

Submission: to Victorian Parliament Economy and Infrastructure Committee

Subject: Extending the Free Tram Zone, public transport fares

This submission addresses Terms of Reference 1 -3 of the Economy and Infrastructure Committee on the funding of Melbourne's public transport announced on 6 June 2019.

1. Expansion of the Free Tram System

It is appreciated that submissions, particularly from students, have supported extension of the free tram zone (FTZ). Those using free trams understandably cite personal financial benefits. However, public decision making requires consideration of broader public interest, which also involves considering adverse unintended consequences of well-intentioned decision making. These public interest considerations lead to the clear conclusion that the FTZ has had adverse consequences for the transport system in a broader sense and thus fails the public interest test. The adverse consequences as set out below should lead the Committee to recommend not only against extending the FTZ, but further, to recommend that the FTZ be ceased.

The negative consequences of the FTZ as set out below are substantial:

- i. **Free trams exacerbated overcrowding:** CBD tram patronage has skyrocketed since introduction of the FTZ in 2015. CBD trams already at capacity, have become increasingly overcrowded, delaying boarding and alighting, and increasing dwell time. The inquiry has received several submissions identifying problems experienced by users of overcrowding preventing boarding - trams are so full that new passengers cannot board, passengers have wait for less crowded trams, passengers have to alight to let passengers off and sometimes, can hardly get back on.
- ii. **Adverse impacts for tram punctuality:** Overcrowding has adversely impacted tram punctuality causing penalties for tram operators. The Committee should closely examine the data on delays since the free tram zone was introduced in 2015: average tram speed through the CBD has reduced from 15km/h to 11km/h. It is understood that 50% of tram passengers use CBD trams from outside the FTZ, 44% use trams only within the FTZ, while 6% of short trips go beyond the FTZ. Additional short trips outside the FTZ would further exacerbate overcrowding, punctuality and access problems.
- iii. **Compromised access:** The inquiry has received several submissions identifying user problems of overcrowding on tram stops which has caused problems for passengers accessing central island tram stops especially for people in wheelchairs, parents with strollers or prams, and people with backpacks, luggage or parcels. This is especially so at Federation Square, Flinders Street and the central Bourke, Collins Street lines around Swanston/Elizabeth Streets. Submission No 21 identifies that on route 57, up to 30% of the tram evacuates at the end of the FTZ leaving a full but no longer overcrowded tram, with many of the evacuees having travelled just 2 stops and paid no fare. But their number on a full tram has prevented longer trip passengers from boarding and increased their journey time. This problem applies on many tram routes, especially along the central spines Elizabeth, Swanston, Collins and Bourke Streets.
- iv. **Funding inequities:** CBD workers and CBD residents catch free trams in lieu of walking. CBD workers/residents typically earn \$600 more per week than non-CBD full-time workers (016 Australian Census data) who do not have the benefit of free public transport services. Free trams thus involve a subsidy for more well-off CBD workers, CBD residents and tourists. They also subsidise workers who drive into the CBD, who are able to catch a free tram for meetings, errands and shopping.

By contrast, 70% of Melbourne beyond the effective reach of tram or train services, pays a higher price for public transport, relying in large part on 40 minute bus services. Those who travel to and from the CBD by public transport from outside the FTZ, already pay for transport to the CBD and

have no extra charge to use trams in the CBD. There is thus no advantage for at least 50% of city workers who access CBD jobs and pay for public transport journeys from zones outside the CBD. So the FTZ benefits a more advantaged sector - CBD workers, CBD residents, and tourists in inner city areas, at the expense of the more disadvantaged workers. It should also be noted that the average income levels of tram passengers tend to be higher than for bus passengers – and higher than for suburban car drivers.

Submissions from some students set out personal financial benefits of having the FTZ extended to the University of Melbourne. This raises further inequities in relation to other tertiary campuses or school students who do not have the benefit of a FTZ. Submission No 9, rightly points out that if the FTZ is extended, the *“only moral thing to do would be extend the 86 tram to be free all the way to Bundoora RMIT, extend the Collins Street free tram zone to ACU and provide a service for Monash”*. If a FTZ applies, arguments will always arise that this should be extended just a few stops more to benefit users at other locations.

And further, why should inner city tertiary students be advantaged with a FTZ, while suburban students are not.

- v. **Free trams increase operational costs** of running Melbourne’s public transport in giving a free service to higher income inner city residents, workers and tourists using trams. Funding to subsidise CBD free trams, should be directed towards enhancing public transport - rail, tram, and bus services - to increase public transport mode share away from sole occupant vehicle travel on congested roads.
- vi. **FTZ and Tourism:** If free trams are designed to attract tourists, tourists do not expect free transport, and have resources to pay. Few countries offer widespread free public transport. If it is sought to promote tourism, a discounted tourist MYKI can be developed that is readily/easily available at stations, air and sea ports and other retail outlets in the CBD. This is the practice in other cities overseas. For tourists, part of their experience is learning about the transport system in a new city including options of ticketing. Free trams do not apply in other Australian CBDs or overseas so why Melbourne?
- vii. **Adverse health impacts.** The FTZ reduces CBD walking and is inconsistent with promoting the positive health impacts of active travel by walking. Many people who would walk a few blocks now catch the tram because it is free.
- viii. **Impact on Melbourne Bike Share:** The FTZ made it harder for the paid Melbourne Bike Share (MBS) service to compete with free trams for inner city travel within the zone. The FTZ was one of the factors contributing to the low utilisation of Melbourne Bike Share (MBS) and its recent demise.
- ix. **Impact on City Taxis:** Free trams also makes it harder for the City’s taxis to compete with an increasingly low taxi utilisation rate.

In light of the major repercussions set out, the FTZ should certainly not be extended. The Committee is asked to advise against any extension and, further given the adverse consequences identified, to recommend abolition of the existing FTZ.

Yours sincerely
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