

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'

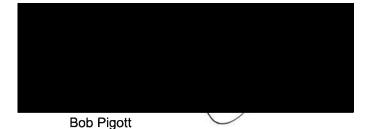
Please find enclosed with this covering letter, a submission from the City of Canada Bay Council to the Independent Pricing and Regulatory Tribunal (IPART) 'Local Government Election Cost Review'.

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

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

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

Yours sincerely,



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: - 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	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. 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. This means that the following needs to be taken into consideration if this model is adopted:	Not supported
			adopted: - certain services may not be able to be provided to the	

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			City of County D	
			City of Canada Bay Community due to the rise in the cost of services, the service level provided in certain areas may either stay the same or drop particular capital works projects may need to be halted, or put on hold (as agreed by council to fund the extra election costs that IPART are suggesting as part of the impactor pays funding hierarchy)	
10	Applying the impactor-pays funding hierarchy means the NSWEC should allocate to: Client councils (ie, those councils which have engaged the NSWEC to manage their elections), the efficient cost of services it provides exclusively to those councils. Client and non-client councils, the efficient cost of enrolment services it provides to both types of council. NSW Government, the efficient cost of services it provides to both client and nonclient councils, but it is unable to recover from non-client councils (ie, maintaining the electoral roll, state-wide advertising, community education	38	hierarchy) As per Item 9.	Not supported
11	materials and funding disclosure). The indirect costs the NSWEC	38	As per Item 9.	Not supported
	allocates to client councils (and, in relation to enrolment services, client and non-client councils) should be shared amongst these councils on a per-elector basis (ie, the amount a council pays depends on the number of electors in its area), with the following exceptions: - Shared Returning Officer costs should be allocated by the number of electors for each client council in the Shared Returning Officer grouping. - Sydney Town Hall costs should be allocated by the number of ballots for each of the client councils using the Sydney Town Hall for as a polling place (both pre-polling and on election day). - Counting and results costs that are venue-specific (eg, venue procurement costs and labour costs for a counting hub) should be allocated by the number of ballots for each client council in the venue. - Other counting and results costs (eg, project management costs)	39	. S por nom o.	4
	 (eg, project management costs) should be allocated by the number of ballots for each client council. Local government boundaries costs (part of enrolment services) 	8		

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	should be allocated evenly			
	amongst all councils (ie, allocated			
	by the number of client and non-		C#	
	client councils, rather than the			
	number of electors within each of			
	those councils).			
	 Postal voting costs should be 			
	allocated by the number of ballots			
	issued by each client council.			
12	That the NSW Government implement	61	Regulatory reform is an	Supported
	a new market model for local		important by-product of	
	government election services by		requiring the NSWEC to	5
	undertaking the following regulatory		unbundle its costs and services,	
	reforms:		to allow councils to see the	
	 Legislative reform to require the 		costs of their provision on an	
	mandatory unbundling, component		individual basis, and allow for	
	pricing and offering of the		more formal and binding quotes	
	NSWEC's individual local		to be received by Councils.	
	government election services. In			
	advance of the council elections in		This takes away the opportunity	
	2024, the NSWEC should have		for the NSWEC to provide	
	unbundled its costs and services.		estimates based on previous	
	and provide councils with binding		election services, CPI and	
	quotes for each individual election		increases in costs such as rent;	
	service, so that councils can		security; staffing etc. as	
	decide which election services the		previously provided by the	
	NSWEC will provide them with.		NSWEC, whereby councils	
	 The establishment of independent 		were not certain of the exact	
	regulatory oversight of:		costs of election services until	
	 a. The NSWEC's prices for 		invoices were received post the	
	unbundled local government		elections occurring (often a	o.
	election services, until genuine		number of months following the	~
	choice and competition		occurrence of Local	
	emerges.		Government Elections.)	
	b. The performance of all service			
	providers, to ensure that all		Independent regulatory	
	providers provide the		oversight will ensure that	
	mandatory, minimum levels of		minimum levels of service are	
	service (ie, that they comply		adhered to which is important	
	with the nondiscretionary		from a legislative perspective to	
1	standards of conducting an		ensure these are complied with.	
	election).	12		
1	Legislative change to reduce the		This is even more prudent if	
1	period before an election by which		there is an increase in the	
	a council has to resolve to engage		number of service providers	
	the NSWEC from 18 months to 9		becoming available going	
1	months.		forwards in the provision of	
	Provision of assistance to councils		electoral services in the local	
	to further develop their election		government sector.	
1	management capabilities through a			
	training program delivered by the		This will also allow councils to	
1	Office of Local Government.		pick and choose the individual	
	Legislative change, if required, to		services that it requires the	
	ensure that a council's General		provision of from the NSWEC	
	Manager becomes responsible for		and go to market for all/ part of	
	producing a valid election result if		these services with a more	
	and when the council ceases to		accurate idea of exactly what is	
	engage the NSWEC for all election		being provided in each of these	
	services.		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.	