



INNER WEST COUNCIL

IPART SUBMISSION

Inner West Council provides this amended submission to IPART for consideration as part of IPART's review of the Costs of Conducting Local Government Elections and in response to the Draft Report. 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. **This shift has resulted in a duplication of services and increased cost to councils.** While security of equipment and data needs to be maintained this can be done in collaborative approach that doesn't require the NSWEC to charge council for these services when they can be done for a lower cost in-house. Services such as venue procurement, ICT and electoral staffing can be done at a lower cost by councils. **It was disappointing that IPART did not consider the hybrid model of services in its Draft Report, particularly since the scope of the review was to minimise costs to ratepayers. The hybrid cost model does exactly that.**

The Draft report recommends a **\$0.5 Million** increase in the cost of the local government election to the Inner West. Given the Council's current budget is in deficit of **over 18 Million** this will exacerbate the current financial issues. The proposed increases by IPART are hard to fathom. Metropolitan and rural councils are now faced with up to 70% increase in costs for running elections. Some regional councils will struggle to finance such huge increases, particularly when councils have had little notice of this increase to plan for this in its Long Term Financial Plan. If regional councils were to go bankrupt as a result of this increase and other financial pressures it would be up to the State Government to bail them out financially. **The impactor-pays funding hierarchy as detailed in the Draft Report does not give enough consideration to the relationship between State and Local Government.** Local Government is accountable to State Government and State Government have a direct impact on local government elections. If the election is not conducted in accordance with the legislative requirements it is the responsibility of the State Government to intervene. It is the State Government that determine through legislation how the election is run and how often elections are run. As a result of the legislation local government elections are more complex than state and federal elections and thus cost more to administer. These cost shifts are coming from State Government who directly affect the cost of local government

elections. Inner West Council request that IPART reconsider it's impactor-pays funding hierarchy as the State Government have a more significant direct impact than is shown in the Draft Report.

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 more of 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.
3. Reconsider the impactor-pays funding hierarchy in the Draft Report as the State Government has a greater direct impact on the cost of elections as they administer the legislation for how local government elections are run.
4. Reduce the proposed costs to be charged to councils as a 70% increase in cost will put some councils into financial ruin and it would be the State Government who would have to bail them out.