

**Senate Finance and Public Administration Legislation Committee
—Budget Estimates Hearing—May 2015**

Answers to Questions on Notice

Parliamentary departments, Department of Parliamentary Services

Topic: **Pay parking review**

Question: **20**

Hansard Reference **p 54-55; 25 May 2015**

Date set by the committee for the return of answer: 10 July 2015

Senator WONG: What was the consultant's report that you referenced?

Mr Skill: The Grosvenor Management Consulting report. It was commissioned in—

Senator WONG: Have you have released that?

Mr Skill: Yes. I believe we have provided that to the committee previously, but I could check that.

Senator WONG: Can you?

Mr Skill: It may have been redacted in parts, but I would have to confirm that.

Answer

A copy of the report by Grosvenor Management Consulting is attached.

Car Parking at Parliament House



PARLIAMENT OF AUSTRALIA
DEPARTMENT OF PARLIAMENTARY SERVICES

Options Paper

January 2014

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Version control

Name	Date	Reason for changes	Version
Grosvenor	10.10.13	Initial draft	V0.1
Grosvenor	22.11.13	Draft for client review	V1.0
Grosvenor	14.01.14	Incorporate client comments	FINAL

NATURE OF ADVICE

The opinions and advice contained within this options paper are commercial in nature only. Nothing in the options paper should be construed, or relied upon, as legal, taxation, accounting, or any other non-commercial advice.

1 Executive summary

1.1 Introduction

As part of the 2013/14 Budget, the former Government announced that paid car parking would be introduced into the Parliamentary Triangle from 1 July 2014. Were Parliament House to offer the only free parking in the Parliamentary Zone, there is a risk that tourists and other visitors to Parliament House would find it difficult to access a car parking bay.

As a result, the Presiding Officers have decided that paid car parking should be introduced into the Visitor's Car Park at Parliament House. As the introduction of paid parking into the Visitor's Car Park may have flow-on effects for other car park assets, the Presiding Officers have requested that DPS conduct a feasibility study of options for the future management of all car parking at Parliament House.

Grosvenor Management Consulting (Grosvenor) has been tasked by DPS to conduct the feasibility study and compile this options paper, which aims to provide the Department with sufficient information and analysis to answer the following questions:

1. What models are available, and what model would be most suitable, for introducing paid car parking into the Visitors' Car Park at Parliament House?
2. Should Parliament House introduce paid car parking into its other car park assets?
 - a) If yes, what models are available, and what model would be most suitable, for introducing paid car parking
 - b) If no, why not, and what are the potential risks or issues in not introducing paid car parking

1.2 Findings

The findings are structured into three key components, and are summarised in the table below.

Component	Finding
1. Understanding the current environment	
Triggers for identifying future options for the management of car parking at Parliament house	<ul style="list-style-type: none">• Parliament House has an approximate total of 2000 car spaces across nine car parks. During Parliamentary Sittings and Senate Estimates, it plays hosts to more than 3,500 staff, as well as visiting tourists and other users, creating intermittent capacity constraints

Component	Finding
	<ul style="list-style-type: none"> • To support the proper maintenance of Parliament House assets and ensure costs are fully met, including any potential tax liabilities, there is a need to consider how these costs might be met. It was identified that car parking may be a potential source of new revenue. • There is a risk that were Parliament House to continue providing free parking in the Visitor's Car Park come 1 July 2014 when paid parking is introduced in the Parliamentary Triangle, that nearby workers may seek to utilise the free parking at Parliament House, further restricting the availability of car parking for Parliament House visitors. • The introduction of paid parking nearby also triggers a potential new tax liability, through the Fringe Benefit Tax (FBT) laws.
<p>Intentions for introducing paid parking into the Parliamentary Triangle</p>	<ul style="list-style-type: none"> • The NCA will be implementing paid parking into the Parliamentary Triangle from 1 July 2014, with the exception of parking at Parliament House, the National Gallery of Australia, the NPG, the High Court and the Australian War Memorial (AWM), who are each responsible for managing their own car parks. • The NCA has opted for a pre-paid (ticket display) model for car parking across long and short term car parks in the Parliamentary Triangle. There will be a limited number of free, short stay (1 hour) car parks available. Bus, Disabled, Volunteer and Class B users will not be charged for car parking.
<p>Current transport arrangements at Parliament House, including details on existing car parks and user requirements</p>	<ul style="list-style-type: none"> • Parliament house has nine car parks, eight of which are utilised for Non-Visitors (Members, Senators, Staff, Parliamentary Department personnel) • Only a small number of car parking bays attract a fee, namely those reserved by Media organisations • The current three hour time limit in the Visitor's Car Park does not suit a significant proportion of the extremely diverse range of users, with many users parking in the car park for longer periods, including all day. • Parliament House has infrastructure in place for bicycle and motorbike parking, and is serviced regularly by ACTION buses.
<p>2. Identifying factors to consider when developing options for car parking</p>	

Component	Finding
Fringe Benefits Tax, including what it is, how it is calculated and to what extent might Parliament House incur a tax liability	<ul style="list-style-type: none"> • Under the <i>Fringe Benefits Tax Assessment Act</i> (FBTAA), an employer will be liable to pay a car parking fringe benefits tax (FBT) if the conditions outlined in the FBTAA are fulfilled. • While it is clear that some conditions outlined in the FBTAA are met, it is unclear whether or not all of the conditions outlined in the FBTAA will be met • If all conditions outlined in the FBTAA are met, the FBT liability payable by employers at Parliament House has been calculated to an approximate annual liability of \$2.2m
Car park management strategies and practices, including understanding payment collection arrangements, allocation strategies, car parking technology and relevant car parking fees/costs	<ul style="list-style-type: none"> • To inform the development of future options, Grosvenor conducted research and analysis on each of the following car parking elements: <ul style="list-style-type: none"> ○ management and maintenance arrangements ○ technology and payment models ○ allocation strategies ○ car parking fees • The most common approach to management and maintenance of car parks is to utilise an outsourced provider, however a small number of organisations manage their own arrangements • A wide range of technology and payment models exist, including pre and post-paid payment collection approaches. Similarly, car park control technology includes manual monitoring and enforcement through to high tech, licence plate recognition technology • Allocation strategies differ depending on objectives, which typically include maximising utilisation of car parking spaces, guaranteeing car parking for users or a group of users, or preventing non-authorized users from accessing car parks. • Costing strategies are closely linked to allocation strategies and can be used to maximise revenue or simply cover costs and liabilities.
3. Building knowledge through the experience of other, similar organisations	
Case studies, identifying a range of current and future strategies for managing car parking by similar organisations	<ul style="list-style-type: none"> • Grosvenor interviewed car parking management providers and found a significant and competitive range of providers who perform these services • Case studies were also developed on institutions deemed similar in nature to APH, including the Australian National University, Department of Human Services and the National Portrait Gallery. Lessons learnt from these institutions have been incorporated into the conclusions and recommendations

1.3 Conclusions

The primary conclusions drawn from our analysis are summarised below:

- the introduction of paid parking in nearby car parks is likely to attract an FBT liability for employers at Parliament House. Certainty on whether or not the FBTAA will apply to Parliament House can be ascertained through obtaining a private ruling from the ATO
- the significant value of the liability (\$2.2m) cannot be met within existing budget allocations
- it is likely that offering free or low-cost all-day parking in the Visitor's Car Park will reduce the capacity for genuine Visitor's to use the Visitor's Car Park. Employees from nearby workplaces who see the Visitor's Car Park as higher quality, or employees working in Parliament House who are unwilling to pre-pay for parking in the Non Visitor Car Parks, are likely to seek to use the Visitor's Car Park should arrangements that disincentive them from doing so not be implemented
- there exist relatively low-cost and competitive options for the outsourced management and maintenance of car park infrastructure (money collection, consumable replacement, repairs and maintenance and so on).

Grosvenor identified and assessed seven options for the future management of the Visitor's Car Park, and three options for the future management on Non Visitor Car Parks, against the following criteria:

- meets APH's compliance obligations
- meets user needs
- financial impact on users
- maintains car park capacity for APH users
- ease and cost of implementation
- management and maintenance cost and effort.

Grosvenor shortlisted two of the seven options for the Visitor's Car Park, and two of the three options for the Non Visitor Car Parks, for additional analysis. All four of the shortlisted options involve implementing paid parking across and procuring the services of an outsourced maintenance and management provider.

From the assessment and conclusions drawn, Grosvenor provided the following answers to the two questions forming the scope of this review:

1. *What models are available, and what model would be most suitable, for introducing paid car parking into the Visitors' Car Park at Parliament House?*

While many models are available for introducing paid parking into the Visitor's Car Park, it is Grosvenor's view that the most appropriate model is as follows:

Element	Description
Management and Maintenance	Parliament House would retain ownership and control of the car park asset, however, an outsourced provider or providers engaged to supply and install car parking technology, and provide ongoing maintenance including repairs, consumable replacement and collection of cash monies
Technology	A hybrid, post-paid system with access and exit controlled via boom gates and either the swiping of an authorised swipe card or the collection of a single-use ticket
Payment Model	For users without an authorised swipe or pre paid card, payment will be required prior to exit and payable with cash or credit card at payment machines located in the car park. Volunteers may be provided with pre-paid tickets to avoid having to pay, and other users may have authority to use the car park through their existing swipe cards, for e.g. Class B permit holders
Allocation Strategy	Current car parking allocation should remain as is, including maintenance of all bus, taxi, child care and Class B permit zones. References to time limits are to be removed
Car Parking Fees	<p>A free, two hour period offered to all users, with commercial (or near commercial) rates offered thereafter, for e.g.</p> <ul style="list-style-type: none"> • 0-2 hours = free • 2-3 hours = \$2 - \$5 • 3-4 hours = \$ 5 - \$10 • 4-5 hours = \$10 - \$15 • 5-6 hours = \$15 - \$20 • 6-7 hours = \$20 - \$25 • 7 hours plus = \$30 (maximum) <p>Operating hours could be standard business or extended hours to capture after-hours users as well</p>

2. *Should Parliament House introduce paid car parking into its other car park assets?*

c) *If yes, what models are available, and what model would be most suitable, for introducing paid car parking*

d) *If no, why not, and what are the potential risks or issues in not introducing paid car parking*

Parliament House should introduce paid parking into its other car park assets to fund the likely FBT liability.

As with the Visitor's Car Park, there are many options available to Parliament House for introducing paid parking into its Non Visitor Car Parks.

The most appropriate solution is one which provides flexibility to users while minimising ongoing management and maintenance arrangements. To this end, a hybrid approach is likely to be most suitable for Parliament House, comprising:

- implementing pay-on-the-day (post-paid) technology for MRE/MRW car parks, with a daily fee to cover liability and costs between \$10.20 and \$13.30 per day
- implementing a pre-paid solution for a right to access Non MRE/MRW car parks (basement parking). Payment would grant a right of access using Parliament House ID card to access basement car parks. Grosvenor's view is that an appropriate fee range to cover liability and costs is \$2,300 and \$3,000 per annum

An allocation policy will need to be developed between all parliamentary departments. Grosvenor considers oversubscription to an amount not more than 120% of available car parks as appropriate, with allocation based first on priority to SES and MPs/Senators, followed by MPs/Senators' staff, with the remaining allocated by demand.

1.4 Recommendations

It is recommended that Parliament House:

1. Forms a governance structure incorporating the four Parliamentary Departments and a representative from Ministerial and Parliamentary Services to consider this report and manage the implementation of changes to car park management
2. Finalises the position on Fringe Benefits Tax. FBT is a fundamental driver for subsequent decisions, including introducing paid parking into Non Visitor Car Parks, and determining appropriate fees. Parliament House may seek further advice from a specialist FBT adviser, or a private ruling from the ATO, on application of the FBT legislation to Parliament House
3. Confirms the model for the Visitor's Car Park (pre or post-paid / in house or outsourced management and maintenance) and commence planning for procurement and installation. It is Grosvenor's view that the post-paid model with outsourced maintenance, and a free 2 hour period with commercial rates thereafter, offers more advantages, both now and in the future, for Parliament House over a pre-paid or in-house managed model. Confirmation of operating hours which will incur fees will also be required.
4. Does not make any physical alterations to the current allocation of car parking in the Visitor's Car Park, that is, retain all existing permit zones and parking arrangements, including bus parking and child care zone
5. Chooses an allocation policy for Non Visitor Car Parks. Grosvenor considers oversubscription to an amount not more than 120% of available car parks as appropriate, with allocation based first on priority to SES and MPs/Senators, followed by MPs/Senators' staff, with the remaining allocated by demand.
6. Identifies appropriate charges for Non Visitor Car Parks, including making projections for utilisation and finalising any users who will not be charged. Fees should be the same for part time and full time users. It is Grosvenor's view that an appropriate fee would fall between the range of \$2,300 and \$3,000 per annum (equivalent to \$10.20 and \$13.30 per day). Grosvenor does not consider that parking fees should differ between the MRE/MRW car parks and the undercover Non Visitor Car Parks.

Parliament House could adopt a hybrid payment model for Non Visitor Car Parks, for example, pre-paid parking for basement car parks, and post-paid parking for MRE/MRW car park(s)

7. Commences planning for communication of changes to all users, including development of materials on alternative transport arrangements such as public transport, cycling and car pooling
8. Upon finalisation of the preferred model, communicate changes to cultural institutions and NCA as a matter of courtesy

2 Introduction

2.1 Background

Since its opening in May 1988, Australia's Parliament House has provided free car parking to the majority of its visitors and staff. While some alterations have been made across its nine car parks since 1988, including increased security measures and adjustments to traffic arrangements, the car park assets have remained largely unchanged.

With a little under 2000 total car parking spaces, the car parks have generally coped with steady increases in visitor, staff and other user numbers over time. However, it is now common during Parliamentary Sittings and Senate Estimates, where user numbers are at their peak, that there are insufficient car parking spaces to meet user demand.

While Parliament House, through the Department of Parliamentary Services (DPS), has not taken any recent, formal steps to review the car park assets in light of the capacity constraints outlined above, it is now necessary to consider the future management of the car park assets as a result of the decision to introduce paid car parking in the vicinity of Parliament House.

As part of the 2013/14 Budget, the former Government announced that paid car parking would be introduced into the Parliamentary Triangle from 1 July 2014. Were Parliament House to offer the only free parking in the Parliamentary Zone, there is a risk that tourists and other visitors to Parliament House would find it difficult to access a car parking bay.

As a result, the Presiding Officers have decided that paid car parking should be introduced into the Visitor's Car Park at Parliament House. As the introduction of paid parking into the Visitor's Car Park may have flow-on effects for other car park assets, the Presiding Officers have requested that DPS conduct a feasibility study of options for the future management of all car parking at Parliament House.

2.2 Scope

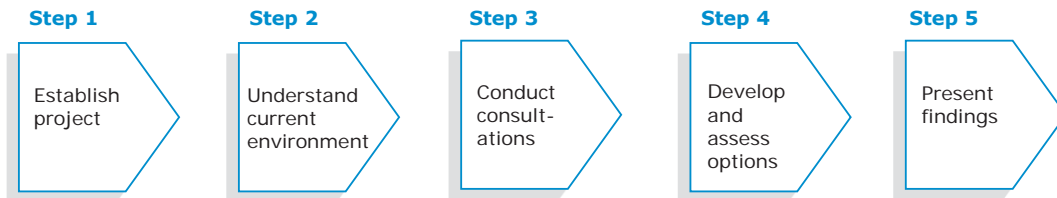
Grosvenor Management Consulting (Grosvenor) has been tasked by DPS to conduct the feasibility study and compile this options paper, which aims to provide the Department with sufficient information and analysis to answer the following questions:

1. What models are available, and what model would be most suitable, for introducing paid car parking into the Visitors' Car Park at Parliament House?
2. Should Parliament House introduce paid car parking into its other car park assets?
 - e) If yes, what models are available, and what model would be most suitable, for introducing paid car parking
 - f) If no, why not, and what are the potential risks or issues in not introducing paid car parking

3 Approach

3.1 Methodology

The project was managed against five key steps between 20 September and 22 November 2013.



Step 1 – Establish project

In this step we met with DPS representatives to clarify and confirm our understanding of the project and its objectives. We confirmed practicalities including project timeframes, key stakeholders and required deliverables. From this step, we identified a list of required consultations, and developed a detailed project plan.

Step 2 – Understand current environment

Grosvenor undertook several key tasks to understand the current environment, including:

- touring the car park assets and meeting with car park users
- collecting information on car parking strategies via a number of case studies and interviews
- understanding intentions of National Capital Authority (NCA) for introducing paid parking into the Parliamentary Triangle
- researching potential issues, including Fringe Benefits Tax (FBT).

We also collected and reviewed existing documents, papers, strategies and data provided to us from DPS.

Step 3 – Conduct consultations

Grosvenor developed a list of key questions and, together with DPS, interviewed a range of users of the Parliament House car parks. We also met with representatives from national institutions, other government agencies and outsourced car park technology and management providers. A list of who we consulted with is provided in part 3.2 of the paper.

Step 4 – Develop and assess options

Following the collection of data and stakeholder views in steps two and three, we collated this information and assessed it to develop a range of options for the future management of the Parliament House car parks, and to meet the project objectives and scope.

Step 5 – Present findings

We developed this options paper to present our draft findings, conclusions and recommendations for review by DPS, prior to finalisation.

3.2 Stakeholder consultations

Comprehensive stakeholder consultations were conducted with representatives from the organisations outlined in table 1, below.

Table 1 – Stakeholder consultations

Stakeholder	Date
Department of Parliamentary Services (DPS)	24 th September
Department of House of Representatives (DoHR)	18 th October
Department of Senate (DoS)	22 nd October
Parliamentary Budget Office (PBO)	22 nd October
Staging Connections, NOVA, Capital hill Early Childhood Centre, Fcm Travel Solutions, Parliament House Florist and Sportscare Physiotherapist	25 th October
Limro Cleaning, Canberra Queanbeyan Cleaning Services, Intercontinental Hotel Group, Bates and Pickering	25 th October
Parliamentary Press Gallery	29 th October
Australian National University (ANU)	29 th October
Department of Finance (Finance) (<i>Ministerial and Parliamentary Services</i>)	30 th October
National Capital Authority (NCA)	31 st October
Wilson Parking	1 st November
Secure Parking	1 st November
Department of Human Services (DHS)	4 th November
National Portrait Gallery (NPG)	8 th November
CHECC Parent Liaison Officer	21 st November
Bus Industry Confederation / ACT Tourism	13 th December

4 Findings

The findings are structured into three key components, as illustrated in table 2, below.

Table 2 – Structure of findings

Component	Section	Description
Understanding the current environment	4.1	Triggers for identifying future options for the management of car parking at Parliament house
	4.2	Intentions for introducing paid parking into the Parliamentary Triangle
	4.3	Current transport arrangements at Parliament House, including details on existing car parks and user requirements
Identifying factors to consider when developing options for car park management	4.4	Fringe Benefits Tax, including what it is, how it is calculated and to what extent might Parliament House incur a tax liability
	4.5	Car park management strategies and practices, including understanding payment collection arrangements, allocation strategies, car parking technology and relevant car parking fees/costs
Building knowledge through the experience of other, similar organisations	4.6	Case studies, identifying a range of current and future strategies for managing car parking by similar organisations

These findings provide the foundations for the development of conclusions, including the identification and assessment of options for the future management of car parking at Parliament House. These conclusions and options are found in part 5 of this paper.

4.1 Triggers

There exist a number of reasons why it is appropriate for Parliament House to review their car parking arrangements, driven by both internal and external forces. These are summarised below.

4.1.1 Capacity constraints

Parliament House has an approximate total of 2000 car spaces across nine car parks. During Parliamentary Sittings and Senate Estimates, it plays hosts to more than 3,500 staff, as well as visiting tourists and other users.

It was reported through stakeholder consultations that due to the availability of free car parking, the irregularity of public transport to Parliament House, as well as the increased commuter time when utilising public transport, that the majority of staff travel via car to Parliament House. While the majority of stakeholders interviewed reported they could usually secure a car parking space on normal business days, all stakeholders reported difficulty in securing car parks during Parliamentary Sittings and Senate Estimates. This is, in part, due to the wide number of people authorised to use the Non Visitor Car Parks at Parliament House.

It should be noted that it is not envisaged that adding additional capacity through reconfiguration of existing car park assets or construction of new car parks is an option for resolving these capacity constraints.

4.1.2 Revenue generation

The Department of Parliamentary Services is, along with the majority of Financial Management and Accountability Act Agencies, subject to ongoing efficiency dividends. With Parliament House not in receipt of a funding appropriation for ongoing maintenance of infrastructure, meeting the maintenance and user demands is proving more and more difficult in the current fiscal environment.

To support the proper maintenance of Parliament House assets and ensure costs are fully met, including any potential tax liabilities, there is a need to consider how these costs might be met. It was identified that car parking may be a potential source of new revenue.

4.1.3 Introduction of paid parking in the Parliamentary Triangle

As part of the 2013/14 Budget, the former Government announced that paid car parking would be introduced into the Parliamentary Triangle from 1 July 2014. There is a risk that were Parliament House to continue providing free parking in the Visitor's Car Park, that nearby workers may seek to utilise the free parking at Parliament House, restricting the availability of car parking for Parliament House visitors. Further details are provided in part 4.2 of this paper.

While the effect of nearby paid parking on the Visitor's Car Park can't be fully predicted, the stakeholders consulted, including expert car park operators, supported the theory that users situated nearby who would otherwise have to pay for parking would certainly seek out any options not to pay.

It is reasonable to assume, therefore, that were free parking to be offered at Parliament House, that nearby workers who would otherwise have to pay for parking closer to their place of employment (for example, those working in East and West Blocks) would seek to take advantage of any free car parking nearby.

The introduction of paid parking nearby also triggers a potential new tax liability, through the Fringe Benefit Tax (FBT) laws. Grosvenor has provided its views and advice in relation to potential FBT liabilities in part 4.4 of this paper.

4.2 Intentions for paid parking in the Parliamentary Triangle

The NCA has responsibility for implementing paid parking into the Parliamentary Triangle, with the exception of parking at Parliament House, the National Gallery of Australia, the NPG, the High Court and the Australian War Memorial (AWM).

The NCA is currently implementing the Parliamentary Triangle paid parking strategy, involving:

- allocation of long stay (large, commuter based car parking) and short stay (smaller parking in close proximity to national institutions) car parking areas
- pay and display payment collection model for all car parks, with the installation of machines which accept credit cards and cash, and issue tickets for display on car dashboards
- outsourced maintenance and cash collection and reconciliation
- in-house monitoring and enforcement of all car parks, including issuing of fines (dependent on the approval of enabling legislation granting authority to the NCA to issue fines)
- introduction of a fee (anticipated to be \$2 per hour or \$11 per day) for parking between the hours of 8am and 6pm, Monday to Friday, excluding public holidays
- retaining a small number of free car park spaces, including roadside parking along Federation Mall, all of which will be short stay (anticipated to be 1 hour)
- retaining Class B permit parking zones for senior government employees; however, numbers are likely to be reduced
- retaining free parking for buses, disabled users and motorcycles
- volunteers working at National Institutions will be provided with vouchers resulting in no fees having to be paid by these users
- revenue will go to the Commonwealth's Consolidated Revenue Fund.

The AWM will not be charging visitors for car parking. The AWM is currently considering options to restrict access to its car parks to visitors only. The AWM has approached the NCA for funding to assist establishing perimeter controls surrounding its car parks; however, the NCA informed Grosvenor that no such funding is available. It is likely to implement a voucher validation system, similar to that currently in use at the NPG.

The NPG and NGA will be introducing paid parking for staff and visitors; however, visitors will be offered up to 3 hours free parking.

At the expiry of the free period, commercial rates will be charged, up to a maximum of \$30 per day (for further information on the strategy, including costing arrangements, refer to the NPG case study in part 4.6 of this paper). The NGA and NPG intend to retain any revenue collected, and won't be seeking any formal advice or guidance from Finance on these arrangements.

The High Court of Australia do not offer parking for visitors. While not yet confirmed, it is likely that the High Court will continue to offer free parking to its staff, and absorb any increased costs, including any FBT liability.

4.3 Current transport arrangements at Parliament House










4.3.1 Car park assets

There are nine car parks at Parliament House. These are identified in Figure A below. In addition, there are a small number of restricted parking spaces, located at the top of the slip roads leading up to the Members', Senators' and Ministerial entrances to Parliament House.



There are approximately 2000 car parking spaces at Parliament House. Table 3 summarises the total spaces by car park. Additional detail on the car parks, included users and usage patterns, is provided in Part 4.3.2 of this paper.

Table 3 – Car park statistics

Car park	Total spaces	Access hours
 Visitors (V)	330	Public (24/7)
 Senate Members (SM)	34	Secure (24/7)
 Senate Secure (S)	678	Secure (24/7)
 Representatives Secure (R)	538	Secure (24/7)
 Representatives Members (RM)	35	Secure (24/7)
 Loading Area (LA)	< 10	Secure (24/7)
 Ministerial (M)	115	Secure (24/7)
 Ministerial Razor West (MRW)	98	Secure (24/7)
 Ministerial Razor East (MRE)	105	Secure (24/7)

The car parks at Parliament House are of relative high quality, with the majority of car parks secured from public access and located underground. The MRW and MRE are of a lower quality, being located outdoors and exposed to the elements, with less security than the remaining car park assets at Parliament House. Users are granted entry to the secure car parks through swiping their ID cards. The system used is a Honeywell building control system.

4.3.2 Car park users

Key information relating to the current users of Parliament House car parks is summarised in Table 4 below. This information is necessary to ensure the options developed cater for user requirements.

Table 4 – Car park users

User	Car Park									Usage
	V	SM	S	R	RM	LA	M	MRW	MRE	
AFP							✓			Variable length of stay. In and out access throughout day
Attendants – DHR				✓						During and after business hours
Attendants – Senate			✓							During and after business hours
Licensees	✓		✓	✓						During and after business hours. Some staff have S/R access, others use V
APS							✓			Variable length of stay. In and out access throughout day
Buses	✓									Variable length of stay, typically less than 3 hours
Cleaners	✓		✓	✓						Variable length of stay. Most access from 3pm – 3am. Small number of staff have S/R access, most use V
ComCar	✓						✓			Variable length of stay. Not a lot of car parking, rather drop off
Class B	✓						✓			Variable length of stay, typically <3 hrs
Couriers	✓					✓		✓		Short stays in and out throughout the day. Use LA, drop off zone in V and permit zone in MRW
Deputy High Cmmr							✓			M above ground. During and after business hours
Diplomat							✓			M above ground. During and after business hours
Diplomat Corps							✓			M above ground. During and after business hours
Disabled	✓		✓	✓			✓	✓		During and after business hours
Media	✓		✓							Media pay for some allocated parking in S. Media also uses V. During and after business hours
Office of Member			✓	✓			✓	✓	✓	During and after business hours
Department Head			✓	✓			✓			During and after business hours
Security	✓		✓	✓				✓	✓	During and after business hours
Senators		✓					✓			During and after business hours. Low yearly utilisation
Members				✓	✓		✓			During and after business hours. Low yearly utilisation
Childcare Users	✓		✓	✓				✓	✓	During and after business hours. Drop off and long stay
Staff – Parl Depts	✓		✓	✓		✓		✓	✓	During and after business hours. Most staff able to access most car parks
Taxis	✓									During and after business hours. Short stays
Visitors	✓					✓				During and after business hours. Length of stay often unknown to visitors, typically <3 hours.

4.3.3 Non-car transport

Parliament House allows motorcyclist to park across its car parks, with some dedicated motorbike parking in the S and R car parks.

There is also infrastructure for cyclists, including lockers in the Visitor's Car Park and bike stands in the S and R car parks.

Parliament House is also serviced by public transport. The ACT government's ACTION bus service operates routes directly past Parliament House from Woden and City interchanges.

The Gold Rapid line between City and Woden interchanges operates from 6:09am to 11:29pm. Services between 6:09 and 7:30pm operate at approximate intervals of 15 minutes. Services after 7:30pm run at approximate intervals of 30 minutes.

ACTION buses also operate routes via its Blue Rapid line between Tuggeranong-Woden-City-Belconnen-Gungahlin interchanges, stopping at Albert Hall, an approximate 10 minute walk to Parliament House. Services run between 6:00am and 12:00am, stopping at Albert Hall at approximate intervals of 15 minutes.

4.4 Fringe Benefits Tax

Grosvenor has provided an outline of the FBT arrangements under the *Fringe Benefits Tax Assessment Act 1986* (Cth) (FBTAA) in part 4.4.1 of this paper, followed by our analysis of the FBT implications for Parliament House in part 0 of this paper.

4.4.1 The Fringe Benefits Tax arrangements

4.4.1.1 When does a car parking fringe benefits tax become payable?

The FBTAA outlines various conditions that must be met in order for a car parking fringe benefits tax (FBT) to become payable. A fringe benefit will arise when:

- a) a car is parked at premises that are owned or leased by, or otherwise under the control of, the provider (usually the employer)
- b) a commercial car parking station is located within 1km of the employer provided parking facility
- c) the lowest fee charged in the ordinary course of business, to members of the public, for all day parking by a commercial parking station, exceeds the car parking threshold figure
- d) the car is parked for a total of more than four hours between the hours of 7am and 7pm on the day. The four hour period need not be continuous, but may be made up of several parking periods
- e) the car is owned by, leased to, or otherwise under the control of, an employee or associate, or it is provided in respect of the employees' employment
- f) the parking is provided in respect of the employee's employment
- g) on that day, the employee has a primary place of employment

- h) the car is used by the employee to travel between a place of residence and primary place of employment at least once on that day, and
- i) the day is on or after 1 July 1983.

4.4.1.2 Relevant definitions

To determine whether or not Parliament House employers are likely to be liable for FBT, it is necessary to first understand the meaning of the terms used in the FBTAA, provided below in Table 5.

Table 5 – FBT definitions

Term	Definition
Car	A car is a motor car, station wagon, panel van or utility. Panel vans and utilities designed to carry more than one tonne are exempt, as are passenger carrying vehicles designed to carry more than nine occupants. Motorbikes do not cause a car parking benefit to arise. Parking provided for vehicles other than cars will not give rise to a car parking benefit.
All day parking	All day parking means parking a single car for a continuous period of at least six hours between 7:00am and 7:00pm
Commercial parking station	A permanent commercial car parking facility where any or all of the car parking spaces are available in the ordinary courses of business to members of the public for all day parking on that day on payment of a fee, but does not include a parking facility on a public street, road, lane, thoroughfare or footpath paid for by inserting money into a meter or by obtaining a voucher.

4.4.1.3 The car parking threshold

From 1 April 2013, the car parking threshold is \$8.03. Consequently, a car parking FBT will only become payable if a commercial car park within a 1km radius of business or associated premises charges more than \$8.03 for all day parking.

4.4.1.4 Measuring the 1km distance

A commercial car parking station is taken to be within a 1km radius of business or associated premises if and only if a car entrance to the commercial parking station is situated less than 1km by the shortest practical route from a car entrance to those premises. This route can be travelled by foot, car, train or boat, whichever produces the shortest practical route.

Where the shortest practical route can be travelled on foot, public thoroughfares such as arcade through shopping centres will be utilised in determining the distance. However, illegal or impractical shortcuts, such as through private property, will not be considered. The 1km radius may be measured using an odometer reading, a street directory, information available from a public transport authority, by measurement on a scale map or any other method that will give a correct indication. Distance is not measured 'as the crow flies' or through any other means.

4.4.1.5 Exemptions

Car parking facilities provided to employees who are entitled to the use of a disabled person's car parking space are not subject to FBT.

4.4.1.6 FBT year and rate

The FBT year runs from 1 April to 31 March. The tax rate for the FBT year from 1 April 2013 for 31 March 2014 is 46.5%. From 1 April 2014, the FBT rate will increase to 47%.

If a commercial car park comes into operation within a 1km radius during a FBT year, the employer will not be liable to pay the FBT until the following FBT year.

The tax is levied on the employer, not the employee, and it is levied irrespective of whether the benefit is provided directly to the employee or to an associate of the employee.

4.4.1.7 Grossing up

In determining the full extent of an FBT liability, it is necessary to gross up the fringe benefit taxable amount. Two formulas exist for doing this. The higher gross up formula is used where GST has not been included in the commercial car parking rate used in determining the fringe benefit taxable amount. The lower gross up formula is used when GST has been included in the commercial car parking rate used in determining the fringe benefit taxable amount. See working in part 4.4.2 of this paper for additional information).

4.4.1.8 Employee contributions and salary sacrificing

In most circumstances, if an employee makes a payment as a contribution towards the cost of providing a fringe benefit, the taxable value of that fringe benefit is reduced by the amount of the payment. Importantly:

- an employee contribution may be made only from an employee's after tax income
- it is not possible to use an employee contribution towards a particular fringe benefit to reduce the taxable value of any other fringe benefit
- an employee contribution paid directly to an employer is included in the employer's assessable income.

A salary sacrifice arrangement involves an employee agreeing to forego part of their future entitlement to salary or wages in return for the employer providing them with benefits of a similar value. While the employee may have a reduced income tax liability as a result of their lower salary, the employer remains liable for FBT and therefore, salary sacrificing has little effect on the payment of FBT by the employer.

4.4.2 Parliament House and the FBT

Grosvenor has assessed the circumstances of Parliament House against the conditions outlined in the FBTAA and summarised in part 4.4.1 of this paper.

The *Fringe Benefits Tax (Application to the Commonwealth) Act 1986* provides for the application of fringe benefits tax (including through the FBTAA) to the Parliamentary Departments (refer Sections 3 and 4).

Some conditions of the FBTAA can be assumed to be met, while others require additional clarification. We have assumed the following conditions to be met without need for further clarification:

- a) the car parks at Parliament House are owned or leased by, or otherwise under the control of, the employers at Parliament House
- b) cars are parked for a total of more than 4 hours between the hours of 7:00am and 7:00pm
- c) the employee's car is owned by, leased to, or otherwise under the control of, the employee or associate, or is provided by the employer
- d) the parking provided is in respect of the employee's employment
- e) on the day of parking, the employee has a primary place of employment
- f) the car is used by the employee to travel between their place of residency and primary place of employment
- g) the day is on or after 1 July 1993.

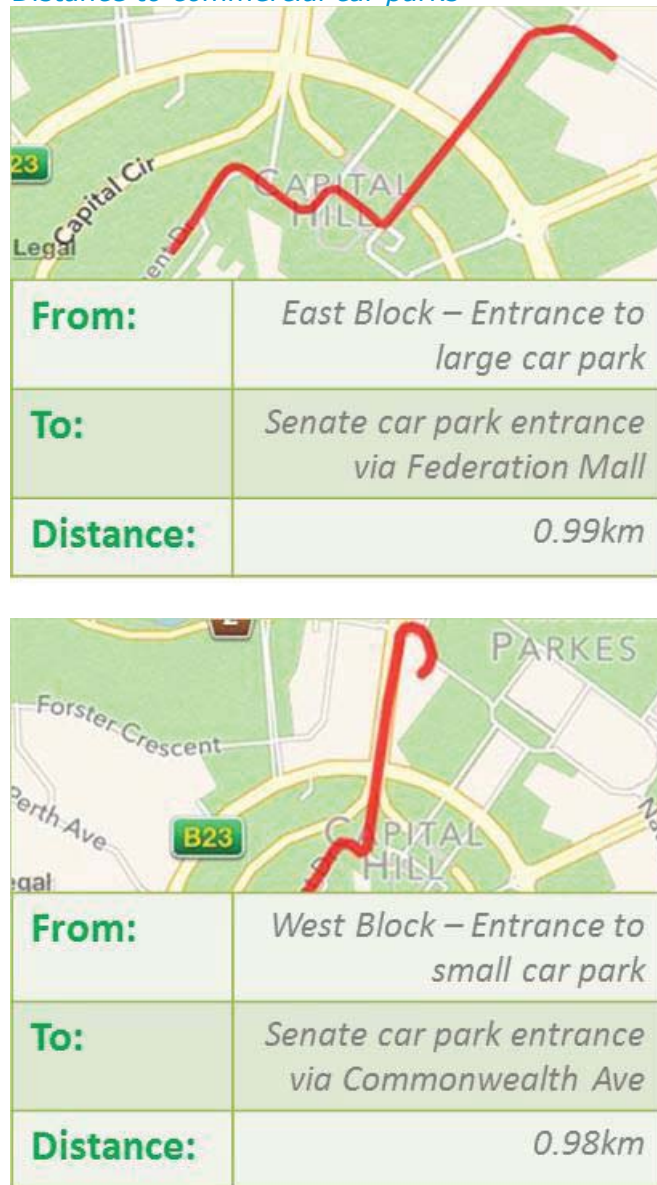
The remaining conditions that are more complex to determine are outlined below. For complete certainty, Parliament House would need to seek a private ruling on the applicability of these conditions from the ATO.

4.4.2.1 *Is there a commercial car park within a 1km radius that charges more than the threshold figure for all day parking*

There exist a number of car parks in close vicinity to Parliament House which, come 1 July 2014, are likely to fall within the definition of a commercial car park. These car parks include the large and small car parks at East and West Blocks.

Grosvenor measured the distance between the entrance to these car parks and the entrance to the (S) car park at Parliament House. Grosvenor identified two routes whereby the shortest practical route was less than 1km, as illustrated in the Figure B below.

Figure B – Distance to commercial car parks



Grosvenor was informed by the NCA that the parking at the large car park at East Block will attract a fee of at least \$11 per day from 1 July 2014. This would be greater than the car parking threshold. The NCA could not confirm whether the small car park at West Block would attract the \$11 per day fee.

Due to the current road configuration surrounding Parliament House, only the Senate car park entrance falls within the 1km radius of the commercial car park entrances identified above. A possible interpretation of the FBTAA is that only the Senate car park is liable to FBT. However, it is also necessary to consider whether or not the employers (i.e. the Parliamentary Departments) based in Parliament House are viewed as using separate business premises, and therefore whether their particular affiliated car park(s) can and should be treated separately.

Given the fact that all employees have access to most car parks, and that the car parks are not controlled by an individual department within Parliament House, it is Grosvenor's view that all car parks fall within the business premises of the employers at Parliament House.

On the basis of the analysis above, it is Grosvenor's view that the conditions of the FBTA are likely to be met, resulting in FBT becoming payable if employers at Parliament House continue to provide free parking to their employees.

4.4.3 Calculating the FBT liability

Assuming the conditions of the FBTA are met, it is necessary to determine the extent of the liability. There are five ways to determine the taxable value of a car parking fringe benefit, namely:

1. Commercial parking station method
2. Statutory formula method
3. 12 week register method
4. Market value method
5. Average cost method

The commercial parking station method must be used unless the employer elects to use one of the alternative methods. The employer can also elect to use an alternative method for any or all of the car parking spaces.

The market value and average cost methods are not analysed in this paper; the market value method required a valuation report from a qualified valuer and the average cost method required data on average fees of the commercial parking station on the first and last days of the benefit provided during the FBT year.

Grosvenor has analysed the potential FBT liability using the methods 1, 2 and 3 above. In our analysis, we have identified the liability in three circumstances:

1. all staff are provided with free parking
2. the FBT component where SES are provided with free parking
3. the FBT component where MPs/Senators are provided with free parking.

This approach provides an indication of the proportion of the potential FBT liability contributed by SES and MPs/Senators.

Grosvenor did not have access to the number of staff employed by MPs/Senators, and therefore the assessment is only undertaken on employees of the four Parliamentary Departments. Where possible, the FBT component for each of the Parliamentary Departments has been provided.

4.4.3.1 Assumptions

Grosvenor has made the following assumptions for the purposes of the analysis:

- part time employees are taken to work 3 days per week
- full time employees are taken to work 248 days of the FBT year, whereas part time employees work 152 days. This number does not take into consideration any days that employees that use the car park on weekends or public holidays in respect of their employment
- car parks are presumed to be utilised 85% of the time across the FBT year
- Comcars and electorate staff (staff employed by Ministers and Senators under the *Members of Parliament (Staff) Act 1984*) who work in Parliament House on sitting weeks are not included in the analysis
- the commercial car parking rate is \$11 including GST, resulting in a gross up rate of 1.88679 using the lower gross up formula
- there are 1200 employees at Parliament House, as per table 6 below:

Table 6 – Employees of Parliamentary Departments

Dept	SES	Non SES	F/T	P/T	Ongoing	Non Ongoing	Casual	Total
DoS	6	155	130	31				161
DoHR	5	169	118	56				174
PBO	6	27			29	4		33
DPS	10	822	570	136		35	91	832
TOTAL	27	1173						1200

Note also that while data from the 2012-2013 financial year is being utilised in these calculations, the FBT rate from the 2014/15 financial year has been applied. This is because Parliament House will only become liable for FBT from the commencement of the 2014/15 FBT year.

Changes to the composition of staff between now and 1 April 2015, or to any of the assumptions stated in this paper, will produce different results.

4.4.3.2 Analysis - The Commercial Parking Station Method

Using the commercial parking station method, the taxable value of a car parking fringe benefit is the lowest fee charged for all day parking on that day by any commercial parking station within a 1km radius of the premises on which the car is parked. This is reduced by any amount the employee pays towards the cost of the fringe benefit.

For the purposes of this analysis, the taxable value of each car park is determined to be \$11 per day.

Having determined the taxable value, it is necessary to obtain the exact number of benefits provided from records of actual use. This method, therefore, requires the employer to maintain such records of use.

Minimum records that should be kept comprise:

- number of car parking spaces available to be used by employees
- number of business days in the FBT year
- valuation method chosen
- daily value of car parking spaces

FBT payable – All staff provided with parking benefits

Table 7 – Commercial parking station method – All staff

	F/T	P/T	TOTAL
Number of employees	852	348	1,200
Number working days p.a.	248	152	
Number of benefits p.a	211,296	52,896	264,192
Utilisation rate			(85%)
Actual number of benefits p.a.			224,563
Value of benefit			\$11.00
FBT amount			\$2,470,193
Grossed up taxable amount			\$4,660,742
Amount of FBT payable			\$2,190,549
			<i>Estimated DoS component (36,952 benefits)</i>
			\$306,386
			<i>Estimated DoHR component (37,776 benefits)</i>
			\$313,225
			<i>Estimated PBO component (5,610 benefits)</i>
			\$54,725
			<i>Estimated DPS component (182,864 benefits)</i>
			\$1,516,213

FBT payable – SES component

Table 8 – Commercial parking station method – SES component

	TOTAL
Number of employees	27
Number working days p.a.	248
Number of benefits p.a	6,696
Utilisation rate	(85%)
Actual number of benefits p.a.	5,692
Value of benefit	\$11.00
FBT amount	\$62,608
Grossed up taxable amount	\$118,128
Amount of FBT payable	\$55,520
<i>Estimated DoS component (1,488 benefits)</i>	<i>\$12,339</i>
<i>Estimated DoHR component (1,240 benefits)</i>	<i>\$10,280</i>
<i>Estimated PBO component (1,488 benefits)</i>	<i>\$12,339</i>
<i>Estimated DPS component (2,480 benefits)</i>	<i>\$20,562</i>

FBT payable – MPs/Senators component

Grosvenor has made the following assumptions for the purposes of the analysis:

- the House of Representatives was in session for 59 days, and the Senate was in session for 60 days, from 31 March 12 to 1 April 13, and
- calculations do not take into account the extra days MPs/Senators are in Parliament House that are not sitting days
- as the vast majority of MPs/Senators do not live in Canberra, it is assumed that only 10% of MPs/Senators use the car park across the FBT year

Table 9 – Commercial parking station method – MPs/Senators component

	TOTAL
Number of MPs	150
Number of Senators	76
Days MPs present	59
Days Senators present	60
Total benefits to MPs	8850

	TOTAL
Total benefits to Senators	4560
Number of benefits p.a.	13,410
Utilisation Rate	(10%)
Actual number of benefits p.a.	1,341
Value of benefit	\$11.00
FBT amount	\$14,751
Grossed up taxable amount	\$27,832
Amount of FBT payable	\$13,081

4.4.3.3 Analysis - The Statutory Formula Method

Under the statutory formula method, 228 car parking fringe benefits are deemed to arise from each car parking space that is available to be used by an employee during the course of the FBT year. The result is reduced proportionately if the number of employees is less than the number of spaces. The following formula is used to calculate the taxable value:

$$\$A \times \frac{B}{366} \times 228 = C (\times D) = E$$

A = the taxable value of one car parking benefit

B = the number of days in the period of use of the car parking space. This period begins on the first day in the FBT year in which the car parking space is available for use by any employee who is covered by the election, and ends on the last day in the FBT year in which the car parking space is available for use by any employee who is covered by the election

C = the taxable amount of each car park

D – the number of car parking spaces available

If the total number of employees is less than the total number of car parks available, the calculation continues and the amount payable may be less.

$$E \div F \times G$$

E = the answer to the above equation

F = the average number of car park spaces available over a FBT year

G = the average number of employees over a FBT year

FBT payable – All staff provided with parking benefits

$$\$11 \times \frac{365}{366} \times 228 = \$2501 (\times 1540) = \$3,851,771$$

Table 10 – Statutory formula method – All staff

TOTAL	
FBT amount	\$3,851,771
Grossed up taxable amount	\$7,267,492
Amount of FBT payable	\$3,415,721

In order to accurately calculate the next step of the equation, it is necessary to know the average number of car parks over a FBT year and the average number of employees over an FBT year.

An estimate is used in the following equation:

$$3,851,771 \div 1540 \times 1200 = \$3,001,380$$

Table 11 – Statutory formula method – All staff (2)

TOTAL	
FBT amount	\$3,001,380
Grossed up taxable amount	\$5,662,981
Amount of FBT payable	\$2,661,601

FBT payable – SES component

$$\$11 \times \frac{365}{366} \times 228 = \$2501 (\times 27) = \$67,531$$

Table 12 – Statutory formula method – SES component

TOTAL	
FBT amount	\$67,531
Grossed up taxable amount	\$127,417
Amount of FBT payable	\$59,886

As the calculation is based on the fact that there are 27 SES staff and 27 car parking spaces available to them, the second step of the equation is irrelevant.

FBT payable – MPs/Senators component

The statutory formula method measures time from the first day in the FBT year in which the car parking space is available for use and ends on the last day in the FBT year in which the car parking space is available for use. The first day that MPs and Senators would use the car park in the FBT year is in April and the last day would be in March the following year, which means under this formula, MPs and Senators would be considered to have access and be using the car park for the whole FBT year.

However in practice, MPs and Senators only use the car park approximately 60 days over the yearly period. Consequently this method is not suitable for measuring the taxable value of MPs and Senators car parks, as it would be an inflated rate and not reflect the infrequent use of the car park.

4.4.3.4 Analysis - The 12 Week Register Method

The 12 week register method provides a total taxable value for all the fringe benefits an employer has elected to value by this method.

$$\$A \times \frac{52}{12} \times \frac{B}{366}$$

\$A = the total taxable value of all car parking fringe benefits provided during the 12 weeks the register is kept

B = the number of days in the period of use of the car parking space. This period begins on the first day in the FBT year in which the car parking space is available for use by any employee who is covered by the election, and ends on the last day in the FBT year in which the car parking space is available for use by any employee who is covered by the election

FBT payable – All staff provided with parking benefits

It is first necessary to determine how many car parking fringe benefits would be provided during the 12 week register period and secondly, their taxable value. In order to determine their value, the commercial parking station method was utilised

Table 13 – 12 week register method – All staff

	F/T	P/T	TOTAL
Number working days	60	36	
Number of employees	852	348	
Number of benefits	51,120	12,528	63,648
Utilisation rate			(85%)
Actual number of benefits			54,101
Value of benefit			\$11.00
Taxable value of benefits			\$595,111

$$\$595,111 \times \frac{52}{12} \times \frac{365}{366} = 2,571,768$$

Table 14 – 12 week register method – All staff (2)

TOTAL	
FBT amount	\$2,571,768
Grossed up taxable amount	\$4,852,392
Amount of FBT payable	\$2,280,624
<i>Estimated DoS component (8,916 benefits)</i>	<i>\$319,492</i>
<i>Estimated DoHR component (9,096 benefits)</i>	<i>\$325,942</i>
<i>Estimated PBO component (1,347 benefits)</i>	<i>\$56,783</i>
<i>Estimated DPS component (37,443 benefits)</i>	<i>\$1,578,47</i>

FBT payable – SES component

It is first necessary to determine how many car parking fringe benefits would be provided during the 12 week register period and secondly, their taxable value. In order to determine their value, the commercial parking station method was utilised

Table 15 – 12 week register method – SES component

TOTAL	
Number working days	60
Number of employees	27
Number of benefits	1,620
Utilisation rate	(85%)
Actual number of benefits	1,377
Value of benefit	\$11.00
Taxable value of benefits	\$15,147.00

$$\$15,147 \times \frac{52}{12} \times \frac{365}{366} = 65,457$$

Table 16 – 12 week register method – SES component (2)

TOTAL	
FBT amount	\$65,457
Grossed up taxable amount	\$123,506

TOTAL	
Amount of FBT payable	\$58,048
<i>Estimated DoS component (360 benefits)</i>	\$12,899
<i>Estimated DoHR component (300 benefits)</i>	\$10,750
<i>Estimated PBO component (360 benefits)</i>	\$12,899
<i>Estimated DPS component (600 benefits)</i>	\$21,500

FBT payable – MPs/Senators component

Like the statutory method, the 12 week register method measures time from the first day in the FBT year in which the car parking space is available for use and ends on the last day in the FBT year in which the car parking space is available for use. As MPs and Senators are only in Parliament House for 60 days of the calendar year, it is not appropriate to use this formula for these car park users, as it would result in an inflated rate.

4.4.4 Summary of results

The taxable value of the car parking fringe benefits using the three methods is summarised in the table below.

Table 17 – FBT calculations – Summary of results

Method	All staff	SES element	MPs/Sens element
Commercial Parking Station	\$2,190,549	\$55,520	\$13,081
Statutory	\$3,415,721	\$59,886	
12 week register	\$2,280,624	\$58,048	

The commercial parking station method results in the lowest, per annum FBT liability; however, it does require employers to keep detailed records. As a result, in practice most employers choose to use the statutory method.

Parliament House is, however, unique in that there are more car parking spaces than employees. This produces a result under the statutory method of calculation that is significantly more costly than the alternative methods. Note that the application of this element of the calculation to Parliament House is highly complex and may require further clarification. For example, if Parliament House elected to allocate a number of spaces to each Employer, it may not be the case that there are more car parking spaces than employees, thereby changing the results of this assessment.

4.5 Car parking management strategies and benchmarks

In developing appropriate options for the management of car park assets at Parliament House, Grosvenor researched the key elements of car park management, including:

- management and maintenance arrangements
- technology and Payment models
- allocation strategies
- car parking fees

This information is presented below, and has been used in the development of the options presented in part 5 of this paper.

4.5.1 Car park management

Management of car parks is either performed in-house or outsourced to a car park management provider. The outsourced option consists of two broad models:

- management and maintenance of equipment and consumables, with the car park remaining under control of building owner/occupier
- leasing out of the car park asset to the car park management provider

In house management is suited to organisations with fairly low levels of car parking spaces and complexity in their car park arrangements. In house operators should have access to sufficient personnel resources and systems to assist in the effective management of car parks. Key tasks include issuing and administering permits/passes, updating system records, collecting monies and arranging or conducting maintenance of car park equipment.

Outsourced management is typically suited to organisations with large car park assets with more complex car parking arrangements. Benefits outsourced providers offer are comprehensive services associated with all aspects of car park management, including the provision of systems, reports, collection and accounting of monies, and provision of maintenance and user assistance. There are multiple providers of outsourced car park management services, with major providers including Wilson, Secure and Interpark. Costs are variable depending on the model and outsourced provider chosen, however the repeated benchmark in interviews conducted by Grosvenor indicate that a figure of \$1 per car park per day (or less) is a common charge for these comprehensive services.

The DHS, the NGA, the NPG and the NCA will be leveraging comprehensive car park maintenance services from outsourced providers. Each organisation, with the exception of the NCA, will retain the ability to provide users with access through swipe/ID cards, and where necessary collect money through a pay deduction.

All other elements of car park management, including provision and maintenance of equipment, resupply of consumables, collection of monies, accounting and reporting services will be managed by an outsourced provider.

The DHS will, however, do their own monitoring and enforcement (see case study at Part 4.6 of this paper).

Leasing out of car parks is less common; however, the option does exist to lease control of the asset to an outsourced provider. The outsourced provider would pay the asset owner for the right to use the asset. The provider has control over all components of the asset, including pricing, technology and allocation of parking spaces. These can be negotiated somewhat with the asset owner.

The outsourced provider adopts the risks associated with operating the car park, including lower than expected revenue. These leased arrangements are focussed on generating a profit for the outsourced operator.

4.5.2 Technology and payment models – pre paid

Table 18 – Analysis of pre-paid permits and vouchers

Pre paid – permit/voucher	
<p>The permit system relies on users possessing a physical document (card or ticket) which is displayed on the parked vehicle. Permits give a user a right to use an available parking spot. Permits are typically issues by a central authority. Enforcement is through manual inspection of cars in car parking spaces, and the issuing of fines where no permit is displayed.</p> <p>APH currently uses permit parking for its disabled parking spaces, its 12 childcare centre parking spaces and its 24 Class B car parking spaces in the Visitor’s Car Park.</p> <p>The manual effort associated with producing permits, managing records, collecting payment (where necessary), inspecting vehicles in permit zones and the issuing and administration of fines for non-compliance is a key reason for the permit system reducing in popularity. The ANU is slowly implementing a strategy for reducing its reliance on permits due to the significant amounts of manual effort required to administer the system.</p>	
Advantages and strengths	Disadvantages and risks
Simple and familiar for car park users	High level of effort (and cost) to administer and enforce
Requires minimal infrastructure and cost to implement (typically just signage and a basic system to administer permits)	Prone to fraud (users generating their own permit copies)
	Prone to non-permit holders taking the risk that they won’t get caught (where low levels of enforcement activity exist)

Table 19 – Analysis of pre-paid pay and display

Pre paid – pay and display	
<p>The pay and display model is a common approach to managing paid parking. It is similar to a permit model; however, it relies less on centralised administration, and more on technology. The typical model comprises ticket machines which accept cash and or credit card, or near field payments with mobile phones, and the production of a ticket which is displayed on the car. Tickets are purchased on each occasion the car park is used, rather than in advance. Enforcement is through manual inspection of cars parked in car parking spaces, and the issuing of fines where no ticket is displayed. It is not typical for pay and display car parks to offer any free parking, that is, charges typically accrue from the moment a car is parked in the car park.</p> <p>Pay and display is not currently used at Parliament House. It is widely used across the ACT, and is the model that has been chosen by the NCA for the introduction of paid parking in the Parliamentary Triangle.</p> <p>Pay and display machines require the manual collection of cash and refilling of ticket consumables, as well as annual maintenance. Capital costs range from between \$5,000 (cash only) and \$9,000 (cash and credit card) per ticket booth with comprehensive maintenance services charged at around \$1 per space per day.</p>	
Advantages and strengths	Disadvantages and risks
Simple and familiar for car park users	Requires regular refilling of consumables and collection of monies
Requires minimal administration once installed	Infrastructure can be vandalised
Relatively low cost technological solution	Where no credit card option is offered, users must have cash available, and the machines do not typically give change
Highly suited for car parks which are not able to be secured off/controlled through boom gates and other infrastructure	Not suitable for car parks where there are timed entitlements to free parking (e.g. first hour free)
	Near field payments with mobile phones is a new technology and requires users to have a smartphone

4.5.3 Technology and payment models – hybrid (pre and or post-paid)

Table 20 – Analysis of hybrid (pre and or post paid)

Hybrid (pre and or post paid) – swipe pass	
<p>The pre-paid swipe pass model is typically used where a car park is secured off from the general public through the use of a boom gate or other access control mechanism. It relies on the user possessing an electronic pass card which entitles entry to the car park. It can be either a paid or unpaid entitlement. This model works best where there are multiple lane exits and entries (minimal disruption to traffic flow if a user hasn't paid/lost their card or the boom gate stops operating). In modern systems, the pass is multipurpose, and usually provides access to building premises as well.</p> <p>The Department of Foreign Affairs and Trade currently use an unpaid swipe pass system to control entry to its car parks. A non-paid version of the swipe pass model is currently used by Parliament House in the Non Visitor Car Parks.</p> <p>This model is self-enforcing, in that entry is only offered to entitled users. Car parks are generally unallocated, with oversubscription typically used to cater for fluctuating demand. If no car parks are available, the user must seek alternative parking.</p> <p>The pre-paid swipe pass system requires some central administration (usually the linking of the entitlement to the pass card and collection of any payment) and some minor capital costs (boundary control to the car park and boom gate / card reader infrastructure. The latter is relatively low cost, less than \$20,000 for an entry and exit. Maintenance is relatively low.</p>	
Advantages and strengths	Disadvantages and risks
Simple and familiar for car park users	Infrastructure can be vandalised
Requires minimal administration once installed	Users have difficulty accessing car park if they have forgotten or lost their swipe pass
Relatively low cost (unless the car park requires significant boundary control capital expenditure)	
Number of users can be controlled by pass issuer	
Entitlements can be easily switched on or off	

4.5.4 Technology and payment models – post paid

Table 21 – Analysis of post paid tickets

Post paid – ticket	
<p>This model is used where the perimeter and access to the car park asset can be restricted and controlled. It relies on a user collecting a ticket on entry, the collection of which results in a boom gate opening and permitting the user to park their car. Upon or immediately prior to exiting, the user feeds the ticket into a machine which determines any monies due based on the time that has passed since the ticket was first collected. Exit is granted upon meeting the exit conditions. This model works best where there are multiple lane exits and entries (minimal disruption to traffic flow if a user hasn't paid or boom gate stops operating).</p> <p>It is self-enforcing; in that users are only granted entry upon the collection of a ticket, and granted exit upon meeting the conditions of exit when returning their ticket (usually through payment, or exit before the expiry of a free period). If no car parks are available, the user must seek alternative parking.</p> <p>This model is commonly used in modern car parking infrastructure, and across the ACT at commercial car parking stations, including at the Canberra Centre and the Canberra Airport.</p> <p>The post-paid ticket system requires some ongoing maintenance through the refilling of ticket consumables and collection of cash monies. Capital costs range from between \$50,000 (2 credit card only payment machines and single entry and exit boom) and \$150,000+ (2 credit card and cash payment machines and single entry and exit boom, including installation) with comprehensive maintenance services charged at around 10% of capital costs. There is a wide variety of pricing approaches for ongoing maintenance, including through a fixed fee, % of revenue or % of capital costs.</p>	
Advantages and strengths	Disadvantages and risks
Simple and familiar for car park users	Requires regular refilling of consumables and collection of monies (where cash offered)
Requires minimal administration once installed	Infrastructure can be vandalised
Self-enforcing	Relatively high costs to install
Can be linked to a credit card only payment mechanism requiring no cash collection	

Table 22 – Analysis of post paid licence plate recognition

Post paid – licence plate recognition

This model is used where the perimeter and access to the car park asset can be restricted and controlled. It relies on cameras capturing vehicle licence plate information, the collection of which results in a boom gate opening and permitting the user to park their car. Upon or immediately prior to exit, the user enters their licence plate number into a payment machine which determines any monies due based on the time that has passed since the vehicle first entered the car park. Exit is granted upon meeting the exit conditions. This model works best where there are multiple lane exits and entries (minimal disruption to traffic flow if a user hasn't paid or boom gate stops operating).

It is self-enforcing; in that users are only granted exit upon meeting the conditions of exit (usually through payment, or exit before the expiry of a free period). If no car parks are available, the user must seek alternative parking.

This model is not used widely across the ACT or Australia. There are variations of the model in use at Canberra Airport, and a fully functioning, large scale commercial system in use at Rhodes Shopping Centre in Sydney. The National Gallery of Australia and National Portrait Gallery are installing LPR systems in their car parks in the near future.

The LPR system requires little to no ongoing maintenance and administration. More administration effort is required where payment machines accept cash (less for credit card only). Capital costs range from between \$60,000 (2 credit card only payment machines and single entry and exit boom) and \$170,000+ (2 credit card and cash payment machines and single entry and exit boom, including installation).

Advantages and strengths	Disadvantages and risks
Self-enforcing	Relatively unfamiliar to car park users
Requires no consumables to operate (e.g. tickets)	Relatively high costs to install
Can be linked to a credit card only payment mechanism requiring no cash collection	New technology, with car park providers themselves saying broader uptake and reliability issues will take between 2-5 years to mature
	Some users may have privacy concerns in car park operators retaining licence plate details

4.5.5 Car park allocation

Car parks with high levels of repeat users typically feature an allocation strategy. Allocation can be used to either:

- maximise utilisation of car parking spaces
- guarantee car parks for users or groups of users
- prevent non-authorized users from accessing car parks

Parliament House allocates some of its parking across its car parks. This is most evident in the Visitor's Car Park with parking allocated for disabled users, motorcycles, child care centre users, taxis, Class B permit holders and buses. While there is some allocated parking across the remaining car parks (for MPs, media and some SES staff), the majority of car parking spaces at Parliament House are unallocated.

The strategy of having unallocated car parking is often referred to as a licence to hunt, or right to enter. While car parking remains free, a licence to hunt or right to enter is wholly non-controversial. Users generally accept that at times the car park may be at capacity and alternative parking will need to be sought. This is evident during Parliamentary Sitting and Senate Estimates periods at Parliament House.

When unallocated car parking attracts a charge, particularly where the licence to hunt is paid for in advance, it can be reasonably anticipated that users expect to be guaranteed a spot. In practice, however, it is common that car park owners and operators implement an oversubscription strategy, that is, providing more licences or rights to enter than there are available car parking spaces. It is highly uncommon for users to require access to car parks 24/7 throughout the year, therefore these over subscription strategies typically present little to no issues with paying users.

The ANU is currently converting to an oversubscription strategy. The ANU had previously guaranteed parking spaces for licence holders. After monitoring usage, the utilisation rate was approximately 60-70%, well below the capacity of the car park. This left those without a licence frustrated at regularly seeing empty car parking spaces. The ANU has now decided to oversubscribe allocation by approximately 20%. Outsourced car park operators interviewed by Grosvenor supported this figure as representative of oversubscription allocation models.

4.5.6 Car park fees

Grosvenor undertook research of methodologies for calculating car park fees, as well as collecting benchmarks for car parking fees across the ACT. The methodologies for calculating car park fees closely reflect the objectives of having paid parking; for example:

- DHS sought to recover costs only from its users (including FBT, capital recovery and ongoing maintenance costs).
- ANU is exempt from paying FBT; its motivation was linked to raising revenue whilst managing demand. As many users are low income earners (i.e. students) the ANU used public transport costs as a benchmark for determining its daily car park fee, with the fee to be introduced in 2014 equivalent to a return ACTION bus fare (\$8).
- other methodologies seek to maximise revenue or capacity, each of which is linked to a solid understanding of user behaviours. Where capacity is sought for multiple, short-stay requirements throughout a day, all day parking is either not available, or charged at high rates to act as a disincentive.

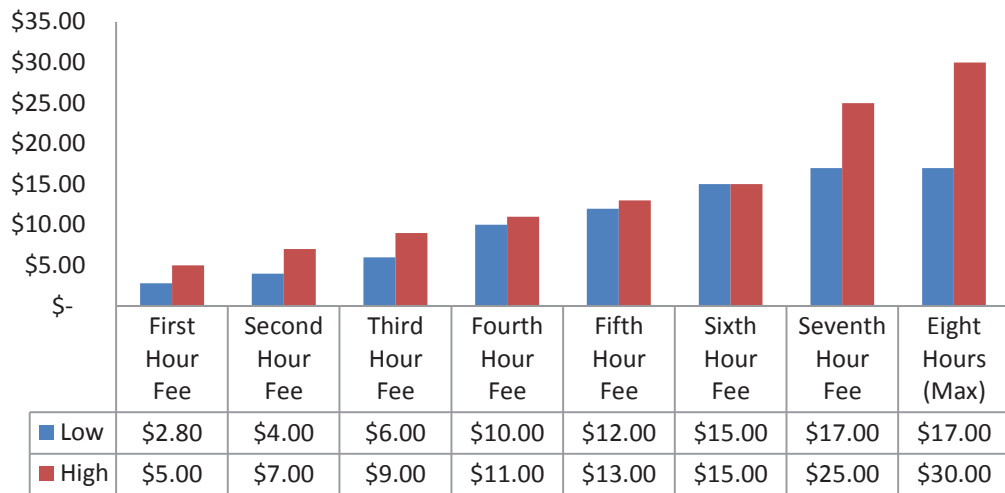
Grosvenor has collected a wide range of ACT parking fees in coming up with the car parking fee benchmarks identified below. While benchmarking is indicative only, it is considered appropriate to select benchmarks based on geographic proximity for a number of key reasons, including:

- geographic proximity is a widely accepted benchmarking technique, it is also highly relevant for the determination of Fringe Benefit Tax liability
- Parliament House is a unique building, with direct comparisons difficult to identify

We have separated our fees into public and private car parks. This is considered appropriate as charges are often very different between car parks accessible by the public and those where access is limited to specific users. It also aligns with different types of car parks at Parliament House.

Figure C

ACT - Short Term Public Car Parking Fees



The fees above have been selected based on car parks which charge for parking. There are car parks across the ACT where there is an ability to park for free, either for a pre-determined time limit (usually less than 3 hours) or all day. Free car parking has reduced significantly across the ACT in the past 3 years, and will reduce further from 1 July 2014.

Figures for stays of longer than four hours have been provided. While not a short stay, the figures are provided as it is possible to use these car parks as long stay. This is a clear example where long stay parking is discouraged at these particular car parks through a pricing disincentive.

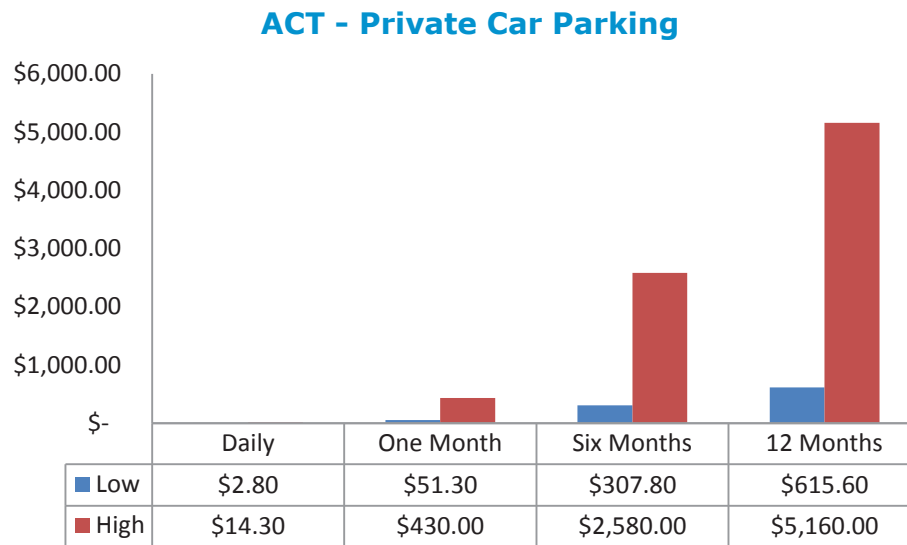
Figure D

ACT - Long Stay Public Car Parking Fees



The fees above have been selected from car parks where users typically park for longer periods of time, referred to as commuter car parks.

Figure E



Private car parking fees are highlighted in the table above. Access is restricted, with entry granted through with an authorised swipe card following pre-payment of the fees, usually monthly. Many users of these car parks can pay the fees through a salary sacrifice arrangement, which may reduce the overall cost of the fees to the user, depending on individual circumstances. The distinction between high and low is typically based on location and strategy. The low fees are that of DHS in Tuggeranong and Forrest, with a cost neutral car parking strategy in place. The high fees are Canberra City basement parking in a commercial car parking station.

4.6 Case studies

To further aid in understanding current approaches to the management of car parks, Grosvenor met with a number of organisations to gain insight into their car parking strategies. Three organisations were selected as reasonably comparable with Parliament House, namely:

- the Australian National University
- the National Portrait Gallery
- the Department of Human Services.

Grosvenor has described in each of the three case studies overleaf, the parking arrangements, key facts and learnings that can be observed from the case studies.

4.6.1 Case study [REDACTED]



4.6.2 Case study –



4.6.3 Case study



5 Conclusions

The conclusions are structured into two components, as illustrated in table 23, below.

Table 23 – Structure of conclusions

Component	Sections	Description
Identifying and assessing the range of options for managing the Visitor's and Non Visitor's Car Parks at Parliament House	5.1	Summary of options and criteria used for assessment
	5.2	Options assessment for Visitor's Car Park
	5.3	Options assessment for Non-Visitor's Car Parks
Shortlisting of options as potential solutions for implementation	5.4	Identification of shortlisted solutions for the future management of car parking at Parliament House, including additional details for implementation of solution

These conclusions provide the foundations for the development of the recommendations, found in part 6 of this paper.

5.1 Options assessment

5.1.1 Overview of options

Grosvenor has identified a number of options for the future management of car parking at Parliament House.

The assessed options for the Visitor's Car Park are:

Table 24 – Structure of conclusions

Ref	Description
V1-A	Lease car park asset
V2-A	Do not introduce paid parking, maintain current arrangements
V2-B	Do not introduce paid parking, modify current arrangements
V3-A	Introduce paid parking – all users pay
V3-B	Introduce paid parking – some users pay
V3-C	Introduce paid parking – free period offered, commercial rates thereafter
V3-D	Introduce paid parking – free period offered, non-commercial rates thereafter

The assessed options for the Non Visitor Car Parks are:

Table 25 – Structure of conclusions

Ref	Description
NV1-A	No change to current arrangements
NV2-A	Introduce paid parking – all users pay
NV2-B	Introduce paid parking – some users pay

5.1.2 Criteria for assessment of future options

Each option for the management of the Visitor’s Car Park and Non Visitors’ Car Parks are identified and assessed separately, against key criteria outlined in Table 26 below:

Table 26 – Key assessment criteria

Criteria	Description
Meets APH’s compliance obligations	<ul style="list-style-type: none"> - the option address any Fringe Benefits Tax liability - degree of consistency with enterprise agreements - otherwise complies with obligations under the law
Meets user needs	<ul style="list-style-type: none"> - provides users with access to a car park when needed
Financial impact on users	<ul style="list-style-type: none"> - cost to users
Maintains car park capacity for APH users	<ul style="list-style-type: none"> - prevents encroachment from non Parliament House visitors/staff - maximises available car parking for all users
Ease and cost of implementation	<ul style="list-style-type: none"> - capital cost of solution - degree of difficulty in implementing solution
Management and maintenance cost and effort	<ul style="list-style-type: none"> - ongoing cost of solution - extent of ongoing maintenance required

5.2 Options – Visitor’s Car Park

5.2.1 V1-A Lease car park asset

Table 27

V1-A – Lease car park asset		
<p>This model involves leasing the entirety of the Visitor’s Car Park to an outsourced car park management operator (e.g. Secure, Wilson). The outsourced provider would pay Parliament house a leasing fee, and take responsibility for the management and maintenance of the car park. Parliament House would agree the terms of the lease; however, the car park operator would expect a high degree to autonomy in the operations of the car park, including identifying who should and who shouldn’t pay, with the objective of operating the car park at a profit.</p>		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH’s compliance obligations	<ul style="list-style-type: none"> compliance obligations would be a contractual responsibility of the outsourced operator, potentially reducing burden on APH 	<ul style="list-style-type: none"> reduced control over compliance (e.g. with FMA Act) rectification of non-compliances would require performance /contractual effort
Meets user needs		<ul style="list-style-type: none"> may result in reduced access for some users (to maximise capacity of high revenue-earning users)
Financial impact on users		<ul style="list-style-type: none"> given profit objective of these arrangements, fees are likely to be set high with little or no free period may result in reduced access for some users (to maximise capacity of high revenue-earning users)
Maintains car park capacity for APH users	<ul style="list-style-type: none"> charges are likely to be higher than those at nearby car parks, resulting in minimal/no encroachment 	<ul style="list-style-type: none"> may result in reduced access for some users (to maximise capacity of high revenue-earning users)
Ease and cost of implementation	<ul style="list-style-type: none"> outsourced responsibility results in significantly reduced effort for APH 	
Management and maintenance effort and cost	<ul style="list-style-type: none"> outsourced responsibility, paid for as part of lease 	
Commentary and conclusions		
<p>This option will result in a reduced level of control over the car park asset. An outsourced operator will have a profit objective, resulting in a high likelihood of commercial rates being charged for all users, with little to no free parking offered. It is likely that capacity for some users would be reduced.</p>		
<p><i>Grosvenor considers this option as an unsuitable solution for Parliament House.</i></p>		

5.2.2 V2-A Do not introduce paid parking / Maintain current arrangements

Table 28

V2-A – Do not introduce paid parking / Maintain current arrangements		
<p>This option comprises no change to current arrangements. The Visitor's Car Park would remain free, with no changes to current permit zones and other allocations. It is useful to include in the assessment to act as a baseline comparator for other options.</p>		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> no change to current risk profile 	<ul style="list-style-type: none"> potential for failure to meet FBT liability for any employees who use the car park
Meets user needs		<ul style="list-style-type: none"> current arrangements are not meeting user needs. Visitors are often required to stay longer than the 3 hour limit, requiring users to move their car or park elsewhere. 3 hour limit is also insufficient for workers (licensees, cleaners etc) who routinely require all day hour car parking
Financial impact on users	<ul style="list-style-type: none"> no financial impact for users 	<ul style="list-style-type: none"> potential for FBT liability for Parliamentary Departments whose employees use Visitor's Car Park
Maintains car park capacity for APH users		<ul style="list-style-type: none"> likely to result in reduced capacity due to encroachment come 1 July 2014
Ease and cost of implementation	<ul style="list-style-type: none"> no implementation activities required 	<ul style="list-style-type: none"> potential effort accounting for new FBT liability
Management and maintenance effort and cost	<ul style="list-style-type: none"> nil effort 	
Commentary and conclusions		
<p>While the effect of introducing paid parking nearby can't be fully predicted, it is reasonable to assume that were current arrangements to remain in place come 1 July 2014, that nearby workers who would otherwise have to pay for parking closer to their place of employment (for example, those working in East and West Blocks) would seek to take advantage of any free car parking nearby.</p> <p>The introduction of paid parking nearby also triggers a potential new tax liability, through the Fringe Benefit Tax (FBT) laws. Grosvenor's view is that APH will be subject to FBT and therefore continuing to maintain current arrangements may result in an FBT liability that will need to be met by the Parliamentary Departments. Charging for car parking is one way in which to meet this liability.</p>		
<p><i>Grosvenor considers this option as an unsuitable solution for Parliament House.</i></p>		

V2-B Do not introduce paid parking / Modify current arrangements

Table 29

V2-B – Do not introduce paid parking / Modify current arrangements		
<p>This option comprises implementing changes to current arrangements to better suit user needs, while not introducing paid parking. The major changes would be:</p> <ul style="list-style-type: none"> • time limiting the child care permit zone (e.g. to 1 hour) to avoid users parking in these spots all day • allocating visitor parking into long stay (>3 hours) and short stay (<3 hours) • introduction of a loading zone 		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> • no change to current risk profile 	<ul style="list-style-type: none"> • potential for failure to meet FBT liability for any employees who use the car park
Meets user needs	<ul style="list-style-type: none"> • improve usability for all users. Time limiting child car permit zone would encourage behaviours that were originally intended (drop off and pick up only) • implementing a long stay parking zone would better suit visitors who require longer than three hours (many business visitors, licensees, cleaners etc.) • introducing a loading zone would make access simpler for licensees, and avoid them from making alternative arrangements (e.g. parking in disabled spots) 	
Financial impact on users	<ul style="list-style-type: none"> • no financial impact for users 	<ul style="list-style-type: none"> • potential for FBT liability for Parliamentary Departments whose employees use car park
Maintains car park capacity for APH users		<ul style="list-style-type: none"> • likely to result in reduced capacity due to encroachment come 1 July 2014
Ease and cost of implementation	<ul style="list-style-type: none"> • minor effort and cost for change of car park signage 	<ul style="list-style-type: none"> • potential effort accounting for new FBT liability
Management and maintenance effort and cost		
Commentary and conclusions		
<p>This option would better suit users over current arrangements, however, the potential for encroachment and a new FBT liability referred to in the options analysis for V2-A at part 5.2.2 of this paper would remain.</p>		
<p><i>Grosvenor considers this option as an unsuitable solution for Parliament House.</i></p>		

5.2.3 V3-A Introduce paid parking / All users pay

Table 30

V3-A – Introduce paid parking / All users pay		
<p>This option involves the concept of introducing paid parking into the Visitor’s Car Park, and requiring all users to pay for access. There is the option here to charge for 24 hours, or during business hours only.</p>		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH’s compliance obligations	<ul style="list-style-type: none"> ability to raise revenue to cover costs (infrastructure, maintenance, FBT) will comply with FBT obligations 	<ul style="list-style-type: none"> issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs		<ul style="list-style-type: none"> will likely prohibit some users from accessing the car park, notably licensee and cleaning staff on the grounds of affordability may discourage tourists from visiting
Financial impact on users	<ul style="list-style-type: none"> will provide revenue to Parliament House to meet FBT liability 	<ul style="list-style-type: none"> will increase financial burden for all users potential for increased charges from licensees for APH services
Maintains car park capacity for APH users	<ul style="list-style-type: none"> likely to reduce user numbers, thereby increasing capacity where charges are set at an appropriate rate, model will act as a disincentive for encroachment 	
Ease and cost of implementation		<ul style="list-style-type: none"> implementation will require investment in infrastructure (\$60,000 - \$200,000+) communication of changes will require careful planning and execution securing agreement to model by Parliamentary Departments likely to take time

Management and maintenance effort and cost	<ul style="list-style-type: none"> • revenue will be available to properly maintain the asset 	<ul style="list-style-type: none"> • effort dependent on model chosen. Outsourcing the maintenance may reduce gross revenue but also result in low management and maintenance effort • in house maintenance and management likely to require 1.5 – 2 additional FTE
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Commentary and conclusions

The concept of introducing paid parking for all users in the Visitor’s Car Park is likely to prove difficult to implement due to high levels of resistance and lack of alignment with user needs and experiences when compared with like institutions.

Buses who are not currently required to pay for parking, and who will continue to enjoy free parking across the Parliamentary Triangle after 1 July 2014, may reduce in frequency, discouraging visitors to Parliament House. Visitors (tourists) will enjoy free parking at other cultural institutions; charging these users is likely to result in reduced tourist numbers. Charging taxis is likely to reduce taxi numbers due to the inconvenience of having to administer and recover the payment. Resistance would be anticipated from Class B permit holders who enjoy free access to car parks elsewhere. Low income earners who provide essential services to Parliament House (cleaners, caterers) are unlikely to be in a position to meet costs incurred for parking.

Charging for 24 hour access is not aligned with other institutions across the Parliamentary Triangle. While public transport does service Parliament House until 11:30pm on weeknights, users requiring after-hours access typically leave later than this (e.g. cleaners and wait staff typically leave after midnight).

Grosvenor considers this option as an unsuitable solution for Parliament House.

5.2.4 V3- B Introduce paid parking / Some users pay

Table 31

V3-B – Introduce paid parking / Some users pay		
<p>This option involves the concept of introducing paid parking into the Visitor’s Car Park, and requiring only some users to pay. There is the option here to charge for 24 hours or during business hours only. Users identified as those who may not be required to pay include:</p> <ul style="list-style-type: none"> • buses • taxis • Class B Permit Holders • child care centre users (drop off and pick up only) • short stay visitors (<2 hours). 		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH’s compliance obligations	<ul style="list-style-type: none"> • ability to raise revenue to cover costs (infrastructure, maintenance, FBT) 	<ul style="list-style-type: none"> • issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs	<ul style="list-style-type: none"> • will have no impact on users who will continue to enjoy free access to the car park 	<ul style="list-style-type: none"> • will likely prohibit some users from accessing the car park, notably licensee and cleaning staff on the grounds of affordability • may discourage some tourists from visiting
Financial impact on users	<ul style="list-style-type: none"> • will provide revenue to Parliament House to meet FBT liability 	<ul style="list-style-type: none"> • will increase financial burden for users required to pay • potential for increased charges from licensees for APH services
Maintains car park capacity for APH users	<ul style="list-style-type: none"> • may reduce user numbers, thereby increasing capacity • where charges are set at an appropriate rate, model will act as a disincentive for encroachment 	
Ease and cost of implementation		<ul style="list-style-type: none"> • implementation will require investment in infrastructure (\$60,000 - \$200,000) • communication of changes will require careful planning and execution • securing agreement to model by Parliamentary Departments likely to take time
Management and maintenance effort and cost	<ul style="list-style-type: none"> • revenue will be available to properly maintain the asset 	<ul style="list-style-type: none"> • effort dependent on model chosen. Outsourcing the maintenance may reduce gross revenue but also result

V3-B – Introduce paid parking / Some users pay

		<p>in low management and maintenance effort</p> <ul style="list-style-type: none">• in house maintenance and management likely to require 1.5 – 2 additional FTE
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Commentary and conclusions

The concept of introducing paid parking for some users in the Visitor’s Car Park is more closely aligned with broader intentions of the National Capital Authority’s strategy for introducing paid parking into the Parliamentary Triangle.

Tourists to Parliament House arriving by bus will not be affected, and Class B permit holders, users of taxis and parents utilising the child care facilities will continue to enjoy the conveniences currently offered. Similarly, the ability to offer a free period for short stay visitors will reduce the likelihood of tourist numbers reducing, and be aligned with other cultural institutions across the ACT. This option will require other users to pay; however, with the exception of tourists who drive to Parliament House and volunteers, this will be a consistent requirement across all major institutions within the Parliamentary Triangle. Strategies do exist to mitigate the impact on these users (refer options outlined at parts 0 and 0 of this paper).

Identifying the appropriate length of time for the free period, and the pricing of the fees following the expiry of a free period, is of vital importance. The free period needs to be short enough to prevent nearby users from exiting and re-entering the car park throughout the day to avoid paying, while long enough to provide tourist visitors with enough time to enjoy the facilities. Fees also play an important role. Were Parliament House to introduce paid parking into its Non Visitor Car Parks, the rates in the Visitor’s Car Park need to be significant enough to dissuade part timers or those who would prefer not to pay for parking in those car parks from taking up space in the Visitor’s Car Park.

This option is likely to prevent encroachment from non-Parliament House users, and with an appropriate free period and charges for stays longer than the free period, prevent encroachment from long-stay users at Parliament house. This strategy is also being deployed by the NPG and NGA.

Grosvenor considers this option as a suitable solution for Parliament House.

5.2.5 V3- C Introduce paid parking / Free period offered / Non commercial rates

Table 32

V3- C – Introduce paid parking / Free period offered / Non commercial rates		
<p>The option is complimentary to V3-A and V3-B, and may be implemented using pre or post payment technologies. It involves the concept of introducing paid parking (for some or all users), offering a free period, and charging non-commercial rates for users who park beyond the free period. A free period and rate strategy that aligns with this option would look like:</p> <ul style="list-style-type: none"> • 0-2 hours = free • 2-3 hours = \$2 - \$5 • 3-4 hours = \$ 5 - \$10 • 4-5 hours = \$10 - \$15 • 5-6 hours = \$15 - \$20 • 6-7 hours = \$20 - \$25 • 7 hours plus = \$30 (maximum) 		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> • ability to raise revenue to cover costs (infrastructure, maintenance, FBT) 	<ul style="list-style-type: none"> • issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs	<ul style="list-style-type: none"> • aligns with visitor experiences at other cultural institutions • all day rate aligned with nearby facilities 	<ul style="list-style-type: none"> • may prohibit some users from accessing the car park, notably licensee and cleaning staff on the grounds of affordability
Financial impact on users	<ul style="list-style-type: none"> • financial impact no more than nearby car parks • will provide some revenue to meet new costs and liabilities 	<ul style="list-style-type: none"> • will increase financial burden for users required to pay • potential for increased charges from licensees for Parliament House services • may not provide sufficient revenue to meet all costs and liabilities
Maintains car park capacity for APH users	<ul style="list-style-type: none"> • may reduce user numbers, thereby increasing capacity 	<ul style="list-style-type: none"> • where paid parking is introduced in APH's Non Visitor Car Parks, rates are likely to result in a range of APH users increasing their patronage of the Visitor's Car Park to avoid paying for allocated parking (e.g. part timers). • Visitor's Car Park is a higher quality car park than those nearby (e.g. East and West Block) so there may be some encroachment from non APH users seeking to 'get more for their money' come 1 July 2014

V3- C – Introduce paid parking / Free period offered / Non commercial rates

Ease and cost of implementation		<ul style="list-style-type: none"> • implementation will require investment in infrastructure (\$60,000 - \$200,000) • communication of changes will require careful planning and execution • securing agreement to model by Parliamentary Departments likely to take time
Management and maintenance effort and cost	<ul style="list-style-type: none"> • revenue will be available to properly maintain the asset 	<ul style="list-style-type: none"> • effort dependent on model chosen. Outsourcing the maintenance may reduce gross revenue for APH but also result in low management and maintenance effort • in house maintenance and management likely to require 1.5 – 2 additional FTE

Commentary and conclusions

The concept of introducing paid parking in the Visitor’s Car Park with a free period is reflective of the strategies chosen by other cultural institutions across the Parliamentary Triangle.

Identifying the appropriate length of time for the free period, and the pricing of the fees following the expiry of a free period, is of vital importance. The free period needs to be short enough to prevent nearby users from exiting and re-entering the car park throughout the day to avoid paying, while long enough to provide tourist visitors with enough time to enjoy the facilities. Fees also play an important role. Were APH to introduce paid parking into its Non Visitor Car Parks (where implemented), the rates in the Visitor’s Car Park need to be significant enough to dissuade part timers or those who would prefer not to pay for parking in those car parks from taking up space in the Visitor’s Car Park. In this option, it would be reasonable to anticipate that the Visitor’s Car Park would suffer from encroachment, both from APH and Non-APH users.

Grosvenor considers this option as an unsuitable solution for Parliament House.

5.2.6 V3- D Introduce paid parking / Free period offered / Commercial rates

Table 33

V3- D – Introduce paid parking / Free period offered / Commercial rates		
<p>The option is complimentary to V3-A and V3-B, and may be implemented using pre or post payment technologies. It involves the concept of introducing paid parking (for some or all users), offering a free period, and charging commercial rates for users who park beyond the free period. A free period and rate strategy that aligns with this option would look like:</p> <ul style="list-style-type: none"> • 0-2 hours = free • 2-3 hours = \$5 • 3-4 hours = \$10 • 4-5 hours = \$15 • 5-6 hours = \$20 • 6-7 hours = \$25 • 7 hours plus = \$30 (maximum) 		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> • ability to raise revenue to cover costs (infrastructure, maintenance, FBT) 	<ul style="list-style-type: none"> • issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs	<ul style="list-style-type: none"> • aligns with visitor experiences at other cultural institutions 	<ul style="list-style-type: none"> • likely to prohibit some long-stay users from accessing the car park, notably licensee and cleaning staff on the grounds of affordability
Financial impact on users	<ul style="list-style-type: none"> • financial impact aligns with intentions at nearby cultural institutions • will provide revenue to meet new costs and liabilities 	<ul style="list-style-type: none"> • will increase financial burden for users required to pay • potential for increased charges from licensees for APH services
Maintains car park capacity for APH users	<ul style="list-style-type: none"> • may reduce user numbers, thereby increasing capacity • likely to prevent encroachment from non APH users (higher quality car park but higher fees) and Parliament House staff users (part timers avoiding paying for access to the Non Visitor Car Parks, where implemented) 	
Ease and cost of implementation		<ul style="list-style-type: none"> • implementation will require investment in infrastructure (\$60,000 - \$200,000) • communication of changes will require careful planning

V3- D – Introduce paid parking / Free period offered / Commercial rates

		<p>and execution</p> <ul style="list-style-type: none"> • securing agreement to model by Parliamentary Departments likely to take time
Management and maintenance effort and cost	<ul style="list-style-type: none"> • revenue will be available to properly maintain the asset 	<ul style="list-style-type: none"> • effort dependent on model chosen. Outsourcing the maintenance may reduce gross revenue for APH but also result in low management and maintenance effort • in house maintenance and management likely to require 1.5 – 2 additional FTE

Commentary and conclusions

The concept of introducing paid parking for in the Visitor’s Car Park with a free period is reflective of the strategies chosen by other cultural institutions across the Parliamentary Triangle. The application of commercial rates following expiry of the free period is also reflective of the strategies chosen by the National Portrait Gallery and National Gallery of Australia.

While imposing commercial rates for longer stays could result in a significant financial burden for some users, the intention of the Visitor’s Car Park is for it to accommodate short stay users (reflective of the current 3 hour time limit). Options for increasing flexibility for some users also exists, including allocating reserved parking for some users who can pre-pay at a reduced rate (e.g. cleaners and wait staff via swipe pass).

Commercial rates following the expiry of a free period significantly reduces the risk of encroachment from non Parliament house users seeking a high quality, long stay car park, and from APH staff users who may seek to avoid paying for parking in Non Visitor car parks (where implemented).

Grosvenor considers this option as a suitable solution for Parliament House.

5.3 Options – Non-Visitor Car Parks

5.3.1 NV1-A No change to current arrangements

Table 34

NV1-A – No change to current arrangements		
<p>This option comprises no change to current arrangements. The Non Visitor Car Parks would remain free for those users who currently have free access, with no changes to \ other allocations.</p>		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> no change to current risk profile 	<ul style="list-style-type: none"> potential for failure to meet FBT liability for any employees who use the car park
Meets user needs	<ul style="list-style-type: none"> no shift from current arrangements 	<ul style="list-style-type: none"> current arrangements do not always meet user needs across peak periods
Financial impact on users	<ul style="list-style-type: none"> no financial impact for users 	<ul style="list-style-type: none"> potential for FBT liability for Parliamentary Departments whose employees use car park
Maintains car park capacity for APH users		<ul style="list-style-type: none"> will have no effect on reduced capacity during peak periods
Ease and cost of implementation		<ul style="list-style-type: none"> potential effort accounting for new FBT liability
Management and maintenance effort and cost	<ul style="list-style-type: none"> nil effort 	
Commentary and conclusions		
<p>The introduction of paid parking nearby triggers a potential new tax liability, through the Fringe Benefit Tax (FBT) laws. Grosvenor's view is that APH will be subject to FBT and therefore continuing to provide free car parking for employees to use (subject to meeting FBT requirements – refer part 4.4 of this paper) would likely result in increased costs for the Parliamentary Departments.</p> <p>Maintaining the current model will not offer any potential solutions for increased capacity during peak periods.</p>		
<p><i>Grosvenor considers this option as an unsuitable solution for Parliament House.</i></p>		

5.3.2 NV2 - A - Introduce paid parking / All users pay

Table 35

NV2 - A – Introduce paid parking / All users pay		
This option involves the concept of introducing paid parking into the Non Visitor Car Parks, and requiring all users to pay for access.		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> ability to raise revenue to cover costs (maintenance, FBT) 	<ul style="list-style-type: none"> issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs		<ul style="list-style-type: none"> will likely restrict some users ability to access the car park due to unaffordability
Financial impact on users	<ul style="list-style-type: none"> Will provide revenue to meet new costs and liabilities 	<ul style="list-style-type: none"> will increase financial burden for users required to pay potential for increased charges from licensees for APH services
Maintains car park capacity for APH users	<ul style="list-style-type: none"> likely to result in some users shifting to alternative transport forms (car-pooling, cycling, buses) therefore creating capacity 	
Ease and cost of implementation	<ul style="list-style-type: none"> due to current infrastructure (card readers, security and boom gates), implementation is low cost equality is application of charges to all users makes communicating the changes simpler 	<ul style="list-style-type: none"> communication of changes will require careful planning and execution securing agreement to model by Parliamentary Departments likely to take time processes for administering payments and granting access will need to be developed
Management and maintenance effort and cost	<ul style="list-style-type: none"> revenue will be available to properly maintain the asset ongoing maintenance will be low. Limited to accepting payments from staff and granting access privileges on swipe cards 	

Commentary and conclusions

The concept of introducing paid parking for some users in the Non Visitor Car Parks is more closely aligned with broader intentions of the National Capital Authority's strategy for introducing paid parking into the Parliamentary Triangle.

Requiring all users to pay is not wholly consistent with employment practices across Commonwealth Departments, where senior (SES) staff are provided with free car parking. However, doing so is likely to reduce antagonism towards the strategy, including from Unions and users alike.

This option may increase capacity during non-peak and peak periods, through some users who currently drive and park at Parliament House, shifting to alternative transport forms (car-pooling, cycling, and buses) who seek to reduce or avoid payment all together.

This option provides a mechanism for APH to significantly reduce, or avoid altogether, the potential tax liability under FBT legislation.

Grosvenor considers this option as a suitable solution for Parliament House.

5.3.3 NV2 – B - Introduce paid parking / Some users pay

Table 36

NV2 - B – Introduce paid parking / Some users pay		
<p>This option involves the concept of introducing paid parking into the Non Visitor Car Parks, and requiring only some users to pay. The Parliamentary Departments may elect to offer free parking to users who receive parking for free at other Commonwealth Departments, including:</p> <ul style="list-style-type: none"> • SES staff • MPs/Senators • disabled users • motorcyclists 		
Criteria	Advantages and strengths	Disadvantages and risks
Meets APH's compliance obligations	<ul style="list-style-type: none"> • ability to raise revenue to cover costs (maintenance, FBT) 	<ul style="list-style-type: none"> • issuing penalties for non-compliance requires legislative authorisation (FMA Act) if done in house
Meets user needs		<ul style="list-style-type: none"> • will likely restrict some users ability to access the car park due to unaffordability
Financial impact on users	<ul style="list-style-type: none"> • Will provide revenue to meet new costs and liabilities 	<ul style="list-style-type: none"> • will increase financial burden for users required to pay • potential for increased charges from licensees for APH services
Maintains car park capacity for APH users	<ul style="list-style-type: none"> • likely to result in some users shifting to alternative transport forms (car-pooling, cycling, buses) therefore creating capacity 	
Ease and cost of implementation	<ul style="list-style-type: none"> • due to current infrastructure (card readers, security and boom gates), implementation is low cost 	<ul style="list-style-type: none"> • communication of changes will require careful planning and execution • securing agreement to model by Parliamentary Departments likely to take time • processes for administering payments and granting access will need to be developed
Management and maintenance effort and cost	<ul style="list-style-type: none"> • revenue will be available to properly maintain the asset • ongoing maintenance will be low. Limited to accepting payments from staff and granting access privileges on swipe cards 	

Commentary and conclusions

The concept of introducing paid parking for some users in the Non Visitor Car Parks is more closely aligned with broader intentions of the National Capital Authority's strategy for introducing paid parking into the Parliamentary Triangle.

Similarly, electing to offer free parking to Senior staff is consistent with employment practices across Commonwealth Departments. The cost of providing this parking could be either paid by the Parliamentary Departments, or recovered through a small increase to annual parking fees across the remaining users of the Non Visitor Car Parks. The recovery of costs strategy is similar to those employed by other Commonwealth Government Departments, including DHS.

This option may increase capacity during non-peak and peak periods, through some users who currently drive and park at APH, shifting to alternative transport forms (car-pooling, cycling, and buses) who seek to reduce or avoid payment all together.

This option provides a mechanism for APH to significantly reduce, or avoid altogether, the potential tax liability under FBT legislation.

Grosvenor considers this option as a suitable solution for Parliament House.

5.4 Shortlisted solution

The options assessment in parts 5.2 and 5.3 of this paper has identified a number of suitable solutions for the future management of car parking at Parliament House.

Grosvenor has used the outcomes of this assessment, and the findings identified in part 4 of this paper, to identify further details on the suitable solutions.

The options identified as suitable and assessed in more detail in this section are:

- (V3–B / V3-D) - Introduce paid parking – some users pay- free period offered, commercial rates thereafter
 - and either
 - (NV2–A) - Introduce paid parking – all users pay
- OR
- (NV2-B) - Introduce paid parking – some users pay

Elements requiring additional decisions in regards to the shortlisted solution are:

- free parking time limit (Visitor’s Car Park)
- users not required to pay
- payment collection model
- charges
- allocation approach
- ongoing maintenance and management arrangements

Further detail and discussion on these elements are discussed below, with varying approaches considered where appropriate.

5.4.1 Free parking time limit

The free parking time limit in the Visitor’s Car Park should provide enough encouragement for tourists to continue visiting Parliament House, while providing a disincentive for long stay users or fee evasion through multiple entry and exits throughout the day. For example, were Parliament House to offer a 4 hour free time limit, it would be reasonable to assume that users would be willing to park their car in the morning, and move their car at lunch prior to the 4 hour free period expiring, and re-enter the car park to reset the free period, thereby avoiding having to pay for parking for a full day. This would result in reduced capacity for short stay visitors.

A 2 hour time limit is considered to provide sufficient disincentive for fee evasion while providing tourists with a reasonable amount of time to visit Parliament House. A 2 hour time limit is consistent with the intentions of the NPG. Visitors to the NGA will be offered a 3 hour free period.

5.4.2 Confirming users not required to pay

Identifying the users not required to pay is a matter for policy and practicality. The complexity of the Visitor's Car Park is high, due to the variable user types, including:

- child care centre – drop off, pick up and long stay
- taxi zone – pick up and drop off
- Class B Permit zone – senior government officials
- buses and long / high vehicles
- licensees – long stay staff providing essential services to Parliament House
- disabled permit holders

Parliament House is unique in having a single car park which caters for such a broad range of users. From a policy perspective, there are general trends which could inform Parliament House's decision, as follows:

- child care centre – moderate to high instances of free, short term parking offered
- taxi zone – high instances of free parking offered (airports being an exception)
- Class B Permit zone – high instances of free parking offered, will also continue to be offered for free across Parliamentary Triangle from 1 July 2014
- buses – high instances of free parking offered, will also continue to be offered for free across Parliamentary Triangle from 1 July 2014
- licensees – long stay staff providing essential services to Parliament House – low instances of free parking offered
- disabled permit holders – high instances of free parking in pre-paid car parks, low to nil instances in post-paid car parks
- volunteers – high instances of free parking, will also continue to be offered for free across Parliamentary Triangle from 1 July 2014

From a practical perspective, the payment collection model may impact on the decision on whom to offer free parking to.

Implementing a pre-paid payment collection model will provide higher levels of flexibility for catering for the broad range of users. It allows users with permits to access the car park and park in their relevant zones without any change to current behaviours. Enforcement is through manual inspection of permits attached to vehicles. There are, however, significant disadvantages for a pre-paid model for the Visitor's Car Park, as outlined in part 5.4.3 of this paper.

It is more difficult to cater for a broad range of users with a post-paid payment collection model. These models typically rely on all users either:

- complying with the standard terms of entry and payment
- being pre-authorized to use the car park contrary to standard terms of entry and payment.

For example, to allow Class B permit holders to access the current Class B permit zone in the Visitor's Car Park, the permit holder would need to either:

- collect a ticket upon entry and meet the payment or exist conditions prior to exit (for example, leaving prior to the expiry of a free period), or
- have in their possession a pass which, at entry, overrode the standard terms of entry, recognising the user as a unique user. This may take the form of a commonwealth pass card which could be swiped upon entry and exit without payment if so authorised
- be recognised as a unique user at entry, for example, through licence plate recognition technology. A Class B permit holder could inform Parliament House of their visit, and an administrator could enter the licence plate details into the LPR system which would recognise the vehicle at entry and allow exit without payment.

However, as outlined in part 5.4.3 of this paper, there are significant advantages for Parliament House implementing a post-paid solution.

Identifying users not required to pay for access to the Non Visitor Car Parks is also a matter of policy. Consistent with other Commonwealth government departments, Parliament House may elect to offer SES staff with free parking. Arrangements may also be made to offer MPs/Senators with free parking.

5.4.3 Payment collection model

The payment collection model has been assessed in the Table 37 below.

Table 37 – Payment collection model

Payment collection model	Description	Advantages and strengths	Disadvantages and risks	Suitable?
Pre-Paid (Visitor's Car Park)	This model involves installing Pay and Display booths. Users would be required to pre-purchase a ticket from the booth on entry and display the ticket on the vehicles dash.	<ul style="list-style-type: none"> • less expensive solution than post paid • familiar to car park users • option to piggy-back off either DHS or NCA contracts for comprehensive installation and ongoing maintenance services, reducing procurement time and in effect, outsourcing compliance issues (e.g. dealing with restrictions on issuing of penalties) • simple to maintain Class B, Permit, Taxi and Disabled zone parking areas 	<ul style="list-style-type: none"> • many users can't anticipate how long they will need to spend visiting APH, potentially requiring overpayment or returning to vehicles mid-stay • free periods under a pre-paid model are rare as enforcement requires high levels of regular inspection effort will require ongoing, regular maintenance including collection of cash and restocking of consumables • pre-paid models typically have higher levels of non-compliance from users (i.e. users will not pay and accept potential risk of getting caught) 	✓
Pre-Paid (Non Visitor Car Parks)	This model involves the pre-payment of the right to use a car park. Users who have paid will be granted entry upon swiping of their ID Card at the entrance to the car park	<ul style="list-style-type: none"> • low cost solution • requires no change in user behaviour to access car park, other than payment 	<ul style="list-style-type: none"> • will require some amendments to building access control system to identify users who have paid. • will require processes to be developed to administer payments and access privileges 	✓

Payment collection model	Description	Advantages and strengths	Disadvantages and risks	Suitable?
Post Paid (Visitor's Car Park)	This model involves the installation of boom gates and payment machines. Users would collect a ticket upon entry and make a payment (if required) in the payment machine immediately prior to exit.	<ul style="list-style-type: none"> • modern solution that is scalable to cater for future demands and changes • requires no enforcement, users cannot exit car park without payment • caters for users who don't know how long they will need to visit for (e.g. no need to move car or top up parking fee) • simple and effective administration and implementation of free period • maintenance costs less than pre-paid 	<ul style="list-style-type: none"> • higher cost solution to implement • difficult to accommodate different users (e.g. taxis or class B users either have to leave prior to expiry of free period, or be recognised at entry as exempt from rules – this could occur through physical possession of pass or automated LPR solution) • longer procurement lead time than pre-paid 	✓
Post Paid (Non Visitor Car Parks)	This model involves the installation of boom gates and payment machines. Users would collect a ticket upon entry and make a payment (if required) in the payment machine immediately prior to exit.	<ul style="list-style-type: none"> • would offer flexibility to users not wanting to purchase a long-term pre paid parking ticket 	<ul style="list-style-type: none"> • would be of inconvenience if required for all users • would remove option to deduct payments from salary • requires purchase and installation of new equipment and ongoing maintenance costs 	✓ (for MRE /MRW)

5.4.4 Charges

Calculating costs for car parking requires an understanding of:

- the objective for charging for car parks for example:
 - to only cover costs and tax liabilities
 - to generate revenue (profit)
- estimates of costs including:
 - Fringe Benefits Tax
 - capital / infrastructure costs
 - ongoing maintenance costs
 - extent of profit sought
- understanding of key data including number of spaces, number of users and usage patterns.

The case for charging to cover costs and liabilities only is consistent with other intuitions in the Parliamentary Triangle and is most easily understood by users.

Generating profit out of a car park operation is possible through applying charges in excess of anticipated costs. There are a small number of institutions that charge more than costs incurred, for example, the National Arboretum. The Arboretum does inform all users that money made from car parking goes into maintenance of the Arboretum itself. Of the institutions consulted and researched by Grosvenor, all of them sought to cover costs only.

Grosvenor has identified charges below for both objectives. However, it is firstly necessary to identify the potential costs.

Minimum estimated costs for year one are outlined in the table below. FBT is not payable until 1 April 2015 and is therefore not included in the Year One figures below.

Table 38 – Minimum estimated costs for year one

Cost Element	Pre paid	Assumptions	Post paid	Assumptions
Visitor's Car Park infrastructure	\$88,000	<i>Assumes 12 pay and display machines accepting cash and credit plus signage allowance (\$20,000)</i>	\$160,000	<i>Assumes 2 payment machines accepting credit card and cash, boom gates at entry and exit and signage allowance (\$20,000)</i>

Cost Element	Pre paid	Assumptions	Post paid	Assumptions
Yearly Maintenance Visitor's Car Park	\$59,964	\$1 per space per day x 263 x 228 days	\$16,000	10% capital value
System modifications (Honeywell)	\$10,000	Assumed low cost for minor modification	\$10,000	Assumed low cost for minor modification
TOTAL MINIMUM	157,964		186,000	

It should not be assumed that Parliament House would earn significant levels of revenue from its car parking, even with commercial rates charged in the Visitor's Car Park. Charging commercial rates acts as a clear disincentive for people to stay for long periods. The ad-hoc opinions of commercial car park operators suggest that if Parliament House were to charge commercial rates, the majority of users would find alternative long stay car parking, or stay for a maximum of +1 hour of the free period.

The recommended rates to be charged are focussed on generating desired user behaviour, rather than revenue raising. For this reason, Grosvenor advises Parliament House not to rely on revenue raised from the Visitor's Car Park to meet all of these costs.

In consideration of the fee benchmarks obtained in this review, Grosvenor considers the following charging arrangement for the Visitor's Car Park as appropriate:

- 0-2 hours = free
- 2-3 hours = \$5
- 3-4 hours = \$10
- 4-5 hours = \$15
- 5-6 hours = \$20
- 6-7 hours = \$25
- 7 hours plus = \$30 (maximum)

Operating Hours would be 8:30am to 6:00pm. To cater for cleaning and wait staff, Parliament House may elect to implement an option whereby cars entering the car park after 3:30pm and exiting after 6pm do not incur a fee. This is appropriate as user numbers have been reported to drop after 4pm in the Visitor's Car Park. Charges for the Visitor's Car Park should commence in line with the introduction of paid parking in the Parliamentary Triangle on 1 July 2014.

In order to negate FBT liability for providing free parking to staff, charging users to utilise the Non Visitor Car Parks should commence no later than 1 April 2015. Costs from this date are estimated in the table below:

Table 39 – Minimum estimated costs for year one of FBT year*

Cost element	Pre paid	Assumptions
FBT equivalent	\$2,220,000	<i>(Estimate)</i>
System modifications (Honeywell)	\$10,000	<i>Assumed low cost for minor modification</i>
TOTAL MINIMUM	\$2,230,000	

***NOTE:** Additional costs would be incurred if Parliament House elected to install post-paid technology into the MRW/MRE car parks (that is, boom gates and Payment Collection machines – refer to costs in Table 38 for an estimate of these)

Grosvenor was advised in consultations with accounting firms that it is generally not possible to predict actual FBT liabilities in advance. Rather, organisations usually elect to charge users more than the estimated liability, otherwise employers must meet the difference between fees collected and FBT liability at the end of the FBT year.

In addition, there is added complexity when setting the costs for staff parking as the FBT liability is dependent on a significant number of variables which may alter throughout the FBT year, including:

- number of full time staff paying for parking
- number of part time staff paying for parking
- FBT liability (this can change during a year, for e.g. if the lowest commercial car parking rate increase during a year)

Grosvenor has conducted scenario testing to demonstrate the impact of changing variables in the tables below. The scenario uses the following assumptions:

- a cost base of \$2,230,000 per annum
- 852 full time employees
- 348 part time employees working 3 days per work

Table 40 – Scenario analysis on potential car park charges

% staff paying for car parking	Min charge per business day per staff member to cover costs	Min charge per year per staff member to cover costs
100%	\$9.22	\$2,102
90%	\$10.24	\$2,335
80%	\$11.53	\$2,627
70%	\$13.17	\$3,003
60%	\$15.37	\$3,503
50%	\$18.44	\$4,204

Parliament House should not assume that 100% of staff would be likely to pay for a car parking space.

Additionally, if Parliament House sought to offer free parking to SES and MPs/Senators, this would contribute to the reduction in the percentage of staff paying for car parking, and subsequently increase the minimum charge that should be sought to cover costs.

5.4.5 Allocation approach

It is important to note that it is not only the employees of the Parliamentary Departments that are using the Non Visitor Car Parks. This explains why, even though there are more car parks than Parliamentary Department employees (@1600 car parks versus @1200 employees), that car parking can be limited or unavailable during peak times. APH currently adopts an oversubscription approach to the management of its car parks; there are evidently more users with access to the Non Visitor Car Parks than there are car parking spaces.

Parliament House should consider revising its allocation strategy, aligning with the onset of paid parking into its Non Visitor Car Parks.

The two options for Parliament House are to:

- allocate a parking bay to each user (1600 users)
- allocate a parking bay to more than one user (oversubscription, more than 1600 users)

Oversubscription increases the utilisation rate of car parks, as it is very rare that a car park is used on each working day of the year. Car parks would be vacant on sick days, annual leave days and days where employees may be working off site. Consequently, many car park operators elect to oversubscribe car parks by 110-130%. In Parliament House's circumstances, this would look like 1600 car parking spaces would be shared by between 1760 and 2080 users. The most evident disadvantage of this approach is the instance where a paying user cannot find a vacant car park. However, car parking operators consulted by Grosvenor reported that these instances are very rare or non-existent.

Due to the number of different employers with employees using the Non Visitor Car Parks, Parliament House will need to consider how best to divide car parking between all users. For example:

- allocation through a ratio of car parking spaces to employee numbers (e.g. if PBO employees make up 5% of total users, PBO has an entitlement to access 5% of available car parks)
- allocation based on demand, where users would signal their desire to access a paid car parking bay in advance. These intentions would be assessed centrally with allocations of spaces made following the assessment. This approach takes into account the fact that there may be, for example, a higher proportion of DPS employees not wanting to access car parking, and a higher proportion of MPs/Senator's staff wanting to access car parking

- allocation through priority. This approach involves prioritising those users who should be able to access car parks and offering these users priority over others. The remaining car parks following allocation to higher priority users would then be re-allocated user another method (e.g. ballot) to remaining users. For example, Parliament House may elect to prioritise SES users, followed by MPs/Senator’s staff, followed by Parliamentary Department personnel, then licensees.
- allocation through ballot. This approach is typically utilised where there are more employees wanting car parking than there are available car parking spaces. Users would signal their intention for a car park, and a ballot would take place entitling those users successfully drawn from the ballot to access the car park for a defined period, for example, 6 months. Users who were unsuccessful in the first ballot would get priority in the second ballot.

5.4.6 Ongoing maintenance and management arrangements

Parliament House may elect to conduct maintenance and management of its car parking arrangements itself, or through an outsourced provider. The ANU is the only organisation consulted who will not use the services of an outsourced provider. The table below illustrates the typical separation of duties performed by the employer/owner of a car park versus an outsourced provider. Where an outsourced provider is not used, clearly these duties fall solely on the employer/owner of the car park.

Table 41 – In-house versus outsourced responsibilities

Activities retained in house	Activities performed by an outsourced provider
Allocation of parking entitlement to user’s swipe/access card	Installation of technology / equipment
Car parking policy, including decisions on allocation, charges etc	Maintenance of technology / equipment
Strategic decisions, usually incorporating advice from outsourced provider. Decisions include changing of car park lay outs, technology, adding capacity etc	Collection, reconciliation and banking of money
Effecting insurance over equipment (including from vandalism, theft)	Restocking of consumables including cash, tickets and receipt papers
	Monitoring and enforcement (pre-paid payment collection model)
	Reporting, including on usage patterns, capacity, instances of non-compliance, risks

6 Recommendations

The Department of Parliamentary Services has requested Grosvenor to make recommendations on the most appropriate solution for the future management of car park assets at Parliament House. We have also provided our suggested approach to closing out any remaining issues, and preparation required for implementation.

We provide our summary recommendations below, in sequential order, followed by further details on each of the recommendations.

It is recommended that Parliament House:

1. Forms a governance structure incorporating the four Parliamentary Departments and a representative from Ministerial and Parliamentary Services to consider this report and manage the implementation of changes to car park management
2. Finalises the position on Fringe Benefits Tax. FBT is a fundamental driver for subsequent decisions, including introducing paid parking into Non Visitor Car Parks, and determining appropriate fees. Parliament House may seek further advice from a specialist FBT adviser, or a private ruling from the ATO, on application of the FBT legislation to Parliament House
3. Confirms the model for the Visitor's Car Park (pre or post-paid / in house or outsourced management and maintenance) and commence planning for procurement and installation. It is Grosvenor's view that the post-paid model with outsourced maintenance offers more advantages, both now and in the future, for Parliament House over a pre-paid or in-house managed model. Confirmation of operating hours which will incur fees will also be required.
4. Does not make any physical alterations to the current allocation of car parking in the Visitor's Car Park, that is, retain all existing permit zones and parking arrangements
5. Chooses an allocation policy for Non Visitor Car Parks. Grosvenor considers oversubscription to an amount not more than 120% of available car parks as appropriate, with allocation based first on priority to SES and MPs/Senators, followed by MPs/Senators' staff, with the remaining allocated by demand
6. Identifies appropriate charges for Non Visitor Car Parks, including making projections for utilisation and finalising any users who will not be charged. Fees should be the same for part time and full time users. It is Grosvenor's view that an appropriate fee would fall between the range of \$2,300 and \$3,000 per annum (equivalent to \$10.20 and \$13.30 per day). Grosvenor does not consider that parking fees should differ between the MRE/MRW car parks and the undercover Non Visitor Car Parks. Parliament House could adopt a hybrid payment model for Non Visitor Car Parks, for example, pre-paid parking for basement car parks, and post-paid parking for MRE/MRW car park(s)
7. Commences planning for communication of changes to all users, including development of materials on alternative transport arrangements such as public transport, cycling and car pooling
8. Upon finalisation of the preferred model, communicate changes to cultural institutions and NCA as a matter of courtesy

6.1 Governance

Grosvenor recommends that a governance structure is established to oversee the implementation of paid car parking at Parliament House. The FBT liabilities fall on individual employers, and therefore each employer should be aware of the arrangements and be able to contribute to the planning and implementation activities and approach.

At a minimum, a senior representative from each of the four Parliamentary Departments, and a representative from Ministerial and Parliamentary Services, should form a governing group and meet at regular intervals to make decisions and oversee the car parking project at Parliament House.

6.2 Fringe Benefits Tax

Grosvenor has provided its commercial opinion of the potential FBT liabilities that Parliament House may incur when paid parking is introduced into the Parliamentary Triangle from 1 July 2014.

It is advised that Parliament House finalises its position, through acquiring of external specialist advice (for e.g. the ATO or a law firm on the Legal Services Multi-Use List). The application of the FBTAA to the highly unique arrangements at Parliament House warrants further clarification to ensure certainty.

Refinements to the assumptions should also be made and translated into the calculations to more accurately identify the extent of potential FBT liabilities.

6.3 Visitor's Car Park – Model & charges

The governing group referred to in part 6.1 should review the assessment contained within the paper on the options for the future management of the Visitor's Car Park, and select the model which best suits Parliament House. This should involve a decision on the payment collection model and charges. This should be a matter of priority to ensure sufficient time to procure equipment and any outsourced maintenance services, and implement and communicate the changes in time for the broader introduction of paid parking across the Parliamentary Triangle (refer to Figure F in part 6.6 of this paper for a summary of the timeframes for change).

6.4 Non Visitor Car Parks - Allocation

The governing group referred to in part 6.1 should review the assessment contained within the paper on the options for the future management of the Non Visitor Car Parks, and select the model which best suits Parliament House.

This should involve a decision on the charges and the approach to allocation. This is of lower priority than the Visitor's Car Park as changes are not required to be implemented until 1 April 2015 (refer to Figure F in part 6.6 of this paper for a summary of the timeframes for change).

6.5 Communication and change planning

The governing group referred to in part 6.1 should develop a communications strategy and change management plan for the introduction of paid parking at Parliament House. This should involve strategies for communicating with staff of the Parliamentary Departments, licensees and other employers at Parliament House, as well as national institutions within the Parliamentary Triangle.

It is also relevant to note that the DPS Enterprise Agreement includes a requirement to consult with staff about matters affecting their employment. Human Resources Directors (or equivalent) of the Parliamentary Departments should be included in discussions on communication and change planning.

6.6 Timeline

Grosvenor has prepared a draft timeline for Parliament House, taking into consideration decisions which need to be made and projecting timeframes against key milestones. These are illustrated in Figure F overleaf.

Figure F - Timeframe for recommendations

