

Our Ref: E81.0526-46939.19

19 July 2019

Dr Paul Peterson  
Chair  
Local Government Election Cost Review  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
HAYMARKET POST SHOP NSW 1240

Dear Dr Peterson

### **Review of costs of conducting local government elections**

Thank you for the opportunity to provide feedback to the Independent Pricing and Regulatory Tribunal's (IPART) Review of local government election costs.

Council understands IPART's methodology around efficiency costs and the impactor-pays funding hierarchy and its stance on ensuring a competitive advantage for other providers to undertake the local government election services. Council will respond to draft recommendations 9, 10, 11 and 12.

#### **Recommendation 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).*

#### **Recommendation 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 materials and funding disclosure).*

Council understands the methodology around efficiency costs and the impactor-pays funding hierarchy and supports the cost breakdown as outlined in Table 4.1 titled 'Allocation of local government election costs items' on page 42.

**Recommendation 11:**

*The indirect costs the NSWEC allocates to client councils (and, in relation to enrolment services, client and non-client councils) should be shared amongst these councils on a per-electoral 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) should be allocated by the number of ballots for each client council.*
- *Local government boundaries costs (part of enrolment services) 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).*
- *Postal voting costs should be allocated by the number of ballots issued by each client council.*

Council supports the methodology of shared returning officers, the costs at Sydney Town Hall allocated by the number of ballots for each client council using that as a polling place and counting results including postal voting. Council also supports that local government boundary costs should be allocated evenly amongst all NSW councils and not just client councils.

**Recommendation 12**

*That the NSW Government implement a new market model for local government election services by undertaking the following regulatory reforms:*

- *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:*
  - *The NSWEC's prices for unbundled local government election services, until genuine choice and competition emerges.*
  - *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.*

Council supports the new market model for local government election services, which will require mandatory unbundling, component pricing and offering to individual local councils by NSWEC. Council will embrace the opportunity to negotiate with a service provider for certain aspects of its service, provide more flexibility in service provision unique to Eurobodalla. This could result in significant savings to individual councils.

Council welcomes the introduction of regulatory oversight for the performance of all service providers. This will ensure that general managers will have confidence in engaging the most cost effective service provider and will assist to ensure that a valid election result is obtained should the NSWEC not be engaged. Further, Council supports the legislative changes to reduce the period before an election by which a council has to resolve to engage the NSWEC to nine months. This change will assist to ensure that quotes provided by all election providers will be current and fair.

However, should these changes be implemented for the 2020 elections, Eurobodalla will see a 58% increase in its costs. Council restricts an amount based on previous election costs and CPI indexed annually and will have a \$142,000 deficit on the proposed prediction. Council understands that IPART considers this a modest increase of \$1.65/rate assessment/year, however, Council must find \$142,000 for 2020/21. Council strongly encourages the implementation of this cost structure in 2024 to ensure councils can budget for this significant increase over time to ensure that other major community infrastructure projects and services are not impacted by the introduction of this fee in 2020/21.

It is important to note that Eurobodalla Shire Council has already resolved to engage the NSWEC to undertake its 2020 elections. Should Council have known of this price increase, the outcome of this decision may well have been different.

Should IPART recommend implementation of this methodology in 2020/21, consideration should be given to the increase costs to councils of this review when calculating local government cost index (LGCI) in its rate pegging calculations for 2020/21 as indicated in section 5.3 on page 53.

Finally, Council is aware of the need to ensure a competitive advantage for other electoral service providers and understands the methodology around efficiency costs and the impactor-pays funding hierarchy. Should IPART not include these costs when determining the rate pegging calculations in 2020/21, Council would like the implementation of these changes to occur for the 2024 local government election to ensure adequate planning and budgeting can be implemented.

Should you require further information, please contact Council's Executive Services Coordinator, Mrs Kylie Green on [REDACTED]

Yours sincerely

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Dr Catherine Dale  
**General Manager**