



Local Procurement Report

Q3 2020/21

Tracking of Local Procurement commenced in July 2020. This report covers the period of 1 January 2021 through to 28 March 2021.

The charts below depict Council spend (with the exception of payroll related and compliance related expenditure such as tax payments) in regards to:

1. Local expenditure – goods and services purchased through businesses based in South Gippsland Shire
2. Regional expenditure – goods and services purchased through businesses based in the other Gippsland Shires; Bass Coast, Baw Baw, East Gippsland, Latrobe City, and Wellington.
3. Expenditure with significant businesses within South Gippsland Shire. These significant businesses may have a corporate presence out of region, but we engage the local provider who operates largely as a shire based entity
4. Non local or all out of region procurements.

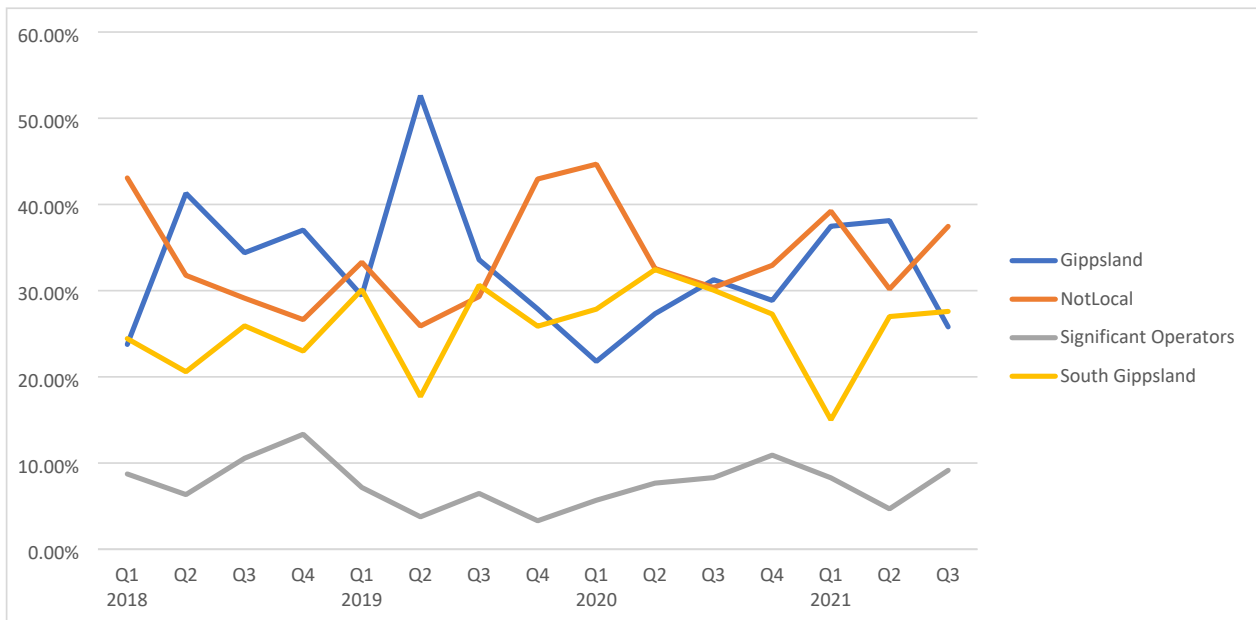


Chart 1. Percentage of local expenditure by financial quarter

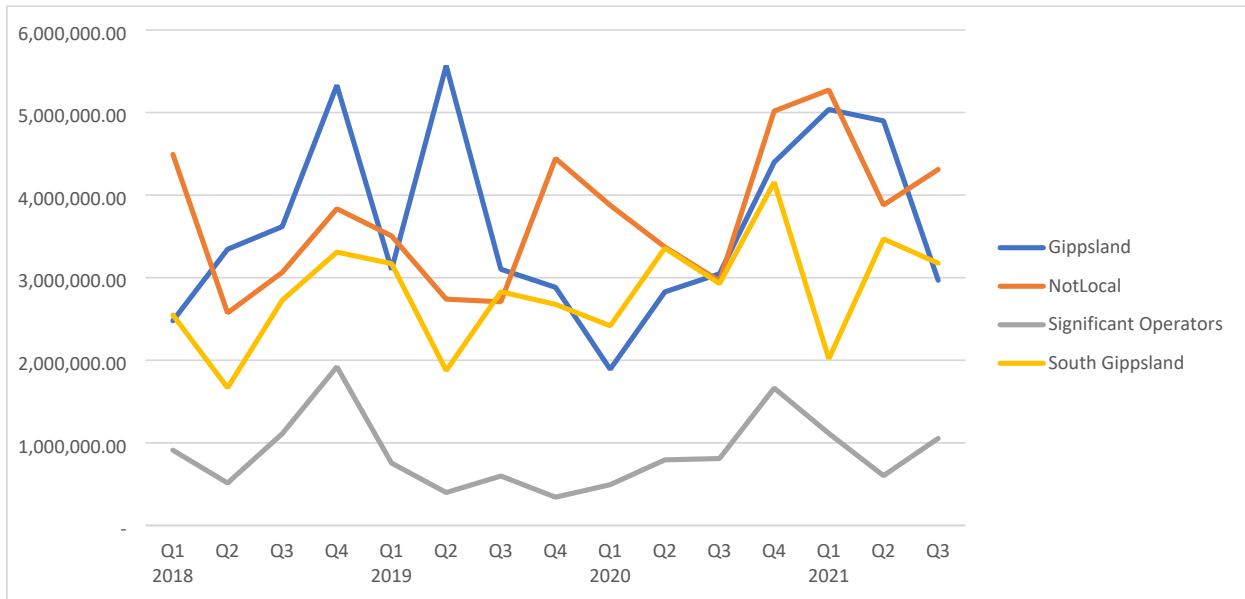


Chart 2: Dollars of local expenditure by financial quarter

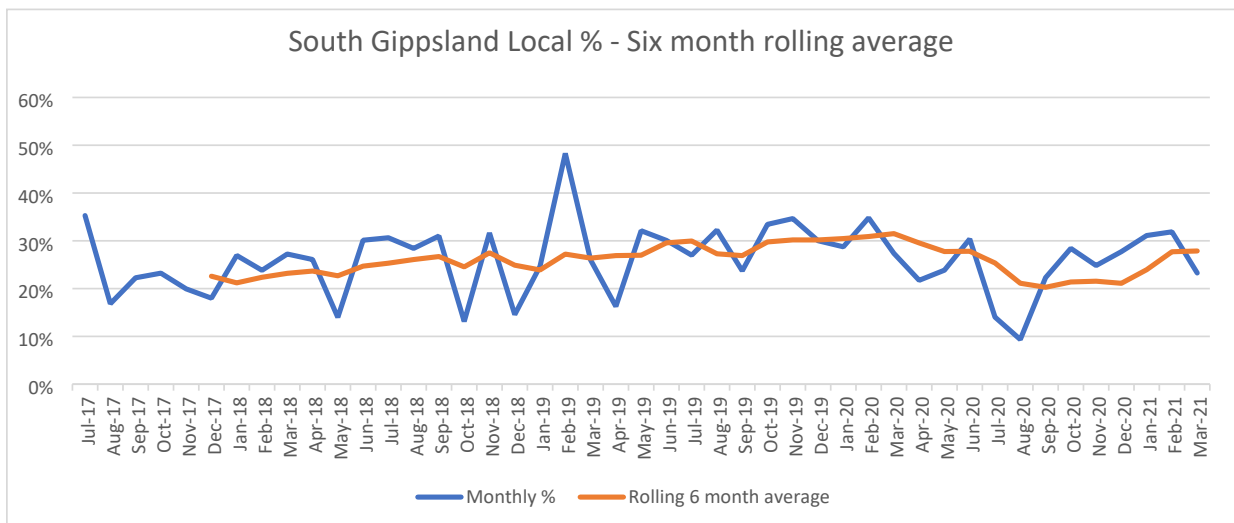


Chart 3: South Gippsland Local (only) – six month rolling average by percentage

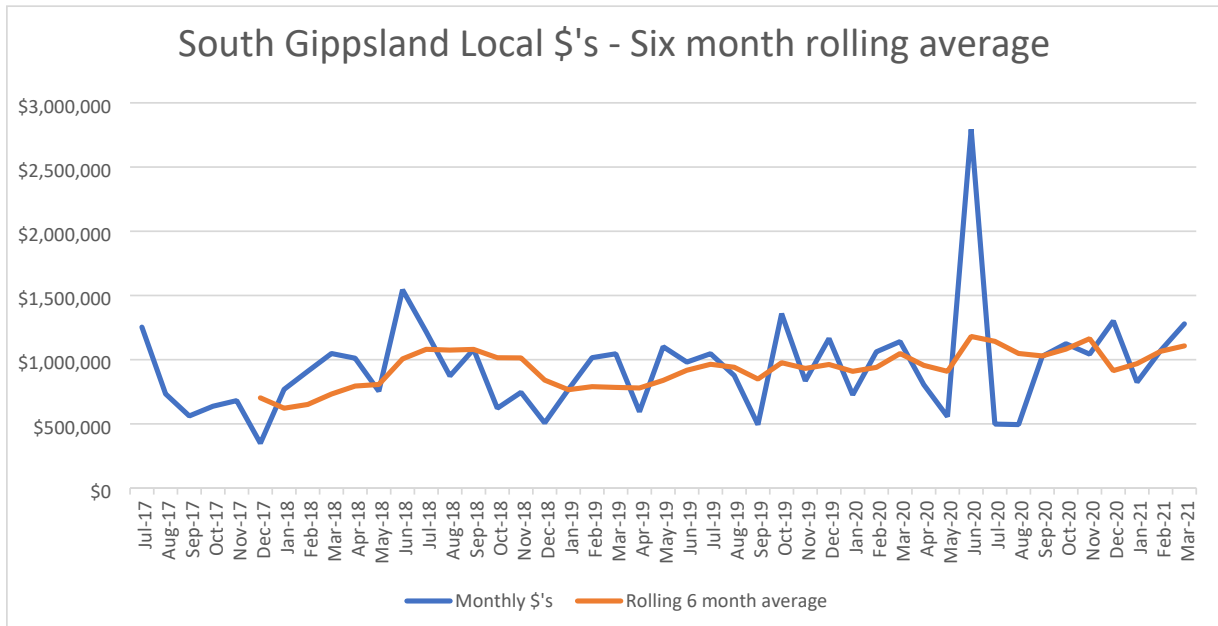


Chart 4: South Gippsland Local (only) – six month rolling average by percentage

Discussion

While the recent quarter %'s for South Gippsland based businesses has stayed overall relatively even, we see in following the 6 month rolling averages that our spend in the local economy is more consistently in the \$1M per month and over.

The consideration of 'Significant Operators' looks at those business entities that operate within our shire with local employees, using local resources, support their enterprise through local suppliers, but are owned by an entity outside of the shire. Council are procuring from these businesses, in this recent quarter, at over \$1M per quarter.

Overall the local (including Gippsland region and significant operators) procurement percentage remains in excess of 60%.

Payment Initiative

Expedient payment of invoices has been one of the ways in which Council has been able to ease pressure on business, especially through the covid pandemic affected period of 2020, and as such have increased focus on payment times and increased accountability through reporting.

As shown in table 1, payment of invoices within 14 days of receipt remains strong at 87% and almost 94% of all invoices paid within 21 days.

Average Days to Pay									
					% Invoices Paid with X Days				
	No. of Invoices	Avg Days to Pay	Min Days to Pay	Max Days to Pay	7	14	21	28	
Jul-19	366	8.01	0	343	75.96%	88.80%	95.08%	97.54%	
Aug-19	610	10.29	0	363	71.64%	85.57%	89.84%	94.10%	
Sep-19	515	10.63	0	245	60.78%	81.55%	88.16%	92.62%	
Oct-19	604	13.65	0	530	56.62%	76.32%	85.60%	89.40%	
Nov-19	592	17.34	0	145	45.44%	63.01%	70.44%	80.41%	
Dec-19	578	11.21	0	125	68.69%	80.45%	87.20%	91.00%	
Jan-20	494	13.79	0	123	58.50%	70.04%	80.97%	86.44%	
Feb-20	782	19.66	0	264	55.24%	70.33%	76.60%	79.80%	
Mar-20	623	13.99	0	230	52.33%	77.05%	86.84%	90.05%	
Apr-20	618	11.40	0	216	67.96%	80.42%	87.70%	90.13%	
May-20	593	9.83	0	323	70.49%	87.52%	91.91%	94.10%	
Jun-20	851	9.68	0	148	71.33%	83.43%	89.42%	93.18%	
	7226	12.69	0	530	62.68%	78.47%	85.50%	89.57%	
					% Invoices Paid with X Days				
	No. of Invoices	Avg Days to Pay	Min Days to Pay	Max Days to Pay	7	14	21	28	
Jul-20	602	7.53	0	168	82.72%	90.70%	95.18%	96.84%	
Aug-20	830	6.69	0	126	87.95%	93.25%	95.30%	95.78%	
Sep-20	885	7.68	0	152	78.08%	88.47%	92.32%	97.63%	
Oct-20	716	8.41	0	130	69.97%	92.04%	95.81%	96.51%	
Nov-20	541	8.22	0	229	73.94%	92.98%	96.67%	97.41%	
Dec-20	607	8.53	0	223	68.53%	85.67%	92.26%	97.03%	
Jan-21	521	10.62	0	223	70.44%	84.64%	87.91%	91.94%	
Feb-21	582	8.98	0	168	76.63%	86.94%	90.03%	92.78%	
Mar-21	655	9.76	0	293	61.53%	86.87%	93.74%	95.42%	

Table 1. Invoice rate of payment.

VendorPanel

As mentioned in the previous report, the introduction of VendorPanel software will improve access for businesses to Council opportunities. Use of this commenced in March with the panel contractors who support the Operations aspect of Council business. This involved configuration and training by staff, and engagement with all panelled contractors to register and setup with VendorPanel to commence receiving invitations to quote; first steps in establishing this system as a preferred way for doing Council business.

Staff Procurement Training

Over 150 staff were provided Procurement training in the quarter which included training on Local Procurement from objectives through to procurement details. Staff were stepped through the Value For Money principle of local procurement; that there is a gained value from the procurement of equivalent (or better) goods and services from local providers and the mechanisms with which that can be achieved.