

# Councillor Noon - MoN - Restaurants Parklet owners paying for loss of council carpark revenue and outdoor dining fee review

Tuesday, 10 December 2024  
Council

**Council Member**  
Councillor Carmel Noon

Public

**Contact Officer:**  
Iliia Houridis, Director City Shaping

## MOTION ON NOTICE

**Councillor Carmel Noon will move a motion and seek a seconder for the matter shown below to facilitate consideration by the Council:**

'That Council:

1. Revokes the part of the 28 May 2024 Council resolution relating to Parklets Fees (Recommendation 3 – Item 7.3 - 2024/2025 Business Plan and Budget – Review of Fees and Charges). The fee is listed at page 11 of Council's 2024/25 Fees and Charges Schedule, and states "Permit – Parklets (standard) – per square metre – per day (standard rate \$1.75 - 50% discount applied current year) plus loss of ticket machine revenue if applicable, to be priced on application".
2. Resolves to immediately remove the component of the Parklet fee structure that charges restaurants for the loss of car parking revenue, acknowledging the financial burden it places on businesses investing in the vibrancy of the city.
3. Agrees that this removal be backdated to October 2023, when the fee was reintroduced, and that affected businesses be reimbursed accordingly.
4. Undertakes a comprehensive review of the current fee model for outdoor dining, including and not limited to:
  - a. Ensuring equitable fees are charged for small, medium, and larger restaurants, including hotels,
  - b. Aligning fees to reflect equitable use of the public realm,
  - c. Supporting businesses that contribute to the vibrancy and activation of the city, and
  - d. Encouraging further investment in outdoor dining and Parklet infrastructure.
5. Requests a report on the findings of this review to be presented to Council by 31 March 2025.'

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## ADMINISTRATION COMMENT

1. To support the hospitality industry following previous parklet fee waivers, in both the 2023/24 and 2024/25 financial years, Council heavily discounted the standard parklet fee rate as shown below:

<b>City of Adelaide Parklets Fees 2024/2025 Financial Year</b>	
<b>Activity</b>	<b>Fee</b>
Parklets (for businesses unable to have outdoor dining on the footpath due to space etc)	\$0.44 per square metre, per day (75% reduction on the standard permit fee of \$1.75 per square metre, per day)
Parklets (for businesses which can/do also have outdoor dining on the footpath)	\$0.88 per square metre, per day (50% of the standard permit fee of \$1.75 per square metre, per day)
Loss of Parking Revenue Accounting for loss of parking machine revenue, if a parklet impacts a paid on-street parking space/s.	Fee based previous revenue of the parking bay/street (currently on-charged 50% of the loss of ticket machine revenue)

### **Financial Impact: removal of fees to restaurants for the loss of car parking revenue**

2. Six businesses operate parklets in paid parking bays, ranging in size from occupying one to three parking bays. Since reinstating permit fees on 1 October 2023, the financial impact has been:
  - 2.1. \$163k in foregone revenue for reduced on-street paid parking due to parklets from 1 October 2023 to 30 June 2025.
  - 2.2. After applying the endorsed discounts, \$58k of revenue is projected to be collected from parklet operators for the on-charged reimbursement of forgone paid parking revenue, from 1 October 2023 to 30 June 2025.
  - 2.3. The above figures refer only to the paid parking reimbursement component of the parklet fee.
3. The amount of foregone revenue due to reduced paid parking bays will increase in future financial years as paid parking fees increase and/or additional parklets are installed.
4. All parklet permit holders, including those required to pay for loss of ticket machine revenue, paid the 2023/2024 fee apart from Jack and Jill's.
5. Administration are currently in the process of renewing permits for 2024/25, with reminders recently issued to parklet permit holders regarding payment of fees. In 2024/2025, four businesses have taken up the offer to pay via instalments, while one business under new management has indicated they do not wish to continue operating a parklet.
6. Should Council resolve to support the proposed Motion, this would result in approximately \$58k being reimbursed or remitted to businesses.
7. It should be noted that as the financial statements for the 2023/24 financial year are now closed, the 2023/24 impact (\$16k) of this decision would need to be absorbed in the 2024/25 financial year budget.

### **Parklets**

8. Council has proactively promoted the activation of parklets during and since the COVID-19 pandemic. This has been well received by the hospitality industry and there are a total of 15 parklets in operation in paid and unpaid parking bays across the City of Adelaide.
9. Following COVID-19, Council offered a range of incentive programs and fee waivers to assist the community and hospitality industry. For permit fees alone during the COVID-impacted period between 1 July 2021 and 31 December 2022, Council's decision to waive certain fees equated to a \$3 million investment in the community.
10. One of the initiatives launched at the time was the ability for hospitality businesses to temporarily operate parklets with the associated fees removed. At the time 18 food businesses utilised this incentive and installed parklets, with fees waived for three consecutive financial years from 2020/21 – 2022/23.
11. All business owners were informed at the time of applying that the fee waiver incentive was a temporary measure and fees would be reinstated. To be equitable the fees are based on the size of space occupied, consider availability of access to other public realm for outdoor dining and where there are impacts to paid parking.

12. Council endorsed the reinstatement of the parklet fees during the 2023/24 financial year. As a further measure to ease the cost burden in reinstating these fees, the timing of the reinstatement was from 1 October 2023, effectively a further three-month waiver of fees for businesses that chose to operate parklets.
13. As part of the 2024/25 Annual Business Plan and Budget process, the proposed parklet and outdoor dining permit fee structure was presented to Council in detail.
14. The 16 May 2024 City Finance and Governance Committee report included:
  - 14.1. benchmarking data (other LGAs and Capital Cities),
  - 14.2. average weekly payment impact for businesses,
  - 14.3. overview of why fees are charged, and
  - 14.4. specific costings of 10 of the parklets in operation at that time.
  - 14.5. The information is available here [Report Fees and Charges 2023-24.pdf](#) with the more detailed permit fee analysis here: [Attachment A for 202324 Business Plan Budget - Fees and Charges 202324.pdf](#)
15. At the 28 May 2024 Council meeting, a Motion on Notice was proposed which sought to remove the additional fee charged to parklet operators for reimbursing reduced paid parking revenue. The Motion was not carried, hence the fee component remained in the 2024/25 fees and charges schedule.
16. The current fee model for parklets was endorsed by Council on 11 June 2024 as part of all fees and charges.
17. Parklets are charged at a higher rate than standard outdoor dining on the footpath, which is common in cities that offer parklets and outdoor dining.
18. Some of the reasons for a higher fee rate includes parklets being in place 24/7, whereas outdoor dining is usually removed at the end of days trade enabling the space to be used by the public, and parklets occupying premium space in terms of directly removing on-street parking bays.
19. Parklets also provide the operator with exclusive use of that space for commercial gain.

#### **Parklets in Paid Parking Bays**

20. Paid on-street parking occurs in streets which have high demand for parking to encourage vehicle turnover and enable parking opportunities for city visitors.
21. Parklets located in these areas reduce the availability of convenient on-street parking which impacts visitor and community use of this space. Reductions to paid parking bays also directly decrease revenue for Council, for a single operators' commercial gain.
22. If a parklet occupies a paid parking bay, we do not fully cost recover the lost revenue. The operator is currently charged 50% of the paid parking fees for this reduced space. The amount of this component varies as it is specific to that bay/street.

#### **Jack and Jill's Parklet**

23. Jack and Jill's installed a parklet January 2023, providing a further 6 tables and 24 chairs, the parklet occupies 3 on-street parking spaces. Jack and Jill's also utilise outdoor dining on the footpath which incorporates 5 tables and 21 chairs.
24. In addition to benefitting from Council's decision to waive parklet fees, in January 2023 Jack and Jill's received a 'City-Wide Shopfront Activation Grant' from Council totalling \$11k (GST inclusive) which was used to help fund the construction of their parklet.
25. To date, Jack and Jill's have not made any payment to Council for fees in relation to the use of their parklet, in contravention of the requirements of their permit.
26. Prior to installation, it was made clear to the owners of Jack and Jill's, as with other owners that the parklet fee waiver incentive was a temporary measure and fees would be reinstated.
27. The combined outstanding fee for Jack and Jill's for 2023/2024 and 2024/2025 totals approximately \$36k, consisting of \$14k for the parklet per square metre fee, and \$22k for the loss of paid parking revenue. The fee without any of the current discounts being offered would be \$72k.
28. Administration has contacted Jack and Jill's on numerous occasions to discuss permit fees and seek payment, including the ability to pay via a payment plan which has been refused.
29. In line with Council Policy and Processes, enforcement action is now being progressed to remove the parklet due to Jack and Jill's refusal to pay the required fees.

## Outdoor Dining

30. Should Council resolve to support this Motion, a report on outdoor dining and parklet fees will be brought back as part of the 2025/26 Annual Business Plan and Budget process.

Should the motion be carried, the following implications of this motion should be considered. Note any costs provided are estimates only – no quotes or prices have been obtained:	
Public consultation	Not applicable
External consultant advice	Not applicable
Legal advice / litigation (eg contract breach)	Jack and Jill's are currently operating their parklet in the public realm without a valid permit or payment of the required fees, in breach of the <i>Local Government Act 1999</i> .
Impacts on existing projects	Not applicable
Budget reallocation	\$58k of previously invoiced or collected fees for charges to businesses for the loss of car parking revenue will be remitted or reimbursed to permit holders, and revenue forecasts will be reduced resulting in an unfavourable impact to the end of year forecasts for the 2024/25 financial year. Annual ongoing loss of paid parking revenue will occur, which will increase as new parklets are installed.
Capital investment	Not applicable
Staff time in preparing the workshop / report requested in the motion	4.5 hours
Other	Not applicable
Staff time in receiving and preparing this administration comment	To prepare this administration comment in response to the motion on notice took approximately 5.5 hours.

- END OF REPORT -