

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Expanding Melbourne's Free Tram Zone

Melbourne—Tuesday, 9 June 2020

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WITNESSES

Mr Cameron Tampion, Member, and

Dr Anthony Morton, President, Public Transport Users Association (*both via videoconference*).

The CHAIR: Good afternoon. Thank you, Mr Cameron Tampion and Dr Tony Morton, for joining us this afternoon. All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law. However, any comment repeated outside the hearing might not be protected. Any deliberately false evidence or a misleading of the committee may be considered a contempt of Parliament. All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

Before you start your contribution can you please state your name for the Hansard record, and allow us some time to ask you questions. Welcome and good afternoon.

Visual presentation.

Dr MORTON: Good afternoon, Chair and committee members. I am Dr Anthony Morton, the President of the Public Transport Users Association. I am here appearing before you today alongside our committee member—and in fact one of the primary authors of the submission—Mr Cameron Tampion, who I will in fact be handing over to for the bulk of our introductory presentation here. But I will say a few introductory words first. I would also in making this presentation acknowledge that we are all on the land of the traditional owners, and we acknowledge the Aboriginal people, the Wurundjeri and Boon Wurrung people, of this region and pay our respects to their elders past, present and emerging.

By way of introduction, we just make these introductory points. First of all that we are most welcoming of the government's commitment to improving public transport and make clear at the outset that we are fully on board with the positive moves made by the current government to encourage greater use of public transport. We fully acknowledge that it was certainly the intent of the changes to the fare system, of which the free tram zone is one—those changes made in 2014–15 were certainly intended to boost public transport use, and we certainly support the intent of those changes. At the same time we will be leading evidence here and in our submission that tries to put those in the context of the multimodal fare system that Melbourne has had for the last 40 years, and it is important to understand how we can make those changes more beneficial to public transport users and to public transport and an overall sustainable transport policy.

We also applaud the members of the committee here today, particularly Rod Barton, for initiating this inquiry. It is a very positive step actually to have this kind of ex post assessment of a public policy initiative, and we certainly welcome more of these kinds of assessments being done as a matter of good governance, and so we are most welcoming of the inquiry that has been put in place and the assessment that is taking place.

And then we also would underline that we have an issue right across Victoria as well as in Melbourne that a lot of people do not have adequate access to public transport that actually affords them an alternative to car use, and they do not see this as a viable choice. This results in pollution, it results in traffic congestion, road trauma and high costs of personal transport, which we do need to urgently fix, and we will certainly have some recommendations along those lines as part of this submission. Having made those remarks, I would like to hand over now to Mr Tampion, who will just go through some aspects of our submission.

Mr TAMPION: Thank you, Tony, and thank you also to the committee for their interest and also the opportunity to look at this. The question raised really is: what is the impact of the tram zone? It was introduced back in 2015 at the same time as the capping of zone 1 and 2 fares at zone 1 levels, which represented a significant reduction in the cost of travelling from zone 2. So we need to somehow disentangle the effects of those two different measures that were introduced at the same time.

These two maps here show where people changed to public transport from walking and driving and so on when they are travelling from zone 2 into the fare tram zone. Darker shades of red represent a higher proportion of

people changing there. I would just note that VISTA, this survey, is a survey and it is just therefore a sample. It is not all journeys, but it does give us a good idea of general patterns.

What we do see there is a bit of a hollowing out inside that blue line, which is approximately the zone 1 boundary sort of shoehorned into the bureau of statistics statistical areas. We can see less representation on the right, which is after the free tram zone introduction, compared to the left, but we do see more representation of people changing to public transport outside the zone 1 boundary. In other words, people are catching public transport closer to home, which is a good thing, and it does show that where you do have a large increment crossing a zone boundary it does have an effect on travel behaviour.

One other thing that is worth noting is that there is a bit of a cluster right in the centre there of the post-introduction map on the right, which represents a bit of a growth of people transferring to public transport in the CBD. If you are interested in how that plays out in terms of the distance travelled by different modes, that is in table 1 of the submission.

This is the same data in effect, well not the same data but the same trends shown in a different way. This is actual data, it is not just a survey, but it is consistent with what we saw in the VISTA data in the previous slide. We are again seeing more people catching the train from zone 2, which is the green dots there—boardings at those stations in zone 2—and a reduction or fairly steady levels of boardings inside zone 1. Again, that is consistent with a lowering of the fare increment for crossing the zone boundary into zone 1 from zone 2 instead of doing it by car to avoid that fare increment at the boundary. So that is certainly consistent with the previous slide, but it is also consistent with the next one.

This now is journeys into the free tram zone from within zone 1. Again, we are seeing a bit of a hollowing out on the right after the introduction of the free tram zone where people are not swapping to public transport from walking and driving in the outer areas of the zone, and you can see an increase in the centre there where there is now a much more intense shade of red in the CBD. So we are seeing more people transferring from driving and walking and so on to public transport in the fare-free tram zone. That is not as a result of reducing the fare increment, but it is the result of massively increasing a fare increment at the free tram zone boundary, and that has had an effect on travel behaviour. This is shown also in terms of distance travelled in table 2 of the submission. Also, table 3 of the submission has a bit of a look at how it is manifested in segments of trips totally inside the free tram zone, and it shows the growth of tram trips has been mainly at the expense of walking, which is entirely consistent with the experience of international studies in this area, and they are referred to in the submission.

What we see is that since the introduction of fare capping and the free tram zone there has been a bit of a clawback of the significant lost revenue there with fares increasing around twice the rate of inflation since 2014 to the point now that a short trip in Melbourne is going to be the most expensive of any short trip on any public transport system in Australia. At the current rate and based on the last five years of fare increases, the zone 1 fare will be back up to where the old zone 1 and 2 fare was within the decade. That means that the increment for crossing the free tram zone boundary will be increasing each year, so that is going to make the effect on travel behaviour more and more intense each year as it costs you more to cross that boundary, and that is an inherent feature of that boundary regardless of where it is.

What that means is there is a strong incentive to drive into the free tram zone and then take advantage of the free trams to get to your final destination rather than paying to get into the city by public transport. We can see that certainly car parks have been taking advantage of that in their marketing, advertising the fact they are in the free tram zone, encouraging people to drive in on busy inner-city roads and park in the vicinity of the free tram zone and take advantage of the free trams.

What it also is: it represents a bit of disincentive to wider access of public transport beyond the free tram zone. It is put forward as a good thing for tourists that we have this free tram zone, but what we are effectively saying is: 'Stay inside the wall'. It is saying, 'Don't stay on the tram to St Kilda or Brunswick Street', 'Don't jump on a regional train to the spa country or Sovereign Hill', 'Don't hop on a suburban train to Williamstown or the sand-belt beaches'. It is basically putting up this barrier to people travelling more broadly. It also does not cover some of the key things for tourists such as the airport, the ports of entry, Station Pier. It does not cover accommodation outside the zone, and it does not reach a lot of visitor attractions around Melbourne. There is a saying in the Wild West that there is always someone quicker. Well, in the tourism and hospitality industries

there is always someone a bit further than the free tram zone, wherever you put it, and that is going to really restrict movement if that is how we are relying on tourists getting around.

The effect of having general fares increasing by inflation each year while fares within the free tram zone on trams are free means that that increment increases every single year. It is like putting another layer, increasing the height of that wall, every year, preventing people from leaving the free tram zone.

Just to reiterate points that have been made earlier: if you are catching public transport into the free tram zone, you have already paid for those trams. You are not benefiting from the free tram zone. It really just benefits people who have not caught public transport into the free tram zone.

And what this means is the people who are more likely to not catch public transport into the city are people on higher incomes. They are the ones that generally benefit from the free tram zone.

One group you do not generally consider as being high income is full-time university students. Now, the map on the right there shows the usual place of residence for full-time university students in Melbourne. You can see there: there are some concentrations in the inner city and the inner north to the north of Melbourne Uni and also concentrations around the main universities, Monash and Deakin and La Trobe. Those suburban campuses, not to mention regional campuses of those and other universities, clearly do not benefit from the free tram zone. So it is sort of a bit of discrimination against a lot of those other suburban and regional campuses and clearly does not provide a comprehensive solution to affordable mobility for students.

I suppose it really needs to be addressed more comprehensively through looking at things like general fare levels, and I believe the University of Melbourne student union along with RMIT have made some quite important points around eligibility for concessions. I think that needs to be looked at. Certainly these days academic calendars might not necessarily resemble the traditional two semesters, and students can have quite lumpy income streams that might affect their eligibility for concessions. So the general affordability of public transport certainly needs addressing, but just providing free public transport in particular zones does not really address that adequately.

Another area that certainly is a significant destination in the inner city is the Parkville medical precinct, which includes Royal Melbourne Hospital, the Women's and the comprehensive cancer centre. They serve catchments well beyond the free tram zone, as shown on the left there. That is from Melbourne Health. That shows their primary and secondary catchments. It is extending well beyond the inner city. And on the right, again, we have some data—survey data, so not all trips from VISTA—showing a bit of a pattern in where people go to the Parkville medical precinct from, again showing they extend well beyond the free tram zone. So if they have gone in there from there, they will have to have paid a fare to get into the free tram zone and will therefore have paid for travel on those trams.

What the free tram zone does do, though, is it does allow you to travel on those trams for at least part of your footprint without having paid a fare at all. It does give a little bit of incentive to try and sort of game the system a little bit, and this can undermine revenue protection if people are just trying to get into the free tram zone. That tweet there gives an example of someone doing that and using the free tram zone to their advantage, even though they should have paid a fare, and that undermines revenue.

It has had some fairly deleterious effects on existing paying tram users. Trams have certainly slowed down a lot. They are held up a lot more at tram stops because those stops are crowded. There is crowding on board. Sometimes people cannot even fit on the tram, especially if they are in a wheelchair. So this has been a bit of an issue. And people who want to travel beyond the free tram zone and pay a fare actually cannot get on in some cases. It is also having safety effects, given the crowding on the stops and on the trams contributing to falls and the like, so that is a bit of a problem. And it is really concentrating loads in the free tram zone, which means you have got these full trams in the city that are then sort of emptying out and trundling along with a bit of space out in the suburbs when they could be perhaps more efficiently used.

A lot of tram routes do not have any accessible trams on them at all—they have got steps—so the people in wheelchairs cannot get on those trams at all. Most of those routes go through the free tram zone. A lot of routes do not have platform stops to allow people in wheelchairs and the like to get onto those trams over large parts of those routes, again creating a problem for people with mobility impairments. And with this challenge of not

being able to even get on the tram for people with disabilities, it must really rub salt into their wounds when we see people riding for free when some people cannot even get on.

Now, the cost of fixing these problems—acquiring or procuring more low-floor trams, building platform stops—is not trivial, but if we were to put an extra \$15 million a year into that it would certainly speed things along much more quickly. I believe this is on the work program for the Victorian Auditor-General's Office, so it is possible, I suppose, we might see a report from them on this issue before this inquiry wraps up. I would also point out that the accessibility is also key to people with prams or wheeled luggage and so on, so it is important for them.

Now, a key factor for why people do not catch public transport is the simple fact that it is really a threshold question. If there is no public transport or it takes far too long to get you where you want to go, you are just not going to catch it, and whether or not it is free is really academic. The map on the left there from SNAMUTS gives a really good sort of one-snapshot picture of the quality of public transport across Melbourne. It considers a range of factors around the frequencies of services and how well services connect to other routes, and these drive the factors that are shown in the chart on the right there. So the availability of the service and how long it takes you to get anywhere is really driven by things like frequencies and connections and so on. And what we see across very large parts of Melbourne is public transport does not even come up to what they consider a minimum level of service for an urban area. That is a really key driver of why people do not use public transport. Obviously fares need to be reasonable, but it is not necessarily the key driver of why people do not catch public transport. So that seems to us to be the main priority for how we make public transport more useful for more people.

There is an urgent need to prioritise investment in underserved areas rather than making it free for those areas that already have fairly good public transport access. That is going to benefit students, it is going to benefit seniors, it is going to benefit people on low incomes. These days people like to talk about Venn diagrams. If you were to do a Venn diagram of vulnerable households and areas with poor public transport, I am sure we would see a large overlap there. We would suggest that is probably where the focus of efforts to improve public transport needs to be. That obviously costs money, but if people are paying a reasonable fare for that, a fair fare, then that can help defray those costs.

Just as a side note on some of the other items in the terms of reference, improving public transport can certainly be aided by things like giving public transport vehicles priority so they can move along faster; providing more services with the same number of drivers and vehicles; things like high-capacity signalling, which I am pleased to note some committee members have raised, and that is certainly worthy of attention—and we would support those as well. I think I will pull up there, given we may be a little bit over time, but certainly welcome questions on any of those points.

Mr GEPP: Thank you, Tony and Cameron, for your submission. I was particularly interested in your comments in relation to a wall—that the free tram zone in effect is constructing a wall to keep people in. I look at reports on Victoria's visitor economy. We know from many research papers done in various countries around the world that a lot of people when they travel to a foreign country tend to base themselves in a larger city, using that as their base, and then take a lot of day trips in and out of that city centre. The data that has been compiled on the Victorian visitor economy by Business Victoria would suggest that, but you are suggesting that that is not the case?

Mr TAMPION: Now, if I have understood the question correctly, I do not think we are suggesting that tourists do not locate themselves in a major city or that they do not visit areas outside the city. Certainly popular attractions or visitor destinations in Victoria include Phillip Island, include the Great Ocean Road and so on, and the free tram zone in itself is not stopping people from going there obviously. To the extent that people perhaps do have accommodation inside the free tram zone and they are looking to perhaps move around on any given day, there are certainly a lot of attractions, things to do, within the CBD, within the Hoddle grid. But if they have to go and buy a Myki and pay a fare to travel beyond the free tram zone, that they would not otherwise buy because they do not have to just travel within the immediate vicinity, it does create a little bit of, I suppose, a disincentive to go to those places that are beyond the boundary, wherever that boundary is. Yes, I do not know that the two are necessarily inconsistent.

Mr GEPP: But can I just tease that out a little bit?

Mr TAMPION: Sure.

Mr GEPP: Whenever I have travelled, I mean, that seems to be the case pretty much around the world. The further you go from the city base, there is a transport cost, isn't there? So I am just wanting to understand whether it is an assumption that is being made by PTUA of whether or not it is an inhibitor or we have got some data that supports that as a particular issue that the committee needs to consider.

Mr TAMPION: Yes. And I do not think we would suggest that all journeys in Victoria should be the one flat fare. That is perhaps not what I am trying to suggest there. There is currently a fare increment to go from zone 1 into zone 2. It is a small fare increment, which means it does not tend to have a particularly significant impact on travel behaviour. The difference I suppose is that the fare increment for going just that extra stop beyond the free tram zone boundary is a large fare increment, and that is what tends to distort behaviour. If you were paying a fare that included the free tram zone and there was not a large increment to go a bit beyond it, then it would not really present a barrier. It is when you have a large increment for just going that little bit further that fare increments tend to affect travel behaviour more.

Dr MORTON: Thank you, Cameron. I would just add that in my view, putting myself in the position of a casual visitor to a different city, just dredging up almost forgotten memories of interstate and overseas travel now, the way that the fare system is structured in cities does signal to visitors what are the attractive places to visit. As a visitor from elsewhere, I could easily envisage myself looking at a map of the free tram zone and saying, 'Ah, that's the sweet spot. That is the map showing the places where I can go'. Particularly if I have got no fixed itinerary and I am just exploring around the city, in the free tram zone I am not paying any extra, but as soon as I go outside that, ah, then I have got to think about getting myself a Myki, topping up a Myki, doing what is necessary to pay, yes. So, as Cameron says, it is just a little bit of a disincentive that that free [Zoom dropout].

Mrs McARTHUR: We have heard so far this morning that getting real data is a bit of an issue in this whole area as to exactly what is the revenue forgone for this free travel and what it would be if it was to be extended et cetera. Do you have any better insight than currently our other presenters have been able to gauge as to what is the forgone revenue, and if you did, how would you suggest it be better spent to give a fairer and more reasonable approach to providing public transport, and would that encourage more people to get out of their cars and into public transport, which would have all the other benefits?

Mr TAMPION: I might have a go at that question. Unfortunately we do not have any greater insight into the revenue forgone from this than anyone else. There are some numbers in the public domain that suggest somewhere in the region of \$12 million or \$13 million a year at present, with the likelihood of another, say, \$4 million or \$5 million under an expanded free tram zone. We have nothing better than that to put forward, unfortunately, I am sorry. So it is not a trivial amount of money. In the context of the overall budget it is a relatively small amount, but we do see that that could be much better spent. We drew attention to the severe backlog of accessibility works needed to improve the usability of the tram network for people with mobility impairments, for example. You could certainly procure a number of low-floor trams, build a number of platform stops for \$15 million a year. That would be one area.

Certainly bus services in the outer suburbs are running at quite low frequencies, especially on weekends. They create a barrier for people to use public transport. So these are the sorts of areas where we would prefer to see that sort of money spent rather than a free tram zone. The PTUA has a bit of a mantra around 'Every 10 minutes to everywhere', and that really, I suppose gives you a bit of a principle of where the money should go. It is about frequent, well-connected services providing a comprehensive network for people. That is where we would like to see money invested, and making the network more usable for more people—people with disabilities, students, senior Victorians and so on. So hopefully that gives you a bit of a picture.

Mrs McARTHUR: To say nothing of people in the country.

Mr TAMPION: Absolutely. They often suffer the same issues as people in the outer suburbs, with things like low frequencies of buses, for example. There are certainly some good examples of a maintenance backlog on, say, the north-east rail line. So these are the sorts of things where again there is a real need for investment in improving public transport.

Mr BARTON: Hello, Tony and Cameron. The PTUA—they would prefer not to have free trams. We understand that. But I think it adds to Melbourne. It adds to Melbourne for our tourism and our business travellers who come in for a day and need to go to multiple meetings during the day. They can jump on and off a tram throughout the day without having to worry about Myki and such things. Other cities, such as Sydney for instance—I just want touch on a couple of the other areas. We know your position on the free trams, but in terms of fares for seniors for instance, if we go to New South Wales a senior for \$2 a day can go on every tram—a tram—their buses, their ferries, whatever. That is pretty amazing, and that is a bit of a social consequence up there. If you go to Brisbane, if you have a look at some of the benefits and how they model things up in Brisbane, kids between five and 14 can travel all weekend for free on trains. For seniors, if you do more than two trips in a day, the rest of the day is free. You do not see any merit in offering these sorts of services to people on low income here in Melbourne?

Mr TAMPION: Well, in a way we have something similar with the daily cap. Once you have paid for a number of trips, the rest of the trips for that day are free in a sense. That is I suppose the effect of the daily cap. In terms of the overall fare levels, I absolutely agree that they need to be affordable and there need to be appropriately targeted concessions for people, for example, on low incomes, on pensioner healthcare cards. It is absolutely vital that fares are set at a level that is manageable for those people, without saying this is already precisely what that is. So, yes, absolutely. And it will be the same I suppose for students. They do not tend to have a lot of spare cash themselves. Again, appropriately targeted concessions are absolutely part of a fair policy. A fair fare policy will obviously factor in things like concessions and affordable fares for groups that need it—students, seniors, other vulnerable people.

Mr BARTON: It is even a bigger challenge for Mrs McArthur, for rural and regional areas for students where there is very little public transport and the cost of transport up there is really an issue.

Mr TAMPION: Absolutely, and again this is why we see expansion of useful public transport being such an important issue, because without that it is not even a viable option. Regardless of how much it costs, people will be dependent on their car, which obviously is extremely expensive, especially if you are a student. So if we can make public transport a more viable option for more people in Melbourne and in regional areas as well, then that can certainly help to defray the cost of transport for them. And we absolutely agree that that is an issue for regional Victorians as much as and maybe even more than it is for Melburnians.

Mr QUILTY: You talked about the crowding preventing fee-paying passengers getting on trams and also slowing them down. Can you quantify how much that happens and what that costs? And also if you did abolish the free tram zone altogether, how would you be pricing the city instead?

Dr MORTON: I could probably speak to that. Unfortunately, as Cameron says, we have access to the same data as everyone else does. The precise quantification of the amount of overcrowding, there are some statistics available. Again in the public domain they tend to be aggregate statistics; they do not talk so much about individual services.

I can speak to at least some qualitative experience, if you like, of travelling on the William Street tram in the CBD on evenings when the night market is running at the Queen Victoria Market, for example. It is a very good event for attracting lots of people and is really good for the culture and the vibe of Melbourne and for businesses that operate out of that. At the same time, though, it has been a consistent experience in the past couple of years that on every evening it is on in the evening peak hour there are substantial numbers of people who cannot board the William Street trams due to the numbers of people. It appears they come in from Southern Cross station. They catch a tram up Bourke Street and another tram up William Street. They do it in the free tram zone, and then they all get off at the market. When they do that it seems to be an alternative to catching a train [Zoom dropout] station, which probably has more capacity to handle the number of travellers, but they appear to be doing that again because they perceive that they pay less by travelling on the tram than they do by getting on a train even though under our fare system it is in fact the same cost to do either, regardless of whether the free tram zone exists or not. This has been a substantial issue for people trying to travel in that evening peak by tram out of Melbourne in that north or north-west direction [Zoom dropout] due to that anomaly in the way the system is operating.

So coming along then to what do we suggest in place of the free tram zone, our suggestion is simply to allow the fare system to operate and provide the same benefit that it provides now, which is that anyone who travels

by public transport from zone 1 or 2 or from regional Victoria into central Melbourne and makes a return journey is absolutely entitled to use all public transport within zone 1—and not just the CBD but the whole of zone 1—without extra charge. It is the way the fare system has in fact operated since multimodal fares were introduced. It has operated in substantially that way for the last 40 years, and that is how it should continue to operate and provide that benefit for people to get around at their destination when they travel in by public transport. That is how we see that public transport should operate for everyone, and it is not necessarily a specific thing. It is the sort of benefit that a multimodal fare system provides for people travelling anywhere.

Mr TAMPION: Just a side note that I would probably add there is: we are seeing in Melbourne the availability of contactless fare payment, so people with an NFC chip and an Android mobile device are able to pay their fare even without having a Myki card themselves. That is not something that is unique to Melbourne; that is becoming increasingly common. So these fares that people would pay for travelling within the CBD could potentially be paid using commonly held devices these days rather than having to roll out an additional Myki distribution network to address business travellers, tourists and so on. There are also technological solutions to providing a fare system within the CBD beyond the fact that most people travelling in have already paid anyway.

Mr ERDOGAN: My question was kind of answered. I was going to ask—you guys had previously mentioned issues with people boarding on and off and validation of tickets and cardless payments. Could you just elaborate on some of the current issues in that area?

Mr TAMPION: Well, I suppose the crowding that has resulted on inner-city trams can make it tricky for people to access validators. One thing we do see in some jurisdictions around the world is they offer off-board validation options so you can actually validate your card at the stop before you get on, so then you can just validate at the stop, get on the vehicle and sit down straightaway. That is certainly a good option for some people and may be appropriate to reduce the jostling around on trams so that people, if they are travelling beyond the free tram zone or just travelling in general, do not need to worry about validating on vehicle. They can do so before they board, and I suppose it is problem solved. I do not know if that is—

Mr ERDOGAN: Yes, that is right. I live in the inner city myself, so that has been my experience as well that I find sometimes. Maybe there could be an alternative method for when the tram, or the train for that matter, is really busy. Especially with trams, to actually get to the validation point can be difficult during busy times, so that does seem something that makes sense, what you said.

The CHAIR: Okay, thank you very much. If there are no further questions, Mr Tampion and Dr Morton, on behalf of the committee I would like to thank you for your contribution and your time. Thank you very much.

Dr MORTON: Thank you, Chair. Thank you, committee members.

Mr TAMPION: Thank you.

Witnesses withdrew.