

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### **Inquiry into Expanding Melbourne's Free Tram Zone**

Melbourne—Tuesday, 9 June 2020

#### **MEMBERS**

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Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Enver Erdogan

Mr Mark Gepp

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Ms Mary Wooldridge

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**WITNESS**

Ms Sally Capp (*via videoconference*).

**The CHAIR:** Good afternoon, Lord Mayor. 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 may not be protected. Any deliberately false evidence or 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 can you please state your name, and allow us some time to ask questions. Welcome.

**Ms CAPP:** Hello and thank you very much, Nazih, for that introduction, and well done for continuing with the public hearings using technology. It is a shame we cannot all be together, but it is great that this process continues.

I am absolutely delighted to have the opportunity to participate in these public hearings as part of the Inquiry into Expanding Melbourne's Free Tram Zone. I want to reiterate that my submission and my presentation today is me, Sally Capp. I am the Lord Mayor of Melbourne. It is my personal position; it is not a council-endorsed position. I believe council has made a separate submission to the inquiry. I believe everyone has had a chance to read my written submission—it was not that long—and I am looking forward to discussion and questions. But I thought I would use this opportunity, really, to update, given that our world has changed so dramatically as a result of COVID-19. From my perspective the value of the free tram zone and its expansion is more significant than ever.

Just by way of background, many of you already appreciate that Melbourne is the engine room of the state's economy. When the city is doing well, the state is doing well. Before COVID-19 our city economy had just hit an annual record of \$100 billion gross local product per annum as a result of the boom, and it was a thriving economy built around wonderful sectors, such as food, events, retail, tourism, professional services and education. Very much we realised as a result of COVID-19 that it has heightened our appreciation that this is a city and an economy that is built around bringing people together. It is what Melbourne is all about, and we really rely on the scale of people coming together to support this economy.

In the past two months, as a result of the pandemic, we have seen a major impact on our city. There are 16 500 businesses big and small located in the city. In normal times we would have about 950 000 people coming into and then moving around our city streets each day. In mid-April this became a drop of 90 per cent on numbers compared to this time last year, and whilst they have started to come up a bit they are still significantly lower than this time last year. Our businesses, and I know many of you know this, are in desperate need of financial assistance and all sorts of support. Commentators around the world are acknowledging that cities are disproportionately impacted by COVID. We were the first to go into not just formal restrictions but people being cautious and changing their behaviour and the way they do business. Certainly we will be the last to come out, given that so many of our activities are based on large numbers of people coming together. So we are very, very mindful of this and I just wanted to update my submission following these impacts that we are experiencing.

As I said, the knowledge sector, tourism, professional services, hospitality and retail sectors are also our biggest employers. They represent family businesses, sole proprietors through to large multinationals, so big and small. They are also taxpayers, and of course they are major contributors to our economy, our global reputation and the sporting and cultural fabric of our city and our state. It was really in support of that that I made my written submission to say that the free tram zone has been a resounding success, and a resounding success in supporting all of those sectors, both in terms of workers, local visitors, interstate and international visitors, students and of course people accessing the services in precincts such as our health precinct. Our free tram zone we see as a major part of—actually embedded in—how Melbourne works and a significant part of driving its success.

We believe that the free tram zone, as it currently is, has stimulated a major increase in connectivity across various aspects of our city economy, driving productivity and economic stimulus. Of course as we start to come out of COVID-19 and we look at a future where social distancing at the least will be the norm for some time and we see restrictions hopefully continuing to ease but still a lot of uncertainty in our future, ways in which we can drive stimulus become more important than ever. I certainly see the free tram zone as a major part of that. Expanding the free tram zone—and there was a map attached to my written submission—particularly to major cultural centres as well as continuing to connect major employment zones, is absolutely vital I see in kickstarting the economy as we come out of restrictions.

I did want to note that we are and I am committed to other modes of transport across the city. I do not see this as an ‘or’ discussion; I see this as an ‘and’ discussion. Our transport strategy at the City of Melbourne, which I wholeheartedly endorse and support, *Transport Strategy 2030*, is being accelerated to roll out more bicycle lanes and to increase the amount of space we provide for our pedestrians. This does diversify the transport options in the city to include of course more active transport modes. But we also know that public transport is currently being under-utilised for reasons that we all understand, as people are likely cautious and also prioritising the health response. We know that we need the city to be balanced and adaptive in its transport options.

I think that as people are returning to the city—and the data is showing us that more and more people are choosing private car and share car options as their mode of transport—we are going to see an increase to our road congestion, which was at heightened levels prior to COVID. Some of the data that we have seen in terms of the go-forward if people return to work but choose road transport means that the city will become almost unworkable. An expanded free tram zone is an important part, I think, of a balanced transport network in the city, and I believe that it will help encourage more people onto public transport as an option vis-a-vis taxis, share cars and private cars.

We know that the free tram zone absolutely adds to the attraction of tourists and business visitors. We are going to need them more than ever when restrictions ease and we are able to welcome those types of visitors back into our city. The free tram zone has always been an important part of our submissions to attract business events and visitors to the city, and I think expanding the free tram zone to those major cultural and sporting attractions but particularly the Melbourne Convention and Exhibition Centre will be a wonderful way of refreshing that offer out to the world and to interstate travellers when they are allowed to come back. The free tram zone disperses investment and spending across our city. It decreases taxi and share car usage. And all of that adds up to what we need to be doing more of in terms of jumpstarting our economy—an economy across Melbourne that represents almost 25 per cent of the state’s GSP.

So in summary expanding the free tram zone requires no extra infrastructure spend at all. Expanding the free tram zone can increase the options for travelling around our city at a time when we need to be encouraging people back into our city. Expanding the free tram zone connects more workers and students across our knowledge and healthcare economic precincts. It will encourage more visitors and tourists to our cultural and sporting attractions. Expanding the free tram zone, from my perspective, is about expanding economic stimulus and the value of our economic benefit. The success of the free tram zone to date should be recognised, and particularly in a post-COVID-19 world the value of the free tram zone should be expanded to diversify our transport options across the city and boost our economic recovery as quickly as possible. Thank you so much for listening.

**Mr GEPP:** G’day, Sally. Thank you very much for your submission, and welcome today. I will cut straight to the car chase, Sally. We have heard from Rail Futures, PTUA, Transport for Everyone—I think perhaps supported by some members of the committee—that not only should we not expand the free tram zone but in fact we should remove it because it provides an unfair advantage to the elites, those people that already live in the CBD and those people that already work in the CBD. What would be the economic impact, do you think, on the 16 500 businesses in the Melbourne CBD if we removed the free tram zone?

**Ms CAPP:** Mark, thank you. It is something that we have been trying to quantify down to the last cent, and it is quite difficult. It is almost trying to prove a negative. Firstly, I have read a lot of those submissions, and I absolutely understand and I am a supporter of investing in our extended public transport infrastructure. But as I said, I do not see this as an ‘or’, I see it as an ‘and’. In terms of social equity, the pricing arguments and the investment in infrastructure arguments, the majority of people that move around our city every day have

already paid for their public transport to come into the city. This is about, then, sharing that economic value of the activity in the city which the free tram zone has been able to support.

We know—and actually, Mark, what I will do is I will put some extra effort into adding some numbers into my written submission—quite a few things. Firstly in terms of feedback from some of our bigger businesses that have relocated into the west side of our city at one end of Collins Street, the connectivity along Collins Street has meant that it has increased the number of meetings, the interactions, the collaboration and the cooperation that has happened across our city that really drive a lot of that economic stimulus. We know from areas that currently do not have the free tram zone that they have been calling out for it not just on the basis that they want workers to have workplace-to-workplace connectivity; it is also the economic value that is driven through the hospitality and retail activity that comes from people moving around our city that is so important.

I think that often we underestimate the value of the visitor economy to our city. In the last five years it has increased by about \$10 billion. We know that business visitors in terms of value are about four to one over normal tourists, and the sorts of things we can do to encourage those visitors, both business and traditional tourists, to move around our city and, as I said, to really spread that economic value cannot be underestimated. I think you have heard also from some of our precincts that we would love for people to have a meal in Lygon Street and be able to move by tram down to the NGV or for students at one campus to be able to move to another, and workers for those reasons as well. All of those elements add significantly—she says, without giving you a dollar figure—to that \$100 billion economy.

And I think importantly now, when we have seen that foot traffic, which we use as a key economic indicator, fall by 90 per cent as at mid-April, the efforts that we need to put in to stimulate, boost, jump-start, kickstart our economy—we should be doing more of those things, not less. I know from the submissions to host big conferences in the city, having been part of the group that collaborated to attract the big Rotary conference, one of the biggest in the world, to come here, the free tram system was one of the major things that were discussed in the presentation. So with those as indicators, without having numbers for you today, Mark—in fact, if I did not believe that, I would not be making a submission.

**Mrs McARTHUR:** Thank you, Mayor, for presenting to us. I have to say: I am curious to think that somebody who comes to a convention in the CBD and who may be paying \$300 or \$400 a night for accommodation is going to only be attracted to come here on the basis of our free tram zone. I would like to tell you as a rural member of Parliament that the world does not begin and end in Melbourne and we could all do everybody a big favour by moving people probably out of the city and into rural and regional areas. I think if we have learned anything from this pandemic it is that you may be having less workers in your city, because many have realised—many corporations and professional businesses have worked out—that actually it is very efficient to have staff working offsite and save on that high rental space.

I am also curious to think that we have got to give tourists an expanded free tram experience. We go to Paris, London, New York, Rome—I do not expect to get free travel. I do not know that anybody does. We expect to pay. And so I think that with, you know, the prospect of even more scarce resources, given what has happened recently and the burden on taxpayers, the amount of money being able to be allocated to anything free is going to be limited, and if we are going to talk about equity, then people way outside the CBD of Melbourne need to perhaps have better access to public transport than they currently do and better facilities. We have heard about disabled people being disadvantaged, elderly people being disadvantaged, women maybe using transport late at night in outer suburban areas, which appears to be unsafe, and even the health issues of being on congested CBD transport. So I am sorry, but I do not think your case stacks up, and I am interested in how we can better spend the money to benefit a far greater number of people.

**The CHAIR:** Before I ask you, Sally, to respond, I just want to advise members that we are running out of time, so please make sure your contribution and any question is to the limit. Thank you. Sally, thank you.

**Ms CAPP:** Thank you. I think that you have raised a lot of great issues there and I would love to respond to them because, as I said, I do not think this is an ‘or’ discussion. In terms of the business visitors, the first challenge is to actually win the bid to bring the conference here, and it is exactly those elements around how attractive we are as a destination that help us win the conferences so that they bring the people here to our city to participate in those conferences. When we put those bids together—and I know because I used to be part of the team that did that—elements like being able to move around the city easily and making it as welcoming and

enticing as possible for conference delegates are absolutely vital. And given that we are a long way away from most of the major cities in the Northern Hemisphere, we need to go the extra mile to actually attract conference organisers to commit to coming to our city. So that is why I think the free tram zone is so compelling from a business visitor perspective, not necessarily each of those individual people making a decision. Once the conference is here, then most of them will be coming. So I think that is a really important one.

We also see ourselves absolutely as a gateway to the state. There is a huge amount that we do around sharing. At the moment we are buddied up with the East Gippsland shire. We are sharing our staff, we are sharing our resources. We are promoting the shire and their tourism on our visitor website, which is our most visited. We have staff seconded there at our cost. We are doing an enormous amount in coordinating with regional and rural. I think most tourism experts recognise that major cities—and Melbourne is our capital city as Victorians—have to operate well as gateways to then be able to bring visitors out into the regions. If you do not have a strong capital city, it is really hard to bring visitors then that can come and take the extra trips out to the regions and out to our rural cities. So they have to work well together. If we cannot attract tourists here for them to have a great time in our city, it is more difficult actually to get them to spend more time and more money across our state.

In terms of what happens with that equity issue within our city, I think that the public transport users in their submission estimated that it is about \$9 million a year to expand the extra few stops. I think there is a huge amount in terms of cost that already goes into compliance for people who do not understand that they have to get off at Flinders Street station tram stop and if they want to get to the NGV they have got to walk that one extra stop; and the compliance that goes into catching students, particularly international students, going the one extra stop into Carlton; the people that come to visit for the football; and the number of people that write to me that come from the country to use medical services in our precincts, stay in hotels in the city and then have to buy daily Myki transport cards to take their children to the Royal Children's Hospital.

For all of those reasons, I think there is equity in the system. But I would also say that every time people come into the city to work or to visit they are supporting about 500 000 workers that have jobs here that come from all over the state. I know my hairdresser comes from Ballarat, Bev, and her job is here. I see the free tram zone is absolutely supporting economic activity here—that drives jobs; that provides value into our cultural institutions, our sporting institutions; that benefits people from all over Victoria. For that reason I am more than happy to stand up and support my submission, because I see it as a worthwhile investment in economic stimulus that has that ripple effect right across our state.

**The CHAIR:** Mr Barton, have you got a question?

**Mr BARTON:** Well, I am going to have a statement rather than a question. Sally, I was going to ask you but I think you have already answered it: the events, the businesses, the students, the economic activity more than compensates what it costs to actually run the free tram zone, do you think?

**Ms CAPP:** I do. I think it is a worthwhile investment. Local government—we are most closely connected to community. I get the feedback constantly, and in fact I can go back and grab some of that again to add into the discussion—the underpinning of what is our top export here in Victoria by supporting students with a free tram zone. It does not mean that I think that should be at the cost of transport to other universities. But every university has a footprint here in the City of Melbourne; every higher education business of scale has some sort of presence here. The value of international students and of visitors to all of the jobs and businesses that service that sector I think overwhelmingly supports an investment in an expanded free tram zone. Rod, you and I agree ferociously on that.

**Mr BARTON:** And our football clubs.

**Mr ERDOGAN:** I think my question has also been answered. As a resident of Melbourne City Council in Yarra's Edge, I can attest also to the economic stimulus effect. I would not say that it is necessarily the only reason in deciding, I guess, where to explore in the city or where to dine et cetera, but I think the fact that it is accessible to everyone, whether you are a concession card holder or not, you can travel around the city and see different pockets. It does generate the local economy in different pockets of the city. But on that point I would say: where would you like to see it incorporated next? Which part of Melbourne City Council would you like to see the free tram zone extended to?

**Ms CAPP:** Oh, good. Okay. The map that I have got incorporates many parts—which I can do like that—of what I think have been in many of the submissions. The only extensions are really one stop along Spencer Street into Clarendon Street; one stop across the Queens Bridge bridge; up into College Crescent; up to Abbotsford Street on Flemington Road, which incorporates the Royal Children’s Hospital. It would be great to extend it to our Melbourne Museum on Nicholson Street; to our National Sports Museum and the MCG—and it is often extended on big game days there anyway, which I think really supports the fact that when you have major usage it is worthwhile having the free tram zone; and then along St Kilda Road. At the moment we have got that down through to Commercial Road, which is one boundary of the City of Melbourne, and that really then incorporates the hospital precinct at the Alfred and also the knowledge precinct extending down into Southbank.

So it is really that connectivity of economic zones and tourism, sporting and cultural zones. It is that theme of expanding the free tram zone. It is still limited, and I do not believe that the economic cost of that actually would even exceed the current compliance costs spent on trying to explain to people why travelling that one extra stop has meant that they have now got a fine. They have had a terrible experience as a result of a compliance issue, and that then impacts decisions they make in the future.

**The CHAIR:** Thank you very much. If there are no further questions, on behalf of the committee, Lord Mayor, I would like to thank you for your time and your contribution. Thank you very much.

**Ms CAPP:** It is the first time I have done this, so it is lovely to be involved. Thank you very much. It is a great discussion.

**The CHAIR:** That was the last public hearing witness for today. Thank you very much to everyone who joined us. Enjoy the rest of the day. Thanks to the staff as well.

**Committee adjourned.**