

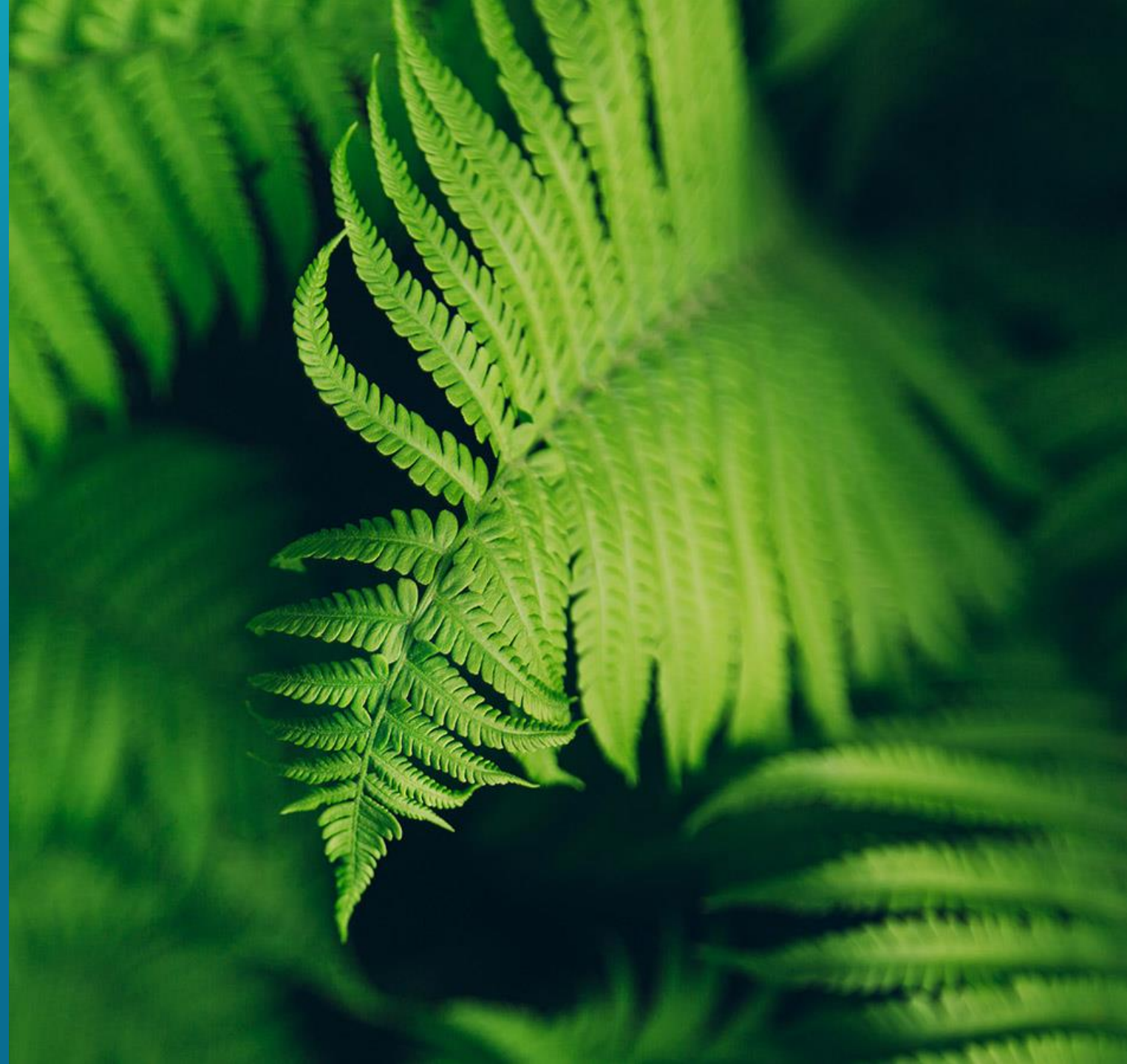
# The Wellington Commuter Parking Levy

Colin Shields

Transportation Conference  
Tauranga

29 March 2023

 **Tonkin+Taylor**



# Transport Pricing and Management

Recent increased interest in the use of pricing tools in NZ including:

- Ministry of Transport's *Hikina te Kohupara – Kia mauri ora ai te iwi - Transport Emissions: Pathways to Net Zero by 2050* consultation document.
- Congestion pricing options for Auckland (The Congestion Question).
- Emissions Reduction Plan Action 10.1.3 Enable congestion charging and investigate other pricing and demand management tools to reduce transport emissions.

Hikina te Kohupara –  
Kia mauri ora ai te iwi

 Ministry of Transport  
TE MANATŪ WAKA

Enabling New Zealanders to  
flourish

Transport Emissions:  
Pathways to Net Zero by 2050

May 2021

GREEN PAPER



# The what and where

**What?** - A charge imposed by a transport authority on a parking space to discourage car use

**Where?** – Nottingham, Sydney, Melbourne and Perth



# Project Brief

Appointed by Let's Get Wellington Moving (LGWM) to:

- Assess the potential effectiveness of a Parking Levy in Wellington CBD and:
- If the assessment suggests that it would be effective, then how it might be feasibly implemented to meet the objectives of LGWM.

The scope of the Parking Levy project was defined by a number of specific requirements including:

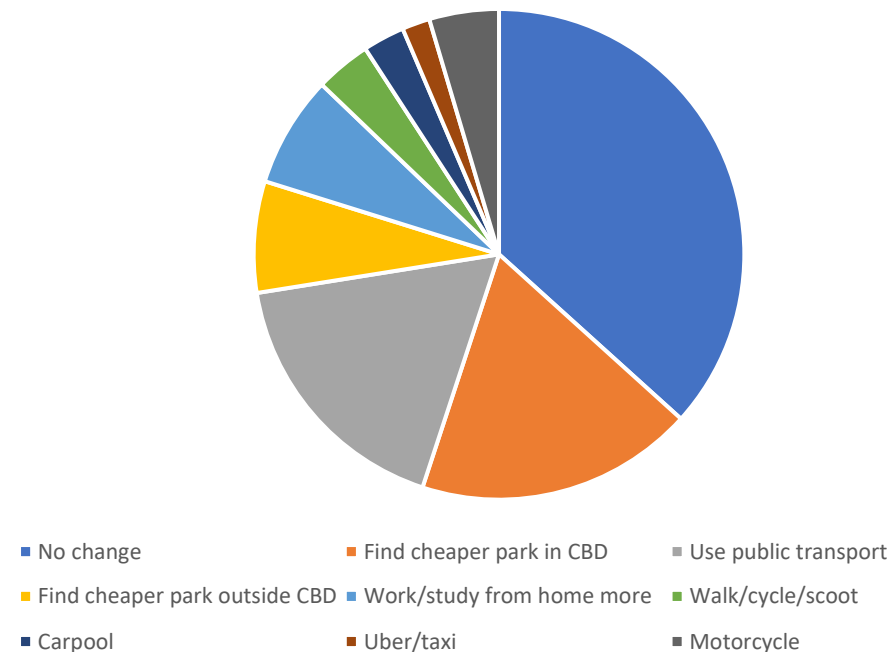
- At the time of the study (2021), Ministerial political direction that for Wellington, a Parking Levy was the only demand management measure that could be considered.
- The Parking Levy boundary was defined as the Wellington CBD.
- The Parking levy was to apply to commuter off street car park spaces only.

# Project Team

Led a project team consisting of:

- Candor 3 - Transport
- Curia – Market Research
- Martin Jenkins – Financial Modelling
- Nottingham City Council – Advisory
- Ptc – Peer review
- RCG – Economic assessment
- Russel McVeagh - Legal

If the cost to park in all CBD car parks was to increase by \$10 a day or approximately \$50 a week, which of the following would you choose to do for your current journey to work or study?





# Work carried out

- Define supply, demand and pricing of off street car park spaces in the Wellington CBD.
- National, regional and local policy literature review.
- Best practice review of the 4 international PL schemes.
- Market research consisting of Stated Preference Surveys and meetings with external stakeholders.
- Financial Modelling
- Economic appraisal
- Legislative review
- Implementation pathways

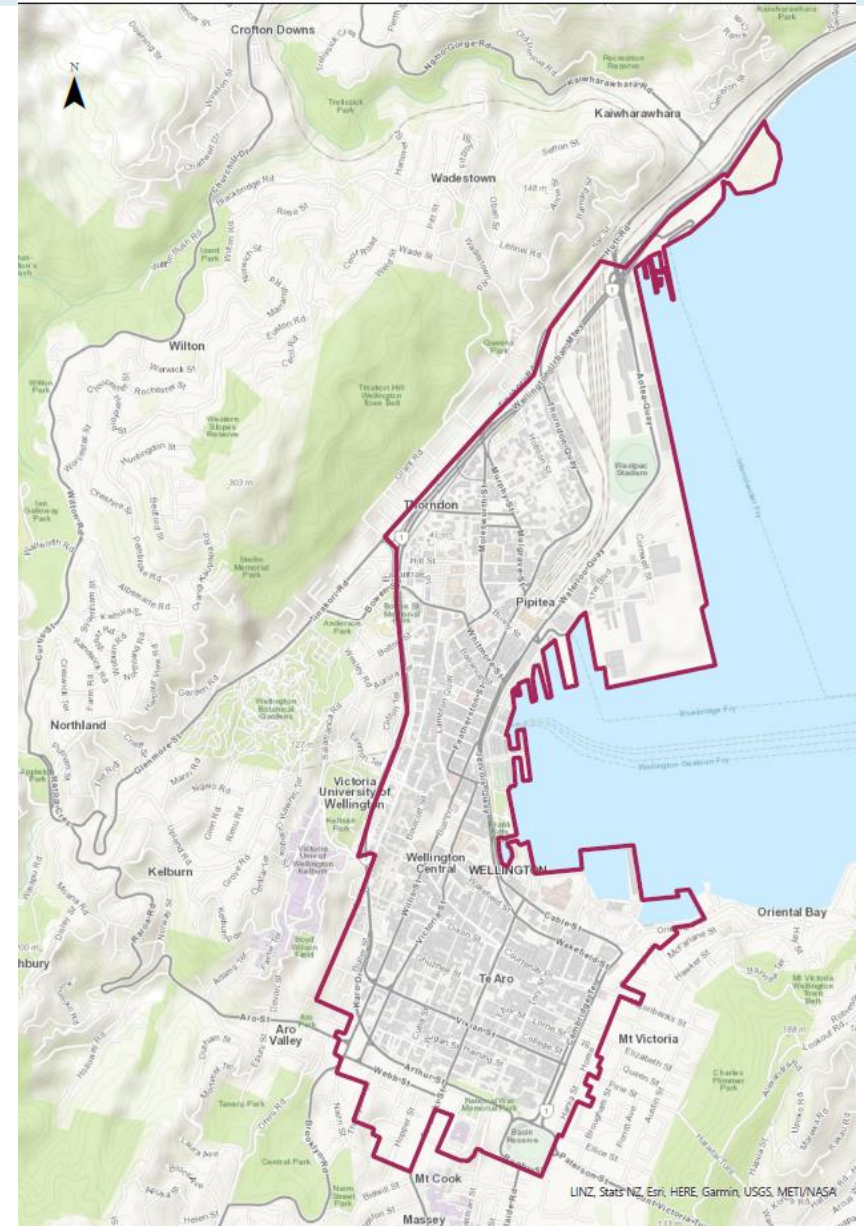


# What does the WCPL look like?

All long-stay (commuter) parking spaces in the CBD would be leviable.

A range of Levy options were considered (ranging from \$500 to \$5,000 p/a per parking space). The preferred option was a levy amount set at \$2,500 per annum in the Thorndon/Lambton Quarter area and a \$1,750 per annum levy in Te Aro and Pipitea area.

The WCPL would be managed by Wellington City Council.



# Which parking spaces would the WCPL apply to

**Type 1 – Private (employer) off street car parks** - i.e. not available for use by the general public. The Levy is a charge made on the total number of leviable parking places provided by an occupier at any one time. Exemptions - where there are 10 or less parking spaces in total, Emergency services vehicles, Parking spaces allocated for Mobility Parking permits, Embassies and High Commissions, Parking spaces allocated for loading/unloading and Parking spaces allocated for cycles and motorcycles.

The occupier of the premises would be liable to pay the levy.

## **Type 2 – Public off street car parks**

All public car park spaces would be leviable, with an exemption being made of casual car park spaces that are not used by commuters on a working day. Whether or not a casual parking space has been used on a particular working day by a commuter was defined as any casual parking space unused at 1000 on a working day. All leased spaces would be charged. Exemptions - Parking spaces allocated for Mobility Parking permits, cycles or motorcycles.

The operator of the public car park would be liable to pay the levy.



# Lifespan and Hypothecation of revenue

Lifespan - indefinite. 3 year phase in of the charge

Hypothecation (i.e. ring fencing of the net proceeds for transport projects) of the revenue from the WCPL to fund LGWM and future transport packages was considered essential to ensure:

- Ongoing funding of public transport, active mode and behaviour change initiatives.
- Politically and publicly acceptable i.e., it's not just considered to be another tax.



# Legislation/regulatory changes

Specific enabling national legislation i.e. a Parking Levy Act - would provide the greatest legal certainty.

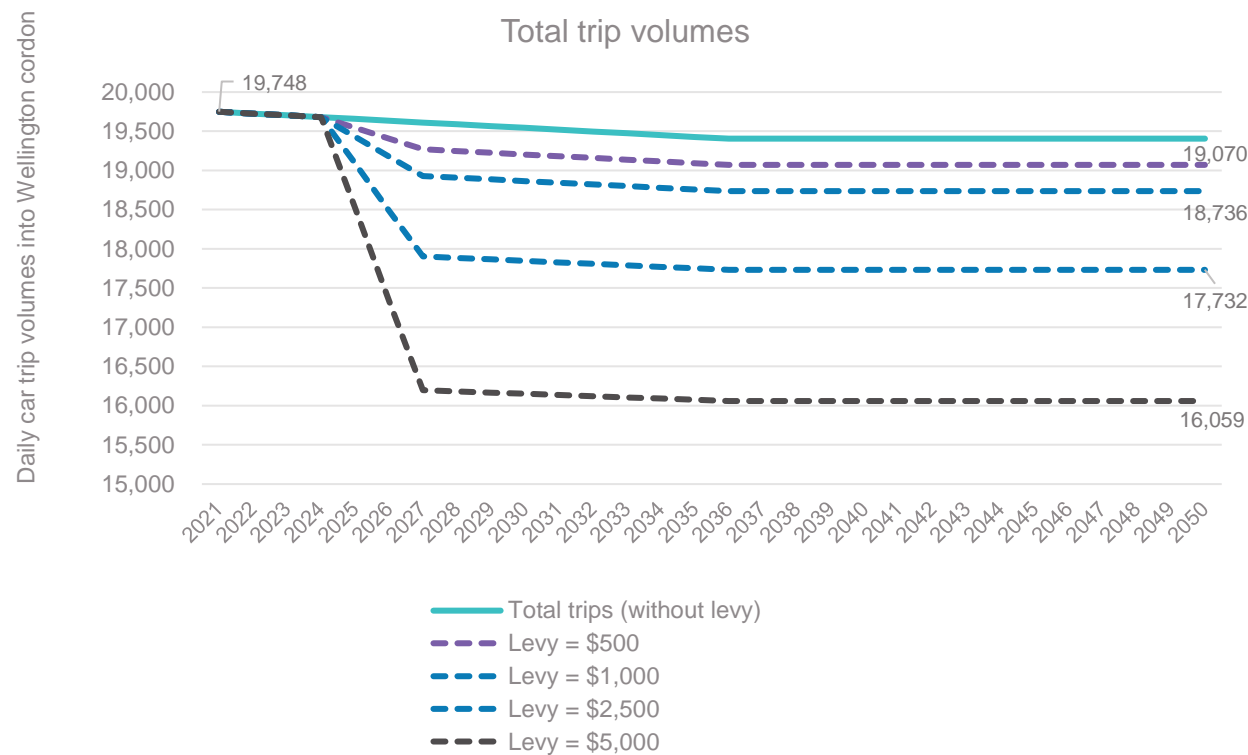
Public Act rather than a local Act, to enable other NZ authorities to implement a Parking Levy should they wish.

Public Act would empower any local authority that chooses to do so to impose a Parking Levy on all eligible car parks within its jurisdiction and contain a corresponding power for local authorities to exempt certain areas and certain uses from any levy, as well as allow a local authority to set the rate of the levy, potentially on a differential geographic basis.

A consequential amendment to the GST Act may also be necessary to confirm that payment of the levy is considered as a taxable supply, and therefore subject to GST.

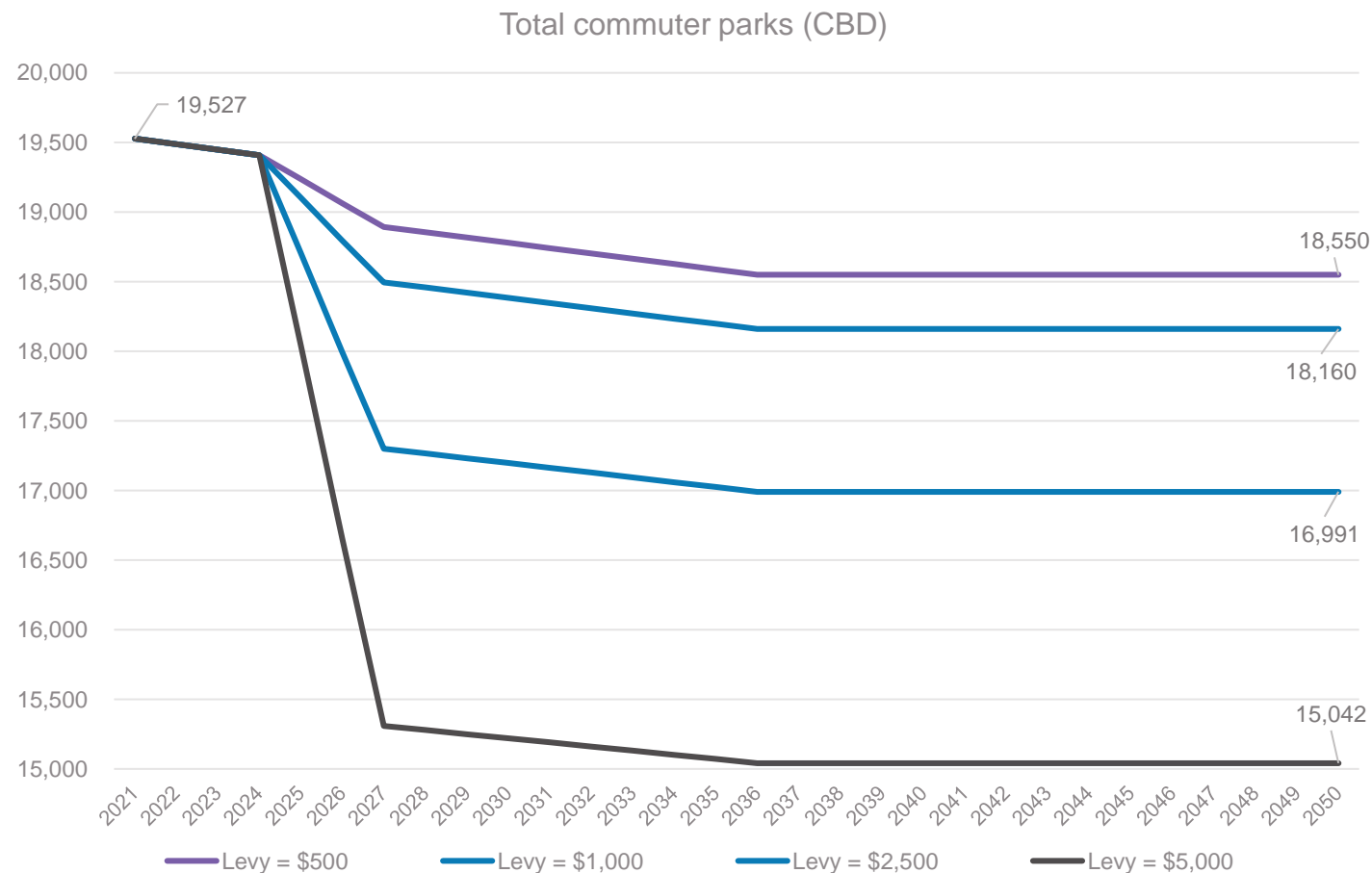
# Key Findings - Mode Shift

\$2,500 Levy (and \$1,750 per annum in low-price zones) reduce the total volume of car trips from 19,748 to 17,732, a reduction of 2,016 (10.2%) car trips to Wellington CBD each weekday (3% with a \$500 charge to 18.6% with a \$5,000 charge)



# Key Findings - reduction in leviable car park spaces

A levy of \$2,500 (and \$1,750 per annum in low-price zones) predicted to reduce the total number of CBD commuter car park spaces from 19,527 to 16,991, a reduction of 2,536 (13%).

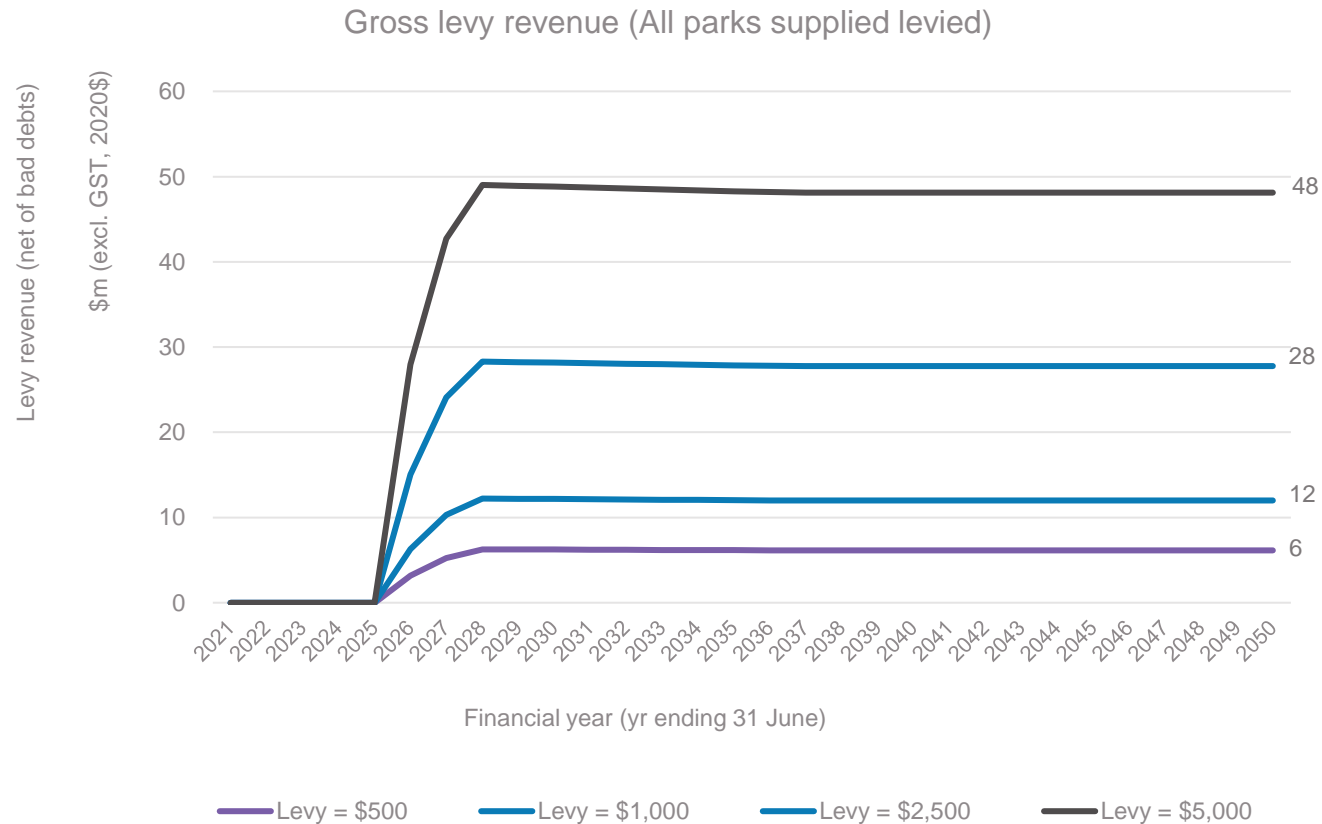




# Key Findings - costs and revenue

Implementation costs = \$3.76m and operational costs = \$1.33m per annum.

A levy of \$2,500 (and \$1,750 per annum in low-price zones) predicted to generate up to \$28m in gross revenue per annum.



# Key Findings - Economic appraisal

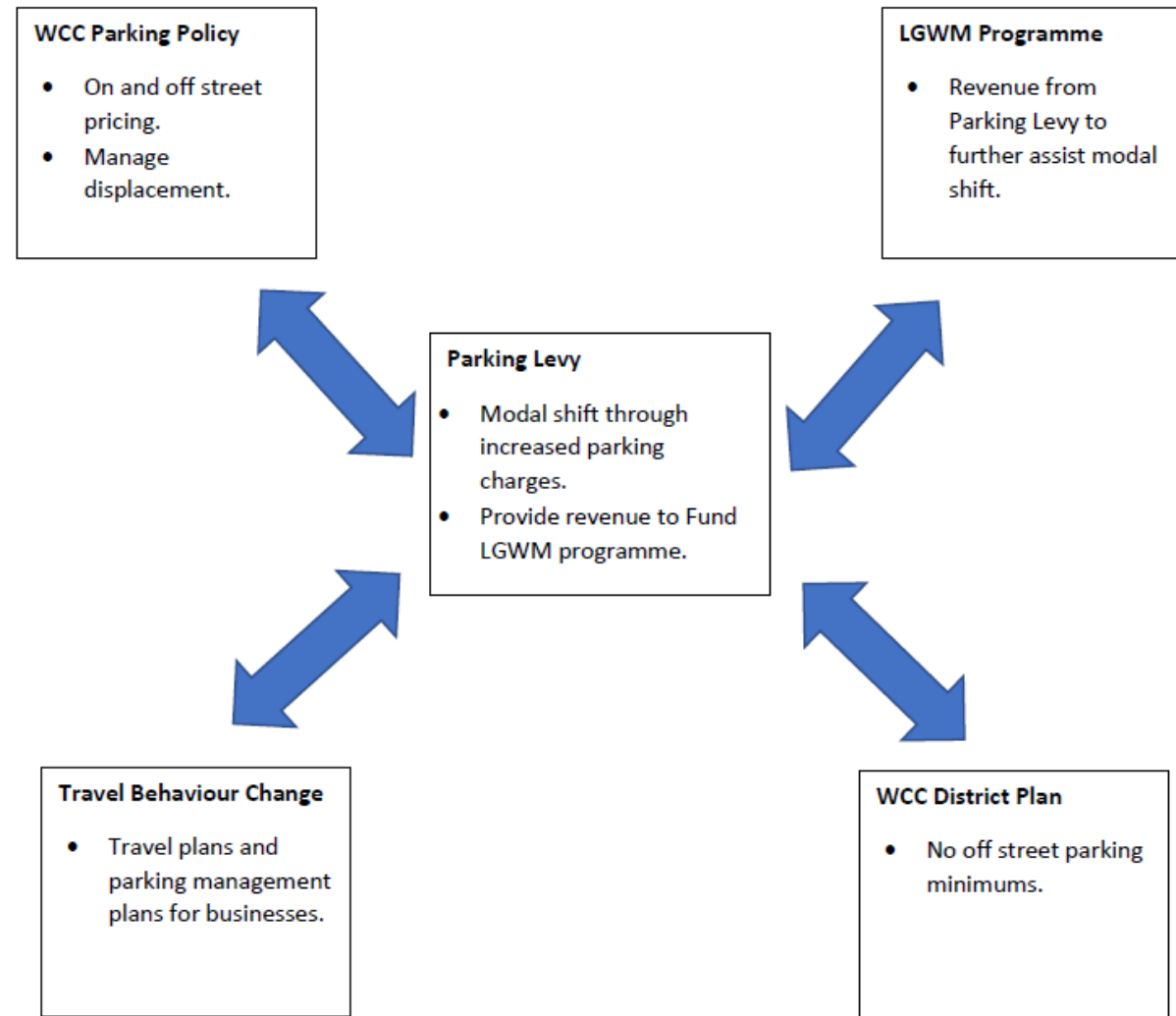
- Total economic cost = \$3.1 million per year.
- Congestion reduction benefits were calculated within a range of \$3.3 to \$9.2 million per year.
- Benefit Cost Ratio (BCR) of greater than 1 (range is 1.6 to 3.5).
- Unquantified benefits, including reduced externalities from driving and parking, freeing up road space, liveability and more efficient public transport.
- Land use, economic competitiveness and agglomeration effects although not quantified, were estimated to be positive (assuming that the WCPL funds are hypothecated).

# Key Findings - Equity assessment

- Vertical equity (impact on different socio-economic groups, with different levels of ability to pay) - predominantly paid by people on higher incomes. Wellington residents, and especially commuters who drive to the CBD, are generally well-placed to bear the levy burden.
- Horizontal equity (are the people paying for the policy the same people benefiting from it?). The key issue here is that drivers who are passing through, dropping someone off or delivering passengers (eg taxi/ Uber drivers) will not pay the levy even though they are contributing to traffic volumes, and this detracts from equity (a 'free rider' problem). However, equity is improved by exempting disabled spaces and charging a lower rate for Te Aro.

# Key learnings

- Covid and change in travel behaviours
- WCPL should not be viewed in isolation - part of the solution.
- Displaced parking to on street parking within the CBD
- Displaced parking to areas outside of the Levy boundary
- More CBD residents rent out their car parks to commuters.
- Those who park pay the cost, Uber/taxi don't pay.
- Fringe Benefit Tax - employer provided parking is exempt





# What is happening now?

LGWM consulted on the LGWM proposed programme of works. Transport Demand Management is part of the integrated LGWM programme of works, with the detailed Parking Levy study and a high-level Congestion Charging study also consulted on.

A key decision the LGWM Programme will make following consultation is whether priced Transport Demand Management will be implemented and in what form.

Implementation timescales of a Parking Levy or Congestion Charge scheme is indicated in the LGWM consultation as 2028/29.

# Thank you for listening

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