



Local Procurement Report Q1 2021/22



Tracking of Local Procurement commenced in July 2020. This report covers the period of 1 July 2021 through to 30 September 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

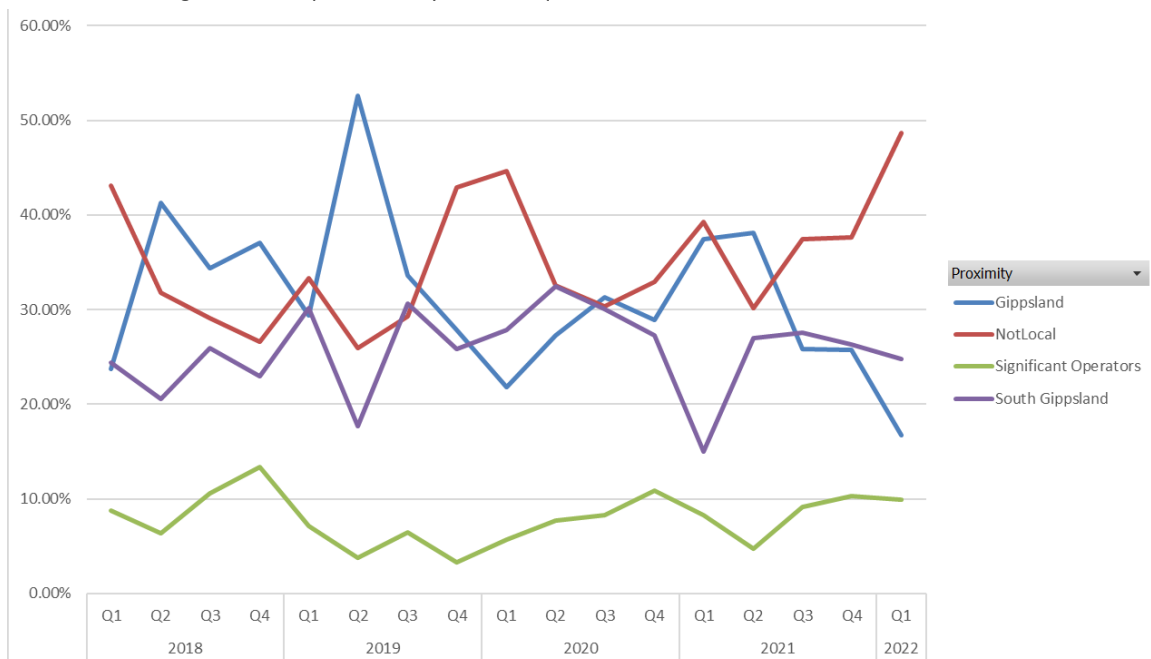


Chart 2: Dollars of local expenditure by financial quarter

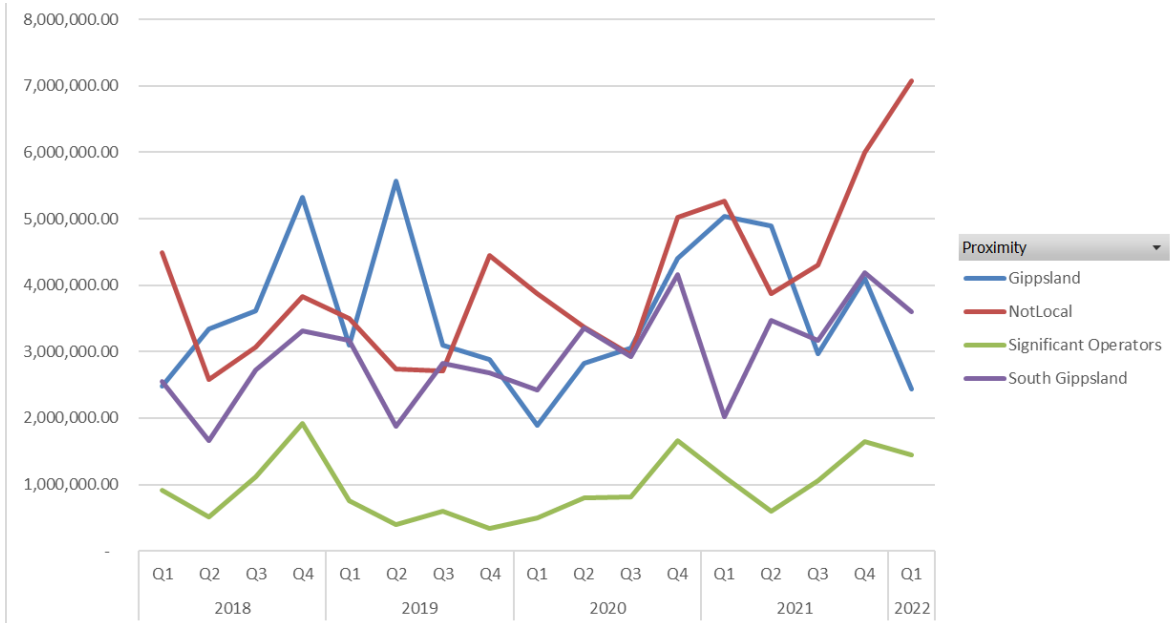


Chart 3: South Gippsland Local (only) – six month rolling average by percentage

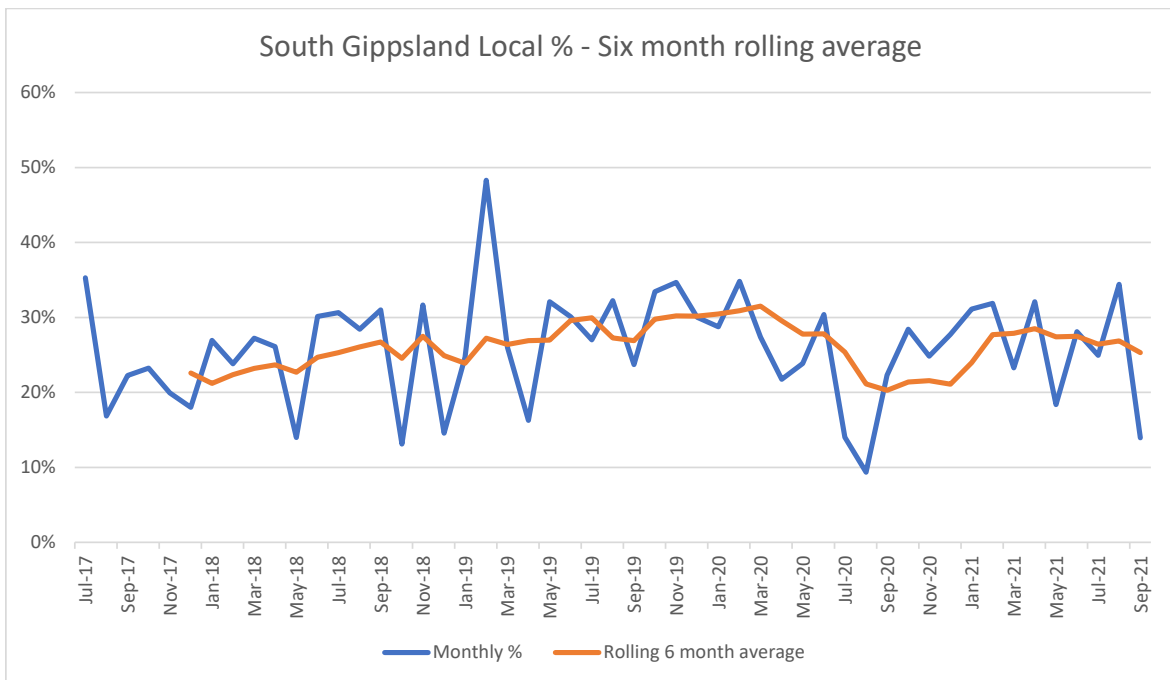
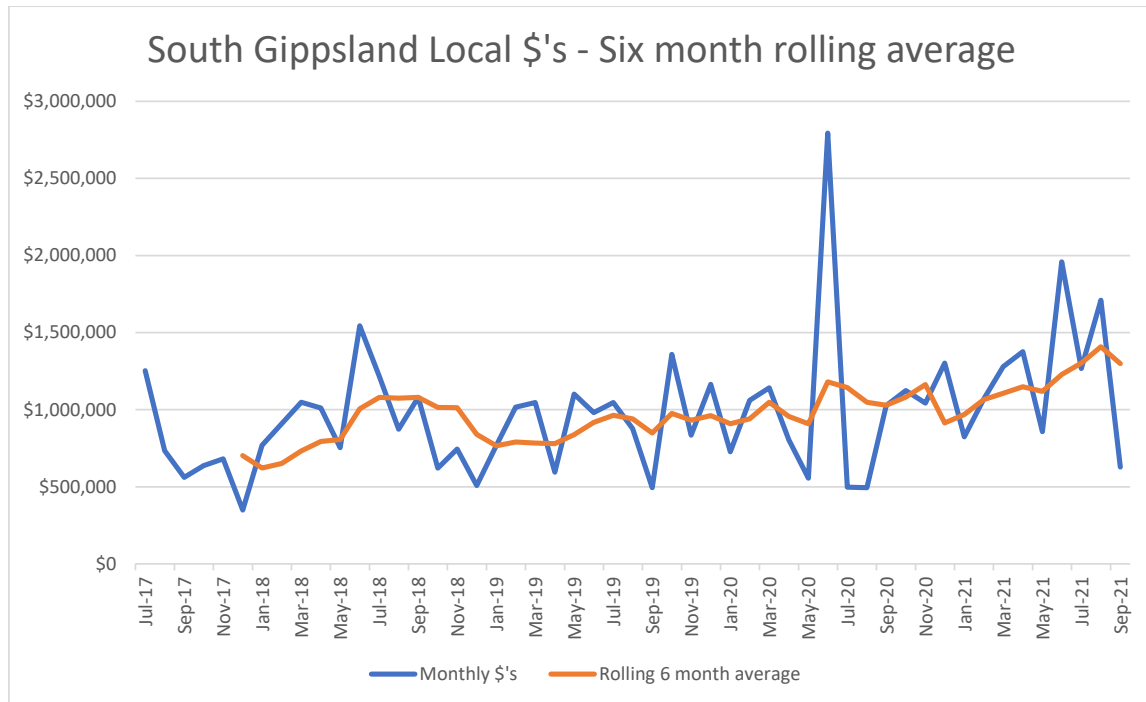


Chart 4: South Gippsland Local (only) – six month rolling average by \$'s



Discussion

Local procurement expenditure by SGSC continues to rise as clearly demonstrated above. In real terms, the expenditure within the shire in 2017 was consistently trending in the range of \$700k to \$1m per month. In the last 6 reporting quarters, local procurement has continued trending (6 month rolling average) in the \$1m to over \$1.4m per month. With Significant Local Operators added to that, the Q1 2021/22 financial quarter SGSC spent \$5.044m in the South Gippsland Shire and a further \$2.4M within Gippsland.

The analysis that was done preceding the local procurement initiatives detailed that shifts in local procurement would be achievable in small incremental changes given that many significant expenditures for Council were fixed through non-local providers such as insurers, MAV, EPA and many others. It continues to be pleasing to see in light of this that we are achieving that overall trend upwards as our consideration of local procurement has become pervasive in the thinking and process of our staff procuring goods and services

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 7 days and 14 days have continues to increase with no consistently over 80% of correctly submitted invoices being paid within 7 days and 90% paid within 14 days. This again has shown that with a focus of Council to work in assisting business, this change will have benefitted cashflow for a myriad of businesses, with small to medium enterprises (SME's) being the ones who will have noticed and appreciated the easing of cashflow concerns the most.

Table 1. Invoice rate of payment.

Average Days to Pay									
					% Invoices Paid with X Days				
	No. of Inv	Avg Days	Min Days	Max Days	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	524	11.33	0	223	70.04%	84.16%	87.40%	91.41%	
Feb-21	586	9.49	0	168	76.11%	86.35%	89.42%	92.15%	
Mar-21	736	11.47	0	293	54.76%	81.39%	89.54%	91.58%	
Apr-21	574	9.01	0	266	73.52%	87.11%	89.90%	93.21%	
May-21	685	8.34	0	212	81.90%	89.64%	92.85%	95.77%	
Jun-21	849	8.38	0	119	75.03%	89.52%	93.29%	95.05%	
	8135	8.76	0	293	74.38%	88.44%	92.49%	95.03%	
					% Invoices Paid with X Days				
	No. of Inv	Avg Days	Min Days	Max Days	7	14	21	28	
Jul-21	555	6.14	0	98	86.49%	95.86%	98.02%	98.92%	
Aug-21	802	7.04	0	160	81.05%	93.02%	96.26%	97.38%	
Sep-21	638	8.31	0	246	81.66%	90.28%	94.20%	95.30%	
	1995	7.16	0	246	83.07%	93.05%	96.16%	97.20%	

Contractor Breakfast – covid cancellation

One key event that was to have occurred in this quarter was a planned contractor breakfast at which Council officers had planned to provide a shortened version of the previous Tendering with Council training to assist local businesses with maximising their success rate with tendering opportunities. The event also was planned to benefit local contractors by providing them details of upcoming tendering opportunities, as well as safety management. This well planned, and previously well received event was unfortunately cancelled due to covid restrictions and will be rescheduled for a later time. Increased local contractor engagement is a key element of the local contracting initiatives.