

2 October 2019

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Mr Geoff Provest MP
Member for Tweed
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Dear Geoff

Local Government Election Costs

I write to draw your attention to the following anomalies that Council has identified in relation to the final IPART “*Review of Local Government Election Costs*” report, the Government response to the report and the advice received from the NSW Electoral Commission on the 2020 Local Government Election - Cost Estimate.

Terms of reference for the report

The terms of reference for the IPART review of election costs stated 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 recommendations increase the financial burden on councils and ratepayers. The recommendations result in the average “2020 Cost reflective” council election bill increasing by 51% from the 2016-17 election cost.

IPART’s recommended allocation of NSWEC costs

Under the IPART approach, councils are being requested to pay the NSWEC for 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. It is noted and appreciated that the State Government has agreed to meet these costs for the 2020 election through the subsidy.

The NSWEC are 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.

Further (and of greater concern), councils are modelled to pay the NSWEC for “notional” costs that are never incurred by the NSWEC (e.g. taxation allowance, working capital allowance, return on assets etc.).

NSWEC 2020 Local Government Election - Cost Estimate

Council has recently received its cost estimate for the 2020 Local Government election from the NSW Electoral Commission as \$760,323 (\$691,203 excluding GST). This figure is very close to the IPART Report Full Cost Recovery estimate of \$757,000. On initial receipt of the advice, Council therefore understood that this would be the full cost recovery estimate and that the subsidy would be applied as per the IPART report leaving a commitment of \$577,000 to be met by Council. I have called and spoken with the Director Customer Service & Relationship Management at the NSW Electoral Commission and he has advised verbally and in writing that the \$760,000 is a Net cost to Council. The State Government subsidy of \$19.9M is in addition to this cost, making the total cost for Tweed in excess of \$760,000.

This estimate is well in excess of (20% above) the Net bill – including subsidy amount of \$577,000 as per Table F.1 (Page 111) of the IPART report and 34.5% higher than the cost of our 2016 election. The attached spreadsheet shows an average increase across the Northern Rivers of 35.1% and in Lismore case the increase is 46.3%

This raises concerns as to the accuracy of the IPART report.

Government response to the IPART review

Whilst the subsidy announcement by the State Government to fund core costs of \$19.9M is welcome for the 2020 election, the communication surrounding it can give the impression that election costs are decreasing for councils. That is, there is no real acknowledgement that costs will increase for the various reasons outlined by IPART but that the State Government is assisting with this burden. It is semantics but an important point of difference. By way of example, the cost per elector for Tweed to conduct the 2016 Local Government election was \$7.68 and all other Northern Rivers councils were also on the \$7-\$8 range for that election (refer attached spreadsheet). The Net cost after the State Government Subsidy per elector to conduct the 2020 election for Tweed will be \$10.32 based on advice from the Electoral Commission and for the Northern Rivers councils it ranges from \$9.07 to \$10.74 per elector after the subsidy. This cost would have been greater had the State not provided the \$19.9M subsidy. Refer attached spreadsheet for estimate of impacts to the Northern Rivers councils.

A further interesting point or figure to contemplate is that it will cost \$109K each to elect the 7 Tweed councillors in 2020; and for the four year term they will each serve, they will only be paid around \$80K in total each for the entire period of that term. There is more a reflection on the poor allowances paid to Councillors for their service than on the costs of conducting the election, but it is interesting to reflect that it will cost \$30K more to elect a Councillor than they will be paid for their term of service.

Council welcomes the State Government commitment to make amendments to the electoral provisions of the Regulation to modernise and align them with the more contemporary and efficient practices used at State elections and notes the

Government's commitment to have these amendments be made in time for the September 2020 council elections.

Council also welcomes the Government's commitment to identifying further opportunities for reducing councils' election costs including consulting with the local government sector on extending to all councils the option of conducting their elections by universal postal voting instead of attendance voting from the 2024 election. Such a system could also enhance the democratic process with candidates being able to submit with the voting material or on the Electoral Commission website a one page summary of what they stand for and are committed to without the need to attend multiple polling booths across a large geographic area.

Finally Tweed is conscious that elections are costly to run and does appreciate the professional manner in which the NSW Electoral Commission undertakes their core business. However we strongly endorse and encourage an efficient voting mechanism that can enhance the democratic process in the most cost effective way. To this end, a core goal for all parties should be to seek to reduce the cost going forward.

Yours faithfully

Troy Green PSM
GENERAL MANAGER

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Northern Rivers General Managers

	2016 election		IPART Report						NSWEC Advice		
LGA	Cost	Per elector	Reflective	Increase	Per elector	Net	Increase	Per elector	Net	Increase	Per elector
Ballina	227,000	7.00	348,000	53.3%	10.74	257,000	13.2%	7.93	294,109	29.6%	9.07
Byron	178,000	7.16	270,000	51.7%	10.86	202,000	13.5%	8.13	232,727	30.7%	9.36
Kyogle	54,000	7.94	82,000	51.9%	12.06	60,000	11.1%	8.82	73,000	35.2%	10.74
Lismore	229,000	7.05	358,000	56.3%	11.02	254,000	10.9%	7.82	335,000	46.3%	10.31
Richmond Valley	131,000	7.76	197,000	50.4%	11.67	145,000	10.7%	8.59	175,000	33.6%	10.37
Tweed	514,000	7.68	757,000	47.3%	11.30	577,000	12.3%	8.62	691,203	34.5%	10.32
Totals	1,333,000	7.39	2,012,000	50.9%	11.15	1,495,000	12.2%	8.29	1,801,039	35.1%	9.98

Note. All figures are EX GST.