

Report summary

This report examines whether Queensland’s mental health levy is effectively managed to achieve its intended purposes. This audit focused on:

- the management of the levy as a whole across the mental health, alcohol and other drugs (MHAOD) system
- how Queensland Treasury and the Department of Health manage their respective responsibilities for the levy.



What is important to know about this audit?

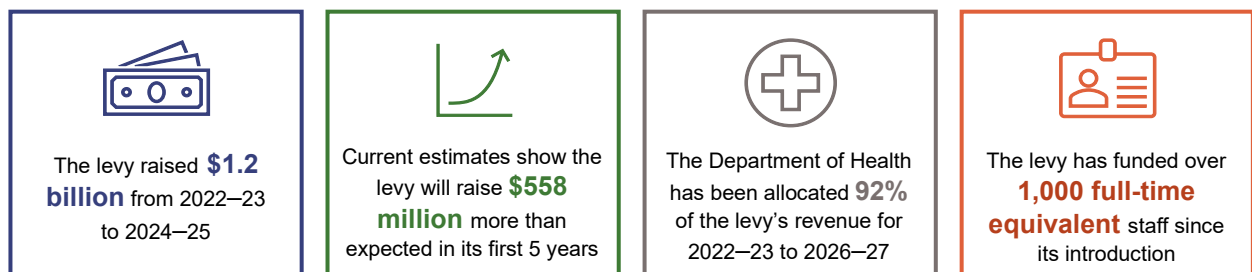
Queensland’s mental health levy was introduced in 2023. Its intended purposes are to:

- increase funding and expenditure on MHAOD services
- respond to emerging needs by enhancing existing services and introducing new services
- reform Queensland’s MHAOD system.

The levy can only be spent on specific services or infrastructure under legislation. The Queensland Government allocates levy funding to government entities to deliver and manage MHAOD services in Queensland. These services support people to maintain wellbeing, receive treatment, and recover from mental illness and problematic use of alcohol and other drugs. These entities and services collectively make up the MHAOD system. Queensland Treasury is responsible for administering levy funding.

Since its introduction, the levy has raised substantial revenue for Queensland’s MHAOD system.

Figure A
Key statistics about the mental health levy



Source: Compiled by the Queensland Audit Office using information from Queensland Treasury and the Department of Health.



What did we find?

There is no coordinated approach to managing the levy as a whole.

The Queensland Government has not established appropriate structures, decision-making authorities, responsibilities, systems, and processes to effectively govern the levy as a whole. As a result, there is no whole-of-levy management approach, including:

- shared understanding between Queensland Treasury, the Department of Health, and the Queensland Mental Health Commission about what services and infrastructure levy funding can be used for
- planning to inform decisions about how funding is and could best be allocated across the MHAOD system
- monitoring how all funding is spent and whether the levy’s intended purposes are being achieved
- reporting on the levy to inform parliament and the public about its use.



Queensland Treasury is responsible for informing government decisions on funding submissions and administering allocated funds to entities. But it does not track all levy expenditure and there are gaps in how it administers funding. Entities are responsible for monitoring performance and expenditure for their levy-funded services, however, there is no consolidated understanding of how all levy funding has been spent or whether it has been effective.

The gap in whole-of-levy planning means that funding may not be targeted to achieve the levy’s intended purposes.

There is no coordinated approach to planning how all levy funding should be targeted across the MHAOD system to inform government decision making. Instead, the government has made decisions to allocate levy funding in response to entity requests. Some entities have undertaken planning to inform their requests for funding. This includes the Department of Health, which is responsible for planning and managing levy funding for specialised MHAOD services.

However, there is no coordinated approach to informing the level of funding directed across preventative, primary, and specialised MHAOD services to meet the levy’s intended purposes.

Most levy funding has gone to specialised services which focus on treatment and support for people experiencing mental illness or problematic alcohol and other drug use. The levy has also funded initiatives that support mental health and wellbeing, and help people who are experiencing, or who are at risk of, MHAOD issues. Levy funding has been used to replace existing funding sources for some initiatives.

Accurate data about levy performance or expenditure across all programs is not available. This makes it difficult for the government to assess the impact of the levy’s investment and understand whether it is driving reform in the MHAOD system as intended.

As the largest recipient of levy funds, the Department of Health manages most of its funding well, but can improve its governance approach.

The Department of Health designed a governance approach for its largest allocation of funding under its 5-year statewide MHAOD services plan, *Better Care Together: A plan for Queensland’s state-funded mental health, alcohol and other drug services to 2027 (Better Care Together)*. However, there were gaps in the design and implementation of this approach that reduced its effectiveness. The Department of Health also designed a process to manage funding release under *Better Care Together*, which generally works well.

The Department of Health has increased outputs for specialised MHAOD services, but does not yet know if its programs are contributing to intended outcomes.

The Department of Health’s levy allocation has contributed to increases in key outputs including expenditure, beds, and employee numbers in Queensland’s specialised MHAOD system. However, the Department of Health does not yet know if its programs are contributing to their intended outcomes. This is primarily due to delays in its evaluation and gaps in its approach to measuring performance across all programs. Improvements to some health and wellbeing outcomes may only be evident in the longer term.

The Department of Health has spent 89 per cent of its allocated funding for *Better Care Together* from 2022–23 to 2024–25. It deferred \$93.6 million in operational funding and \$120.5 million in capital funding in 2024–25.



What do entities need to do?

We recommend:

- Queensland Treasury consults with key entities to establish coordinated governance of the levy as a whole, including by assigning roles and responsibilities
- Queensland Treasury strengthens how it administers levy funding by improving processes and establishing guidelines for entities that receive funding
- the Department of Health improves how it governs its total allocation of levy funding and informs future levy investment using its planning processes.

