

## **Parking Australia Submission to Infrastructure Victoria on Victoria's Draft 30-Year Infrastructure Strategy**

### Executive Summary

Parking Australia is the peak body representing the parking industry. Its members consist of local governments, private car park operators, universities, airports, and entertainment facilities, as well as car park software and hardware providers.

In our role as the voice of the parking industry, Parking Australia has consistently opposed the taxing of parking as an effective way to combat congestion. The Melbourne Congestion Levy is inequitable and ineffective in that the levy is on commercial parking spaces whether they are used or not. Yet, through traffic, ride share vehicles (including taxis) on-street parking and residential parking are excluded.

The Melbourne Congestion Levy is an antiquated method of taxing motorists and the extension of the levy into areas of the City of Yarra and the City of Stonnington is only going to increase the inequity of this levy when applied to more parking spaces.

At a time when the Melbourne CBD and inner suburban retail precincts such as Chapel Street and Bridge Road are struggling to recover from the effects of the pandemic, the increasing of the levy in price and zone is ill-timed and illogical.

While Parking Australia opposes the Melbourne Congestion Levy or any tax on parking spaces it does recognise that congestion is an issue for Melbourne. This is why Parking Australia are supportive of Infrastructure Victoria recommending the trial of alternative congestion pricing. It also supports the recommendation of demand-responsive pricing of on-street parking and the charging of parking at transportation hubs like in cities such as Sydney.

Parking Australia agrees that short term recovery should be a focus for the state, yet increasing the price and size of the congestion levy is counterintuitive to this objective. Removing the current congestion levy would send a clear message that Melbourne is back open for business in a Covid-Safe manner which will then help stimulate Victoria's economy.

It is disappointing that Infrastructure Victoria report neglected one of the key reasons for congestion in Melbourne, that being through traffic. Motorists have to travel through the city and inner suburbs to get to the other side. This is especially the case when needing to travel north or south and vice versa. In most Australian capital cities motorists do not drive into their respective CBD's unless they want or need to. In Melbourne they have little to no choice but to sit in traffic on roads such as Punt Road or Kings Way.

### Submission response

With over 5 million registered motor vehicles in Victoria, of which close to 4 million are passenger vehicles, and 750,000 being light commercial vehicles (ABS 2020 Motor Vehicle Census), parking forms an important part of greater Melbourne and Victoria's major regional cities transport networks.

**p** 1300 787 233

**e** [paa@parking.asn.au](mailto:paa@parking.asn.au)

PO Box 30 Elsternwick VIC 3185

abn 99 365 753 043 acn 602 623 567

There are two main segments of the parking industry, on-street which is managed by councils, and off-street which is owned by various public and private organisations. This differentiation is key when endeavouring to understand the parking industry and how the off-street segment is unfairly charged under the Melbourne Congestion Levy.

The parking industry has been one of the hardest hit industries as a result of the global pandemic. Pre-Covid revenue from parking (including fees and fines) was approximately \$4.5b annually. The effect of the lockdowns was partly acknowledged by the Victorian Treasurer, Tim Pallas, who announced a 25% waiver of the congestion levy for the calendar year 2020.

As stated in Infrastructure Victoria's report, the population boomed in the last decade, adding more than 1.2 million people. The report also stated that Infrastructure Victoria, 'have undertaken extensive modelling,' to consider extra scenarios. However, it is Parking Australia's view that the modelling covering both on-street and off-street parking was not comprehensive, nor did it evaluate the technological advances made in the parking sector which could help reduce congestion.

The 30-Year draft strategy has identified those draft recommendations that are particularly relevant for short-term recovery, yet the proposed increase in the Melbourne Congestion Levy in price and location contradicts the efforts to assist in the short term, especially for the Melbourne CBD and inner suburbs.

It was also stated that we should manage demand and squeeze maximum efficiency from existing infrastructure. This is something Parking Australia supports, yet there are no recommendations as to how this would be achieved. For example, there is nothing in the draft strategy about the use of air taxis following Uber Air's identification of Melbourne as one of their four preferred cities to launch the service. Commercial car parks in Melbourne are ideally suited for such a service.

There is also nothing about marine transport, whether that be on Port Phillip Bay or the Yarra and Maribyrnong Rivers, where commuters could drive to and park, then board a vessel to travel into the heart of Melbourne.

A key objective detailed in the draft strategy is in relation to the Victorian Climate Change Act (2017) and reaching net zero greenhouse gas emissions by 2050. In relation to this objective, Parking Australia believe that the strategy has overlooked two key factors:

1. The Melbourne Congestion Levy is charged on the number of commercial car parks and not on actual usage or traffic figures. As such, the levy, which is passed onto motorists, is paid by a minority of commuters who travel into the CBD. It does not capture, through traffic (43% of Melbourne CBD traffic), taxis, ride share, on-street parking, residential parking or other modes of transport which also use the roadway.
2. On-street parking is a major form of congestion in inner Melbourne and the use of technology to locate an available car space, or the probability of finding a car space, would direct motorists to find a car park quickly and efficiently. The use of this technology is currently utilised in Newcastle, NSW and an alternative trial is being conducted by Transport for NSW in conjunction with the Northern Beaches Council in Sydney.

It was of interest to Parking Australia that the draft strategy stated that, “strategy aims to provide the Victorian Government with the best available evidence on which to base future decisions”. Yet since 2005 there has not been a review or evaluation of the Melbourne Congestion Levy. In that time, it has raised more than \$1b in consolidated revenue to the Victorian Government.

It is hard to comprehend how such a levy, aimed at reducing congestion, has not been evaluated for its effectiveness. It is even harder to understand how a recommendation to increase the price and size of the levy can be proposed, given there is no evidence to support it as an effective way to price congestion.

In addition to this the State Revenue Office (SRO) who administer the Melbourne Congestion Levy have done very little to track the buying/selling parking spaces via numerous peer to peer platforms. This oversight only exacerbates the inequity of the current levy charged on commercial car park owners and operators.

Infrastructure Victoria state that they, “have undertaken extensive modelling to help inform these recommendations, including considering different scenarios for population growth, infrastructure investment, and population and employment distributions”. While congestion has been modelled, there is no specific modelling on the effect that the current Melbourne Congestion Levy has on congestion, nor does it seem that there is any modelling on what effect increasing the Levy will have on current congestion levels.

Infrastructure Victoria commissioned pre-eminent experts to provide their views on developing evidence and draft recommendations for this draft strategy. It is disappointing that the Transport Advisory Panel has not consulted with the parking industry to understand how parking is an important part of the transportation network.

### Summary of recommendations

Below are Parking Australia’s responses to some of the recommendations outlined in the draft strategy:

#### **1. Accelerate the uptake of zero emissions vehicles.**

Parking Australia are supportive of the uptake of alternative fuel vehicles. Yet it is vitally important that the infrastructure required to power these vehicles is addressed. For example, car parks are the ideal setting for Electric Vehicles to be charged. Parking Australia suggests that Infrastructure Victoria add further recommendations regarding the roll out of EV chargers in commercial car parks.

#### **10. Strategically review climate consequences for infrastructure.**

Existing public and commercial car parks play a key role in providing the necessary infrastructure required to house vehicles. By utilising the current capacity to its fullest, they allow motorists the ability to get off the road as quickly as possible helping to reduce congestion. They also reduce the demand for on-street parking which means motorists do not need to drive around trying to find an on-street car park.

#### **17. Prepare for increasingly automated vehicle fleets.**

One potential outcome of autonomous vehicles being added to the transport network is that it would see an increase in congestion. As such, it is vital that automated vehicles with no occupants are moved off the road and housed in car parks. In addition to this, car parks will need to install technology which will assist the parking of these vehicles.

**20. Transform road network operations for all current and future modes.**

Future transformation of the of the road network requires detailed examination as to how it will affect on-street parking and council parking revenue. This examination should be undertaken in relation to how existing clear way zones and times currently operate. This should begin with an evaluation of how the current clear ways are working in all areas of Melbourne.

**33. Publish Victoria's transport plan.**

Victoria's transport plan should include an evaluation of how both on-street and off-street parking influence the transport network. It should also include a review of, not only the number of vehicles that park, but also the number of vehicles that are classed as through traffic. This should occur not only for the Melbourne CBD, but all areas covered by the transport plan.

**40. Improve walking and cycling data to better estimate travel impacts and benefits.**

Parking Australia support the improvement of walking and cycling data. Many people counted in the walking data have already driven and parked and/or caught public transport. A better understanding of the combined modes of transport will assist future decision and policy development.

The collection of cycling data should also be improved. With the installation of cycling lanes to replace either on-street parking or traffic lanes, it would be beneficial to compare the usage of the cycling lanes with the past usage of the road/roadside.

While the installation of cycling lanes no doubt makes cycling safer, the opportunity cost of the cycling lanes need to be understood in relation to how the cycling lane could, or has, been used by other forms of transport.

**49. Appoint an independent transport pricing adviser.**

The appointment of an independent transport advisor may be required should Victoria move to a user pays congestion pricing mechanism.

**50. Increase and extend the Melbourne Congestion Levy on parking. In the next two years, review the Melbourne Congestion Levy on parking to increase its value, expand the properties it applies to, and cover a wider area including Richmond, South Yarra, Windsor and Prahran. Consider applying a similar levy to other highly congested parts of Melbourne which have good public transport alternatives.**

The Melbourne congestion levy is clearly an inequitable tax on commercial car park owners and operators. It is charged on the number of car spaces whether used or vacant. This situation was highlighted during the lockdowns in 2020 where the levy was charged although car spaces remained mostly unused.

The levy is passed through to motorists who utilise commercial off-street parking facilities. As such, the levy, which is aimed at reducing congestion, is paid by a minority of motorists who travel in and through the city of Melbourne. Those motorists who travel through the city (43% City of Melbourne, 2030 Transport Strategy), taxis/ride share services, use on-street parking and/or park in residential premises and do not pay the levy.

If fact, many studies have shown that cruising for on-street parking is a significant cause of city congestion. In his book, 'The High Cost of Free Parking' (2005, 2011), Professor Donald Shoup stated that 30% of city

congestion was a direct result of motorists 'cruising' for on-street parking and that, on average, time spent searching for an on-street parking space was eight (8) minutes. As such, to solely charge commercial off-street car parks for congestion is blatantly unwarranted.

In light of the pandemic, and the need for the City of Melbourne to attract people back into the city for work and entertainment, the current congestion levy should be abolished until a fairer user-pays system is introduced that is based on actual congestion, not an occupied or vacant parking space.

While both New South Wales and Western Australia have congestion/parking levies for parts of Sydney and Perth, both systems are fairer than the Victorian levy. In New South Wales, the levy is only charged on actual usage but does neglect through traffic and on-street parking. The Perth Levy is charged on all on-street and off-street parking but does not account for actual usage. Both schemes have significant flaws yet are still better than the current levy charged in Victoria.

Parking Australia fundamentally opposes the use of parking as a mechanism to charge for congestion. Since the Melbourne Congestion Levy was introduced in 2005, congestion has clearly increased with the congestion levy having little to no effect.

**51. Incorporate congestion pricing for all new metropolitan freeways. Apply congestion reducing tolls to all new metropolitan freeways, including the North East Link.**

The use of tolls as a form of congestion pricing has some merit and is a form of user pays system. It is Parking Australia's belief that should a wider congestion pricing mechanism be introduced, that all forms of tolls and congestion levies be abolished. Parking Australia is of the view that motorists should not be charged more than one form of congestion pricing for the use of the same road.

**52. In the next five years, trial full-scale congestion pricing in inner Melbourne.**

The trialling of a full-scale congestion pricing mechanism has merit. Such systems are already in use in cities such as Singapore, London, San Diego, Stockholm, and Milan. However, the introduction of such a scheme should only be in conjunction with the total removal of the current Melbourne Congestion Levy.

**53. Trial demand-responsive pricing on parking in inner Melbourne. Trial demand-responsive pricing on street and council-controlled parking in inner Melbourne in the next five years.**

In general, Parking Australia is supportive of the trialling of demand-responsive pricing for on-street parking. However, the council off-street controlled parking is often in competition with commercially owned and operated car parks. As such, government competition and neutrality policy guidelines need to be adhered to.

**54. Price parking at major public transport hubs, all train stations and park-and-rides. In the next five years, introduce pricing of parking at major public transport hubs, followed by all train stations and park-and-rides, to help encourage using public and active transport for access.**

Parking Australia is fully supportive of the pricing of parking at transport hubs and train stations. This would place these facilities on an equal footing with privately owned parking facilities. It would also generate revenue which could be reinvested into further parking developments.

**55. Phase out fixed road user charges and introduce user pays charging. In the next 10 years, replace fixed road user charges with variable distance-based and congestion charges. Ensure user pays charging reflects the relative costs of providing roads and encourages drivers to change their behaviour.**

The introduction of a user pays charging scheme should see the abolition of any additional charges such as the Melbourne Congestion Levy.

**Additional comments in response to draft strategy**

**Road vehicles, like cars and trucks, contribute almost 90% of transport emissions. To achieve net zero transport emissions, Victoria must adopt alternative zero emission transport technologies.**

It is widely anticipated that 25% of Australia's vehicle fleet will be electric vehicles in the coming years. As such, electric vehicle charging infrastructure will need to be installed at facilities where electric vehicles are parked. Apart from the home, car parks will become a key part of the electronic vehicle charging network.

As Victoria adopts alternative zero emission transport technologies, it is vital that a strategy and guidelines be established to ensure that EV charging is installed in the most effective locations. It is also essential that EVs can access charging locations without having to compete with Internal Combustion Engine (ICE) vehicles. This is an important issue for car park operators and the community in general.

**Air transport (air taxis) and marine transport.**

Melbourne was named one of the four trial cities for air taxis by Uber Air in 2019, yet this mode of transport is not outlined in the 30-year draft strategy. With a good number of car parks in Melbourne with clear rooftops, they present ideal locations for transport hubs for air transport.

As recently as 8 February 2020, the Hyundai Motor Group, Coventry City Council and the UK Government, have partnered with Urban-Air Port to launch the world's first site – Air One – to demonstrate the potential of urban air mobility for the UK and worldwide. This development, and ones like it, should be included in Infrastructure Victoria's final recommendations.

**Future technology will shape energy options and use.**

Electric Vehicle charging in conjunction with electricity generation, such as solar PV, will help shape energy options in the future. There is currently technology which, not only allows EVs to charge from the electricity grid, but also to send electricity back into the grid. This technology is currently available and as EVs become more common there will be an increased take up of this kind of energy option.

**Accelerate the uptake of zero emissions vehicles.**

The uptake of Electric and Hydrogen powered vehicles will increase as more stock become available. However, the purchasing of these vehicles can be accelerated by the rolling out of key infrastructure to recharge these vehicles. Therefore, it is important to accelerate the installation of chargers in car parks where these vehicles will be located.

**p** 1300 787 233

**e** [paa@parking.asn.au](mailto:paa@parking.asn.au)

PO Box 30 Elsternwick VIC 3185

abn 99 365 753 043 acn 602 623 567