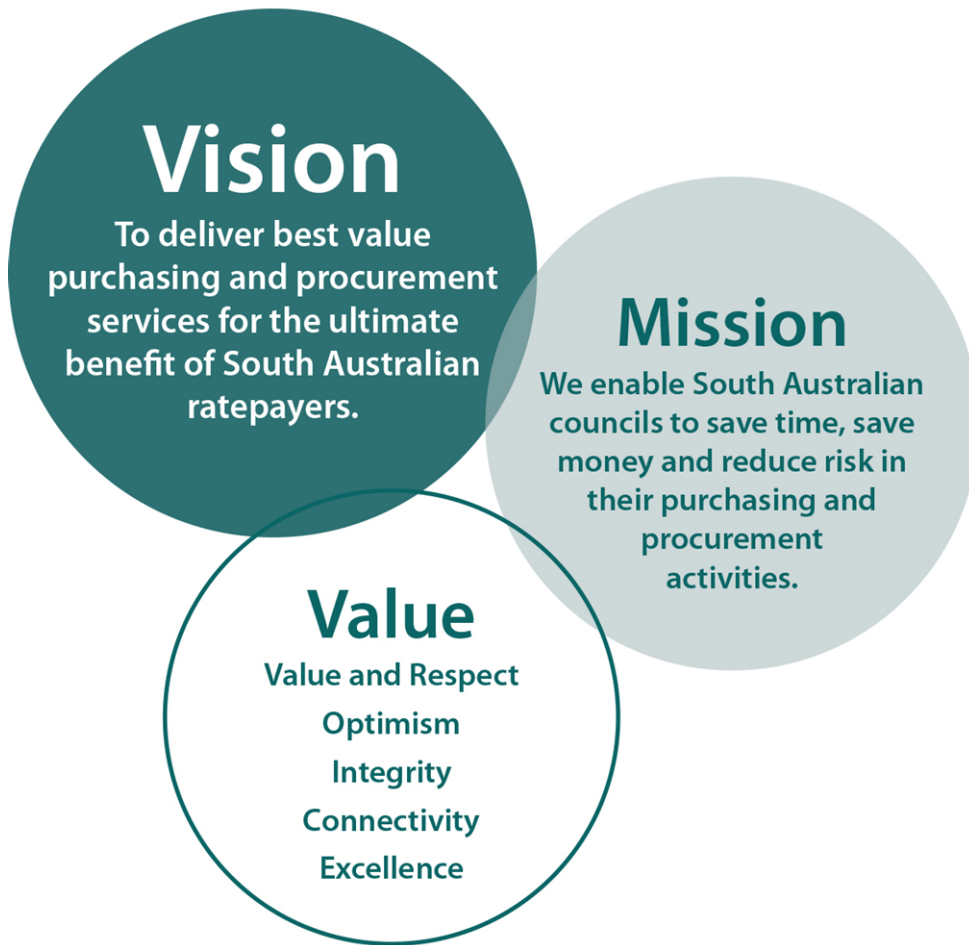


LGA Procurement Annual Report 2022-23



Strategic pillars



Table of Contents

LGA Procurement Board	3
LGA Procurement Board	4
Strategic context	5
Message from the Chair	6
David O'Loughlin	6
Chief Executive Officer Message	7
Simon Blom Chief Executive Officer	7
Overview of 2022-23	8
Company summary	8
Our customers.....	8
LGA Procurement 2022-23 service engagements	8
A year in review	9
Communications.....	10
Key achievements during 2022-23	11
1. Customer engagement.....	11
2. Products and services.....	12
3. Education and thought leadership.....	13
4. Data driven	13
5. Operational performance	13

LGA Procurement Board

David O'Loughlin

With experience gained through more than 30 years in executive roles in the private and public development sectors, David O'Loughlin also has 20 years of government experience including as a Mayor, LGASA Board Director, LGASA President and National Australian Local Government Association President. He is currently Chair of the LGA Procurement Board.



David has a breadth of governance experience and currently serves on the State Planning Commission, the National Housing Supply and Affordability Council, the Renewal SA Board, The Cottage Homes Incorporated Board, Blackfriars Priory School Board, Prospect Kiwanis, Art Deco and Modernism Society SA, and the UniSA Architecture Museum Advisory Board.

Martin Bowens

Martin has over 25 years of experience across local government, power and utilities, defence, transport, mining and health clients and brings experience working in regulated industries including health, power, water, waste and airports.

He has delivered transformation projects to deliver physical infrastructure, public private partnerships (PPP) and eHealth projects in UK, Ireland and Australia across projects of \$400 million, to programs of up to \$35 billion.

With a background in procurement, program management, mergers and acquisitions and PPP advisory, he brings knowledge of working in complex stakeholder environments, together with experience of growing his own consulting and interim procurement leadership consultancy.

This is in addition to growing divisions within Big 4 consulting firms, while also engaging in community groups such as school governing boards.

Martin has an inclusive leadership style, which builds trust while delivering change initiatives through stakeholder buy-in at all levels. His experience includes engaging and working with executives, project teams, consultants and operational team members.



Clinton Jury GAICD

As Chief Executive Officer of the Local Government Association of SA, Clinton Jury is committed to fostering growth, providing strong advocacy and working collaboratively with stakeholders for the benefit of South Australia's councils.

Clinton is a passionate and influential leader with extensive experience leading member-based organisations, having held executive positions with the Australian Institute of Company Directors and Australian Red Cross.

For over 30 years, he has led teams to achieve innovative member and community engagement, deliver policy change and implement commercial strategies across the healthcare, education, and humanitarian services sectors.

Clinton is driven to deliver positive outcomes for local government which support communities and enrich the state's liveability. He is currently a Director of the Local Government Finance Authority, LGASA Mutual Services, LG Procurement, Cure4 Cystic Fibrosis Foundation, Ambassador for CEO Sleepout and member of the Commercial Advisory Committee for St Vincent de Paul SA, and Advisory Committee of Austrian Association of SA.



LGA Procurement Board

Caroline Phillips

Caroline is Mayor of the District Council of Karoonda East Murray and has served as an elected member for the past 12 years.

Residing in regional South Australia, she has a passion for building and developing local communities.

Caroline has extensive experience in regional tourism following a 10-year stint with the South Australian Tourism Commission, which included roles in the marketing and research teams and holding the position of Regional Tourism Manager in both the Murraylands and Riverland regions of SA.

With professional qualifications in marketing and a Bachelor of International Business, she has over 20 years' experience working in marketing and communications in both the public and private sector.

Caroline is also currently a board member of the Local Government Association of South Australia, Tourism Industry Council of South Australia, Netball South Australia and Landscapes SA Murraylands & Riverland, along with president of the Murraylands and Riverland Local Government Association.

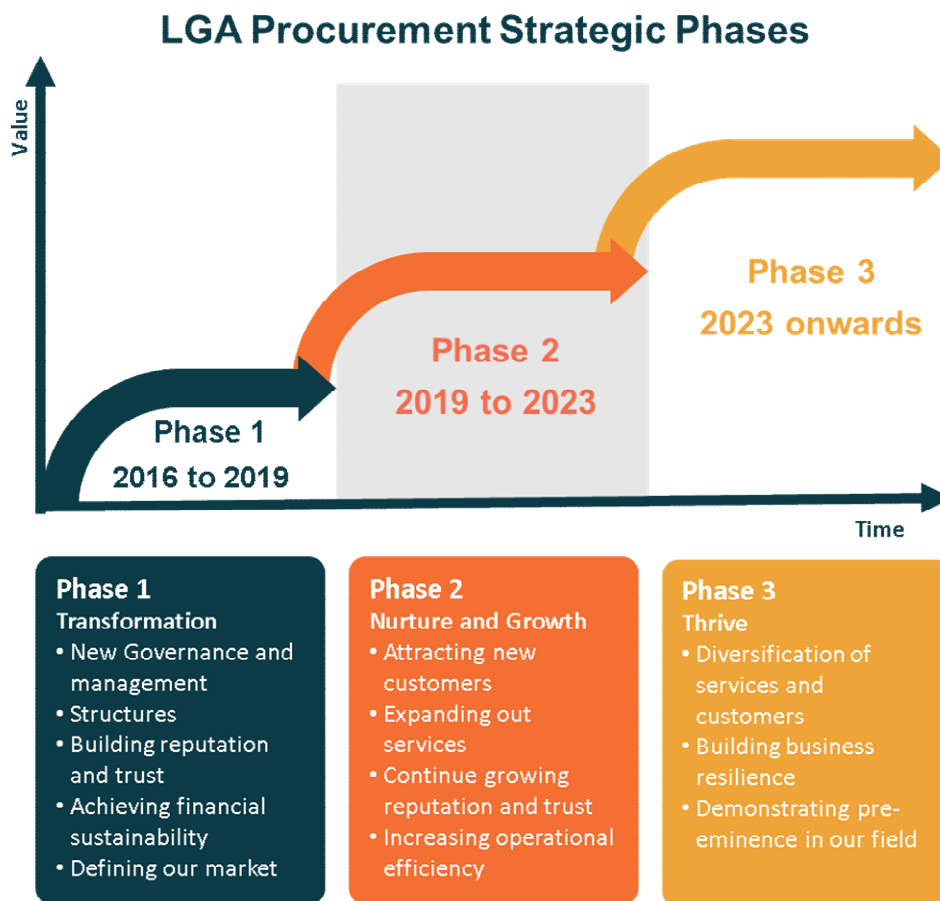


Strategic context

The LGA Procurement 2019-2023 Strategic Plan is underpinned by strong business and governance fundamentals and a solid value proposition focused on value for money and management of risk for the benefit of South Australian councils.

The 2022-23 Annual Report reflects Phase 2 of the Strategic Plan. The nurture and growth focus in this phase aims at embedding the initiatives of Phase 1 in process and procedures and moving toward attracting new customers, expanding services, growing our reputation and increasing efficiencies.

The LGA Procurement Board and staff will review and design a new Strategic Plan in 2023. This aims to ensure there is a continued progression from Phase 2 Nurture and Growth, to Phase 3 Thrive and Beyond.



Message from the Chair

This year LGA Procurement has continued to deliver millions of dollars in savings to councils through effective buying power, panel contracts and direct assistance.

Our team has also managed over 130 efficient and risk mitigated procurement consultancies in the last year on behalf of South Australian councils.

In the face of one of the most volatile periods in energy pricing in living memory, I'm proud of the way LGA Procurement stepped up, engaging the smartest minds in energy procurement across the industry and within our own sector.

Taking an innovative approach to move forward with not one but two aggregated electricity procurement processes to bridge geopolitical energy instability provided time for the Australian Government to intervene and stabilise wholesale gas price escalation. This allowed LGA Procurement to secure the most competitive aggregated pricing structures currently available, providing \$9.43m in savings for members.

Thanks must go to representatives from across our member councils who helped shape this process and to the many others who reviewed our proposed procurement panels and undertook training to improve their procurement skills.

During the year, I was pleased to welcome our new Chief Executive Officer Simon Blom and Manager Operations Debra Scott. This new leadership will help us move through to the next phase of planned growth, particularly in attracting new customers, expanding services and increasing efficiencies. The insights they have gained are already proving invaluable as we steer the business to exceed the procurement needs of our members.

In shaping the above, I'd like to thank our team of staff, and those of our members who trust LGA Procurement's services and purchasing efficiencies. I acknowledge the contribution of fellow LGA Procurement Board Members Martin Bowens, Mayor Caroline Phillips, and LGA CEO Clinton Jury for their ongoing commitment, knowledge and leadership throughout this most challenging and inspirational year.

We look forward to continuing to provide value and exceptional service for our members.

David O'Loughlin
LGA Procurement Chair



Chief Executive Officer Message



In early 2023 I started as LGA Procurement's Chief Executive Officer and could not be more pleased to join such a vibrant and member-focused team.

Having spent several years in the local government sector, it's exciting to be on this side of member service and part of an organisation that drives value for local communities.

As we set our focus on the next phase of growth in our strategic planning, it's important to acknowledge the achievements of the past year. To that end, I'd like to thank the LGA Procurement Board for their diligence in leading our organisation and sound advice.

Despite a challenging year, LGA Procurement remained financially sustainable through rebates from suppliers engaged through pre-approved panels and cost recovery from procurement activities.

We continued to achieve value for money for members through the VendorPanel, delivering over \$2.7 million in savings through direct panel access, contract management efficiencies and price savings. This included panel contracts our most popular categories including engineering and professional services, minor civil, information and communication technology, open spaces and trucks.

Our panel arrangements continued to perform well during the year, with our team now managing over 600 pre-qualified suppliers which are available for members to use and benefit from.

As part of our focus on innovation and sector capability, we are delivering free interactive workshops, thought leadership and resources. In the last year, our focus on electricity management intended to support members better understand the electricity environment and achieve greater value through energy contracts.

As a not-for-profit business any revenue we may make is reinvested into the Local Government Association to further the delivery of services directly to members. This model benefits councils with services that achieve value to the entire sector.

In 2022-23, we provided a surplus to Local Government Association of SA consistent with our performance over the past three years.

None of these achievements would be possible without the support of councils and our approved contractors and stakeholders. I thank them all for their continued trust in the LGA Procurement team.

I also recognise the exceptional dedication of our people. Their enthusiasm to deliver best value, quality advice and support for councils, despite the challenges of the year, is to be congratulated.

Looking ahead, we are focused on building on our panel management and resources to increase conformance and provide an efficient and effective way for councils to engage suppliers.

It is our vision to deliver best value purchasing for councils and I am confident we are well-equipped to improve on our performance and deliver against our strategic pillars.

Simon Blom
Chief Executive Officer

Overview of 2022-23

Company summary

LGA Procurement delivers best value purchasing and procurement services to the local government sector. We offer free resources, purchasing advice and connection with hundreds of pre-qualified suppliers to help councils deliver the services and programs that matter most for communities.

Our customers

We are able to serve a diverse range of customers, including South Australian councils and subsidiaries, state and federal government agencies, educational institutions, industry and member associations and not-for-profit organisations.

LGA Procurement 2022-23 service engagements



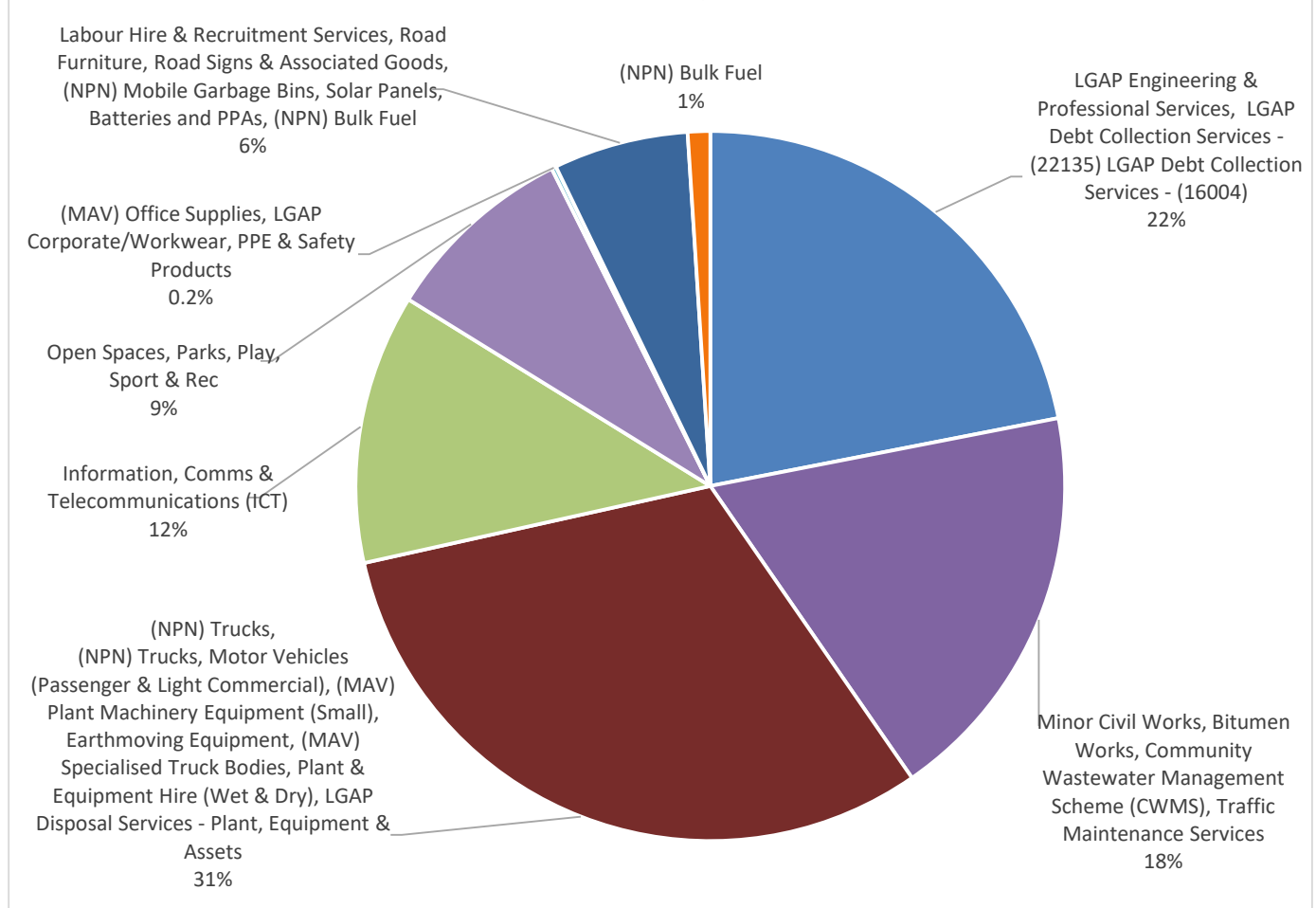
A year in review

Using VendorPanel, LGA Procurement has delivered over \$2.7 million in savings to the sector during 2022-23 with contract management efficiencies, tender avoidance savings and negotiated price savings.

South Australia’s Local Government sector spent in excess of \$35 million through managed contracts on VendorPanel.



VendorPanel Requests for 2022/23



7 NEW CONTRACTS

- Debt Collection
- Bill Payment Services
- Electricity
- Road Furniture
- Bulk Fuels Suppliers
- Bulk Fuel, Oil Storage Tanks, Dispensing Equip
- Oils, Lubricants, Adblue & Vehicle Care Products

5 EXTENDED CONTRACTS

- Motor Vehicles
- Office Suppliers
- CWMS
- Corporate Workwear
- Solar Panels, Batteries & PPA

3 REFRESHED

- Corporate workwear
- Information, Communication & Telecommunications
- Motor Vehicles

Communications

The LGA Procurement newsletter has doubled its frequency to provide targeted updates to councils on a monthly basis. Our website continues to be updated with key contract information, templates, resources, webinars and relevant information for the sector throughout the year.

Key achievements during 2022-23

To deliver our vision and mission, LGA Procurement has five strategic pillars which provide focus to our business planning and strategic projects:

- Customer engagement
- Products and services
- Education and thought leadership
- Data driven
- Operational performance.

Our principle of efficient group purchasing power provides many benefits for busy procurement teams. Our work to secure the most effective and efficient purchasing solutions provides all councils access to savings, leveraging the volumes of large council demands to benefit smaller volume requirements of other councils.

1. Customer engagement

Building brand recognition, relationships and trust.

2022-23 outcomes:

- We continue to engage with councils to provide ongoing free of charge materials including procurement templates and procedures.
- Maintained newsletters and website which continued to attract new subscribers, deliver relevant and targeted communication and support education and information.
- Delivered independent and expert advice through council procurement officers who assisted in the development and evaluation of suppliers in each aggregated category. Panels were sourced and negotiated with expert help, including from expert consultants –avoiding pitfalls and capturing the full opportunity of the category.
- New VendorPanel templates were created for all panels, providing continuity for both councils and suppliers.
- Entered a Memorandum of Agreement with the Local Government Association of SA for review and support of waste model documents.
- Negotiated rate savings of \$130 for each individual annually to join the Chartered Institute of Procurement and Supply, an international organisation founded on quality procurement.
- Hosted a presentation with our partner, Maxxia, to explain salary sacrificing options available for local government to help staff better understand salary packing and sacrificing.
- Assisted councils to effectively and efficiently use the labour hire panel through webinars and advice.

2. Products and services

Create value for money purchasing opportunities for councils by working closely with sector suppliers and refining our contractual offerings.

2022-23 outcomes:

- New panels or contracts were created for:
 - Debt collection
 - Bill payment services
 - Electricity
 - Road furniture
 - Bulk fuels suppliers
 - Bulk fuel, oil storage tanks, dispensing equip
 - Oils, lubricants, adblue & vehicle care products

- Several panels were added to the LGA Procurement catalogue, created in direct response to the sector's needs. Some of these panels LGA Procurement directly managed the process and others were in collaboration with our interstate counterparts.
- Dissolved the Fleet Card Option panel following a decision to transition to a State Government contract which provided members' greater benefit. Also ceased the Directions on Microsoft license as this reached its end of life and was determined to no longer meet council needs.
- Delivered \$9.43 million in savings over the next two years for councils through electricity procurement processes during unprecedented volatility in the electricity market. Across the state, about 70% of all councils opted to execute the agreement which will see a spend in the order of \$27.5 million over the next two years.
- Increased our focus on using South Australian suppliers, First Nations businesses, suppliers with social and community benefit.,
- Continued to create and maintain strong working relationships with the local government sector through networks and partnerships.
- Continued our service offering helping councils deliver their business through managed contracts, consultancy services and professional development – ensuring a streamlined interface between councils and suppliers.
- Offered councils updated templates, documents and resources, including a new model procurement policy and VendorPanel templates.
- Commenced a review of procurement templates and processes, as well as undertaking review of individual tendering processes to ensure compliance with council Procurement Policy and Procedures.
- Supported councils effectively deliver 134 projects to benefit their communities.
- Secured 20 Managed Panel Contracts and 9 Special Contracts to provide consolidated spend and better discounts for buyers.

3. Education and thought leadership

Develop procurement capacity and capability by improving the sector's understanding of best practice procurement processes.

2022-23 outcomes:

- Delivered training through face-to-face and online modules to 76 council employees.
- Further training was provided to council subsidiary staff to address greater understanding of procurement processes.
- Provided advice and support directly to councils on procurement questions and made free webinars available throughout the year in collaboration with strategic partners as part of our education and thought leadership pillar.

4. Data driven

Drive outcomes in relation to business development activities, rebate reporting and general staff performance.

2022-23 outcomes:

- Participated in ongoing development of the VendorPanel platform through feedback and engagement with the software provider.
- Continued to review and modify the rebate reporting process and methodology to improve results and user experience.
- Conducted a survey of suppliers to enhance our understanding of their experience and better understand their expectations.

5. Operational performance

Recognise our responsibility to be efficient in our operations, to operate a financially sustainable business and to deliver a dividend to our owner, the Local Government Association of South Australia.

2022-23 outcomes:

- Clarified our vision with the Board to grow our business in a financially sustainable way, with a focus and intent to provide value to the South Australian community through the effective and efficient support of council procurement.
- Built on and refined our practices for refreshing existing managed contracts and delivered on our forward Procurement Plan
- Continued to invite sector feedback, scan the political, economic, and legislative environments for risks and opportunities, and action results for continuous improvement.

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