

Response to the Economics and Infrastructure Committee's Inquiry into Expanding Melbourne's Free Tram Zone



Australian
Retailers
Association

AUSTRALIAN RETAILERS ASSOCIATION

About the ARA

The **Australian Retailers Association** (ARA) is the retail industry's peak body, representing a \$325 billion sector employing more than 1.3 million people. The ARA works to ensure retail success by informing, protecting, advocating, educating and saving money for its 7,800 independent and national retail members which operate over 60,000 shopfronts across Australia. The ARA ensures the long-term viability and position of the retail sector as a leading contributor to Australia's economy.

Members of the ARA include Australia's most trusted retailers, from the country's largest department stores and supermarkets, to specialty retail, electronics, food and convenience chains, to mum-and-dad operators.

Introduction

The **Australian Retailers Association** is pleased to submit to the Economics and Infrastructure Committee's inquiry into expanding Melbourne's free tram zone, and addresses various disparate issues raised in its Terms of Reference later in this paper.

Melbourne is Australia's most liveable "international city:" it is the food, culture and sport capital of the southern hemisphere; home to many of Australia's oldest and largest companies (including much of the retail sector); and one of the best places on Earth to live, work, visit, and shop. The ARA is proudly based in Melbourne and takes a keen interest in issues affecting the lifestyle it has to offer residents and visitors alike.

The ARA is ambivalent about the merits or otherwise of expanding the free tram zone.

We acknowledge that on the surface, measures that ostensibly boost patronage of public transport and/or save money for consumers may be regarded as worthwhile, not least by those who might benefit; however, we have serious concerns that broadening the existing free tram zone would strengthen the advantage to those who already benefit from it while delivering no benefits whatsoever to all other commuters, who in all likelihood would experience fare rises: in effect, a "double whammy."

The ARA doubts expanding the free tram zone would benefit retailers.

Aside from inner-city residents, the only other significant cohort which may benefit from expanding the free tram zone are those tourists whose accommodation is situated within the zone, and while the ARA is strongly supportive of the Tourism sector and keen to see growth in visitor numbers to Melbourne, we do not believe this is an appropriate mechanism through which to encourage that growth.

Whilst we do not oppose meaningful endeavours to reduce road congestion or to boost public transport usage, the ARA nonetheless believes the proclamation of any

expanded free tram zone would do little to achieve either objective, and would simply advantage inner-city residents at the cost of other transport users.

Road use originating beyond the free tram zone would remain unchanged.

Public transport usage originating beyond the free tram zone would similarly not grow as a result of this measure: commuters would still need to pay fares to access the free zone in the first place.

We do not believe there is a case to justify the proposal. If the desired objectives are to increase public transport patronage and decongest Melbourne's roads, other – less populist – measures and infrastructure projects, costing billions of dollars and taking many years to complete, would be worthier of consideration.

The expansion of the free tram system to include —

- **Wellington Parade to Powlett Street, East Melbourne**
- **Swanston Street to Elgin Street, Carlton**
- **Royal Parade to College Crescent, Carlton**
- **Flemington Road to Abbotsford Street, North Melbourne**
- **St Kilda Road to Commercial Road, Prahran**

While some logic can be ascertained in relation some of these options (for example, the East Melbourne option to the MCG, or the Flemington Road option to the Royal Children's Hospital), others – such as including Commercial Road in Prahran – run the risk, if enacted, of starting to transform what was initially intended as an inner-city initiative into a suburban one, which may well prove the thin edge of the wedge.

If the real intent of the proposal is to incrementally roll out unilaterally free public transport across the Greater Melbourne area, its proponents should say so: should these options be implemented, calls for further expansion must be regarded as inevitable. This in turn raises issues of cost to the State of Victoria and the ability of Melbourne's public transport system to cope with significantly higher levels of patronage. Anecdotal evidence, and experience, suggests the existing rail and tram network struggles to cope with its current patronage levels, let alone any increase.

The expansion of the free tram zone, even to the extent of the options suggested in the Inquiry's Terms of Reference, would simply maximise the ability of residents whose work and living arrangements are confined to the inner city to avoid the daily cost incurred by every other public transport user in the Greater Melbourne area (currently up to \$9 for a full fare-paying adult). For a full-time city worker who also uses public transport one day per weekend, this amounts to a saving of more than \$2,800 per annum that is not available to millions of other Melbourne residents.

We note there is no inclusion of traditional retail precincts (such as Bridge Road in Richmond, or Clarendon Street in South Melbourne) in the proposed list of additional destinations put forward by the Committee for consideration; the apparent focus on medical and educational institutions, however – in addition to the MCG – reinforces the perception this proposal is simply an intended giveaway for inner-city dwellers at the expense, literally, of everyone else.

We would like to note that as the ARA's offices are located on Wellington Parade – directly across from the MCG – an extension of the free tram zone may benefit ARA staff who regularly use route 48 or 75 trams to access the CBD to attend meetings. This potential benefit does not alter our position on the proposals at hand in any way.

Providing free fares for all full time students

The ARA understands this proposal is intended to apply across the Melbourne metropolitan tram, rail and bus networks: were it to apply only within the free tram zone the notion would be redundant.

A cursory inspection of submissions published on the Committee's website at the time of writing finds a large number of these were submitted by students, with repeated references made to campuses of the University of Melbourne and other tertiary institutions located near the Melbourne CBD but beyond the current free tram zone.

As this submission has already made clear, the concept of expanding a free travel zone – short of making public transport available unilaterally, free of charge, across Greater Melbourne – is a nonsense, as the only people who will actually experience "free" travel are those living within the zone: all other commuters will have to either pay a fare to access the area, or drive and park immediately adjacent to its borders. Clearly, neither of these options involve "free" travel.

In addition to the ARA's concerns that the proposed extensions to the existing free tram zone unfairly benefit inner-city residents at the expense of all other public transport users, who must continue to pay to utilise the same service, abolishing fares altogether for selected interest groups further disadvantages those commuters who are expected to subsidise those who do not wish to do so.

The ARA is satisfied that existing concessions available to full time students – including international students, many of whom live in and around the CBD – which constitute a 50% discount on regular myki fares are appropriate.

We do not believe it reasonable (or fair on the fare-paying public) to identify selected groups within the community to bestow "freebies" upon that other users (of both the public transport and road networks) will be expected, one way or another, to fund.

Removing fares for all Seniors Card holders

The ARA notes that in addition to the 50% concession on full myki fares that is available to Seniors Card holders, these individuals are also already eligible for other benefits on Melbourne's public transport network, such as free weekend travel and a stipend of free travel vouchers each calendar year.

Whilst the ARA acknowledges senior Victorians have mostly worked and contributed to the community over a period of decades, we believe the existing benefits and concessions available to Seniors Card holders are appropriate and should not be expanded.

Some of the remarks addressing the idea of abolishing fares for full time students *above* equally apply to the proposal to do so in the case of Seniors Card holders.

The effects and benefits of dynamic public transport pricing

The ARA does not support the notion of higher fares in peak periods to subsidise cheaper fares in off-peak periods, or other measures that transfer the expense of public transport fares for one selected cohort of users to another.

We acknowledge that initiatives such as free rail travel prior to morning peak hours have been favourably received by those who are take advantage of them, but suggest that many commuters – including retail employees – are already excluded from these measures on account of the rigidity of their working hours and the undesirability of arriving at work several hours early in order to avoid paying for their journey.

We would be supportive of two-hour fares being restored to the basis on which they were calculated prior to the introduction of myki (for example, a commuter who swiped on at 7.25am being allowed to travel at no further cost until 10am) as a commonsense measure that would encourage more people to eschew car use for short return trips, but this is a different proposition to the concept of differential fare pricing.

More broadly, the ARA suggests the concept of “dynamic public transport pricing” is – in the context of Melbourne commuters – based on a false premise: its road network is already excessively congested, as has been well documented, and its public transport network is already too crowded to constitute an alternative in any meaningful sense. “Incentives” to vary the travel patterns of commuters by introducing differential fare structures are therefore likely simply to make necessary peak hour travel more expensive, whether through the direct mechanism of public transport fares or the indirect effects of increased road congestion and associated automotive costs.

Conclusion

As noted in the introduction to this submission, the ARA does not believe there is any case of merit to justify the expansion of Melbourne's free tram zone.

Residents of the immediate inner city area would be the only beneficiaries of the proposal to do so: millions of Melburnians would receive no fare relief at all, with the effect their fares would subsidise the tiny minority who would benefit from such a proposal.

A "free" tram zone which requires travel by road or by public transport simply to access it is a nonsense, especially when the structure of myki fares is such that those commuting by public transport will already have effectively paid to do so.

We believe that in addition to major infrastructure projects currently under construction in Melbourne (e.g. the Melbourne Metro Rail Tunnel and the West Gate Tunnel), other projects should be considered by the state government. These may include

- Construction of the East-West Link;
- Converting the suburban rail network, over 10 years, to a "live third rail" system, common in Europe, allowing overhead lines to be removed (also improving visual amenity) and double-decker trains to be deployed, increasing capacity;
- Continued removal of level crossings across Melbourne;
- Providing more "Park'n'Ride" spaces at suburban railway stations, which are often full by 8am and a disincentive to rail travel for many residents;
- Upgrading the Nepean Highway between Mordialloc and St Kilda to five lanes in either direction by closing slip roads, replacing major intersections with continuous flow interchanges, and connecting the resulting freeway at White Street to the Mornington Peninsula Freeway via underground tunnels.

If the objectives of boosting public transport patronage and reducing road congestion are to be taken seriously, we believe measures such as these – which are likelier to address those goals where the problems originate, rather than in the central Melbourne area – are worthier of consideration than a tokenistic gesture which solely benefits residents of a tiny portion of central Melbourne.

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