

Parking Space Levy Regulation review

Discussion paper

Transport for NSW | October 2023

Overview

The *Parking Space Levy Regulation* 2019 (Regulation) is due for automatic repeal in 2024 as required by the *Subordinate Legislation Act* 1989.

Transport is inviting feedback from stakeholders on the Parking Space Levy to inform the remake of the Regulation. This discussion paper provides an overview of current issues and opportunities that Transport proposes to explore as part of the review.

Stakeholders are welcomed to submit their feedback on the review and the issues in this discussion paper until 17 November 2023. Transport will incorporate any relevant feedback into the drafting of a new Parking Space Levy Regulation that will be published for public consultation in early 2024.

Parking Space Levy

Since 1992, Parking Space Levy (PSL) has applied in some of the major commercial precincts in Sydney. The objective of this policy has been to:

- Reduce congestion by discouraging car use in these areas, and
- Help meet the cost of building better public transport so that it replaces car trips.

As at 1 July 2023, PSL applies to non-residential parking spaces in six areas around metropolitan Sydney:

- Category 1 (\$2,800 per space per annum) - Sydney's CBD, North Sydney/Milsons Point
- Category 2 (\$1,000 per space per annum) - Bondi Junction, Chatswood, Parramatta, St Leonards

Review focus

In 2018, Transport completed a statutory review of the *Parking Space Levy Act* 2009 and the *Parking Space Levy Regulation* 2009. The review identified areas for the Government to explore as part of longer policy term planning which will be part of the current regulation review:

- Areas where PSL should apply taking into consideration broader transport and planning objectives.
- PSL categories and the PSL rates at each category.
- Policy rationale for providing exemptions under PSL.
- Strategic framework for allocating PSL funds.
- Engagement with local communities to shape the future of PSL and projects funded under PSL.
- Innovation in how the PSL is administered to reduce reporting burdens on parking space owners.

Areas where PSL should apply

The current PSL leviable areas are defined in the Regulation in maps. The map boundaries have not been updated in over twenty years despite changes in city developments.

To ensure that PSL is applied consistently across city areas where there are congestion issues, Transport proposes to develop a criteria based framework for determining where PSL should apply.

The framework may identify new economic hubs like Macquarie Park for inclusion in the PSL scheme.

PSL categories and what rates to apply in each category

The framework for determining where PSL should apply can also allow city centres to be classified into PSL categories. For consideration to include as key metrics in the criteria framework are:

- Congestion level
- Travel data
- Employment density or other measures of economic activity
- Public transport availability and future infrastructure upgrades
- Land use plans and growth developments.

This may result in existing PSL areas being reclassified between categories 1 and 2, or into a new category.

Discussion point 1: Transport invites feedback on the proposed PSL classification framework and key metrics that should be considered to determine where PSL applies, and what rate of PSL applies in an area.



PSL exemptions

The 2018 review found that exemptions can be easily misused, creating inequitable outcomes for car park owners. Stakeholders also told us that there are opportunities to be more innovative with how we use exemptions to incentivise better usage of spaces.

The policy rationale for providing exemptions to parking spaces occupied by those who have no or limited alternative options, for example, disabled parking and emergency vehicle parking, are likely to remain valid in the future.

Exemptions for purposes other than essential vehicles (for example, retail, unused or unlet spaces) account for the majority of revenue foregone, but mainly benefit only a small number of parking space owners.

To the extent that some car parks continue to report under-utilisation and claim the unused or unlet exemption over several years, this indicates that PSL exemptions may be inadvertently creating perverse outcomes by incentivising inefficient use of space.

There is a question on whether there is policy rationale to provide exemptions for purposes other than to facilitate those who need to drive. This applies to the case for continuing existing exemptions as well as introducing any new exemptions, for example car share or electric vehicle charging.

If there is a view that any non-essential car trips should be treated equally, should on-street parking also be liable for PSL?



Discussion point 2: PSL exemptions:

- ***Are the current exemptions effective in providing accessibility for essential vehicles in PSL areas?***
- ***What are the wider benefits or considerations of exemptions for purposes other than essential vehicles, and can they be achieved through other means?***
- ***Should on-street parking be treated the same as off-street parking for the purpose of PSL?***

Strategic framework for allocating PSL funds

PSL currently raises around \$100 million per annum. The funds are allocated to the Public Transport Fund to be spent in line with the legislative mandate:

- Finance public transport services.
- Finance projects that facilitate access by public transport to and from, or within, leviable districts, including projects for the construction, maintenance and ongoing management of parking facilities, and other such infrastructure.
- Finance initiatives for the communication of information to commuters, including initiatives that make use of new technologies.

Recent projects that have been funded by the PSL include:

- CBD South East Light Rail
- Parramatta Light Rail
- Sydney Metro
- New commuter carparks
- Transit way maintenance
- Public transport information systems and displays
- Bus interchanges
- Bike Lockers

Whilst these projects meet the legislative mandate for PSL funding allocation, stakeholder feedback received in the 2018 review supported a more strategic funding allocation framework.

Engagement with local communities

Transport proposes to develop a strategic framework for allocating PSL funds, which will improve transparency and strengthen the connection between funds collected and Government spend on projects, encouraging more public transport/active transport usage in leviable areas and areas with congestion issues.

Feedback from local communities will inform how PSL spending is prioritised between Transport outcomes such as, but not limited to:

- First mile/last mile solutions, for example on-demand services
- Additional public transport services
- Mobility access
- Improved amenities at public transport hubs, including commuter car parks
- Active transport options
- Sustainable technologies
- Travel information and communication technologies



Discussion point 3: Transport invites feedback from local communities on the development of a consultation and prioritisation framework to allocate PSL funding.

Streamlining administration

PSL is an annual levy administered by Revenue NSW on behalf of Transport.

Parking space owners within a leviable district are required to lodge an annual return by 1 September each year to confirm ownership and exemption details.

The 2018 review identified opportunities to automate processes and improve auditing and compliance. Transport, together with Revenue NSW will review the current systems and processes to target these opportunities.

Discussion point 4: Transport invites suggestions on improving administration and compliance processes.

Have your say

If you have any questions or would like more information, please contact our project team:

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Background

Congestion on Sydney's road network creates thousands of delayed hours daily, as well as inconveniencing those delayed by traffic, constraining growth and stifling economic development. Counting the number of delayed hours on Sydney's road network, the cost of road congestion is estimated at \$8 billion annually¹.

As Sydney grows and population increases, the congestion problem will get worse unless measures are in place to move more people out of private vehicles.

In the ten years between 2009-10 and 2019-20, public transport grew in popularity as the network expanded with the number of public transport trips increasing by over 40 per cent². However, COVID-19 has had a significant impact on commuters' travel patterns with more employees adopting working from home flexibility.

While there has been a significant decline in public transport patronage since COVID-19, the impact on private vehicle travel volume has been minimal in the Greater Sydney area. This has led to an increase in the proportion of private vehicle trips to 71 per cent³ in 2022-23, compared to 68 per cent in 2019-20. The Parking Space Levy review will consider the role of the levy in influencing car usage in key city centres, as well as its usage in public and active transport projects to provide alternative travel options.



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¹ Infrastructure Australia 2019, *Urban Transport Crowding and Congestion June 2019*

² Transport for NSW (2023), *Travel data by region - Sydney Greater Capital City Statistical Area*, Household Travel Survey

³ Transport for NSW (2023), *Travel data by region - Sydney Greater Capital City Statistical Area*, Household Travel Survey