

# Statement of Priorities

2024-25 Agreement between the Minister for Health and HealthShare  
Victoria

**OFFICIAL**



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.

To receive this document in an accessible format, phone using the National Relay Service 13 36 77 if required, or [Commissioning and System Improvement; Accountability on](#) <Accountability@health.vic.gov.au>

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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

Statement of Priorities are key accountability agreements between the Victorian State Government and Victorian publicly funded health, mental health, HealthShare Victoria and ambulance services. The content and process for preparing and agreeing on the annual Statement of Priorities are consistent with sections 40G, 65ZFA, 65ZFB, and section 26 of the Health Services Act 1988.

Statement of Priorities are consistent with the HealthShare Victoria strategic plans and aligned to government policy directions and priorities. For 2024-25, 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 agreements support the delivery of, or substantial progress towards, the key shared objectives of quality and safety, good governance and leadership, access and timeliness, and financial sustainability.

Statement of Priorities consists of four main parts:

- Part A provides the strategic priorities for the health service to contribute to in the year ahead.
- Part B lists the performance priorities and agreed targets.
- Part C lists funding and associated activity.
- Part D forms the service agreement between each health service and the state of Victoria for the purposes of the National Health Reform Agreement (**N/A for HealthShare Victoria**).

Performance expectations and mechanisms used by the Department of Health (the department) to monitor and manage performance are described in the *Victorian Health Service Performance Monitoring Framework 2024-25* (The Framework). This framework will inform a revised approach to how the department sets and manages expectations for HealthShare Victoria in combination with the requirements as set out in this Statement of Priorities.

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

# Ministerial Priorities

As noted above, Statements of Priorities are aligned to government policy directions and priorities. In 2024-25, these include the following Ministerial priorities:

For the **overall health system**:

1. A reformed health system, shifting from competition to collaboration between health services, and with strengthened, formalised partnerships between health services and community and primary care services to ensure patients receive the right care closer to home.
2. A growing, skilled, and engaged workforce that is supported to develop professionally. This is achieved through an increased supply of critical roles, world leading employee experience, diverse workforce skills and experience, and a strategic focus on future roles, capabilities, professional development, and improving and promoting workplace gender equality, including meeting Health Service obligations under the *Gender Equality Act 2020*.
3. A health system that is grounded in respect and safety, particularly cultural safety, and awareness, achieved through mandatory cultural safety training, anti-racism plans and actions, and employment plans that drive greater representation of First Nations people across all levels of a health service.
4. Improved health equity through a focus on:
  - a. Aboriginal health and wellbeing, achieved through identifying and closing gaps in access to care, and improved discharge planning for Aboriginal patients
  - b. family-centred health models for priority populations
5. A focus on women's health, including improved access to abortion care and public fertility services, and reduced gender health disparities supported through the rollout of comprehensive women's health clinics.
6. A continued focus on innovating and improving the quality and safety of care, including through strengthening clinical governance systems under the Victorian Clinical Governance Framework, and improving access to timely care by implementing strategies that improve whole of system patient flow.
7. A financially sustainable health system reflected in balanced health service budgets.

For the **mental health system**:

8. An improved mental health system, through:
  - a. supporting people to stay well in their communities through prevention and promotion
  - b. growing strong, safe, and supported mental health workforces through the implementation of the mental health workforce strategy
  - c. supporting a system that embeds lived experience at every level
  - d. delivering connected, new, and better community and bed-based services
  - e. supporting better consumer outcomes through performance improvement

- f. elevating consumer rights and supporting cultural change in line with the principles of the Mental Health and Wellbeing Act 2022
- g. providing culturally safe services that deliver social and emotional wellbeing models for Aboriginal and Torres Strait Islander people.

**Supporting services for older Victorians:**

- 9. A reformed health system that responds to the needs of older people to receive the right care in the right place through:
  - a. initiatives that reduce avoidable hospital presentations and length of stay for older people in hospital
  - b. availability of public sector residential aged care.
- 10. A strengthened approach to the delivery of high quality and safe aged care services through:
  - a. continued implementation of national aged care reforms arising from the Royal Commission into Aged Care Quality and Safety
  - b. system stewardship and oversight of public aged care service delivery.

These Ministerial priorities are reflected in 2024-25 Statements of Priorities and the Department of Health Strategic Plan 2023-27 (Strategic Plan).

# Part A: Department of Health Strategic Plan

The Statement of Priorities are aligned with the Strategic Plan<sup>1</sup>.

HealthShare Victoria (HSV) will contribute to the Strategic Plan 2023-27 by agreeing to the following priorities:

## System Priorities

### Excellence in procurement, purchasing and logistics services

#### Goals

- Demonstrate and foster value at a health service and system level through procurement (including surety), purchasing, logistics and effective sector consolidation.
- Develop and maintain strong and effective collaborations with Health Services and other sector partners to identify and realise new opportunities to drive measurable service improvements and system efficiencies e.g. Modern Slavery support, Probity training, etc.
- HSV procurement policies and practices, where applicable, comply with relevant Victorian Government policies and guidelines regarding local content, for example Local Jobs First, and the Guide to procuring uniforms and personal protective equipment (PPE).

HealthShare Victoria deliverables:

- Develop and commence a Strategic Service Plan for endorsement by the Department of Health and approval by the Minister for Health.
  - The plan must define and support the delivery of work programs in support of health service requirements and system efficiency.
  - The plan should include but not be limited to the following deliverables.
    - Onboard an agreed pipeline of health services to HSV's purchasing and logistics functions, by firstly completing the onboarding of Monash Health which began in FY24. (See Part B).
    - Undertake a review and validation of the charging model for HSV's purchasing and logistics functions.
- Develop and implement a stakeholder engagement strategy to support health services to transition products and services to HSV contracts and rationalise warehousing needs.
- Ensure appropriate systems capability is in place for ongoing effective, reliable service provision, including the implementation of the new warehouse management system (WMS).
- Expand the number and dollar value of products and services under collective contracts.
- Establish and/or progress initiatives to support consistent, best value procurement across the health sector with a focus on sector-wide benefits and improvements.
- Identify opportunities for efficiency improvement for the supply chain and logistics operations of HSV, including developing metrics and a process for ongoing assessment.
- Ensure compliance with relevant Victorian Government "local first" procurement policies, subject to any exemptions.

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<sup>1</sup> 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>

- Continually manage and mitigate supply chain risks in partnership with the Department of Health and Safer Care Victoria to avoid and reduce the impact of product shortages.
- Participate in regular (minimum quarterly) strategy meetings to report on procurement and other activities to ensure alignment with Strategic Directions Error! Bookmark not defined..

### Operate within budget

#### Goal

- Support the financial stability of the Victorian health system through the implementation of remodelled procurement and supply chain savings initiatives.
- Effectively complete the wind-down of the State Supply Chain (SSC).
- Co-operate with and support department-led reforms that address financial sustainability, operational performance and system management.

HealthShare Victoria deliverables:

- Achieve agreed savings targets as outlined in this Statement of Priorities (Part B).
- Achieve reduced procurement and supply chain costs aligned to the supply chain savings initiatives.
- Progress with the donation and sale of excess in-date and expired PPE, where applicable.
- Ensure the proper and optimal disposal of all remaining expired and surplus undistributed PPE by no later than 30 June 2025.
- Eliminate the external third party warehousing footprint of undistributed SSC PPE by 30 June 2025.
- Support the transition of health services into Regional Procurement Groups / Clusters / Local Health Service Networks to facilitate targeted group purchasing of goods/services.
- Optimise benefits tracking and reporting including implementing VAGO related recommendations as supported by Department of Health.

### Improving equitable access to healthcare and wellbeing

#### Goals

- 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.
- Provide a culturally safe workplace for Aboriginal and Torres Strait Islander employees.
- Expand the delivery of high-quality cultural safety training for all staff to align with the Aboriginal and Torres Strait Islander cultural safety framework. This training should be delivered by independent, expert, community-controlled organisations or a Kinaway or Supply Nation certified Aboriginal business.

HealthShare Victoria deliverables:



- 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.
- Provide an enabling environment that supports, promotes, and builds the role of Aboriginal and Torres Strait Islander people in senior leadership and board positions within HealthShare Victoria.
- 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.

### **A stronger workforce**

#### **Goals**

- Explore new and contemporary operating models for HealthShare functions, including future roles and capabilities.
- Deliver programs to improve employee experience across four initial focus areas: Leadership, health and safety, flexibility, and career development and agility.
- Prioritise the wellbeing of HealthShare Victoria staff and implement local strategies to address key issues.

HealthShare Victoria deliverables:

- Meet or exceed an 80 per cent overall positive result on outcomes related to safety culture in the People Matter Survey (in applicable years).
- 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.
- Leverage the Employee Value Proposition (EVP) to foster a supportive, cohesive organisational culture to be reflected in People Matter Survey results (in applicable years).

### **Support health services to be more resilient and adaptable to climate change**

#### **Goals**

- Support health services to reduce practices that are wasteful, environmentally harmful or carbon intensive, to effectively contribute towards achievement of net zero emissions.
- Support health services by facilitating collection of data to better understand their carbon footprint, including Scope 3 (indirect emissions), and inform targeted and effective action.

HealthShare Victoria deliverables:

- Develop and implement an organisational sustainability strategy that will identify projects and processes to address environmental sustainability issues, particularly supporting carbon emissions reduction. The strategy must include measurable targets and milestones that HSV must report on annually.

- Contribute to the Victorian public health system meeting its emissions reduction targets by identifying and implementing projects and/or process changes that will reduce the carbon emissions of Victorian health services and/or the health supply chain.
- Work with the Department of Health and the State Electricity Commission to deliver competitively priced renewable energy to Victoria's large health service sites from 1 July 2025.

## Part B: Performance Priorities

The *Victorian Health Services Performance Monitoring Framework* (PMF) outlines the Government's approach to overseeing the performance of Victorian health services. Further information is available at the [Funding, Performance and Accountability webpage](https://www.health.vic.gov.au/funding-performance-accountability/performance-monitoring-framework) <<https://www.health.vic.gov.au/funding-performance-accountability/performance-monitoring-framework>>.

As the PMF states, while the Statement of Priorities sets out the annual high level strategic performance priorities, health services remain comprehensively accountable for quality and safety, good governance and leadership, access and timeliness, 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 and managed and raised with health services as needed.

### Strong governance, leadership, and culture

Key Performance Measure	Target
<b>Organisational culture</b>	
People matter survey –Percentage of staff with an overall positive response to safety culture survey questions (in applicable years)	80%

### Effective financial management

Key Performance Measure	Target
Operating result (\$M)	0.00
Generate minimum gross savings (\$M) in FY25 of:	\$48.29
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 forecasts

### Effective operational management

Key Performance Measure	Target
Complete the onboarding of Monash Health to the HSV state-wide purchasing and logistics model. a. Initial integration launch:	4 November 2024
Demonstrated progress in structuring the future timely onboarding of additional health services: a. Eastern Health b. Peninsula Health c. Alfred Health	a. Qtr 1: FY26 b. Qtr 2: FY 26 c. Qtr 4: FY 26
Complete the disposal of undistributed (including expired) surplus PPE to eliminate third party warehousing requirements (winding down the SSC)	30 June 2025

Key Performance Measure	Target
Provide SSC PPE inventory reconciliations (dollars and pallets) on a quarterly basis	Quarterly to 30 June 2025
Provide SSC Operational funding reconciliations (including to the DH Finance team and DH HSV team) on a quarterly basis	Quarterly to 30 June 2025
Required reporting aligned (and delivered) with Future Health Taskforce requirements	As required

## 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>>.

Period 1 July 2024 – 30 June 2025

**Table 1 HealthShare Victoria funding summary for 1 July 2024 – 30 June 2025**

Funding Type	Activity	Budget (\$'000)
<b>Sector Adjustment</b>		
Sector Adjustment - HSV		(14)
<b>Other</b>		
Core functions		15,856
Strategic initiatives		37,650
Other specified funding		(549)
<b>Total Funding</b>		<b>52,943</b>

Please note:

- In 2023/2024 advance ISC funding of \$8.53 million was provided to HSV to facilitate implementing up front initiatives to achieve savings through consolidating and centralising the procurement and supply chain functions of public health services. This funding advance will be recouped between now and 2026/27.
- Base level funding, related services and activity levels outlined within the Policy and Funding Guidelines are subject to change throughout the year. Further information about the department's approach to funding and price setting for specific clinical activities and funding policy changes is also available from [Policy and funding guidelines for Health Services](https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services) <<https://www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services>>
- 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.

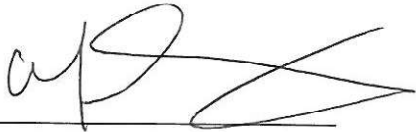
# Accountability and funding requirements

The health service 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 2024-25*.
- 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

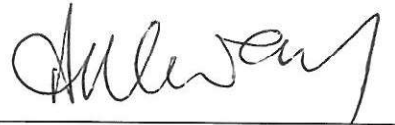
The Minister for Health and HealthShare Victoria's board chairperson agree that funding will be provided to enable HealthShare Victoria to meet its service obligations and performance requirements as outlined in this Statement of Priorities.



**Hon Mary-Anne Thomas MP**

**Minister for Health**

**Date: 06/01/2025**



**Professor Andrew Way**

**Chairperson**

**HealthShare Victoria**

**Date: 06/01/2025**