Public Sector Commission

GOVERNMENT OF WESTERN AUSTRALIA

Agency Capability

Department of Health

Executive summary



October 2026

Introduction

The Department of Health (the agency) was reviewed under the Agency Capability Review Program from February to July 2026. This capability review focuses on the agency as distinct from WA Health: the 8 independent health service providers and their boards were not in scope but were consulted as stakeholders.

The agency, led by the Director General, is the system manager of the Western Australian public health system and is responsible for strategic leadership, stewardship, and allocating resources to deliver high quality, safe and timely health services.

In recent years, the agency has prioritised operational system management and whole of system outcomes at the expense of its own corporate capability, resulting in its role and strategic boundaries in the health system not being well established. Agency strategic planning is needed to help address escalating health workforce demand, constrained hospital capacity and the impacts of geopolitical instability on fuel supply and prices.

Despite these issues, the agency has demonstrated strengths that provide a foundation for improvement. For example, the State Health Operations Centre is a deliberate and planned response to rising demand and fragmentation across the health system. In addition, extensive co-design and stakeholder engagement led to a model of care that reflects the priorities and leadership of communities and supports locally led decision making.

This report provides a practical pathway to support the agency's improvement efforts and strengthen the WA public health system's performance across the state.

About the Agency Capability Review Program

The program takes a comprehensive whole of sector approach to improvement. It sets standards based on an understanding of what constitutes a high performing public sector agency in Western Australia.

Reviews provide valuable insight into how agencies can improve and deliver the quality services expected of them. Reviews also contribute to the development and improvement of the sector.

Reviews are conducted by independent lead reviewers with public administration expertise and experience. Lead reviewers are supported by senior executives from the government sector who are co-opted for each review, as well as the Agency Capability Review team at the Commission.

Each review is conducted against the standardised Agency Capability Framework of the 5 most significant areas of public sector management and administration. The framework is relevant and applicable to all agencies regardless of remit, purpose, functions and services.

The framework supports agencies to ask 4 key questions:

- What are we meant to achieve?
- How well are we currently doing it?
- How do we know?
- Where can we do better?

Agency background

The *Health Services Act 2016* established the Director General as the system manager of WA Health responsible for strategic leadership, stewardship, direction and allocating resources to deliver high quality, safe and timely health services. Agency activities focus on creating a sustainable health and care system, providing optimal health care, and supporting the health and wellbeing of the community.

At the time of the review, WA Health consisted of the agency and 8 independent health service providers that are individual statutory authorities with their own board and/or chief executive:

- Child and Adolescent Health Service
- East Metropolitan Health Service
- Health Support Services
- North Metropolitan Health Service
- PathWest Laboratory Medicine WA
- Quadriplegic Centre (to be closed in mid to late 2026)
- South Metropolitan Health Service
- WA Country Health Service

The agency provides system wide services that support the health service providers to deliver:

- hospital and emergency care
- preventative health programs
- Aboriginal health services
- mental health and aged care support
- pathology services.

The agency underwent organisational change in 2025-26 following an operational review. The focus of the change was to strengthen leadership and system manager functions including financial and performance management; deliver priorities supporting digital health and emergency access; and realign reporting structures and workloads.

This agency capability review focuses on the agency as distinct from WA Health.

Ministers

At the time of review, the agency reported to:

1. Hon Meredith Hammat MLA, **Minister for Health; Mental Health**
2. Hon Stephen Dawson MLC, Minister for Regional Development; Ports; Science and Innovation; **Medical Research**; Kimberley
3. Hon Simone McGurk MLA, Minister for Creative Industries; Heritage; Industrial Relations; **Aged Care and Seniors**; Women
4. Hon John Carey MLA, Minister for Planning and Lands; Housing and Works; **Health Infrastructure**
5. Hon Sabine Winton MLA, Minister for Education; Early Childhood; **Preventative Health**; Wheatbelt

From July 2026, Minister Hammat assumed responsibility for the preventative health portfolio.

Boards and committees

The agency provides governance support to the 8 independent health service providers (see previous page).

Future operating environment

The agency's future operating environment is being shaped by growing demand for health services and increasing scale and complexity particularly for services supporting older people, long term conditions and end of life care. Workforce constraints are going to continue affecting the system's capacity to respond if they are not addressed.

Demand patterns are changing, with increasing emphasis on care delivered outside hospital settings. A significant share of hospital activity reflects conditions that can be managed through earlier intervention, primary care and community based services alongside better integration with mental health and aged care systems. These shifts are influencing how services are planned, funded and delivered across the system.

Rapid digital transformation is reshaping care delivery, decision making and system performance. Health, virtual care and data enabled models are expanding while AI is increasingly helping clinicians, managers and system leaders make more informed decisions in diagnostics, forecasting, triage and system optimisation. These developments create opportunities to improve access, efficiency and outcomes while also introducing risks including cyber security threats, data governance challenges and changing workforce capability needs.

The agency needs to build its capability to prepare for, respond to and recover from emergencies by strengthening emergency preparedness and system resilience. COVID-19 highlighted the impact of workforce shortages, supply chain disruption and sustained system pressure during prolonged emergencies. The agency needs to maintain preparedness for a range of threats including low probability but high impact events such as radiological or nuclear incidents as well as more frequent climate related emergencies such as heatwaves, natural disasters and disease outbreaks. Together, these pressures reinforce the agency's role in providing strong system stewardship, long term planning and coordinated action to meet growing demand and increasing complexity across the health system.

The review process

The review was led by Emeritus Professor Margaret Seares AO as the independent lead reviewer with support from Lorraine Gregoriadis as senior reviewer co-opted from the Public Sector Commission. Both were supported by the Commission's Agency Capability Review team.

Professor Seares is Chair of the Salaries and Allowances Tribunal and previously held positions as Chief Executive Officer of the former Department of Arts and Senior Deputy Vice Chancellor at The University of Western Australia. In 2003 she was awarded the Officer of the Order of Australia in recognition of her work in arts and education. She was a member of the panel that completed the Review of WA's COVID-19 Management and Response. She has also been the lead reviewer of agency capability reviews of the Department of Biodiversity, Conservation and Attractions; Department of Local Government, Sport and Cultural Industries; and Western Australia Police Force.

The review looked at all 21 capabilities in the Agency Capability Framework and identified 3 lines of inquiry for in-depth investigation. This involved further engagement and investigation with the agency, and research into how practices may be improved and capability gaps addressed.

The review also identified areas of strength that the agency and sector can build on and share.

The review involved 5 months of exploration, research and collection of information:

- Comprehensive review of a large number of published and unpublished documents
- 79 external stakeholder meetings and submissions
- 8 interviews and workshops with employees
- Corporate executive self assessment against the Agency Capability Framework
- Two half day corporate executive workshops, several briefings and meetings with the Director General and executive team
- Individual interviews with corporate executive members
- Capability questionnaire on staff perceptions of the agency's capabilities
- 'Have Your Say' for staff to share what the agency does well, what can be improved and ideas for improvement.

Key observations

- WA Health is Western Australia's total public health system consisting of the Department of Health (the agency) and 8 health service providers. Each health service provider is an independent statutory authority.
- The Department of Health's purpose – as set out in the *Health Services Act 2016* – is to lead and steward the WA public health system. Health service provider boards and chief executives are responsible and accountable for operational performance and service delivery, including hospitals, in their respective health service areas. This review examined the agency and not the health service providers.
- There are strong leadership and governance levers to support the agency's system manager role. The Director General has led significant change in the agency over the first 6 months of 2026 with a largely new executive team and new divisions overseeing hospitals, finance, data and digital health. She has also convened the Health Executive Committee to support more collegial health system management and established a new senior position to oversee the hospital system.
- However, multiple stakeholders pointed to a continued lack of clarity on the accountabilities and responsibilities in the health system, with considerable drift from the *Health Services Act*. Frequent involvement in day to day hospital management has weakened focus on capabilities within the agency itself and limited the ability to assess the performance of health service providers and hold them to account for the health outcomes of Western Australians.
- The agency has not effectively defined and communicated its role, priorities and identity as the health system manager to staff and stakeholders within and outside of government. Consequently it is frequently held responsible for matters that, under the *Health Services Act*, sit with the health service providers and their boards.

- The government and agency need to reinforce the governance framework established by the *Health Services Act*. This should reset accountability by defining decision making authorities; clarifying service delivery responsibilities; and setting system outcomes, standards and guardrails. Health service providers and delivery partners can then determine how best to deliver services in their local contexts.
- The agency has relied on the Sustainable Health Review (2019) to guide reform for the system, however it is now 7 years old and the system has changed. The agency is aware of the need for a contemporary WA Health strategic plan to align priorities, decision making and effort across the system including government health priorities, ministerial expectations and reform commitments.
- The agency is well placed to identify emerging issues and guide system responses; and provide direction on strategy, priorities, funding and accountability. More effective use of these levers would support devolved governance, timely decisions and appropriate assurance across the system.
- The operational focus on WA Health and its constant pressures has come at the expense of the agency's own corporate capability. Strategic planning, policy development, workforce planning, information and data, procurement and contract management and staff engagement have not received sufficient attention.
- The agency's own vision and strategy is undefined. An agency strategic plan with an agency specific purpose, vision and strategy is needed to prioritise, guide and direct implementation of activity so management and staff are clear about where their efforts need to be directed. The absence of a future focused plan has led, in some instances, to a reactive way of working in the agency, with the resultant risk of things being done in the same way despite an environment that is fast changing.
- Human resources management is fragmented across divisions and between the agency and Health Support Services. It has been largely transactional in nature rather than a strategic and holistic approach to people management. As a consequence there is no agency wide view of internal staff capability and future skills requirements that informs retention and recruitment. The agency is aware it needs a workforce plan to anticipate its future workforce needs, build capability in priority areas and shift resources to where they add the greatest value.
- Finance and budgeting reforms are underway, supported by the Department of Treasury and Finance, to shift the agency from short term funding to a model that supports long term financial sustainability. If implemented well, the reforms should strengthen financial discipline, improve planning certainty and create better incentives for efficiency across the system.
- While the agency does review and reflect on performance, multiple reviews of WA Health have identified similar issues over time, suggesting the agency's role in implementation has been inconsistent. A disciplined process for prioritising recommendations and delivering agreed reforms is needed, particularly given the agency's responsibilities for delivering on government priorities and on recommendations from reviews and reports, past and present.
- Partnerships and managing contracts are not being applied in a strategic or consistent way, resulting in cautious and late policy and program design which limits the contribution of external partners. The agency holds a number of very

large contracts worth millions of dollars that support the hospital system, but the review heard consistently that these partnerships were largely transactional and lacking a strategic and shared design focus that limited the benefits they could bring to the system as a whole.

- Partnership and coordination beyond the public hospital sector to make long term prevention and early intervention system improvements was seen as lacking a consistent systemic and strategic focus. There was also a general desire expressed by large scale and smaller delivery partners for strategic advice and support from the agency in their negotiations with health service providers.
- Stronger delivery partner relationships would better align research and innovation with government priorities and help build the scale and impact of Western Australia's research and innovation system. As the lead agency for health research and innovation – including coordinating the Future Health Research and Innovation Fund – the agency is well placed to strengthen collaboration across health service providers, research institutes and universities.

Lines of inquiry

The review identified 3 lines of inquiry to inform areas of focus for the agency and direct performance improvement efforts.

Line of inquiry 1 Setting the strategic direction for WA Health and for the agency

The agency has not well defined or communicated consistently its purpose, vision and strategy as the system manager of WA health. The absence of an agreed strategic plan for WA Health and cascading strategic plans for the agency and health service providers has contributed to reactive decision making and limits a systemic approach to implementing government priorities. The agency needs a plan to lead a system as large and complex as WA Health, however the review was not able to locate such a plan. At the moment there is a wide range of strategic and operational priorities including the Premier's health priorities, those of the 4 ministers and a range of other strategies and reviews.

The Sustainable Health Review is frequently cited as having been the guiding framework for WA Health and the agency. However, 7 years on, the agency recognises the need for it to be translated into a contemporary strategy aligned to system pressures and government priorities.

Given the scale of health investment, with WA Health accounting for around one third of government expenditure, the agency has to ensure resources are targeted strategically to the areas of greatest impact for health outcomes for Western Australians. A carefully devised strategic plan is an essential step in allocating resources to best effect.

The agency and WA Health would benefit from a defined strategic architecture linking long term system direction to day to day activity. This would begin with a multi-year WA public health system strategy developed with ministers, the Department of Treasury and Finance, health service providers and other key stakeholders setting out system outcomes and priorities. Without an integrated strategy, priority areas are progressed in isolation, leading to fragmented delivery,

duplication and missed opportunities to leverage expertise and investment across WA Health.

Building on the WA public health system strategy, an agency strategic plan would translate government priorities and ministerial expectations into a defined set of agency outcomes, priorities and actions. Such a plan would anchor internal planning to service delivery, with structures and resourcing aligning to strategic priorities to strengthen coordination and prioritisation.

The advent of the Future Health Research and Innovation Fund has seen medical research and innovation elevated in priority within the system and government more broadly. To complement the fund's work, a defined research agenda in a WA Health strategy would set out priority themes, expected outcomes and the role of research in improving system performance. A structured pathway is needed to move research from discovery and trial through evaluation to scale and integration into service delivery.

Preventative health activity is spread across multiple programs and teams in the agency and health service providers. Preventative health is more effective when embedded across the system. Stronger links between prevention, research and aged care would support earlier intervention, reduce avoidable demand on hospitals and improve long term outcomes.

Aged care activity spans WA Government and Australian Government responsibilities which can create the impression of fragmentation and diffuse ownership. The agency can strengthen its communications around aged care by defining the outcomes it is responsible for influencing such as reducing hospital demand, improving care transitions and supporting ageing in place.

Mental health remains a significant system priority requiring coordinated leadership, planning and delivery across multiple organisations. A WA Health strategy needs to align with the Western Australian Mental Health and Alcohol and other Drugs Strategy 2026-2031 while retaining any enduring strategies from the Sustainable Health Review that are still relevant. This would require closer coordination between the agency, Mental Health Commission and health service providers, with defined roles and shared expectations for delivery.

Prior to establishing the Office of the Chief Digital Health Officer within the agency, infrastructure, digital and clinical technology planning was not consistently approached from a system perspective. The agency is progressing towards a single agreed framework that will help shift planning away from siloed proposals towards a system led model based on demand, service needs and contemporary models of care. This aligns with the 2026 Health Maintenance Audit Report recommendation.

Without a stable strategic foundation, financial allocation and budgeting become more difficult to align with long term priorities and government expectations. A costed and achievable agency strategic plan, developed with the Department of Treasury and Finance, would provide a stronger basis for aligning resources and preparing budget submissions that reflect government priorities.

The agency does not a have a dedicated strategic planning capability although the review notes recent division reforms should allow the Department Executive Committee to more strongly focus on strategic matters. Increasing the committee's focus on strategic matters would support stronger oversight of planning and implementation for the agency and system.

Line of inquiry 2: Using system levers to achieve greater consistency and efficiency

The review found the agency has moved beyond its legislated stewardship role and increasingly into health service provider operational management which blurs accountability between the agency and health service providers. The *Health Services Act 2016* defines the agency's role as system manager responsible for managing the WA health system in terms of stewardship, strategic leadership and direction; and for allocating resources to provide public health services.

Governance arrangements evolved over time and are not always consistent with the framework established by the legislation. The core issue is not structural but rather that governance, roles and responsibilities are not well defined or consistently applied so boundaries are unclear, efforts are frequently duplicated, creating inefficiency, and accountability is spread across multiple parties. The agency needs to more consistently align its role with the framework established by the *Health Services Act* for a stronger focus on stewardship, strategic leadership and direction.

Ambiguous responsibility reduces confidence in decision making authority and makes accountability for outcomes harder to establish and assess. Opaque functional boundaries between the agency and health service provider boards were frequently cited as an example of this challenge and also reported in the 2022 Independent Governance Review of the Health Services Act 2016.

To address the drift from the legislation and resulting lack of clarity, the agency needs to make more consistent use of its system manager levers to set direction, define priorities, influence behaviours and shape system performance. The agency can then support a more coordinated system response, strengthen decision making and align effort. The agency also needs to make decisions about what are not priorities.

Governance levers are the primary means through which the agency defines roles, allocates authority and establishes accountability across the system. These are defined in the *Health Services Act* and supported by mechanisms such as service agreements and binding policy frameworks. When governance is appropriately devolved, it leads to faster and more informed decisions at the appropriate level.

Service agreements are the primary mechanism for setting service delivery expectations and defining performance parameters. While largely appropriate, their impact could be enhanced by:

- linking them to system priorities
- extending their timeframes to 3 years to support longer term planning, risk management and sustainability
- balancing local health service area requirements with collaboration across providers to achieve shared objectives.

The new role of Deputy Director General Chief Operating Officer (Hospitals) also presents an opportunity to strengthen system governance with operational oversight of WA Health.

Line of inquiry 3: Leveraging strategic partnerships to deliver government priorities

The agency holds a number of very large contracts worth millions of dollars that support the hospital system, and a range of contracts that support work in the preventative health, aged care, and research and innovation sectors.

As system manager, the agency has to balance demand for acute services with the need to improve long term health outcomes through prevention and early intervention. Without this balance, pressure on hospitals, the workforce and costs are going to grow and outcomes for patients may be suboptimal. Addressing these pressures requires stronger coordination across the system and more deliberate partnering beyond the hospital sector.

The non-government sector is keen to contribute to policies and strategies related to preventative health and mental health, and build the state's research and innovation potential. However, engagement from the agency is often cautious and occurs late in policy and program design which limits the contribution of external partners and reduces opportunities to improve outcomes. This is particularly notable with some of the large-scale contracts the agency holds, where partners describe early consultation, timeliness in decision making, and security on managing agreements as being areas for improvement.

Effectively delivering preventive health, aged care, and research and innovation requires well established roles and accountabilities across the system. Responsibilities between the agency, Mental Health Commission, Healthway and other partners are not well understood outside those agencies themselves. This is particularly apparent in the mental health sector and in local governments that engaged with both Healthway and the agency in developing their public health plans due to an uncoordinated central approach. Developing the WA Preventive Health Strategy allows the agency to take the lead, define roles and strengthen its leadership.

The agency would benefit from embedding a formal partnership framework that supports strategic, deliberate, planned and fit for purpose approaches to working with delivery partners, stakeholders and communities in priority areas such as early intervention and preventive health across both commissioned and non-contracted partners. The framework should define decision rights, escalation pathways and measures of success to support consistency and transparency.

Engagement is often consultative or transactional rather than genuinely co-designed. While there is evidence of strong practice, particularly with some Aboriginal organisations and in specific programs, it is not consistent across the agency.

More consistent use of formal co-design principles with consumers, communities and organisations (including Aboriginal Community Controlled Health Organisations) would improve service design and better reflect local needs. It would also strengthen the role of lived experience in shaping services which would address stakeholder concerns that clinical perspectives are often prioritised over consumer insight.

Staff would benefit from practical guidance on when and how to apply co-design, supported by tools and training.

While the agency holds significant data it is not always shared in a way that supports coordinated action across the system. Improving access to de-identified and linked

data would enable partners to make more informed decisions, reduce duplication and better target resources to areas of greatest need.

Shifting towards prevention and early intervention requires deliberate reprioritisation of resources. Senior leaders in the agency expressed a desired future state in which the agency takes ownership of preventative health with opportunities to improve how internal resources are used.

Areas of strength

Highlighting and sharing areas of good practice is an important element of the Agency Capability Review program.

Sharing good practice contributes to the development of the WA public sector. The body of knowledge and data collected through reviews will be used to create a bank of valuable learnings and resources which can be used to develop solutions to common problems and shared across the public sector.

The following 2 are examples of where the agency has demonstrated areas of strength that can contribute to learnings for other agencies:

Area of strength 1: Deliberate design for coordinated system wide action through the State Health Operations Centre

The State Health Operations Centre was a deliberate and planned response to rising demand and fragmentation across the health system. Early signals of increasing pressure on emergency departments, ambulance services and patient flow were identified and used to design a more coordinated system wide solution and associated operating model.

The agency took a structured approach to designing the solution and defined the need for a central operational coordination capability to bring together data, decision making and service partners in one place. This upfront planning focused on how to enable faster, more informed decisions across organisational boundaries rather than within them.

A co-location model was a conscious design choice where clinicians, operational staff and partner agencies could work side by side, thus removing physical barriers and strengthening whole of system flow. This approach was intended to create shared situational awareness, support joint problem solving and reduce delays caused by fragmented communications and decision making.

The design also embedded real time data and analytics as a core capability. The agency prioritised early investment in live system visibility, recognising that timely, shared information is critical to improving patient flow across the system. This reflected foresight in linking data capability directly to real time operational decision making rather than treating it as a separate function.

Partnerships were built into the design from the outset. The agency identified stakeholders from across the system and deliberately structured the model to include them in planning and delivery. The centre was not designed in isolation but as a shared capability that reflected system wide needs. Engagement with other jurisdictions and comparable models further informed design decisions, allowing the agency to adapt proven approaches to the WA context.

Including initiatives into the centre such as the WA Virtual Emergency Department also reflected forward planning. These services were not added as standalone programs but designed as part of a broader model to manage demand differently. This shows a shift from reactive service expansion to proactively designing alternative care pathways.

Overall, the centre’s creation demonstrated strong upfront planning, with intent about how structure, data, partnerships and service models would work together. This deliberate design created a foundation for more coordinated and timely system

responses. It also positions the agency to scale and adapt the model as demand continues to evolve.

The agency would benefit from developing an integrated forward plan for the centre to guide its next development phase and ongoing evaluation. This should set out the centre's long term role in the health system and define how future services and capabilities are prioritised and scaled. Without this, there is a risk that ongoing expansion becomes reactive or fragmented. A more deliberate system aligned approach would ensure the centre's growth continues to support agency priorities and broader state health planning as well as reinforces the centre's role as a significant coordinated and system wide capability.

Area of strength 2: Co-designing a new Aboriginal environmental health model of care

Developing the WA Aboriginal Environmental Health model of care required extensive co-design and a stakeholder focused engagement process.

The agency acted on findings from a 2022 review of the Aboriginal Environmental Health program to guide how the new model of care was developed. Among key themes, a need for a system change that included greater Aboriginal co-design and leadership of the program was identified. Co-design was the main theme in 14 of the 2022 review's 33 recommendations.

The Aboriginal Health Council of WA and a specialist consultant were appointed to manage the project. The agency established a steering committee to drive the development and co-design of the new model. The committee developed objectives and a high level program logic to drive the model's development.

Committee members were nominated from various Aboriginal Community Controlled Organisations, Aboriginal Community Controlled Health Services, Aboriginal environmental health providers and government agencies.

Face to face consultations, online meetings and forums collected feedback from 200 people. Consultation findings highlighted the importance of data sharing and data driven decision making, Aboriginal leadership, increasing the local Aboriginal workforce and local community control with necessary alignments to other important strategies such as the:

- National Agreement on Closing the Gap targets
- WA Aboriginal Health and Wellbeing Framework 2015-2030
- Sustainable Health Review
- WA Health Workforce Strategy 2034
- Aboriginal Community Controlled Health Service Model of Care.

The purposefully co-designed process created the space for constructive discussion. Consultation identified the most important requirements for the future program and model which were:

- expanding geographical service areas and increased funding
- developing the workforce with an emphasis on health promotion, education and capacity building
- Aboriginal leadership and management of the program
- focusing on prevention and flexible program design with coordinated service delivery.

The co-design process directly shaped the model, structuring it around a set of core environmental health domains covering healthy homes, referrals and wrap around support, partnerships and coordination, climate change adaptation, emergency response, and animal and pest management all supporting a vision of healthy environments for all.

The project did, however highlight the importance of designing future programs with realistic and agreed funding parameters to ensure effective implementation and stakeholder expectations are managed.

The purposeful co-design process has shaped an Aboriginal Environmental Health model of care that reflects the priorities and leadership of Aboriginal communities and supports locally led decision making.

We are proud to deliver our services from Whadjuk Noongar boodja. We acknowledge and pay respect to Elders, Traditional Owners and Custodians of Country throughout Western Australia and their continuing connection to land, sky, waters and community.

Copies are available in different formats on request.

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