

MR5

Metropolitan Refranchising – Tram



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The MR5 Tram Franchise is the new metropolitan operations and maintenance agreement managed between the Government and the successful party.

The new franchise agreement will commence on 1 December 2024 for nine years. The franchise agreement outlines the roles and responsibilities of the operator and the State.

The contracts, known as franchise agreements, are designed to regulate the private operator's responsibilities by specifying their operations, maintenance, infrastructure management and customer service obligations.

The operator will manage Melbourne's iconic tram network, the largest in the world, with 250 kilometres of double track, over 1600 tram stops and 24 routes.

Operating for more than 100 years, its fleet has around 500 operating trams, with 9 depots, forming part of an integrated transport system with our road and rail network, servicing the city, and linking to regional services.



For more
information

Scan the QR code or visit
vic.gov.au/melbourne-tram-refranchising

Key areas of MR5 reform



Operations & performance



Passenger experience



Social procurement & local content



Workforce management



Fleet & asset maintenance

New benefits over the contract term

Tram performance

Under MR5 we will enforce a stronger performance regime and improve tram reliability. We are strengthening the capability of the MR5 franchisee to provide Victorians with reliable, punctual services and minimise the impact of planned and unplanned disruptions.

This tougher performance regime will hold the MR5 franchisee to greater account if they don't deliver, including for the most common disruptions to passengers such as early departures, late arrivals, cancellations and short services (partial cancellations).

The regime has tightened rules on what constitutes a cancelled service. Trams that depart more than 20 minutes after scheduled are now deemed cancelled, incentivising the operator to adhere to the timetable.

Operator performance will be recorded at more locations, making it harder for the MR5 franchisee to meet targets. With penalties and incentives aligned with passenger experience, we are raising the performance standard.

The performance regime incentivises the operator to deliver more punctual and reliable services across all routes, at all times of the day. Changes in MR5 will see delivery of the iconic City Circle route (Route 35) measured and non-delivery penalised.

New requirements will improve operator response times during planned and unplanned disruptions, with strengthened accountability and mandated playbooks.

The State has greater flexibility to change metrics during the contract term. This means we can continue to drive performance in line with passenger expectations, removing delays and cancellations that impact passengers the most.

Passenger experience

Under MR5, there will be an uplift in information and choice for all passengers, especially those with accessibility requirements, and passengers who are culturally and linguistically diverse.

New information requirements, customer standards and an uplift to frontline training all require the tram operator to provide better information to all customer cohorts, particularly at times of disruption.

The passenger experience regime has been revised to drive continuous improvement, with passenger information and the cleanliness of trams and tram stops continuing to be priority areas.

A new 'Right Tram, Right Trip' metric makes sure our operator commits to the use of a specific fleet type on a particular service. We know the importance of what type of tram is expected for a particular service, especially for those users of the network with accessibility needs. This new metric aims to improve confidence for passengers, giving greater certainty that low floor trams show up when passengers expect them to.

Additionally, MR5 requires more from the operator in maintaining the low floor trams, with an ongoing investment in tram condition and reliability that prioritises the newer, more accessible trams.





Social procurement

New social procurement targets will ensure the Franchisee meets stronger targets with more employment opportunities for women, Victorian Aboriginal people, and other Victorian Priority Jobseekers, with abatements if targets are not met. For the first time in any Victorian public transport franchise, board gender parity is targeted from day one and workforce parity by end of term.

An integrated partner for future State projects

Our operators are integral in collaborating with the State to deliver infrastructure projects. Projects delivered during MR5 will have greater certainty regarding scope, cost, time, and quality.

Other areas

Open and fair process

The procurement process was an open and fair process, involving three highly qualified consortia from across the globe. This procurement process was subject to strict probity and confidentiality requirements overseen by an independent Probity Advisor.

No impact to employees

Maintaining the skills and expertise of the workforce that run our public transport services is important throughout transition and over the MR5 contract term.

Global operators

Private operators provide the global experience, specialised industry expertise and the service capabilities to support efficient service delivery to Victorians. These arrangements have delivered strong operational performance and safety of the network.

Environment and sustainability

Under MR5, the metropolitan tram franchise agreement will embed the Infrastructure Sustainability Council rating scheme. Inclusion of the scheme will ensure operators are focused on continuous improvement of environmental and sustainability outcomes through achievement of increased ratings over the contract term.

This will be complemented by the Franchisees' Environment and Sustainability Management Plans, which detail how they will comply with relevant Environmental Laws and standards, review climate change impacts and propose mitigations, and provide initiatives to improve the environmental footprint of the franchise.