

TRANSCRIPT

LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

Inquiry into Expanding Melbourne's Free Tram Zone

Melbourne—Tuesday, 9 June 2020

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WITNESS

Mr Craig Rowley (*via videoconference*).

The CHAIR: Good morning, everyone. I declare open the Economy and Infrastructure Committee's public hearing for the Inquiry into Expanding Melbourne's Free Tram Zone. I welcome any members of the public watching via the live broadcast. Before I start, I would like to please remind members and witnesses to mute their microphones when not speaking to minimise interference, and if you have technical difficulties at any stage, please disconnect and contact the committee staff using the contacts you were provided.

Good morning to you, Mr Rowley. 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 comments 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 for the Hansard record, and allow us some time to ask you questions. Welcome. Thank you very much.

Mr ROWLEY: Thank you, Chair, and members of the committee. My name is Craig Rowley. First, I wish to acknowledge the traditional owners of the land on which I am now, the Boon Wurrung of the Kulin nation, and also the land where each of you are and wherever there are people observing this hearing. I pay my respects to their elders past and present. I am always mindful of the way in which people of the First Nations care for country, ensuring sustainability and carefully sharing resources for the common good of all those in the community.

I also acknowledge the merit of this inquiry. I think it is a very good idea to engage and consult with the community about matters such as those covered by the terms of reference for this inquiry.

I made my submission as a concerned citizen and occasional user of tram services through Melbourne's central area and also bus and train services further afield. I care about the fair allocation of resources and the effectiveness of resource allocation and the efficient functioning of our city. Originally from Sydney, I trained as a psychologist and started my career up there. I moved to Melbourne in 1997. It is a great city in a great state.

In relation to the free tram zone, I am informed by experience of tram travel when I have worked in city-based roles within firms located in places like St Kilda Road, with the Melbourne City Council in the town hall for a period and with a Big Four firm, Deloitte. These days I travel into the city for occasional meetings and other activities, but I am not a daily commuter. I am also informed by my experiences as CEO of LeadWest, which led advocacy for the western metropolitan region. That experience included project management of the refresh transport strategy for Melbourne's west as well as myriad other projects in different domains. I draw too on some knowledge of economics and behavioural psychology, though I do not claim to the expertise of a professor or other learned academic in those fields.

My submission communicated five simple points for your consideration. Number one, capacity is needed. Overcrowded services within the free tram zone, particularly prior to the COVID-19 public health orders, need to be addressed if the free tram zone is to be expanded. In fact it needs to be addressed regardless. Free tram travel attracts more people onto the trams; not all of those people need to be on those trams. Those travelling longer distances, those travelling through or beyond the free tram zone do need to be on those trams, and the capacity for those necessary trips is being reduced by those taking the unnecessary trips. So in my submission I talked about the situation where you have people who could walk distances rather than travel on the tram. Each one of those people who chooses to travel on the tram rather than walking is taking capacity away from those who need to be on the tram because they are travelling a further distance.

That leads to my second point, which is clarity is needed. People who could walk rather than board a tram could be encouraged to do so if wayfinding is improved—the signage around tram stops—then in that clarity of the wayfinding some measures are taken to show the walking distances, so they are made clear, then people

have informed decision-making. When you turn up to a tram stop in the CBD, you have a display that says how long it will be until the next tram arrives but you do not have any sense of how far it might be to the next stop, the one beyond that, the one beyond that, the one beyond that, or the next major milestone or wayfare in the city so that you can determine that it would be quicker to walk the few minutes to your destination than to wait those minutes for the next tram and then take up capacity that others could be using.

My third point is cost-benefit is needed. The costs and benefits to all Victorians of subsidising the tram travel of some Victorians and visitors to Victoria—to Melbourne in particular—should be analysed and published. I am one of these people who takes an interest in the state's finances and budget, and I have a look at it closely, the budget papers rather than just what is discussed through the media, and I read things like the annual reports of Public Transport Victoria. So I have a sense of what the overall cost of operating the public transport system is, but it is very difficult to get a handle, as a member of the public, on exactly how much the cost of the tram service is after netting out the income that is generated from passengers paying for their tickets, and it is certainly very difficult to figure out what the cost is of subsidising the free tram zone.

My fourth point is that comparison is needed. The costs and benefits of alternative investment options should also be analysed and published so if for the public it is made clear how much the free tram zone costs and how much an extended free tram zone would cost, then that is put up against alternative uses of those funds, then we could see what the cost-benefit analysis is. Is it a better return on investment to extend the free tram zone or a better return on investment to take some other measure within the public transport system?

Then finally the fifth point is fairness is needed. If the government were to adopt a policy objective to reduce the cost of living for all Victorians in full-time education, as has been touted as one of the reasons for the free tram zone itself and then the free tram zone extension, then all in that category, all Victorians in full-time education, should benefit from the public investment in subsidising their travel by public transport, not just the students attending a university that would happen to fall within the boundaries of a free tram zone, in this case the University of Melbourne.

Ahead of fielding any questions you may have about those points, another point has occurred to me recently. It is about system dynamics needing examination. There is an interaction between the boundaries of the free tram zone, the availability of cheaper parking near those boundaries and public transport fares. This is something that I have learned through my own experience and my own choices.

I travel on trams in the free tram zone when I have meetings in the city. Effectively the free tram zone has made it a more economically rational choice for me to drive and to add to road congestion outside of the CBD if I am driving, park at the boundary or near the boundary of the free tram zone and ride free when inside Melbourne's CBD. Typically I will drive to cheaper car parking at the edge of the free tram zone in Docklands, at Victoria market or in East Melbourne and then walk to the nearest tram stop within the free tram zone to travel at no cost by trams to my destinations within Melbourne's CBD.

Right now, I think as a consequence of the public health orders and the COVID-19 pandemic, it only costs \$5 to park all day at Docklands. It was \$10 when I started using it and it crept up over time, and perhaps that now discounted price is to incentivise visitation to the shopping centre down at Docklands. All-day parking at Victoria market on market day is about \$12, and it is \$18 on non-market days, and if you can get one, there is all-day street parking in East Melbourne, in the Jolimont area, for about \$4 per hour. So it might cost \$12 or \$16 to get into town for a couple of meetings, park there and use the trams for free.

So I perceive that I get a lot of value in that sort of park-and-ride deal. I could have travelled from anywhere. I could be flexible with my route to get to the edge of the CBD. I am warm or cool within my car. I am comfortable, the seat is comfortable and I am reasonably safe, at least I feel safe. And then for the leg of the journey by tram, that is in a part of the network with the highest frequency. It is basically a turn-up-and-go type of service and it is free, so it is a very good deal. I have got a lot of incentive to drive, park and catch the tram in the free tram zone. If there was no free tram zone, then I could do the same but would need to pay the fares for the tram travel in addition to paying for the parking, and it would probably add the cost of a daily maximum tram fare. So parking is, say, \$18 tops plus the fare of \$9, which would bring the total cost to \$27, not counting my fuel, and the deal is not looking quite as good, but it is not too bad.

Now even if there was no free tram zone, I could choose to leave the car at home and pay that \$9 maximum daily public transport fare to travel by bus or train into the CBD, thus not adding to the road congestion and generating a public good. Then I can travel on as many trams as I like within the CBD, effectively as it were a free tram zone. The cost of my travel into town and inside it would only be \$9 for the whole day, but I could perceive that I am getting a lot less value in terms of my range of destinations, flexibility, reliability, comfort and safety, perhaps just perceived. I might have trouble finding parking near the train station closest to my home. Around suburban stations a lot of it is gone by the early morning, and if any of it is left, it is in time-restricted parking spots, often restricted to just 2 hours, which is not enough time to travel into central Melbourne, do anything there and get back. So do I value those benefits enough to pay up to \$18 for them—the benefits of the drive, park and ride? The answer is yes, especially as for me it is a tax-deductible expense because it is business-related travel. And how about paying the \$9 more? Well, then maybe. But when I compare \$27 all up to what I could achieve for a third of that, I might start to think about using public transport for all of the legs of my journey and paying just \$9.

Now, that is just in my circumstance, but I have considered the circumstances of others. Consider a scenario where rather than just an individual on a work-related trip like me visiting the CBD, it is a family with two adults and two school-age children. Say they are visiting shops and a restaurant for lunch. In that scenario the cost to drive and park at the CBD's edge and then travel within the free tram zone would be just \$18 and could be only \$5 if they park in Docklands, but it would cost them \$27 if the family travelled by bus or train into and around the CBD. Parking is per car, but public transport cost is per person. One car, four persons, they have got to pay four public transport fees rather than just the one parking fee.

Would more families choose to drive to the CBD's edge when it costs \$6 less than using public transport and they all get those other perceived benefits? I think they might. So in that way the free tram zone is actually inducing vehicles to drive to the edge of the CBD. Removing the free tram zone and the drive, park and ride option would cost the family \$45 compared to the \$27 cost if they used public transport for all legs of the journey. Now, the problematic incentive available could be removed if the cost of parking was increased, and that is something to be mindful of in the design of the scheme going forward: where is the boundary of the zoning for parking levies in relation to the free tram zone?

I will leave it at that and be open to your questions.

The CHAIR: Thank you, Mr Rowley. You have mentioned overcrowding. So what is your view on how much overcrowding on trams is due to population growth and how much is due to the free tram zone?

Mr ROWLEY: I am not an expert demographer. I am aware of our state's extraordinary population growth over the last few decades, and the lived experience is that it gets more and more crowded on public transport every time I have used it. Right now it is difficult to say. I, in the name of health and safety, have during this period of the pandemic not used public transport, so I am not as aware of the current conditions.

But let us take an optimistic scenario in which the public health measures have worked and the risk of the spread of the disease is greatly diminished or indeed eliminated, as it has been, I understand, in New Zealand, and things have returned to normal. Population growth in Victoria I think will continue to be reasonably strong because we are an attractive state with a lot of opportunity, and there is aglomeration effect within the CBD that makes it a place that is jobs rich in comparison with suburban Melbourne. So it is going to continue to be a place that a lot of people wish to travel to. Their travel into the city from their housing in the suburbs can be made by driving and doing, as I say, this sort of drive, park and ride-type of arrangement for movement within the CBD or it could be on public transport for the entire trip.

Now, one of the issues with public transport for the entire trip is that the entire system is in need of capacity build, and I understand there are a number of infrastructure projects in delivery that will bring some of that capacity increase. Whether that is sufficient to keep up with the population growth I think remains to be seen. It has certainly been the case, through observation and lived experience, that when new capacity is delivered through infrastructure projects like the Regional Rail Link the train stations on that new link are utilised very much. So a place like Tarneit station in Melbourne's west became I think the second most trafficked station in the entire network.

Then what happens is that you get many people driving and parking at those stations and you end up with capacity problems with car parking at the stations. An ideal situation would be more of those people jumping onto buses, walking and cycling to get to the train stations and for around those train stations to have activity centre development that would put work and retail opportunities, educational opportunities and recreational opportunities closer to where people live. But the ability of the state to provide improvements to those kinds of services and infrastructure that would allow more people to make the choice to travel to their local suburban station by public transport or active transport is diminished if the funds are allocated instead to measures like expanding the free tram zone in a public transport rich and highly walkable part of our city.

Mr BARTON: Thank you, Craig. Craig, crowding on public transport is not unique to Australia. I have been very fortunate. I lived in London for a number of years and I certainly travelled on the London Underground in peak periods, and I certainly travelled on the Paris Metro in peak periods. But I have not seen an argument put up in any of those major cities for us to actually remove a service but actually address the overcrowding and improve the services. Have you got any thoughts about how we can improve capacity?

Mr ROWLEY: Yes, I do. I also have the experience of travelling to those cities that you mention and using those services, so I have experienced crowded tube trains in London and crowded Metro services in Paris as a tourist. Interestingly—and this is just an aside; it does not directly answer your question, but it does go to the inquiry about the free tram zone in Melbourne—as I understand it, one of the rationales for the introduction of the free tram zone was to make the system simpler for the use of tourists. When I was a tourist in those two places, London and Paris, I had no trouble with purchasing my ticket. In fact I think it is something that people with the means to be tourists in the world's great cities anticipate, that they will pay their way when they get there.

Returning to your question, look, I do think that the best measure would be to make sure that there is a frequency of service in all parts of the system where it is essentially a turn-up-and-go timetabling system so that it fulfils I think the essential transport need that people have, which is reliability. When you set off on a trip with a time for your travel in mind—you have an appointment to make or the start of an event to get to at the other end—you want to know that you are reliably going to be able to get to your destination. I think the lived experience that I have had certainly and probably many other people is that you can find yourself in parts of the system standing at a stop, waiting on a train platform and the service does not show, it does not turn up. So fixing those issues so that we have a reasonable frequency, so that you can turn up and know that your mode of transport is going to arrive and get you to your place, is the ideal, but I do think that it is important to manage things, particularly in the very centre of the city, so that those who choose to use a particular mode of transport need to use that mode.

This takes me back to the wayfinding idea. I mean, I have done it myself. I will have a meeting at the Spring Street end of the city and need to get to another one, say, in the centre of the city around Swanson Street or Exhibition Street. It is not that far to walk. The entire city grid can be walked in under 20 minutes by a reasonably fit person and I could walk that distance, but it is mighty tempting when the trams are free to just walk to that tram stop, say, at the top of Bourke Street in front of Parliament and jump on the tram down the hill.

The CHAIR: Thanks for that.

Mr ROWLEY: It is even more tempting to do it the other way.

Mrs McARTHUR: Thank you, Craig, for your presentation, which has clearly been interesting and thought provoking. In my world there is not really any such thing as free—somebody always pays—so I totally support your view that we need cost-benefit analysis on all these areas of public expenditure, and the cost-benefit analysis in this instance would have to be very robust and transparent, and I would certainly welcome that.

You have also demonstrated that price point is a determinant of behaviour, and you yourself have conceded that you will make a decision based on price as to how you behave. I would suggest price point is the best determinant of behaviour, and if you want all of us walking or cycling, it may be better to put up the prices of using public transport than having them free.

But I would also say, as a rural representative, that COVID has clearly proven that we do not need you to go into the city. In fact you can work from glorious places in the country just as effectively and efficiently, and I

would like to suggest that the investment needs to be made in enabling infrastructure to ensure that more and more businesses, especially the sort of office-type activities that have been traditionally occurring in high-rise offices in the city, could be relocated, without the expense of the office space, into rural areas. If we can move the population out of this overrun city, congested city, then we will actually have a lot of wins for everybody—for the environment, for people's health, for costs of running business—and encourage investment in rural areas. Would you like to comment on those points, please?

Mr ROWLEY: Yes, I would, and to say: I am in agreement with you. I am an advocate for—I guess you could call it a concept—Victoria being a state of cities rather than a city-state. There is a fantastic opportunity to spread the good that comes with population growth if it is managed and supported with sufficient infrastructure—for that spread to be across the whole of the state rather than continually skewed towards an ever-growing Melbourne city, a large metropolitan Melbourne growth. I do think it is important to note that.

And returning to your very first point, I think we are in alignment. Nothing is truly free. The free tram zone is being paid for by Victorians, and there is opportunity cost. One of the issues is, and I have tried to find it, I cannot find what the annual cost of the free tram zone is. I cannot find the data on how many people avail themselves of that free travel within the free tram zone and so how many fares that could have been collected are foregone. One of the things I do know is that, as alluded to in my scenarios, if you travel to get to the free tram zone by bus or train, the fare you have paid—say, your daily maximum fare—already covers the cost of your travel within that free tram zone. So a lot of users within the free tram zone probably have already paid for their use there. It is very difficult to tease out how many folks, individual people, are actually benefiting directly from travel exclusively within the free tram zone where they have made no outlay for that travel, and therefore, like not much foregone revenue would otherwise be in the system and could be used for investment in improving the capacities of other parts of not just the metropolitan system but the entire state system. I can see a better future for Victoria—

The CHAIR: We are running a bit late. I am sorry, Mr Rowley.

Mr ROWLEY: I will wrap up just by saying I can see a much stronger Victoria with increased investment in rail services to regional cities.

Mrs McARTHUR: Chair, just taking up Craig's point, I think this is an area this committee should investigate so that we do get the actual costs and prices that we are missing out on and Craig has missed out on.

The CHAIR: Mr Rowley, on behalf of the committee, I would like to thank you for your time and your contribution. Thank you very much.

Mr ROWLEY: Chair, thank you, and thank you, members of the committee, for the opportunity.

Witness withdrew.