



INNER WEST COUNCIL

IPART SUBMISSION

Inner West Council provides this submission to IPART for consideration as part of IPART's review of the Costs of Conducting Local Government Elections. This submission details Council's concerns with the current costing methodology of the NSW Electoral Commission (NSWEC) and the state of competition for electoral services.

NSWEC Costing Methodology

Prior to 2012, the NSWEC operated a hybrid model for the conduct of local government elections. This hybrid model comprised local councils employing electoral staff (including existing council staff who were already on the payroll system), utilising its existing IT and telecommunications infrastructure and providing polling places and Returning Officer Accommodation from existing Council facilities. Since 2012, there has been a shift by the NSWEC to not using existing Council resources and moving to a full cost recovery model for all services related to the conduct of the election.

In 2017, Inner West Council was provided a budget estimate from the NSWEC of \$1,015, 627.80 to conduct the local government election. This was revised down to \$988, 739 after the election. A copy of this budget estimate is attached. **The move to a full cost recovery model by the NSWEC has dramatically increased the cost to councils of running an election and reduced the financial capacity of councils to provide services to its community.** Prior to the amalgamation of NSW councils, Leichhardt Council was sent a budget estimate for the 2016 local government election of only \$272,102. With the amalgamation of 3 councils and economies of scale for a larger area, the Council expected a 2017 budget estimate less than three times the 2016 estimate, however the final cost represented an increase of 363% in less than 12 months.

With the move to full cost recovery by the NSWEC, a number of head office election management services are being charged to local councils where in the past these were seen as an overhead cost to the NSWEC in election management. As detailed below these electoral services represent 38% of the costs charged to council.

Council would like to see a move back towards a hybrid model where the NSWEC is responsible for the cost of head office election management services and bears these costs and Council provides IT and telecommunication infrastructure and accommodation facilities to reduce the financial burden of election costs for councils.

Statewide Electoral Services

In 2017, NSW councils were charged for a number of statewide electoral services which the NSWEC should be covering as a cost of business. Some of these services may not have even been used by our local residents. These services include:-

- Data Management – creation and management of databases for the conduct of the election. Inner West was charged \$399.
- Logistics – Packing and delivery of voting materials, mailing distribution services and courier services. Inner West was charged \$72,159.
- State-Wide Campaign – media to advertise the conduct of the statewide local government election. Inner West was charged \$52,147.
- Call Centres – Recruitment, payment and training of NSWEC call centre staff. Inner West was charged \$21,573.
- Event Operation Management – develop all election processes and training. Inner West was charged \$7,216.
- Reporting and Evaluation – develop post-election surveys and undertake analysis. Inner West was charged \$8,213.

Venue Procurement

In 2017, the NSWEC had very strict rules around accommodation requirements (minimum area requirements) for Returning Officer Accommodation and Pre-Poll venues. Inner West Council provided a number of venues for their consideration but the NSWEC Head Office decided against these venues and procured a commercial office space with a local Real Estate agent instead. The previous model of Council providing these venues presented large cost savings for Council.

The cost estimate provided by the NSWEC included an amount of \$84,335 for Venue Procurement which entailed identifying, securing and paying for polling places, Returning Officer Accommodation and Pre-Poll venues. Given, councils have a number of suitable venues for this purpose and have professional procurement staff employed for this purpose, the cost of venue procurement is extremely high.

Election Business Systems and IT Infrastructure

Since 2012, the NSWEC has insisted on using their own equipment for the provision of computer and telecommunication facilities. In the past, Council has provided these services which represent a significant cost saving to councils. Inner West was charged \$31,633 for the 2017 election.

Election Management Fee

The election management fee is charged to councils to cover the cost of advice and services provided by the NSW Head Office. These services may not be utilised by every council but the cost is shared by all councils this represented an amount of \$91,274 for the Inner West Council in 2017.

Council Liaison

Councils are charged a liaison fee from the NSWEC to discuss the management and conduct of the election with Council staff on election processes, venues and returning officer accommodation. This fee is inappropriate and should be borne by the NSWEC as a cost of business and is a duplication of the charges levied for venue procurement and event operation management. Inner West was charged \$7,640 for the 2017 election.

Competition for Electoral Services

There is very minimal market competition for the NSWEC in conducting elections. The only known competitor is the Australian Election Company. However, in reviewing the 2012, 2016 and 2017 election costs the evidence shows that councils who managed their own elections using internal resources or the Australian Election Company were able to achieve 25% cost savings compared to the budget estimates provided by the NSWEC.

Conclusion

The Inner West Council's submission to IPART on the cost of conducting elections requests that IPART;

1. Recommend to the State Government that the NSWEC cover the cost of head office election management services which represented 38% of Inner West Council's budget estimate. Where councils have run their own elections they have achieved cost savings of up to 25% due to the fact that they did not need to pay for these services and still achieved an election result in the same timeframe as the NSWEC.
2. Recommend to the State Government that the NSWEC move away from a full cost recovery model and move towards a hybrid model using existing council resources as was the past practice pre-2012.