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Dr Paul Paterson  
Chair  
Independent Pricing and Regulatory Tribunal NSW  
Post Office Box K35  
HAYMARKET POST SHOP NSW 1240

Our Ref: Z19/153134  
File: GCS-80.13.035  
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Dear Dr Paterson

## REVIEW OF LOCAL GOVERNMENT ELECTION COSTS

I thank you for the opportunity to comment on the recommended reforms to local government election costs and extension of the deadline for councils to make a decision on the administration of their elections.

The Draft Report released by IPART in June 2019 in relation to the Review of Local Government Election Costs has made a number of recommendations in relation to the funding of local government election costs. Council notes that the clear intent of the recommendations is to require local councils to pay for a significantly larger portion of local government election costs as summarised by the following recommendation from the IPART:

*“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 (i.e., taxpayers).”*

The cost-distribution model recommended by IPART will lead to client councils of the NSW Electoral Commission contributing 97% of the cost of running the election in their LGA. This is a significant increase from the current estimated level of around 62%.

Using the recommended costing model IPART estimates that the cost contribution required from Wollongong City Council for the 2020 Local Government Election will be \$1,584,000 up from Council’s contribution of \$966,000 for the 2017 election. This is an expected increase of \$618,000 or 64% from the costs of the previous election.

In the report the IPART claim that the full cost allocation of elections to councils will make private election operators more capable of entering the market and competing with the NSWEC to offer election services, as it removes the hidden costs and creates a level playing field. The IPART also makes commentary indicating that after the initial increase in 2020 they would expect prices to fall as the private operators drive efficiencies and competitiveness into the market.

### Cost Shifting Impact

The recommended proposed changes as outlined above will lead to \$618,000 (over 4 years) in election expenses being shifted from the State Government to Council. Whilst the topic of cost shifting has been topical in local government for many years the cumulative effect of recent State Government decisions that add increased costs to local councils needs to be raised and noted by the IPART, as there is no recommended increase in funding for councils proposed to offset the additional costs to be incurred by local government.

The recent amendments by the State Government to the annual Emergency Services Levy resulted in an annual increase to Wollongong City Council of approximately \$213,000. If the recommendations in the IPART report are implemented, these two decisions alone will see the State Government impose an additional \$367,500 in expenses to Council, or \$1,470,000 over the life of Council's four-year delivery program.

For previous local government elections councils have had the ability to resolve that the General Manager conduct the elections for that council area. If councils were of the opinion that they could conduct the election at a lower cost than the quote provide by the NSWEC than this option provided a way for councils to contain/reduce election administration costs. Recent amendments to the Local Government Act 1993 have removed the option for councils to resolve that the General Manager conduct the elections for that council area. Councils can now only utilise the services of the NSWEC or an electoral services provider engaged by Council. The IPART report acknowledges that any potential benefits of competition from private providers will not be evident to councils until at least the 2024 local government elections.

Council is of the opinion that the costs increases should not be imposed on local government until such time as the proposed reforms to improve competitiveness in the electoral services market, are predicted to have a positive effect on costing levels in the market, which is likely to be for the 2024 local government elections at the earliest.

### Conclusion

Council is supportive of the need for an efficient, transparent and cost-effective model for the conduct of local government elections. However, Council is extremely dissatisfied with the proposed costing methodology to be applied in determining the amount the NSWEC charges councils for the conduct of local government elections, as without an equivalent amount of financial compensation for councils, it essentially amounts to cost shifting the burden of fully funding of local government elections to councils without any compensation for the increased costs.

If you would like any further information please do not hesitate to contact Todd Hopwood, Director Corporate Services [Acting] on [REDACTED]

Yours faithfully

[REDACTED]  
**Grèg Doyle**  
General Manager  
Wollongong City Council