

19 July 2019

Local Government Election Cost Review
Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop NSW 1240

By email and online submission portal: ipart@ipart.nsw.gov.au

**Re: City of Canada Bay Council Submission to Independent Pricing and Regulatory Tribunal
'Local Government Election Cost Review'**

Please find enclosed with this covering letter, a submission from the City of Canada Bay Council to the Independent Pricing and Regulatory Tribunal (IPART) 'Local Government Election Cost Review'.

This submission contains Council's response to IPART recommendations for consideration by IPART.

Thank you for taking into consideration the City of Canada Bay Council's views on this matter.

If you have any questions in relation to this submission, please contact my office on 

Yours sincerely,


Bob Pigott

Acting General Manager

	IPART draft recommendation	Report Page #	City of Canada Bay Council (CCBC) comments	Overall recommendation
1	The NSWEC's notional revenue requirement for the 2020 local government elections should be set at \$53.91 million, as outlined in Table 3.1.	19		Supported
2	The NSWEC's efficient level of operating expenditure for the 2020 local government elections should be set at \$49.9 million, as outlined in Table 3.2.	23		Supported
3	Set an allowance for a return on assets for the 2020 local government elections at \$0.43 million, as shown in Table 3.1.	34		Supported
4	Adopt a real post-tax WACC of 3.2% for the purposes of calculating the allowance for a return on assets, which included: <ul style="list-style-type: none"> - A gearing ratio of 45% and an equity beta of 0.45 - Market observations (cost of debt and market risk premium), based on the February 2019 bi-annual market update. 	35		Supported
5	Calculate regulatory depreciation (or return of assets) using a straight line depreciation method for each group of assets, applying the asset lives in Table 3.6.	35		Supported
6	Set an allowance for regulatory depreciation for the 2020 local government elections at \$2.76 million as shown in Table 3.1.	35		Supported
7	Set a tax allowance for the 2020 local government elections at \$0.18 million as shown in Table 3.1.	36		Supported
8	Set an allowance for a return on working capital for the 2020 local government elections at \$0.63 million as shown in Table 3.1.	37		Supported
9	NSWEC's efficient costs of managing local government elections should be allocated using the impactor-pays funding hierarchy. That is, where possible, costs should be allocated to the parties that create the need for those costs. Where it is impractical to allocate costs in this way, they should be funded by the NSW Government (ie, taxpayers).	38	<p>The impactor pays funding hierarchy in theory appears sound, however this will have a large impact on all councils, affecting both rural and metropolitan councils, albeit in different ways.</p> <p>The impactor pays hierarchy, and the increased cost proposed to the City of Canada Bay, will require council to look at where it acquires the extra funding proposed by IPART to cover the costs of the 2020 elections.</p> <p>This means that the following needs to be taken into consideration if this model is adopted:</p> <ul style="list-style-type: none"> - certain services may not be able to be provided to the 	Not supported

	<p>should be allocated evenly amongst all councils (ie, allocated by the number of client and non-client councils, rather than the number of electors within each of those councils).</p> <ul style="list-style-type: none"> - Postal voting costs should be allocated by the number of ballots issued by each client council. 			
12	<p>That the NSW Government implement a new market model for local government election services by undertaking the following regulatory reforms:</p> <ul style="list-style-type: none"> - Legislative reform to require the mandatory unbundling, component pricing and offering of the NSWEC's individual local government election services. In advance of the council elections in 2024, the NSWEC should have unbundled its costs and services, and provide councils with binding quotes for each individual election service, so that councils can decide which election services the NSWEC will provide them with. - The establishment of independent regulatory oversight of: <ul style="list-style-type: none"> a. The NSWEC's prices for unbundled local government election services, until genuine choice and competition emerges. b. The performance of all service providers, to ensure that all providers provide the mandatory, minimum levels of service (ie, that they comply with the nondiscretionary standards of conducting an election). - Legislative change to reduce the period before an election by which a council has to resolve to engage the NSWEC from 18 months to 9 months. - Provision of assistance to councils to further develop their election management capabilities through a training program delivered by the Office of Local Government. - Legislative change, if required, to ensure that a council's General Manager becomes responsible for producing a valid election result if and when the council ceases to engage the NSWEC for all election services. 	61	<p>Regulatory reform is an important by-product of requiring the NSWEC to unbundle its costs and services, to allow councils to see the costs of their provision on an individual basis, and allow for more formal and binding quotes to be received by Councils.</p> <p>This takes away the opportunity for the NSWEC to provide estimates based on previous election services, CPI and increases in costs such as rent; security; staffing etc. as previously provided by the NSWEC, whereby councils were not certain of the exact costs of election services until invoices were received post the elections occurring (often a number of months following the occurrence of Local Government Elections.)</p> <p>Independent regulatory oversight will ensure that minimum levels of service are adhered to which is important from a legislative perspective to ensure these are complied with.</p> <p>This is even more prudent if there is an increase in the number of service providers becoming available going forwards in the provision of electoral services in the local government sector.</p> <p>This will also allow councils to pick and choose the individual services that it requires the provision of from the NSWEC and go to market for all/ part of these services with a more accurate idea of exactly what is being provided in each of these services to ensure council is getting the best value for money and the best service provision no matter whether they utilise a private provider or the NSWEC, or a combination.</p>	Supported