 'international'. Items imported into New Zealand as part of New Zealand-sourced goods and services are considered international content.

New 10 per cent weighting for local content

The Government has introduced a minimum 10 per cent formal weighting system for local content in the evaluation of VIPP applicable projects, effective from 1 September 2016.

This gives local content a greater profile and explicit weighting in government procurement evaluation processes.

Key Term definition

Local Covers Victoria, Australia or New Zealand, in accordance with the Australia-New Zealand Government Procurement Agreement

International All jurisdictions other than local. Items imported into New Zealand as part of New Zealand sourced goods and services are considered as international content.

Content including but not limited to fees, tax, margins, profits, tariffs, insurances, freight, transport, engineering, planning, testing and analysis, certification, commissioning, manufacturing or provision of service.

Australia New Zealand Government Procurement Agreement (ANZGPA) The local content is in accordance with the *Australia New Zealand Government Procurement Agreement (ANZGPA)* entered into by Australian State and Federal Governments and New Zealand in 1991. The objective of ANZGPA is to maximise opportunities for competitive ANZ suppliers to supply into government procurement and to reduce costs of doing business for both government and industry and applies to all Australian (and new Zealand) local industry participation policies.

VIPP and GST

VIPP monetary thresholds exclude GST in line with departmental / agency budget practices.

VIPP Roles and Responsibilities

Government Departments/Agencies/Contractor Managers/VIPP Administrators

The term '**Agency**' is used throughout this document to describe a Victorian Government departments or public sector bodies subject to the policy. The term Agency will also occasionally apply where a Government department has outsourced the responsibility of project delivery in its entirety to a private organisation (e.g. a principal contractor in a construction project).

The '**contract manager**' is the person within the Agency responsible for managing the procurement activity and therefore the VIPP process.

Suppliers/Bidders

Suppliers and bidders are terms used interchangeably in this document to describe providers of a service or good to be procured.

Suppliers shortlisted for VIPP-applicable procurement must prepare a VIPP or LIDP plan when requested by the agency. The VIPP or LIDP plan must be submitted to ICN and an acknowledgement letter issued, before being included as part of the supplier's bid documentation to the agency. The supplier must maintain records of their VIPP

deliverables against VIPP commitments they have made so they can report on outcomes to agencies and seek post-contract verification of results.

Industry Capability Network Victoria (ICN)

The Industry Capability Network (Victoria) is a not-for-profit organisation funded by the Victorian Government whose primary aim is to maximise opportunities for Victorian Industry.

ICN plays a key role in liaising with government agencies and bidders in VIPP applicable projects and procurements.

Its responsibilities include: managing the VIPP Management Centre portal where tenders are registered, identifying local products and services that meet the contract requirements, acknowledging and evaluating bidders' local content commitments and reviews outcomes of Victorian industry involvement.

ICN also undertakes post-contract verifications on whether or not contractors have achieved the local content commitments as specified in VIPP plans or LIDPs. ICN also publishes a forward plan developed by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). The forward plan lists expected VIPP Strategic Projects and is published to ensure local suppliers have an opportunity to register interest in upcoming government projects. ICN uses ICN Gateway to enable local suppliers to register capability and interest in supplying into these upcoming government procurement projects. To register your capability or an expression of interest, visit <https://gateway.icn.org.au>

VIPP Management Centre (VMC)

The VIPP Management Centre (VMC) is the online system developed to manage the application of VIPP by bidders and Government agencies and can be accessed at www.icnvic.org.au/vipp

Functions of VMC for suppliers / bidders include:

1. Register/edit bidder details
2. Create VIPP Plans
3. Submit VIPP Plans to ICN for localisation assistance.
4. Submit VIPP Plans to ICN for acknowledgement
5. Access previously submitted VIPP Plans
6. Correspond with ICN staff via the communication center.

Steps to apply VIPP to different government procurement activities?

The following steps apply to all VIPP Standard and VIPP Strategic Projects, except for panels, grants and design contracts. There are different processes for applying VIPP to panels, grants and design contracts as outlined on pages **13-15**.

Standard VIPP

The following steps apply to procurement activities that satisfy the VIPP thresholds:

- \$3 million for procurement activities occurring in metropolitan Melbourne or across all of Victoria; and
- \$1 million for procurement activities occurring in regional Victoria Steps to comply with Standard VIPP Projects

Step One – Tender issued

1. The request for tender documentation will notify prospective bidders:
 - if the project must apply VIPP, and when an ICN acknowledged VIPP Plan will need to be submitted or

- where a VIPP plan is not required, bidders will need to provide an estimate of local content in their proposal.
2. VIPP encourages bidders to engage local SMEs to supply into government projects where they are competitive over the life of a project.
 3. The request for tender identifies contestable items for bidders to consider sourcing in the proposal for the procurement activity.

Step Two – registering with ICN and preparing a VIPP Plan

4. Once notified, bidders must register their organisation's details on the ICN's VIPP Management Centre, unless previously registered, located at icnvic.org.au/vipp
5. The VIPP Plan is completed by logging into the ICN's VIPP Management Centre and selecting the relevant tender. If the tender is not listed, click 'Can't find tender'.
6. The bidder must then begin to complete their online VIPP Plan, which requires information on:
 - expected level of ANZ value-added (local content)
 - expected employment levels for new and retained full-time equivalent (Annualized Employee Equivalent, AEE), employment opportunities (jobs) to be created locally as a result of the contract
 - expected number of new and retained apprentice/ trainee positions created locally as a result of the contract
 - how the plan will be implemented and expected outcomes achieved.
7. Further information on navigating the VIPP Management Centre and preparing a VIPP Plan is provided in the How to prepare a VIPP Plan presentation, which can be downloaded at www.vic.gov.au/vipp
8. VIPP Plans generally take between one to six working days to prepare depending upon the complexity of the project, nature of the contestable items or experience with VIPP by the bidding supplier.
9. ICN can assist shortlisted bidders to identify competitive local suppliers to include in their VIPP Plan by choosing 'Assistance' mode within the VIPP Management Centre. Advice on local capabilities will only be provided by ICN if Assistance mode is selected.

ICN has a register of local suppliers and knowledge of the capabilities within the market to assist bidders to identify possible local suppliers to include in their project proposal.

Step Three – submitting a VIPP Plan to ICN

10. All fields within the online VIPP Plan must be completed before it can be submitted.
11. The VIPP Plan must be in 'Acknowledgement' mode, for it to be submitted to ICN for acknowledgement once completed. VIPP Plans cannot be issued with an acknowledgement letter while in 'Assistance' mode.
12. If a VIPP Plan is submitted after the date specified by the Agency, an acknowledgement letter (non-complaint) will be issued to the bidder.
13. Extensions may be sought under certain circumstances by contacting the tendering Agency in writing (electronic or hardcopy) and requesting an extension. Bidders should outline why an extension is required.

Requests for extensions cannot be granted by ICN, extensions must be approved by the tendering Agency only.
14. The Agency will notify ICN and all shortlisted bidders on whether an extension has been allowed, and if allowed, will advise on the revised due date for all VIPP Plans. The contract manager will then revise the timeline on the VIPP Management Centre as appropriate.

Suppliers to allow time for ICN to acknowledge VIPP Plans

15. ICN will review each bidder's VIPP Plan to determine if sufficient information has been provided in order for ICN to appropriately evaluate the VIPP Plan
16. ICN will provide an acknowledgement letter to respective shortlisted bidders that have provided satisfactory VIPP Plans. This can take two to three working days.
17. ICN will also issue the Agency with a VIPP Plan risk assessment evaluation report, which assesses the achievability of the commitments made in each of the VIPP Plans submitted by all shortlisted bidders.

Step Four – submit VIPP Plan and acknowledgement letter to the Agency

18. Once the ICN acknowledgement letter has been received, notified bidders must submit their VIPP Plans and acknowledgement letter to the Agency's tender panel.
19. VIPP Plans and acknowledgement letter may be submitted in hard copy or electronically to the tender evaluation panel.
20. Only notified bidders with VIPP Plans and ICN acknowledgement letter may be considered by the tender evaluation panel when selecting the successful applicant. VIPP is a key selection criterion in choosing the preferred supplier.
21. The ICN will inform a bidder and the agency in writing, if the bidder's VIPP plan has been rejected due to being incomplete or non-compliant and no acknowledgement letter will be provided. A tender is not complete without an ICN acknowledgement letter. This would mean the end of the procurement process for the bidder.

Step Five – preferred bidder selected and contract awarded

22. Note that from 1 September 2016 a 10 percent weighting will be applied to the assessment of VIPP Plans. The 10 percent local content weighting will assess the level of local content committed and the ICN risk assessment evaluation report of the achievability of the local content commitments.
23. The preferred bidder will be notified by the tender evaluation panel of their success.
24. Commitments under the VIPP Plan will be incorporated into the contract, as a reportable condition.
25. Suitable measures to manage any issues raised by ICN in its VIPP Plan risk assessment evaluation report should be negotiated with the contract manager prior to finalisation. This step is essential given the successful bidder will need to demonstrate VIPP outcomes against the agreed VIPP Plan. Bidders may need to resubmit their VIPP Plan to ICN for acknowledgment and evaluation, with appropriate amendments, through the VIPP Management Centre.
26. The supplier must comply with the VIPP agreements reached in their VIPP plan and contract negotiations.

Step Six – contract variation (if applicable)

27. If a variation to the contract occurs during the course of the project, which effects a change in the nature of the contestable items in the project, then a revised VIPP Plan may need to be prepared, which must be acknowledged by ICN.

This means, there are substantial new contestable items to consider within the procurement activity, or there are a number of contestable items no longer required.

28. The contract manager will notify the project manager within the successful bidder organisation that a new VIPP Plan is required that reflects changes to the scope of activities and therefore the contestable items.
29. The supplier must then follow steps three to five, to prepare and submit a new VIPP Plan for consideration by ICN and the contract manager.

Step Seven – post-contract review

30. The purpose of post-contract review is to demonstrate the VIPP outcomes that have been achieved through the project. The outcomes achieved are compared to those expected in the original VIPP Plan.
31. The post-contract review process is required for all VIPP-applicable projects once a project has been implemented.
32. Post-contract review commences upon practical completion of the project, where works have been finished. Further administrative or regulatory processes that may need to be followed prior to the contract being formally seen as complete are not relevant in terms of preparing post-contract review documentation.
33. Once a project has been completed in practical terms, the successful supplier must submit the following information to the contract manager:
 - a completed VIPP monitoring table, which largely reflects the information provided in the VIPP Plan (Appendix A)
 - a statutory declaration – signed by the company Director, Chief Executive or Chief Financial Officer, and must state that the information provided in the VIPP monitoring table is true and correct (Appendix A).
34. The Agency in turn provides the completed VIPP monitoring table and signed statutory declaration to ICN for review.

Suppliers may be asked to provide additional explanation as to any discrepancies between the expected outcomes from the agreed VIPP Plan to the outcomes reported in the monitoring table.

35. The information provided in the monitoring table will inform the annual reporting on VIPP outcomes from supplier activities by the Agency.

While post-contract review is only required upon project completion, suppliers may be required to provide the Agency with updates that demonstrate the VIPP Plan is being implemented as agreed.

Step 1	Tender Issued (An Agency requests prospective suppliers to prepare proposals for a given procurement activity)	
Step 2	Bidders Notified (Bidders are notified of VIPP requirements and next steps)	
	Yes	No
Step 3	Register with ICN and prepare a VIPP Plan (VIPP plans to be prepared through the ICN's VIPP Management Centre)	Provide an estimate of ANZ value added local content for the proposal and adhere to the principles of VIPP
Step 4	Submit the VIPP Plan to ICN for Localisation Assistance (Optional) (VIPP plans to be submitted through the ICN's VIPP Management Centre)	
Step 5	Submit the VIPP Plan to ICN for Acknowledgement (VIPP plans to be submitted through the ICN's VIPP Management Centre)	
Suppliers to allow for:	ICN to review and acknowledge the VIPP Plan	
	ICN to prepare a VIPP Plan Risk Assessment Evaluation Report for the Agency	
Step 6	Submit VIPP Plan and acknowledgement Letter to the Agency (The Tender Panel must consider the VIPP Plan and ICN Risk Assessment Evaluation Report in selecting the preferred supplier)	
Step 7	Post-contract Review/ Monitoring and Reporting (Supplier to complete Monitoring Table and Statutory Declaration at practical completion to demonstrate VIPP outcomes)	

Figure 1: VIPP Tender Process for Supplier

Strategic Projects and VIPP

The VIPP framework provides for projects valued at \$50 million or more, excluding any maintenance or operational costs, to be classified as a VIPP Strategic Projects. VIPP Strategic Projects have mandated minimum local content requirements and may include other mandated conditions.

The key differences between a VIPP Standard project and a VIPP Strategic Project are:

- mandated minimum local content requirements;
- may include 'other' mandated conditions
- the completion of Local Industry Development Plans (LIDP) being a more detailed VIPP Plan
- the requirement to work in good faith with ICN to develop LIDP requirements

The Agency will advise bidders if a project has been classified a VIPP Strategic Project.

Steps to comply with Strategic Projects

Step One – Expression of Interest document issued

1. An Expression of Interest (EOI) may be issued for the Strategic Project.

The EOI will provide early notification to suppliers that the project is determined as a VIPP Strategic Project, noting that there will be minimum local content requirements and may include other mandated conditions that will be outlined in the request for tender documents.

Step Two –tender issued

2. Tender documents will indicate:
 - the minimum local content requirements and/ or any other conditions for the project
 - the contestable items
 - the request for bidders to register their details with ICN through the VIPP Management Centre, at www.icnvic.org.au/vipp
 - that notified bidders will need to complete the LIDP included in the tender documents.

Step Three – preparing a LIDP

3. The LIDP is a more detailed version of a VIPP Plan, reflecting the size and complexity of Strategic Projects.
4. Bidders must provide detailed information on:
 - expected level of ANZ value-added (local content), which is the cost of Australian and New Zealand goods or service, less the cost of the imported components, which must be above the mandated minimum local content level
 - expected employment levels for new and retained full-time equivalent employment opportunities (jobs) to be created locally as a result of the contract
 - expected number of new and retained apprentice/ trainee positions created locally as a result of the contract
 - any additional VIPP conditions required for the specific Strategic Project, such as procurement plans for key strategic items
 - how the plan will be implemented and expected outcomes achieved.
5. Bidders must contact ICN for assistance to prepare and complete their LIDP.

6. ICN will assist bidders identify companies that have capability to supply in accordance with product/service specifications, including standard contact details, location, \$ turnover and employee numbers. Furthermore, ICN will provide guidance on how to complete the LIDP.

Step Four – submitting a LIDP to ICN

7. A completed LIDP must be submitted (uploaded) to ICN through the VIPP Management Centre.
8. In order to receive ICN acknowledgement, the status of a LIDP must be in 'Acknowledgement mode'
9. If a LIDP is submitted after the due date provided by the Agency to ICN, an Acknowledgement letter (non-compliant) will be issued to the bidder.
10. Extensions may be sought under certain circumstances by contacting the tendering Agency as per normal processes, outlining why an extension is required. If approved, the contract manager will adjust the timelines on the VIPP Management Centre as appropriate.

Suppliers to allow time for ICN acknowledgement of LIDP

11. ICN will review each LIDP to determine if sufficient information has been provided in order for ICN to appropriately perform its evaluation of the LIDP
12. ICN will provide an acknowledgment letter to respective shortlisted bidders that have provided a satisfactory LIDP.
 - Following submission of the tender documents ICN will prepare an LIDP Risk Assessment Evaluation report and provide this to the Agency for use in the evaluation of the tender. The report provides an assessment of the achievability of the commitments made in each of the LIDP.

Step Five – submit LIDP to the Agency for evaluation

13. Notified bidders will submit their LIDP and ICN acknowledgement letters to the Agency's tender evaluation panel.
14. Only shortlisted bidders with an ICN acknowledged LIDP may be considered by the tender evaluation panel when selecting the preferred supplier. The LIDP will be used to assess competing bids.
15. A 10 percent local content weighting, among other criteria, will be applied to the evaluation of LIDPs.

Value for money remains the key criterion in selecting successful bidders, and covers the life of a project. The Victorian Government Purchasing Board (VGPB) describes value for money as: *"A balanced judgement of a range of financial and non-financial factors, taking into account the mix of quality, cost and resources; fitness for purpose; total cost of ownership; and risk"*.³

Step Six – contract awarded

16. The contract manager for the Strategic Project will notify ICN of the successful bidder/s once the contract has been agreed and signed.
17. Commitments under the LIDP will be incorporated into the contract, and will be required to be reported on at contract completion.

Step Seven – contract variation (if applicable)

18. All Strategic Projects will have local content requirements and VIPP conditions applied through a LIDP. Accordingly, any variation that makes a change to the ability of the project to comply with its VIPP commitments will require a revised LIDP.

³ Victorian Government Purchasing Board All Procurement Policies, 2012:25, <http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools>

19. The need for a revised LIDP will be decided between the Agency, ICN and DEDJTR.
20. The contracting Agency will notify the contracted supplier and ICN in writing (hardcopy or electronic) that a revised LIDP is required.
21. If a revised LIDP is required, this must be prepared in collaboration with ICN as per steps four to six.

Step Eight – post-contract review

22. The purpose of post-contract review is to demonstrate the outcomes that have been achieved through the project. The outcomes achieved are compared to those expected in the original LIDP.
23. The post-contract review process is required for all VIPP-applicable projects once a project has been implemented, including Strategic Projects.
24. Post-contract review commences upon practical completion of the project, where works have been finished. Further administrative or regulatory processes that may need to be followed prior to the contract being formally seen as complete are not relevant in terms of preparing post-contract review documentation.
25. Once a project has been completed in practical terms, the successful supplier must submit the following information to the contract manager:
 - a completed LIDP monitoring table – similar to the VIPP monitoring table provided at Appendix A, and will largely reflect the information provided in the LIDP
 - a statutory declaration – signed by a company Director, Chief Executive or Chief Financial Officer, and must state that the information provided in the LIDP monitoring table is true and correct (Appendix A).
26. The Agency in turn provides the completed monitoring table and signed statutory declaration to ICN for review.

Suppliers may be asked to provide additional explanation as to any discrepancies between the expected outcomes from the agreed LIDP to the outcomes reported in the monitoring table.
27. The information provided in the monitoring table will inform the annual reporting on VIPP outcomes from supplier activities by the Agency.

While post-contract verification is required upon project completion, suppliers may be required to provide the Agency with regular updates that demonstrate the LIDP Plan is being implemented. The Agency will advise suppliers if this is required.

Step 1	EOI Issued (where applicable)
Step 2	Tender issued
Step 3	Prepare a Local Industry Development Plan (LIDP) (must engage in good faith with ICN to develop their LIDP and identify the opportunities for local businesses)
Step 4	Submitting LIDP to ICN for Acknowledgement (Once completed, the prospective bidder must submit their LIDP to ICN through the VIPP Management Centre)
Suppliers to allow for:	ICN Acknowledgement of LIDP
	ICN to provide a LIDP Risk Assessment Evaluation Report to the Agency (Only relevant to Agencies)
Step 5	Submit LIDP to the Agency (The Tender Evaluation Panel must consider the LIDP and ICN LIDP Risk Assessment Evaluation Report in selecting the preferred supplier)
Step 6	Contract Awarded (VIPP commitments, as per the LIDP, incorporated into the agreed contract, including monitoring and reporting)
Step 7	Contract Variation (A revised LIDP may be required)

Step 8	Monitoring and Reporting/ Post-contract Verification (Monitoring table demonstrate VIPP outcomes)
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Figure 2: Strategic Project LIDP Process for Supplier

Panel Contracts

An agency may appoint a panel of suppliers from which individual suppliers are selected by agencies to provide particular goods or services for the term of the contract.

A Panel Contract is subject to VIPP if the total value of the contract satisfies the VIPP thresholds of:

- \$3 million in Melbourne metro or statewide
- \$1 million in regional areas or
- the VIPP Strategic Project threshold of \$50 million.

Where the total value of the Panel Contract satisfies the VIPP thresholds, the project must be registered with ICN for an assessment to determine if there are any contestable items.

Where contestable items are identified, Panel Suppliers will be notified of the list of contestable items and required to complete a Statement of Intent letter noting their commitment to apply VIPP including, where required, the completion of a VIPP or LIDP plan.

A VIPP or LIDP plan will only be required when an individual panel member enters into a contract with an agency and only when the individual contract value satisfies the VIPP thresholds.

Where the individual panel contract satisfies the \$50 million threshold the application of the VIPP Strategic Project framework will apply. Refer to the VIPP Strategic Project (Page 9)

10 per cent weighting

The 10 per cent weighting consideration does not apply at the establishment of the panel.

Statement of Intent

As a condition of contract for appointment to a panel, all bidders will be required to complete a Statement of Intent.

The Statement of Intent confirms the panel member's commitment to adhere to the VIPP requirements and seeks an outline of how panel suppliers will ensure competitive local suppliers will be given the opportunity to participate in government work.

The Statement of Intent does not need to be submitted to ICN.

A standard template for a Statement of Intent is provided at Appendix C.

When a VIPP or LIDP plan is requested.

Where an individual panel member is contracted by an agency and the contract satisfies the VIPP thresholds, the panel member will be advised of their VIPP obligations. This may include the completion of a VIPP plan for VIPP Standard Projects or an LIDP plan for VIPP Strategic Projects. Refer to page 5 for standard VIPP Application process or page 9 for VIPP Strategic Projects

Step One	All panel members must complete a Statement Of Intent when requested at tender submission stage.
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Step Two	When directed by an agency register with ICN and Prepare a VIPP Plan (VIPP plans to be prepared through the ICN's VIPP Management Centre) (refer to pages 5-9 for VIPP Standard and VIPP Strategic process)
Step Three	VIPP requirements will be detailed in contract
Step Four	Post-contract Verification (Monitoring Table to be completed and provided by the panel suppliers to the Agency to demonstrate VIPP outcomes)

Figure 2: VIPP Panel Contracts for Supplier

Grants and Design Contracts and VIPP

Grant recipients and design contracts are considered VIPP applicable procurements when they form part of a project expected to meet the VIPP monetary thresholds over its life. If the total value of the whole project meets or exceeds the VIPP thresholds then the grants and design process applies. This will require consultation with ICN to acquire an Interaction Reference Number (IRN). A VIPP Plan is not required.

The key difference in the VIPP process for grant recipients and design contracts is the requirement to consult with the ICN to acquire an Interaction Reference Number (IRN) rather than register and undergo the development of a VIPP plan. This is to better target VIPP towards areas of contestable procurement and reduce the compliance burden.

The application of VIPP to grants recipients and design contracts has been targeted to ensure local SMEs are able to access opportunities within the procurement activity once it commences, by making sure local firms are not designed out. Specifications for procurement activities should be function based, to meet technical requirements thereby ensuring competition that is more open.

The steps for complying with VIPP for grant recipients and design contracts are outlined below.

Steps to comply with VIPP for grants and design contracts

Step One – grant recipients or design contract awarded

1. The Agency contract manager will advise the grant recipient or design contractor that they must submit an Interaction Reference Number (IRN) form through the VIPP Management Centre. NOTE: For design contracts, this should occur before design has been finalised.
2. For grants, this should occur when the design has not been finalized, generally during grant application phase – should form part of the application process.
3. Grant recipients and design contractors do not need to log into the VIPP Management Centre. Instead, they go through the IRN process under Grants and Design at www.icnvc.org.au/vipp
4. The IRN Form requires grant recipients and design contractors to provide an indication on the nature of the project being designed or the grant activities to be undertaken, and the likely goods and services to be required.

Step Two – consultation with ICN

5. Once the IRN form is submitted, ICN will review the information and then contact the grant recipient or design contractor to discuss opportunities for local industry.
6. The grant recipient or design contractor must discuss with ICN how opportunities for local SMEs or contestable items will be provided for in the project. This may involve ICN contributing to, or reviewing draft designs or participating in particular project meetings.
7. Consultation with ICN can take between 30 minutes and a few hours, depending upon the nature of the contestable items in the procurement activity.

Step Three – Interaction Reference Number (IRN) issued

8. ICN will issue the grant recipient or design contractor with an Interaction Reference Number (IRN) and reference letter.
9. The letter will note any agreements made between ICN and the grant recipient or design contractor in their consultation past or in the future.

Step Four – Notify contract manager on IRN outcome

10. The grant recipient or design contractor will submit its IRN to the contract manager within the Agency to demonstrate they have consulted with ICN, and ICN is satisfied local industry will be considered in the design of the project.
11. The IRN letter does not need to be provided to the Agency. However, the designer should inform the contract manager where the opportunities are for local industry within the project.

Step One	Grant or Design Contract Awarded (Grant recipient or designer to submit an Interaction Reference Number form) NOTE: For design contracts, this should occur before design has been finalized – condition of design contract with State For grants, this should occur when the design has not been finalized, generally during grant application phase – should form part of the application process.
Step Two	Consultation with ICN (The grant recipient or design contractor to consult with ICN on possible opportunities for local businesses)
Step Three	IRN Issued (ICN issues an Interaction Reference Number (IRN) to demonstrate the consultation has been constructive and informative on local capabilities)
Step Four	Notify Agency of IRN (The grant recipient or design contractor to provide the Agency with the IRN and outline how local capabilities will be considered)

Figure 3: VIPP Grant Recipients and Design Contracts for Supplier

Monitoring and Reporting

Suppliers are required to report upon their implementation of their VIPP plan and demonstrate outcomes achieved at the practical completion of the project through a monitoring and reporting template, which is provided at Appendix A and available to download at www.vic.gov.au/vipp

Where a VIPP plan is not required but the project satisfies the VIPP thresholds, reporting of the expected and actual local content achieved is required even if the local content is zero.

The VIPP monitoring table (Appendix A), accompanied by a Statutory Declaration (Appendix B) must be provided to the respective contract manager within the tendering Agency upon the practical completion of the project. The Agency will then provide this information to ICN, so it can then verify the outcomes reported in the monitoring table against the agreed VIPP Plan.

Further information on preparing a Statutory Declaration is provided by the Victorian Department of Justice and Regulation at www.justice.vic.gov.au/home/justice+system/legal+assistance/statutory+declarations/

The responsible Minister provides a VIPP Annual Report to the Parliament of Victoria based on the information provided in the VIPP Plans, LIDPs and VIPP monitoring tables. Information is presented in aggregate form to de-identify the data where possible, to ensure individual suppliers are not identifiable.

Compliance

An agency may determine whether consequences will apply if successful bidders/contractors do not deliver the local content outcomes committed to in their VIPP plan or LIDP.

Where VIPP outcomes do not meet the levels committed to in the contract, the contractor must outline the reasons for this (e.g. an unavoidable change of supplier or product that resulted in a drop of local content or employment).

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.

An audit and compliance programs will be implemented effective 1 September 2016 that will include annual random audits of contractors VIPP commitments.

Key VIPP Definitions

Agencies and Public Bodies

Victorian Government departments and public bodies⁴, as defined in the *Financial Management Act 1994*, are required to apply VIPP to eligible procurement activities. For the purposes of VIPP, the term 'Agency' is used to cover all Victorian government public sector bodies, which include, but are not limited to:

- departments
- statutory authorities
- administrative offices
- State owned companies
- police and emergency services
- regulatory agencies
- public health sector including hospitals and Health Purchasing Victoria
- water and land management authorities.

Within the Request for Tender documentation and contract clauses, the term 'State contracting party' is used to describe an Agency under VIPP. State contracting party is the legal term applied, as it is sufficiently broad to capture the full range of State entities to which VIPP is applied.

On occasion, project management firms may be authorised to manage a procurement process on behalf of an Agency. The Agency remains responsible for VIPP in these circumstances.⁵

Annualised Employee Equivalent

Annualised employee equivalent (AEE) is calculated by dividing the total number of ordinary working hours that an employee worked and was paid over the reporting period by the total number of full-time working hours paid per annum.

⁴ Agencies and public bodies are sometimes referred to as inner and outer agencies.

⁵ Project management firms are treated as third parties by ICN within the VIPP Management Centre, and must be registered with ICN by the Agency for a given tender.

In general, (the total number of full-time working hours will generally be 1976 hours per year, being 38 hours per week for 52 weeks per year, or equivalently 7.6 hours per day for 260 days). The employee's working hours include paid leave (e.g. sick leave, paternity leave, recreation leave, long service leave etc.) but NOT unpaid leave.

AEE replaces Full Time Equivalent (FTE) on the VIPP Plan and VIPP Monitoring Table.

Australian and New Zealand value-added (local content)

Under VIPP, the term 'local content' covers all suppliers producing Australian or New Zealand (ANZ) goods or services or when they have added ANZ value to imported items.

The 'local content' (ANZ value added activity) of a good or service is determined on a cost basis and is the part of a product or service left once the cost of the international component has been subtracted. It can be expressed by the following equation:

Local content = total cost of the good or service less international content

The content of a good or service may include but not be limited to; fees, tax, margins, profits, tariffs, insurances, freight, transport, engineering, planning, testing and analysis certification, commissioning, manufacturing or provision of service.

Australia and New Zealand are treated as a single market for government procurement under the Australia and New Zealand Government Procurement Agreement. All other jurisdictions are considered 'international'. Items imported into New Zealand as part of New Zealand-sourced goods and services are considered international content.

Contestable goods and services

Goods and services are considered a contestable item within a procurement activity, when there are competitive international suppliers and local suppliers. Focusing upon contestable items enables VIPP to ensure local suppliers are considered by bidders for government work and reduces the administrative burden when there are no competitive local suppliers. Competitive means the suppliers are able to offer comparable goods or services that meet the specifications provided in the tender documentation.

Contestable items can be goods or services employed at any stage of a procurement activity, including maintenance.

ICN has a comprehensive understanding of local industry capabilities. Using this information, ICN will provide guidance to Agencies on items likely to be contestable within a given procurement activity.

Focusing upon contestable items ensures local suppliers are given a genuine opportunity to compete with international suppliers for government work.

VIPP assists SME businesses access government contracts by ensuring bidders consider using local suppliers when submitting their proposal.

Contract Manager

The contract manager is the person within the Agency responsible for managing the procurement activity and therefore the VIPP process.

Interaction Reference Number (IRN)

Used in the application of the VIPP in grants and in design contracts to demonstrate compliance with the principles of VIPP and contact with ICN.

International

International covers all jurisdictions other than local. Items imported into New Zealand as part of New Zealand sourced goods and services are considered as international content.

Local

Covers Victoria, Australia or New Zealand, in accordance with the Australia-New Zealand Government Procurement Agreement.

Local Industry Development Plan (LIDP)

LIDP is a document prepared by the supplier as part of the tender submission for a VIPP Strategic Project. The LIDP outlines the supplier's commitment to address the minimum local content requirements and other VIPP tender conditions. The LIDP must have an ICN acknowledgement letter.

Procurement Activity/Tender

The Victorian Government purchases goods and services through a variety of methods. For the purposes of VIPP, Government purchasing is referred to as a procurement activity, and includes grants and design contracts. Tenders are one of many forms of government procurement. Tender is sometimes used to describe VIPP procurement activities in this document, particularly if referring to tender documentation.

Project

The term 'project' refers to the procurement of goods, services or construction works that may be limited to a single contract or may involve several contracts under a single broader project. For the purposes of determining the project value for VIPP purposes the values of the all the contracts under the project are to be included.

Supplier/Bidders/Tenderer

The supplier, sometimes called a tenderer, is the bidding organisation (typically from the private sector or community organisation) that is responding to an invitation from the Victorian Government to undertake research or supply goods, services or capital works. Suppliers can also be a secondary organisation that is engaged to provide goods or services into the procurement activity.

For the purpose of this document, bidder is used to describe the organisation that, if successful, will be contracted to deliver the procurement activity for the Victorian Government. Bidders are competing for Government work. The term supplier is used to describe both the organisations that form part of the supply chain and the bidder. The supplier is the successful bidder.

Third parties and external project management companies

Any external company that manages an Agency's tender process is termed a 'Third Party'. If a Third Party' is engaged by an Agency to manage the tender process, then it is the responsibility of the Agency to register the tender on the VIPP Management Centre. Once the tender is registered, the Agency can allocate the tender to a 'Third Party'. If the 'Third Party' has not previously been registered on the VIPP Management Centre, the Agency can create a 'Third Party' user's account. Third Parties cannot register a user account or add/remove tenders and only have access to manage tenders that they have been allocated.

Value for money

Refers to the acquisition of the appropriate quantity and quality of goods or services at the optimum combination of quality, quantity, risk, timeframes and cost for government on a whole-of-life basis.

VIPP Management Centre

The ICN hosts the VIPP Management Centre www.icnvic.org.au/vipp , which is the online platform for agencies to register their tenders and shortlisted bidders to prepare an online VIPP Plan. The VIPP Management Centre also assists businesses and government agencies to manage their compliance with VIPP.

VIPP Plan

VIPP Pan is a document prepared by the supplier as part of the tender submission. The VIPP Plan outlines the supplier's level of commitment to using local content where possible and viable. If the VIPP is applicable to a government tender, VIPP Plans from shortlisted suppliers must have an ICN acknowledgement letter.

Appendix A

VIPP Monitoring Table

ANZ value-added activity

			VIPP Commitments		Progress	Secured VIPP Outcomes				
Item Description	Brand /manufacturer	Supplier	% of Local Content	% of Total Local Content	% of Local Content	% of Local Content (A)	% of Contact Content (B)	% of Total Local Content (C) = (A x B)	ICN Assistance (Y/N)	Comments
E.g. Item 1										
TOTAL ANZ value-added activity			Total Committed:			Total Secured:	100%			

Employment

New Jobs		Existing Jobs		Total Committed Jobs	Total Jobs Secured	Difference / Comments
Committed	Secured	Committed	Secured			

Apprentices/ trainees

New Apprentices/ trainees		Existing Apprentices/ trainees		Total Apprentices/ trainees Committed	Total Apprentices/ trainees Secured	Difference
Committed	Secured	Committed	Secured			

Appendix B

Statutory Declaration Template

State of Victoria Statutory Declaration

I, (Full name)
of [address]
[occupation], do solemnly and sincerely declare that:-
[contracted company]

achieved the Victorian Industry Participation Policy objectives and outcomes relating to local content; employment; and apprentices/ trainees reflected in the VIPP Monitoring Table for

[name and tender number of procurement activity]

as submitted to [agency] on ____/____/____
[date]

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at

this day of 20

Signature of person making this declaration

[to be signed in front of an authorised witness]

Before me,

Signature of Authorised Witness

The authorised witness must print or stamp his or her name, address and title under section 107A of the Evidence (Miscellaneous Provisions) Act 1958 (as of 1 January 2010), (previously Evidence Act 1958), (eg. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist)

Appendix C

Statement of Intent Template

I, [full name, job title] on behalf of [organisation] commit to the objectives and requirements of the *Victorian Industry Participation Policy Act 2003* (the VIPP Act), in undertaking the [project name and tender number] for the duration of the contract with [agency].

The VIPP Act objectives 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.

Local industry will be able to engage in work undertaken during the course of the panel contract by:

- [describe how local industry will be engaged or made aware of opportunities to supply into activities undertaken by the bidder (prospective panel member) on behalf of the organisation they represent]
- [describe how ICN will be engaged to make local industry aware of opportunities to supply into activities undertaken by the bidder (prospective panel member) on behalf of the organisation they represent]
- Where applicable, a VIPP Plan or a Local Industry Development Plan (LIDP) will be completed outlining the local content commitments and how the local content commitments will be achieved.

[signature]

[full name]

____/____/____

[date]

Contact Information

Industry Capability Network (Victoria) Ltd

+61 3 9864 6700

info@icnvic.org.au

Further information on ICN and its role regarding VIPP is available through the VIPP Management Centre at www.icnvic.org.au/vipp

Department of Economic Development, Jobs, Transport and Resources

13 22 15

vipp@ecodev.vic.gov.au

Further information on VIPP is available at vic.gov.au/vipp .



VICTORIAN INDUSTRY PARTICIPATION POLICY (VIPP) AGENCY GUIDELINES

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INTRODUCTION

The Victorian Government is the largest procurer of goods, services, and construction works in the State. The Government is committed to using its substantial procurement power to develop local industries, create jobs and boost economic activity across Victoria.

The Victorian Industry Participation Policy (VIPP) ensures local small and medium sized enterprises (SMEs) are given full and fair opportunity to compete for government contracts such as hospitals, schools and road projects, while still achieving value for money.

Under the policy, local SMEs are provided with a full and fair opportunity to supply into projects with a monetary value of \$3 million or more for metropolitan Melbourne and statewide activities and \$1 million or more for activities in regional Victoria. Or they can seek to obtain work on larger strategic projects valued at \$50 million or more.

A new 10 per cent weighting for local content will be included in the evaluation of VIPP Plans and Local Industry Development Plans for VIPP classified projects, from 1 September 2016. The weighting will be applied by procuring agencies and will form one of a number of evaluation criteria procuring agencies will use when assessing bids.

The weighting enforces the VIPP core principles of requiring prime contractors to provide local small medium enterprises (SMEs) with a fair and reasonable opportunity to supply into government projects.

The term 'local' covers all suppliers producing Victorian, Australian or New Zealand goods or services or when they have added value to imported items. This ensures compliance with the Australian New Zealand Government Procurement Agreement.

To help strengthen compliance with the new policy changes, the government will appoint a dedicated Local Content Advocate to promote the policy across government departments and agencies and be a point of contact for industry on VIPP.

This document, the *Victorian Industry Participation Policy Agency Guidelines* aims to assist officers of government departments and agencies administer the VIPP to improve access to procurement for competitive local SMEs. Its companion document, the *Victorian Industry Participation Policy Supplier Guidelines*, provides information to businesses wanting to tender for government contracts.

How to use this guide

This guide is presented in three sections - background information; step by step practical advice on how to apply the VIPP to the different types of procurement; and responsibilities around monitoring and reporting following the awarding of a contract.

An easy to use checklist of the key steps to ensure the procurement process is compliant with VIPP is included for each procurement type. A list of definitions and templates for written materials is also contained at the back of the guide.

For further information and assistance on the Victorian Industry Participation Policy (VIPP) processes contact 13 22 15 or vipp@ecodev.vic.gov.au

BACKGROUND INFORMATION

Overview

The Victorian Industry Participation Policy (VIPP) is an industry development procurement policy designed to ensure small and medium enterprises (SMEs) are given full and fair opportunity to compete for Victorian government contracts.

VIPP is implemented by Victorian government departments and agencies and applies to all Victorian government procurement activities (including grants) that satisfy certain monetary thresholds.

VIPP requires agencies to consider opportunities for competitive local suppliers when awarding contracts.

Objectives of VIPP

The main objectives of the Victorian Industry Participation Policy as stated in the *Victorian Industry Participation Policy Act 2003* are to:

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

Principles of VIPP

VIPP supports the fundamental procurement principles and the provision of financial assistance by the state including:

- the provision of open, clear and accountable tendering mechanisms and processes.
- value for money - as the primary consideration in purchasing and supply decisions

Value for money is defined as a balanced judgment of a range of financial and non-financial factors, taking into account the mix of quality, cost and resources; fitness for purpose; total cost of ownership; and risk (Victorian Government Purchasing Board).

VIPP Projects

Eligible projects are classified as either VIPP standard projects or VIPP strategic projects dependent on the project value and are subject to a range of VIPP requirements.

VIPP requirements apply to all eligible projects -

- Where 'contestable' products and services are identified. Tenderers are required to submit a detailed plan (VIPP plan or Local Industry Development Plan) that outlines the local content commitment and methodology to be applied to achieve the commitment.
- Where there are no 'contestable' items, no plan is required; however, tenderers are required to report the expected local content, even if the local content is zero. (Refer to VIPP Monitoring Table Appendix A)

VIPP Standard Project

The VIPP standard project status applies to projects and grants valued at:

- \$1 million and above in regional Victoria, including Hume, Loddon Mallee, Grampians, Barwon South West and Gippsland
- \$3 million and above in metropolitan Melbourne or statewide.

The value of the procurement activity is based upon the total budget allocated over the life of the activity. For example, if the project is valued at \$400,000 per annum over three years, then the total value is \$1.2 million to be considered for the VIPP threshold. If the procurement activity is located in regional Victoria, then the monetary threshold has been met and VIPP will need to be applied. If it is located in metropolitan Melbourne then VIPP does not apply.

A VIPP standard project requires the tenderer to provide information on the level of local industry participation to be achieved and where contestable items have been identified, requires the tenderers complete a VIPP plan that outlines how the local content commitment will be achieved.

VIPP Strategic Project

The VIPP strategic project status automatically applies to projects valued at \$50 million or above (excluding associated maintenance and operational costs) and includes stand-alone maintenance projects.

A VIPP strategic project requires tenderers to commit to achieving a minimum local content requirement and other conditions set by government and to outline in a Local Industry Development Plan (LIDP) how the commitment will be achieved.

Minimum local content requirements and other conditions are set by agreement between the Minister for Industry, responsible for VIPP and the Minister responsible for the procurement activity in consultation with Treasurer and Premier.

Where there are no 'contestable' items, the project is still classified as a VIPP strategic project and although tenderers will not be required to complete a LIDP, they are still required to report the level of local content to be achieved.

There may be exceptional circumstances where the agency may seek to 'opt-out' of the VIPP strategic project framework. The agency will need to seek agreement between the Minister responsible for the procurement activity and the Minister responsible for VIPP, in consultation with the Premier and Treasurer. If agreement is reached, the project will then revert to a VIPP standard project.

Circumstances where the agency can seek to opt-out could apply where the contestability assessment undertaken advises there is nil or limited contestability for the project, or under exceptional circumstances, for example for urgent works response to a natural disaster.

Local content

Under VIPP, 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.

The 'local content' (ANZ value added activity) of a good or service is determined on a cost basis and is the part of a product or service left once the cost of the international component has been subtracted. It can be expressed by the following equation:

Local content = total cost of the good or service less international content

The content of a good or service may include but not be limited to; fees, tax, margins, profits, tariffs, insurances, freight, transport, engineering, planning, testing and analysis certification, commissioning, manufacturing or provision of service.

Australia and New Zealand are treated as a single market for government procurement under the Australia and New Zealand Government Procurement Agreement. All other jurisdictions are considered 'international'. Items imported into New Zealand as part of New Zealand-sourced goods and services are considered to be international content.

New 10 per cent weighting for local content

The Government has introduced a minimum 10 per cent formal weighting system for local content in the evaluation of VIPP applicable projects, effective from 1 September 2016.

This gives local content a greater profile and explicit weighting in government procurement evaluation processes.

For more information about applying the 10 per cent local content weighting refer to Appendix D.

'Contestable' items

Under VIPP some goods and services are identified as 'contestable products'. These are goods and services capable of being supplied competitively by local or international suppliers and that meet the specifications of the tender documentation.

Where contestable products are identified, bidders are required to submit a detailed VIPP plan for a standard project or a Local Industry Development Plan (LIDP) for a strategic project. In these plans, the bidder must outline their local content commitment and how they will achieve it.

Where there are no contestable items, no plan is required. However, bidders are required to report the expected local content, even if the local content is zero.

Types of government procurement activity

VIPP applies to the full range of goods, services and construction procurement activities including:

- using a panel of suppliers to deliver goods or services
- grant recipients (funding to private, non-government and local government organisations for investment support, business development and community infrastructure) ¹
- design contracts (planning and designing capital works or other large infrastructure projects)
- Public Private Partnerships

VIPP and GST

VIPP monetary thresholds exclude GST in line with departmental / agency budget practices.

¹ Note: grant recipients and design contractors go through a separate process, using an Interaction Reference Number.

Roles and Responsibilities

Victorian Government

The Victorian Industry Participation Policy Agency Guidelines are issued by the responsible Minister defined in the *Victorian Industry Participation Policy Act 2003*.

The Department of Economic Development, Jobs, Transport and Resources (DEDJTR) is responsible for implementing the procurement guidelines across the Victorian Government on behalf of the responsible Minister.

All Victorian Government departments and public sector bodies must adhere to the Victorian Industry Participation Policy (VIPP). The definition of department and public sector bodies is as defined in the *Financial Management Act 1994*. These entities (collectively referred to as the 'agency') include:

- Government departments
- Statutory authorities
- State owned enterprises
- Police and emergency services
- Water and land management authorities

Each agency usually appoints a '**contract manager**' responsible for managing the procurement activity and VIPP process for that contract.

Each department is also required to nominate a **VIPP Administrator** who is generally located in the central procurement team as a coordination point to support the advice and compliance activities. The role of the VIPP administrator may include overseeing all VIPP plans related to a given agency being processed through the VIPP Management Centre; being a liaison point for ICN and coordinating the agency's monitoring and reporting requirements to the responsible Minister for the VIPP Annual Report and through the agency's normal financial reporting mechanisms.

The **VIPP Administration Team** located in DEDJTR provides advice to agencies and the Industry Capability Network on the objectives of VIPP to ensure it is applied correctly. DEDJTR manages the ICN contract and also prepares the whole-of-government annual report on VIPP compliance, which is tabled in Parliament by the responsible Minister as required under the VIPP Act. The VIPP Administration Team can be contacted on 13 22 15 or vipp@ecodev.vic.gov.au.

Industry Capability Network (Victoria)

The Industry Capability Network (Victoria) is a not-for-profit organisation funded by the Victorian Government whose primary aim is to maximise opportunities for Victorian Industry.

It plays a key role in liaising with government agencies and bidders in VIPP applicable projects and procurements. Its responsibilities include: managing the VIPP Management Centre portal where tenders are registered, identifying local products and services that meet the contract requirements, acknowledging and evaluating bidders' local content commitments and publishing a forward plan of larger procurement projects to ensure local suppliers have an opportunity to register interest in upcoming government projects.

ICN also undertakes post-contract verifications on whether or not contractors have achieved the local content commitments as specified in VIPP plans or LIDPs. ICN regularly publishes the government's forward plan of VIPP strategic projects to ensure local suppliers have an opportunity to register interest in upcoming government projects. ICN manages an expression of interest portal enabling local suppliers to register capability and interest in supplying into these upcoming government procurement projects.

VIPP Management Centre

The VIPP Management Centre is the online system developed to enable agencies to register VIPP eligible procurement activities for contestability assessment by ICN Victoria. It can be accessed at www.icnvic.org.au/vipp

Suppliers/Bidders

Suppliers and bidders are used to describe providers of a service or good to be procured. Both these terms are used interchangeably within this document.

Step by step process in applying VIPP to Standard and Strategic projects

The following steps apply to all VIPP standard and VIPP strategic projects, except for panels, grants and design contracts. There are different processes for applying VIPP to panels, grants and design contracts as outlined at pages 12-13.

It is recommended that VIPP is considered at the earliest practical stage of project development, as the pre-step to all others listed below. If a project is likely to meet the VIPP threshold then VIPP should be a consideration in the business case development.

Step One – Project Registration

1. Prior to the release of the tender documents register the project particulars including project specifications with the VIPP Management Centre (VMC) at www.icnvic.org.au/vipp.

Step Two – Contestability assessment

2. ICN will review the project specifications and determine whether there are contestable items and capable local suppliers.
 - If contestable items are identified, the ICN will issue the agency with a contestability letter with a list of contestable items available from competitive local and international suppliers.
 - In the case of VIPP strategic projects, ICN will provide a detailed contestability assessment listing contestable items and a recommended minimum local content requirement.
3. The recommended minimum local content requirement for a VIPP strategic project requires written agreement between the Minister responsible for VIPP and the Minister responsible for the procurement activity, in consultation with the Premier and Treasurer prior to inclusion in the tender documents.
 - Contact the VIPP administration team at DEDJTR to manage this process.
13 22 15 or vipp@ecodev.vic.gov.au
4. Where it is recommended that there is nil or limited contestability the agency is required to report on the local content to be achieved, even if it is zero. (Appendix A)
 - Circumstances where the Agency can seek to opt-out of the Strategic Project framework could apply where the contestability assessment finds there is Nil or Limited contestability for the project, or under exceptional circumstances, for example for urgent works responding to a natural disaster. Ministerial agreement would be required to opt-out.

Step Three – Specify VIPP requirements in tender documents and go to tender

5. The agency must notify prospective bidders in tender documents or through the Expressions of Interest process, of the VIPP requirements.
6. Model clauses have been developed to provide guidance on the information required for each type of project (Refer DEDJTR website - <http://economicdevelopment.vic.gov.au/about-us/strategies-and-initiatives/victorian-industry-participation-policy/guidelines-and-templates>)
7. Strategic Projects tender documents must also note that bidders must work with ICN in the preparation of their LIDP.

Step Four – Assess bids and shortlist (note Agencies may not always shortlist)

8. Once bids are received, the agency must log into the VMC, where the project tender was originally registered and add the details for each shortlisted bidder.
9. The agency will then notify the shortlisted bidders (where a shortlist exercise is applied) in writing (hardcopy or electronically) that they must complete a VIPP plan for VIPP standard projects or an LIDP for VIPP strategic projects. The notification will also detail the information required to complete a VIPP plan or LIDP and how to register with the VMC.
10. Where there is no shortlisting process, the VIPP or LIDP must be completed as part of the tender documents.

Step Five – Shortlisted/Notified bidders preparation and ICN acknowledgement of VIPP Plans and LIDPs

11. Shortlisted bidders must prepare an online VIPP plan or an LIDP through the ICN VIPP Management Centre (VMC), which is located at icnvic.org.au/vipp. Agencies can then download acknowledgement letters, contestability assessment letters and ICNs Risk Evaluation Report from the VMC. VIPP Plans must be provided by bidders as part of their bid.
12. VIPP standard projects VIPP Plans take between an hour and a couple of days to complete and must include:
 - the VIPP commitments (local content, training, new and retained jobs, technology transfer)
 - how the VIPP Plan will be implemented and risks managed to ensure outcomes are achievable as per normal project management procedures.
13. For VIPP strategic projects, the LIDP is a more detailed version of a VIPP plan reflecting the size and complexity of the strategic project. Preparation of an LIDP can take between one to three weeks, and is done by the bidders in close consultation with ICN and submitted as part of the tender documents. Information in the LIDP includes:
 - the VIPP commitments (local content, training, new and retained jobs, technology transfer)
 - implementation of commitments
 - milestones and timelines
 - how ICN will be engaged in the project
 - any monitoring and reporting requirements
 - other VIPP conditions agreed to be achieved within the LIDP.
14. ICN will acknowledge receipt of a completed VIPP plan and an LIDP and issue an acknowledgement letter based on whether the plan has been completed within the specified tender timeframe. The ICN will also provide a risk assessment (evaluation report) to the agency, once all VIPP plans and LIDPs have been completed or the due date in the VMC has passed.
15. The ICN will inform a bidder and the agency in writing, if the bidder's VIPP plan or LIDP has been rejected due to being incomplete or non-compliant and no acknowledgement letter will be provided. A tender is not complete without an ICN acknowledgment letter. This would mean the end of the procurement process for the bidder.

Step Six – Final tender evaluation and consideration of VIPP Plans

16. Shortlisted bidders will submit their VIPP plans or LIDP and ICN acknowledgement letters to the agency's tender evaluation panel. Only bidders with ICN acknowledged VIPP plans or LIDPs may be considered by the tender evaluation panel when selecting the preferred supplier.
17. The agency must use the VIPP or LIDP risk assessment (evaluation report) and acknowledged VIPP plans or LIDP as a key selection criterion in evaluating shortlisted bidders and selecting the preferred supplier in the tender evaluation.
18. When assessing VIPP plans, an agency is required to apply a mandatory 10 per cent weighting for local content (see Appendix D). This is designed to ensure that bidders maximise local content in their bids.

19. During the tender evaluation, the agency should address with the shortlisted bidders any risks identified in the risk assessment (evaluation report). If this changes the nature of the VIPP plan or LIDP, then it must be revised and submitted to ICN for acknowledgment through the VMC. The contract manager must notify ICN that a bidder is going to revise their VIPP plan or LIDP by clicking the post-tender negotiations area of the VMC.
20. Value for money remains the primary criterion in selecting the preferred supplier. The Victorian Government Purchasing Board (VGPB) describes value for money as:

A balanced judgment of a range of financial and non-financial factors, taking into account the mix of quality, cost and resources; fitness for purpose; total cost of ownership; and risk.²

Step Seven – Awarding a contract

21. The contract manager must log into VMC and select the successful supplier from the list of shortlisted bidders. This will notify ICN who the appointed supplier is for a given tender.
22. Commitments under the VIPP plan and LIDP must be incorporated into the contract. This can be achieved by attaching the final agreed VIPP plan or LIDP to the contract and including the relevant model clauses in the agreement. For a template of VIPP model clauses to incorporate into the contract refer to the VIPP Model RFT and Contract Clauses, which have been prepared by the Victorian Government Solicitor's Office and is available on the DEDJTR website. Contractors are required to report on their VIPP obligations as contained in the VIPP plan or LIDP at practical completion of the project (see Step Eight).

Step Seven (A) – contract variation (if applicable)

23. If a significant variation to the contract occurs during the course of the project, which effects a change in the nature of the contestable items, then a revised VIPP plan or LIDP will likely be required. This means, there are new contestable items to consider or there are contestable items that are no longer required in the project. VIPP strategic projects may require a revised minimum local content be set.
24. If a revised VIPP plan or LIDP is required then the contracting agency will notify the contractor and ICN in writing (hardcopy or electronic).
25. The revised VIPP plan and LIDP must be prepared in collaboration with ICN and then be certified by the ICN.
26. If ICN recommends a revised VIPP plan or LIDP and the agency disagrees, then the agency will need to demonstrate its rationale for not requiring a revised VIPP plan or LIDP when reporting back to the responsible Minister on its compliance with VIPP. This also applies if tender documentation goes out before local content is set.

Step Eight - Post-contract verification and reporting on VIPP commitments

27. Post-contract verification commences upon practical completion of the project, when works have been finished.
28. The purpose of post-contract verification is to demonstrate the VIPP outcomes that have been achieved through the project. The outcomes achieved are compared to those expected in the original VIPP plan or LIDP and outlined in the monitoring table.
29. Preparing VIPP post-contract verification documentation may occur prior to finalising further administrative or regulatory processes that may need to be followed to fully execute the contract.
30. Once a project has been completed in practical terms, the contract manager must request the supplier to submit the following information:
 - a completed VIPP monitoring table – the VIPP monitoring table is provided at Appendix A, and largely reflects the information provided in the VIPP plan or the LIDP
 - a statutory declaration – the statutory declaration should be signed by the supplier's company director, chief executive or chief financial officer, and must state that the information provided in the VIPP monitoring table is true and correct (Appendix B).

² Victorian Government Purchasing Board All Procurement Policies, 2012:25, <http://www.procurement.vic.gov.au/Buyers/Policies-Guides-and-Tools>

31. The contract manager will then submit the completed VIPP monitoring table and signed statutory declaration to ICN for verification. This is achieved through the VMC, by uploading the relevant documents and completing the monitoring form.
32. The ICN verification process involves an examination of the data submitted and a subjective determination of the achievements reported as 'reasonable', or requiring further clarification. The verification results will be sent to the contract manager.
 - If ICN determines there is insufficient evidence that the VIPP outcomes reported are reasonable, then the contract manager will be notified by ICN and will be required to seek clarification of the outcomes from the supplier.
 - The contract manager should ask suppliers to explain any discrepancies between the expected and achieved VIPP outcomes.
 - The contract manager would then provide the revised monitoring table to ICN for its review, noting why there is a difference between expected and achieved outcomes. If the information provided remains inadequate, the agency must report to DEDJTR on why this is the case.
33. The information provided in the VIPP/LIDP monitoring table will inform the annual reporting on VIPP outcomes by the agency.

Step Nine – Annual reporting on VIPP

34. The agency's VIPP Administrator must annually report on the VIPP outcomes for the agency as a whole, and submit this to the responsible Minister through DEDJTR. This report includes information on projects commenced and projects completed during the specific financial year. Commencement reporting is done by reviewing the supplier's contract which attaches the final agreed VIPP plan or LIDP. Completion reporting is done by reviewing the final VIPP/LIDP monitoring table required at the completion of the project to assess whether the supplier met its VIPP commitments.

Other possible VIPP standard and VIPP strategic projects

Public Private Partnerships and Alliance Contracts

Public Private Partnership (PPP) is a long-term contract between the public and private sectors where government (or direct users) pays the private sector to deliver infrastructure and related services on behalf of, or in support, of government's broader service responsibilities. PPPs typically make the private sector parties who build infrastructure responsible for its condition and operation on a whole-of-life-basis. (Source: Victorian Department of Treasury and Finance)

Alliance Contract is a method of procuring, and sometime managing, major capital assets. Under an alliance contract, a state agency contractually works collaboratively with private sector parties to deliver the project. The alliance participants work as an integrated, collaborative team to deal with key project delivery matters. (Source: Victorian Department of Treasury and Finance)

VIPP applies to the government portion of the contract, which matches or exceeds the monetary threshold for VIPP standard projects (\$3 million for metropolitan Melbourne and statewide and \$1 million for the regions) or VIPP strategic projects (\$50 million or above).

Although private contractors involved in PPPs are not required to apply VIPP to their portion of investment in the project, the agency can encourage them to apply the principles of VIPP in negotiations to maximise opportunities for local suppliers and to achieve economies of scale.

To apply VIPP to PPPs/Alliance Contracts, follow the same process for VIPP standard projects and VIPP strategic projects.

Market-led proposals

Market-led proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure projects and/or provide services. It originates within the private sector and involves organisations developing a project or service specification and then approaching government for approval and support of the proposal. This support is typically financial but may also include regulatory or other forms of assistance. (Source: Victorian Department of Treasury and Finance)

Market-led proposals often are wholly funded by the private sector, and as such are not required to apply VIPP. However, there are opportunities for an agency to consider how VIPP principles can be incorporated into the project at the negotiation stage of the proposal. If agreement is reached to apply VIPP, then the process for VIPP standard or VIPP strategic projects will be applied.

The steps for agencies in VIPP standard and strategic projects are outlined below.

Step	Key Actions
Step 1 – Project Registration	Register the project and list specifications and details of the proposed procurement activity with the VIPP Management Centre.
Step 2 – Contestability assessment	<p>ICN will review the project and determine whether there are contestable items.</p> <p>If ICN recommends minimum local content for VIPP strategic projects, the agency must secure written agreement between the Minister responsible for VIPP and the Minister responsible for the procurement, in consultation with the Premier and Treasurer.</p> <p>If there are nil or limited contestable items, the agency must still report on the local content to be achieved, even if it is zero.</p>
Step 3- Specify VIPP requirements in tender documents and go to tender	The agency must notify prospective bidders in tender documents or Expressions of Interest of the VIPP requirements.
Step 4 – Assess and shortlist bidders	<p>The agency must log into the VMC and register the details of each shortlisted bidder (where a shortlisting process was applied)</p> <p>The agency must notify shortlisted bidders in writing that they must complete a VIPP plan for VIPP standard projects or an LIDP for VIPP strategic projects.</p>
Agencies to allow for:	<p>Bidders to prepare a VIPP plan or LIDP</p> <p>Bidders to submit VIPP plan or LIDP to ICN</p> <p>ICN to issue acknowledgement letter</p>
Step 5 – Shortlisted bidders preparation and ICN acknowledgement	<p>ICN will provide the agency with a risk assessment (evaluation report) once all VIPP plans and LIDPs have been completed or the due date in the VMC has passed.</p> <p>ICN will inform the bidder and agency in writing if the plan is incomplete or non-compliant. It is up to the bidder and the agency to negotiate whether the bidder can resubmit their VIPP plan or LIDP.</p>

<p>Step 6 – Final tender evaluation and consideration of VIPP plans</p>	<p>The agency's tender evaluation panel will receive a VIPP plan or LIDP and ICN acknowledgement letter from shortlisted bidders.</p> <p>The agency must use the VIPP or LIDP risk assessment as a key selection criterion in evaluating shortlisted bidders and selecting a preferred supplier.</p> <p>The agency is required to apply a mandatory 10 percent weighting for local content.</p> <p>During the tender evaluation, the agency should address with the shortlisted bidders any risks identified by ICN.</p> <p>The contract manager must notify ICN is a bidder needs to revise their VIPP plan or LIDP via the VMC.</p>
<p>Step 7 – Awarding a contract</p>	<p>The contract manager must log into VMC and select the successful supplier from the shortlist of bidders.</p> <p>Commitments under the VIPP plan and LIDP must be included in the contract and reporting requirements as outlined in the model clauses included in the agreement.</p>
<p>Step 7A – Contract variation (if needed)</p>	<p>If there is a change in the nature of the contestable items a revised VIPP plan or LIDP will likely be required.</p> <p>If so, the agency must notify the contractor and ICN in writing.</p> <p>Any revised plan must be prepared in collaboration with ICN.</p> <p>If the agency disagrees with the need for a revised plan, it must report to the responsible Minister on its compliance with VIPP.</p>
<p>Step 8 – Post-contract verification and reporting on VIPP commitments</p>	<p>Once a project has been completed in practical terms, the contract manager must request the supplier to provide a completed VIPP monitoring table and a statutory declaration verifying the contents of the monitoring table.</p> <p>The contract manager must then submit these documents to ICN for verification via the VMC.</p> <p>If ICN determines there is insufficient evidence provided, the contract manager must ask suppliers to explain any discrepancies between the expected and achieved outcomes.</p> <p>The contract manager must then provide any revised monitoring table to ICN for further review.</p> <p>If the information provided remains inadequate, the agency must report to DEDJTR on why this is the case.</p>
<p>Step 9 – Annual Reporting on VIPP</p>	<p>The agency's VIPP administrator must annual report on the VIPP outcomes for the agency as a whole and submit this to the responsible Minister through DEDJTR.</p>

Figure 1: VIPP tender process for standard and strategic projects

Panel Contracts

An agency may appoint a panel of suppliers from which individual suppliers are selected by agencies to provide particular goods or services for the term of the contract.

A Panel Contract is subject to VIPP if the total value of the contract satisfies the VIPP thresholds of:

- \$3 million in Melbourne metro or statewide
- \$1 million in regional areas or
- the VIPP Strategic Project threshold of \$50 million.

Where the total value of the Panel Contract satisfies the VIPP thresholds, the project must be registered with ICN for an assessment to determine if there are any contestable items.

Where contestable items are identified, Panel Suppliers must be notified of the list of contestable items and required to complete a Statement of Intent letter noting their commitment to apply VIPP including, where required, the completion of a VIPP or LIDP plan.

A VIPP or LIDP plan will only be required when an individual panel member enters into a contract with an agency ('drawn down') and that individual contract value satisfies the VIPP thresholds.

Where the individual panel contract satisfies the \$50 million threshold the application of the VIPP Strategic Project framework will apply. Contact the VIPP Administration team for further assistance.

Where there are no contestable items identified the agency that contracts individual panel members is required to report the level of local content achieved via the VIPP monitoring table (Appendix B).

10 Per Cent weighting

The 10 per cent weighting consideration does not apply at the establishment of the panel.

Statement of Intent

During the bidding process to establish the Panel Contract, a Statement of Intent must be sought from all bidders and incorporated as a condition of contract for appointment to the panel.

The Statement of Intent confirms the panel member's commitment to adhere to the VIPP requirements and seeks an outline of how panel suppliers will ensure competitive local suppliers have the opportunity to participate in government work.

The Statement of Intent does not need to be submitted to ICN.

A standard template for a Statement of Intent is provided at Appendix C.

Step One – Project Registration

1. Prior to the release of the tender documents register the project particulars including project specifications with the VIPP Management Centre (VMC) at www.icnvc.org.au/vipp.

Step Two – Contestability assessment

2. ICN will review the project specifications and determine whether there are contestable items and capable local suppliers.
3. If contestable items are identified, the ICN will issue the agency with a contestability letter with a list of contestable items available from competitive local and international suppliers.

Step Three – Specify VIPP requirements in tender documents and go to tender

4. Where the project satisfies the VIPP thresholds tenderers are required to complete a Statement of Intent as part of the tender documents.

Step Four – Specify VIPP requirements in the contract document

5. The Statement of Intent becomes a schedule in the contract. The contract will also need to outline, that where individual panel member contracts with agencies satisfy the VIPP requirements, the contract will be subject to VIPP requirements which will include the completion of a VIPP or LIDP plan dependent on the value of the contract.

Step Five – When a VIPP or LIDP plan is required.

6. Where an individual panel member is contracted by an agency and the contract satisfies the VIPP thresholds, a VIPP plan will be required for VIPP Standard projects or an LIDP plan for VIPP Strategic Projects. The agency that contracts a panel member for a particular project must register the project particulars including project specifications with the VIPP Management Centre (VMC) at www.icnvic.org.au/vipp.
7. ICN will provide to the agency with a contestability letter with a list of contestable items that will then require the completion of a VIPP or LIDP plan.
8. The panel member must register their organisation's details on the ICN's VIPP Management Centre, which is located at icnvic.org.au/vipp
9. Preparing a VIPP Plan can take between two to six working days and in the case of an LIDP up to ten days, depending upon the complexity of the project, nature of the contestable items or experience of the bidding suppliers.
10. ICN will issue the Agency with a Risk Evaluation Report, which gives an assessment of the strengths and weaknesses of the VIPP or LIDP plan submitted.
11. The VIPP or LIDP plan forms part of the contract conditions between the panel member and the contracting agency.

Step Six – Post-contract review

12. The post-contract review process is required for all VIPP-applicable projects once a project has been implemented.
13. Post-contract review commences upon practical completion of the project, where works have been finished. Further administrative or regulatory processes that may need to be followed prior to the contract being formally seen as complete are not relevant in terms of preparing post-contract review documentation.

The purpose of post-contract review is to demonstrate VIPP outcomes that have been achieved through the project. The outcomes achieved are compared to those expected in the original VIPP or LIDP Plan, where applicable.

VIPP Reporting

The Agency responsible for the Panel Contract is required to report on the VIPP activities of the panel members as part of the annual reporting process.

The steps for agencies in panel contracts are outlined below.

Establishing a panel of suppliers

Step	Key Actions
Step 1 Register the project	Agency to register the panel tender document with the VIPP Management Centre including specifications and details of the proposed procurement activity.
Step 2 –Contestability Assessment	ICN will review the project and determine whether there are contestable items.
Step 3 – Specify VIPP requirements in tender documents and go to tender	A Statement of Intent is required to be submitted by all bidders.
Agencies to allow for	Bidders to prepare a statement of intent
Step 4 – Final tender evaluation and	The agency's tender evaluation panel will receive a Statement of intent.

consideration	<p>The agency must use the Statement of intent as a mandatory criteria (compliance) of their appointment</p> <p>The agency is NOT required to apply a mandatory 10% weighting for local content.</p>
Step 5 – Contract Variation (if needed)	<p>A change in the scope of the contract may change the nature of contestable items.</p> <p>The agency must notify the contracted project manager and ICN in writing of this change.</p> <p>ICN will advise the agency if a revised list of contestable items is required. This revised list must be communicated to panel members.</p> <p>If the agency disagrees with the need for a revision, it must report to the responsible Minister on its compliance with VIPP</p>

Engaging panel member services

Step	Key Actions
Step 1 - Engaging panel member services	Agency to determine VIPP Plan requirements (only if contestable and when a contract is entered into that will exceed the VIPP thresholds).
Step 2 – Specify VIPP requirements in quote documents and go to tender	The agency must notify panel members of their VIPP obligations to complete a VIPP plan or an LIDP plan if applicable.
Agencies to allow for	<p>Panel member to prepare a VIPP plan</p> <p>Panel members to submit VIPP plan to ICN</p> <p>ICN to issue acknowledgement letter</p>
Step 3 – Final quote evaluation and consideration of VIPP plans	<p>The agency will receive a VIPP plan and an acknowledgement letter issued by ICN from panel member.</p> <p>ICN will provide the agency with a risk assessment (evaluation report) once the VIPP plan has been completed or the due date in the VMC has passed.</p> <p>The agency must use the VIPP risk assessment as a key selection criterion.</p> <p>The contract manager must notify ICN is a Panel member needs to revise their VIPP plan via the VMC.</p>
Step 3 – Awarding a contract	<p>The contract manager must log into VMC and select the successful supplier from the panel members.</p> <p>Commitments under the VIPP plan must be included in the contract as a reportable condition.</p>
Step 4 - Post-contract review and reporting on VIPP commitments	<p>Once a project has been completed in practical terms, the contract manager must request the supplier to provide a completed VIPP monitoring table and a statutory declaration verifying the contents of the monitoring table.</p> <p>The contract manager must then submit these documents to ICN for verification via the VMC.</p> <p>If ICN determines there is insufficient evidence provided, the contract manager must ask suppliers to explain any discrepancies between the expected and achieved outcomes.</p> <p>The contract manager must then provide any revised monitoring table to ICN for further review.</p> <p>If the information provided remains inadequate, the agency must report to DEDJTR on why this is the case.</p>
Step 5 – Annual Reporting on VIPP	The agency's VIPP Administrator must report the VIPP outcomes for the agency as a whole and submit this to the responsible Minister through DEDJTR.

Grant Recipients and Design Contracts

Grant recipients and design contracts are subject to VIPP where the value of the project or grant meets the VIPP monetary thresholds of \$3 million in metropolitan Melbourne and statewide and \$1 million in regional Victoria.

The application of VIPP to grant recipients and design contracts ensures local firms are able to access opportunities within the procurement activity once it commences.

The VIPP process for these contracts will require consultation with ICN to acquire an Interaction Reference Number (IRN). A VIPP Plan is not required.

Grant Recipients

Under the VIPP, grant recipients are non-state and Commonwealth government organisations. For example, if a state government agency is providing a grant, such as a community development grant to a local council that meets the VIPP monetary thresholds, then VIPP applies.

Grants involving a co-contribution from another jurisdiction, such as the Commonwealth, are subject to VIPP based solely upon the value of the Victorian government grant meeting the VIPP monetary thresholds.

Design Contracts

Design contractors include architects, design firms and project management firms charged with developing the design of a project and its specifications.

For design contracts, VIPP applies when the value of the overall project of which the design contract applies to meets the VIPP monetary thresholds. This will trigger the need for designers to apply for an Interaction Reference Number (IRN). The IRN acts as confirmation that ICN is satisfied the design contractor is aware of local capabilities and will provide opportunities for local businesses where possible.

Design contracts should also ensure VIPP is a consideration during the design process and that local suppliers are being 'designed-into' specifications rather than designed out. This means that where local items can be used in the project, then they should be considered and included in the project design specifications.

Note: there are separate contract clauses for grant recipients and design contracts, given the IRN process may apply for design contractors after they have been engaged by an agency.

The steps for an agency to comply with VIPP for grant recipients and design contracts are outlined below.

Step One – Grants or project being designed triggers VIPP

1. Registered the design/grant on the ICN VIPP Management Centre Portal icnvic.org.au/vipp
2. Once the contract or grant is awarded the agency's contract manager must request the grant recipient or design contractor to complete an IRN form on the ICN VIPP Management Centre portal.
3. The IRN form requires the details and scope of the proposed procurement activity to be provided.
4. The agency should provide relevant information to assist the grant recipient or design contractor to complete the IRN Form.

Agency to allow time for consultation with ICN

The grant recipient or design contractor must consult with ICN on the nature of the procurement activity and identify any opportunities for local SMEs or contestable items.

If contestable items are identified, then ICN can assist the grant recipient or design contractor to identify possible local SME suppliers.

ICN and the grant recipient or design contractor will then negotiate how the project will adhere to the principles of VIPP and involve ICN in the project to ensure local industry has opportunities to connect into the supply chain.

ICN will issue the grant recipient or design contractor with an IRN and reference letter.

Step Two - IRN issued by ICN (to design contractor or grant recipient)

5. The grant recipient or design contractor then provides this IRN to the agency. The agency must include the IRN and any agreements reached regarding VIPP within the contract or grant agreement.

Step Three - Annual reporting on VIPP

6. The agency must retain a record of the IRN and any associated local content outcomes for inclusion in its annual reporting on compliance with VIPP.
7. Any local content outcomes achieved through consultation with ICN should be noted and reported to the Agency by ICN.
8. ICN will also confirm if negotiated agreements were successful.

The steps for agencies for grants and design contracts are outlined below.

Step	Key Actions
Step 1 - Grants or project being designed triggers VIPP	Agency to inform grant recipient or design contractor of the need to complete an Interaction Reference Number (IRN) form.
Agencies to allow for:	ICN to consult with the grant recipient or design contractor to discuss the activity and identify likely contestable items. ICN will issue an IRN when sufficient information has been provided by the grant recipient or the design contractor.
Step 2 – IRN issued	ICN issues an IRN to design contractor or grant recipient. Agency must include the IRN and any agreements reached regarding VIPP within the contract.
Step 3 – Annual reporting on VIPP	The agency must retain a record of the IRN and any associated local content outcomes for inclusion in its annual reporting on compliance with VIPP. Any local content outcomes achieved through consultation with ICN should be noted and reported to the agency. ICN will also confirm if negotiated agreements were successful.

Figure 3: VIPP tender process for grant recipients and design contracts

Monitoring and Reporting

Each agency must report back to the responsible Minister on their compliance with VIPP, to inform the preparation of the VIPP Annual Report. This must be tabled in Parliament by 30 November each year, in accordance with the *Victorian Industry Participation Policy Act 2003*.

DEDJTR will contact agencies at the end of each financial year requesting qualitative and quantitative data on the application of VIPP to their procurement activities and the outcomes achieved for each relevant project.

Agencies are required to ensure suppliers complete a VIPP monitoring table (Appendix A) or LIDP monitoring table and accompanying Statutory Declaration (Appendix B) which largely reflects the information required within the VIPP plan or LIDP.

The LIDP monitoring table for strategic projects is similar to the VIPP monitoring table, with the addition of any specific requirements or minimum local content requirements.

Contract managers must also inform the VIPP Administrator within the agency on the status of each VIP applicable procurement activity and provide their respective VIPP monitoring tables and statutory declarations to be consolidated into the report to DEDJTR. The VIPP Administrator, or other relevant person, will provide this information to DEDJTR through vipp@ecodev.vic.gov.au

Agencies are responsible for ongoing monitoring of the implementation of VIPP plans by their suppliers and reporting on new and completed projects.

This information is to be presented in the Annual Report as set out under the Financial Reporting Directions FRD 25B – Victorian Industry Participation Policy Disclosures in the Report of Operations, which is available at vic.gov.au/vipp

Compliance

An agency may determine whether or not consequences will apply if successful bidders/contractors do not deliver the local content outcomes committed to in their VIPP plan or LIDP. Agencies may choose to build into their contracts 'financial disincentives that apply if VIPP obligations are not met'.

Where VIPP outcomes reported by a contractor do not meet the levels committed to in the contract, the agency should identify 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).

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.

A random audit program of industry will be undertaken annually from 1 September 2016 to investigate and report on VIPP compliance.

Agencies can be reported in the VIPP Annual Report for serious contraventions in complying with VIPP. As such, it is recommended that agencies take reasonable steps to monitor the implementation of suppliers' VIPP plans and LIDPs.

Information Provided Annually to the Responsible Minister

The *Victorian Industry Participation Policy Act 2003* requires agencies to provide information to the responsible Minister:

- demonstrating their compliance with VIPP
- detailing the procurements, projects and grants that either commenced or were completed during the financial year
- detailing the projects that satisfy the VIPP thresholds, that did not require VIPP or LIDP plans
- providing the rationale for not requiring a VIPP plan, where one was recommended by ICN
- outlining the VIPP outcomes achieved over the financial year.

This information is included in a consolidated VIPP Annual Report that is tabled in Parliament by the responsible Minister by 30 November each year.

New VIPP Projects

The VIPP Administrator must advise the responsible Minister, through DEDJTR, on the number of new VIPP applicable projects each financial year. The information to include is outlined in Appendix E.

Completed VIPP Projects

Information on completed projects must also be supplied by agencies to the responsible Minister via vipp@ecodev.vic.gov.au as part of the annual reporting process. Information to be provided on completed projects is outlined in Appendix F.

The VIPP outcomes that are achieved by the project will be compared to the approved VIPP or LIDP plan to determine if expectations were realistic. The information provided for completed projects will be aggregate, reflecting outcomes over the life of the project.

If the expected levels of employment and training are not achieved, then the agency should outline why this is the case. This will assist the agency to demonstrate compliance with VIPP.

This information will enable the Government, ICN and bidders to better determine reasonable expectations under VIPP for future procurement activities.

Definitions

Agency – The term agency is used to cover all Victorian government public sector bodies which include but are not limited to: departments; statutory authorities; administrative offices; state owned companies; police and emergency services; regulatory agencies; hospitals; Health Purchasing Victoria and water and land management authorities.

Alliance Contract - is a method of procuring, and sometime managing, major capital assets. Under an alliance contract, a state agency contractually works collaboratively with private sector parties to deliver the project. Alliance contracting is characterised by a number of key features, which generally require the parties to work together in good faith, act with integrity and make best-for-project decisions. The alliance participants work as an integrated, collaborative team to deal with key project delivery matters. Under alliance contracts, risks of project delivery are often jointly managed by the parties, although financial exposure lies mostly with the State.

Annualised Employee Equivalent - Annualised Employee Equivalent (AEE) is calculated by dividing the total number of ordinary working hours that an employee worked over the reporting period by the total number of full-time working hours paid per annum (this is generally 38 hours per week for 52 weeks per year). The employee's working hours include paid leave (e.g. sick leave, paternity leave, recreation leave, long service leave etc.) but NOT unpaid leave.

Australian Industry Participation - The Commonwealth Government has an Australian Industry Participation (AIP) policy to promote local firms to supply goods and services into major projects. VIPP can be applied as a substitute to the Commonwealth's AIP policy in some circumstances, particularly for Victorian projects that are implemented by the State Government.

Australian and New Zealand value-added (local content) – The VIPP policy covers all suppliers producing Australian and New Zealand goods or services and/or adding value to imported components. Imported goods and services which have had an Australian or New Zealand component added are referred to as ANZ value-added activity.

Australia New Zealand Government Procurement Agreement (ANZGPA) – Under VIPP, local content is in accordance with the *Australia New Zealand Government Procurement Agreement (ANZGPA)* entered into by Australian State and Federal Governments and New Zealand in 1991. The objective of ANZGPA is to maximise opportunities for competitive ANZ suppliers to supply into government procurement and to reduce costs of doing business for both government and industry and applies to all Australian (and New Zealand) local industry participation policies.

Bidder – The term bidder refers to the organisation that, if successful, will be contracted to deliver the procurement activity for the Victorian Government.

Contract Manager – The contract manager refers to the person within the relevant agency responsible for managing the procurement activities and the VIPP process for a particular contract.

Contestable goods and services - Goods and services in a procurement process are considered to be contestable when there are competitive international suppliers and local suppliers. Competitive means the suppliers are able to offer comparable goods or services that meet the specifications provided in the tender documentation. Contestable items can be goods or services at any stage of a procurement activity, including maintenance.

Industry Capability Network (Victoria) (ICN) –

The Industry Capability Network (Victoria) is a not-for-profit organisation funded by the Victorian Government whose primary aim is to maximise opportunities for Victorian Industry. It plays a key role in liaising with government agencies and bidders in VIPP applicable projects and procurements. Its responsibilities include: managing the VIPP Management Centre portal where tenders are registered, identifying local products and services that meet the contract requirements, acknowledging and evaluating bidders' local content commitments and publishing a forward plan of larger procurement projects to ensure local suppliers have an opportunity to register interest in upcoming government projects.

Interaction Reference Number (IRN) – The Interaction Reference Number is used in the application of the VIPP in grants and in design contracts to demonstrate compliance with the VIPP principles.

Local Content – Under VIPP, 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.

The 'local content' (ANZ value added activity) of a good or service is determined on a cost basis and is the part of a product or service left once the cost of the international component has been subtracted. It can be expressed by the following equation:

Local content = total cost of the good or service less international content

The content of a good or service may include but not be limited to; fees, tax, margins, profits, tariffs, insurances, freight, transport, engineering, planning, testing and analysis certification, commissioning, manufacturing or provision of service.

Australia and New Zealand are treated as a single market for government procurement under the Australia and New Zealand Government Procurement Agreement. All other jurisdictions are considered 'international'. Items imported into New Zealand as part of New Zealand-sourced goods and services are considered to be international content.

Local Industry Development Plan (LIDP) – A Local Industry Development Plan is a document prepared by the supplier as part of the tender submission for a VIPP strategic project. The LIDP outlines the supplier's commitment to address the minimum local content target and other VIPP tender conditions. The LIDP must have an ICN acknowledgement letter.

Market-led proposals – Market lead proposals, sometimes known as unsolicited proposals, are usually proposals made by the private sector to government to build infrastructure projects and/or provide services. It originates within the private sector and involves organisations developing a project or service specification and then approaching government for approval and support of the proposal. This support is typically financial but may also include regulatory or other forms of assistance.

Metropolitan Victoria - The area within the 31 municipalities that make up metropolitan Melbourne.

Procurement Activity – Procurement is the acquisition of 'goods and services' and 'construction related works and services' by any contractual means including purchase, hire, lease, rental, exchange, competitive tendering and contracting arrangements across all stages of the procurement process.

Project – The term 'project' refers to the procurement of goods, services or construction works that may be limited to a single contract or may involve several contracts under a single broader project. For the purposes of determining the project value for VIPP purposes the value of the all the contracts under the project are to be included.

Public Private Partnership (PPP) - a long-term contract between the public and private sectors where government (or direct users) pays the private sector to deliver infrastructure and related services on behalf of, or in support, of government's broader service responsibilities. PPPs typically make the private sector parties who build infrastructure responsible for its condition and operation on a whole-of-life-basis.

Regional Victoria - The definition of regional Victoria for VIPP monetary threshold has the same meaning as that term which is defined in the *Regional Development Victoria Act 2002*, which includes the municipal councils and alpine resorts of the Hume, Loddon Mallee, Grampians, Barwon South West and Gippsland regions.

Responsible Minister - The Minister with responsibility for administering the Victorian Industry Participation Policy Act 2003.

Supplier - A supplier is an existing contractor or a bidding organisation responding to the Victorian Government invitation to supply goods, services or undertake capital works. A supplier could also be a contractor supplying into the government typically from the private sector, suppliers can also be a secondary organisation engaged to provide goods or services as part of a larger procurement.

Value for money – The Victorian Government Purchasing Board describes value for money as a 'balanced judgment of a range of financial and non-financial factors, taking into account the mix of quality cost and resources; fitness for purpose; total cost of ownership and risk.'

VIPP Administrator - Each agency must nominate a VIPP administrator, who is generally located in procurement teams within government departments and agencies, as a coordination point to support the advice and manage an agency's compliance with VIPP. The role of the VIPP administrator may include overseeing all VIPP plans related to a given agency being processed through the VIPP Management Centre; being a liaison point for ICN and coordinating the agency's monitoring and reporting requirements to the responsible Minister for the VIPP Annual Report and through the agency's normal financial reporting mechanisms.

VIPP Administration Team - A DEDJTR team that provides advice to agencies and the ICN on the application VIPP to ensure it is applied correctly. The VIPP Administration Team manages the ICN contract and also prepares the whole-of-government annual report on VIPP compliance, which is tabled in Parliament by the responsible Minister as required under the VIPP Act.

VIPP Management Centre (VCM) The Industry Capability Network hosts the VIPP Management Centre, which is the online platform for agencies to register their tenders and shortlisted bidders to prepare an online VIPP plan. The VIPP Management Centre also assists businesses and government agencies to manage their compliance with VIPP.

VIPP Plan – The VIPP plan is a document prepared by the supplier as part of the tender submission. The VIPP plan outlines the supplier’s level of commitment to using local content where possible and viable. If the VIPP is applicable to a government tender, VIPP plans from shortlisted suppliers must have an ICN acknowledgement letter.

Appendix A

VIPP Monitoring Table

ANZ value-added activity

			VIPP Commitments		Progress	Secured VIPP Outcomes				
Item Description	Brand /manufacturer	Supplier	% of Local Content	% of Total Local Content	% of Local Content	% of Local Content (A)	% of Contact Content (B)	% of Total Local Content (C) = (A x B)	ICN Assistance (Y/N)	Comments
E.g. Item 1										
TOTAL ANZ value-added activity			Total Committed:			Total Secured:	100%			

Employment

New Jobs		Existing Jobs		Total Committed Jobs	Total Secured Jobs	Difference / Comments
Committed	Secured	Committed	Secured			

Apprentices/ trainees

New Apprentices/ trainees		Existing Apprentices/ trainees		Total Apprentices/ trainees Committed	Total Apprentices/ trainees Secured	Difference
Committed	Secured	Committed	Secured			

Appendix B

Statutory Declaration Template

State of Victoria Statutory Declaration

I, (Full name)
of [address]
[occupation], do solemnly and sincerely declare that:-
[contracted company]

achieved the Victorian Industry Participation Policy objectives and outcomes relating to local content; employment; skills and technology transfer; and apprentices/ trainees reflected in the VIPP Monitoring Table for

[name and tender number of procurement activity]

as submitted to [agency] on ____/____/____
[date]

I acknowledge that this declaration is true and correct, and I make it with the understanding and belief that a person who makes a false declaration is liable to the penalties of perjury.

Declared at

this day of 20

Signature of person making this declaration

[to be signed in front of an authorised witness]

Before me,

Signature of Authorised Witness

The authorised witness must print or stamp his or her name, address and title under section 107A of the Evidence (Miscellaneous Provisions) Act 1958 (as of 1 January 2010), (previously Evidence Act 1958), (eg. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist)

Appendix C

Statement of Intent Template

I, [full name, job title] on behalf of [organisation] commit to the objectives and requirements of the *Victorian Industry Participation Policy Act 2003* (the VIPP Act), in undertaking the [project name and tender number] for the duration of the contract with [agency].

The VIPP Act objectives 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.

Local industry will be able to engage in work undertaken during the course of the panel contract by:

- [describe how local industry will be engaged or made aware of opportunities to supply into activities undertaken by the bidder (prospective panel member) on behalf of the organisation they represent]
- [describe how ICN will be engaged to make local industry aware of opportunities to supply into activities undertaken by the bidder (prospective panel member) on behalf of the organisation they represent]
- Where applicable, a VIPP Plan or a Local Industry Development Plan (LIDP) will be completed outlining the local content commitments and how the local content commitments will be achieved.

[signature]

[full name]

____/____/____

[date]

Appendix D

Applying a 10 per cent weighting for local content in VIPP tenders

The Government has introduced a minimum 10 per cent formal weighting for Local Content as outlined in VIPP or LIDP plans, in the evaluation of VIPP applicable projects, effective from 1 September 2016.

The requirement enforces the VIPP core principles of providing local small and medium enterprises (SMEs) with a full and fair opportunity to supply into government projects and provides for a greater profile of Local Content commitments in government procurement activities.

- Procuring agencies are required to disclose Local Content as a weighted evaluation criterion in their tender documentation for projects that satisfy the VIPP thresholds.
- The local content weighting is applied in the evaluation of tenders at the time bidders are required to submit a completed VIPP or LIDP plan certified by ICN.

Where there are multiple stages within a procurement process, the agency must determine at what stage of the process VIPP or LIDP plan is required. Where there is a shortlisting stage the agency may elect not to request the tenderers submit a VIPP or LIDP plan. Consideration must then be given to how, and at what stage, the minimum weighting will be applied and the evaluation criterion assessment process adjusted accordingly.

- The local content score for the criterion should consider the overall Local Content commitment and the risk assessment evaluation report of each bidder's VIPP or LIDP plan provided by the Industry Capability Network's (ICN).

The ICN assessment reports will classify the risk of achieving local content commitments as 'high, medium or low' and provide a summary for the assessment. Agencies would then apply a discount to their Local Content evaluation score based on the level of risk of achieving the commitment. The nature of this discount should be determined by the procuring agency, based on the complexities and objectives of the procurement activity. Refer to the risk discount table below.

For non-numerical evaluation criteria, an equivalent weighting of 10 per cent for evaluating local content should be applied to ensure a relative level of importance is applied to local content in context of other criteria.

Examples

Example 1 – Allocate 10 per cent of the total evaluation points to the VIPP or LIDP plans

Allocate 10 per cent of the total points for the tender evaluation to assessment of VIPP or LIDP plans. For example, for a tender evaluation where a maximum of 100 points can be earned, 10 points are allocated to the evaluation of VIPP or LIDP plans.

A local content commitment of 94 per cent would earn 9.4 points out of ten, a local content commitment of 90 per cent would score nine points out of ten. A risk discount should then be applied where required. The score for local content gets added to the relevant bidder's total score.

Table 1

Shortlisted Bidders	Local content commitment	Local Content Score (max. 10 points)	Apply Local Content 'Risk Discount' as required		
			Low Risk	Medium Risk	High Risk
Bidder 1	94%	9.4	No discount required	Discount 2 points	Discount 8 points
Bidder 2	90%	9			
Bidder 3	84%	8.4			

Example 2 – Where non-numerical assessment criteria is used apply the equivalent of 10 per cent weighting for local content to assign a relative importance

Where a non-numerical assessment criterion is used an equivalent weighting of 10 per cent should be applied to the evaluation of local content to assign relative importance in context of other criteria. A risk discount should then be applied where required. The local content assessment is then added to the relevant bidder's total assessment rating.

Risk Discount

Risk Discount the local content commitment by the risk rating.

The local content commitment should be discounted depending on the level of risk assigned by ICN. A 'High Risk' for example may receive a discount of five points from the local content commitment, a 'Medium Risk' rating a discount of two points and a 'Low Risk' receives nil discounts from the local content commitment. This becomes the score for local content and gets added to the relevant bidder's total score.

Local Content Commitment	Local Content Score		
	Low Risk (no discount)	Medium Risk (discount 2 point)	High Risk (discount 8 points)
100	10	8	2
90-99	9-9.9	7-7.9	1-1.9
80-89	8-8.9	6-6.9	0-0.9
70-79	7-7.9	5-5.9	0
60-69	6-6.9	4-4.9	0
50-59	5-5.9	3-3.9	0
40-49	4-4.9	3-3.9	0
30-39	3-3.9	2-2.9	0
20-29	2-2.9	1-1.9	0
10-19	1-1.9	0-0.9	
0-9	0-0.9		

Appendix E

New VIPP Projects

The VIPP administrator must advise the responsible Minister, through DEDJTR, on the number of new VIPP-applicable projects each financial year. This information must include:

- name and tender number of VIPP-applicable projects
- monetary value of the project
- location (metropolitan Melbourne or regional Victoria)
- Interaction Reference Numbers (if required for grantees or design contractors)
- number of instances a VIPP plan is not required
- estimate of local content percentage for each project
- number of new VIPP plans with ICN acknowledgement letter
- number of new VIPP plans without ICN acknowledgement letter
- how tender panel's considered VIPP in their evaluation of bidders
- AEE jobs committed (new and retained)
- AEE apprenticeships/ traineeships committed (new and retained)
- local content (%) (ANZ value added content) committed
- industry sector as per the ANZSIC Codes
- number and percentage of SMEs involved in VIPP plans and LIDPs at short-listing stage
- how VIPP was applied at the shortlist stage (brief description)
- how VIPP informed, or not, the selection of preferred bidders.

Appendix F

Completed VIPP Projects

Information on completed projects must also be supplied by agencies to the responsible Minister via vipp@ecodev.vic.gov.au as part of the annual reporting process. Information to be provided on completed projects includes the:

- name and tender number of VIPP-applicable projects
- monetary value of the project
- location (metropolitan Melbourne or regional Victoria)
- VIPP plan with ICN acknowledgement letter
- Interaction Reference Number (IRN) (if required)
- date of project
- AEE jobs committed (new and retained)
- AEE jobs achieved (new and retained)
- AEE apprenticeships/ traineeships committed (new and retained)
- AEE apprenticeships/ traineeships achieved (new and retained)
- local content (%) (ANZ value added content) committed
- local content (%) (ANZ value added content) achieved
- industry sector as per the ANZSIC codes.

Contact Information

Industry Capability Network (Victoria) Ltd

+61 3 9864 6700

info@icnvic.org.au

Further information on ICN and its role regarding VIPP is available through the VIPP Management Centre at www.icnvic.org.au/vipp

Department of Economic Development, Jobs, Transport and Resources

13 22 15

vipp@ecodev.vic.gov.au

Further information on VIPP is available at vic.gov.au/vipp .

Fishermans Bend Overview

Australia's new home for design,
engineering and technology.

foreword

MINISTER FOR INDUSTRY AND EMPLOYMENT



The Victorian Government is delighted to have secured this site in the heart of Fishermans Bend, and the home of Holden, for more than 80 years.

Sites of this size and proximity to the CBD are of considerable value to the State to support the continued growth of Victoria's future industries and economy.

Our vision is to create Australia's new home for design, engineering and technology – attracting industry leaders in the areas of aerospace, defence, education, marine design and automotive design.

We have been strategic in the acquisition of this site, and will continue to be strategic in our approach to who we partner with to ensure our vision is realised.

I warmly invite your interest in Australia's new home for design, engineering and technology.

A stylized, handwritten signature in white ink, reading "Wade Noonan".

The Hon. Wade Noonan MP
Minister for Industry and Employment

MINISTER FOR MAJOR PROJECTS



Fishermans Bend is Australia's largest urban renewal project. It will play an important role in Melbourne's growth and prosperity, supporting 80,000 residents and 60,000 jobs by 2050.

The government's purchase of this significant site is a key catalyst for the Fishermans Bend Employment Precinct.

It will drive private sector investment and see key industry players, education and research organisations work together to create thousands of high value jobs.

This is an exciting opportunity to be part of a strategically located, major redevelopment project and Australia's new home for design, engineering and technology.

A stylized, handwritten signature in white ink, reading "Jacinta Allan".

The Hon. Jacinta Allan MP
Minister for Major Projects



Be a part of Australia's new home for
design, engineering and technology



THE PROPOSITION

YOU ARE INVITED TO BE A PART OF AUSTRALIA'S NEW HOME FOR DESIGN, ENGINEERING AND TECHNOLOGY.

The Victorian Government has secured a strategic land holding, less than 3 kilometres from the edge of Melbourne's Central Business District.

At this new precinct of excellence, students and researchers will work alongside business and industry leaders in the areas of aerospace, defence, marine design, engineering, technology and automotive design – sharing skills, knowledge, research and connections.

The former GMH site is 377,000m², right in the heart of the Fishermans Bend Employment Precinct.

In the next 18 months, the Government will redesign and master plan the site, with an emphasis on sustainability and connection with Melbourne city and beyond.

The overall development of this unique area will be guided by the strategic Fishermans Bend Framework, which will be released for public consultation in 2017.

Sites of this size and proximity so close to Melbourne's CBD are an opportunity not to be missed.

We welcome your interest in this significant opportunity and we look forward to working with you.

ABOUT FISHERMANS BEND

Fishermans Bend is Australia's largest urban renewal project covering approximately 485 hectares in the heart of Melbourne. Once complete it will consist of five key precincts – Montague, Lorimer, Sandridge, Wirraway and the Employment Precinct.

New and improved connections will leverage Fishermans Bend's strategic location between Port Phillip Bay, the Yarra River and Melbourne's CBD. It will boast unprecedented levels of walking, cycling and public transport connections that will set new benchmarks in city development.

Fishermans Bend will play an important role in the growth and prosperity of Melbourne, supporting 80,000 residents and 60,000 jobs by 2050.



THE SITE

The State’s strategic purchase of the former GMH site at 241 Salmon Street, Port Melbourne is a once in a generation opportunity to acquire a premium site in a prized location.

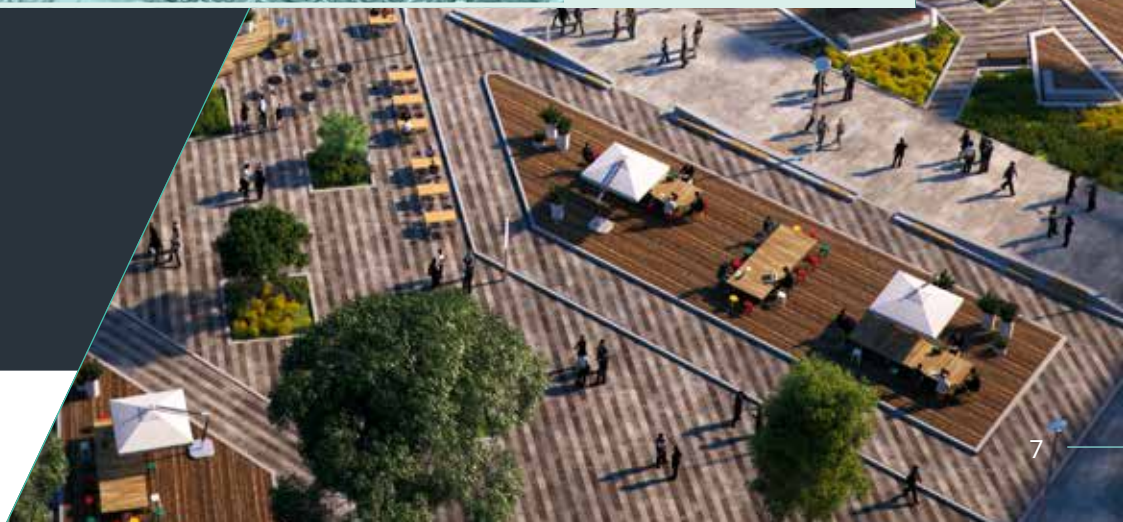
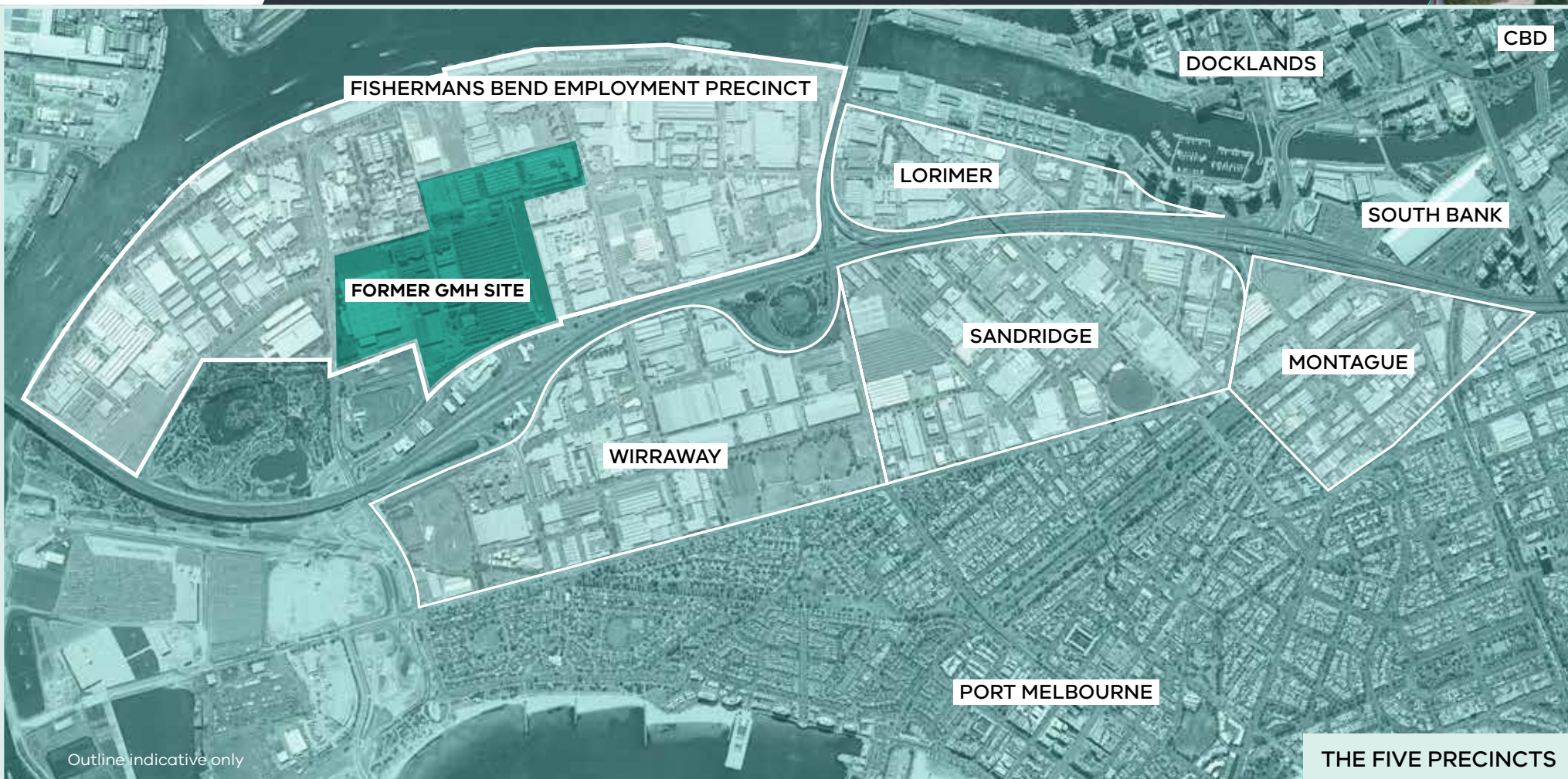
Located just 3 kilometres from the edge of Melbourne’s CBD, the former GMH site is 377,000m² or 37.7 hectares of land that is predominantly zoned Industrial 1.

Featuring frontage to three main roads – Salmon Street, Todd Road, and Cook Street – the site enjoys the benefits of being in close proximity to Melbourne’s CBD, Docklands, the Port of Melbourne, the West Gate Freeway, CityLink, advanced manufacturing clusters, logistics infrastructure and Melbourne’s curfew free airport.

The State’s vision is to create a precinct of excellence for design, engineering and technology – drawing together industry leaders in the areas of education, aerospace, defence, marine, and automotive design.

PROPERTY	241 Salmon Street, Port Melbourne, Victoria, Australia (Accessible via Salmon Street, Cook Street, and Todd Road)	
OVERVIEW	A rare opportunity to establish a presence within the Fishermans Bend Employment Precinct and to be a part of Australia’s new home for design, engineering and technology.	
OPPORTUNITY	Master planning underway. Demolition of specific buildings has commenced. Potential uses to include education, industrial / commercial uses, next generation manufacturing, technology, entertainment, food and beverage and complementary retail. Opportunities to use existing buildings.	
SITE	377,000m² or 37.7 hectares. Well provisioned for gas, water, power.	
LOCATION	Less than 3 kilometres from the edge of Melbourne’s CBD and part of Fishermans Bend – Australia’s largest urban renewal project.	
FRONTAGES/ EXPOSURE	Road name	Frontage/exposure (metres) *approximate
	Salmon Street	133*
	Cook Street	508*
	Todd Road	379*
INSPECTION	Available by appointment only.	

about





Australia's new home
for design, engineering
and technology will be
a site for collaboration
and global leadership
in innovation



1936

GMH open new HQ
and assembly plant
at Fishermans Bend.

1948

First Holden 48-215 or FX
rolls off assembly line.

1953

Iconic FJ Holden was built.

1978

The Commodore –
GMH most popular
car is made.

history

HISTORY AND CONTEXT

General Motors Holden have been manufacturing at the Salmon Street site since 1936. It was here the first Holden rolled off the assembly line in 1948. This was seen at the time as Victoria's coming of age – proof that Australia had moved beyond its agriculture roots into the modern industrial age.

In 2017, Fishermans Bend is again on the cusp of a new period of dramatic expansion fostered by the Victorian Government with a vision of employment, sustainability, growth and prosperity, which will be underpinned by this new project.

The newly acquired GM Holden site will attract international investment, create jobs and facilitate world-leading research and development.

2013

GMH announces it will transition to a national sales company by 2017 but retain its design and engineering capabilities.

2016

Victorian Government purchases GMH site.

2017

Re-designing and master planning commences.

2021

Site functional.



The site has three significant road frontages, providing excellent access to major roads, airports and seaports.

It is also in close proximity to world class infrastructure including:

- **THE PORT OF MELBOURNE** – Australia's largest container and general cargo port. The Port of Melbourne now handles almost 2.6 million containers annually with around 3000 ship visits each year.
- **WEBB DOCK** – located around 500 metres from the property, Webb Dock is a part of the Port of Melbourne and is currently undergoing a A\$1.6 billion redevelopment to become an international container handling facility capable of handling the equivalent of at least 1 million containers per annum.
- **MELBOURNE AIRPORT** – easy access to air links including Melbourne Airport which is Australia's busiest curfew-free passenger and container airport. It is served by 77 international airlines offering direct flights to 47 international destinations. It handles over 29 per cent of Australia's international air freight market, providing the opportunity to export time sensitive products to arrive in international markets the day after they leave Victoria.
- **ROAD ACCESS** – the property has ease of access to major roads and interconnected rail, air and sea links including:
 - ✓ **Westgate Freeway** – a major arterial road that is easily accessed from Cook Street and connects with the west and south eastern suburbs of Melbourne and Melbourne Airport.
 - ✓ **Citylink** – this key 22km road connecting Melbourne's Monash, West Gate and Tullamarine freeways is easily accessed and provides a link between Melbourne's CBD, port and airport. It includes the Burnley and Domain tunnels and the Bolte Bridge.
 - ✓ **Todd Road** – a key commercial and passenger vehicle route which extends through to both the southern and northern parts of Port Melbourne.
 - ✓ **Salmon Street** – an established commercial and industrial area of Port Melbourne that connects into the Wirraway Precinct of Port Melbourne and the western end of the Melbourne CBD.

Increased transport connectivity is being planned as part of the Fishermans Bend Framework due to be released in 2017.



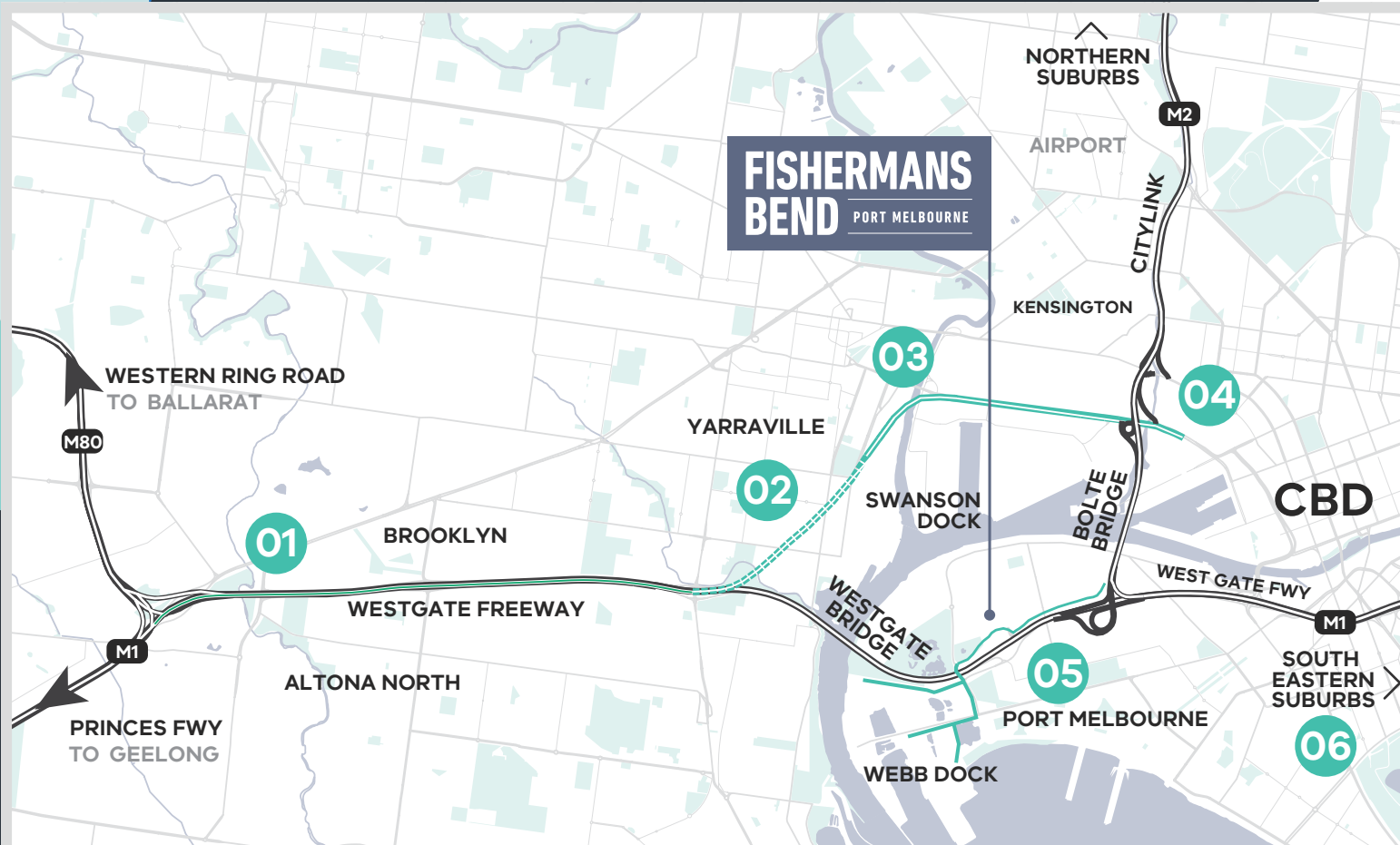
location

SERVICES

Given its previous use for major manufacturing, the property enjoys many services and infrastructure including:

- Internal roads
- Sewer, pipes and valves
- Storm-water pipes
- Air lines
- Electrical
- Communications
- Fire pipe and hydrant
- Transformers
- Gas
- Water
- Underground storage tanks

Less than 3 kilometres from the edge of Melbourne's CBD



01

Additional lanes from the M80 Ring Road will boost capacity by 50%

02

Proposed tunnel takes significant traffic volumes off local roads.

03

Proposed elevated freeway will provide direct connections to Footscray Road and the Port precinct and adds 60% additional river crossing capacity.

04

Connections to CBD and CityLink providing choice

05

Proposed improvements to further enhance access to and safety of Webb Dock

06

Providing more options for those traveling to and from the northern and south eastern suburbs

MELBOURNE'S VALUE PROPOSITION

- World's most liveable city, six times in a row
- A long, established and rich record of commercial success
- One of the safest, most transparent locations in the world to conduct business
- Strong pipeline of world leading companies headquartered in Melbourne
- An economy that is larger than many South-East Asian countries
- Australia's most highly educated State
- Australia's knowledge, innovation and technology heartland
- Uniquely located to service the Asia Pacific region
- AAA credit rating

Victoria's



Strengths



DESIGN & ENGINEERING

Victoria is best placed to lead Australia's role in design and engineering work.

Melbourne has been voted the World's Most Liveable City for an unprecedented sixth-straight year by the prestigious Economist Intelligence Unit's Liveability Index, which surveys 140 of the world's best cities. Melbourne secured perfect ratings for healthcare, education and infrastructure.

The State is also home to advanced design and engineering centres, which are designing global products in Melbourne for General Motors and Ford along with some of Australia's best and most relevant research capabilities.

HIGHLY SKILLED WORKFORCE

Victoria boasts world-class universities, infrastructure and research expertise that collaborates with industry to deliver graduates that have the skills required for many of our high tech and emerging industries.

In fact, Victoria has 30 per cent of Australia's science, engineering and technology graduates. An extensive range of professional and technical training is available at universities and vocational training campuses throughout Victoria.

DEFENCE TECHNOLOGIES

Victoria plays a critical role in the development and sustainment of Australia's defence capacity, and is recognised globally for innovation and world-class defence industry capabilities.

With the transformation of technology, the Australian manufacturers and service providers which supply the defence industry have had to adapt and invest in research development, skills and technology.

This has led to great innovation within Victoria's defence industry with expertise in:

- aerospace systems
- land systems
- maritime systems
- weapons and munitions
- digital/cyber security

In addition, Victoria's strengths in research and development, supported by our world-class tertiary education sector and leading defence science institutions, have led to Victoria maintaining its defence capability edge.

excellence

RESEARCH & DEVELOPMENT

Victoria's long and rich tradition of world-class research and development (R&D) makes it Australia's knowledge, innovation and technology heartland. As a result, world-leading technology and manufacturing enterprises have established R&D operations in Victoria.

Lockheed Martin has located its first R&D Centre outside the United States in Melbourne, further boosting Victoria's position as the nation's leader in research and innovation.

Holden will retain its advanced international design studios and engineering facilities at Fishermans Bend.

Victoria's intellectual capital is advanced by globally connected research institutes and a number of technology parks and innovation precincts.

Nationally significant defence research and development institutions are also based in Victoria. These include the Defence Materials Technology Centre, the Defence Science and Technology Group's Maritime Division, the Defence Science Institute and the Commonwealth Scientific and Industrial Research Organisation.

TECHNOLOGY & CYBER

Victoria has the largest cluster of cyber security organisations and businesses in the country and is fast becoming the Asia Pacific's hub for tech and business.

The cyber security teams of three of Australia's four major banks, Telstra, the National Broadband Network and BAE Systems Applied Intelligence are located in Melbourne.

There are also signed agreements between the State of Victoria to work with global research powerhouses including Oxford University's Global Cyber Security Capacity Centre, Israel's Tel Aviv University and the Commonwealth of Virginia, the biggest defence state in the US.

Through knowledge sharing, improving research capabilities and access to expertise in cyber security, the Victorian Government is investing in the sector to grow more high skill jobs across the state and win a bigger slice of the global industry now valued at US\$71 billion annually.





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MORE INFORMATION

www.fishermansbend.vic.gov.au/GMHsite

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A STATE OF MOMENTUM

