



CITY OF HOBART

# **AGENDA**

## **Special Finance and Governance Committee Meeting**

### **Open Portion**

**Monday, 16 May 2022**

**at 4:30pm**

**Council Chamber, Town Hall**

## THE MISSION

**Working together to make Hobart a better place for the community.**

## THE VALUES

**The Council is:**

<b>People</b>	We care about people – our community, our customers and colleagues.
<b>Teamwork</b>	We collaborate both within the organisation and with external stakeholders drawing on skills and expertise for the benefit of our community.
<b>Focus and Direction</b>	We have clear goals and plans to achieve sustainable social, environmental and economic outcomes for the Hobart community.
<b>Creativity and Innovation</b>	We embrace new approaches and continuously improve to achieve better outcomes for our community.
<b>Accountability</b>	We are transparent, work to high ethical and professional standards and are accountable for delivering outcomes for our community.

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## **ORDER OF BUSINESS**

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**Business listed on the agenda is to be conducted in the order in which it is set out, unless the committee by simple majority determines otherwise.**

### **APOLOGIES AND LEAVE OF ABSENCE**

- 1. CO-OPTION OF A COMMITTEE MEMBER IN THE EVENT OF A VACANCY ..... 4**
- 2. INDICATIONS OF PECUNIARY AND CONFLICTS OF INTEREST ..... 4**
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  - 4.1 Response to Petition - Reduction to On-Street Parking Fees ..... 5
  - 4.2 Future of Local Government Review - Phase 1 Submission ..... 13

**Special Finance and Governance Committee Meeting (Open Portion) held Monday, 16 May 2022 at 4:30pm in the Council Chamber, Town Hall.**

**This meeting of the Finance and Governance Committee is held in accordance with a Notice issued by the Premier on 3 April 2020 under section 18 of the COVID-19 Disease Emergency (Miscellaneous Provisions) Act 2020.**

The title Chief Executive Officer is a term of reference for the General Manager as appointed by Council pursuant s.61 of the *Local Government Act 1993* (Tas).

**COMMITTEE MEMBERS**

Alderman M Zucco (Chairman)  
Deputy Lord Mayor Councillor H Burnet  
Alderman Dr P T Sexton  
Alderman D C Thomas  
Councillor W Coats

**Apologies:**

**Leave of Absence:**

Alderman Dr P T Sexton  
Councillor W N S Coats

**NON-MEMBERS**

Lord Mayor Councillor A M Reynolds  
Alderman J R Briscoe  
Councillor W Harvey  
Alderman S Behrakis  
Councillor M Dutta  
Councillor J Fox  
Councillor Dr Z Sherlock

**1. CO-OPTION OF A COMMITTEE MEMBER IN THE EVENT OF A VACANCY**

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**2. INDICATIONS OF PECUNIARY AND CONFLICTS OF INTEREST**

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Ref: Part 2, Regulation 8(7) of the *Local Government (Meeting Procedures) Regulations 2015*.

Members of the Committee are requested to indicate where they may have any pecuniary or conflict of interest in respect to any matter appearing on the agenda, or any supplementary item to the agenda, which the Committee has resolved to deal with.

**3. TRANSFER OF AGENDA ITEMS**

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Regulation 15 of the *Local Government (Meeting Procedures) Regulations 2015*.

A Committee may close a part of a meeting to the public where a matter to be discussed falls within 15(2) of the above regulations.

In the event that the Committee transfer an item to the closed portion, the reasons for doing so should be stated.

Are there any items which should be transferred from this agenda to the closed portion of the agenda, or from the closed to the open portion of the agenda?

## **4. REPORTS**

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### **4.1 Response to Petition - Reduction to On-Street Parking Fees File Ref: F22/34444**

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Report of the Director Connected City and the Chief Executive Officer of  
13 May 2022.

Delegation: Council

**REPORT TITLE:                   RESPONSE TO PETITION - REDUCTION TO ON-STREET PARKING FEES****REPORT PROVIDED BY:** Director Connected City  
Chief Executive Officer**1.     Report Purpose and Community Benefit**

- 1.1.   At the 11 October 2021 Council Meeting the Council requested, *inter alia*, that a report be submitted for consideration in response to a petition submitted regarding on-street parking meter fees. The petition states that “[t]he latest round of price rises and complex restrictions on parking are hurting Hobart Business”. It further seeks to lower on-street parking fees to \$3 per hour and thence cap future increases to movements in the Consumer Price Index.
- 1.2.   This report is the response to Council’s resolution seeking a report be submitted to the Finance and Governance Committee for consideration.

**2.     Report Summary**

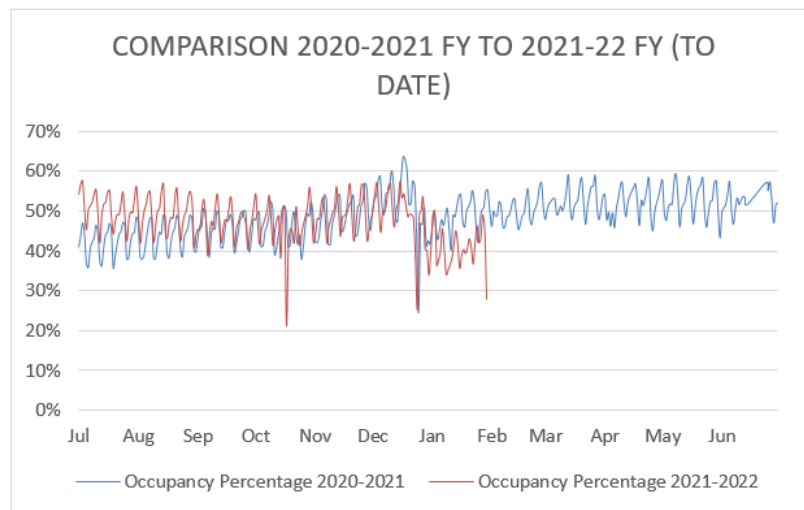
- 2.1.   The petition’s request is that a detailed report on the impacts that parking costs have on businesses and visitor numbers to the City should be published and consulted upon.
- 2.2.   It is agreed that more clarity about operational decisions around parking would be helpful to stakeholders, and it is recommended that a report be prepared and published for consultation. It is recommended that this report will combine parking data with pedestrian and economic activity data to form a holistic picture of the relationship between parking and activity in the City for consultation.
- 2.3.   The City began targeted campaigns in 2021 to bring shoppers to specific locations, by creating special parking offers, such as a half price parking at certain times. Targeted zones and campaigns are seen as a particularly effective way of supporting retailers through periods of low activity, without the risk of significantly contributing to congestion or of the City acting in an uncompetitive manner.
- 2.4.   It is possible for the City to continue to implement these campaigns on a targeted and temporary basis. Plans are currently being developed to implement a campaign to encourage people back into the City and for this to be accompanied by a parking incentive. It is anticipated that this would be rolled out in the August/September period following the winter festival period.
- 2.5.   There are four (4) primary factors that are relevant to the petition’s request to reduce parking prices and the claim that parking fees are negatively affecting Hobart businesses. These are:

- 2.5.1. The principles of Competitive Neutrality (CN) and the National Competition Policy (NCP);
- 2.5.2. The effect on other market participants;
- 2.5.3. The effect that changes appear to have induced in consumer behaviour; and
- 2.5.4. Allowances for economic downturn due to the COVID-19 pandemic.
- 2.6. **The principles of Competitive Neutrality (CN) and the National Competition Policy (NCP).** The CN and the NCP are designed to ensure that Government owned businesses compete on equal terms with private market participants.
- 2.7. The parking market in Hobart is large and complex, with a range of market participants operating parking businesses. A previous complaint to the now defunct *Government Prices Oversight Commission* was resolved by requiring that the City meets its Competitive Neutrality obligations.
- 2.8. **The effect on other market participants.** There are a range of government and non-government parking market participants within Hobart from both an on-street and off-street perspective. These include the following:

On-Street	
City of Hobart	All on-street spaces comprising: <ul style="list-style-type: none"> <li>• Metered and time restricted parking spaces;</li> <li>• Unmetered time restricted parking spaces; and</li> <li>• Unmetered and unrestricted parking spaces.</li> </ul>
TasPorts	Waterfront parking on TasPorts land.
Off-Street	
City of Hobart	3 x Indoor Short Term Car Parks 8 x Long Term Car Parks
Sultan Holdings	2 x Indoor Short and Long Term Car Parks 1 x Outdoor Short and Long Term Car Park
Scots Church Car Park	1 x Long Term Car Park

Secure Parking	1 x Indoor Short and Long Term Car Parks 1 x Outdoor Short and Long Term Car Park
CarePark	5 x Outdoor Long Term Car Park

- 2.9. Outside of the short term campaigns that the City operates from time to time, such an action to reduce parking rates would adversely affect other operators of parking services in Hobart.
- 2.10. **The effect that changes appear to have induced in consumer behaviour.** A business hour analysis (8 am to 8 pm) of total occupancy for on-street parking has been undertaken for the 2020-2021 financial year against the 2021-2022 financial year to date. The data has been drawn from all sources across the City of Hobart connected to the Integrated Parking System.



- 2.11. The raw parking data suggests negligible impact on overall occupancy following the price variation that came into effect at the beginning of the financial year.
- 2.12. Parking activity was consistently equal to or greater throughout the first six (6) months of the 2021-22 financial year than in 2020-21, despite the price increase.
- 2.13. The reduction in vehicle numbers in July and August 2020 (prior to the price changes) is possibly attributable to COVID-19 variances. The January and February 2022 reduction is also assumed to be COVID-19 related.
- 2.14. The data does not support the view that parking price increases have had a significant negative impact on overall car visits to the CBD, although the City acknowledges that the experience at specific locations may not reflect the overall trend.



- 2.15. **Allowances for economic downturn due to the COVID-19 pandemic.** Data currently available suggests that any downturn in parking occupancy is linked to COVID-related impacts.

**3. Recommendation**

***That:***

1. ***The petition titled Reduction to On-street Parking Fees, be received and noted.***
2. ***The request for permanent price decreases, proposed in the petition titled Reduction to On-Street Parking Fees, be rejected.***
3. ***The request for further and more detailed analysis of the impact of parking costs on businesses and visitor numbers, proposed in the petition titled Reduction to On-Street Parking Fees, be undertaken and the results be published.***
4. ***The City continues to plan for time limited parking campaigns and related promotional activity targeted to support retailers in specific areas and the effect of these campaigns be used as data for more detailed analysis of parking in the City.***
5. ***The detailed analysis also considers provision of affordable parking for those members of the community with mobility issues who visit the CBD.***

## 4. Background

- 4.1. At the Council Meeting held on 11 October 2021, the Council requested, *inter alia*, that a report be submitted for consideration in response to a petition submitted regarding on-street parking fees. The petition states that “[t]he latest round of price rises and complex restrictions on parking are hurting Hobart Business”. It further seeks to lower on-street parking fees to \$3 per hour and thence cap future increases to movements in the Consumer Price Index.
- 4.2. The petition was submitted to Council at the 11 October 2021 meeting by the petitioner on behalf of the signatories therein contained.
- 4.3. The current pricing structure for on-street metered pricing was implemented through the Finance and Governance Committee (F&GC) via unanimous consent on 18 May 2021 and came into effect on 1 July 2021. The pricing structure presented to the F&GC was formulated based on data, using information from the City’s Integrated Parking System.
- 4.4. Pre-adoption, average parking fees from all parking bays amounted to \$2.89 per hour whereas the post-adoption average parking fee from all parking bays amounts to \$3.74 per hour. This represents an increase of \$0.85 per hour for the average parking fee. The combination of price changes amounts to a simplification of the pre-adoption fee schedule from seven (7) separate pricing tariffs down to only three (3) tariffs. These tariffs are:
  - 4.4.1. \$2 per hour for City of Hobart fringe areas;
  - 4.4.2. \$3 per hour for CBD adjacent areas; and
  - 4.4.3. \$5 per hour for high demand inner-CBD areas.

## 5. Proposal and Implementation

- 5.1. The petition seeks to reduce on-street parking fees to \$3 per hour and cap future price variation to movements in the Consumer Price Index base value that would best be assessed against the Quarterly All Groups Hobart Index.
- 5.2. Implementation would be relatively straight forward, however, several complications in relation to low value cash payments and subsequent higher cash collection fees are relevant.
- 5.3. The environmental and legislative consequences of price reductions are potentially significant.

## 6. Strategic Planning and Policy Considerations

- 6.1. The City's Capital City Strategic Plan 2019-29 gives as Outcome 5.2: *Hobart has effective and environmentally sustainable transport systems.*

## 7. Financial Implications

- 7.1. Funding Source and Impact on Current Year Operating Result
- 7.1.1. The decrease to current year revenue if the petition's suggested changes are implemented is estimated at \$183,000 per month.
- 7.2. Impact on Future Years' Financial Result
- 7.2.1. The full year effect is best estimated at \$2,193,000 in operating revenue reduction and represents a significant deficit in revenue generating capacity for the City of Hobart. This may flow into diminished service delivery or require increases to rates to maintain appropriate funding for designated activities.
- 7.2.2. The effect on trade in the City should the petition be adopted is difficult to quantify. However, those bays where the price is set at the upper end, \$4 or \$5 per hour, are generally close to fully utilised. This suggests it is unlikely that significantly higher occupancy would follow a price reduction.
- 7.3. Asset Related Implications
- 7.3.1. The current pricing structure simplifies payments to whole dollar amounts.
- 7.3.2. The use of lower cash values and fractional dollar amounts will increase the likelihood of coin jams, wear and tear and required maintenance in parking meters.

## 8. Legal, Risk and Legislative Considerations

- 8.1. A wholesale reduction of parking costs by the City will have a negative effect on all other market participants. The City has received legal advice that its obligations under the Competitive Neutrality and National Competition Policy are significant given the large share of the parking market controlled by the City.

## 9. Environmental Considerations

- 9.1. Many of the City's parking bays are already close to full occupancy, suggesting that to use lower on-street parking fees as an attractor will likely create increased congestion, as drivers circle around attracted by cheaper parking that is not available.

**10. Social and Customer Considerations**

10.1. The effect of adopting the petition's recommendations would be to reduce income to the City of Hobart by approximately \$2.2 million annually. This would necessitate either reduced services or increased revenue in other areas.

10.2. Retailer and shopper concerns, data gathering and market sensitivity may all be addressed in a more effective way by the City continuing to adopt targeted campaigns. These campaigns can be time and location specific, without causing the market disruption of a wholesale and permanent discounted parking scheme across the City.

**11. Marketing and Media**

11.1. Drivers in Hobart have options for free or low-priced parking across the City.

**12. Community and Stakeholder Engagement**

12.1. It is suggested that the study recommended above into the effects of parking on trade in the CBD be extended to consider the needs of people with mobility issues who are more reliant on private vehicles than other road users, and that the views of the City's *Hobart Access Advisory Committee* and those of other road user groups views be sought in the formation of the study.

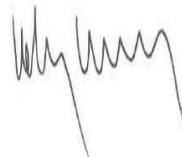
**13. Delegation**

13.1. This matter is delegated to Council.

*As signatory to this report, I certify that, pursuant to Section 55(1) of the Local Government Act 1993, I hold no interest, as referred to in Section 49 of the Local Government Act 1993, in matters contained in this report.*



Jacqui Allen  
**DIRECTOR CONNECTED CITY**



Kelly Grigsby  
**CHIEF EXECUTIVE OFFICER**

Date: 13 May 2022  
File Reference: F22/34444

**4.2 Future of Local Government Review - Phase 1 Submission**  
**File Ref: F22/45033**

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Due to receiving an extension of time to provide a submission in response to Phase 1 of the Local Government Review, it is recommended this item be withdrawn from the agenda.

Delegation: Council