

A. Entity responses

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:

- Treasurer, Minister for Energy and Minister for Home Ownership
- Minister for Health and Ambulance Services
- Queensland Treasury
- the Department of Health
- the Queensland Mental Health Commission.

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

- Premier
- Director-General, Department of the Premier and Cabinet.

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 Minister for Health and Ambulance Services



The Honourable Tim Nicholls MP
Minister for Health and Ambulance Services

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Telephone +61 7 3035 6100

C-ECTF-26/7263

Ms Rachel Vagg
Auditor-General
Queensland Audit Office

14 MAY 2026

Email: gao@gao.qld.gov.au

Dear Ms Vagg

Thank you for your email dated 23 April 2026, in relation to the proposed Queensland Audit Office report, Managing funding from the mental health levy. I appreciate you taking the time to review the management of this critical funding source and was disappointed to read your analysis, including that the former Labor government did not establish effective governance arrangements when the levy was introduced resulting in the ineffective management of Queensland taxpayer funded dollars.

Upon coming into government, I also had concerns about the management and oversight of Queensland Health's Mental Health Levy investment through Better Care Together, and requested the department undertake a mid-term review. Similar to your report, this review found:

- several initiatives announced and even commenced under the former Labor government had not been properly funded;
- the Mental Health Levy was used to fund programs out of scope; and
- many initiatives were significantly delayed, leading to funding deferrals.

Following the review, and more broadly in the mental health space over the past 16 months, the Crisafulli Government has progressed a considerable piece of work to better direct levy funding. In December 2025, I announced more than \$350 million in additional funding from the Mental Health Levy for new and expanded initiatives, including:

- providing more specialist mental health clinicians in emergency departments to improve the triaging process for Queenslanders presenting with mental ill-health and in mental health crisis;
- unlocking latent alcohol and other drug bed capacity across non-government organisation providers, including in regional locations bringing care closer to home;
- delivering 30 new perinatal mental health beds across the state, with the first two now operating at the Mater Catherine's House in Brisbane; and
- ensuring the former Labor government's previously committed but unfunded initiatives can be delivered;

I am advised the department has begun strengthening its governance of all Mental Health Levy funding allocations, in addition to enhancing its role in planning whole of levy investment.

In response to the report and the Audit findings, the department will work with Queensland Treasury to support developing guidelines for the management of Mental Health Levy funds.

A handwritten signature in blue ink, appearing to be "Tim Nicholls".

I understand that on 1 May 2026, Ms Peta Bryant, then Acting Director-General, Queensland Health, has provided the Queensland Audit Office with a detailed departmental response.

Thank you again for writing to me. Should you require any further information in relation to this matter, I have arranged for [REDACTED] to be available to assist you.

Yours sincerely



Tim Nicholls MP
Minister for Health and Ambulance Services
Member for Clayfield

Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: QT01690-2026

Ms Rachel Vagg
Auditor-General
Queensland Audit Office

Email: qao@qao.qld.gov.au

Dear Ms Vagg *Rachel*

Thank you for your email of 23 April 2026 providing the proposed report for the performance audit on *Managing funding from the mental health levy*.

I appreciate the opportunity to review the report and respond before the report is tabled in Parliament. Queensland Treasury has considered the recommendations of the proposed audit report and agrees with the recommendations directed to it, as detailed in the enclosed response.

As you are aware, Treasury has commenced work to draft guidelines clarifying the scope of activities to be funded by the levy, processes for applying for funding, and reporting requirements. Treasury has also developed a dashboard to enhance monitoring and reporting.

I would note, however, that Treasury considers certain elements of the implementation detail of the recommendations, such as planning services and monitoring outcomes, to be the remit of delivery and commissioning agencies, as would be the case with other funding sources.

If you require further information, please contact [redacted], who will be pleased to assist.

Yours sincerely

Paul Williams
Under Treasurer

15 / 5 / 2026

End. (1)

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Responses to recommendations



Queensland Treasury

Managing funding from the mental health levy

Response to recommendations provided by Paul Williams, Under Treasurer, Queensland Treasury on 15 May 2026.

Recommendation	Agree/ Disagree	Time frame for implementation (Quarter and financial year)	Additional comments
<p>We recommend that Queensland Treasury:</p> <ol style="list-style-type: none"> consults with key entities to establish governance of the levy as a whole by: <ul style="list-style-type: none"> identifying the scope for how mental health levy funding can be used. This includes providing guidance and clarity about what services and infrastructure can be funded, and whether and to what extent the levy can be used to replace existing funding sources leading and coordinating how roles and responsibilities are assigned for planning and overseeing levy investment, outcomes, and expenditure across the continuum of care establishing transparent reporting on the levy's allocation, expenditure, and performance 	Agree	Q1 26-27	<p>Queensland Treasury is developing whole of Government Guidelines in consultation with key Government agencies to provide clarity on the scope, submission process and assessment criteria for requests for funding from the mental health levy.</p> <p>Levy revenue is reported in Queensland Treasury's annual report and Treasury's guidelines will look to strengthen expenditure reporting requirements for agencies.</p> <p>Treasury has developed a process and system to improve tracking levy revenue and expenditure.</p> <p>It is Queensland Treasury's position that agencies retain responsibilities for commissioning, monitoring and evaluating services, as they do in the case of other revenue streams.</p>
<ol style="list-style-type: none"> implements an internal policy for how it administers the levy. The policy should outline: <ul style="list-style-type: none"> the minimum information needed in its advice about funding requests when it can approve entity requests to defer allocated funding 	Agree	Q1 26-27	<p>Queensland Treasury is developing whole of Government Guidelines to provide clarity on the scope, submission process and assessment criteria for requests for funding from the mental health levy.</p> <p>Deferrals will continue to be managed consistent with all other agency deferral requests.</p>

Recommendation	Agree/ Disagree	Time frame for implementation (Quarter and financial year)	Additional comments
<p>3. provides guidelines to entities who receive levy funding, which at a minimum include:</p> <ul style="list-style-type: none"> • the prescribed use of funding under legislation • accountabilities for ensuring funds are spent for their approved purpose and in line with legislation • requirements and obligations for deferring and managing changes to the approved use of funding • performance and expenditure reporting requirements, including the need for all government entities that receive funding to acquit their expenditure directly back to Queensland Treasury. 	Agree	Q1 26-27	<p>Queensland Treasury is developing whole of Government Guidelines outlining the prescribed use of funding under legislation, and reporting requirements including acquittal of actual expenditure by agencies to Queensland Treasury at the end of the financial year.</p> <p>As noted at point 2, above, Deferrals will continue to be managed and assessed consistent with all other agency requests to defer funds.</p>



Comments received from Acting Director-General, Queensland Health



Enquiries to:

Telephone:
Our ref:

C-ECTF-26/7524

Queensland Health

Ms Rachel Vagg
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Dear Ms Vagg

Thank you for your letter dated 23 April 2026, regarding the Queensland Audit Office's proposed report to Parliament titled 'Managing funding from the mental health levy' (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. The report has been received by the Honourable Tim Nicholls MP, Minister for Health and Ambulance Services, and I acknowledge your offer to personally provide a briefing if required on the report.

It is pleasing to note that as the largest recipient of levy funds, the department manages most of its funding well, noting that there are opportunities to improve its governance approach.

The report outlines that the levy's intended purposes are to:

- increase funding and expenditure for mental health, alcohol and other drug (MHAOD) services in Queensland;
- enhance existing services;
- introduce new services to meet emerging needs across the continuum of care; and
- reform Queensland's MHAOD system through a substantial increase in investment.

Given this, it is positive that the report acknowledges that the levy funding provided to the department has led to increases in expenditure, beds and staff for specialised MHAOD services.

The department welcomes the recommendation that Queensland Treasury consults with key entities to establish governance of the levy as a whole and guidelines for levy investment. The department also accepts the two recommendations directed to Queensland Health, with detailed responses below.

Recommendation 1: that the department improves how it governs all its allocations of levy funding.

The department will review and enhance governance arrangements for the management of allocations from the levy. The revised approach will align with the Queensland Treasury

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guidelines, which are in development and ensure greater oversight, fiscal accountability and alignment with broader budgetary frameworks.

A review of the processes to manage levy expenditure will also be undertaken, adopting a risk-based approach as initiatives become business as usual. The department notes that any proposed changes will need to ensure that expenditure is able to be accurately reported. A strengthened approach to transparency through regular reporting on levy expenditure will be implemented to enable stakeholders and the community to track investment.

The department engages with stakeholder groups on a regular basis through its routine engagement processes and will continue to strengthen partnerships and collaboration to inform future planning processes for state-funded MHAOD specialist services.

Recommendation 2: that the department informs planning for whole-of levy investment by progressing and enhancing its evaluation of *Better Care Together: A plan for Queensland's state-funded mental health, alcohol and other drug services to 2027* and its approach to joint regional planning for mental health, alcohol and other drug services.

The department welcomes the recommendation to enhance approaches to formative and summative evaluation for *Better Care Together* and continues to work with an independent evaluator to progress this work with the summative evaluation, inclusive of quantitative data to be provided by the department, to be completed by December 2027.

The department is working to continuously improve its approach to measuring performance of state-funded MHAOD services. To assist in understanding whether the levy is contributing to intended outcomes the department will explore opportunities to incorporate evaluation approaches across levy funded programs.

The department also acknowledges the importance of joint regional planning and the utility of evaluation findings to inform services planning into the future. The department will look to review and enhance existing approaches to joint regional planning for MHAOD services.

Should you or any officers of your department require further information, the department's contact is

[Redacted contact information]

Yours sincerely



Peta Bryant
Acting Director-General
1 May 2026



Responses to recommendations



Department of Health

Managing funding from the mental health levy

Response to recommendations provided by Peta Bryant, A/Director-General, Queensland Health, on 1 May 2026.

Recommendation	Agree/ Disagree	Time frame for implementation (Quarter and financial year)	Additional comments
<p>We recommend that the Department of Health:</p> <ol style="list-style-type: none"> improves how it governs all its allocations of levy funding by establishing: <ul style="list-style-type: none"> clear accountabilities for decisions to fund new projects and reallocate existing funding, in line with levy funding guidelines a risk-based criteria for financial and performance monitoring and reporting that provides effective oversight and control improved management of risk and escalating requests for changes to approved expenditure appropriate forums for stakeholder engagement 	Agree	Quarter 2 2026-27	<p>The Department of Health will establish a governance structure and approach for Mental Health Levy funding in accordance with the Queensland Audit Office findings and recommendation.</p> <p>The Department of Health will contribute to the development of Mental Health Levy guidelines by Queensland Treasury and commits to implementing these when finalised.</p>
<ol style="list-style-type: none"> informs planning for whole-of-levy investment by progressing and enhancing its: <ul style="list-style-type: none"> formative and final evaluation of Better Care Together: A plan for Queensland's state-funded mental health, alcohol and other drug services to 2027 joint regional planning for mental health, alcohol, and other drugs services. 	Agree	As appropriate	<p>The Department of Health will continue to progress the evaluation of Better Care Together and will explore opportunities to enhance its approach, noting the summative report is due at the end of 2027. Findings will be incorporated into future planning processes.</p>

Comments received from Mental Health Commissioner, Queensland Mental Health Commission



Queensland
**Mental Health
Commission**

ABN 54 163 910 717

Enquiries [redacted]
Telephone [redacted]
File Ref C/2026/1945
Date 18 May 2026
Security **OFFICIAL**

Ms Rachel Vagg
Auditor-General
Queensland Audit Office

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Dear Ms Vagg

Thank you for the opportunity for the Queensland Mental Health Commission (the Commission) to provide a response to the recommendations outlined in the Queensland Audit Office report, *Managing funding from the mental health levy*.

In preparing this response, the Commission has consulted with Queensland Health.

The Commission agrees with all recommendations outlined in the report and is committed to working collaboratively with Queensland Government agencies to support their implementation. Through this work, the Commission will contribute to strengthening governance, oversight and accountability arrangements for the management of funding from the mental health levy.

The Commission welcomes the report's focus on improving transparency and accountability regarding the use of mental health levy funding.

Please find attached the Commission's response to each recommendation.

Yours sincerely,



Ivan Frkovic
Mental Health Commissioner
Queensland Mental Health Commission

Enc.

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Responses to recommendations

May 2025

QMHC response to QAO recommendations



Queensland
Mental Health
Commission

The following sets out the Queensland Mental Health Commission’s (the Commission) response to the Queensland Audit Office recommendations in *Managing funding from the mental health levy*.

Managing the mental health levy	Entity responses
<p>We recommend that Queensland Treasury:</p> <ol style="list-style-type: none"> consults with key entities to establish governance of the levy as a whole by: <ul style="list-style-type: none"> identifying the scope for how mental health levy funding can be used. This includes providing guidance and clarity about what services and infrastructure can be funded, and whether and to what extent the levy can be used to replace existing funding sources leading and coordinating how roles and responsibilities are assigned for planning and overseeing levy investment, outcomes, and expenditure across the continuum of care establishing transparent reporting on levy expenditure recommending that government introduces reporting on the levy’s allocation and performance 	<p>The Commission agrees with this recommendation.</p>
<ol style="list-style-type: none"> implements an internal policy for how it administers the levy. The policy should outline: <ul style="list-style-type: none"> the minimum information needed in its advice about funding requests when it can approve entity requests to defer allocated levy funding 	<p>The Commission agrees with this recommendation.</p>
<ol style="list-style-type: none"> provides guidelines to entities who receive levy funding, which at a minimum include: <ul style="list-style-type: none"> the prescribed use of funding under legislation accountabilities for ensuring funds are spent for their approved purpose and in line with legislation requirements and obligations for deferring and managing changes to the approved use of funding performance and expenditure reporting requirements, including the need for all government entities that receive funding to acquit their expenditure directly back to Queensland Treasury. 	<p>The Commission agrees with this recommendation.</p>
<p>Using the Department of Health’s levy allocation to deliver outcomes</p> <p>We recommend that the Department of Health:</p> <ol style="list-style-type: none"> improves how it governs all its allocations of levy funding by establishing: <ul style="list-style-type: none"> clear accountabilities for decisions to fund new projects and reallocate existing funding, in line with levy funding guidelines a risk-based criteria for financial and performance monitoring and reporting that provides effective oversight and control improved management of risk and escalating requests for changes to approved expenditure appropriate forums for stakeholder engagement informs planning for whole-of-levy investment by progressing and enhancing its: <ul style="list-style-type: none"> formative and final evaluation of <i>Better Care Together: A plan for Queensland’s state-funded mental health, alcohol and other drug services to 2027</i> joint regional planning for mental health, alcohol, and other drugs services. 	<p>The Commission agrees with this recommendation.</p>

