

2 December 2016

Review of Parking Space Levy
Transport For NSW
18 Lee Street Chippendale NSW 2008

Via email: parkingspacelevyreview@transport.nsw.gov.au

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Dear Sir/Madam

The Sydney Business Chamber ("the Chamber") welcomes the opportunity to comment on the Review of the Parking Space Levy (PSL).

The Chamber is a division of the NSW Business Chamber and represents Sydney's leading corporations, advocating for Sydney to be a competitive and sustainable global city. The Chamber strives to identify, develop and promote the major issues that contribute to economic activity and growth in Australia's only global city, Sydney. This is achieved on behalf of business by representation and collaboration with governments at the local, state and federal level.

1. The Government's preliminary view is that the objectives of the Act remain valid, and that the terms of the Act remain appropriate for securing those objectives. Do you agree? Why or why not?

The Chamber believes there is insufficient evidence to conclude that the objectives of the Act remain valid and that the terms of the Act remain appropriate for securing those objectives.

The discussion paper states that:

The aim of the PSL is to reduce congestion by discouraging car use in leviabile districts, as well as attracting customers to public transport by funding around \$100 million of improvements to essential infrastructure each year, such as commuter car parks and interchanges.

While the Chamber supports policy mechanisms in place to combat congestion in commercial centres, it is questionable as to whether the PSL is an appropriate lever to do so. The NSW Business Chamber and the Sydney Business Chamber have previously called on the NSW Government to develop a demand management strategy to combat congestion in Sydney. This strategy should comprise a range of complementary mechanisms to manage demand for transport including flexible working hours, time-of-use charging for toll roads and public transport, and later starting times for schools.

The Chamber supports the NSW Government's Travel Choices Program which includes initiatives to manage demand, however we believe there is scope to enhance this program, particularly by including price signals. In addition, there is no mention of the PSL in the Travel Choices Program. Any policies on parking should form part of a demand management strategy and be complementary to other demand management mechanisms.

It is also questionable whether the PSL is effective in its own right. The PSL applies to the stock of existing car spaces available. The supply of car spaces in a commercial area is therefore highly inelastic given that variable costs (including the PSL) are generally below the market price while fixed costs are sunk and irrelevant to supply decisions. In the absence of evidence to the contrary, it is reasonable to assume that any impact the PSL has on congestion is negligible (given the bulk of the stock is pre-existing) and that it is therefore simply a revenue measure.

Given the vast array of technological advancements that have occurred since the policy's initial inception, the NSW Government should consider whether there is a more effective and dynamic mechanism which could be used to deter cars driving into the commercial centres during peak times. The PSL is a blunt tool which does not factor in time-of-use.

The discussion paper provides no analysis or data on whether the PSL has reduced car use or attracted customers to public transport. Without this in place, there is no evidence to conclude that the PSL achieves the objective to combat congestion.

The discussion paper states that PSL revenue funds around \$100 million of improvements to essential infrastructure each year. On the face of it, the PSL funding for projects such as commuter car parks appears to be a sensible investment to reduce congestion in our commercial centres. However, the discussion paper also raises the issue of the lack of transparency over what basis PSL funds are allocated to these infrastructure projects. Ultimately, without this transparency it is unclear as to whether the PSL is achieving its objective of attracting customers to public transport by funding improvements to essential infrastructure.

2. Do you support simplifying calculation of PSL liabilities?

If the NSW Government decides to continue with the PSL, the Chamber supports simplifying calculation of PSL liabilities. The Chamber agrees that further consultation should take place with commercial car park owners about the best mechanism to do this.

3. Do you support simplifying reporting requirements for property owners? What changes would property owners most value?

If the NSW Government decides to continue with the PSL, the Chamber supports simplifying reporting requirements to reduce red tape. The NSW Business Chamber's recent Red Tape Survey¹ found that businesses:

- want it to be easy to find out their obligations and have access to easy to understand information about their obligations;
- find record keeping onerous and time-consuming; and
- prefer that reporting requirements be integrated with other processes.

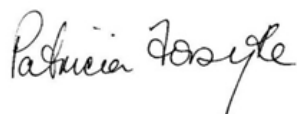
These principles should help guide any changes to reporting requirements.

4. How should transparency in PSL expenditure be improved?

The discussion paper proposed increased reporting on the level of revenue raised and spent on PSL-funded projects in each leviable district, and the development of a list of projects that are receiving PSL funding. While the Chamber recognises that these proposals provide transparency on where the funding is allocated, they do not address the concerns raised in the Auditor General's report on the lack of transparency on how the funding allocation decisions are made. Further transparency is needed on what criteria project funding is based on and how funding decisions are evaluated.

Thank you for the opportunity to comment on the Parking Space Levy Review. Please contact Larissa Cassidy at Larissa.Cassidy@nswbc.com.au or on 9458 7359 if you would like to discuss this submission further.

Yours sincerely

A handwritten signature in cursive script, reading "Patricia Forsythe".

**The Hon Patricia Forsythe
Executive Director**

¹ <http://www.nswbusinesschamber.com.au/Issues/Business-Surveys/Annual-Red-Tape-Survey>