



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



THE SENATE
MATTERS OF PUBLIC INTEREST
Queensland Government
SPEECH

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BY AUTHORITY OF THE SENATE

SPEECH

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Speaker Brandis, Sen George	Question No.

Senator BRANDIS (Queensland) (1.13 pm)—The control of the taxing and spending powers of the Crown is one of the most essential foundations of our parliamentary system. The measures of control of those powers have varied across the centuries, but we can directly trace their source to 1215, when, by clauses 12 and 14 of the Magna Carta, the King undertook to impose no levy upon the people without the ‘general consent of the realm’, obtained by authority of an assembly of the bishops and nobles of England. It was this assembly which, during the course of the centuries that followed, evolved into the parliament as we now know it. In short, the Crown was obliged as early as the beginning of the 13th century to seek the approval of the parliament before it could raise taxes.

Equally important is the control of the parliament over the spending of the consolidated revenue. The two basic rules are that the executive may only spend moneys which have been appropriated by the parliament and that it may only spend such moneys for the purposes declared by the parliament, whether in an appropriation act or some other statute authorising the expenditure of public moneys. This principle, which is embodied in section 83 of the Commonwealth Constitution, reflects longstanding Westminster practice which, as Sir Isaac Isaacs said in 1922, in his judgement in the High Court’s decision in *Commonwealth v Colonial Combing Spinning and Weaving Company Ltd*, is ‘vital to the working of our federal Constitution as it is to the constitutions of the states’. In my own state, Queensland, that practice is constitutionally required by section 9 of the Constitution of Queensland 2001, which prescribes that ‘the powers, rights and immunities of the Legislative Assembly’ of the Queensland parliament shall be ‘the powers, rights and immunities, by custom, statute or otherwise, of the Commons House of Parliament of the United Kingdom and its members and committees at the establishment of the Commonwealth’—that is, as they stood on 1 January 1901.

The ability to spend money gives the government of the day enormous power to advantage people by financing certain projects or to disadvantage people by refusing to finance other projects. Thus it is the scrutiny of not only the general amount to be spent through an appropriation bill but the particular purposes to which that money is to be applied which is central to the control of the parliament over the executive. It should go without saying, of course, that the appropriation of moneys to the government is not the creation of a slush fund. Ministers and their departments are not merely given a pool of money to spend as they see fit. That would defeat the whole purpose of parliamentary scrutiny, and that is why money is applied to specific purposes. These purposes are set out in the various budget papers which clearly show the purposes to which the appropriations are to be applied.

Most specifically, that means that if departments are unable to spend the money, need to spend more money, or wish to reallocate money from one purpose to another, they are obliged to come back to the parliament to seek an additional appropriation. This is the consequence of the second of the rules I have mentioned—that is, that funds that have been appropriated by the parliament must only be spent for the purposes declared by the parliament. To do otherwise is unconstitutional and therefore unlawful.

Having regard to the finely developed system of scrutiny I have described, honourable senators might be shocked to learn that there is at least one government in this country which has come to see itself as above such scrutiny, a government which has become so bloated with arrogance that it does not even consider the scrutiny of its expenditure as a nicety, but instead as an irrelevance. I am speaking of the current Labor government in Queensland.

As proof of this, I bring to the attention of the Senate the fact that the Queensland government managed to underspend the capital works budget of the Queensland Department of Health by some \$200 million during the last financial year. During the same time, the amount appropriated to the departmental controlled expense of the Queensland health department—\$5,354 million—was overspent by approximately \$480 million, with an estimated actual expenditure during the financial year of \$5,832 million. These figures were obtained by my office after scrutiny of Queensland Budget Paper No. 2 for the last two financial years.

The thing which should be of concern to all Queenslanders, however, is that there has been no additional appropriation authorising the additional spending, nor the apparent reallocation of portions of the capital works budget to recurrent costs. Mr Beattie was in such an unseemly rush to get to the polls that he prorogued the state parliament without even introducing an additional appropriation bill let alone passing it. In fact, the last additional appropriation to pass the Queensland parliament was Appropriation Bill No. 2 2005. Because of this high-handedness with public money, there is no accountability for the mismanagement of the Queensland Department of Health.

In consultation with former Senator Bill O'Chee, my office has analysed moneys appropriated to specific capital works of the Queensland Department of Health during the 2005-06 financial year against the moneys actually spent. What this analysis reveals is the misallocation of appropriated funds, in particular by the underspending of funds allocated for capital works by the reallocation by the executive government, without parliamentary sanction, of those funds to recurrent expenditure. Let me cite some examples.

The Beattie government had promised to spend \$9,920,000 on building an emergency department at the Robina Hospital during the 2005-06 financial year, and funds were appropriated for this purpose. What actually happened, however, was that cumulative spending on this project—that is, the capital spending—at the end of the financial year was \$3,388,000. Taking into account the \$400,000 claimed to have been spent on the project prior to the commencement of the financial year, that means that less than \$3 million was actually spent from the capital appropriation during the financial year. But the government has failed to account for this capital works money and has merely reallocated it to recurrent spending to top up and cover for inefficiencies in the operation of the recurrent activities of the health department.

This was not the only way in which the people of the Gold Coast were cheated, and the health budget rorted, by the Beattie government. The Robina Hospital also had a further \$2,660,000 appropriated for a renal service during the last financial year. How much was spent? At the end of the financial year, only \$420,000 had been spent, including the \$40,000 spent before the commencement of the financial year. That means there has been an underspend on capital works for the renal service project by a further \$2,280,000. Again, there was no additional appropriation to authorise this money being reallocated to recurrent expenditure, and no accounting for the unspent money or explanation for the failure.

Robina was also promised a community health centre. These centres are supposed to provide services such as neonatal health, childhood health, mental health and the like. Last year's state budget appropriated \$10 million for capital works on that project. This is in addition to the emergency department and the renal services facility. The Beattie government's performance on this project was even worse than the others that I have mentioned. At the end of the financial year, they had spent not one cent of the capital appropriated for the community health centre.

In total, the Robina Hospital and the community health centre were appropriated \$22,580,000 for capital works spending during the 2005-06 year, yet total capital spending on all three projects during the financial year came to just \$5,668,000. That means that almost \$17 million of appropriated capital works money in this area appears to have been reallocated to recurrent spending without parliamentary sanction. Since Mr Beattie has refused to properly account for it in an additional appropriation bill, nobody knows how, where or why the money was spent.

One of the centrepieces of Mr Beattie's proposed solution to the health crisis that he himself created has been the creation of an emergency department at the Prince Charles Hospital in Brisbane. In the 2005-06 budget, \$50,800,000 was appropriated for this purpose. What happened to that money? At the end of the financial year the cumulative total spent on capital works at the hospital was only \$28,621,000, and that included \$3,300,000 spent before the commencement of the financial year. That means that just \$25,321,000 was spent on capital works on this project during 2005-06, less than half of the amount appropriated. The balance appears to have been swallowed up by recurrent expenditure within Queensland Health.

The Beattie government last financial year appropriated \$2,000,000 for capital works for the expansion of services at the Caloundra Hospital. There, too, they shortchanged the people and rorted the capital works budget. Just \$50,000 was spent during the financial year, and no explanation has been given as to where the balance of \$1,850,000 went.

Another interesting example of the long-term rorting of Queensland Health's capital works budget is the Nundah Community Health Centre. In the 2002-03 budget, \$500,000 was appropriated towards the establishment of the Nundah Community Health Centre. The money was not spent on capital works, but reallocated. In the

2003-04 budget, another \$500,000—the same \$500,000—was appropriated to commence work on the project. Once again, it was not spent. In the 2004-05 budget, \$4 million was appropriated for capital works on the project, but by the end of the financial year only \$760,000 had been spent. Again, the remaining money appears to have been reallocated to recurrent expenditure without parliamentary sanction. It was certainly never accounted for as an identifiable item in additional appropriations.

The 2005-06 budget saw \$6,700,000 appropriated for capital works on the Nundah Community Health Centre project, but the Beattie government spent only \$920,000 in the financial year. This means that, over a period of four years, a total of \$11,700,000 has been appropriated, in the course of four budgets, for this project but only \$1,680,000 has been spent on capital works. Parliament has never been provided with an explanation as to what happened to the appropriated money, nor has any additional appropriation bill authorised its reallocation. Yet that is what appears to have occurred. This scam has happened even as far north as Thursday Island, where \$1,250,000 was appropriated to build a much-needed renal care facility last financial year but only \$70,000 was spent on capital works.

As these examples show—and they are but a few of many examples—the roting of Queensland Health's capital works budget has been deliberate, systematic and longstanding. I hasten to add that Mr Beattie has some form in these matters. In the dying days of the Goss government, when Mr Beattie was the Minister for Health, almost \$40 million of capital works money was reallocated to recurrent spending without parliamentary approval. Nothing has changed. As a consequence, Queenslanders with health problems continue to suffer daily.

Of course, about 48c in every dollar of the Queensland budget originates in Canberra from funds appropriated by this parliament. Yet the Queensland Premier feels not the slightest compunction in not complying with the same standards of parliamentary scrutiny and accountability as would prevail if this money had been spent by Canberra. As senators, we have an enormous obligation to all Australians to ensure that public money is well spent and not spent unlawfully or unconstitutionally. This obligation is the same whether the states are spending Commonwealth money or the Commonwealth itself is spending the money.

The only thing I can suggest is that the Senate consider holding an inquiry into the accountability of state governments with regard to moneys that are provided to them by the Commonwealth and whether the Commonwealth should impose minimum standards of accountability as a condition of the money continuing to be provided. Otherwise, the Commonwealth is exposed to the kinds of scams and unconstitutional conduct revealed to be the daily practice of the Beattie government. The days of slush funds being in the hands of government ministers should be long gone. I seek leave to table table 6.3 from each of the 2005-06 and 2006-07 Queensland Budget Papers No. 3.

Leave granted.