

### 10.3. Parking Meter Fees and Service Fee Clarification

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<b>ATTACHMENTS</b>	Nil
<b>CSP LINK</b>	2. Our Built Infrastructure 2.1 Infrastructure and assets meet diverse community needs 2.2 Vibrant public domains and villages 2.4 Efficient traffic mobility and parking  3. Our Innovative City 3.2 North Sydney is smart and innovative  5. Our Civic Leadership 5.4 Council services are efficient and easy to access

#### PURPOSE:

This report provides Council with advice in relation to the NSW Government's revised Pay Parking and Controlled Loading Zone Guidelines and the application of service fees associated with parking software or payment apps.

#### EXECUTIVE SUMMARY:

- In response to the 3G network shutdown, and consequential redundancy of council's car parking meter technology, a new pay parking meter system was implemented in July 2024.
- Section 96 of the Road Transport (General) Regulation (The Regulation) requires that the cost of administering the parking scheme must be borne by the parking authority.
- The new system chosen by Council, provided increased functionality including additional payment options of a QR code payment and an online app to allow customisation of parking needs by users. The cost of this parking app was to be borne by the user on a 'user pays' principle through an 8.25% service fee.
- As the supplemental payment options are an added function designed to support the user with their parking and not required for the administration of the parking scheme, this function was not considered to fall within Section 96.
- The introduction of this service fee which aligns with 'user pays principles' has become common amongst Councils who have updated user pays parking systems as technology has evolved.
- Any transfer of cost to Council becomes a cost absorbed by ratepayers rather than the individual user.

- In March 2025, the NSW Government announced a review of The Permit Parking Guidelines (PPG) and Pay Parking and Controlled Loading Zone Guidelines (PPCLZG) with submission open to 2 May 2025.
- The draft PPCLZG aims to clarify the requirements and implications of section 96 of the Regulation to ensure that surcharges, fees and costs are no longer applied separately to users. The updated guidelines are proposed to be released mid-year 2025.
- Compliance with the Revised PPCLZG and removal of the service fees will result in costs of approximately \$334,000 per year.
- Pricing for car parking is based upon 'market competitiveness' within Councils Revenue Policy. Having considered the impact of the additional cost in developing car parking fees for 2025/26, we have determined that increasing these fees to absorb the cost of the parking app is not supported by this principle.
- The financial forecast for Council will have to be adjusted to incorporate the additional cost associated with removing the service fee of 8.25%. While this does impact the budget, overall, the new car parking system has generated savings for Council.

#### **RECOMMENDATION:**

- 1. THAT** Council notes the proposed changes to the Pay Parking and Controlled Loading Zone Guidelines (PPCLZG), expected to be released mid-2025, which will require Council to absorb the service fee of 8.25% currently charged directly to users.
- 2. THAT** Council incorporates the additional cost into the 2025/26 budget through the September 2025 Quarterly budget review process.
- 3. THAT** the Draft Fees and Charges for 2025/26 as outlined in this report be endorsed and placed on public exhibition for 28 days.
- 4. THAT** a further report be prepared for Council's consideration after the submissions period to facilitate adoption of the Fees and Charges Schedule 2025/26.

## **Background**

In response to the 3G network shutdown, and consequential redundancy of Council's car parking meter technology, a new pay parking meter system was implemented in July 2024.

The new service has upgraded features including the ability to pay using online services and phone applications, enabling users to better manage their parking. The use of this application is based on the payment of a service fee by the user, as is the case with many apps in the market.

North Sydney Council opted for the 'user-pays' system to avoid fees paid for these services being passed on to ratepayers. Other NSW Councils also currently employ a 'user-pays' system across various pay parking applications.

In March 2025, the NSW Government announced a review of The Permit Parking Guidelines (PPG) and Pay Parking and Controlled Loading Zone Guidelines (PPCLZG) with submissions open to 2 May 2025.

The draft PPCLZG aims to clarify the requirements and implications of section 96 of the Regulation to ensure that surcharges, fees, and costs are no longer applied separately to users. The updated guidelines are proposed to be released mid-year 2025.

The clarification seeks to address the ambiguity in relation to the charging of service fees.

## **Report**

### **New car parking meter system**

North Sydney Council's previous contract for the operation and maintenance of the parking meter system expired in July 2024, with no further options to extend. This coincided with the planned 3G Network shut down on 30 June 2024.

Council research confirmed a move away from cash payments and growing integration of services through phone applications. Phone applications add considerable functionality that improve parking flexibility for users.

This provided an opportunity for Council to upgrade to a superior parking meter network that was cashless, operated on the 5G network, and had the added service functionality of a pay parking app.

Moving to the new infrastructure with improved technology has also resulted in considerable cost savings. The annual cost for maintenance and operation of Council's previous parking meter contract was approximately \$1.28 million per year. The new infrastructure now costs Council in the order of \$355,000 per year, resulting in savings of approximately \$930,000 in Financial Year 2024-2025. These savings have already been accounted for in the budget.

The new parking infrastructure has also resulted in reduction in costs associated with reprogramming and replacement, which is reflected in Council's draft fees and charges.

Revenue from on-street parking is returning to levels experienced prior to the new parking infrastructure and is currently 2.7% below the same period last year. There are several factors which contributed to the decrease in revenue, including:

- the ability of users to only pay for the time actually parked when using PayStay, as opposed to paying for an estimated length of time upfront at traditional meters;
- the new Metro service – improving public transport accessibility as a viable alternative to private vehicle usage;
- loss of metered parking spaces due to the Warringah Freeway upgrade; and
- completion of several major projects (such as the Metro), with fewer workers travelling to the North Sydney LGA to work on construction projects.

### **Proposed changes to guidelines**

The Pay Parking and Controlled Loading Zone Guidelines (PPCLZG) is a statutory document issued by Transport for NSW under section 93 and 126 of the Road Transport (General) Regulation (The Regulation).

The Guidelines steer the establishment and operation of pay parking schemes by parking authorities under Division 1 of Part 6 of The Regulation.

In March 2025, the NSW Government announced a review of The Permit Parking Guidelines (PPG) and the Pay Parking and Controlled Loading Zone Guidelines (PPCLZG), with submissions open to 2 May 2025.

There are four key areas of proposed change within review, including:

1. improving access to beaches and other attractions;
2. ensuring availability regardless of tenure or housing type;
3. prioritising permits for those without on-site parking; and
4. addressing surcharges associated with parking software or payment apps.

Should the proposed changes be confirmed, proposed change 4 (above) is relevant to Council. Addressing surcharges associated with parking software or payment apps will require Council to absorb the service fee of 8.25% currently charged to users of the pay parking app.

The draft PPCLZG clarifies the requirements and implications of s96 to ensure that additional surcharges, fees, and costs are no longer applied separately to users.

Currently Section 96(1) of the Regulation states: "The cost of administering a pay parking scheme are to be borne by the parking authority."

Council's interpretation has been that, as the parking app is an added function designed to support the user with their parking and not required for the administration of the parking scheme, this function was not considered to fall within Section 96.

The proposed approach through the review of the guidelines will be that 'costs of administering a pay parking scheme' will be defined in the guidelines follows:

Costs of administering a pay parking scheme are to be borne by the parking authority per s96(1) of the Regulation. This means that users must only be charged the parking fee and must not have any service fees, surcharges, or additional costs imposed upon them, including for functions such as saving user details, remote extensions of time, expiration reminders etc.

These proposed changes are expected to be confirmed following consideration of feedback, with revised Guidelines expected to be issued mid-2025.

Consideration of fees and charges for on-street parking for 2025/26 was excluded from the Draft Fees and Charges Schedule considered at Council's meeting of 28 April 2025, pending this report. Council has two options in relation to funding to pay the service cost.

### Options

The approximate cost of application services is \$334,000 per year. To fund this cost, Council has two options as outlined below:

1. Council increases parking meter fees to generate revenue for the increased costs.
2. Council funds the increased cost through general revenue and incorporates this cost into future budgets.

These options are assessed in the table below.

Option	Finance/Resourcing	Risk/Opportunity	Consultation
1.	<p>Council removes the service fee and <b>increases parking meter fees</b> to generate revenue for the increased costs associated with the removal of service fees.</p> <p>There would be an expected increase in costs of approximately \$334,000 per year as a result of the removal of service fees. The increase in pay parking fees would cover this increased cost.</p>	<p>The option would ensure compliance with the changes outlined in the revised PPCLZG.</p> <p>The option would potentially recuperate costs associated with change.</p> <p>The option does not meet the pricing principle of market competitiveness within Councils Revenue Policy and would likely reduce demand and occupancy levels at peak times may not meet strategic transport targets.</p>	<p>Councils are required to consult on parking fees.</p>

Option	Finance/Resourcing	Risk/Opportunity	Consultation
		There is a risk the option would potentially decrease the attractiveness of North Sydney as an area to park and indirectly decrease visitation to local businesses.	
2.	<p>Council removes the service fee and <b>maintains</b> parking fees at the 2025-26 financial year rate, indexed on an annual basis.</p> <p>There would be an expected increase in costs of approximately \$334,000 per year as a result of the removal of service fees. These increased costs would have to be incorporated into future budgets.</p>	<p>The option would ensure compliance with the changes outlined in the revised PPCLZG.</p> <p>The option would support the aim of demand management as outlined in the current and proposed TfNSW Pay Parking and Controlled Loading Zone Guidelines</p> <p>The option would support the objective of the adopted Integrated Transport Strategy of achieving 85% occupancy during peak times.</p> <p>The change could potentially increase the attractiveness of parking in North Sydney and indirectly support access to local businesses.</p> <p>This option could potentially increase in revenue; lower parking fees with no service fee may increase occupancy and therefore revenue.</p>	<p>There is no requirement to consult as fees are being maintained.</p> <p>However, Council will have to advertise proposed fees for 2025/26 as these were omitted from the Draft Fees and Charges resolution pending this report.</p>

Option 2 is recommended for the reasons outlined above.

### **Fees and Charges 2025/26**

Council considered the Draft Fees and Charges for 2025/26 at its meeting on Monday 28 April 2025. That report excluded charges for on-street parking pending this report. The following fees and charges are now recommended to be placed on public exhibition:

<b>High Demand Parking</b>						
North Sydney CBD and Alfred Street South (Fitzroy to Harbour Bridge)						
	2024/25	2025/26			Increase %	Increase \$
Name	Fee (incl GST)	Fee (excl GST)	GST	Fee (Incl GST)		
Hourly day Time rate	\$8.70	\$8.14	\$0.81	\$8.95	2.9	0.25
Hourly rate (after 6pm)	\$4.90	\$4.58	\$0.46	\$5.04	2.9	0.14
<b>Medium Demand Parking</b>						
North Sydney CBD shoulder areas including Crows Nest, Neutral Bay, St Leonards, and Milsons Point CBDs						
Hourly day Time rate	\$6.90	\$6.45	\$0.65	\$7.10	2.9	0.20
Hourly rate (after 6pm)	\$4.50	\$4.21	\$0.42	\$4.63	2.9	0.13
<b>Low Demand Parking</b>						
Fringe areas						
Hourly day Time rate	\$4.50	\$4.21	\$0.42	\$4.63	2.9	0.13
Hourly rate (after 6pm)	\$3.50	\$3.27	\$0.33	\$3.60	2.9	0.10

### Consultation requirements

Community consultation will be undertaken in accordance with the recommendations detailed in this report.

### Financial/Resource Implications

The additional cost associated with the removal of the service fee is estimated at \$334,000 per year.

### Legislation

- Road Transport (General) Regulation 2021
- Pay Parking and Controlled Loading Zone Guidelines 2021