



10.1 **PROPOSAL TO TRANSITION PARKING TICKET MACHINES
PAYMENT TO CARD AND PAY BY PHONE ONLY**

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1. PURPOSE

To seek Council approval to transition all parking ticket machines to accept card and pay-by-phone payments only, and not coins.

2. EXECUTIVE SUMMARY

2.1 The City of Port Phillip has a total of 501 on-street paid parking machines. Of these machines, 321 (64%) accept both coin and credit/debit card payments and 180 (36%) accept coin payments only. All paid parking areas provide a further payment option via the PayStay app. The proportion of income transacted in coin has decreased from 64% in 2019 to 9% in 2021. To date in 2022, coin transactions account for 7% of income.

2.2 This paper proposes that all parking machines in Port Phillip be upgraded to accept card and electronic payments only, and not accept coins from mid-2023 onwards.

2.3 Currently, maintenance costs, coin collection costs, vandalism repairs, parts and theft are estimated to cost \$780,000 per annum.

2.4 Transition of all machines to coinless is estimated to cost \$505,000 (funded through the Parking Technology Program) and save approximately \$750K per annum once the full transition is completed in mid-late 2023.

2.5 In addition to the financial savings, other benefits of the proposal are:

- a) A better customer experience, through provision of reliable and efficient ticket machines that do not experience down time, and by providing the option for card and pay-by-phone payments at all machines.

Note: For those customers without a personal credit card, there is the option of purchasing an Australia Post debit card for payments. This is how other organisations have managed the transition to cashless payment methods.

- b) Increased machine life, by removing the coin functionality and thus the wear and tear; noting that parking technology is rapidly changing, and future ticket machines will look and operate very differently to the current stock.
- c) Improved data capture for decision making – this will provide improved evidence to inform decisions on parking planning, signage, parking policy, parking restrictions and traffic management.
- d) It is an important step to be future ready for the changes that are taking place in the parking industry, which is moving towards cloud-based technology and e-payments.



- e) A more efficient use of Council resources by reducing the reliance on parts that are hard to source and will become redundant; enablement of more productive staff time and reduction in wastage to landfill/recycling.

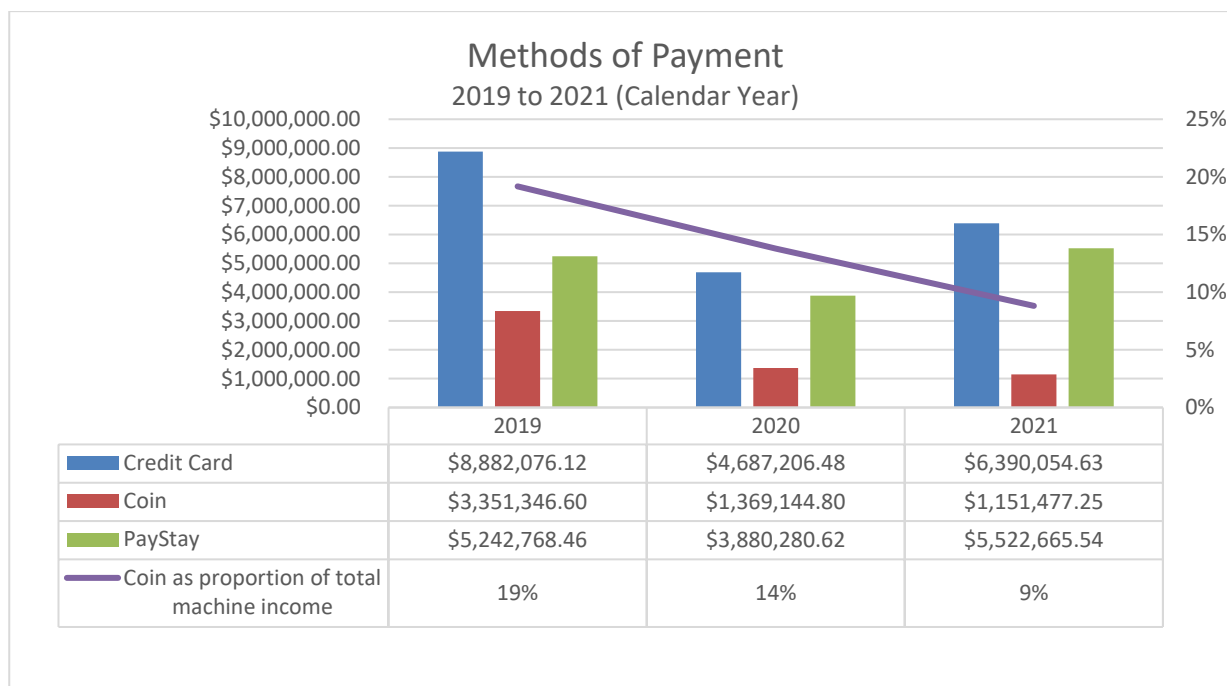
3. RECOMMENDATION

That Council:

- 3.1 Approves the transition of its fleet of just over 500 parking machines, by mid-to-late 2023, in the following manner: -
- 3.1.1 Conversion of dual payment machines to card only;
 - 3.1.2 Conversion of coin only machines to card enabled; and
 - 3.1.3 Removal of coin functionality on machines that are currently pay by registration plate to enable card payment.
- 3.2 Notes that funding for the transition is contained in the current 2021-22 budget and the draft Council Plan and Budget to be considered by Council in April 2022.
- 3.3 Notes that full transition to coinless machines will take 12-15 months; will be communicated to the community through a comprehensive Communications Plan; and is expected to deliver significant customer benefits and financial savings.

4. BACKGROUND

- 4.1 The City of Port Phillip has a total of 501 on-street paid parking machines. Of these machines, 321 (64%) accept both coin and credit/debit card payments and 180 (36%) accept coin payments only.
- 4.2 All paid parking areas provide a further payment option via the PayStay app.
- 4.3 In the three calendar years 2019-2021 the following trends have been recorded in ticket machine transactions: (see graphic below).
- The proportion of income from coin transactions has decreased from 64% in 2019 to 9% in 2021. To date in 2022, coin transactions account for 7% of income.
 - The proportion of income from Pay by Card has decreased from 51% to 47%.
 - The proportion of income from Pay by Phone (via PayStay) has increased from 30% in 2019 to 44% of total transactions.



5. KEY POINTS/ISSUES

Proposal for cashless ticket machines

5.1 A recent analysis has demonstrated that significant savings and customer benefits for transitioning our parking ticket machines to accepting card or pay-by-phone applications only (i.e. no coins).

5.2 This proposal would address several challenges associated with keeping the ticket machine fleet operable:

a) Cash Collection Costs:

The current Coin Collection Contract costs approximately \$130,000 per year.

b) High maintenance costs:

Having machines accept coin payments requires a high level of ticket machine maintenance as coin ticket machines have multiple moving parts and regular replacement of the mechanics within each machine is required. Also, parts are hard to find and are costly.

The current Ticket Machine Maintenance Contract is approximately \$500,000 per annum plus \$50,000 for replacement parts and repairs relating primarily to the coin function of machines.

c) Vandalism & Theft:

The incidences of machine break-ins and vandalism resulting in theft of income and machine repairs has increased significantly, to the point where the costs of machine repairs after a break-in, far outweigh the loss of any cash from those machines.

By way of illustration, in the past 18 months, there were 21 machine break-ins. Each machine impacted loses a cashbox valued at \$450 and requires the replacement of two locking mechanisms at a further cost of \$500. In this period, a total of \$2,332 in cash



has been stolen and the total cash box replacement and machine repair costs were \$18,679. On top of this are the parking fees not collected while the machine was inoperable.

d) Negative Customer experience:

Increased vandalism and ageing machines mean customers are increasingly having a negative customer experience when the parking machines are not functioning.

Further, it is a poor experience to arrive at a parking bay and find that the ticket machine only takes coin payment if you do not carry coins. Thirty six percent of our machines only take coin payments.

Customers can also be disadvantaged with coin payments, as they must determine, in advance, the length of time they wish to park and can pay for unused parking time (if they return early). They also risk a fine if they overstay, whereas using the PayStay app, customers can increase their payment and parking time via their phone and remotely.

- 5.3 Council is committed to ensuring all customers can continue to access paid parking and acknowledges that some people may not own a credit or debit card, or a smart phone. Under this proposal, these customers would need to obtain a prepaid debit card from any Post Office. This is the approach used by the City of Brisbane and Bayside who made the change to coinless ticket machines in 2018.
- 5.4 It is recommended that Council transition its fleet of 501 parking ticket machines to accept coinless payments only, over the next two years. This would involve:
- converting 236 dual payment machines to card only;
 - converting 180 coin-only machines to card enabled; and
 - removal of coin functionality on 85 machines where the driver pays based on their registration plate to card enabled.
- 5.5 The transition is estimated to cost \$505,000 (funded through the Parking Technology Program) and save approximately \$750K per annum once the full transition is completed in mid-late 2023.
- 5.6 In addition to the financial savings, other benefits of the proposal are:
- A better customer experience, through provision of reliable and efficient ticket machines that do not experience down time, and by providing the option for card and pay-by-phone payments at all machines.
 - Note: For those customers without a personal credit card, there is the option of purchasing an Australia Post debit card for payments. This is how other organisations have managed the transition to cashless payment methods.
 - Increased machine life, by removing the coin functionality and thus the wear and tear; noting that parking technology is rapidly changing, and future ticket machines will look and operate very differently to the current stock (see image below).
 - Improved data capture for decision making – this will provide improved evidence for decisions on parking planning, signage, parking policy, parking restrictions and traffic management.



- It is an important step to be future ready for the changes that are taking place in the parking industry which is moving towards cloud-based technology and e-payments.
- A more efficient use of Council resources by reducing the reliance on parts that are hard to source and will become redundant; enablement of more productive staff time and reduction wastage to landfill/recycling.

5.7 Other Councils who have made this transition include Brisbane City Council, Hobart City Council and Bayside Council in Victoria.

6. CONSULTATION AND STAKEHOLDERS

6.1 On 7 March 2022, the Older Persons Consultative Committee was consulted on the proposal to transition to cashless parking ticket machines. The Committee provided feedback requesting we ensure that signage is clear and that instructions on the machines are easy to follow.

7. LEGAL AND RISK IMPLICATIONS

- 7.1 Currency and legal tender in Australia is governed by two primary pieces of legislation: the Currency Act 1965 (Cth); and the Reserve Bank Act 1959 (Cth). Businesses are able to determine the currency which they accept or do not accept for goods and services. Businesses are within their rights to set the commercial terms upon which payment will take place before the 'contract' for supply of goods or services is entered into. For Council this would require clear signage, information stickered to machines and communication via other channels such as websites and apps.
- 7.2 Council is required to ensure that its decisions are compatible with the Victorian Charter of Human Rights (the Charter).
- 7.3 Legal advice has confirmed that the Council is required to comply with section 38 of the Charter and this requires a detailed analysis of the limitation and/or interference on Charter rights and if any, a detailed analysis of the justification of that limitation or interference. The advice goes on to state: "In our view, the use of cashless parking machines does not 'unjustifiably' limit or interfere with a Charter right." This advice is consistent with the assessment made by Officers.
- 7.4 The main risks in the transition to coinless ticket machines are:
- If the project is broken into stages it may be more expensive and the costs of multiple procurement processes will be incurred.
 - Supply chain impacts may delay the hardware components of the project – to be managed through procurement process and in collaboration with the appointed contractor. Current lead times for materials are 6 months for the coin-only machines, and 2-3 months for the card payment machines. Time for converting the machines is in addition to this.
 - Limited market as the current supplier is the sole supplier/provider of machine upgrade parts, which may result in time delays depending on demand and supply chain status at the time of procurement.
 - Adverse publicity or complaints associated with reducing the option for coin payments (low risk).



8. FINANCIAL IMPACT

- 8.1 There is an annual Program budget to renew or upgrade the City's Parking Technology. The current year's budget is \$305,000 and the 2022-23 draft budget is \$200,000. This program can fund the cost of the machine upgrades and changes to enable card payments and cease use of coins.
- 8.2 Once all machines are fully upgraded and transitioned, savings of up to \$750,000 per annum are anticipated from the reduced maintenance, coin collection costs, parts purchases and call out fees. Staff time will also be saved and redirected to parking enforcement activity and parking related customer service requests.

9. ENVIRONMENTAL IMPACT

- 9.1 There will be a small reduction in parts to landfill and recycling once all mechanics relating to coin paths and coin validation are removed from the ticket machines. There will also be improved battery life in the machines.

10. COMMUNITY IMPACT

- 10.1 The proposal to transition to cashless ticket machines will improve payment options for customers. A viable alternative (via the Australia Post debit card) is available for any driver who does not own a credit card, debit card or smart phone.
- 10.2 The financial savings resulting from this change will be available for allocation to other services through future budget processes.

11. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 11.1 The Move Connect Live Transport Strategy has an action (#35) to ensure the Parking Management System is renewed, upgraded and transformed.
- 11.2 The Parking Management Policy endorsed by Council in February 2020 and implemented on 1 July 2021 has the following objectives:
- address the City's existing and future growth and transport challenges
 - provide fairer and more reliable access to parking in all locations and at all times.

12. IMPLEMENTATION STRATEGY

12.1 TIMELINE

Subject to the contractor's availability and supply of parts being uninterrupted, the following timeline is planned:

- Procurement process to engage contractor: By mid-May
- Works commence to transition machines June 2022
- Full transition completed June 2023
- Collection and Maintenance contracts wound up June - July 2023

12.2 COMMUNICATION

12.2.1 A detailed communication plan will be prepared to advise customers of the changes; this will be delivered as part of the project.

- 12.2.2 A campaign to provide information to as many drivers as possible will include:
- information disseminated through social media, various community groups



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- letter box drops to local businesses and residents;
- signage / stickers on machines;
- Council website updates and maps;
- Advice to Business Advisory /Trader groups and their newsletters; and
- Recorded messages on Council phone lines.

13. OFFICER DIRECT OR INDIRECT INTEREST

13.1 No officers involved in the preparation of this report have any material or general interest in the matter.

ATTACHMENTS Nil