

13.1 NOTICE OF MOTION - CR ALEXANDER- REINTRODUCTION OF THE FIRST HOUR FREE IN CAR PARKS

TRIM Ref: D23/84832

Attachments: Nil

That Council:

1. **REQUESTS that the first hour free be reintroduced in the car parks listed in the report as soon as possible; and**
2. **REQUESTS that a comprehensive marketing/advertising campaign be undertaken with the aim of attracting back those customers who have left because of the loss of the first hour free.**

REASON

1. The drop in parking transactions from the first six months of the trial was 100,000 and not the 50,000 as suggested by the recommendation presented to council at the O.M.C. of 4 April 2023. The drop of 50,000 is just the number of cars that were parked for less than an hour. The remaining 50,000 reduction was from cars that were potentially parked for longer periods.
2. That loss, when extrapolated, would mean a loss of 200,000 cars per annum. That is a 16% loss of potential customers.
3. The loss places great pressure on businesses that rely on short duration visits such as supermarkets, small retail etc.
4. The loss can be explained by the impact of “the power of free” where consumers place extra weight on getting something for free when they make decisions.
5. There are alternative measures that can be introduced to compensate for lost revenue if the first hour free is re-introduced. One possibility is to increase the hourly rate for the second and subsequent hours. For example: Increasing the rate from \$3.20 to \$3.60 would raise close to \$500,000 if the number of parkers reverted to the 2021-22 numbers. Of course this would need to be marketed to make it clear that the universal application of a free first hour would mean that the effective hourly rate is lower than the marginal rate – people staying 2 hours would pay \$3.6 or \$1.80 per hour; people staying 3 hours would pay \$7.20 or \$2.40 an hour. Rather than simply saying “first hour free then \$3.60 per hour” it could be marketed as “first hour free; \$1.80 an hour up to 2 hour; \$2.40 per hour up to 3 hours etc” – this would use ‘the power of free’, plus it will make it clear to customers that parking is relatively cheap compared to other competitive areas.
6. The actual price point to set the new rate will need to be determined, and could be set to receive the same income that has already been included in the Draft Budget (i.e. it is budget neutral).
7. A comprehensive marketing campaign is essential if we are to attract customers back to the town centres. People who were turned off by the removal of the first hour free were made aware of the change when they turned up at a car park. Just modifying signs in car parks will not inform those people who have left as they will not see them. Such a campaign could be funded by the increase in the hourly rate.

ADMINISTRATION COMMENTS**1. REQUESTS that the first hour free be reintroduced in the car parks listed in the report as soon as possible**

At its Special Meeting of 5 July 2022 Council adopted the fees and charges for the full 2022/23 financial year. The following legislative requirements relate to the imposition and amendment of fees and charges –

Section 6.16 of the Local Government Act 1995 provides –

(1) A local government may impose and recover a fee or charge for any goods or service it provides or proposes to provide other than a service for which a service charge is imposed.*

**Absolute majority required.*

Section 6.16 further notes-

- (3) *Fees and charges are to be imposed when adopting the annual budget but may be -*
(a) imposed during a financial year; and*
(b) amended from time to time during a financial year.*

**Absolute majority required*

Section 6.19 of the Local Government Act provides-

If a local government wishes to impose any fees or charges under this Subdivision after the annual budget has been adopted, it must, before introducing the fees or charges, give local public notice of -

- (a) its intention to do so; and*
(b) the date from which it is proposed the fees or charges will be imposed.

Therefore, to amend the 'first hour' car parking fee from \$1 to \$0 will require an absolute majority decision and be subject to the carrying out of a local public notice process.

Should this change be supported the City will need to reprogram the parking ticket machines (one week). Signage on the car park sites has been worded in a manner that it does not need to change to reflect movement in fees and charges.

Notwithstanding, Administration recommends that overall consideration of changing the parking fees should be given due consideration to the current annual budget (2022/23) and forthcoming annual budget (2023/24), as well as the Precinct Parking Management Plans draft report.

The review of the number and mix of free 15 and 30 minute short term bays in each car park may be seen as a more tailored and responsive approach to address the needs of retailers and business owners in a changing economic environment.

2. REQUESTS that a comprehensive marketing/advertising campaign be undertaken with the aim of attracting back those customers who have left because of the loss of the first hour free.

Should the decision be made to return to a 'first hour free' the City can implement a promotional campaign to inform the community, business proprietors, customers and visitors of the change (beyond the legislative requirements outlined in response to 1). The City can undertake this approach through internal resource means without the need to engage 'professional' third parties.