

30 November 2016

Parking Space Levy Review
Transport for NSW
18 Lee Street
Chippendale NSW 2008

Dear Sir/Madam

Review of the Parking Space Levy Act 2009 & Parking Space Levy Regulation 2009

Secure Parking has over 35 years experience in car park management with over 500 sites nationally and 1,500 internationally. In NSW we manage more than 180 sites and employ over 400 staff.

Set out below are our responses to the four questions tabled in your Discussion Paper dated October 2016. We would be very happy to meet with you to discuss further if that was helpful for your process.

Question 1 – Objectives & Terms Of The PSL Act

Observations:

1. The PSL was originally introduced primarily as an attempt to reduce congestion in the CBD. The PSL was introduced at a rate of \$200 and since 1992 has increased 15 times. Even accounting for the significant increase made to the PSL in 2009 around the time of the GFC, (rising from \$1,000 to \$2,000 per parking space) it is quite clear that significant road traffic congestion still persists in the CBD. In fact the number of Sydney based vehicle trips per week has increased by 8% during the period from 2001 to 2011.
2. The current PSL only targets the use of off-street parking. The scope of the PSL therefore does not impose any penalty on users of on-street parking nor does it create any disincentive for vehicles passing through the CBD areas which also contribute significantly to road traffic congestion. There is no Government initiative currently in place intended to control the ever increasing road traffic congestion.
3. Whilst Sydney road tolls play some role as a proxy for a broader reaching congestion tax (with an average commuter typically spending up to \$25 per day), there is increasing traffic congestion in the CBD that is generated by those drivers seeking to find on-street parking which in turn restricts the traffic flows of those vehicles that are passing through the CBD. This includes taxis and Uber vehicles circling the city looking for fares, the ever increasing number of courier/delivery vehicles that seek to pick up and drop off their deliveries (fuelled by the ongoing boom in internet shopping) and other transient vehicles making trips into the CBD and other fringe suburbs such as Surry Hills, Potts Point, Pyrmont and Darlinghurst.
4. The current PSL does not provide any incentive for commuters to vary their trips away from the morning and evening peaks to times when congestion is not as great. eg. a time later in the day after the morning peak has passed. The current Sydney Harbour Bridge toll regime imposes a higher toll of \$4.00 during the peak as opposed to a lower toll of \$3.00 during off-peak periods. Cities such as Singapore, London and Milan all have sophisticated congestion schemes that provide for disincentives to travel into the CBD during peak times. All of these congestion schemes are based on a road tolling system and are structured in such a way to encourage commuters to make their trips outside of peak times, in the evenings or on weekends. Some schemes also recognise commuters that have environmentally friendly cars for which they obtain a discount based on lower emissions.

5. The City of Sydney already has an extremely low ratio of parking spaces available per person employed in the CBD (relative to other major capital cities), a ratio of around 12 spaces being available for every 100 workers. Sydney also has one of the highest median daily parking rates across all the states (estimated by Colliers to average around \$71 per day).

Given the rents we pay under our car park lease agreements are fixed, any further costs imposed upon the car park operator (such as an increase to the PSL) can only be borne by the operator (through a reduced operating margin). Customers do not have the capacity to pay more for parking and this outcome will not have any positive impact on reducing heavy CBD traffic congestion.

Question 2 – Simplifying The Calculation Of PSL Liabilities

Observations:

1. In our view the current calculation method works. The majority of our car parks have equipment installed that enables the recording of vacancies and occupancies for each car parker category ie. permanent or casual parkers (known as “the 1:00PM vacancy count”). The data collected in this equipment is automatically accessed to generate a report showing the occupancy and vacancy statistics for any period of time whether that be day, week, month or year with no operating cost impost.
2. The current basis of calculation incorporating a casual space exemption is an effective basis upon which to calculate an appropriate liability for each car park and to maximise the tax levy payable based on the principle of “taxable income”. The casual space exemption varies across different car parks despite the fact that they are in the same PSL Category. The “1:00PM vacancy count” methodology currently used applies levy to the occupied bays which is consistent with the purpose of the PSL to reduce congestion in the CBD. As an example, The Wharf Woolloomooloo Car Park does not generate any morning or evening commuter congestion as the car park predominately services restaurants and a hotel in the evenings and weekends.
3. Exempt bays should be extended to include any bays occupied by low emission vehicles. This would enable operators and landlords to offer reduced rates for motorists driving low emissions vehicles and meeting the community objective of a reduced carbon footprint. Secure Parking has already installed electric charging stations in some car parks.
4. Car park use can change as a result of internal and external factors. For example, building occupancy levels are constantly changing in line with the broader economic cycle, as well as tenancy levels shifting into/out of certain suburban areas, both of which lead to changing demand for parking and therefore greater/less road congestion. Other factors also play a role such as major road works projects and road closures.

The Sydney CBD Light Rail project currently under construction is an example of a situation where car park occupancy levels have been severely impacted with a dramatic decrease in demand due to limited road access. The current system with an exemption for empty bays therefore works in these instances and the principle of “no tax if no income” holds.

5. Because of the inequities listed above if a “flat fee per bay” model was introduced it would force operators to close off unused bays in order to reduce their PSL liability. This would serve no economic purpose to any of the stakeholders involved, inevitably leading to less bays, reduced PSL revenue for *Transport for NSW* and increased road congestion as commuters circled the CBD looking for parking options. In Victoria changes to the Congestion Levy legislation forced Secure Parking to permanently close 521 bays and no doubt other operators and landlords have followed suit.

Question 3 – Simplifying Reporting Requirements

Observations:

1. We and others introduced automatic systems many years ago to provide vacant bay counts.
2. To simplify the process for *Transport for NSW* an on-line portal where car park vacancy data is automatically uploaded could readily be set up whereby *Transport for NSW* could access the data online at anytime.
3. To provide a greater level of transparency we propose an audit and reporting function be set up and managed by the industry body Parking Australia. Members of the parking industry would meet this cost (with relatively little additional expense required), thereby giving *Transport for NSW* a consistent standard in terms of reporting requirements. This would be a similar structure to the role played by the Bank Ombudsman in respect of the banking industry.

As an extension to the current framework, we would also suggest that the re-sellers of parking bays, new businesses such as *Divvy*, *Parkhound* and *Park Monkey*, would also be required to register. Any bays being sold through their online marketing platforms would also attract the PSL which we estimate could give rise to an additional 15% of revenue being generated for *Transport for NSW*. The parking re-sellers would also need to record their occupancy data in order to gain access to the allowable exemptions.

Question 4 – How Should Transparency In PSL Expenditure Be Improved

1. We agree with greater transparency and more detailed reporting in relation to the application of PSL revenues collected.
2. Annual year-on-year reporting of the revenues raised for each leviable district is welcomed in addition to greater detail being provided regarding planned project expenditure and project timing.

Yours faithfully



Peter Seales
General Manager NSW/ACT