

Statement of Priorities

2025-26 Agreement between the Minister for Health and HealthShare Victoria

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Department
of Health

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The department proudly acknowledges Victoria's Aboriginal communities and their rich culture and pays respect to their Elders, past and present.

We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us.

We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

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Available at [The Department of Health Statements of Priorities](#)
<<https://www.health.vic.gov.au/funding-performance-accountability/statements-of-priorities>>

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Background

This Statement of Priorities is the key accountability agreement between the Victorian State Government and HealthShare Victoria.

HealthShare Victoria's Statement of Priorities is consistent with its Strategic Service Plan 2025-29 and aligned to government policy directions and Ministerial priorities. For 2025-26, the Statement of Priorities continues to refer to the *Department of Health Strategic Plan 2023-27* (Strategic Plan), which is refreshed on an annual basis. The annual agreement supports the delivery of, or substantial progress towards, the key shared objectives for Victoria's health system of quality and safety, good governance and leadership and financial sustainability.

This Statement of Priorities consist of three main parts:

- Part A provides the **strategic priorities** for HealthShare Victoria to contribute to in the year ahead.
- Part B lists the **performance priorities** and agreed targets.
- Part C lists **funding** and associated activity.

Performance expectations and mechanisms used by the Department of Health (the department) to monitor and manage the performance of HealthShare Victoria include a set of quantitative metrics and qualitative intelligence. In 2025-26 the department, in consultation with HealthShare Victoria will establish a new *HealthShare Victoria - Entity Performance Monitoring Framework* for implementation from 2026-27.

High standards of governance, transparency and accountability are essential. In this context, the Victorian Government commits to publishing Statements of Priorities for health agencies each year and presenting data on the performance of our health system, including HealthShare Victoria, in the public domain.

Part A: Strategic Priorities

This Statement of Priorities supports the delivery of the Department of Health Strategic Plan¹.

HealthShare Victoria (HSV) will contribute to the priorities in the *Department of Health Strategic Plan 2023-27* through its own Strategic Service Plan 2025-29 by agreeing to the following priorities:

System Priorities

A stronger workforce

Goal

- Position safety and employee wellbeing at the core of HSV operations.
- Build a culture that enhances leadership, capability flexibility, agility, capacity and career development.
- Embed cultural safety and self-determination of Aboriginal and Torres Strait Islander people as a foundational principle of all operations, underpinning HealthShare Victoria's continuous quality improvement process.
- Explore new and contemporary operating models for HealthShare Victoria functions, including future roles and capabilities.

HSV deliverables:

1. Meet or exceed a 90% overall positive result in the People Matter Survey (in applicable years) on outcomes relating to a physically safe work environment and improve the overall safety climate by 10%.
2. Demonstrate a trend of improvement in culture and wellbeing results in the People Matter Survey (in applicable years).
3. Continue initiatives to ensure OH&S measures are delivered and maintained, including the BeSafe strategy. Maintain the endorsed Gender Equality Plan and promote access to equal power, resources and opportunities – regardless of gender.
4. Ensure all employees have access to safety training and resources.
5. Provide a culturally appropriate and safe environment for Aboriginal and Torres Strait Islander people, including through the alignment of staff practice, operational processes, and the physical environment.
6. Implement mandatory cultural safety training and assessment for all staff as applicable in alignment with the Aboriginal and Torres Strait Islander cultural safety framework, developed and/or delivered by independent, expert, and community-controlled organisations, Kinaway or Supply Nation certified Aboriginal businesses.

¹ Link to [Strategic Plan 2023-27](https://www.health.vic.gov.au/our-strategic-plan-2023-27). <<https://www.health.vic.gov.au/our-strategic-plan-2023-27>>

Excellence in procurement, purchasing, surety, logistics and education

Goal

- Expand and strengthen relationships with health services, suppliers and other sector partners to identify and realise new opportunities to drive measurable service improvements and system efficiencies.
- Build on HSV's compliance, education, and support functions for health services.
- Improve reporting and analytics available to stakeholders.
- Demonstrate and foster value at a health service and system level through procurement (including surety), purchasing, logistics, and effective sector consolidation.
- Enhance the efficiency, resilience, and reach of the Victorian public health supply chain by expanding the network to eligible Victorian public health services, optimising inventory management and distribution operations, and strengthen supply chain surety.
- Expand the range and increase the volume of procurement under HSV contracts, while reducing product variation.
- Establish a strategic sourcing approach considerate of financial, social, and environmental (e.g. End to End and triple bottom line) outcomes.
- Utilise processes that balance commercial imperatives with appropriate risk management and compliance requirements.
- HSV procurement policies and practices, where applicable, comply with relevant Victorian Government policies and guidelines regarding local content.

HSV deliverables:

1. Establish a Participation Agreement and update Service Level Agreements with health services serviced by HSV's supply chain and logistics operations, also addressing the delivery model.
2. Build scale and efficiency in HSV's supply chain and logistics model by continuing to onboard health services (see Part B) and developing a program management plan for future health service onboarding.
3. Develop an updated, fit-for-purpose statewide charging model for HSV's supply chain and logistics operations.
4. Support regional Local Health Service Networks to scope regional and scaleable state procurement opportunity, and develop a roadmap to optimise cost and supply model.
5. Continue to identify and mitigate upstream supply chain risks in partnership with the Department of Health and Safer Care Victoria to minimise impact of product shortages.
6. Increasing state-wide health service spend profile coverage across procurement contracts.
7. Establish and/or progress initiatives to support consistent, best value procurement across the health sector with a focus on sector-wide benefits and improvements.
8. Develop an implementation plan in response to the Victorian Auditor-General's Office audit of HealthShare Victoria procurement, that includes the establishment of a secondary procurement framework and common catalogue.

9. Identify opportunities for efficiency improvement for the supply chain and logistics operations of HSV, including developing metrics and a process for ongoing assessment.
10. Ensure compliance with relevant Victorian Government “local first” procurement policies, subject to any exemptions.
11. Participate in regular (minimum quarterly) strategy meetings with the Department to report on procurement and other performance activities to ensure alignment with strategic directions.

Contribute to system priorities and sector reform

Goal

- Support development of environmental, social and governance (ESG) strategies.
- Identify and support opportunities to deliver value through shared services.
- Support health service funding and financial management reforms.
- Support the financial stability of the Victorian health system through the implementation of remodelled procurement and supply chain savings initiatives.
- Co-operate with and support department-led reforms that address financial sustainability, operational performance and system management.

HSV deliverables:

1. Established ESG strategy aligned to State policy and targets including climate action and waste.
2. Development of a targeted operating model and detailed implementation roadmap for regional procurement and supply hubs.
3. Investment in systems and processes to consolidate purchasing and supply chain systems information across all health services to support efficiencies.
4. Achieve agreed savings targets and reduce procurement and supply chain costs aligned to the supply chain savings initiatives as outlined in Part B.
5. Support the transition of health services into Regional Procurement Groups / Clusters / Local Health Service Networks to facilitate targeted group purchasing of goods / services.

Part B: Performance Priorities

While this Statement of Priorities sets out the annual high level strategic performance priorities, HealthShare Victoria remain comprehensively accountable for quality and safety, good governance and leadership and financial sustainability, as defined in relevant legislation. This means that performance against these broader accountabilities will continue to be monitored based on a comprehensive set of quantitative metrics and qualitative intelligence to continuously improve performance and outcomes.

Strong governance, leadership, and culture

Key Performance Measure	Target
Organisational culture	
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	90% on outcomes relating to a physically safe work environment
	10% improvement on the overall safety climate

Effective financial management

Key Performance Measure	Target
• Operating result (\$m)	\$0
• Generate minimum gross savings (\$m) in FY26 of:	\$26.10
• Generate cumulative gross savings (\$m) over 3 years to FY26 of:	\$74.39
• Adjusted current asset ratio	Maintain a current asset ratio greater than 1.0
• Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	5% movement in forecast revenue and expenditure forecast
• Co-operate with and support department-led reforms that address financial sustainability, operational performance and system management.	As required.

Effective operational management

Key Performance Measure	Target
Completed onboarding of health services to HSV's statewide purchasing and logistics model	Alfred Health, Austin Health, Eastern Health, Peninsula Health
Completed program management plan for onboarding all health services.	Q2
Implement a fit-for-purpose statewide charging model	Ready to commence by 1 July 2026
Progress towards a statewide common catalogue	Develop and implement standardised naming conventions, product descriptions, and classification structures.

Key Performance Measure	Target
	<p>Develop and publish governance processes relating to purchasing and receipting for participating entities to enable data matching.</p> <p>Develop product catalogue framework with HSVs unique product code (Primary Key), standardised naming conventions, descriptions and attributes matched with a matrix to participating entities catalogues.</p> <p>Development of an options paper.</p> <p>Provide training and support to ensure consistent usage and data integrity.</p>
Improve benefits definitions and reporting outcomes	<p>Optimise benefits tracking</p> <p>Develop systems and processes that enable reporting of realised benefits delivered against Hospitals Victoria targets</p> <p>Realised benefits capture the end-to-end value HSV unlocks, and reporting resonates with customers</p>

Part C: Activity and Funding

The performance and financial framework within which state government-funded organisations operate is described in *The Policy and Funding Guidelines – Funding Rules*. The Funding Rules detail funding and pricing arrangements and provide modelled budgets and targets for a range of programs. The [Policy and Funding Guidelines](https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services) webpage <<https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services>>.

Table 1 HealthShare Victoria funding summary for 1 July 2025 – 30 June 2026

Funding Type	Activity	Budget (\$'000)
Other		
Core functions		16,252
Strategic initiatives		33,362
Other specified funding		0.362
Total Funding		49,976

To note: In situations where a change is required to Part C, changes to the agreement will be actioned through an exchange of letters between the department and the HealthShare Victoria's Chief Executive.

Accountability and funding requirements

HealthShare Victoria must comply with:

- All laws applicable to it.
- The *National Health Reform Agreement (if applicable)*.
- All applicable requirements, policies, terms, or conditions of funding specified or referred to in the *Department of Health Policy and Funding Guidelines 2025-26*.
- Policies, procedures, and appropriate internal controls to ensure the accurate and timely submission of data to the Department of Health.
- All applicable policies and guidelines issued by the Department of Health from time to time and notified to the health service.
- All applicable Memoranda of Understanding in existence between the Department of Health and HealthShare Victoria.
- Relevant standards for programs that have been adopted, e.g., the International Organisation for Standardisation standards and AS/NZS 4801:2001, Occupational Health and Safety Management Systems, or an equivalent standard.
- Where applicable, this includes the National Safety and Quality Health Service Standards ('NSQHS standards') as accredited through the Australian Health Service Safety and Quality Accreditation Scheme.
- Any other relevant, applicable statutory, regulatory or accountability rules, policies, plans, procedures, or publications.

Signing Page

The Minister for Health and the board chairperson of HealthShare Victoria agree that funding will be provided to enable HealthShare Victoria to meet its service obligations and performance requirements as outlined in this Statement of Priorities.



The Hon Mary-Anne Thomas MP

**Minister for Health
Minister for Ambulance Services**

Date: 7/12/2025



Professor Andrew Way

**Board Chair
HealthShare Victoria**

Date: 7/12/2025