



PARLIAMENT OF WESTERN AUSTRALIA

VALEDICTORY SPEECH



Mr Dean Nalder, MLA
(Member for Bateman)

Legislative Assembly

Friday, 4 December 2020

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MR D.C. NALDER (Bateman) [4.50 pm]: Firstly, I would like to thank my colleagues for allowing me the opportunity to make a valedictory speech. I would like to open by saying that I have developed a great appreciation of, and respect for, the importance of Parliament. The most rewarding aspect is the opportunity to make a difference in people's lives. The opportunity to walk in dad's and grandad's footsteps has been a privilege, but the challenge to deliver meaningful outcomes can be extremely frustrating at times, as all of us know. To serve as a minister of the Crown is something that I will never forget, and making the decision to move on in my family's best interest has caused me to reflect on some of the highs and lows over my journey.

As a minister of the Crown, I have had the opportunity to influence and be involved in so many wonderful projects for Western Australia, such as completing the gateway and opening at the Tonkin Highway upgrade with the Prime Minister; planning, coordinating, contracting and starting the Forrestfield–Airport Link; and redesigning, contracting and commencing NorthLink WA. There are some stories behind some of these things that I find interesting that have probably never been told. I will just share a small anecdote with people here. When the design was first put in front of me, it was actually a dual freeway through to Ellenbrook and then a single lane with traffic lights all the way through to the Brand Highway. I sat and looked at it and thought that surely this design would fail the moment heavy trucks started to move through the route. The designers said, "Yes, it will." I said that we have to work out how to do it properly. It was interesting. We broke the project into three components instead of two, we went out to tender and did all this work, and we managed to dual the road and have overpasses all the way to connect it. It was only after that point, when I was thinking that I was doing a fantastic job, that I discovered that that had been Main Roads' original plan. My previous boss had decided it was too big and cut it back. Unbeknownst to me, as a new minister, I was going against my boss's wishes and redesigning to what I thought was the proper way to do it. I am glad that I got that through and Colin never stopped me on the way through; I was really pleased about that.

I oversaw the development of the bus underground. Again, the departments we worked with were really proactive. We identified inefficiencies and built into the design the second entrance off Wellington Street. We included a design to put in the Charles Street bus bridge, because there were going to be a thousand buses a day heading north off Wellington Street into Northbridge. We could reduce the travel time of those thousand buses a day by six to seven minutes during peak time by spending another \$30 million to build that bus bridge.

We extended the Joondalup rail through to Butler and the Mitchell Freeway to Hester. There were a large number of projects in the Department of Transport in my time as minister and it was a real privilege to undertake them. But there was one piece of work that I initiated, and in some ways I regret that it has become a little bit lost. One of the problems we have is that members go from election to election and often, irrespective of what side they sit on, they have their favourite projects. For me, the problem was that there had not been long-term transport planning in Parliament for decades; really, the Stephenson plan from the 1950s and 1960s was the last time that Western Australia undertook long-term transport planning. Given that the Perth and Peel planning document had just been completed, I requested that the Department of Transport undertake the equivalent Perth and Peel transport plan, but I asked it not to base it on a time period. We know that population growth ebbs and flows, and I would rather do it based on the population than a set time. We talked about it being towards 3.5 million people and beyond. It was work that I instructed the department to undertake without the Liberal Party's involvement; I will admit that I did interfere with two little things in there, but I will come back to that. The whole point of this was that I really wanted some document that provided a road map. It involved the department, academics, the universities and industry preparing a transport plan for the long term for Western Australia as it continues to grow. I was really pleased with what we achieved. I have shared this before. I added two aspects to the transport plan, but I thought I had to take the politics out. Firstly, the line that went up Tonkin Highway did not cut into Ellenbrook; it kept going up and then swung back around onto the Joondalup line. I felt that, politically, I needed to make sure I had that connection, otherwise it would be a bit like Rockingham or Mandurah where the train line does not quite get into those centres. I wanted to make sure it connected. Secondly, as a city that I think will grow towards to a population of three, four and five million people, every city in the world that operates efficiently and effectively from a transport plan has greater connectivity with rapid transport solutions. I felt that it needed to have an underground rail loop for a population that is moving to 3.5 million and beyond. They were the two areas in which I had some say.

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In working through all this, I wanted to do more. When I took new initiatives to the former Premier, he regularly used to say that I was already doing too much. My message to all ministers is that they do not have a long time. Work smart and go hard. I say that to everybody in this place. It is amazing; when we are in the middle of it, it feels like it is going to be forever. The time has gone so quickly. I encourage ministers to grab opportunities, go hard and do what they can for Western Australia while they have that opportunity.

I dealt with or worked on a few projects, some of which I would like to share because people may not be aware of them. Inheriting the construction work at Elizabeth Quay, I looked at it from a transport perspective. I was of the view that we had to connect Riverside Drive underneath the development. Earlier estimates made by Troy Buswell suggested that it might cost towards \$300 million. I wanted to look at it. I had formal quotes developed and took three options to the former Premier. The first was a full freeway connection to Riverside Drive, so traffic did not end up on Mounts Bay Road or the Esplanade, resulting in traffic jam snarl-ups and people trying to move through that area. I proposed that stoplights be installed at either end. We would just put the infrastructure in, so the walls and the diaphragm could be dug out later. It would cost \$150 million for the full freeway, \$90 million if stoplights were installed and \$26 million if the infrastructure was put in for a future government to undertake it. I recommended that we put the infrastructure in. It would only cost an extra \$26 million. Unfortunately, it was not approved. It is something that I felt should have been done that has not been done.

Other things were brought to me by industry. I thought one of them sounded fantastic. We looked at value capture. The government has explored value capture and struggled with it. Industry brought a proposal to us to consider. It involved dropping Stirling Highway, the railway line and Curtin Avenue between Cottesloe and north Fremantle for the air rights to be able to develop above that. I looked at what was proposed. I thought it was fantastic. Again, Colin kept saying, “Dean, you’re doing too much.”

A proposal was brought to me to consider residential development over the freeway and the railway line at Canning Bridge. That would have quietened down the whole precinct. I thought that was a fantastic initiative. Unfortunately, again, when I said to the developer that I wanted the southbound entry off Manning Road and a bus interchange, I was hoping to get some state infrastructure done at the same time, but, alas, I was doing too much.

The Roe 9 tunnel was an interesting piece of work. I inherited the upgrading of High Street and the consideration of Roe 8. I said to Mathias Cormann at the time that Stock Road would then be a problem. That is when the whole freight link design came in. I was never comfortable with it because it would impact commercial businesses. It would take out D’Orsogna, Koala Self Storage and the brewery; there would be massive impacts for those guys. It would also impact the cemetery and certain residents. I felt that we should be able to do something smarter and better. I asked the Department of Transport to undertake a series of work. It spent 12 months on this. It looked at 22 options to create a better solution. The Department of Transport’s recommendation was a tunnel option.

I was quite cynical about tunnelling at this point. I was getting a bit of criticism about doing a railway line tunnel for the Forrestfield–Airport line. It was fascinating because we thought that it would cost an additional \$700 million but save \$400 million in property acquisition costs. When we went to the federal government, we looked at the benefit–cost ratio. We believed that it was a similar benefit cost because it was a shorter distance to Fremantle port. I went to the federal government and it supported it. The tender for doing the tunnel for Roe 9 came in cheaper than what it would cost to upgrade High Street and Stock Road, which shocked me. Similarly, when we went to tender on the Forrestfield–Airport line, we allowed a \$2 billion budget. The tender came in at under \$1 billion. We did some improvements that spent a bit more to allow for some project management and a few other costs, but there was still a massive saving. It was cheaper than taking the rail line down Roe Highway and through Horrie Miller Drive. All of a sudden, I saw the potential of using technology to go under the city more cheaply than we could above, and a lot of that was because of property acquisitions or the relocation of services. I see that as an opportunity for future governments to explore so that there is less interruption for a local community by creating throughput in our communities.

Sometimes it can be the little things. I keep saying the member for Thornlie, but it is the member for Gosnells, is it not? A couple of years ago, the member for Gosnells and I were trying to inspire each other to work a bit harder on our fitness. In 2018, the two of us completed more than 20 000 kilometres on our pushbikes. It nearly killed me but I really thank him for that. We have Strava on our bikes. Heading northbound on Roe Highway, there is a cycle bridge over Welshpool Road. It is the “Dean Nalder” bridge. I am not sure who set that up on Strava. I am not sure whether it was the member for Gosnells but I felt very privileged! There is a story behind that. When we started the freight link, people might have thought that the freight link was killed off, but part of the freight link was upgrading Roe Highway from Tonkin Highway to Welshpool Road, and that included an additional three kilometres of cyclepaths. This is an example of people not being recognised or rewarded. I was given the credit for making sure that it connected but what happened—I will not mention their name for their sake—is a junior in the department rang me on the quiet and said, “Have you had a look at the design for freight link?” I said, “What do you mean?” He said that I should look at the cyclepath. I asked him what he meant and he said, “It stops at Welshpool Road.” I feigned as though I had no idea about this when I asked to see the designs to check them. I said, “Where’s the

cyclepath?” I was told that it stops. We had 24 kilometres of freeway-grade cyclepaths all around the airport and Tonkin Highway and everything else, but there was a section of 50 metres where cyclists would have to stop at a set of lights. They said, “This will cost \$4 million. You can’t do it because we haven’t got the budget.” I said, “Let me tell you, politically, I’m going to get more grief over this 50 metres than I’ll get benefit over the other 24 kilometres!” They agreed and found a way, hence the cycle bridge.

I get credit for it but the reality is that someone quietly let me know about the problem. These things can happen to members on both sides when they are undertaking work. They might not see the gaps until it is too late and then they are left with something that has not been done properly. I am really thankful for being told about the gap and I have since thanked the person privately. We share a birthday—not too far apart—so we wish each other a happy birthday every year.

There are things such as the Charles Street bridge, which saved 1 000 buses travel time of four or five minutes off-peak and six or seven minutes in peak time. It is quite a big saving when each day, 1 000 buses are saving four to seven minutes in travel time. That is quite a big saving for the bus fleet at a cost of \$33 million.

There were challenges in my time as a minister. I was stuck in the middle of Uber entering Perth. What a nightmare! It was fascinating to listen to 6PR yesterday morning—or the day before—when someone rang in and said, “Dean Nalder destroyed the taxi industry.” Millsy said, “Well, some people suggest that he revolutionised it.” The reality is that Uber happened all around me and I was stuck in the middle of it. It was a challenging time. I was of the opinion that the taxi industry needed reform. I did not believe the service offering was satisfactory. I did not believe that enough of the revenue that was generated in the industry was flowing through to the drivers and operators of the vehicles. I was quite happy to try to reform the industry. However, Uber then came in and smashed the place, and that made it very difficult.

We were fortunate in Western Australia, because the largest owner of taxi plates was the state government. A lot of people did not realise that. The Western Australian government owned close to 50 per cent of the taxi plates. Therefore, the biggest loser in the taxi industry was actually the people of Western Australia. However, the people of Western Australia wanted to see this level of change. That allowed us to pull some of the leased plates off the market and ensure that although the number of taxi fares was dropping, there was a competitive marketplace for the existing taxi service.

Another challenge was inheriting the deferral of the Metro Area Express light rail. Another challenge was obviously Roe 8. I will share with members that I was sitting in my office as Minister for Transport, and I got a phone call from Premier Barnett’s office: “Dean, the Premier wants to see you down at Roe 8 now for a doorstep with the press.” I said, “But all the protesters are there”, and he said, “Yes, that’s what Colin wants to do. He wants to go down there”. I thought: strewth! We went down to Roe 8, and we walked right through the middle of the protesters. The dignitary protection unit guys were surrounding us. I was standing behind the Premier, looking supportive, but ready to run. It was funny. Colin was trying to do a bit of a doorstep with all the cameras, and the protesters were shouting and screaming. I was thinking, “What am I doing?” The protesters were whacking me on the head with flagpoles, and the DPU officers were threatening to arrest them. Colin thought that was fantastic, but I was thinking it was crazy. It was an interesting experience and certainly a challenge.

I have never agreed with and do not support tolls. We are lucky that we do not have toll roads in Western Australia. I was trying to work out how we could rapidly advance freight movements throughout the metropolitan area by having a freight charge. I will come back to what I mean by a freight charge. I went to Singapore and talked to the guys about how we could do that. I wanted to find a way in which we could share the productivity gains. I thought that if the industry could pocket more than 50 per cent of the increased profit as a result of new infrastructure, and if we could get the cost of that infrastructure to below 50 per cent, we could rapidly advance a freight network around the metropolitan area. One of the promises that I made to the industry at the time was that if it did not agree, I would not proceed with it. That is what I was starting to explore.

However, sometimes what we are trying to explore gets lost in the politics, and that is what happened. The industry still wants to use the freeway for nothing. However, the reality is that only bits and pieces will be done over a very long period of time. For me, it was about trying to find ways in which we could rapidly advance and improve the underlying profit to industry. The cost of freight ultimately flows through to the cost of goods and products on the shelves in the marketplace. They are things that I have not been able to achieve.

In thinking about what I would like to say tonight, I did not want to look just at what has happened in the past; I wanted to look forward to what I observe state governments are doing and what I think about that. I look at state governments on the following lines—economically, socially, environmentally and administratively. They are the major strategic elements. As the shadow Treasurer, I have been focused on the economic drivers and the administration of the state government. From an economic perspective, Western Australia must attract industry and ensure that Western Australian businesses can compete effectively both nationally and internationally. The state government plays a critical role. It must ensure that energy is not only cheap, but also reliable and sustainable.

It must create a competitive tax regime. I have some concerns about payroll tax and stamp duty. We cannot solve these things overnight. We cannot walk away from these things immediately. However, we should start to plan to ensure that we can deliver the most efficient and effective regime for industry and business so that they can employ people and can compete effectively with businesses around Australia and the rest of the world.

Most people will say that payroll tax is an insidious tax, but over the forward estimates, it will generate over \$3.5 billion to \$4 billion. We cannot turn it off, but there are things that we can start to do. It is fascinating to look at payroll tax; roughly 16 000 employers pay payroll tax and roughly two-thirds of them are small to medium enterprises that employ roughly 10 to 100 employees. In Western Australia employers pay the highest payroll tax of any state in Australia. We sit there thinking: “We’ve had the GST fixed. An extra \$1.547 billion has come into Western Australia, so we should be looking at ways to utilise that to ensure that businesses in Western Australia are competitive.” We can do things that narrow in on that focus. I can say that less than five or six per cent of the revenue will mean that two-thirds of businesses paying payroll tax pay the cheapest payroll tax in Australia. They are the sorts of things that I believe are incumbent on us to work through.

I talked about cheap energy and a competitive tax regime. We must always strive for a streamlined regulatory environment. We need readily available access to land, and in Western Australia we are lucky in that we have plenty of land available. This needs to be a medium to long-term focus for not just us but also our kids and our grandkids. It is something I believe we have to do.

Administratively, in coming to Parliament and being in government with my background in banking and finance, I was and I remain shocked at the lack of focus on expense management. With wages roughly at 43 per cent of expenses, I am staggered that there is not regular monthly reporting on FTE actual versus budget and on headcount actual versus budget. In 2016, I wrote to the Premier and we ended up in a two-hour discussion. As I have said, I think, privately to a few members around the chamber, my view—I shared it with the Premier at the time—is that the strategy of the Office of Shared Services, which we know lost over \$600 million by the time it was wound up, was correct. The strategy is not what failed; it failed in its implementation. The proponents did not understand the changed management required and they tried to swallow the whole elephant in one bite. We need to continue to look at this. The state government, the largest industry in Western Australia, employs, we believe, around 150 000 people, with a forecast expenditure across the total state government of around \$72 billion this year. I cannot believe that we rely so heavily on Treasury to do the economic modelling, forecasting and setting of the budgets, which is looking out the windscreen, when we do not have good visibility of what we are spending as we go through. I have never seen that in a business before.

I feel that the state government does not have enough of a business focus on what it is spending to ensure that it delivers the most efficient and effective level of services for Western Australia. If we could find savings of 10 per cent, the difference a government could make to the lives of Western Australians socially, environmentally or even economically would be massive. It is something that I took up with the Premier back in 2016. In my view, the answer to this, and where industry has gone, is that multinationals and multidiscipline industries have a global chief finance officer. My view is to keep Treasury looking out the windscreen, but the Department of Finance has to have a greater role looking at the rear view at monthly expenditure.

We should establish a global CFO, which is exactly what was done in my time at ANZ Bank. Every CFO in every business unit in ANZ had dual reporting. I ran a division for ANZ and I had my own CFO, but 50 per cent went through to the global CFO and they controlled all the financial reporting. That enabled us to standardise the financial reporting. I agree with the principle of wanting to reduce the number of departments, which the government has done, but the problem is that 135 agencies sit beneath them, all with different systems that do not talk to each other. The difficulty of everything underneath is still there. For me, if we start to create a focus on expense management, we can standardise the financial reporting, and when we standardise the financial reporting, we can start to get relevant reports that tell us where things are going.

One of the things in industry is to tackle discretionary expenditure. It is very difficult to look at that in government; there is no readily available report. I will share with members a story from 2014. I was Minister for Finance for only six months, but I decided to look at the ICT spend of government. I asked the staff at the Department of Finance what we were spending and they told me that they had no idea. I asked them for a report and they said that they could not provide one as they had no way to look at it. I said that I did not find that acceptable. I ended up getting PricewaterhouseCoopers to do an audit of what the state government was spending on ICT, and the report that came back said that it could not identify exactly what the state government was spending on ICT, but it estimated that it was somewhere between \$1.6 billion and \$2.4 billion a year. I said to the department that it was not the quantum that frightened me; it was the variance, as we did not know whether or not we were spending \$800 million a year. These are my concerns with the way that we look at this. From an administration perspective, I believe there are more steps that the state needs to take—they are essentially the same as those that the Office of Shared Services took—but they are baby steps to ensure that we can achieve it. It has to be done by multiple governments over a long period. This is a journey that needs to be taken by both sides of politics.

There are a number of things that I have witnessed in Parliament as a member and as a minister, but I implore all members of Parliament to remember the importance of Parliament and the role it plays in our freedoms and our lifestyle. It is critical that the sanctity of Parliament and our judicial processes are retained. No individual or organisation can be a higher authority than this Parliament. I plead with people to bear that in mind as we go forward. It is incumbent on all of us to ensure that we protect the democracy and the freedoms that we have in Western Australia.

There are some people I must thank for their support, including my family and my friends. There are too many to name, but some people have been critical at different times and have helped me get through the system; otherwise, I would not be here. Coming in as a member of Parliament and not being a long-term player of the game, I found that there were certain routes to be sorted out within factions that I had no idea about. I thank Peter Shack, Raymond Pecotic and John Hassen. My preselection was a fascinating experience; between 30 and 40 legal challenges under the Liberal Party constitution were made against me. Senator Dean Smith played a role in helping me become a member of Parliament during my preselection. I also thank the staff from my ministerial office, the departmental office and then my electorate office who have assisted me. My three electorate office staff, Denise, Caroline and Felicity, have been absolutely outstanding. They have cracked the whip at me, particularly in the last couple of years, to sign things and to get out and about. They have done a fantastic job to ensure that I remained a good local member, and I thank them from the bottom of my heart.

In closing, I reflect on the words of Roosevelt in "The Man in the Arena". I would always prefer to be known as the man who failed trying than as the man who failed to try. I like my basketball and Michael Jordan, so I say that I have failed over and over again and that is why I succeed. In the end, as Kenny Rogers said, you have to know when to walk away.

[Applause.]
