

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

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

Melbourne—Tuesday, 30 June 2020

*(via videoconference)*

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**WITNESS**

Ms Kathy Lazanas, General Manager, Victoria and Tasmania, MRCagney.

**The CHAIR:** Welcome to the Economy and Infrastructure Committee's public hearing for the Inquiry into Expanding Melbourne's Free Tram Zone. I wish to welcome any members of the public who are watching via the internet.

Welcome, Kathy, to the committee. Before you begin I will just read out a brief statement that I need to read to all witnesses. All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and is further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during this hearing is protected by law. However, any comment made 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.

We welcome your comments, but I ask that they be kept to a maximum of 5 to 10 minutes to allow time for discussion. Can I please remind members and witnesses to mute their microphones when not speaking to minimise any interference. If you have technical difficulties at any stage, please disconnect and contact committee staff using the contact details provided. Could you please give your name for the benefit of the Hansard team and then begin your presentation. Thank you.

**Ms LAZANAS:** Thank you, Chair. My name is Kathy Lazanas. I would like to start by thanking you for the opportunity to address the committee today. At MRCagney, we are a transport planning consultancy who specialises in delivering sustainable transport outcomes for our growing cities. A little bit about myself and my background: I have more than a decade of experience working with transport operators Yarra Trams and Transdev here in Melbourne and have completed my masters in urban planning, specialising in transport planning, at the University of Melbourne. I am currently the General Manager for MRCagney here in Victoria.

When the free tram zone program was first introduced, I was working at Yarra Trams as Corporate Affairs Manager. The program was introduced without detailed costings or benefits, nor the potential impact that a free tram zone would have on the assets nor the wider transport network. With my time today, I would like to impress upon the committee that the idea to expand the free tram zone must in the first instance provide a detailed account of the program to date. At a minimum we would expect such an account to include: current levels of use; congestion on tram services within the free tram zone, including safety implications; accessibility of the network; who is using the free tram zone and how it is being used, including the impact for those with mobility issues; the increase in load and wait times for services, noting the impacts that this has on the reliability of the whole transport network; maintenance of vehicles and broader assets—for example, platforms; the impact on walking as a result of the free tram zone, noting that there has been a 2 per cent decrease in walking to work for those residents who live in the City of Melbourne, based on census data from 2011 to 2016; and the costs associated with each of these items as well as the broader cost to promote and market the free tram zone.

Briefly, I will discuss the areas detailed in our submission. The proposal to expand the free tram zone references the following reasons for doing so: encourage modal shift; ease congestion; encourage tourists to utilise public transport; and increase access for students, seniors, families and visitors. The essential objectives of improving public transport services as well as encouraging a modal shift away from car reliance are to be commended. Both are essential characteristics for a growing city like Melbourne and will benefit visitors and residents alike. However, the implication that the existing free tram zone has had measurable impact on both modal shift and improving public transport are unsubstantiated and require comprehensive analysis.

As detailed in our submission, international research shows that only 9 per cent of people would choose to use public transport if it were free, whereas the removal of real and perceived barriers to accessing public transport has a much more significant impact, with 22 per cent of people saying that they would switch to using public transport if their barrier was removed. When we are referencing barriers, what we mean is availability of public transport, speed when compared to other modes, frequency and reliability of services as well as connections—getting people to where they want to go.

At the same time, our submission details that fare-free transport has been trialled in cities all over the world since the 1970s. Of the 10 cities that we reference, six have been discontinued, citing expense and limited success in modal shift; three have maintained their networks; and one has only commenced this year. The experience of these cities is varied, and Melbourne needs to undertake an assessment of our contribution to this program to date by undertaking an assessment of the past since the free tram zone was implemented.

Great cities to live in are great cities to visit, and when it comes to Melbourne, tourism is an essential part of our economy and ongoing success as an international city. However, we would argue that the free tram zone does not positively nor negatively impact visitors' perception of Melbourne. The City Circle is a dedicated zero-fare service which utilises our historic W-class trams and has a dedicated voice over providing tourists an introduction to some of Melbourne's key destinations. It provides both useful information and a practical way for tourists to move around the CBD. Today we manage international events like the grand prix, Australian Open and conferences with integrated ticketing options, thereby removing the need to offer free trams for event-goers.

When it comes to accessibility, this is an ongoing concern across all modes of transport in Melbourne. For trams a local study determined that information sourced from four local disability groups prioritised the following items: provision of visual and audio information about stops and during journeys, increasing public transport outside the city, making tram stops accessible and increasing the availability of accessible public transport, low-floor services and accessible stops. Expanding the free tram zone was ranked least important of all the suggestions provided. This is significant and must be listened to because as policymakers if we make our decisions based on providing services that are accessible to everyone—those with a disability as well as those with mobility impairments—then we are delivering a fair and equitable transport network not just for the few but for all.

At the same time we argue that changes in fares for students and Seniors Card holders require significant investigation to ensure intended equity outcomes are achieved. The terms of reference were:

... providing free fares for all full time students—

and—

... removing fares for all Seniors Card holders ...

Rather than free travel being the automatic response, we would argue for an investigation into the expansion of concession eligibility to a range of students who are not currently eligible—for example, international students, part-time students and postgraduate students.

We would also recommend a review of the current concession offering for seniors, which is overly complicated when compared to other jurisdictions in Australia. I have been watching the previous comments today, and I do make the note that, in an earlier session, Mr Barton, you did reference Transport for New South Wales' flat fee of \$2.50 for eligible seniors—and you are right; that does work. While you commented that this is almost free or as good as free, the reality is it does still have a cost associated with it, and while we know that that does not go a long way to providing the service itself, behavioural science has taught us the fact of paying for something means that we actually value it more.

Also, if access includes financial access, then the existing free tram zone should first be analysed from this perspective. The average weekly personal income for a resident of the City of Melbourne is \$642, compared with our more disadvantaged areas in metro Melbourne like Hume, where it is significantly less, at \$529 per week. If the original aim of the free tram zone was to reduce the cost of living, then perhaps a more suitable program would be to look at the transport network as a whole and include people who live in areas of financial stress as well as looking at other measures that can support people to use public transport.

At the time of our submission COVID-19 was an epidemic, and it was escalated to a pandemic on 11 March. The impact of COVID-19, I know, has been discussed by a number of submissions, but we all know that the impact to our public transport network has been dramatic. Engagement with the community, enticing people back to public transport services in a post-pandemic city, must take priority over any other measures to expand free tram zone. At the same time I would hope that the focus is on providing better services not just the same as what we had before COVID-19.

Finally, while we appreciate that expanding the free tram zone would not be reinventing the wheel, as a Victorian taxpayer and transport planner, my strong recommendation to the committee is to conduct a holistic report and account of the current free tram zone before considering any further expansion. Thank you.

**The CHAIR:** Thank you, Kathy. On behalf of MRCagney that was a great presentation.

**Mr BARTON:** G'day, Kathy. Thanks for coming in. That was a good presentation. There is more to this overall view about whether it is free. Everyone knows we pay. It is no illusion to anybody about what we are paying. There is also a social responsibility that government has to provide a service, and I think—I will not say 'we'—that an area we need to really be addressing is those who are on Seniors Cards. We think we can do better there. We also think that it should be better for students. We have already got some concessions for students, and I said this in the previous one, but I want you to understand this: we had students come to us—kids, teenagers—choosing whether to pay their Myki card or to buy lunch, and they try and run the system for free. I want that kid to have his lunch and I want to pay his Myki, and I do not want him to have that financial burden. I want him to go to school. So what is your view about the social issues that have to be considered in terms of this? Also, with pensioners, we can say, 'Oh, well, you know, there is 11 per cent of people who are seniors, pensioners, who will be quite wealthy', but there are an awful lot of people who are on pensions.

**Ms LAZANAS:** That is absolutely right. Thank you, Mr Barton, for your question. I did hear the earlier comments and I actually live out in the west as well, so I am very familiar with having to get public transport into town from here. While I am not a student, I do appreciate the challenges that students have, as well as seniors, and I think it is really important that we do decouple the issues of the free tram zone and fares for both seniors and for students and would absolutely support the revisiting of the current—it needs to be equitable, and equitable does not necessarily mean free. I guess that is probably the one point we would like to make, which is for seniors it is a very complicated system.

I recall when we were actually writing our submission we did an assessment of all the states and territories across Australia. Some were a little bit complicated—South Australia was a little bit challenging—but by far ours was the most complex. While I appreciate if you are within that certain category, you will know what you are entitled to, I think it could be a much simpler system, which would then also lead to equity as well. So I think there is definitely work to be done in that space for seniors, particularly because we are moving to an ageing population and we do want people to be able to access public transport as a way to move around.

When it comes to students, again I think it could be a staged approach. We do not necessarily have to run to the free. We could actually expand the existing concessions to include the groups I have mentioned—international students, part-time students, postgraduate students. I myself as a postgraduate student was working full time and obviously was not able to have any benefit of subsidised public transport to get to university at the time. It was a number of years ago now, but it is a lived experience, so I definitely think there is more to do for both those categories.

**Mr BARTON:** Thank you, Kathy.

**The CHAIR:** I might just ask a question. First of all, I appreciate your input in regard to your views on concessional cards and those being essentially extended to other groups that are currently missing out. I know a lot of speakers have different views on whether there should be a free tram zone or not, but if we were to take that the free tram zone is here to stay, from your perspective what are the potential benefits of extending the zone or are there any benefits of extending the zone to get some of those stops included?

**Ms LAZANAS:** Thank you for the question. One of the important parts of that for us is that we would question whether the free tram zone should actually stay. So before we jump to the conclusion that we should question whether it should be expanded, the question really needs to be asked, as Victorians and as taxpayers: should the existing free tram zone maintain its current network? If so, what are those benefits, how do we quantify them? I have heard the conversations around the economic benefit for tourism. That is only one measure that really comes out of any sort of economic analysis, so while it may pay for itself I do question the validity of that being the sole measure for maintaining the existing system. We would definitely recommend, as our report does say, to actually conduct a holistic analysis of the past five years of the free tram zone.

**Mr TARLAMIS:** I guess my question would just be the converse of that, which is basically: have you done any work or looked at any analysis as to what would happen if the free tram zone was to cease in terms of—

there are arguments about, a number of submissions have been about—the benefits that it has brought and have you looked at anything that would fill that void or what would happen or how that would impact on businesses or the city if you were to cease providing that?

**Ms LAZANAS:** No, we have not, but at the same time I think a holistic report would actually investigate that as well and would have to have that as part of its criteria to assess the overall benefit and what would happen if we did remove the system.

**The CHAIR:** I have just got one more question, Kathy. I note from your submission that you commented that expanding the zone would improve traffic congestion. Could you just expand on that point? I know that you made that point, but can you just expand on it? So you believe it will improve traffic congestion?

**Ms LAZANAS:** By removing the free tram zone?

**The CHAIR:** I thought you were saying expanding the tram zone helps traffic congestion.

**Ms LAZANAS:** No, investing in the tram network and expanding the use of the tram network and modal shift would actually remove congestion, the idea being—and it has been talked about a lot from what I have heard and also read in the submissions—that, yes, we all want modal shift, and that is the golden ticket of what we are trying to achieve. But to do that it is not about whether people are paying or not—that is not the precursor—it is actually about having frequent, reliable, accessible services for public transport. So investing money in providing additional public transport services, in this case tram services, would ease congestion because ideally people would get out of their cars and into public transport. And again, analysis needs to be done on that.

**Mr QUILTY:** So if we—and I have asked this question of other witnesses—got rid of the free tram zone during peak periods and expanded it during off-peak periods, do you think that would be a worthwhile trade-off?

**Ms LAZANAS:** Thank you for the question. I have been listening with interest around the whole conversation about peak and off peak, and I find it really interesting that we are actually still using those terms, to be honest, because when we are talking about the CBD in Melbourne, there is really no such thing. I mean, yes, we have a peak and an off peak, but we have inter-peak. I am one of those people—our offices are based on the corner of William Street and Flinders Lane—and I know when I catch the tram going to meetings all over town it does not matter what time of day I get them; they are busy. And that is the nature of a growing city, so this is not a particularly unique factor. If we are talking about something, yes, we could look at scaling back. I would think, to be frank, that would be based on appetite to do so as opposed to removing the system as a whole. However, I question the validity of having these peak and off-peak periods.

**Mr BARTON:** I will just go back to this congestion. One of the strong debates, Kathy, is that we should not have it because it is popular—people are using it—and I think that is a novel approach. I think it is an operational issue. We have still got too many old trams; we do not have enough of the big stuff yet. We would absolutely, in a perfect world, have a tram every 10 minutes—that would be our ultimate goal—constantly. But these are all challenges for governments to take on. I do not accept the argument that because they are congested it is a valid argument for why we should not expand, because, as it was pointed out by Committee for Melbourne today, if you just took it out to the major destinations like Rod Laver Arena, the MCG, the arts centre—things like that—most of those places where the crowds would be going for free would be outside of peak, so it would be on weekends for the footy and things like that. What is your view on that?

**Ms LAZANAS:** I think it is about the usage. I think we are making decisions without having the hard facts. If people are coming into the city and they are already catching the train, then they are already paying for the fare as it is. There was a big push to get people in particular to come to the footy by train, with additional services being put on by Metro, so I question that. Yes, there are people who drive into the CBD and then potentially catch the tram. I understand that that is also an opportunity, and it does benefit them. If we are talking about \$5 million or \$6 million—I think that was referenced earlier, Mr Barton, by yourself—around the addition of these sites to be included, while that will not necessarily break the bank, when we think about the cost of a new tram and what that is to build we are talking about a couple of new trams a year that would come onto the network. I think we need to compromise, and the whole network planning is actually around

compromise. So what is it that we value most and how is it that we plan it? It is just about what is the biggest bang for buck, really, and what are we trying to achieve?

**Mr BARTON:** And the bulk of our congestion is actually around the CBD, around the city, because that is where the bulk of the people are.

**Ms LAZANAS:** That fringe, absolutely, yes.

**The CHAIR:** If there are no further questions, I might just say thank you very much for your presentation. It has been very informative. I like your view that we might need to do a further study, so that was interesting input as well. I want to thank you, Kathy, and also MRCagney for the presentation and contribution. On behalf of the committee, thank you very much. It has been a pleasure.

**Ms LAZANAS:** Thanks, Chair. Thanks, committee.

**Committee adjourned.**