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Secretary  
Legislative Council Economy and Infrastructure Committee  
Parliament of Victoria  
Spring Street, Melbourne  
VIC 3002

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

Committee for Melbourne (the Committee), is pleased to make a submission to the Parliament of Victoria's Inquiry into the Expansion of Melbourne's Free Tram Zone.

For over 30 years, the Committee has been helping to shape a better future for Melbourne. We are an apolitical, not-for-profit, member-based organisation that brings together over 150 organisations from Greater Melbourne's business, academic, arts, and community sectors. This diverse group has a passion for Melbourne as a leading global city in the world's fastest-growing region, the Asia-Pacific.

The Free Tram Zone (FTZ) is a significant part of Brand Melbourne and gives us a competitive advantage as an attractive, globally relevant and distinctive city. However, in some areas it falls short of its potential. That is why the Committee strongly supports the extension of the Free Tram Zone to include some of Melbourne's most important cultural and sporting institutions.

The Committee for Melbourne's business and civic leadership program, Future Focus Group, first proposed free tram travel in the CBD in 2009. The original proposal was designed to solve a liveability problem, to improve the visitor experience, reduce traffic congestion, and improve pedestrian and cyclist safety. In other words, to make Melbourne a more enjoyable and productive place in which to live, work, and visit. In many ways, it has achieved this goal, to the great benefit of the city's reputation.

The Committee's FTZ proposal aims to build on its successful introduction in 2015 to include some of Melbourne's most important cultural and sporting institutions in the city's FTZ. The FTZ already delivers positive branding to the city. The original concept developed by the Committee in 2009 saw the FTZ also helping make arts and culture more easily accessible and therefore embedded in the Melbourne community. The FTZ currently fails to include some of our more significant arts and culture areas that have developed significantly since its introduction in 2015.

This submission will be the Committee's fourth submission to government supporting such an extension since we first wrote to Minister Allan with a detailed case for the FTZ extension in December 2017. We sent a second submission to Melissa Horne, the Minister for Public Transport and Minister for Ports and Freight in January 2019. We also advocated for an extension to the FTZ in

our brief for the incoming Victorian government in October 2018<sup>1</sup> and most recently in the Committee's September 2019 Creative Industries Strategy Submission<sup>2</sup>.

We understand that the Terms of Reference for the inquiry are broader than the Committee's proposal. While we do not oppose the exploration of any of the ideas in the terms of reference, we believe the case for the extension of the FTZ is strongest for the five "iconic" stops, the Arts Precinct, Melbourne Convention and Exhibition Centre, Melbourne Cricket Ground (MCG), Melbourne Museum and Melbourne & Olympic Parks.

We believe such an extension will significantly improve our city's reputation as a national and international destination, as well as its ability to attract and retain talent. It will also benefit the visitor economy and have accessibility and participation benefits for Victorians and visitors alike.

We also strongly support the consideration of items 4 and 5, "new technologies that enable intelligent transport systems that improve the performance of the networks" and "the effects and benefits of dynamic public transport pricing."

The Committee's proposal to extend the FTZ is the result of consultations with a range of experts from our membership base who met on several occasions to discuss the options. These experts represent some of Melbourne's most prominent cultural, visitor, and sporting institutions, including Arts Centre Melbourne, Australian Centre for the Moving Image, City of Melbourne, Federation Square, Her Majesty's Theatre, Melbourne Convention and Exhibition Centre, Melbourne Festival, Melbourne & Olympic Parks, Melbourne Recital Centre, Melbourne Theatre Company, RMIT University, Sofitel Melbourne on Collins, and Victorian Opera.

- While many in this group continue to advocate for the expansion of the FTZ to stops such as the Sturt Street stop at the Melbourne Recital Centre, the group settled on the five "iconic" stops as our final advocacy position. However, if a decision were taken to include additional stops, the Committee would support such actions.

### **A great success**

From a public perspective, the FTZ has been an enormous success. Public Transport Victoria's Annual Report 2015-16 notes that the FTZ has improved the attractiveness of using tram travel to move around the CBD and Docklands.

That said, it continues to fall short of its potential as key iconic experience destinations lie just outside the zone meaning visitors must either get off the tram one stop earlier or buy a Myki card to

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<sup>1</sup> [http://melbourne.org.au/cms\\_uploads/docs/committee-for-melbourne-free-tram-zone-extension-proposal.pdf](http://melbourne.org.au/cms_uploads/docs/committee-for-melbourne-free-tram-zone-extension-proposal.pdf)

<sup>2</sup> [http://melbourne.org.au/cms\\_uploads/docs/creative-industries-strategy-submission-2020\\_2024-committee-for-melbourne-with-cover-letter.pdf](http://melbourne.org.au/cms_uploads/docs/creative-industries-strategy-submission-2020_2024-committee-for-melbourne-with-cover-letter.pdf)

travel for a single stop. This can be a frustrating and confusing experience for visitors to our city, particularly for those with reduced mobility.

This makes no sense for a city which prides itself as Australia's tourism, sporting and cultural capital, offering the best visitor experience.

### **Benefits of an extended Free Tram Zone**

The inclusion of some of Melbourne's most important cultural and sporting institutions in the FTZ will significantly improve our city's offering and reputation as an international destination and is unlikely to cause a significant reduction in fare box revenue or crowding. These are not residential zones but unique assets for locals and visitors to experience.

The visitor economy is a major economic driver for Victoria and the tram is the 'central nervous system' that coordinates the visitor experience. Including Melbourne's key visitor institutions in the FTZ will remove confusion around travel in the city and increase visitor numbers at these institutions. For example, 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.

Including key cultural institutions in the FTZ will also integrate the redeveloped Arts Precinct and Southbank area into the CBD, lowering the barriers to enjoyment of this important cultural infrastructure and enlivening it. It will provide participation benefits for the community and provide accessibility benefits by ensuring transport is easier to navigate.

### Victoria's visitor economy

The visitor economy is a significant economic driver for Victoria, employing 232,700 people and contributing \$31.0 billion to the state each year<sup>3</sup>. Tourism is Victoria's second largest export behind education (Figure 1). It is also central to the Government's plan for the state's future growth and prosperity, as outlined in the Victorian Visitor Economy Strategy (2016). Improving the visitor experience is one of the Strategy's nine priorities to help increase visitor spending to \$36.5 billion by 2025. We believe that including Melbourne's key visitor institutions in the FTZ will assist in this goal. It will remove confusion around travel in the city and increase visitor numbers at these institutions.

### Business Events will be boosted

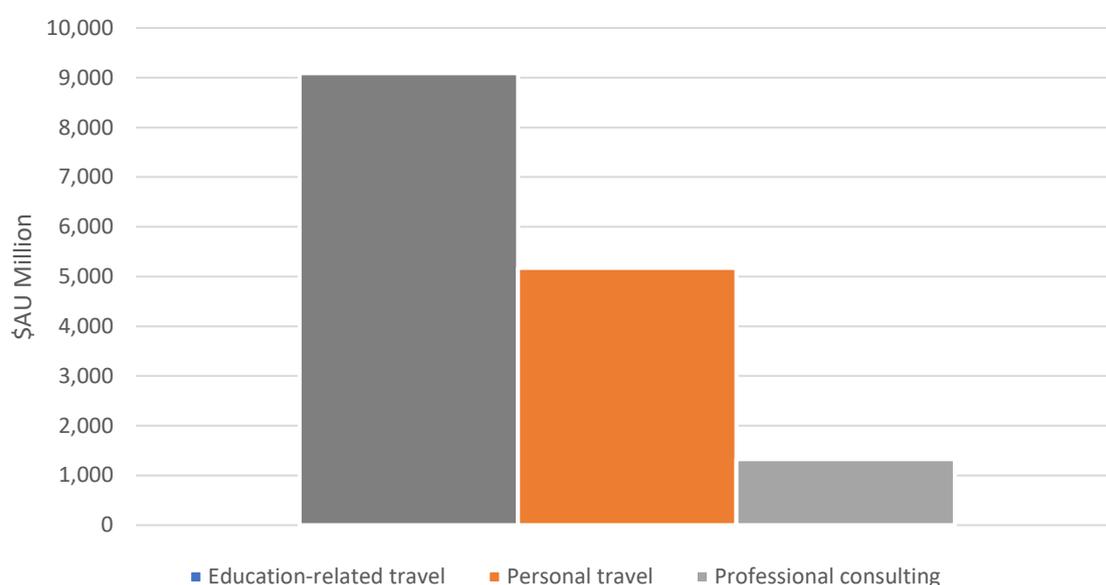
Business events are the cornerstone of the visitor economy. In the 2018-19 financial year, the Melbourne Convention and Exhibition Centre (MCEC) contributed approximately \$1.10 billion in economic impact to the economy. The MCEC hosted 1,297 events, including 30 international conventions and 53 national 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

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<sup>3</sup> <http://www.invest.vic.gov.au/opportunities/the-visitor-economy>

1.1 million arriving at the Clarendon Street entrance to the venue<sup>4</sup>. 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 affect Melbourne’s international reputation and compromise our ability to claim a more superior visitor experience than our international competitors.

The FTZ is a significant unique selling proposition which benefits Melbourne’s conference-bidding efforts. Including the MCEC in the FTZ will result in an immediate improvement in delegate satisfaction and improve our international marketing position.



**Figure 1:** Victoria’s top 3 exports, <https://dfat.gov.au/trade/resources/Documents/vic.pdf>

### 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 city<sup>5</sup>. 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

<sup>4</sup> <https://mcec.com.au/-/media/mcec/documents/annual-reports/mcet-annual-report-20182019.pdf?la=en&hash=969CB48DCA3F925810B2EFF5C83287A9545E06A3>

<sup>5</sup> 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.

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.

Including these institutions in the FTZ will also integrate the Arts Precinct into the CBD, lowering the barriers to enjoyment of this important cultural infrastructure. It would encourage visitors and Melburnians to venture further into the Arts Precinct, enlivening it and helping to attract greater investment in this area. This is particularly important given the multimillion-dollar Melbourne Arts Precinct Transformation project. Including this area in the FTZ will incentivise public transport as the main mode for visitation and should relieve pressure on car parks in the precinct.

### **Connecting our Sporting and Arts Assets**

Melbourne is globally recognised as a world-class destination for sporting events. We are blessed to have our major sporting facilities within easy tram travel distance from the CBD, and proximate to the Arts Precinct. Using the FTZ to encompass and connect our major sporting and arts destinations has the potential to amplify Melbourne's reputation as a city which offers a truly diverse visitor experience that most other cities will find difficult to match.

### **Accessibility and participation**

We believe that integrating the Arts Precinct, MCEC, MCG, Melbourne Museum, and Melbourne & Olympic Parks in the FTZ will have accessibility and participation benefits for all Melburnians and visitors.

Accessibility is an important priority for the Andrews Government. The Victorian Infrastructure Plan outlines the Victorian Government's commitment to prioritise access to key destinations and precincts within five years, and to improve the social participation of people of all abilities. Two of the key pillars of Destination Melbourne's Visitability program were to ensure that transport is easy to navigate and accessible. Adjusting the FTZ to include these key institutions will help the Government achieve its accessibility goals.

Making it easier to get to Melbourne's key cultural institutions will also positively affect audience participation and engagement. One of the focus areas of Creative Victoria's Creative State (2016) strategy is to engage all Victorians in creative and cultural endeavours, whether it is as artists, administrators, or audience members. And, in turn, a city full of active community participants ensures that Melbourne's cultural life continues to be vibrant into the future.

### **Alternatives to extension of the Free Tram Zone**

There are a number of other ideas which have been put forward to strengthen Brand Melbourne's competitive advantage for visitors and citizens. These include:

- Creating a Melbourne Card for visitors. For example, the Copenhagen Card offers free transport and free admission to 79 museums and attractions, and discounts at selected restaurants and entertainment venues. The Copenhagen Card is available as a 24-hour card, a 48-hour card, a 72-hour card, and 120-hour card, priced from \$78.
- A Free Myki card for visitors. This would be only a small saving for visitors (\$6 or \$3 concession). By comparison, Sydney's Opal card is free for everyone.
- A version of the Singapore Tourist Pass, a visitor's pass which allows travel on any transport for that time and based on a \$SD10 refundable deposit for the card.
- Linking Myki to SkyBus so that one card covers travel from the airport, around the city, and then back to the airport. This solution does not address the problem of accessibility to key cultural and sporting destinations.

Each of these options only goes some way towards addressing the challenge.

After much consideration and discussion with our members, the Committee for Melbourne believes that the proposal to include the Arts Precinct, MCEC, MCG, Melbourne Museum, and Melbourne & Olympic Parks in the FTZ is the optimal solution.

Including these key institutions in will greatly benefit Brand Melbourne and improve our national and international reputation.



Martine Letts  
CEO

24 January 2020