

Review of local government election costs

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City of Sydney submission to IPART



Response

In February 2019 the Premier of NSW asked the Independent Pricing and Regulatory Tribunal (IPART) to recommend a costing methodology to be applied in determining the amount the NSW Electoral Commission (NSWEC) charges councils for local government election services.

IPART must consult with its stakeholders prior to submission of its final report to the Minister for Local Government by Friday 30 August 2019. IPART plans to release a draft report on 25 June 2019.

IPART will focus the review on ensuring:

- local government elections are administered efficiently
- the prices charged to councils are cost reflective
- opportunities for competition in the provision of election services are facilitated, as a means of encouraging innovation and efficiency.

IPART has published an Issues Paper describing its proposed approach and has invited all councils to submit comments by 10 May 2019. The City has responded to the five key issues as outlined by IPART in its associated fact sheet:

1. When would a council prefer to use a private provider, rather than the NSWEC, to conduct its elections?
2. What are the barriers to private providers offering election services to councils? Are there more opportunities for private providers in particular geographic or service areas?
3. How should we (IPART) assess the efficient costs of providing election services to local councils?
4. How should we (IPART) allocate the efficient costs between the councils (as a whole) and the State Government?
5. How should we (IPART) allocate the council-share of costs between councils? For example, on a 'per elector', or some other basis?

The Council of the City of Sydney's response to these questions is given below.

The City welcomes this review as an opportunity to deliver efficiencies and innovation for the sector but it is unlikely, in the absence of *significant* service delivery and cost benefits, to engage a private provider to deliver its elections because of the legislative requirement to engage with the NSWEC in the production of the non-residential register and rolls.

Q1. When would a council prefer to use a private provider, rather than the NSWEC, to conduct its elections?

The City considers maintenance of the public's confidence in a fair and transparent electoral process is essential. As such, the City would only prefer to use a private provider if it was assured that the provider would deliver an election with the same integrity, customer-service levels and a lower cost as NSWEC. Currently, no such assurances or comparisons are available; if private providers and NSWEC reported, post-election, on their performance against the same measures which adequately demonstrated their ability to deliver fair, transparent, customer-centric and cost effective elections then councils would be able to make a more informed decision.

Q2. What are the barriers to private providers offering election services to councils? Are there more opportunities for private providers in particular geographic or service areas?

Barriers to private providers relate to:

- the current near monopoly position of NSWEC which benefits from significant economies of scale in such areas as state-wide systems to record and check-off electors; state-wide recruitment and training of casual election staff; central processing of customer service and declaration votes
- the complexity of the *weighted inclusive Gregorian* method for counting votes, to be introduced for LGE2020, which requires a significant IT system to implement
- the complexity of delivering an election and its associated processes, such as sourcing and staffing voting centres, candidate management, ballot paper production, check count facilities and declaration vote management
- the *all or nothing* requirement for providers to deliver every part of an election; there is currently no scope for NSWEC to administer some election services, with private providers delivering a limited range of services
- NSWEC does not bid against private providers, making comparisons between NSWEC and private providers difficult, with the selection of private providers seen as a riskier option
- the legislative requirement for councils to select who will administer their elections within 15-18 months of the next LGE. This means private providers need to respond to requests for tenders at least 18 months before the work is required, with accompanying unknowns. There is a risk that the provider selected may fail in the lead up to the election, a risk not associated with selecting NSWEC. If the private provider does fail, NSWEC will only agree to administer the upcoming election if the NSW Electoral Commissioner is satisfied that there are exceptional circumstances, again, making the selection of a private provider a riskier option
- financial risk carried by private providers in comparison to NSWEC, a state agency.

Q3. How should we (IPART) assess the efficient costs of providing election services to local councils?

Assessment of efficient costs should ensure NSWEC competes with private providers on an equal basis and provides local government with an efficient service

that aligns with agreed service standards. The City generally supports IPART's approach to determine the efficient cost of the services.

NSWEC's major cost areas (salaries, rent, communications and ballot paper production) should be reviewed against standards in comparable industries.

Current and future trends in voting should also be considered in the assessment of future pricing, for example how the predicted growth of postal and pre-polling might affect costs for each type of council, or the availability of on-line voting for all voters or the universal postal vote option.

Q4. How should we (IPART) allocate the efficient costs between the councils (as a whole) and the State Government?

The City believes that election costs should be allocated between State Government and councils to ensure a shared interest in, and ownership of, the process. The cost burden of an election is significant, especially for the City which, unlike any other NSW council, had its electoral roll increased by 20% to 30% due to a State Government requirement to register non-residents.

The City believes that NSWEC's direct and indirect costs should be allocated between the State Government and councils after assessing the cost drivers, reason for and the recipients for each of the services delivered by the NSWEC, broadly using the impactor pays principle. IPART should also identify how, and to what degree, councils are able to influence the level of service delivered by the NSWEC in comparison to private providers (for example number of voting centres and staffing levels).

Q5. How should we (IPART) allocate the council-share of costs between councils? For example, on a 'per elector', or some other basis?

To allow an equitable allocation of costs to individual councils, the City recommends all NSWEC electoral processes should be reviewed to identify possible efficiencies, identifying and comparing costs for:

- rural, regional and metropolitan delivery models
- small, medium and large councils
- with and without wards
- with and without popularly elected mayors
- with and without large non-resident rolls.

An analysis of costing models (using the building block approach) for these different council types would allow a deeper understanding of costs for individual councils than is currently available and a more equitable allocation of those costs to individual councils.

To ensure fairness, costs should be allocated in the way they are accrued, where this can be reasonably identified. For example, staffing and voting centre costs can be identified by LGA, postal vote and other declaration vote management can be calculated on a per elector basis.

Where cost allocations to a council cannot be reasonably identified, then a 'per elector' basis would be appropriate, weighted according to the type of council as above.