

15 July 2019

## **Submission - Review of Local Government Election Costs**

### **Introduction**

Lithgow City Council provides this submission to IPART for consideration as part of IPART's review of Local Government Election Costs. This submission details Council's concerns with the impact on election costs from IPART's draft recommendations as well as commentary on IPART's proposals for regulatory reform and to improve competition in the future.

### **Impact on Lithgow Council's election costs**

IPART's recommended costing methodology indicates a **72% increase (\$76,000)** in elections costs for 2020 compared with 2016. An increase in this magnitude is simply unaffordable for Lithgow City Council.

Councils have been subjected to increasing cost shifting from other levels of government. Based on a cost shifting survey, Local Government NSW has quantified cost shifting at \$820 million per annum. Examples of cost shifting include:

- 21% increase in the Emergency Services Levy (paid to the NSW Government) from 1 July 2019.
- The NSW Government's waste levy.
- Shortfalls in public library funding and pensioner rate rebates.
- The cost of managing regulatory burdens such as the operation of Independent Hearing Assessment Panels, enforcement of companion animal regulations, and the management of contaminated land, noxious weed and flood controls.
- Transfer of costs and responsibilities for crown lands and crown roads.

Rate pegging has not kept up with the accelerated rate of cost shifting.

At the same time, the NSW Government has implemented its Fit for the Future reforms. Councils are expected to be fiscally responsible and to place a focus on managing / renewing their assets. To achieve these goals, Councils have been working hard to improve productivity, save costs and generate revenue to manage the impact of these reforms on services and programs. In Lithgow Council's case, proposed services and programs were cut by \$1M for the 2019/20 year to deliver a "balanced operating result (before capital)" budget as required by the Office of Local Government.

With the increasing cost and budgetary pressures on Councils, IPART's statement in the draft report that "we consider the impact on ratepayers to be relatively modest" can be considered to be ignorant of the facts. It is certainly correct that the financial impact to ratepayers of an increase in election costs will be minimised by the rate peg. However, as is the case with other extraordinary cost increases and cost shifting, the

impact on ratepayers is inevitably a reduction in the necessary services and programs which Councils are expected to provide.

### **Facilitating Competition in the Future**

Lithgow City Council is supportive of IPART's recommendations for the NSW Government to implement a new market model for local government election services by undertaking regulatory reforms. The aim of reforms should be to increase competitive pressure in the market for election services. Reforms should include:

- Lowering the barriers that constrain new private providers from entering the market.
- Unbundling of costs and services for Councils to decide which services the NSWEC will provide.
- The establishment of independent regulatory oversight of the NSWEC's prices for unbundled local government election services and the performance of service providers.
- The requirement for all service providers to ensure mandatory, minimum levels of service.
- Reducing the period before an election by which a council has to resolve to engage a provider from 18 months to 9 months.

### **Conclusion**

Lithgow City Council's submission to IPART on the cost of conducting elections requests that IPART:

1. Recommend to the State Government that the increased cost to Councils of the 2020 elections be no more than the cumulative rate peg increase from 2016 which reflects Council's revenue raising constraints.
2. Recommend to the State Government that regulatory reforms aimed at facilitating future competition for local government election services be implemented.

Yours sincerely,

  
**Ray Thompson**  
MAYOR