

*Tabled by Mr Constance
on 14 November 2018.
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**Transport
for NSW**

Review of the Parking Space Levy Act 2009
Review of the Parking Space Levy Regulation 2009
Final Report

October 2018

Contents

1	Executive Summary.....	3
1.1	Proposed next steps.....	3
2	Improve administration.....	4
2.1	Alternatives to annual returns.....	4
2.2	Evidence based exemption claims	5
2.3	Issues when ownership of leviable premises changes hands.....	5
3	Improve transparency	7
4	Future policy direction.....	8
5	Appendix 1 – key themes of stakeholder views.....	9

1 Executive Summary

Since 1992, a 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 trips into these areas.
- Help meet the cost of building better public transport so that it replaces car trips.

The Government commenced a review of the *Parking Space Levy Act and Regulation 2009* and conducted a round of consultation in October-November 2016 with the issue of a discussion paper.

The discussion paper stated that the Government's preliminary view is that the objectives of the Act remain valid, and that the terms of the Act remain appropriate for those objectives. The paper raised a number of specific areas in Government's consideration, particularly the simplification of calculation of PSL liability; simplifying reporting requirements; and improving transparency.

TfNSW received submissions from individuals, councils and parking organisations. Responses on the issues raised were generally neutral to positive, with all submissions supportive of increased transparency of how PSL spending is allocated. The submissions also expressed views and suggestions on improving the administration of and the strategies for the PSL scheme.

Appendix 1 sets out the key themes in stakeholder submissions.

The Government has analysed the feedback received and concluded that the PSL remains appropriate for Sydney with some adjustments to improve administration in the short term. The Government will also undertake longer term policy development and planning to take into account suggestions relating to the wider policy context and strategies of the PSL scheme.

1.1 Next Steps

1. Simplify the requirements for annual returns.
2. OSR to review the guidelines for claiming exemptions.
3. The Government to consider amending the legislation to provide for the proportional liability for the PSL to transfer from vendor to the purchaser at the date of settlement.
4. Include a section in the Transport for NSW Annual Report providing details of PSL revenue collected and applications of PSL funds.
5. The Government to undertake longer term policy development and planning for the PSL scheme to capture changes in the Sydney landscape, new public transport services commencing and emerging technologies.

2 Improve administration

Submissions were generally supportive of measures that would reduce the current burden of calculating the PSL and the reporting requirements. However, submissions identified a number of issues with the changes proposed in the discussion paper that require further examination.

2.1 Alternatives to annual returns

As at 1 July each year, the PSL Act imposes a levy on all off-street parking spaces in a leviable district, other than exempt spaces.

This means that all owners of all parking spaces in a leviable district – regardless of whether they actually need to pay the PSL – must register with the Office of State Revenue (OSR) and submit an annual return. Notwithstanding this requirement, the OSR does not currently enforce this requirement for owners of residential properties as there is a general exemption for all residential property.

The remaining owners of parking spaces are required to submit an annual return providing information on the number of parking spaces they own and the exemptions they are claiming. However, an annual return is generally unnecessary for owners who are not claiming exemptions such as the unused casual parking space and the unlet space exemptions where the level of exemption might vary over time. For owners of parking spaces whose details do not change from year to year, OSR can automatically calculate owners' PSL liability without their annual returns.

This review considered simplifying the reporting requirements for owners by introducing a one-off registration process, and allowing OSR to calculate owners' PSL liability automatically without requiring the owners to submit an annual return. The review also considered applying an assumed vacancy rate for owners of casual parking spaces who are claiming the unused casual space exemption. This would remove the requirement for owners to keep daily records of the vacancy rates at their carparks.

Submissions to the review generally supported reducing red tape and simplifying the requirement for annual returns. However, a view was put forward by industry stakeholders that individual vacancy rates calculated through daily record keeping should be retained, and that electronic monitoring systems already in place mean that the administration costs associated with daily record keeping is minimal as they already collect the records for business purposes.

An alternative approach to the existing system of annual returns would be to only require owners of leviable parking spaces to provide information about their parking spaces when their circumstances change or as requested by OSR. This may include:

- Introducing a simplified 'one-off' registration process for parking spaces, where owners would contact OSR if there is a change in the nature or ownership of the parking spaces.
- Allowing the OSR to make a preliminary assessment of PSL liability for parking spaces that are not subject to the unused casual space and unlet space exemptions, with property owners only providing information if they disagree with this assessment.

These changes would reduce red tape for property owners, reduce costs for taxpayers and address existing issues with the administration of the PSL. It would also reduce administrative costs for the OSR. Submissions were supportive of efforts to implement alternatives to annual returns.

Next Steps

Simplify the requirements for annual returns.

2.2 Evidence based exemption claims

There are 22 exemption categories that carpark owners can claim an exemption from PSL liability, including spaces that are unused, provided for disabled users/emergency vehicles, at charity or retail locations. OSR recorded over \$60 million in revenue foregone for exemptions claimed under PSL in 2016-17¹.

Three exemption rules account for the majority of the revenue foregone: unlet spaces, unused casual parking spaces, and spaces at retail shops in category 2 PSL areas.

OSR records indicate that these three exemption categories are susceptible to misuse, and that some operators are not claiming these exemptions under good faith, creating inequities in the industry. In particular,

- A review of the claims under the unused casual parking spaces exemption showed that many parking operators are claiming high vacancy rates – more than 45 per cent in some of the biggest CBD carparks. This suggests either over-reporting of vacancy rates or an inefficient use of assets.
- There is evidence to suggest some carpark owners claiming the retail exemption are partly operating as a commercial car park targeting commuters through early bird parking and other rates. This unfairly disadvantages owners of commercial, casual or employee parking spaces that are subject to the PSL levy.

In regards to the unused casual parking space exemption, the parking industry submits that there are automated systems in place to undertake counts in large carparks - this data can be used to verify the unused casual parking space exemption claims. The industry has also proposed that returns are independently audited to provide transparency. This is a good first step in verifying usage rates.

As well as requesting more information from carpark owners to substantiate their exemption claims, OSR will be reviewing the guidelines for claiming exemptions to drive improved compliance.

Carpark owners who are claiming the unused casual space and unlet space exemptions, which are subject to variations due to changes in carpark usage, will be subject to a separate annual PSL assessment process to those who are not claiming these exemptions.

Next Steps

OSR to review the guidelines for claiming exemptions.

2.3 Issues when ownership of leviable premises changes hands

Under current arrangements, the owner of a leviable premise on 1 July each year remains liable for the payment of the PSL for the full 12 month period – even where

¹ NSW Budget Statement 2017-18 Appendix A5

the property is sold before 30 June in the following year. This has caused problems for vendors who were not aware of their continuing liability. In addition, some purchasers of leviable premises were not aware that the property was subject to the PSL. More broadly, it is inconsistent with the practice for adjusting other rates and levies on conveyancing of a property between owners as at the date of settlement.

While the PSL obligations are at present a matter for the contracting parties to resolve in the negotiations, this can be a source of dispute. Additionally it raises compliance problems for the OSR in collecting from an owner who has disposed of a property.

An option for dealing with these issues is to amend the Act to provide that liability for the PSL transfers to the purchaser from the settlement date. This would be supported with arrangements for notifying OSR similar to those for selling a car, where both parties are obliged to notify Roads and Maritime Services of the sale. Submissions were supportive of this option.

As this will become another step in the conveyancing of a property, the administrative burden will be minimal, and the benefits will outweigh any additional effort required.

Next Steps

The Government consider amending the legislation to provide for the proportional liability for the PSL to transfer from vendor to the purchaser at the date of settlement.

3 Improve transparency

A strong theme across all submissions to the review was that TfNSW could improve transparency around how PSL funds are allocated.

Given that the PSL raises around \$100 million each year, it is desirable that funding decisions be made in an open and transparent manner.

TfNSW already publishes a list of completed projects that have been funded from the Parking Space Levy online, as well as a statement outlining annual expenditure from the Public Transport Fund. However, this report is not currently provided on a regular basis. Stakeholders did not generally consider this to be sufficient.

One option to provide additional transparency would be for TfNSW to publish information in its Annual Report about the PSL, including:

- A year-on-year report with more detailed information on the revenue generated from the PSL by type or category; and the revenue foregone from exemptions.
- The sums spent during the year on projects to which the PSL is applied; an explanation of the benefits of those projects; and a reconciliation of the sources and applications of the funds.
- A list of approved projects on-foot and new projects to be funded or part-funded using the PSL with planned start and end dates, and the allocation.

The alternative is to publish a separate more regular report (say quarterly) online.

Given the PSL is in effect an annual charge, and projects in which the funds are invested are generally of a capital nature generally spanning more than one year, an annual report is determined to be most appropriate. There is no clear benefit or justification in reporting separately from other matters contained in the Transport for NSW Annual Report.

Next Steps

Include a section in the Transport for NSW Annual Report providing details of PSL revenue collected and applications of PSL funds.

4 Future policy direction

Several submissions made suggestions on the wider policy context and strategies of the PSL scheme, including:

- Determining if new centres should become leviable, having regards to a due process to assess new centres.
- Reviewing the types of parking spaces that are leviable and exempted.
- Extending the PSL to fund active transport projects.

The objective of the PSL policy is to:

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

Emerging trends and transport innovations such as car sharing should be taken into account when considering the PSL leviable and exemption framework.

The Government should undertake longer term policy development and planning for the PSL scheme that considers the changing Sydney landscape and emerging technologies that could improve traffic flow in congested areas. This would include consideration of public transport or active transport projects that align with the PSL objectives.

Next Steps

The Government will undertake longer term policy development and planning for the PSL scheme to capture changes in the Sydney landscape, new public transport services commencing and emerging technologies.

5 Appendix 1 – key themes of stakeholder views

The types of projects that can be funded by PSL should be extended to active transport	Bayside Council, City of Sydney
Support for increased transparency on how PSL spending is allocated	All
The base of the PSL should be changed (for example extending to on-street parking, or new areas)	Wilson Parking, Bayside Council, City of Sydney
If the goal is to reduce congestion then the focus of the PSL should not only be off-street parking spaces but all car users	Parking Australia, Wilson Parking
Any expansion of PSL leviable areas should be subject to consultation with industry	Shopping Centre Council of Australia
New exemptions should be considered, particularly for car-sharing and for small businesses/individuals with single car spaces	City of Sydney, Parking Australia, Carsharing Association, goget.com.au, Committee for Sydney, Secure Parking, The Owners of Cooperage and Tablet House