



Bryce Prosser



21 January 2020

Mr Nazih Elasmr
Economy and Infrastructure Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

Dear Mr Elasmr

Re: Submission Regarding Expanding Melbourne's Free Tram Zone

RACV welcomes the opportunity to provide a submission regarding the proposed expansion of Melbourne's Free Tram Zone.

With more than 2.2 million members, RACV is a household name in Victoria and a highly trusted organisation. We have long represented our members on motoring and transport issues, advocating on their behalf, and expressing their views to both government and stakeholders.

How Victorians move around their state in the future is of vital importance to the good functioning of our state, and our submission outlines our feedback on the proposed changes.



Yours sincerely



BRYCE PROSSER





Submission Regarding

Expanding Melbourne's Free Tram Zone

to the Economy and Infrastructure Parliamentary Committee

January 2020

**Submission to the Economy and Infrastructure Parliamentary Committee regarding
“Extending Melbourne’s Free Tram Zone.”**

Regarding point 1):

the expansion of the free tram system to include —

(a) Wellington Parade to Powlett Street, East Melbourne;

(b) Swanston Street to Elgin Street, Carlton;

(c) Royal Parade to College Crescent, Carlton;

(d) Flemington Road to Abbotsford Street, North Melbourne;

(e) St Kilda Road to Commercial Road, Prahran;

Before considering an expansion of the Free Tram Zone (FTZ), RACV encourages the relevant authorities to complete an evaluation of the existing FTZ, introduced in 2015.

We are concerned that an expansion of the current zone may lead to more negative impacts than positive outcomes, especially in terms of overcrowding on the inner-city tram network. We support improvements to the public transport system that make it better equipped to accommodate patronage growth and improve access throughout Victoria. Anecdotally, the experience of the FTZ has not achieved this, and has potentially had the inverse impact of making tram use more difficult in inner Melbourne.

Central Melbourne has experienced a rapid increase in economic activity over the past decade, with the daily population, a combination of workers, residents and visitors, now nearing 1 million people¹. This is a highly successful urban area and the increase in people moving to and within central Melbourne is placing new and profound pressure on transport services and infrastructure.

Infrastructure Victoria have indicated that the introduction of the FTZ has likely increased demand for tram services rather than reduced demand². It rewards inner city residents and tourists by removing the need to pay for trips within the FTZ. On the surface, this appears positive; increased tram patronage is a good thing, considering the energy and space efficiency of trams for moving people in busy urban areas.

However, it is the unintended consequences of the FTZ that are concerning. Before the FTZ was implemented, most public transport users did not pay to use trams in central Melbourne. By paying for a morning train/bus/tram to the city and an afternoon journey home, their fare was capped at a daily rate, and tram trips (as well as any other public transport use, such as bus or train trips) were included in the daily cap. These commuters do not benefit from the FTZ.

For people who depend on trams, overcrowding and delays represent a significant penalty. This is compounded by the removal of revenue that could contribute to needed service and infrastructure upgrades. This affirms the experience of many

¹ <https://www.melbourne.vic.gov.au/about-melbourne/research-and-statistics/city-population/Pages/daily-population-estimates-and-forecasts.aspx>

² <https://www.infrastructurevictoria.com.au/wp-content/uploads/2019/04/Five-year-focus-Immediate-actions-to-tackle-congestion-April-2018.pdf>

people using the inner-city tram network, where overcrowding is common, leading to delays and a poor service offering, especially for people who depend on trams.

To make a highly sought-after service free seems to be a very fragile policy. This is fundamentally why we are calling for an objective, evidence-based evaluation of the FTZ prior to any consideration of how and where it may be expanded.

An evaluation should consider;

- Who does the FTZ benefit?
- How does the FTZ influence transport behaviour? Is it helping achieve broader transport goals held by the State Government and City of Melbourne, in terms of encouraging the uptake of walking, cycling and public transport use?
- What are the negative externalities created by the FTZ?
- What does the FTZ cost, in terms of foregone revenue?
- Do the benefits outweigh the costs?
- Are the impacts of this policy fair?
- How does the FTZ impact the operation of the tram network, within and beyond the zone?

It is inappropriate to consider extending the FTZ in the absence of this analysis. Such an evaluation should be undertaken as soon as possible in a holistic and thorough manner and made publicly available so that the wider community can understand the costs and benefits associated with the FTZ.

RACV does not support the extension of the FTZ in the absence of a thorough review of the current system.

Regarding points 2) and 3):

- ***providing free fares for all full-time students, and***
- ***removing fares for all Seniors Card holders;***

These ideas require a similar assessment of the likely costs and benefits they may create.

In general, RACV considers the quality of the public transport system to be paramount for encouraging more trips to be taken by train, tram and bus. These services need to be invested in so that they create a network that is seamless and dependable. Making them free without improving the frequency of services and capacity across the network is unlikely to achieve a step change in public transport that is required in Victoria.

If there is a net-benefit of the proposed alterations to public transport fare setting for seniors card holders and full-time students, and an associated loss in fare-box revenue, we would expect any funding shortfall to be filled resulting in no loss of public transport funding.

Regarding point 4):

new technologies that enable intelligent transport systems that improve the performance of the networks;

Intelligent transport systems (ITS) have been the focus of significant industry research and analysis in recent years. RACV has been involved in the AIMES project that is ongoing in Carlton. As this project continues to develop, it will provide unique insight into the pros and cons of different ITS technologies and applications.

The potential of ITS to improve the performance of all transport networks is significant. We welcome a more proactive approach to ITS from the State Government in the form of trialling and piloting different technologies and different locations across Victoria. Improving the performance of the public transport network should be a main objective of ITS investments and decisions. Innovation in this space is likely to accelerate, and we encourage all relevant parties in the transport sector to work collaboratively in bringing the various benefits of ITS to Victorians.

It is noted that ITS advancements can and should be progressed independently of policy decisions regarding the FTZ.

Regarding point 5):

the effects and benefits of dynamic public transport pricing.

Dynamic pricing for public transport should be considered in the wider context of transport usage charges. RACV is a proponent of transport network pricing reform, recognising that the current suite of fees and charges that impact travel are confusing and poorly aligned with broader policy objectives. A holistic approach to transport network pricing should encompass dynamic pricing for public transport alongside options and methods for implementing road user charging or congestion charging.

The current Early Bird train travel policy, effective in metropolitan Melbourne for weekday train travel prior to 7.15am, is a form of dynamic pricing. RACV support the intent of this policy, in encouraging off peak travel, or 'peak spreading'. This approach could be applied to bus and tram travel to afford people the full benefit of the incentive, especially to people who use buses and trams to connect with the train network.

Further analysis is required to unpack the pros and cons of dynamic pricing, how it might form a component of a wider transport network pricing scheme, and how different price levels and time incentives might deliver the most benefit.