

[REDACTED]

19 July 2019

Independent Pricing and Regulatory Tribunal  
PO Box K35  
**HAYMARKET POST SHOP NSW 1240**

[REDACTED]

Dear Sir/Madam

**IPART - Review of Local Government Election Costs**

Following the recent Public Forum held on 2 July 2019, [REDACTED] submits the following comments as part of the subject review.

The Independent Pricing and Regulatory Tribunal (IPART) recommendations are outside the terms of reference, which state that:

***“The purpose of the IPART’s review is to ensure a robust methodology for determining costs is applied, in order to minimise the financial burden on councils and ratepayers and ensure local government elections are conducted efficiently and cost effectively.”***

IPART’s draft recommendations **increase** the financial burden on councils and ratepayers. The draft recommendations result in the average 2020 council election bill increasing by 62% from the 2016-17 elections (which is around 24% higher than the NSW Electoral Commission (NSWEC) proposal). This is clearly contrary to the terms of reference quoted above.

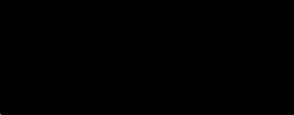
Further, the methodology used by IPART not only applies actual costs to councils and ratepayers, but also provides for the allocation of costs that are not even incurred by the NSWEC (e.g. taxation allowance, working capital allowance, return on assets etc.).

**NSWEC allocation of costs**

Under the IPART recommended approach, councils would pay for 96.5% of the NSWEC’s cost of local government elections. In contrast:

- Under the NSWEC’s existing allocation of costs, councils would pay for 88.6% of the cost of local government elections.
- Under the NSWEC’s proposed allocation of costs, councils would pay for 62.2% of the cost of local government elections.

[REDACTED]



These costs not only include direct costs associated with running the elections, but also a share of fixed NSWEC costs (such as capital costs, executive salaries, electoral roll maintenance etc.) that the electoral commission would incur regardless of whether or not it conducted local government elections.

The NSWEC is primarily legislated to conduct, regulate, and report on general elections and by-elections for the Parliament of New South Wales. This includes maintaining the State electoral roll, enrolling citizens to vote in elections, and controlling access to the roll according to the law.

The electoral services provided to local government, public and commercial organisations, including registered clubs, statutory boards, the NSW Aboriginal Land Council and State registered industrial organisations are ancillary services and only the direct costs associated with the provision of these services should be distributed by the NSWEC.

### **NSWEC Monopoly**

IPART has recognised that:

***“By most measures, the market for local government election services would be considered a monopoly or near-monopoly.”***

and that:

***“Being the dominant provider in a near-monopoly market, the NSWEC may not experience sufficient competitive pressure to ensure its costs are efficient and that it is responding to the needs of its customers.”***

It is considered that allocating a larger portion of the NSWEC costs to local government elections will in no way create competitive pressure to ensure the NSWEC costs are efficient and that it is responding to the needs of its customers.

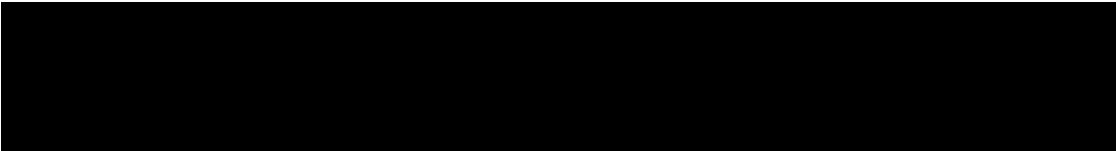
It could be argued that this would result in the direct opposite outcome, particularly given that there are a number of other factors besides cost, that are causing this near-monopoly market.

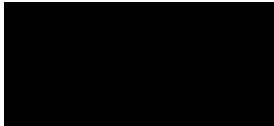
### **Rate Pegging**

Council's costs of conducting its local government elections are funded through its general fund and recovered through ordinary rates.

IPART determines the level of ordinary rates income for councils by setting the rate peg each year with reference to the Local Government Cost Index (LGCI).

It is argued by the State Government that this rate-pegging forces councils to be more efficient with the ordinary rate income that they receive.





Using this reasoning, the terms of reference cited earlier in this submission may simply be achieved by limiting the NSWEC election cost increases to the cumulative value of the rate-pegging determinations during the intervening period.

Yours faithfully

