



# RESEARCH NOTE

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## The End of the Carnell Government in the ACT

### The Carnell Government

Between February 1995 and October 2000 the Australian Capital Territory (ACT) was governed by a minority Liberal Government, led by Kate Carnell. Despite ongoing vulnerability this Government gave the ACT its longest period of political stability since self-government in 1989.

Carnell's Government worked hard to boost the ACT economy, weakened by Commonwealth public service cuts, by strengthening the private sector. Carnell was an active Chief Minister, who appeared in the pages of the *Canberra Times* almost daily. She was portrayed (and described herself) as a 'can-do' Chief Minister, keen to put Canberra on 'the business and tourism map'.<sup>1</sup>

Apart from the Government's constant boosting of the advantages of Canberra as a site for new businesses, an important plank in Carnell's vision for Canberra was what the *Canberra Times* called an 'events-led recovery policy'.<sup>2</sup> The spring flower festival, Floriade, the annual Summernats motor festival, the gaining of the 6th Australian Masters Games, the running of a V8 Supercar race, and the building of a futsal slab for international competition, were typical of the developments that Carnell encouraged. Her Labor predecessor had been keen to have Canberra in the Olympic soccer program, and once in power Carnell became an enthusiast for what she described as 'all the wonderful spin-offs of being an Olympic City'.<sup>3</sup>

Carnell's vigorous approach to government brought a great deal of attention to the Chief Minister, as well as some criticism of her approach. The *Canberra Times* noted that her 'can-do' style attracted many

voters, but it warned that 'there is always the likelihood that short cuts taken to achieve results will lead to trouble'.<sup>4</sup> Overall, though, the Chief Minister's efforts seemed well-received by the electorate. In the 1998 election the Liberal Party vote fell from 40.5 per cent to 37.8 per cent but the Chief Minister's own vote jumped from 27.1 per cent to 33.5 per cent, both figures being a remarkable personal achievement in a 7-member electorate, that helped elect not only Carnell, but two other Liberal MLAs, including Gary Humphries.

### Blemishes on the record

The major problems experienced by the Carnell Government often seemed to be caused by efforts to produce results quickly, with a consequent cutting of corners. Controversies over issues such as the redevelopment of the Manuka shopping centre, the development of the outer-Canberra area of Kinlyside, the inconveniences associated with the V8 race, the redevelopment of Bruce Stadium and, above all, the bungled implosion of Canberra Hospital, began to tarnish the Government's record. The position of the Chief Minister did not seem to be threatened, however.

The controversy over the Bruce Stadium was to change all that.

### Bruce Stadium

Although the needs of three football codes play an important part in the operation of Bruce Stadium, the prime factor in the decision to redevelop was linked with the desire to host Olympic soccer matches. Essentially the aim was two-fold: to increase seating from 11 000 to 25 000 capacity, and to generate much larger stadium revenues.<sup>5</sup>

Cabinet's 1997 decision to redevelop depended on money being raised from three sources: government appropriations (\$12.3million), sale of stadium products (\$8 million) and government guaranteed borrowing from the private sector (\$7million).<sup>6</sup> The Government maintained that the taxpayer's share would remain capped at \$12.3million.

It was soon obvious that the costs of the redevelopment were going to be much higher than \$27.3million, leaving the Government with the option of abandoning the project or finding the means of proceeding. In continuing the work, it followed some paths that later left it open to criticism. These included spending \$24m without Legislative Assembly approval, and taking out an overnight loan to balance the government's books at the end of the 1997–98 financial year.

By early 1999 public concern was being expressed over doubtful government processes and the increasing costs of the stadium.<sup>7</sup> Former NSW Auditor-General, Tony Harris, used the affair to accuse governments in Australia of forgetting that they needed parliamentary approval to be able to spend money, despite this being 'the basis of the relationship between the parliament and the government'.<sup>8</sup> The Chief Minister's response to criticism was that if the law had been breached, it was done in good faith.<sup>9</sup> She also accused the *Canberra Times* of showing bias and a lack of ethics, and attempting to create an unwarranted air of Government cover-up and secrecy.<sup>10</sup> On 18 June 1999 the ACT Auditor-General advised MLAs that he would conduct an audit of the Bruce Stadium redevelopment.

Despite the Auditor-General's investigation being incomplete, on 30 June 1999 the Labor Party moved a vote of no confidence in the Chief Minister over the issue. Independent MLAs, Paul Osborne and Dave Rugendyke, voted against the motion, preferring to wait for the Auditor-General's report. Rugendyke noted, however, that if the report provided 'the knockout punch', he would have no hesitation in supporting another no-confidence motion.<sup>11</sup>

In July 2000 Osborne and Rugendyke were active in negotiations over the Budget. In particular, their opposition to a supervised injecting room trial threatened to defeat the Budget. After a tense standoff a compromise was reached and the Budget survived. It indicated the ongoing fragility of the Government's position.<sup>12</sup>

The Bruce Stadium audit was eventually made public on 25 September 2000. Apart from many criticisms made about procedural weaknesses, it made two findings that probably sealed the fate of the Chief Minister:

- 'The payments made for the redevelopment in excess of the amounts appropriated were not lawful at the time they were made'.

- 'The overnight borrowing was not lawful'.<sup>13</sup>

On 11 October Labor moved a no-confidence motion to be debated on 18 October.

### Carnell is replaced

It was now clear that Rugendyke and Osborne would support this motion, and that Carnell would be defeated. Neither independent relished the possibility of Labor coming to power, and to avoid this Osborne even went so far as proposing a constitutional change to alter the fixed term arrangements to enable the calling of an early election. This was attacked by the *Canberra Times* as 'an abuse of democracy'.<sup>14</sup>

In the days prior to the debate there was much speculation as to the likely course of events. Carnell denied any wrong-doing and, in fact, claimed that the Auditor-General had found that the Cabinet had acted 'reasonably' in the Bruce Stadium matter.<sup>15</sup> She seemed determined to remain in office, though this may have been undermined by a *Canberra Times*—Datacol poll which found 60 per cent of respondents believed she should resign. This was an increase of 10 per cent on a similar poll in June 1999.<sup>16</sup>

Despite her determination, there seemed to be only two possible constitutional outcomes:

- Carnell to be replaced by a Liberal colleague, or
- the Liberals to refuse to nominate a replacement, hence allowing Labor to govern.

Despite talk of the latter occurring, Carnell resigned on 17 October, and was replaced as Chief Minister by Gary Humphries the next day, suggesting, in the view of one observer that 'the concept of fixed terms has been strengthened, and the ACT's particular version of Westminster parliamentary democracy becomes a potential model for other jurisdictions'.<sup>17</sup>

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*Views expressed in this Research Note are those of the author and do not necessarily reflect those of the Information and Research Services and are not to be attributed to the Department of the Parliamentary Library. Research Notes provide concise analytical briefings on issues of interest to Senators and Members. As such they may not canvass all of the key issues. Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion.*

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