




Speech By
Hon. Cameron Dick

MEMBER FOR WOODRIDGE

Record of Proceedings, 12 October 2016

MOTION: CAIRNS AND HINTERLAND HOSPITAL AND HEALTH SERVICE

 **Hon. CR DICK** (Woodridge—ALP) (Minister for Health and Minister for Ambulance Services) (6.04 pm): As the Minister for Health and Minister for Ambulance Services, I am well aware of the importance of prudent fiscal management, which is why I was pleased to announce in the House earlier today—

Mrs Frecklington interjected.

Mr SPEAKER: Order! Pause the clock. I apologise for interrupting you, Minister. Deputy Leader of the Opposition, you are warned under standing order 253A for those interjections. If you persist, I will take the appropriate action.

Mr DICK: I was pleased to announce in the House earlier today the \$51 million surplus across the system in the 2015-16 Queensland Health annual reports. As members in this House are well aware, we have a federated health system, legislated by the then Bligh Labor government and brought into effect by the Newman government on 1 July 2012. Under the act, the hospital and health services have been established as independent statutory authorities with considerable and, importantly, legislated degrees of autonomy and accountability including how they manage their finances and the funding they receive through the service agreements they sign with the Department of Health—service agreements that are also established by legislation.

Relevant sections of the act that members should be mindful of are section 7(4)(a), where each hospital and health board exercises significant responsibilities at a local level including the financial management of the service; section 9(1), 'Hospital and Health Services are individually accountable for their performance'; section 19(2), 'A Service also has the following functions—(a) to ensure the operations of the Service are carried out efficiently, effectively and economically'; and section 22, 'A Hospital and Health Board controls the Service for which it is established'. Both sides of this House supported those provisions and that is the way hospital and health services operate. These are serious and onerous responsibilities. In 2015-16, hospital and health services were allocated over 80 per cent of the Health budget, a sum of around \$11.5 billion. In 2016 that sum increased to \$12.6 billion. Under our system, oversight of its proper management is the responsibility of boards.

The deteriorating financial position in Cairns is a matter of concern and needs to be dealt with with strength and certainty to give the community confidence. That is why in April this year well before the budget, well before the estimates hearing, reputable accounting firm Ernst & Young were appointed to work with the hospital and health service to identify improvements and efficiencies to arrest the decline. Through the work of Ernst & Young, it emerged in the absence of remedial action that the Cairns and Hinterland Hospital and Health Service was forecast to deliver an operating deficit of \$80 million in 2016-17—a figure that is more than 10 per cent of the operating budget specified in its service agreement, an agreement that the board approved and executed with the department.

On 16 September I wrote to the board, which is accountable under the act for the financial performance of the hospital and health service, to show cause and to ask why it should not be dismissed. On 19 September I was contacted by Carolyn Eagle, Chair of the Cairns and Hinterland Hospital and Health Services Board, who was first appointed to the board by the Newman Liberal National Party government, advising me that the board members had collectively tendered their resignations. At that time I thanked the board members for their service and accepted their resignations. On 23 September I announced that I had appointed respected health professional Terry Mehan as administrator for the Cairns and Hinterland Hospital and Health Service and the Director-General of the Department of Health, Mr Michael Walsh, as an acting interim administrator. I have always said that the Ernst & Young report would be released publicly, and I undertake to the House tonight to table it in this parliament.

The Office of the Auditor-General plays an important role in ensuring public services remain accountable to the people of Queensland. It is critical that the independence of that office be respected by both sides of the House and that the Auditor-General be free to pursue the work he considers best serves the interests of Queensland. The Auditor-General is entitled to investigate the financial performance of any state public entity and has made a valuable contribution to the quality of public administration and the continuing drive to find efficiencies and deliver value for money for the Queensland taxpayer. Indeed, the Auditor-General recently signed off on the 2015-16 annual report of the Cairns and Hinterland Hospital and Health Service. In the view of the government, involvement of the Queensland Audit Office would be premature at this time. The Ernst & Young report is close to finalisation, I am advised by the Department of Health, and will soon be ready for public release and it will be tabled in this House.

My advice to the House would be to await its release. It is premature to act at this time. I ask members of the House to await the release of this report, to carefully consider its contents and its recommendations, to not unduly waste public moneys by authorising another audit that may be unnecessary and for the House, when it considers those matters, to make an informed decision on what further action might be deemed appropriate. Members should oppose the motion.

(Time expired)