

Item 11**Supplementary Answers to Previous Questions**

Supplementary Answers to Questions on Notice are as follows:

Question on Notice – Council 16 November 2020**Local Procurement**

7. By Councillor Scott

Question

Please update the Council on the City's procurement spending broken down by:

1. City of Sydney.
2. States.
3. Australian.
4. International.
5. Financial year: 2018, 2019, 2020.

S129275

Answer by the Chief Executive Officer

This information will take some time to compile and will be provided to Councillors via the CEO Update.

Supplementary Answer

Councillor Scott, via a Question of Notice dated 27 July 2020, requested an update on the City's procurement spending broken down by nominated locations and financial years.

The City's expenditure on goods, services, grants and capital works are all incurred to benefit the Sydney local community. Our purchasing and payment systems are designed to transparently control the City's spend from initial requisition through to the appropriate payment to the end suppliers. Our systems have not traditionally focussed on the spend distribution by location.

In recent years, significant effort has been undertaken to better analyse our total spend, improve efficiency in our operations, optimise value for money outcomes, and understand our impact on our local economies. However, this work is in its infancy, and a lot of analysis requires time intensive manual intervention, as historically purchasing and payment systems were not designed to capture all the data we now seek to understand.

The following analysis provides a breakdown of council's spend in the 2019/20 financial year, which totalled \$498.3M.

2019/20 Financial Year

Area	\$M	% of Total Invoices Paid
NSW	\$442.5	88.8
Victoria	\$17.6	3.5
Queensland	\$13.1	2.6
Rest of Australia	\$4.8	1.0
Overseas	\$1.3	0.3
Unallocated	\$19.0	3.8
Total Australia	\$498.3M	100

Note: Unallocated* – EFT Refunds, Bonds, Credits, reimbursements etc.

The Sydney metropolitan area accounts for 88.4 per cent of the City's invoice expenditure.

Local Government Area	\$ (million) FY 19/20	% of Total
City of Sydney	\$145.6	29.2
Rest of Metropolitan Sydney	\$294.8	59.2

The top ten Local Government Areas that benefit from the City of Sydney spend (54 per cent of the total spend) are identified in the table below:

Local Government Area	\$ (million) FY 19/20	% of Total
North Sydney	\$58.1	11.7
Bayside	\$54.5	10.9
Willoughby	\$52.7	10.6
Blacktown	\$26.6	5.3
Parramatta	\$17.0	3.4
Canada Bay	\$16.9	3.4
The Hills Shire	\$12.1	2.4
Brisbane	\$11.6	2.3
Northern Beaches	\$11.5	2.3
Ryde	\$9.3	1.9

The main driver of the spend distribution is the City programs (mainly projects), and location of the suppliers. The table below indicates the top ten suppliers by invoice value.

Supplier	LGA	Description of Work	\$M	%
CPB	North Sydney	Gunyama Park Aquatic Centre	45.9	9.2
Ventia	Willoughby	Facilities Management	43.8	8.8
Comensura	Sydney	Contingent Labour	39.8	8.0
Ford Civil	Bayside	Various Construction Projects	32.3	6.5
Sydney Civil	Bayside	Minor Civil Works & Construction	17.6	3.5
Sita (Suez)	Canada Bay	Waste Recycling	16.4	3.3
Cleanaway	Blacktown	Waste Collection	13.4	2.7
Skyline	Blacktown	Parks & Open Spaces Maintenance	8.0	1.6%
QMC	Hills Shire	Minor Civil Works & Construction	7.4	1.5%
Concrete Skateparks	Brisbane	Construction	6.0	1.2%

Basis of the Analysis

Analysis of the City's spend in our local economies by virtue of the supplier Masterfile and where their payments are directed is obviously an imperfect process. It is very time intensive, and fraught by each supplier's own internal accounting processes, however it does provide some useful broad insights and is helping us to develop an understanding of how we would like to categorise our purchasing into the future to enable real time analysis.

Broadly, the analysis has been developed incorporating the following key assumptions:

- (a) Each suppliers ABN location, being their address registered in July 2020 with the Australian Business Register, is the primary determinant of the spend analysis.
- (b) The spend to suppliers with interstate registration, but no Sydney office (e.g. Belgravia), was allocated to their registered ABN address, even though the service is clearly supplied locally.
- (c) For national suppliers with multiple ABN or Head Office located outside LGA (e.g. Telstra, Bunnings), the location providing the service has been applied in the analysis.
- (d) ABN registrations to a solicitor or accountant office were if possible allocated to the physical address of the company.
- (e) Non-Purchase Order spend including overseas payments, EFT refunds, staff reimbursements, payment to referees etc, is noted in the analysis as Unallocated.

Future Work

Given the current demands on the staff within the procurement function, and the time consuming administrative process required to provide this high level analysis for the one year, analysis of the earlier years requested is yet to be undertaken.

Processes to categorise spend data are being developed with a view to automating this analysis over time, in order to better track the City's expenditure impact over time.