

Response to question on notice

Inquiry into Expanding Melbourne's Free Tram Zone

Hearing via Zoom: 9 July 2020

The National Gallery of Victoria estimates that inclusion in the FTZ will lead to a 3% increase in visitor numbers, amounting to an additional 75,000 visitors a year.

Business events are the cornerstone of the visitor economy. Welcoming over 2 million visitors from all around the world annually, last financial year, MCEC contributed \$1.10 billion to the economy. Many event attendees – particularly international delegates – are not aware that a Myki card is required for just one stop and have been fined, generating numerous complaints from international visitors. The FTZ is a significant 'Unique Selling Proposition' which benefits Melbourne's conference-bidding efforts. Including MCEC in the FTZ will result in an immediate improvement in delegate satisfaction and improve our international marketing position.

Implications for Revenue

This change to the FTZ is unlikely to cause a significant reduction in fare box revenue. Figures on the foregone revenue are hard to find, but a Herald Sun article on 5 May 2017 estimates it to be around \$9.5 million per year, and notes that many people using the free trams have already paid to travel into the city¹. This view is supported by our members. For example, just over half of the visitors to Melbourne Recital Centre travel there on public transport and the vast majority of these trips begin outside the FTZ. Likewise, there is limited parking at Melbourne & Olympic Parks and so tram travel is vital for the more than 2.5 million people who visit each year. The benefit comes from simplifying the system so that visitors tell their friends about how wonderful it is to visit Melbourne, instead of warning them about how confusing it can be to catch a tram. After all, the tram system is the 'central nervous system' that coordinates the visitor experience.

Business events are the cornerstone of the visitor economy. In the 2018-19 financial year, the Melbourne Convention and Exhibition Centre (MCEC) contributed approximately \$1.10 billion in economic impact to the economy. The MCEC hosted 1,297 events, including 30 international conventions and 53 national conventions, attracting 1,034,000 delegates from around the city, state, country, and the world. In total, MCEC welcomes over 2.5 million visitors annually, with more than 1.1 million arriving at the Clarendon Street entrance to the venue². However, many event attendees – particularly international delegates – are not aware that a Myki card is required for just the one stop and have been fined for travelling to the MCEC. Delegate experiences such as this negatively

¹ Masanauskas, J & White, A (2017), 'Lord Mayor Robert Doyle is worried free Melbourne CBD trams discourage people from walking', *Herald Sun*, <http://www.heraldsun.com.au/news/victoria/lord-mayor-robert-doyle-is-worried-free-melbourne-cbd-trams-discourage-people-from-walking/news-story/be862c900ae3daff4403700b65a62cf8>, accessed 6 December 2017.

² <https://mcec.com.au/-/media/mcec/documents/annual-reports/mcet-annual-report-20182019.pdf?la=en&hash=969CB48DCA3F925810B2EFF5C83287A9545E06A3>

affect Melbourne's international reputation and compromise our ability to claim a more superior visitor experience than our international competitors.

Martine Letts

Committee for Melbourne