

3.1 TENDER FOR PROVISION OF DEBT RECOVERY SERVICES (CF2022073: MRK)

Responsible Senior Officer: Danny Wain, Chief Financial Officer

RECOMMENDATION*

That Council:

1. *Approves access to the Municipal Association of Victoria, Contract DR8410-2021 for provision of Debt Recovery Services, under Council Contract No. 2022073 for a schedule of rates based panel contract with an estimated annual contract value of \$190,000 and an estimated total contract value of \$988,000¹ inclusive of all available extension options;*
2. *Authorises the Chief Executive Officer or her delegate to execute the contract agreement; and*
3. *Notes that the contract initial term ends on 30/11/2024 and that the contract also has two separate extension options of one year each and authorises the Chief Executive Officer to approve these extension options subject to the Municipal Association of Victoria extension approval and satisfactory performance for the City of Monash.*

*(*all dollar figures are GST Inclusive unless stated otherwise).*

INTRODUCTION

Council Officers seek to access a panel contract through the Municipal Association of Victoria (MAV) for the Provision of Debt Recovery Services.

BACKGROUND

Each year Council has a significant amount of rates, charges and levies unpaid by ratepayers. With the impact of COVID19 and holding back on pursuing unpaid debt over the last 2 years, the outstanding amounts have increased considerably over this period of time: -

Unpaid as at 30 June		Percentage Outstanding
1. 2018/19	\$4,819,580	3.17%
2. 2019/20	\$8,362,869	5.34%
3. 2020/21	\$9,034,260	5.37%

Council has Financial Hardship and Debt Recovery Management Policies to assist ratepayers' and is also able to undertake debt recovery actions where appropriate. Debt recovery actions are undertaken on behalf of Council by contracted agencies that specialise in providing best practice debt recovery services for Local Government.

¹ This cumulative total assumes an annual 2% CPI adjustment

Council's current Debt Recovery Contract (CF2020105) is through the MAV and is currently with ML+C Collections Pty Ltd (Maddocks). This contract ended on 30/11/2021.

The MAV often establish contracts on behalf of or accessible to Local Government authorities so that they may access supplier contracts in an efficient and cost effective manner. These organisations are focused on achieving better procurement outcomes by aggregating demand and achieving improved commercial and service outcomes.

The MAV has recently retendered for Debt Recovery Services with a scope to deliver value for money for the provision of Debt Recovery Services covering a range of services typically required by Local Government, including from initial contact to claims, complaints and judgements, up to and including land sales for debt recovery, if required.

The MAV now has a new contract in place (DR8410-2021) effective from 1/12/2021. The new contract is for an initial three year term with two separate one year extension options.

For the proposed contract, Officers seek to have flexibility in choosing future services provided from the MAV panel of suppliers. This is because Officers are very much aware that the debt recovery process is often unpleasant for our ratepayers and their circumstances can be very sensitive in nature. Ratepayers must feel that their privacy is managed appropriately and securely in all our dealings with them.

NOTIFICATION

A Public Notice by Council was not required because this tender was conducted by the MAV in a manner consistent with Council's Procurement Policy.

TENDER EVALUATION

The Municipal Association of Victoria, undertook an evaluation of all the submissions.

Council was provided with a confidential recommendation report from the Municipal Association of Victoria, detailing the suppliers that were successfully awarded a contract.

The Council evaluation panel reviewed the recommendation report and recommends that the City of Monash accesses this contract for the following suppliers:

1. Collect AU Pty Ltd;
2. Recoveries & Reconstruction (Aust) Pty Ltd;
3. Australian Recoveries and Mercantile Agents Pty Ltd;
4. Midstate Credit Collect Pty Ltd;
5. Commercial Credit Services Pty Ltd;
6. ML&C Collections Pty Ltd;
7. Stydall Pty Ltd; and
8. Credit Clear Limited

ML+C Collections Pty Ltd is one the MAV panel members under this contract and they are the current incumbent for the City of Monash. Officers recommend that Council

continues to use this panel provider for at least the remainder of the current financial year under this new MAV panel contract.

Thereafter, Council Officers seek flexibility to review the capability of some or all of the other panel members under the MAV contract by assessing their methodologies, strategies and systems to ensure that future debt recovery services will continue to be delivered in a way consistent with Council's policies and service expectations.

As such, Council's evaluation panel recommends accessing the MAV panel to continue to achieve the best value outcome for Council.

All members of the evaluation panel signed Conflict of Interest and Confidentiality Declarations and no conflicts were raised.

FINANCIAL IMPLICATIONS

The Contract is a schedule of rates based contract with an estimated annual contract value of \$190,000 and an estimated total contract value of \$988,000² inclusive of all available extension options.

The current Finance budget for expenditure relating to debt recovery covers the anticipated expenditure for the current year and future operating budgets will be adjusted appropriately. Council also on-charges recovery costs to the debtor where possible resulting in a 70%-80% recovery of those costs.

CONCLUSION

That Council approves the recommendations contained within this report.

² This cumulative total assumes an annual 2% CPI adjustment