

CONTRACTUAL MATTER - CONTRACT CT005447 – DEBT RECOVERY SERVICES

F&BS | 63/1/512* | #7929020

RECOMMENDATION:

That Council:

1. Awards contract CT005447 – Debt Recovery Services to Recoveries and Reconstruction (Aust) Pty Ltd, utilising Local Buy arrangement LB311 on a cost neutral basis, commencing 1 September 2026 for two years with two extension options of up to two years each.
2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into a contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

INTERESTED PARTIES:

Recoveries and Reconstruction (Aust) Pty Ltd

EXECUTIVE SUMMARY:

This report provides a recommendation for the establishment of a new Contract for debt recovery services.

Council is committed to working with ratepayers experiencing financial difficulty and actively encourages customers with overdue Rates and Water accounts to contact Council early to discuss payment arrangements and available financial hardship options. Early engagement can assist customers to avoid the accumulation of overdue interest, additional recovery costs and escalation of enforcement action, supporting better financial outcomes for ratepayers while maintaining the equitable collection of revenue.

The proposed contract will provide additional support to encourage customer engagement and assist ratepayers to resolve outstanding debt before further fees, legal action, or enforcement measures become necessary.

The specialist debt recovery service will complement Council's existing collection processes. Prior to referral, Council undertakes a range of recovery activities including billing notices, reminders, demand notices and opportunities for customers to enter payment arrangements. Only debts where customers have not responded or engaged with Council's recovery processes will be considered for further recovery action.

The service will provide specialist collection, debtor contact and legal recovery capabilities where required, with the objective of reducing long-term debt accumulation and supporting earlier resolution of overdue accounts. A key requirement of the contract is that the service operates on a cost-neutral basis to Council, with only scaled recoverable court and legal costs associated with recovery actions being incurred and generally recoverable from the debtor where permitted by legislation.

It is recommended that Contract CT005447 be established for a term of two years with two extension options of up to two years each, commencing from 1 September 2026.

BACKGROUND:

Council currently manages the collection of overdue Rates and Water debt through a range of internal recovery processes designed to encourage early customer engagement and provide opportunities for customers to resolve outstanding balances. Customers experiencing financial hardship are encouraged to contact Council to discuss available support options, including payment arrangements and financial hardship assistance.

Early engagement with Council can help ratepayers avoid the accumulation of overdue interest, additional recovery costs and further escalation of debt recovery action. Council's approach is focused on supporting customers to resolve outstanding balances at the earliest opportunity and avoid circumstances where debts continue to increase over time.

While these processes are effective in the majority of cases, a proportion of outstanding debt remains unresolved due to non-engagement or the complexity of the recovery process. Over time, these debts can continue to increase through the accumulation of unpaid charges, interest and recovery costs and may ultimately require legal recovery action.

A key benefit of the proposed arrangement is that it provides additional engagement opportunities for customers before debts escalate further. This supports improved customer outcomes by encouraging payment arrangements, reducing the likelihood of additional interest charges and recovery costs, and helping customers avoid legal proceedings or, in extreme circumstances, enforcement action against their property.

This approach has been proposed and supported to the Executive Leadership Team and Councillors through a workshop on 22 July 2026.

COMMENT:

Market analysis identified two specialist debt collection providers available through Local Buy arrangements with demonstrated experience in the recovery of local government Rates and Water debt. Attempts were made on two occasions to engage the alternative supplier; however, no response was received.

The procurement was undertaken through a Local Buy arrangement due to the highly specialised nature of local government debt recovery services and the limited number of suitably qualified providers operating in this market. The Local Buy panel provides access to pre-qualified suppliers with demonstrated expertise, established systems, legal recovery capability, and experience in recovering local government Rates and Water debt.

This approach enabled Council to efficiently test the market, demonstrate value for money, and maintain compliance with procurement requirements, while avoiding the cost and time associated with a separate open-market tender process for a niche service sector.

The provider also offers a cost-neutral service model, whereby standard collection activities are undertaken without commission and recoverable legal and court costs are passed on to the debtor. This approach aligns with Council's objective of improving debt recovery outcomes while minimising the financial impact on Council.

In addition, feedback obtained through market engagement and discussions with other local governments indicated a high level of satisfaction with the provider's service delivery, responsiveness and collection outcomes.

When considered alongside the limited number of qualified providers operating within this specialised market, Recoveries & Reconstructions was assessed as offering the best overall value, capability and alignment with Council's debt recovery requirements.

The Council recommendation is pursuant to section 228 and section 234 of the *Local Government Regulation 2012* (Qld) (Regulation).

The evaluation panel consisted of the following members, who were selected for their experience, understanding and knowledge.

- (a) Executive Manager, Revenue and Business Support; and
- (b) Coordinator Revenue, Revenue and Business Support.

OPTIONS:

Option 1: (Recommended)

It is recommended that Council:

1. Awards contract CT005447 – Debt Recovery Services to Recoveries and Reconstruction (Aust) Pty Ltd, utilising Local Buy arrangement LB311 on a cost neutral basis, commencing 1 September 2026 for two years with two extension options of up to two years each.
2. Delegates authority to the Chief Executive Officer in accordance with the Local Government Act 2009 to enter into a contract, negotiate, finalise and execute any and all matters associated with or in relation to this contract subject to Council's normal procurement policies and practices.

Option 2:

That Council does not endorse CT005447 – Debt Recovery Services and adopts an alternative course of action.

CONSIDERATIONS:

Risk Management:

Risk	Mitigation
Complaints by impacted ratepayers	Ratepayers will be advised in advance before initiating any action. Only debts more than \$1,000 for Rates and \$500 for Water will be considered for referral if they have not responded to Council and entered an alternative payment arrangement.
Poor performance or service delivery by the provider may impact debt recovery outcomes, customer experience, and Council's reputation.	Performance measures, reporting requirements, and regular contract management reviews will be implemented.

Council Finance and the Local Economy:

Overall, this contract will be cost-neutral to Council. The estimated contract value is up to \$900,000 per annum during the initial implementation phase, reflecting the anticipated volume of outstanding Rates and Water debt requiring recovery action. It is expected that expenditure will reduce over time as arrears levels decrease and fewer accounts require escalation through legal recovery processes. The contract is expected to deliver improved debt recovery outcomes, enhanced cash flow, and reduced outstanding debt with minimal net financial impact on Council.

Corporate and Operational Plans:

The services forming the basis of this report relate to the following goals in Council's [Corporate Plan 2025 to 2030](#):

Focus Five – Focused Council:

- Maintain strong financial management including robust long-term modelling

Statutory:

The tender process has been conducted in accordance with legislative requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy:

The tender process was undertaken in accordance with Council's adopted Procurement Policy.

Consultation:

Revenue and Business Support has consulted and presented to Executive Leadership Team and Councillors through a workshop on 22 July 2026.



Steve Cooper
Executive Manager Revenue and Business Support



Lisa Whitton
Chief Financial Officer