

A. Full responses from entities

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Department of Health.

We also provided a copy of the report to the following entities and gave them the option of providing a response:

- Minister for Health and Ambulance Services
- board chairs of the 16 hospital and health services
- chief executive officers of the 16 hospital and health services.

We provided a copy of this report to the Premier and the Director-General, Department of the Premier and Cabinet, for their information.

This appendix contains the responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

Comments received from Director-General, Queensland Health



Enquiries to:

Telephone:
Our ref:
Your ref:

C-ECTF-25/25125
PRJ04660

Queensland Health

Ms Rachel Vagg
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Dear Ms Vagg

Thank you for your email dated 5 December 2025, regarding the Queensland Audit Office's (QAO's) proposed report to Parliament titled 'Health 2025' (the report).

I acknowledge receipt of the report and the contents proposed to be included in this report. I am responding on behalf of the Department of Health and 16 Hospital and Health Services (HHSs) to provide a single health system response. I would also like to advise that the report has been received by the Honourable Tim Nicholls MP, Minister for Health and Ambulance Services, and acknowledge with gratitude your offer to personally provide a briefing if required on the report.

It is pleasing to note the Department and all 16 HHSs received unmodified opinions on their annual financial statements for the 2024-25 financial year. It is also positive to note your recognition of the improved and timely tabling of all Health Sector Annual Reports by the legislative deadline.

Noted below are Queensland Health's responses to matters and topics covered in the report.

Recommendation 1: HHSs should each develop a plan for managing conflicts of interest for board members who are employed as clinicians at the HHS

The Department intends to support the HHSs and the clinician board members, in consultation with the Queensland Integrity Commissioner, to support conflict of interest management plan development as follows:

- the Department is proposing to introduce a standardised baseline for all Hospital and Health Board (HHB) clinician members' conflict of interest management plans in preparation for the 2026 HHB appointments;
- establishing baseline management and reporting strategies for clinician members will ensure that conflicts of interest are identified and managed appropriately and consistently across all HHBs; and
- the Department will consult with the Queensland Integrity Commissioner to standardise the core content for these plans.

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The key themes intended within the standardised content will be as follows:

- employment and clinical involvement;
- relationship with the Health Service Chief Executive;
- Board deliberations affecting employment or professional role; and
- personal relationships.

Financial performance and sustainability

The report comments again on health entities' ongoing financial sustainability. The report notes that the HHSs have a combined operating deficit of \$271.5 million in 2024-25 (2023-24: \$8.8 million operating surplus). HHSs exceeded their expense budgets by \$1.72 billion or 7.8 per cent (2023-24: \$1.95 billion or 9.8 per cent).

Queensland Health continuously monitors health services provided and notes the increase demands driven by an increasing and ageing Queensland population. The increase of 11.7 per cent in demand for health services is reflected in the increased expenditure, with some of the primary drivers of the increased expenditure being the higher volume of services delivered in the year, increased employee costs, and the impact of inflation on the costs of goods and services. Queensland Health recognises the challenges for financial sustainability which remains a key focus of all leadership teams and their staff. The challenges of increased health services demand, increased health service provider numbers and associated costs, and managing procurement to counter inflationary pressure are key focus areas for Queensland Health.

Workforce pressures and employee expenses

Aligned with the matter above, the report notes the significant impact and continued workforce pressures, emphasising future requirements and recruitment challenges in the sector. It highlights expected HHSs activity growth over seven years due to population growth, ageing, and complexity of health conditions, noting that from 2026, approximately 36,000 additional employees will need to be onboarded to meet this target based on the number of full-time equivalents reported in the 2024-25 financial statements.

It is pleasing to note that the QAO recognises the work Queensland Health is undertaking to address these workforce challenges in the *Health Workforce Strategy for Queensland to 2032*, focusing on three key areas which are supporting and retaining the current workforce, building and attracting new pipelines of talent and adapting and innovating new ways to deliver health services. The QAO notes the early indicated success of these strategies with the number of full-time equivalent employees working at HHSs increasing by approximately 5.9 per cent during 2024-25.

In 2024-25, Queensland Health recorded a 3.6 per cent decrease in expenditure for frontline contractor staff (for example, nurses and other clinical contractors), a decrease of \$15.6 million. Queensland Health continues to face recruitment challenges for remote areas and is constantly addressing recruitment strategies to broaden the potential pool for candidates and attract staff to these areas.

The impact of population growth and ageing on the need for hospitals and other assets
 The report comments on the continuing increase in Queensland population and the related demand that this places on future demand and capital requirements. Approximately 39.9 per cent (\$10.3 billion) of buildings currently owned by the Department and the 16 HHSs are due to be replaced within the next 10 years based on their recorded remaining useful lives. The Department anticipates that buildings will last longer than recorded due to planned refurbishments, redevelopments, and various capital maintenance projects that will prolong their useful lives.



Queensland Health recognises the formidable challenges arising from these demands and the requirement to develop and maintain infrastructure to continue providing health services that meets demand is a key focus. As noted in the report, Queensland Health spent \$2.55 billion on infrastructure development in 2024-25, with the continued delivery of major capital programs across the State, with that investment into infrastructure only continuing over the coming years.

The report notes that current market conditions are placing significant pressure on costs, while shortages of materials and labour are causing delays in the anticipated schedule for the projects. Over the next eight years, this pressure will intensify, as a substantial number of capital projects are implemented throughout Queensland, such as the Olympic and Paralympic Games, as well as transport, energy, and water initiatives. Queensland Health is aware of these challenges and is continually developing and reviewing strategies to contain costs across the delivery of the portfolio.

Maintenance needs of assets and prioritising high-risk maintenance

The QAO notes that HHSs reported a 29 per cent increase in the maintenance needs of their assets, which indicates that they continue to face significant challenges in funding the maintenance of their assets. The reported maintenance needs to include operational maintenance that has been deferred, capital maintenance that has been deferred and, in some cases, forecast future asset renewals, replacements and refurbishments.

Queensland Health agrees with the report statement that the growing maintenance requirements across the sector suggests there is need for additional funding in this space. This is to ensure the entities can maintain these assets and continue to deliver services effectively and efficiently. Queensland Health continues to identify and prioritise high risk maintenance as recommended in the report. I welcome that the report recognises that buildings will likely remain functioning longer than their recorded remaining useful lives indicate due to planned refurbishments, redevelopments, and various capital maintenance projects that will prolong their useful lives.

Increased demand for health services and the impacts on emergency departments and ambulances even with the services provided by new satellite hospitals

The report discusses the impacts of increasing health service demands on emergency departments and ambulances in line with Queensland's population growth. I am pleased that through the completion of the Satellite Health Centre Program and expansion of Virtual Care Services, that the overall demand for emergency department services has steadied in 2024-25.

Queensland Health recognises the ongoing challenges to service access across the public health system, both within Queensland and more broadly across the nation. Timely access to hospital care remains a priority and I welcome the QAO in recognising that current performance is impacted by the constantly increasing demand for services provided by the health system. The Department considers increasing demand on the emergency department as a whole-of-hospital issue, requiring equal focus on inpatient bed management, discharge practices and hospital substitution. As such, initiatives will be progressed to improve healthcare performance. Initiatives include, optimising patient transit hubs, implementing surgical rapid assessment units, reviewing general medicine best practice models of care, and increasing transparency of the performance of emergency departments through the publication of real time data.

It is pleasing that the report comments on the fact that despite having the highest number of responses in Australia proportionate to population, Queensland Health continues to achieve better response times for emergency incidents than most other jurisdictions. As noted in the report, delays in hospitals have a flow-on effect on ambulances. The reduction in ambulance delays will be significantly dependent on infrastructure development and increased staffing to meet the increasing demand for health services.



Payroll overpayments

The QAO has commented on the continuing increase in payroll overpayments occurring across the health entities and the need for this to be addressed. The rollout of the Integrated Workforce Management (IWFM) system aims to address this by automating rostering and payroll processes.

In 2024-25, the Department finalised the rollout of its electronic rostering system, IWFM, across all HHSs for nursing and midwifery staff (representing approximately 40 per cent of the HHS workforce and 38 per cent of the total cost of employee expenses). The Department will be implementing IWFM in a staged approach across the HHSs for other occupational groups, including doctors/medical officers, starting in 2025-26.

The implementation of IWFM is a key strategy being implemented to reduce the incidence of salary overpayments. The IWFM system will remove the need for forms to be completed manually and will make roster-to-pay processes simpler. Health entities will continue to be vigilant in ensuring strong compensating controls over roster and paper-based variation forms during the continuing transition of other cohorts.

The Department undertook work during 2024-25, in accordance with prior year recommendations by the QAO, to review and update the Human Resource Policy C13 - Payment of salaries and wages and Human Resource Policy C60 - Overtime resulting in greater clarity and strengthened controls over rostering and overtime practices and further assisting in limiting overpayments upfront.

Information systems and cyber security

The QAO discusses the ongoing need for a focus on information system controls and cyber security, with a number of prior year recommendations and deficiencies being recorded across the health system remaining unresolved.

Queensland Health is committed to regularly reviewing and updating security controls to maintain a strong security posture, addressing emerging threats, and ensuring alignment with industry best practices and regulatory requirements. This proactive approach helps safeguard assets, mitigate risks, and support continuous improvement in security and compliance across Queensland Health. As part of this commitment, the Department is focused on uplifting Essential Eight Security Controls, which includes multifactor to combat emerging threats to health system user accounts and compromise of information systems.

Each year the Department performs an independent assurance and attestation activity, with the results demonstrating continual improvement using a risk-based approach in accordance with the Queensland Government Information Security Policy (IS18) and the Queensland Health Information Security Management System framework.

Recent work has been undertaken to review and identify root causal factors contributing to deficiencies in information system security controls that has resulted in remedial activities to address and mitigate recurrence. Activities include strengthening policy and governance processes, raising awareness, reviewing operational workflows, and implementing sustainable technical controls in line with industry best practice.

The Department has established forums that proactively promote a positive cyber awareness culture and build cyber capacity across the health system. People, process, and technical controls are in place and continued to be strengthened to support account security and least privileged access across information systems while a continued focus on maturing contemporary best practice controls is actively reducing vulnerabilities and risk of compromise to critical enterprise systems.



An internal deep dive was performed on the findings from the QAO general IT controls audit that assessed foundational IT systems that provides user account management, authentication, access control and management of passwords to access key financial and other systems. The deep dive identified underlying factors that contributed to the findings resulting in significant cleanup activities, improved automation and workflows, deprovisioning of legacy systems, increased management oversight and alerting. A maturity uplift and focus on utilising modern authentication for O365 is currently underway transitioning users from legacy SMS to more secure methods such as Authenticator Application.

Should you or any officers of your department require further information, the Department of Health's contact is [redacted]

Yours sincerely



Dr David Rosengren
Director-General
5 January 2026

