

# A. Full responses from entities

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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 Minister for Health and Ambulance Services



Minister for Health and Ambulance Services

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Telephone +61 7 3035 6100

C-ECTF-24/19997

Ms Rachel Vagg  
Auditor-General  
Queensland Audit Office  
Level 13, 53 Albert Street  
BRISBANE QLD 4000

20 DEC 2024

Email: [gao@gao.qld.gov.au](mailto:gao@gao.qld.gov.au)

Dear Ms Vagg

Thank you for your email dated 25 November 2024, in relation to the Queensland Audit Office's proposed report to Parliament titled 'Health 2024' (the report).

I appreciate the opportunity to review the report and note that Dr David Rosengren, Director-General, Queensland Health wrote to you on 15 December 2024, detailing Queensland Health's acknowledgment and response.

I welcome and appreciate the detailed and considered report you have presented. Many of the issues raised within your report, including improving the financial management and service performance of hospital and health services across Queensland, are priorities of mine.

I am confident the Crisafulli Government's Easier Access to Health Services Plan will cure the health crisis by diagnosing the pressure points in the system, treating the systemic issues, and delivering the health services Queenslanders deserve, no matter their postcode.

Thank you again for writing to me. I look forward to continuing working closely with your office.

Should you require any further information in relation to this matter, I have arranged for [redacted] Department of Health, [redacted] to be available to assist you.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Tim Nicholls'.

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



# Comments received from Director-General, Queensland Health



Queensland Health

Enquiries to:

Telephone: [Redacted]  
 Our ref: PRJ04158  
 Your ref: C-ECTF-24/19998

Ms Rachel Vagg  
 Auditor-General  
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 BRISBANE QLD 4000

Email: [gao@gao.qld.gov.au](mailto:gao@gao.qld.gov.au)

Dear Ms Vagg

Thank you for your email dated 25 November 2024, regarding the Queensland Audit Office (QAO) proposed report to Parliament titled 'Health 2024' (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 (the Department) and the 16 Hospital and Health Services (HHSs) to provide a single health system response.

It is pleasing to note the Department and all 16 HHSs received unmodified opinions on their annual financial statements for the 2023-24 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 proposed report.

**Recommendation 1: The Department update its 'Asset Management Key Terms paper' to clearly define key asset maintenance terms**

Queensland Health continues to focus on how we can better manage planned maintenance and ensure a consistent approach to the calculation of these costs across all entities in the health system. The Asset Management Key Terms paper is being updated for consultation with Health Infrastructure Queensland, HHSs and Department's divisions. The updated paper will cover consistency in topics including deferred maintenance, postponed capital maintenance, and forecast lifecycle replacement, renewals and refurbishments.

**Recommendation 2: The Department and HHSs report the values against each of these terms in their annual reports - deferred maintenance, postponed capital maintenance, and forecast lifecycle replacement, renewals and refurbishments (if applicable)**

Queensland Health constantly strives to deliver transparent and clear information that assists users to understand transactions and events. In 2025, the key terms deferred maintenance, postponed capital maintenance, and forecast lifecycle replacement, renewals and refurbishments which will be outlined in the Asset Management Key Terms paper will be incorporated into the Department's Office of Health and Statutory Agencies guidance for annual reports, with similar text in the Department's annual report.

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#### Financial performance and sustainability

The proposed report comments again on health entities' ongoing financial sustainability. The report notes that the HHSs have a combined operating surplus of \$8.8 million in 2023-24 (2022-23: \$67.8 million operating deficit). The HHSs exceeded their expense budgets by \$1.95 billion or 9.8 per cent (2022–23: \$1.8 billion or 9.9 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 6.1 per cent in demand for HHSs 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 our 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, projecting 45,000 additional staff to be working in the health system (30.3 per cent growth) by 2032.

It is pleasing to note that 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 indicated success of these strategies with the number of full-time equivalent employees working at the Department and the HHSs increasing by approximately 7,596 (7.5 per cent) during 2023-24.

In 2023-24, Queensland Health recorded a 27 per cent increase in expenditure for frontline contractor staff (for example, nurses and other clinical contractors) - an increase of \$92.8 million. This was due to an increase in demand, with the majority of the increase in expenditure incurred by the regional areas, where the costs of obtaining additional contract labour are higher. 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 37.4 per cent (\$8.7 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 recognise 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 \$2.1 billion on infrastructure development in 2023-24 with the continued delivery of major capital programs across the State.

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 the HHSs reported a 40 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 agree with the report statement that the growing maintenance requirements across the sector suggests there is a 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 continue 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 (EDs) and ambulances even with the services provided by new satellite hospitals.

The report discusses the impacts of increasing health service demands on EDs and ambulances, even with services provided by the new satellite hospitals. Demand for ED services continue to grow, and more people are arriving at EDs with complex issues. Importantly the report states that the number of ambulance incidents reported under the mental health category has increased by 29.7 per cent over the last four years.

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 for the State and I welcome the QAO 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 ED 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 our EDs through the publication of real time data.

I further welcome the QAO's observation that the Commonwealth and State Government have a shared responsibility to minimise the increasing trend of acute potentially preventable hospitalisations (PPHs) in Queensland. While the Commonwealth Government is responsible for the provision of primary health care, such as prevention, Queensland Health acknowledges its active role in minimising PPHs given the direct impact on acute hospital service demand and expenditure. As the QAO report notes, Queensland Health is progressing work in phase 2 of work around PPHs which involves the design and development of a clear strategy and performance targets to encourage the reduction of PPHs in Queensland.

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.

#### Integrated Workforce Management system

The report identifies ongoing issues with the approval of unplanned overtime and rostering controls at several HHSs.

The report notes the introduction of an electronic rostering system across Queensland Health as part of the Integrated Workforce Management (IWFM) program. The implementation of the electronic rostering for nursing and midwifery has made significant progress since last year's report with 46,700 rostered employees having access to the solution and significant improvements in pay outcomes being seen. Currently, only three HHSs remain to finalise their implementations for nursing and midwifery in the first quarter of 2025. Additionally, funding was announced in the 2024-25 Budget for IWFM Stage 4, which intends to deliver the solution to the rest of Queensland Health. A Discovery Phase is well underway to understand the current rostering practices across the remaining cohorts, including medical staff and overtime practices to ensure the solution, business processes and business model can be designed to mitigate the issues identified by the QAO. The Program has initiated a detailed Stage 4 planning phase to commence this work in preparation for implementation activity to commence later in 2025.

#### Payroll overpayments

The QAO have commented on outstanding payroll overpayments of \$67.6 million, and how a significant portion of payroll overpayments (75 per cent) is attributed to late submission of manually completed forms. The IWFM system aims to address this by automating rostering and payroll processes.

The Corporate Services Division has been actively addressing the ongoing challenges with late forms through communication campaigns and testing different approaches for HHS staff to access the myHR solution through piloting myHR kiosks in local operational areas and supporting staff to utilise myHR on mobile devices. Findings will inform a statewide approach to increasing the daily use of myHR which will enable more timely attention to form submissions. 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.

Corporate Services Division has established initiatives to improve recovery of overpayments. Work is being undertaken to consult with staff and introduce targeted strategies for current staff high value overpayments and undertake communication campaigns encouraging current staff to enter a repayment plan.

#### Information systems

Queensland Health is committed to continual improvement and has a cyber strategy being delivered across three horizons to uplift enterprise controls that will provide protections across the health system including 16 HHSs. 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.

The Department has established a number of governance arrangements and working groups to facilitate system wide collaboration and transparency in its stewardship role to ensure patient information and digital systems are protected through mature technology, processes, culture and practices.

Secure by design, continued education and awareness, uplift of incident detection and response procedures, privileged access management and policy frameworks are just some of the initiatives in development or place to mature controls and reduce risk across the enterprise with a focus on critical systems and resilience.



Thank you again for writing to me. Should you or any officers of your Department require further information, the Department's contact is

Yours sincerely



Dr David Rosengren  
Director-General  
15/12/2024

