HealthShare Victoria

Annual Report 2024-25

Together we save more

Contents

HealthShare Victoria acknowledges the First Nations peoples as the Traditional Owners of Country throughout Victoria and offers respects to Elders past and present.

We acknowledge the strength and resilience of First Nations peoples as the world's oldest living culture and the contribution of generations of Aboriginal leaders who have fought for the rights of their people and communities.

ABN 28 087 208 309

Operations report

HSV in 2024-25:
The year in review

Report from HSV's Board Chair and Chief Executive

The 2024-25 financial year marked a period of significant progress for HealthShare Victoria (HSV) as we continued work to deliver on our mission to support Victoria's public health services through strategic procurement activities, supply chain expansion and innovation and sector-wide collaboration.

We have continued to transform and grow in 2024-25. Efforts this year focused on expanding our operational capacity, enhancing system resilience and driving measurable value for the health sector.

Our focus on improving value is reflected in our dedication to 'health, safety and value in everything we do'. This year we strengthened ties with our health service customers, suppliers and government stakeholders, working together to deliver targeted benefits for the health sector.

Throughout the year, we expanded our supply chain operations and deepened our consultative approach to procurement through a series of workshops, forums and symposiums with health service representatives.

We have continued to reinforce our relationships with key stakeholders, including our health service customers, Victoria's Department of Health, Safer Care Victoria and suppliers, as well as Commonwealth bodies such as the Therapeutic Goods Administration. Working closely with our interstate counterparts is also helping us to meet our goals and ensure supply chain sustainability and surety of supply for Victoria's public health sector.

A major milestone was the successful commencement of operations at our new Dandenong South Distribution Centre (DC). Following a year of meticulous planning and preparation, the facility began servicing its foundation customer Monash Health on 21 October 2024.

In its first month alone, the DC delivered over 20,000 order lines to 340 ward locations, demonstrating its capacity to support large-scale logistics operations. This expansion strengthens our ability to meet growing demand and positions HSV to support additional health services in the coming years.

In parallel, we began consolidating purchasing and logistics functions for Eastern Health and Alfred Health, laying the groundwork for a more integrated and efficient supply chain across the sector while delivering financial benefits through increased economies of scale.

Notable achievements and undertakings in 2024-25 include:

- Implementing a new, fit-for-purpose Warehouse Management System (WMS) at both Derrimut and Dandenong DCs to support our growing operations. This system is designed to enhance operational efficiency, improve inventory accuracy and enable scalable growth as we bring more health services on board in 2025-26. The WMS has already begun delivering measurable efficiencies, streamlining workflows and improving service delivery.
- Continuing to play a critical role in supporting the sector through ongoing global supply disruptions. This included managing the impact of a two-year global shortage of Tenecteplase, a vital heart medication, and addressing the recall of sterile skin preparation products due to bacterial contamination. We continued to oversee the Critical Supplies Register (CSR), integrating it further into our current operations and future procurement contracts. Our proactive engagement with suppliers and health services helped mitigate risks and maintain continuity of care.
- Working collaboratively on managing IT cybersecurity system procurement with the Department of Health's Cybersecurity and Assurance branch – a significant development for HSV. This transition will help improve protection for Victoria's public health services against cyber threats by standardising systems across the state, and 90 per cent of hospitals can now access the available tools. This provides another example of being a trusted business partner to deliver sector benefits.
- Enhancing our consultation processes through an ideation workshop attended by representatives from 40 health services. This session generated over 250 ideas for the latest iteration of our Procurement Activity Plan (PAP) covering the first half of the 2025-26 financial year, helping to make sure our procurement strategy is relevant and informed by sector need.
- Hosting our second Clinical Product Advisor Symposium in December 2024, bringing together 34 clinical product advisors from across Victoria to explore innovations in patient safety and share best practices.
- Coordinating $46.0 million in medical equipment projects on behalf of health services, including major initiatives for Swan Hill District Health's new emergency department, Eastern Health and the Peter MacCallum Cancer Centre.
- After five years of operation, HSV successfully wound down the State Supply Chain, which had provided $55.6 million worth of medical products to 70 health services. The closure was managed responsibly, with surplus stock returned to suppliers, sold via public auction or donated to charities, not-for-profit and public sector agencies.

HSV's business-as-usual procurement activities continued to deliver substantial value to Victoria's public health services. In 2024-25, we achieved $254.1 million in total benefits, including $5.6 million in net cost reductions. Our current portfolio includes $1.6 billion in value under contract.

Examples of work we have undertaken with our health service customers on these agreements include:

- Negotiating a new agreement for Citrix virtualisation software in partnership with the Department of Health, significantly reducing costs for health services. A new DocuSign agreement delivered savings of up to 60 per cent on fees while enhancing security and integration capabilities.
- Supporting health services in Gippsland and Hume to run joint tenders for uniforms, single-use patient air transfer mattresses, fresh produce and laundry services. These initiatives reduced duplication, increased benefits and strengthened regional collaboration.
- Supporting 100 per cent renewable electricity across Victorian public health facilities by 1 July 2025, after the designation of public health services as foundational customers for the re-formed State Electricity Commission.
- Entering into 356 new agreements across 35 procurement categories – including three greenfield information technology categories that expand the value under contract by $12.7 million and deliver a $5.5 million cost reduction benefit. These new agreements further expand our support for the sector, improving our response to health service needs.

Our Customer Engagement team provided training for 151 health sector employees across 32 health services, facilitated annual cost savings of approximately $1.3 million for health services accessing collective agreements and supported regional health services in six collective procurement opportunities.

In doing so, the team continued the focus on increasing their face-to-face engagement with customers post-Covid while maintaining the flexibility of hybrid contact. Over the year they conducted 226 in-person meetings with 59 health services, 17 in-person executive meetings with metropolitan and regional health services and 636 online meetings.

HSV's supporting functions – namely Finance, Risk and Governance; Information Technology; and People, Culture and Safety – contributed to our success this year by delivering important activities and initiatives for the benefit of our strategic goals, organisational capability and ultimately Victoria's health sector. These included:

- Implementing the HSV 2024 Enterprise Agreement following extensive consultation and negotiation and approval by the Fair Work Commission in late January 2025. This was a major project involving the development of new band classifications, implementing a leadership capability framework and rolling out a new performance appraisal process to improve role clarity and career development for HSV's 290 employees.
- Undertaking an extensive survey of our workplace culture with the results being used to identify and prioritise key areas for improvement. Work has commenced and is ongoing to address these priority areas, with an updated Delegations of Authority decision-making instrument to address employee empowerment and new guidelines for people-focused feedback already introduced.
- Hosting a visit from Public Sector Gender Equality Commissioner Dr Niki Vincent who met with members of HSV's executive team and Board to discuss our work to improve gender equality, particularly our work to improve the gender composition at our DC workplaces, which improved from 100 per cent men in 2021 to 67 per cent men and 33 per cent women as at 30 June 2025.
- Continuing to provide leadership and guidance on reducing modern slavery risk in health service supply chains. We engaged with 198 very high, high and medium risk suppliers, providing tools and access to training modules and resources, and assessed 328 suppliers to our collective purchasing agreements – a response rate of 72 per cent. More than 730 suppliers attended the 15 supplier engagement sessions we hosted.
- Completing safety initiatives across our logistics operations, including manual tasks competency, safe load restraint practice and elevated work platform safety.
- Consolidating our procurement, customer engagement and supply chain surety functions into one procurement workstream to reflect our focus on working together with suppliers and health services to unlock value for Victoria's public health sector.

During the 2024-25 year, the Victorian Auditor-General's Office conducted an audit to assess if HSV's collective agreements deliver measurable savings and benefits to health services, as tabled in the Victorian Parliament in June. HSV accepted all seven recommendations made in the report with some in-part or in-principle.

As we prepare for the 2025-26 year, HSV remains focused on scaling our operations, deepening sector engagement and delivering even greater value to Victoria's public health services. With a strong foundation in place, we are well positioned to support the sector through future challenges and opportunities.

We acknowledge the support and commitment of our key stakeholders over the past year, led by the Victorian Minister for Health and Minister for Ambulance Services, the Hon. Mary-Anne Thomas, together with the Department of Health and other government and health sector agencies and stakeholders.

Our continued strengthening of partnerships with our 661 suppliers and Victoria's public health services – including with new Local Health Service Networks from 1 July 2025 – this year reflects the importance of their ongoing contribution to our achievements.

We appreciate the contribution of all our health service customers, whose support in working closely with us has been crucial in ensuring that together we provide essential health supply chain services to the Victorian community. Special thanks go to the dedicated health sector experts whose involvement in HSV's reference groups is invaluable.

Our gratitude also goes to HSV's Board and sub-committee members. Their commitment to our strategic objectives and continuous improvement initiatives has been instrumental to our achievements in 2024-25. On behalf of all of HSV, we acknowledge outgoing board members Jacinda de Witts, whose tenure ended on 13 May 2025, and Margaret Grigg and Kate O'Sullivan whose tenures ended on 30 June 2025. We thank them for their service to our organisation and the Victorian public health sector.

On 1 July 2025, we welcomed new independent Board members Eugene Arocca and Lisa Williams, as well as health service representative Professor Russell Harrison, Chief Executive of Western Health. In addition Robert Abboud from the Department of Treasury and Finance and Naomi Bromley from the Department of Health will also commence as part of the legislative representatives.

Finally, we are thankful for the efforts of HSV's employees, who have continued to rise to the challenge of managing complex and diverse projects throughout a busy and challenging year. Thank you for your willingness to learn, as well as your adaptability and ability to anticipate potential outcomes in helping to achieve savings that help health services improve patient care.

This report recognises our efforts and successes as we've worked together to ensure health services have the right product at the right place at the right time, and at the right price.

Responsible bodies' declaration

In accordance with the *Financial Management Act 1994* (Vic), we are pleased to present HSV's report of operations for the year ending 30 June 2025.

Professor Andrew Way
HSV Board Chair
29 August 2025

Ms Susan Delroi
HSV Chief Executive
29 August 2025

2024-25 at a glance

$254m in total benefits for the sector. **$5.6m cost reduction**

19 HSV-led health service sourcing activities

Customer satisfaction survey overall rating for HSV: **69%**

Helpdesk tickets received **11,000+**

Dandenong South DC commenced operations: **October 2025**

250+ participants in Modern Slavery Community of Learning sessions

4,643 products delivered to Derrimut and Dandenong South DCs; **5,961 products delivered from** Derrimut and Dandenong South DCs

Entered into **356** new individual supplier agreements

Customer engagement contacts with HSV: **10,636**

Managing 70 categories with a total value under contract of **$1.6b**

Reference group nominations: **481**

Medical equipment expenditure of **$51.7m** across 10 different health services, with benefits **of more than $6.7m**

57,761 km travelled to health services by Customer Engagement team

Dandenong South DC **9,900** square metres (approx.), Derrimut DC **22,500** square metres (approx.)

Derrimut DC gender balance when opened in **2021: 100% male.** Dandenong South DC gender balance on opening in **2024: 43% female, 57% male**

About HSV

HSV was established on 1 January 2021 as an independent, commercially oriented public sector provider of supply chain services encompassing surety, procurement and logistics to Victoria's public health sector.

HSV's purpose is to partner with Victoria's public health services and suppliers to ensure the right products and services are delivered to the right place at the right time, supporting better value (the right price) for our public health services and better outcomes for their patients.

Since our establishment, our focus has been on the end-to-end supply chain needs of health services, including establishing transformational capability to support ongoing development and continuous improvement.

HSV also plays a critical role in ensuring Victoria's public health services have access to goods that may be in higher demand or difficult to access, including personal protective equipment (PPE), medical consumables, ICU equipment and the Victorian pharmaceutical reserve.

Building on this spirit of change and transformation, HSV's work supports our health service customers in delivering safe, high-quality and sustainable healthcare for all Victorians.

Our values

Customer-centric

We work with our customers and put them at the centre of our decision making

Accountable

We do what we say we will do

Respectful

We treat people the way we would like to be treated and work together in a safe, kind and honest way

Solutions-focused

We work together to find the best operational and commercial outcomes

Open

We welcome new ideas and change as we continue to learn and grow

Our principles

Underpinning our values, our principles support our vision of 'Health.Safety.Value. In everything we do', help us do the right thing and hold us accountable.

- **Safety:** We have a safety culture that supports wellbeing, helps us do the right thing and holds us accountable
- **Customer service:** We help, support and advise our customers
- **Commerciality:** We act on sound commercial principles
- **Responsibility:** We deliver on our commitments, programs and policies, respectfully and ethically
- **Consistency:** We act fairly and apply decisions equally
- **Transparency:** We share information as much as we can
- **Solutions-focused:** We aim for mutually beneficial outcomes

Our goals

Our goals, as set out in HSV's Strategic Services Plan 2025-29, focus on five strategic priorities to support our work to value people and safety and be a trusted service partner for our public health service customers. Our aim is to deliver value and collaborate on solutions to address shared health system challenges and support sustainable, high-quality healthcare for all Victorians.

Our five strategic priorities are to:

1. Value people and safety
2. Be a trusted business partner
3. Establish a reliable and efficient supply chain
4. Achieve best procurement value and outcomes for the sector
5. Enable sector reforms

By doing so, our work is focused on five strategic outcomes that drive increased value for our customers:

- Lowest cost of product
- Lowest cost to serve
- Reduced variation
- Supply chain resilience
- Supply chain reliability

Our five strategic priorities

SP1 Value people and safety

SP2 Be a trusted business partner

SP3 Establish a reliable and efficient supply chain

SP4 Achieve best procurement value and outcomes for the sector

SP5 Enable sector reforms

Our five strategic outcomes

Lowest cost of product

Cost reductions and cost avoidance realised from HSV's procurement activity

Lowest cost to serve

Cost reductions from increased efficiency realised by transforming HSV's supply chain and service delivery

Reduced variation

Product standardisation driving cost reductions by reducing the range of equivalent products procured

Supply chain reliability

Service improvement delivering value by achieving 'right product, right place, right time' objective

Supply chain resilience

Increased supply chain continuity by maintaining supply chain surety and increasing supplier relationship management

Our functions

HSV works in partnership with Victoria's public health services to understand their requirements. We meet these needs by establishing collective agreements for medical consumables, pharmaceuticals and medical equipment, as well as the non-medical products and services they need via large-scale collective tenders.

Under section 131 of the *Health Services Act 1988* (Vic) (the Act), we administer several compliance-related functions, and we work with health services to assist them in meeting their compliance and probity obligations.

As well as providing an end-to-end health supply chain for Victoria's public health services, HSV has a function under the Act to extend access to our collective agreements to health or related services that have been assessed as 'eligible services' under the Act.

Our customers

HSV provides procurement services to Victoria's mandated public hospitals (Schedule 1 of the Act) and health services (Schedule 5 of the Act), as well as entities that have qualified as eligible service customers.

In 2024-25, we continued our program to consolidate health services as end-to-end supply chain customers able to order products from HSV.

Our policies

HSV's Procurement Policies (HSV PPs) aim to guide strong governance and foster fair and equitable procurement practices. They increase value-for-money outcomes and support health services to understand and meet these requirements.

HSV also applies and/or implements relevant Victorian and Commonwealth Government policies and codes, including:

- The Victorian Industry Participation Policy
- The Supplier Code of Conduct
- *Local Jobs First Act 2003* (Vic)
- Buying for Victoria
- The Social Procurement Framework
- *Gender Equality Act 2020* (Vic)
- Victorian Public Sector Commission People Matter Survey
- Code of Conduct for Victorian Public Sector Employees issued by the Victorian Public Sector Commission
- *Charter of Human Rights and Responsibilities Act 2006* (Vic)
- *Modern Slavery Act 2018* (Cth)

Our locations

Our primary office is located at Level 11, 50 Lonsdale Street in Melbourne. We also operate two DCs – a large 22,500 sqm warehouse with office facilities at Derrimut in Melbourne's west and a smaller 9,900 sqm warehouse with offices in Melbourne's east at Dandenong South.

Procurement

Coming together to strengthen procurement outcomes

In 2024-25, HSV strengthened its role as a trusted business partner by bringing together the Procurement, Customer Engagement and Supply Chain Surety functions to form a unified business area. This realignment reflects the end-to-end nature of HSV's procurement function that focuses on both suppliers and health services, enabling HSV to better service and unlock value to Victoria's public health sector.

The introduction of a Chief Procurement Officer (CPO) role marks the beginning of HSV's procurement maturity uplift strategy to build greater capability and capacity through the refinement of procurement systems and processes, and the development of our people both within HSV and in health service procurement teams.

In 2024–25, HSV expanded and redefined its engagement approach, fostering stronger partnerships and working more closely with the sector to identify needs, reduce costs and support patient care through smarter procurement.

This year marked a shift from working side by side to truly coming together. We know there is more to do, and this will evolve over the coming year and beyond.

Procurement

In 2024-25, HSV completed 58 procurement activities and assisted with 19 HSV-led equipment health service sourcing activities (HSSAs) across 10 different health services, delivering a $5.6 million net cost reduction. We entered into 356 new agreements across 35 categories.

HSV's value under contract of $1.6 billion was subject to a weighted average indexation of 4.3 per cent, compared to HSV's cost reduction of 2.0 per cent. The outcome for Victoria's public health sector is a 6.3 per cent net benefit, or $89.7 million in value.

Examples of how we reduced costs and avoided cost increases for health services:

- We assisted the Peter MacCallum Cancer Centre with procuring multiple linear accelerators, software upgrades and service and maintenance arrangements. We successfully locked in pricing for all future systems within this procurement activity, which includes the installation of five systems between 2025 and 2028.
- We negotiated with a supplier who wished to increase pricing as part of an extension to the Trauma Implants contract, with two rounds of negotiations resulting in the supplier withdrawing the price increase proposal and agreeing to extend the contract for a further two years with no changes to terms and conditions or pricing.

HSV supports health service productivity through the provision of our online helpdesk, resolving 2,644 health service-initiated queries and 7,370 supplier-initiated queries in 2024-25. The HSV Helpdesk 'one touch' response rate (requests resolved in one response) sits at 71.2 per cent with an overall customer satisfaction rating of 98.1 per cent. This demonstrates HSV's commitment to stakeholder management and supporting our health services and suppliers with easy access to information and query resolution.

Clinical Product Advisors (CPAs) continue to play a critical role by identifying alternative products, improving recall processes, supporting the onboarding of our supply chain and working in partnership with health services to ensure supply continuity. Every month HSV CPAs meet with their health service counterparts as part of a Clinical Product Advisory Group (CPAG) to discuss important clinical topics including health service requirements, recalls, emerging issues and innovation.

In December 2024, a group of 34 CPAs from health services across Victoria gathered in Melbourne's CBD for the second HSV Annual Clinical Product Advisor Symposium. The symposium was established by HSV in 2023 as a forum to discuss issues, trends and clinical developments, and to network and build relationships in the sector. The 2024 symposium theme was 'Elevating care – innovations in patient safety'.

In October 2023, Premier Jacinta Allan announced the relaunch of the SEC, with the Victorian Government – including public health services – designated as the new SEC's foundation customer. Public health services consuming more than 40MWh/a of electricity needed to transition to the SEC for their electricity contracts as part of a switch to 100 per cent renewable electricity by 1 July 2025.

To prepare for the transition, HSV advocated for participating health services by working with the Victorian Government to secure state funding for voluntary large-scale generation certificates (LGCs) under the SEC Retail Electricity Contract. This funding supports the cost of health services' renewable electricity commitment.

Following the success of an HSV-led tender in late 2024 for an endpoint detection and response tool (EDR) to protect against cyber threats, our IT sourcing stream is collaborating with the Department of Health's Strategy, Cybersecurity and Assurance Branch on all cybersecurity-related sourcing activities.

The first of these cybersecurity-related tenders for EDR was completed in six weeks in November 2024 and secured significant cost savings for the state. Benefits for health services include standardised services together with cost savings and a more streamlined procurement process. This approach helps health services across the state achieve the same configuration and protection against cyber threats, regardless of their size.

Case study

Creative approach to unlocking more value from PAP

HSV's two-year Procurement Activity Plan (PAP) provides visibility of all procurement activities that we are planning to undertake over that period. We refresh the PAP every six months, taking into account health service feedback to ensure our procurement activity remains current and relevant to our customers.

In February 2025, we adopted a new approach to developing the PAP. We invited our health service customers to participate in rapid ideation workshops, designed to spark creative problem-solving by generating a high volume of ideas in a short period of time. Forty health services from across Victoria took part, providing more than 250 ideas on how we can create savings in brownfield contracts and open up greenfield opportunities to deliver more savings to the sector.

Ideas included clinical waste practice improvement, the sale and disposal of assets, document storage, equipment leasing and digital personas, together with a focus on improved volume pricing. HSV considered all ideas through a prioritisation process, which looked at factors such as return for effort, ability to meet health service needs and the potential for strategic expansion of the idea.

In the end, 16 activities proposed in the workshop were added to the new 2025-27 PAP as opportunity assessments. The remaining ideas will be considered for future PAPs.

Case study

HSV assists with supply of skin preparation products following TGA recall

HSV worked alongside the Department of Health, Safer Care Victoria and Victorian health service clinicians as part of a state response to address supply issues following the recall of three skin preparation products by the Therapeutic Goods Administration (TGA) in March 2025.

The TGA issued a critical quarantine and recall due to reported cases of Achromobacter contamination at a supplier's China manufacturing site. The products affected are used in high volumes by Victorian health services – namely adhesive removal wipes, alcohol preparation pads and alcohol/chlorhexidine swabsticks.

HSV reacted quickly, issuing a purchase order for alternative products to ensure other suppliers were able to start securing available stock on our behalf at the earliest opportunity.

We purchased new products for health services and our Surety team worked with the suppliers to distribute them to health services across the state. HSV's DCs also swiftly and equitably allocated and transported the products to 48 health services across Victoria.

In addition, we worked with Clinical Product Advisors at health services on alternative clinical practices, such as antiseptic skin preparation solutions, to alleviate pressure on supplies of skin preparation pads.

Surety

HSV's Surety function remains focused on mitigating statewide medical supply shortages to safeguard patient care. We managed critical challenges, including the shortage of IV fluids driven by supply and demand pressures, and the disruption of antiseptic skin preparation products due to a product recall.

In collaboration with Safer Care Victoria and the Department of Health, we implemented rapid response measures such as conservation guidelines, centralised stock purchasing, funding for S19A fluids and coordinated allocation strategies to ensure continuity of care.

Close partnerships with suppliers and health services have been key to establishing transparency in the requirements process and enabling critical needs to be effectively prioritised. HSV Surety continued to serve as the central escalation point, supporting suppliers to align with urgent health service demands.

We maintained active oversight of the Critical Supplies Register (CSR), integrating it into both current operations and upcoming procurement contracts. To further strengthen supply resilience, we initiated tabletop discussions with key suppliers focused on high-risk CSR items.

Customer engagement

HSV's Customer Engagement function supports HSV's customers by working closely with them to enhance their knowledge of HSVs activities, driving value for the sector and increasing customer experience.

Six customer relationship managers support metropolitan and regional public health services to create awareness of HSV's supply chain activities, supporting them with regional procurement activities to deliver on qualitative and financial efficiencies. A customer access manager supports other health or related services such as community health organisations, bush nursing centres, multi-purpose services and denominational hospitals to take advantage of HSV's offerings and develop their procurement expertise.

HSV's Customer Engagement team partners with our customers, delivering solutions to health service matters and ensuring concerns, risks and opportunities are understood and communicated to multiple stakeholders, helping all parties to work collaboratively to deliver solutions.

In 2024-25, the team delivered training for 151 staff across 32 health services on a range of topics, including inductions to HSV for new employees and programs covering the Victorian Product Catalogue, probity, contract management and the use of HSV's procurement system (JAGGAER) at 38 health services across the state.

During the financial year, the team conducted 226 face-to-face meetings across 59 health services. This was complemented by 636 video conference meetings with health service stakeholders. This intensive health service interaction helps us to enhance our understanding of individual health service needs and in working together, enables practical solutions to be found.

Case study

HSV's Certificate IV in Procurement and Contracting proves popular

In 2024-25, HSV was pleased to offer a Certificate IV in Procurement and Contracting course to the health sector, with 48 health service employees from across Victoria taking part.

First offered in August 2022 as a pilot, the course has continued to be spearheaded by HSV to help improve procurement and contracting skills and knowledge in the health sector.

We partnered with the Australian Centre for Financial and Environmental Compliance to deliver the 2024-25 Certificate IV course, which was conducted online and taught essential skills in health services procurement. Topics included understanding and complying with legislation, managing procurement risks, conducting market research, and developing internal and external networks – all aligned to HSV's Purchasing Policies.

We had two intakes over the year, and when we first opened the enrolment portal all 48 places were filled in just 90 minutes – testament to the enthusiasm with developing procurement knowledge in the sector. Participants expressed satisfaction for the course, with a student survey reflecting a 96 per cent satisfaction rate.

HSV covered $4,000 of the course cost, with health services contributing the remaining $200 per enrolment (almost 5 per cent). Our total investment of $192,000 recognises the importance of the initiative to the sector.

Ways in which the Customer Engagement team has brought value to health services in 2024-25 include:

- Supporting regional health services in the procurement space, including six collective procurement opportunities covering staff uniforms and single-use air mattresses in the Gippsland Region, laundry and linen contract extension and fresh meat and poultry and fresh produce in the Hume Region and externally contracted medical imaging for Beechworth Health Service and Alpine Health.
- Supporting seven individual procurement activities across seven health services to procure medical equipment for Swan Hill Regional Health, superficial x-ray radiation therapy equipment for Latrobe Regional and Central Gippsland Health, radiology equipment for Bass Coast Health and Bairnsdale Regional Health Service, and a CT scanner, ultrasound equipment and surgical robot for Albury Wodonga Health.
- Conducting the 2025 HSV Customer Satisfaction survey, gathering feedback from 295 health service staff with an overall customer satisfaction score of 69 per cent.
- Supporting health service alignment with HSV's new purchasing policies, including contract transitions and annual self-assessments.
- Hosting an ideation workshop to engage our health service customers in the development of the Procurement Activity Plan.
- Facilitating annual cost savings of approximately $1.3 million for health or related services accessing 35 HSV collective agreements.
- Conducting 17 face-to-face executive relationship meetings with metropolitan and regional health services.
- Continuing the Certificate IV in Procurement and Contracting, with 48 students from 30 health services completing the course by 30 June 2025, with the majority of students agreeing that the course was beneficial.
- Supporting health services in managing supplier performance for non-HSV collective agreements, including linen services for Hume Region health services.
- Assisting metropolitan and regional health services with the recruitment of senior procurement staff.

Logistics

In 2024-25, HSV continued to expand and strengthen its statewide logistics operations to support the reliable supply of clinical consumables to Victorian health services.

HSV's successful commissioning of our Dandenong South DC in October 2024 was a key milestone, enabling Monash Health to be onboarded as a major logistics customer and representing a significant uplift in service volume. HSV completed the transition with no disruption to clinical supply, underpinned by detailed operational readiness planning and close collaboration across our logistics, customer operations and procurement teams. The success of this implementation was also made possible with the strong engagement and support of Monash Health, whose teams worked closely with HSV to align ordering, stock management and delivery processes throughout the transition.

In its first month of operations, the Dandenong South DC processed over 20,000 lines for delivery to more than 340 Monash ward locations. This required establishing a new operational team, embedding fulfilment routines and integrating clinical ordering requirements with HSV's systems. HSV applied lessons from the Derrimut DC to accelerate the onboarding process and reduce risk. Work also commenced during this period to prepare for the onboarding of Eastern Health and Alfred Health, further progressing HSV's statewide consolidation program.

Safety remains a critical operational priority. Both Derrimut and Dandenong South DCs have implemented updated traffic management controls, manual handling assessments and hazard prevention measures tailored to their unique environments. We launched the 2024-25 BeSafe program to support consistent safety behaviours and compliance, with training delivered covering Chain of Responsibility (CoR), return-to-work protocols and hazard identification. An annual safety calendar and visual communication program has supported ongoing engagement, while feedback from team members has guided continuous improvement efforts.

To support increasing demand and improve service performance, we also transitioned to a new warehouse management system (WMS) in 2024-25. The Korber WMS – implemented at both DCs – has enabled enhanced inventory accuracy, more efficient picking and putaway processes, along with improved labelling and documentation to support ward-level receipting by health services. This system provides a scalable digital foundation for future onboarding activity and improved service transparency across HSV's logistics network.

These initiatives form part of HSV's broader logistics strategy to support consolidation across the sector, reduce administrative burden on health services and improve supply chain reliability and cost efficiency across the state.

- Derrimut DC **3,033**
- Dandenong DC **1,610**

- Derrimut DC **5,339**
- Dandenong DC **622**

- Derrimut DC **235,859**
- Dandenong DC **9,952**

State Supply Chain closure

In June 2025, HSV completed the formal closure of the State Supply Chain (SSC), concluding five years of emergency distribution support for the health system.

Established during the COVID-19 pandemic, the SSC played a critical role in ensuring continuity of supply for high-demand and hard-to-source clinical products. HSV assumed full operational responsibility in 2023 and by the end of the program, had distributed more than 100 million items – including surgical and N95 masks, cleaning consumables, and rapid antigen tests – to over 70 health services statewide.

We wound down the SSC in close coordination with the Department of Health. Remaining stock was drawn down, returned to suppliers, auctioned or donated to public sector agencies and charities. The closure marked the end of a significant emergency response initiative, with lessons learned informing future statewide supply resilience and emergency preparedness planning.

DIFOT (delivered in full on time) rate

Derrimut DC

98.60%

Dandenong DC*

97.09%

* DIFOT tracked from October 2024, when Dandenong DC began operations

Case study

Warehouse Management System implementation

In 2024-25, HSV implemented a new best-practice warehouse management system (WMS) across its Derrimut and Dandenong South DCs, marking a significant step forward in logistics capability.

The Korber WMS replaced the old platform, providing a scalable, cloud-based solution used by leading national supply chain operators. The implementation has enabled enhanced inventory accuracy, streamlined inbound and outbound processing, improved order fulfilment visibility and more efficient workflows within the DCs.

The system went live at Derrimut in May 2025 and at Dandenong South in June 2025. Both implementations included full stocktakes, data migration, validation processes, end-user training and coordinated change management. Onsite technical support and daily operational stand-ups ensured service continuity throughout the transition.

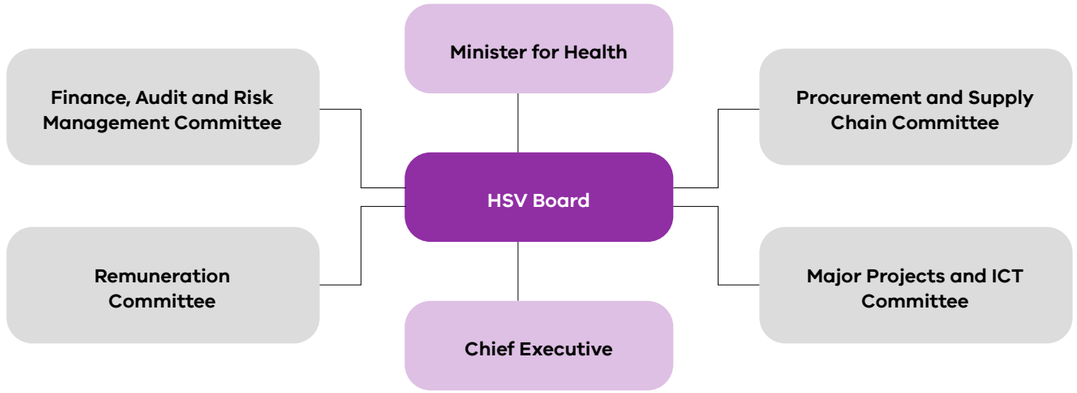
Benefits realised to date include:

- greater real-time stock visibility and order traceability
- improved pick logic and put away efficiency
- enhanced labelling and documentation, supporting clearer receipting at health service wards.

The WMS implementation supports HSV's strategic goal of scalable, efficient and transparent logistics operations that can meet growing sector demand while improving service reliability to Victorian health services.

Governance

The responsible Minister for HealthShare Victoria is the Minister for Health, The Hon Mary-Anne Thomas MP.



Board members

The Governor-in-Council, on the advice of the Minister for Health, appoints the Board of HSV. The Board reflects a mix of skills and experience, with strong representation by health service executives.

Professor Andrew Way

HSV Board Chair and Chair, Major Projects & ICT Committee (MPICT, dissolved June 2025)

Professor Andrew Way was appointed as Chair of the HSV Board in July 2024.

Previously, Andrew served as Chief Executive of Alfred Health, a role he held from 2009-25. Andrew led the development of Monash Partners, Victoria's first academic health science centre and was appointed Adjunct Clinical Professor in the School of Public Health and Preventative Medicine, Faculty of Medicine Nursing and Health Sciences, Monash University in 2015. Additionally, he holds several non-executive and advisory roles both in Australia and more widely.

Quality and safety in patient care, the development of academic medical organisations, patient flow and experience, and using IT as a clinical enabler are some of Andrew's key areas of professional interest.

Ms Eileen Keane

Board Member and Chair, Procurement and Supply Chain Committee

Eileen has a procurement, supply chain and quality background across a number of industries, including public health, manufacturing, logistics, not-for-profit and consultancy. She has held roles as executive and non-executive directors and brings a wealth of knowledge and experience in supply strategies, procurement principles, strategic planning, project management, continuous improvement and general management.

Eileen has a passion for using data to inform decisions and a background in quality methods and Six Sigma to assist the effective use of continuous improvement tools.

Ms Janet Young

Board Member and Chair, Finance, Audit and Risk Management Committee

Janet Young is a Chartered Accountant with over 30 years' experience in professional service firms including legal, accounting and consulting. In her current role with Russell Kennedy and in recent roles as COO/CFO for leading law firms Herbert Smith Freehills and Minter Ellison, her portfolio has included responsibility for finance, information technology, people and development, business development, strategy and transformation.

Ms Young is a member of the Institute of Chartered Accountants, Governance Institute and the Australian Institute of Company Directors. She has previous board experience with not-for-profit boards and committees including NIDA, The Song Company and Playworks. She is currently a mentor with the Financial Executives Institute.

Mr Craig Fraser

Board Member – South West Healthcare

Craig has been the Chief Executive of South West Healthcare since 2017. South West Healthcare includes a newly opened, purpose-built facility delivering a regional logistics and distribution service.

With over 25 years' experience as an executive and senior manager in the Victorian public health sector, Craig worked in metropolitan teaching hospitals before moving into rural and regional health. Prior to these appointments, he was a prosthetist orthotist, honing his clinical skills for many years while concurrently holding management roles.

Dedicated to improving the health of rural Victorians and reducing the health disparities that exist, Craig strives to provide care closer to home whilst enhancing care, safety and optimising the patient experience.

Ms Margaret Grigg

Board Member – Independent

Margaret was CEO at Forensicare between 2019-2023. Margaret is an experienced mental health professional with extensive experience in senior leadership roles.

Previously, Margaret has worked as Deputy Chief Executive of Mind Australia, and as Vice President of the Kyneton District Health Service Board. She is a Director of the Mind Australia Board and Colac Area Health. She also worked for the Victorian Department of Health and Human Services as a senior executive for many years and was Executive Director of Health Services Policy and Commissioning.

Ms Kate O'Sullivan

Board Member – Department of Treasury and Finance

Kate O'Sullivan is the Department of Treasury and Finance representative on the HSV Board. Kate is currently Deputy Secretary Infrastructure Division of the Victorian Department of Treasury and Finance.

Kate has 25 years' experience in public policy and procurement at both Commonwealth and State Government levels, having held a variety of key roles in the Victorian Department of Treasury and Finance and the Commonwealth Department of Finance and Administration. Kate brings to the HSV Board significant experience overseeing tender processes and ensuring compliance with procurement policies, together with a strong understanding of the commercial principles underpinning contract risk allocation and performance monitoring.

Professor Erwin Loh

Board member – Independent

Professor Erwin Loh is President of the Royal Australasian College of Medical Administrators (RACMA) and National Director of Medical Services for Calvary Health Care.

He was previously Chief Medical Officer at Goulburn Valley Health and Monash Health, and Group Chief Medical Officer at St Vincent's Health Australia.

He has qualifications in medicine, law and management. He has adjunct professorial appointments at Monash University, the University of Melbourne and Macquarie University.

He received the Distinguished Fellow Award from RACMA in 2017 for 'commitment to governance, research and publication'.

Ms Jacinda de Witts

Board Member – Department of Health

Jacinda was Deputy Secretary of the People, Operations, Legal and Regulation Division at the Department of Health.

Jacinda has held various senior leadership roles at the Department of Health including as Deputy Secretary of the Regulatory, Risk, Integrity and Legal Division and Public Health, Emergency Operations and Coordination Division. Jacinda has more than 25 years' experience practising law and has held various board and committee roles, including as Director of the Royal Children's Hospital Board and the Cancer Council of Victoria Board.

Prior to joining the department in early 2017 as General Counsel and Chief Legal Officer, Jacinda was a founding principal at Hive Legal and previously a partner at Minter Ellison.

Ms Sue Kirsa

Board Member – Independent

Associate Professor Sue Kirsa is the Director of Pharmacy at Monash Health, Victoria's largest healthcare system.

She is a member of the Board of the Australian Pharmacy Council, the Australian national body responsible for pharmacy accreditation and examinations, where she was chair for six years until May 2024.

She holds an adjunct position at the faculty of Pharmacy and Pharmaceutical Sciences at Monash University, where she chairs the Stakeholder Reference Group for the Vertically Integrated Master of Pharmacy degree.

Board attendance 2024-25

There were seven HSV Board meetings held between 1 July 2024 and 30 June 2025.

Board member	Meetings eligible to attend	Meetings attended
A Way (Chair)	7	7
M Grigg	7	6
C Fraser	7	6
E Keane	7	7
K O'Sullivan	7	6
J Young	7	6
J de Witts	5	4
E Loh	7	7
S Kirsa	7	7

Jacinda de Witts concluded her tenure on HSV's Board on 13 May 2025. Margaret Grigg and Kate O'Sullivan concluded their tenures on HSV's Board on 30 June 2025. We thank them for their service and acknowledge their contribution as members of the HSV Board.

HSV Board committees

The following committees provided advice to the HSV Board in 2024-25.

Remuneration Committee

Chair: Professor Andrew Way (HSV Board Chair)

Members: Eileen Keane (HSV Board member), Janet Young (HSV Board member), Craig Fraser (HSV Board member)

The purpose of the Remuneration Committee is to assist the Board with key areas of Chief Executive and Executive Leadership Team (ELT) remuneration and succession planning.

Finance, Audit and Risk Management Committee

Chair: Ms Janet Young (HSV Board member)

Members: Kate O'Sullivan (HSV Board member), John McKenna (independent member), Sally Freeman (independent member), Paul Urquhart (CFO Royal Melbourne Hospital), Rachelle Anstey (CFO Monash Health)

The Finance, Audit and Risk Management Committee (FARMC) advises the Board in key areas of governance, policy, risk and financial management. The FARMC ensures that accurate, timely and relevant reports are produced on HSV's compliance requirements. It advises the Board on matters relating to financial strategies and the internal audit function and also oversees the risk management framework and effectiveness of internal control systems in maintaining legislative compliance.

Procurement and Supply Chain Committee

Chair: Ms Eileen Keane (HSV Board member)

Members: Margaret Grigg (HSV Board Member), Erwin Loh (HSV Board Member), Neil Sigamoney (Director Engineering and Corporate Service Monash Health), Marcus Kim (Director Procurement the Royal Melbourne Hospital), Andrew Trigg (COO, South West Healthcare), Catherine Carrigan (independent member).

The purpose of the Procurement and Supply Chain Committee (PSCC) is to aid the HSV Board in its fiduciary duty through the execution of the sourcing program and appropriate supply chain activities while maintaining appropriate segregation of powers. The PSCC provides independent review and makes recommendations to the Board regarding HSV sourcing activities and category management activities.

Neil Sigamoney concluded his tenure on the PSCC in January 2025.

Andrew Trigg concluded his tenure on the PSCC in April 2025.

We thank them both for their service and acknowledge their contribution as members of the PSCC.

Major Projects and ICT Committee

Chair: Professor Andrew Way (HSV Board Chair)

Members: Margaret Grigg (HSV Board Member), George Cozaris (CIO, Royal Melbourne Hospital), Andrew Saunders (independent member)

The primary roles of the Major Projects and ICT Committee are to:

- ensure that appropriate structures, reviews, measures and checks and balances are appropriate to both enable a commercial solution to be delivered and to ensure relevant legislation and policies are complied with, and
- consider high-level guiding principles and priorities that will help guide and determine actions, resourcing and approaches.

Following a review of HSV's sub-committee structure by all HSV Board members, the Board agreed that the MPICT committee should be dissolved at the end of June 2025. HSV thanks all members of the MPICT Committee for their service.

Strategic objectives
performance summary

Reporting of outcomes from Statement of Priorities 2024-25

The Statement of Priorities (SoP) is an annual accountability agreement between Victorian public health services and the Minister for Health. They outline the key performance expectations, targets and funding for the year as well as government service priorities.

The *Health Services Act 1988* (Vic) allows that after 1 October of each financial year, the Minister for Health makes a SoP that is provided to health services. HSV's SoP on the overarching strategic priorities advised by the Minister for Health has been as follows:

Strategic priorities	Outcome
1. Excellence in procurement, purchasing and logistics services through the provision of improved statewide services. Develop and maintain strong and effective collaborations with health services and sector partners to drive service improvements and system efficiencies. Comply with Victorian Government policies and guidelines where applicable.	**Achieved and ongoing** Effectively onboarded Monash Health purchasing and logistic functions in 2024-25 with Eastern Health onboarding planned for July 2025. On track to onboard Peninsula Health and Alfred Health during 2025-26.
2. Ensuring financial sustainability by the implementation of remodelled procurement and supply chain savings initiatives. Support Department of Health-led reforms that address financial sustainability, operational performance and system management.	**In progress** HSV exited all third-party warehouse locations by May 2025 and wound down State Supply Chain stock via public auction and disposal initiatives. HSV is committed to the delivery of procurement and supply chain savings initiatives for the sector.
3. Improving equitable access to healthcare and wellbeing for Aboriginal and Torres Strait Islander people.	**In progress** HSV has progressed various initiatives as part of our work to implement the Aboriginal and Torres Strait Islander Cultural Safety Framework and has self-assessed to be in the 'emerging' phase.
4. Creating a stronger workforce through leadership, health and safety, flexibility, and career development and agility. Explore new operating models including future roles and capabilities. Prioritise the wellbeing of HealthShare Victoria employees.	**Achieved and ongoing** HSV has leadership training for people leaders and provides opportunity for professional development and career progression. HSV engaged a third party to undertake an organisational culture survey with actions communicated and implemented.
5. Supporting health services to be more resilient and adaptable to climate change.	**In progress and ongoing** HSV incorporates sustainable procurement guiding principles from ISO 24000 and the Social Procurement Framework (SPF) into the collective procurement activities we undertake on behalf of health services. SEC contract was executed in readiness for commencement on 1 July 2025.

Reporting against the Statement of Priorities – Part B

Strong governance, leadership and culture

Key performance measure	Target	Outcome
Organisational culture		
People matter survey: Percentage of staff with an overall positive response to safety culture survey questions (in applicable years)	80%	Achieved*

Effective financial management

Key performance measure	Target	Outcome
Operating result ($m) surplus	$0.0	$0.0
Generate minimum gross savings ($m) in FY25	$48.29	$37.83
Maintain an adjusted current asset ratio greater than target	1.0	1.2
Variance between forecast and actual net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	Achieved

Effective operational management

Key performance measure	Target	Outcome
Complete the onboarding Monash Health to HSV statewide purchasing and logistics model.		
a. Initial integration launch	4 November 2024	Achieved
Demonstrated progress in structuring the timely future onboarding of additional health services:		
a. Eastern Health	a. Qtr 1:FY26	On track
b. Peninsula Health	b. Qtr 2: FY26	Switch – Q4
c. Alfred Health	c. Qtr 4: FY26	Switch – Q2
Complete the disposal of undistributed surplus (including expired) Personal Protective Equipment (PPE) to eliminate third party warehousing requirements (winding down the SSC (State Supply Chain)	30 June 2025	Achieved
Provide SSC PPE inventory reconciliations (dollars and pallets) on a quarterly basis.	30 June 2025	Achieved
Provide SSC operational funding reconciliations on a quarterly basis.	30 June 2025	Achieved
Required reporting aligned (and delivered) with Future Health Taskforce requirements.	As required	Achieved

* In 2024, we assessed our workplace culture using the Organisational Culture Inventory (OCI) survey, and conducted internal employee Temperature Check surveys, including on safety, in October 2024 and May 2025.

Reconciliation

Reconciliation of net result from transactions to the Statement of Priorities operating result

	2025 $000	2024 $000	2023 $000	2022 $000	2021 $000
Net operating result*	23	22	46	5,439	(3,490)
Capital and specific items					
Capital purpose income	0	82	0	0	9,700
Other economic flows	22	73	(150)	399	108
Assets received free of charge	0	0	0	0	1,096
Impairment of non-financial assets	(221)	(85)	102	1,318	(23)
Net gain/(loss) on financial instruments	98	22	511	(867)	0
Depreciation and amortisation	(4,614)	(2,940)	(2,299)	(1,978)	(1,048)
Net result from transactions	**(4,693)**	**(2,826)**	**(1,790)**	**4,311**	**13,323**

* The result that HSV is monitored against in our Statement of Priorities.

Future direction

Ongoing external challenges over the past 12 months, including significant global market volatility, has signalled the need for HSV to embark on a significant reform program to ensure the fundamentals are in place to deliver the required benefits and cost savings for our public health service customers.

A major focus in 2024-25 was development of a proposed HSV strategic service plan to set our direction for the next five years to 2029. The plan clearly articulates our organisational identity, planned operating model and a longer-term roadmap to drive shared service activity over coming years.

The plan sets out five strategic priorities that will drive five measurable outcomes to be achieved over the coming five years and underpin increased supply chain benefits for Victoria's public health sector. It also provides a basis for how we consult and collaborate with government, health services, suppliers and industry stakeholders.

HSV continues to engage directly with the Department of Health, and this new plan has renewed our focus on stakeholder engagement to work together more closely with our health service customers and supplier partners. This focus extends to increased collaboration with the newly formed Local Health Service Networks and 'sibling' public organisations Hospitals Victoria and Safer Care Victoria.

Our plan aims to achieve outcomes that will deliver significant meaningful benefits to Victoria's public health sector – comprising lowest cost of product, the lowest cost to serve, reduced variation, supply chain reliability and supply chain resilience – as we work to deliver the right product at the right time to the right place.

Risk management

HSV is committed to embedding and integrating a risk management philosophy into our practices and culture so that risk is recognised by and is the responsibility of everyone to manage.

This is achieved by implementing HSV's POL115 Risk Management Policy, Risk Management Framework and associated procedures which integrate the principles of ownership, oversight and assurance to support our ability to effectively identify and respond to key risks.

Our risk management framework is aligned to our values of being customer-centric, accountable and solutions-focused, and is underpinned by the Australian/New Zealand Standard International Standards Organisation (ISO) 31000:2018 Risk Management – Principles and Guidelines and the Victorian Government Risk Management Framework (August 2020).

Continually monitoring existing risks and assessing emerging risks has allowed HSV to make timely and effective decisions. HSV again completed the Victorian Managed Insurance Authority (VMIA) maturity benchmarking self-assessment to identify how our performance compares to other public sector organisations and to seek to understand our achievements in risk management. We again attained a benchmarking result ranked as 'optimising' with a score of 95 per cent. The VMIA tool included a greater emphasis on utilising insurance as a control mechanism and the result continues to demonstrate HSV's focus on uplifting risk maturity across our value chain.

Our approach to enterprise risk management improves our understanding of the effects of uncertainty on our objectives, and in doing so supports the creation and protection of financial and non-financial value for the organisation. This is further enhanced by implementing an Environment, Social and Governance (ESG) Policy and Framework focused on using the United Nations Sustainability Goals as a basis for assessing and reporting. This assists HSV in our value-based leadership both internally and externally.

HSV continues to provide specific advice to Victoria's health services undertaking group-based sourcing activities to achieve economies of scale, with seven activities supported through this process. Our support clarifies requirements under the Competition and Consumer Act 2010 (Cth) relating to collective procurement and also provides robust tools and templates to assist health services in assessing risk during their procurement processes to help maintain probity, accountability and transparency.

HSV's leadership is committed to promoting a workplace where appropriate levels of authority, responsibility, transparency and accountability are assigned to ensure necessary resources are allocated to managing risk. They recognise the importance of promoting systemic risk monitoring and communicating the value of risk management to our employees and stakeholders.

To manage risk effectively, we adopt the following risk management principles to ensure uncertain adverse outcomes are minimised and uncertain opportunities are maximised:

- **Consistent, structured and embedded** – a single, structured, embedded and fit-for-purpose Risk Management Framework
- **Integrated in key decisions** – consideration of the organisation's risk appetite and risk tolerances inform business processes
- **A risk-aware culture** – promoted across all aspects of the organisation, driven by a strong 'tone from the top', encouraging issue escalation and transparency, with significant tools and information available to all employees to understand, mitigate and manage risks and to explore risk opportunities
- **Continual improvement** – through an annual review of the Risk Management Framework to ensure practices remain appropriate and effective, and monthly training sessions for all HSV employees to uplift and improve risk management capability
- **Ownership** – encouraging employees to take ownership and accountability for risk management
- **Resourcing** – allocating sufficient resourcing for effective risk management, with HSV's internal 'risk champions' playing an integral role in managing risk mitigation plans.

Additional information available on request

Details in respect of the items listed below have been retained by HSV and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by HSV about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by HSV
- details of any major external reviews carried out on HSV
- details of major promotional, public relations and marketing activities undertaken by HSV to develop community awareness of HSV and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within HSV and details of time lost through industrial accidents and disputes.

Attestations

Financial Management Compliance attestation

I, Andrew Way, on behalf of the Responsible Body, certify that HealthShare Victoria has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* (Vic) and Instructions.

Professor Andrew Way

Board Chair and Responsible Officer
HealthShare Victoria

29 August 2025

Data Integrity declaration

I, Susan Delroi, certify that HealthShare Victoria has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. HealthShare Victoria has critically reviewed these controls and processes during the year.

Ms Susan Delroi

Chief Executive and Accountable Officer
HealthShare Victoria

29 August 2025

Conflict of Interest declaration

I, Susan Delroi, certify that HealthShare Victoria has put in place appropriate internal controls and processes to ensure that it has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC.

Declaration of private interest forms have been completed by all executive staff within HealthShare Victoria and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Ms Susan Delroi

Chief Executive and Accountable Officer
HealthShare Victoria

29 August 2025

Integrity, Fraud and Corruption declaration

I, Susan Delroi, certify that HealthShare Victoria has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at HealthShare Victoria during the year.

Ms Susan Delroi

Chief Executive and Accountable Officer
HealthShare Victoria

29 August 2025

Compliance

HSV is an incorporated body established under section 129 of the *Health Services Act 1988* (Vic).

Freedom of Information Act

The object of the *Freedom of Information Act 1982* (Vic) (FOI Act) is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by HSV. This comprises documents both created by HSV or supplied to HSV by an external organisation or individual.

The FOI Act allows HSV to refuse access, either fully or partially, to certain documents or information.

Under the FOI Act, requests must be processed within 30 days. In some cases, this time may be extended.

If an applicant is not satisfied with a decision HSV has made, they have the right to seek an independent review by the Office of the Victorian Information Commissioner within 28 days of receiving a decision letter.

Making a Freedom of Information request

Section 17 of the FOI Act sets out the formal requirements for making a request. In summary, a request should:

- be in writing,
- identify as clearly as possible what document is being requested, and
- be accompanied by an application fee of $33.60 (which may be waived in certain circumstances).

Requests for documents in the possession of HSV should be addressed to:

Freedom of Information Officer
HealthShare Victoria
Level 11, 50 Lonsdale Street
Melbourne Vic 3000

Alternatively, requests to HSV can be emailed to foi@healthsharevic.org.au. Telephone enquiries can be made to 03 9947 3700.

Access charges may be applicable, and could include charges for search time, supervision, and/or photocopying.

Further information regarding FOI can be obtained from https://healthsharevic.org.au/ contact-us/ or https://ovic.vic.gov.au/.

Freedom of Information statistics

HSV complies with all sections of the FOI Act, including publication requirements specified in sections 8 to 8E of the FOI Act.

During 2024-25, HSV received three valid requests under the FOI Act. Of these requests, one was from the media and two were from the general public.

HSV made one FOI decision during 2024-25. This decision was made within the statutory time periods, which may have included mandatory extensions or extensions agreed with the applicant. The remaining requests either did not proceed or are still in progress. One request was transferred to the Department of Health. HSV also received three additional requests which did not proceed because the terms of the FOI request were not sufficiently clear.

One matter was subject to a complaint/review by the Office of the Victorian Information Commissioner. No appeals were made to the Victorian Civil and Administrative Tribunal.

Building Act

The buildings occupied by HSV comply with the building and maintenance provisions of the *Building Act 1993* (Vic).

During 2024-25, HSV leased three DC facilities at:

- 2-6 Sperry Drive, Tullamarine, Victoria 3043 from the Department of Health.
- 18 Foxley Court, Derrimut, Victoria 3026 from Centuria Property Funds as trustee of the Centuria Industrial Income Trust No. 4.
- 8-12 Ordish Road, Dandenong South, Victoria 3175 from 8 Grange Properties Pty Ltd as trustee for Supernova Fund Pty Ltd as trustee for AM and EM Stella Benefit Fund.

The lease of 2-6 Sperry Drive, Tullamarine was terminated (by way of a surrender of lease) in May 2025, due to the intended sale of the property.

Under the terms of these leases, HSV is responsible for maintaining the buildings in a safe and serviceable condition including the maintenance of essential safety measures. HSV requires that appropriately qualified consultants and contractors are engaged for all proposed works on the building controlled by HSV and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 (Vic) and the National Construction Code.

Public Interest Disclosures Act

The *Public Interest Disclosures Act 2012* (Vic) (the PID Act) assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the PID Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

HSV does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct.

HSV is committed to ensuring transparency and accountability in our administrative and management practices. We support the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

HSV will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. HSV will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

HSV is not authorised to accept disclosures of improper conduct (including corrupt conduct) or detrimental action by HSV or any of our employees or officers (public interest disclosures).

Public interest disclosures may be made to the Victorian Ombudsman or directly to the Independent Broad-based Anti-corruption Commission (IBAC):

Independent Broad-based Anti-corruption Commission Victoria
Level 1, North Tower, 459 Collins Street
Melbourne Vic 3000
Phone: 1300 735 135
Website: www.ibac.vic.gov.au

Email: See website above for the secure email disclosure process, which also provides for anonymous disclosures.

Disclosures other than public interest disclosures may be made to the Disclosure Investigations Officer under the HSV Public Interest Disclosure Procedure:

HealthShare Victoria
Level 11, 50 Lonsdale Street
Melbourne Vic 3000
Phone: 03 9947 3988
Email: jiayue.li@healthsharevic.org.au

Statistics

In 2024-25, there was one public interest disclosure complaint under the PID Act referred to entities able to receive public interest disclosures by or in relation to HSV.

National Competition Policy – reporting against competitive neutrality principles

Under the National Competition Policy, current legislation and future legislative proposals should not restrict competition, unless it is demonstrated that the benefits of the restriction to the community outweigh the costs, and only by restricting competition can legislation objectives be achieved.

HSV continues to comply with the Competitive Neutrality Policy in Victoria. Competitive neutrality requires government businesses to ensure that, where services compete, or potentially compete, with the private sector, it is done on a fair and equitable basis without distorting access to broader government resources. When conducting procurement activities, we apply relevant competitive neutrality.

Local Jobs First Act

HSV is committed to pursuing procurement outcomes that provide local industry with fair opportunity to compete against foreign suppliers. We ensure our weighted procurement criteria incorporates social benefits such as gender equality, diversity and inclusion and family violence support. HSV's procurement strategy aligns to the *Local Jobs First Act 2003* (Vic) and to Victorian Government Social Procurement Framework (SPF) objectives. We define these outcomes in our Benefits Management Framework, which has both direct and indirect benefits to the community.

During 2024-25, we entered into 356 new agreements across a total of 35 categories, including three greenfield categories. One information technology (IT) and 10 medical equipment group buys* were also completed. All categories were either panel arrangements, non-contestable or too low to trigger the threshold for application of the Local Jobs First (LJF) Policy, so no Local Industry Development Plans (LIDPs) were required to be submitted. Regardless, we remain committed to achieving social outcomes that support local jobs, which is reflected in the weighted criteria for each procurement event we undertake.

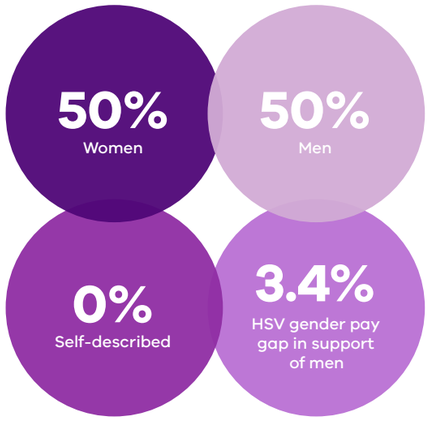
*LJF requirements for these activities are the responsibility of the participating health service.

Gender Equality Act

HSV supports the gender equality principles outlined in the *Gender Equality Act 2020* (Vic) and commits to continuing our support for women, men and self-described genders in the workplace. Gender equality is a human right that supports community connection and helps improve the economy while reducing violence and antisocial behaviour in our society.

Workplace gender equality at HSV helps ensure our people have equal access to work opportunities, resources and rewards based on capability and that everyone can equally contribute to HSV being a great place to work.

HSV's gender data as of 30 June 2025 (rounded)



The Act requires HSV to have a Gender Equality Action Plan which outlines how we take positive action towards achieving workplace gender equality. Of the commitments in our Gender Equality Action Plan as at 30 June 2025:

Six actions are completed	• We collected intersectional data and improved our data collection processes, and also introduced gender pronouns into our email signatures. We reviewed our recruitment processes for bias or discrimination and to ensure accessibility, promoted all gender toilets and implemented a Speak Up topic on casual sexism.
Two actions are in progress	• A role classification review is currently being implemented as part of our new Enterprise Agreement (due for completion in August 2025) and a system for reporting health and safety is being implemented (due for completion by the end of 2025).
40 actions are ongoing	• Ongoing actions include delivering our commitments set out in the Diversity and Inclusion Plan, improving gender equality metrics reporting and building awareness of the effect of unconscious bias in our training practices. We undertake diversity and workplace respect and family violence awareness training, and have appointed Speak Up contact officers and promoted our Employee Assistance Program.

As the timeline of our current Gender Equality Action Plan 2022-25 draws to a close, HSV will again review the completion of gender equality initiatives and the progress we have made towards achieving gender equality before developing a new four-year Gender Equality Action Plan.

Visit from the Public Sector Gender Equality Commissioner

Public Sector Gender Equality Commissioner Dr Niki Vincent visited HSV in April 2025 and met with members of the executive team and Board to discuss HSV's work to improve gender equality. Dr Vincent was particularly interested in the improvement of the gender composition of HSV's DCs from 100 per cent men when HSV was formed to 33 per cent women and 67 per cent men in 2025.

Compliance with DataVic Access Policy

HSV did not have any data sets that needed to be made available on the DataVic website in 2024–25. Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at www.data.vic.gov.au in electronic readable format.

Annual compliance statement

HSV's purchasing policies and compliance framework

In January 2024, HSV fully implemented the five HSV Purchasing Policies (HSV PPs) which replaced the previous Health Purchasing Policies. The HSV PPs guide health services on best-practice procurement, offering a principles-based approach to implementing probity strategies into internal procurement practices.

The HSV PPs contain the following elements:

- HSV PP1: Governance
- HSV PP2: Strategic analysis
- HSV PP3: Market approach
- HSV PP4: Contract management and asset disposal
- HSV PP5: Collective purchasing and supply chain

HSV's Compliance Framework

The HSV Compliance Framework is designed to support health services to understand and attain compliance to the HSV PPs. Our approach to compliance reflects our legislative functions, organisational values and strategic priorities.

We administer these functions by:

- monitoring health service compliance and reporting
- warranting probity is maintained in procurement activities
- implementing and reviewing policies and practices to promote best value and probity
- providing advice and training.

HSV Compliance Framework

Support and prevention

- **Ongoing support and guidance**, tools and templates, procurement and probity training
- **Guidance and selective intervention** for individual high risk/high value procurement
- Health service submission of **Procurement Activity Plan and Contract Register** to inform HSV's Annual Procurement Activity Plan

Compliance monitoring

- Health service **compliance audits** (triennial audit program and spot audits)
- Health service **annual compliance self-assessment** to HSV Purchasing Policies and HSV Collective Agreements
- **Attestation** to HSV Purchasing Policies within the health service's annual report of operations
- Ongoing obligation for health services to **report non-compliance** that is high risk and likely to have a significant impact on their health service
- Health service submission of **on-selling registers**

Compliance priorities

- **Targeted initiatives** to address patterns of non-compliance, integrated application of regulatory methods, tools and approaches

Graduated compliance

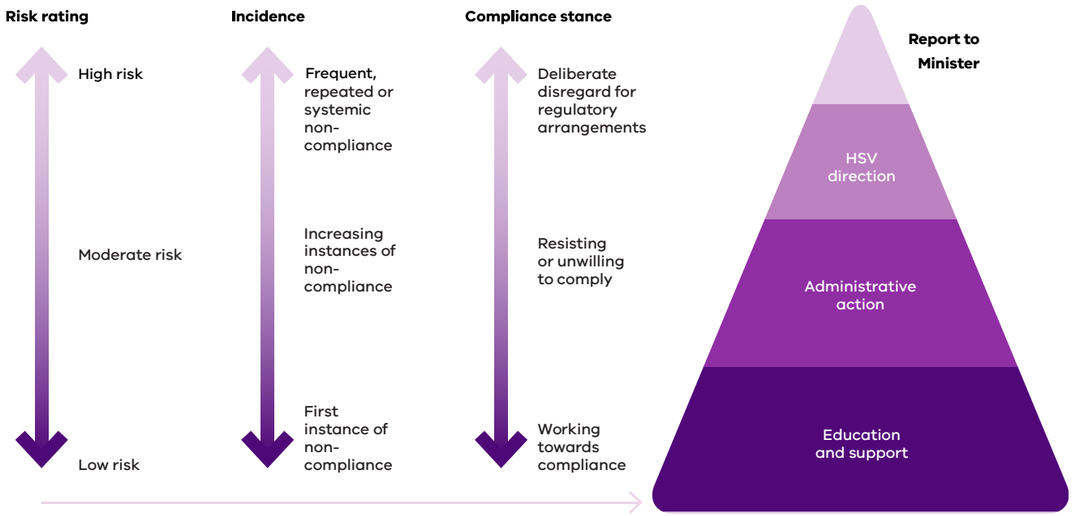
Foundation: *Health Services Act 1988* (Vic) and HSV Purchasing Policies

HSV's graduated compliance

HSV's graduated compliance approach promotes tailored and measured responses to compliance issues. Our graduated compliance approach has continued to demonstrate several benefits for health services, including:

- encouraging a low level of intervention for compliance action
- recognising the capacity of health services to become compliant
- promoting compliance action proportionate to the level of risk
- providing sufficient flexibility to escalate or de-escalate compliance action where required
- championing an evidence-based decision-making process
- responding to the behaviour and compliance history of a health service.

Graduated compliance model



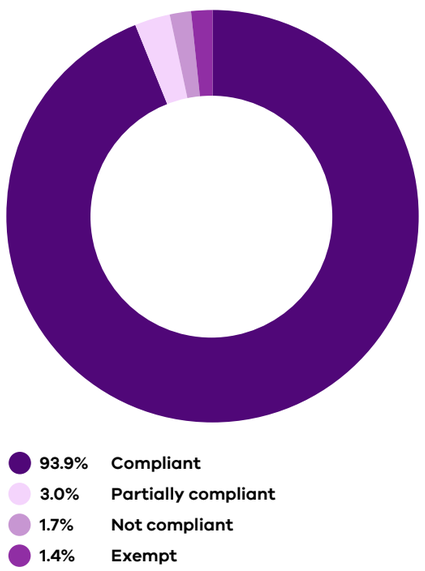
Annual self-assessment outcomes 2024-25

HSV's annual self-assessment is a key component of HSV's Compliance Framework. HSV's 2024-25 annual self-assessment audit program is aligned to the HSV Purchasing Policies (PPs). The annual self-assessments involve all mandated health services completing an audit of their compliance to the HSV PPs each year.

The table below represents health services' self-assessment to the HSV PPs, where 93.9 per cent were compliant, 3 per cent were partially compliant, 1.7 per cent were not compliant and 1.4 per cent exempt. This exemption was due to one health service not being fully operationalised during 2024-25 (gazetted on 1 July 2024 to be fully operational on 1 July 2025).

	Number	Percentage
Compliant	324	93.9%
Partially compliant	10	3%
Not compliant	6	1.7%
Exempt	5	1.4%
Total	**345**	**100%**

Compliant outcomes



HSV probity training

HSV has developed online courses to support health services in maintaining good probity practice. Tailored as individual programs for procurement professionals, on-the-ground employees, board members and executives, our online courses reflect public health service needs and skills. The course training content explores:

- the importance of probity and the potential consequences of poor probity practice
- the details of the HealthShare Victoria Purchasing Policies
- best-practice probity principles health services should follow
- the role and responsibility of boards and executives in maintaining probity, common probity risks and mitigation strategies.

During 2024-25, 1,887 health service employees undertook probity training across 42 health services:

- Probity, Integrity and Ethics for Board and Executives: 217
- Probity, Integrity and Ethics for Clinical, Operational and Non-Procurement Employees: 984
- Probity, Integrity and Ethics for Procurement Professionals: 686.

Note: 1,887 of the above training courses were completed by health services via their Learning Management Systems (LMS) using HSV's LMS integration tool.

Triennial audit program outcomes 2023-24[1]

HSV's triennial audit program is an additional key component of the compliance framework. The triennial audit involves a third of Victoria's public health services completing an audit to the HSV Purchasing Policies (HSV PPs).

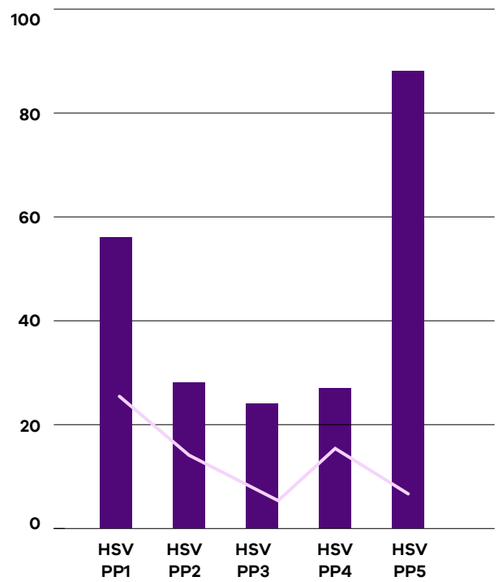
Compared with the 2020-21 health service audit results for this cohort of health services, there was a reported lower level of non-compliance with the HSV PPs in 2023-24. This reflects health services' overall success in adopting and implementing the HSV PPs across their procurement functions, the uplift of capability through education and their improved focus on compliance since the previous audit.

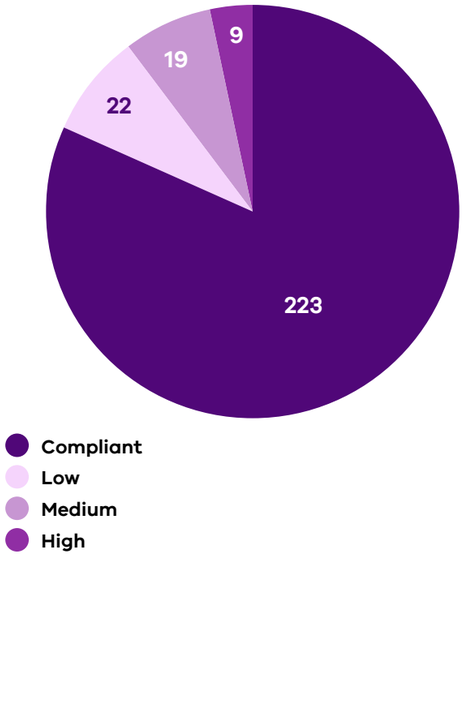
1. Due to the timing of HSV receiving the health services audit report and the publication of our Annual Report we report previous year's results.

Tables: 2023-24 Compliance outcome

HSV Purchasing Policies	Compliant	Partially/Not Compliant
HSV PP1	56	22
HSV PP2	28	11
HSV PP3	24	2
HSV PP4	27	12
HSV PP5	88	3
Total	**223**	**50**

Compliant	223
Low	22
Medium	19
High	9





Asset Management Accountability Framework maturity assessment

The following sections summarise HSV's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF).

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements are available on the Department of Treasury and Finance website at https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework.

Our target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meet AMAF requirements. They also include a continuous improvement process to expand system performance above AMAF minimum requirements.

Compliance and maturity rating tool – Asset management maturity

Leadership and Accountability (requirements 1-19)

HSV has met or exceeded our target maturity level in this category.

Planning (requirements 20-23)

HSV has met or exceeded our target maturity level in this category.

Acquisition (requirements 24 and 25)

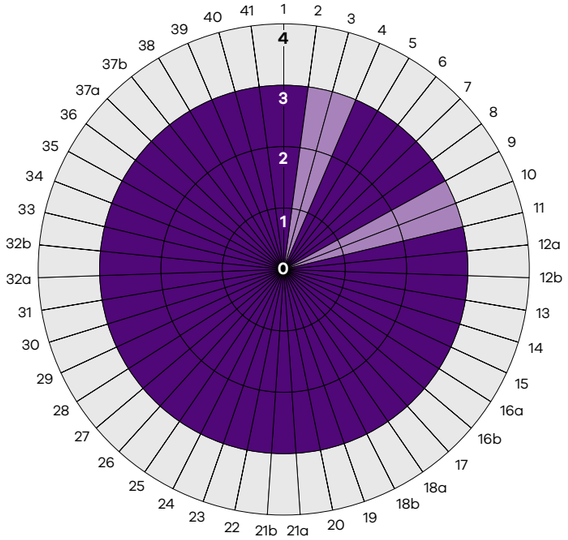
HSV has met or exceeded our target maturity level in this category.

Operation (requirements 26-40)

HSV has met or exceeded our target maturity level in this category.

Disposal (requirement 41)

HSV has met or exceeded our target maturity level in this category.



Status	Scale
Not applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A

Target

Overall

Modern slavery risk mitigation

HSV continues to recognise our significant role in preventing modern slavery in health service supply chains and its benefits for the broader sector. This work also aligns with our environment, social and governance approach.

For the 2024-25 reporting period, 29 Victorian public health services meet the criteria of a 'reporting entity' under the *Modern Slavery Act 2018* (Cth). Health services with an annual consolidated revenue of more than $100 million are required to provide an annual Modern Slavery Statement to the Australian Government, describing their actions to assess and address modern slavery risks in their domestic and global supply chains.

During 2024-25, HSV continued to provide leadership and guidance on reducing modern slavery risk in health service supply chains, in line with our advisory and consultancy function under the *Health Services Act 1988*. Health services rely on HSV to support their modern slavery obligations, and we have developed a comprehensive program of work to assist in uplifting modern slavery understanding across the sector.

Adopting a risk-based approach to combating modern slavery in health service supply chains, our achievements in 2024-25 included:

- assessing 328 suppliers within our collective purchasing agreements, representing a response rate of over 72 per cent
- providing 29 mandated health services with modern slavery risk assessment reports to support the health service in their compliance obligations under the *Modern Slavery Act 2018* (Cth)
- presenting 10 Modern Slavery Community of Learning sessions, providing health services with education and support for their modern slavery risk mitigation programs
- hosting both HSV and non-HSV supplier engagement sessions (suppliers to reporting health services), with more than 730 suppliers attending 15 sessions
- risk assessing suppliers that health services directly engage, with health services able to opt in to this service for the first time (16 health services availed themselves of this opportunity)
- implementing mandatory minimum standards from 1 July 2024, requiring all HSV collective purchasing agreement suppliers to review their approach to modern slavery
- providing training in collaboration with other government entities on topics including the Supplier Code of Conduct, Social Procurement and Fair Jobs Code, with more than 100 HSV employees and health service members attending these uplift sessions
- continuing to inform health services about key developments relating to the *Modern Slavery Act 2018* (Cth).

Case study

Helping suppliers assess and reduce their modern slavery risk

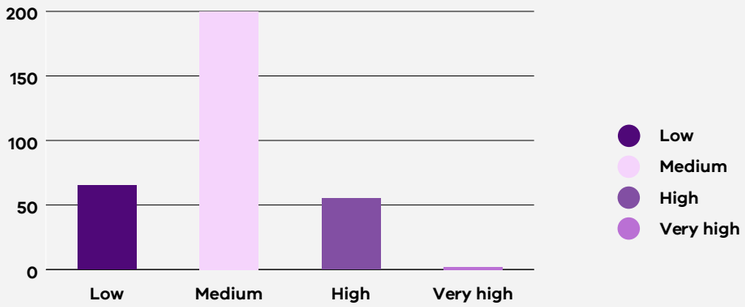
In an expansion of our work to reduce modern slavery risk in healthcare supply chains, in 2024-25 HSV commenced conducting risk assessments on behalf of health services by directly working with health service suppliers.

The assessments help HSV and health services to collaboratively work with suppliers to understand the modern slavery risk in their supply chain and/or operations. The assessment is a weighted risk rating which considers factors such as the countries they manufacture in (including obtaining raw materials, production and/or importing), their policies, training, due diligence and remedy.

Health services could opt in to this service, with participants receiving a tailored report based on supplier responses in addition to the annual HSV collective agreement report. They may use both reports to prepare their annual modern slavery statements, reducing administration so they can focus on patient care.

In 2024-25 HSV engaged with more than 198 collective agreement suppliers identified as having very high, high and medium risk to help them develop or enhance their modern slavery risk management approach, providing tools and access to training modules and resources to help identify possible controls and mitigations.

HSV also hosted 15 supplier engagement sessions, attended by more than 730 suppliers. Since the inception of the supplier engagement sessions in 2024, HSV has uplifted more than 1,000 suppliers. The sessions cover both introductory and more advanced information on modern slavery and related topics, and further supports suppliers to reduce their modern slavery risk.



Number of suppliers and risk ratings - 2025

Sustainability

HSV reports on the environmental performance of our operations, following the guidance provided in FRD 24 Reporting of Environmental Data by Government Entities. We collect data on the material environmental impacts under our operational control, including facility energy consumption, waste generation and disposal methods, and fleet vehicle usage. We also track and report on corporate air travel. Our performance and trends are disclosed below.

HSV incorporates sustainable procurement guiding principles from ISO 24000 and Victoria's Social Procurement Framework (SPF) into the collective procurement activities we undertake on behalf of Victoria's public health services and for our own purchasing requirements.

Our procurement teams work to deliver on our social procurement approach and procurement policies. Seeking measurable outcomes against selected SPF objectives is part of our value-for-money approach to all procurement. Outcomes are highlighted in the sustainable procurement report.

Vehicle fleets operated by HSV include fleet vehicles (pool cars) and a fleet of delivery trucks operating out of Derrimut and Dandenong DCs. Other product deliveries are performed by third-party logistics providers (3PLs) and so are not included within the organisational boundary for this reporting. Electricity, water, and waste management services at our Lonsdale Street office are supplied under HSV's occupancy arrangement, with prior year reportable quantity data not available. Gaps in reporting are unlikely to be significant (estimated at <1 per cent of total greenhouse gas emissions for prior reporting periods).

Direct operational environmental impacts have increased due to an expansion of operations and an increase in supply chain activities.

A rolling three-year history of environmental data is reported. For this reporting period, the data reported has been aligned with the financial year 1 July 2024 to 30 June 2025.

Environmental reporting

Organisational boundary for the purpose of environmental reporting

HSV's organisational site list includes the office space at Lonsdale Street, Melbourne and the Distribution Centres (DCs) located at Derrimut and Dandenong South.

Greenhouse gas emissions

Operational greenhouse gas emissions are reported for:

- Scope 1 – Direct emissions, resulting from fuel combustion in HSV vehicles
- Scope 2 – Energy indirect emissions, caused by electricity consumption in the three DCs
- Scope 3 – Other indirect emissions, estimated for corporate air travel, and waste disposal from the DCs.

Greenhouse gas emissions (tonnes CO_2-e)	2022-23	2023-24	2024-25
Scope 1 – Direct emissions from vehicle fuels	109.2	127.5	105.9
Scope 2 – Indirect emissions from electricity	351.7	380.8	470.4
Scope 3 – Indirect emissions from commercial air travel and waste disposal	86	103.4	187.5
Total reportable emissions	**546.8**	**611.7**	**763.8**

Scope 1 and Scope 2 emissions are calculated using emissions factors for fuels and electricity from the National Greenhouse Accounts Factors Tables 2024.

Scope 3 emissions from air travel are as reported by travel management provider Corporate Travel Management (CTM).

Scope 3 emissions for waste are calculated using emissions factors from sources such as the National Greenhouse Accounts Factors Tables 2024 and the scientific Journal of Cleaner Production 2023 (for selected recyclable waste).

Facility energy use

Lonsdale Street

HSV occupies offices at 50 Lonsdale Street, Melbourne CBD. Key environmental attributes of Lonsdale Street are:

- 6-star Green Star – Indoor Facilities rating
- 5.5-star NABERS Energy rating
- 5.5-star NABERS Water rating
- 3-star waste management rating

Lonsdale Street features energy-efficient lifts upgraded controls and air conditioning, CO_2 monitoring and high-efficiency fluorescent lighting. The electricity used by the building is carbon-neutral certified and is sourced by building management through the Melbourne Renewable Energy Project.

As a tenancy with shared services and under an occupancy arrangement, energy use data specific to our office usage is not available. Aggregate data provided has been apportioned for our tenancy based on office space occupied.

Facility energy

Indicator	Unit	2022-23	2023-24	2024-25
Total electricity used	MWh	no data	no data	53.2
Total electricity offsets	MWh	no data	no data	0
Natural gas	MJ	no data	no data	105

Prior reporting period data were not available due to a shared occupancy arrangement and are considered to not have a material impact.

Current disclosed reporting data has been apportioned based on the HealthShare Victoria's total spatial occupancy against the precinct managed by CBRE.

Distribution centres

Electricity usage at the Derrimut and Dandenong DCs are combined for the reporting period and accounted for the period HSV held financial control. The forklifts are electric powered, so there is no other fuel used for DC operations aside from electricity and the vehicle fleet. There is no onsite generation of electricity at these facilities.

Facility energy

Indicator	Unit	2022-23	2023-24	2024-25
Total electricity used	MWh	413.7	482.1	590.0
Total electricity offsets	MWh	0	0	0

Transportation

HSV's Lonsdale Street office location is readily accessible by public transport and the building has excellent end-of-trip facilities to support employee commuter cycling, including secure bicycle storage.

As of 30 June 2025 HSV has a fleet comprising seven vehicles, for which it monitors fuel card usage and odometer readings. All vehicles are internal combustion engine (ICE) vehicles; there are no battery electric vehicles (BEV) or plug-in hybrid electric vehicles (PHEV) in the fleet.

Fleet vehicle usage has increased from the prior year but remains marginally below pre-COVID levels as meetings with metropolitan and regional health services retain both hybrid and face-to-face engagements.

Passenger vehicles

Indicator	Unit	2022-23	2023-24	2024-25
Vehicles in use	count	8	7	7
Energy used (unleaded)	MJ	120,122	191,149	174,164
Greenhouse gas emissions	tonnes CO_2-e	8.1	12.9	11.8

Distribution centre vehicles

Indicator	Unit	2022-23	2023-24	2024-25
Vehicles in use	count	8	7	6
Energy used (diesel)	MJ	1,434,896	1,627,475	1,254,537
Greenhouse gas emissions	tonnes CO_2-e	101.03	114.6	88.3

Fuel data for the distribution vehicle fleet commenced in May 2022 as a result of the establishment of the HSV supply chain.

Total distance travelled was not tracked for the entire reporting period, so an emissions intensity metric for the goods vehicles is not presented. Similarly, HSV is no longer reporting on emissions intensity for passenger vehicles.

Distribution vehicles fleet comprises Derrimut vehicles as there is no fleet at the Dandenong DC.

Commercial air flights

Indicator	Unit	2022-23	2023-24	2024-25
Distance by air	km	34,247	18,892	22,953
Greenhouse gas emissions	tonnes CO_2-e	5.47	3.36	4.73

Waste disposal and recycling

Waste disposal and recycling collections are provided by Lonsdale Street building management as part of its shared service arrangements, including online training to improve tenant understanding of waste recycling activities. Individual tenancy waste volumes and data for the percentage of recycled materials are not available for reporting and a pro-rata usage for HSV at the Lonsdale Street office was calculated based on tenancy occupied space from the shared services data provided this reporting year.

An estimate of 2024-25 waste quantity for Lonsdale Street was 0.04 tonnes using volumetric conversion factors for bins/skips collected, of which an estimated 0.7 per cent was sent for recycling, and the remainder as general waste to landfill.

Recycling collections are available for:

- co-mingled paper and packaging
- food organics
- clean paper
- secure document destruction (confidential paper)
- batteries
- mobile phones
- printer toners
- e-waste.

HSV DCs have general waste services, as well as bins for recycling including co-mingled, cardboard, stretch wrap/shrink wrap and collection of timber pallet waste. An estimate of 2024-25 waste quantity was 194 tonnes, using volumetric conversion factors for bins/skips collected, of which an estimated 68 per cent was sent for recycling (a decrease of 2 per cent for this reporting period) and the remainder as general waste to landfill.

Water consumption

As a tenant in an office building with shared services, a pro-rata usage for HSV at the Lonsdale Street office was calculated based on tenancy occupied space from the shared services data provided this reporting year. HSV is estimated to have used 510 kilolitres for the financial year 2024-25. The Lonsdale Street precinct has a NABERS Water 5-star rating and provides onsite sewage water recovery for re-use in toilets, and high-efficiency water fixtures and fittings.

Water usage

Indicator	Unit	2022-23	2023-24	2024-25
Total water consumed	kl	no data	no data	510

Water usage (normalised)

Indicator normalised measure	Unit	2022-23	2023-24	2024-25
Water per unit of floor space	[kl/m^2]	no data	no data	0.28

Note: Water consumption of the DCs is part of the tenancy agreement and cannot be tracked.

Other operational items

All computer monitors and laptops we purchase are ENERGY STAR® certified, ensuring a high level of energy efficiency.

HSV purchases primarily high recycled-content office paper, reducing impacts on the environment and supporting a circular economy.

Social and sustainable procurement report

HSV continues to pursue social and sustainable procurement outcomes in line with Victoria's Social Procurement Framework (SPF) and our goals to drive greater value for our health service customers and a balanced approach to financial and non-financial benefits and supply chain risk.

Our social procurement approach prioritises outcomes associated with the following SPF objectives as standard practice during all procurement:

- supporting safe and fair workplaces
- women's equality and safety
- environmentally sustainable business practices.

Our approach also prioritises efforts to achieve outcomes associated with the following SPF objectives in specific categories where outcomes against the following objectives are identified as achievable:

- sustainable Victorian social enterprise and Aboriginal business sectors
- environmentally sustainable outputs
- climate change policy objectives.

Individual social procurement plans are now being prepared prior to tendering for all procurement projects with a value under contract greater than $20 million.

Objectives for each individual market approach are set during pre-tender planning, and tender responses are scored and weighted using evaluative criteria as part of the value for money assessment.

Suppliers are invited to offer additional social procurement commitments if awarded an HSV agreement. These commitments form part of the contract performance requirements for successful respondents.

HSV's procurement system is continuously improved to enable effective and efficient handling of supply chain information for use in SPF benefits measurement and reporting.

Highlights

In 2024-25 we received social procurement commitment offers from successful respondents to tenders, including commitments to:

- implement a gender equality policy or strategy
- implement a family violence policy
- increase inclusive employment (jobs, apprenticeships or traineeships) for disadvantaged Victorians
- subcontract to Victorian social benefit suppliers.

Supporting safe and fair workplaces

All suppliers to HSV must meet the minimum mandatory standards set out in the Victorian Supplier Code of Conduct, which was updated in 2025. The updated code came into effect on 1 April 2025, and covers integrity, ethics and conduct; conflict of interest, gifts, benefits and hospitality; corporate governance; labour and human rights; health and safety; and environmental management.

Since 2022-23 we have continued to follow the Fair Jobs Code, strengthening support for fair workplace practices by promoting secure employment and fair labour standards, ensuring compliance with employment, workplace and industrial laws.

Supporting safe and fair workplaces	Measure
Suppliers having signed an acknowledgement of the Supplier Code of Conduct	Mandatory requirement for contracting on HSV Supply Agreements

Women's safety and equality

In 2024-25, we received a total of 62 new social procurement commitments to put a family and domestic violence policy in place, and 72 commitments to put a gender equality strategy in place.

Policies improving women's safety and equality	Measure
Family and domestic violence policy, assessed against benchmark	Suppliers: 218 Proportion: 73 per cent (up from 66 per cent)
Gender equality policy or strategy, assessed against benchmark	Suppliers: 222 Proportion: 75 per cent (up from 70 per cent)

Supporting the social enterprise business sector

Social benefit suppliers are defined as any of the following: Australian Disability Enterprises (ADEs), Victorian Aboriginal-owned businesses or Victorian-based social enterprises.

HSV continues to use Clean Force Property Services, a flagship social enterprise of WISE Employment Ltd to provide cleaning and hygiene services on-site at the Derrimut and Dandenong DCs. Clean Force Property Services employs Victorians who are living with disability, including mental illness.

Social enterprise and Aboriginal business activities		Measure
Direct purchasing from social benefit suppliers	Purchasing from Victorian Aboriginal businesses	Number engaged: 0 Total spend: $0
	Purchasing from Victorian social enterprises	Number engaged: 4 Total spend: $121,311
	Purchasing from Victorian social enterprises led by a mission for people with disability and ADEs	Number engaged: 1 Total spend: $101,152
Indirect procurement from social benefit suppliers through HSV contracts*	Victorian Aboriginal businesses	Number awarded onto contract: 0
	Victorian social enterprises	Number awarded onto contract: 4 Health service spend: $2m
	Mainstream supplier commitments to using social benefit suppliers	Reporting against commitments made by five suppliers, totalling $18,000 of purchasing

* Direct expenditure is based on the 2024-25 period

We have received 18 new social procurement commitments from suppliers towards purchasing a percentage of their requirements from social benefit suppliers.

Inclusive employment

During 2024-25, HSV received five new social procurement commitments towards inclusive employment.

We reviewed 25 suppliers who had previously made a commitment to provide employment or training outcomes for disadvantaged Victorian cohorts. Around 80 per cent of these suppliers reported quantifiable outcomes for 2024-25, positively benefiting 124 disadvantaged people through training or employment.

Environmental sustainability indicators from the supply chain

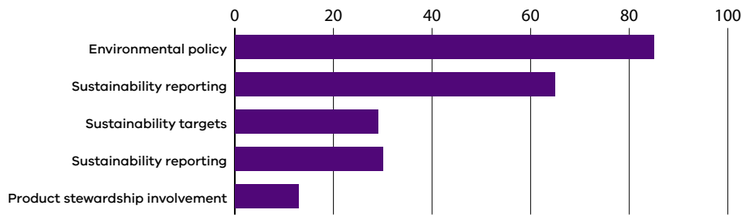
We track indicators of environmentally sustainable business practices used by tenderers and contractors in their operations or sourcing and include this as part of our standard evaluation methods. These include environmental policies that go beyond the mandatory compliance as well as legislation, environmental management systems and environmental impact reduction targets.

In addition, tenderers are invited to offer more environmentally sustainable products or services.

Sustainable procurement outcomes

SPF objective	SPF outcomes	Measure
Environmentally sustainable business practices	Adoption of environmentally sustainable business practices by suppliers	Scorecard (percentage of suppliers assessed): • Environmental policy (85 per cent) • Environmental management system (65 per cent) • Sustainability targets (28 per cent) • Sustainability reporting (30 per cent) • Product stewardship involvement (13 per cent)
Environmentally sustainable outputs	Project-specific requirements to use sustainable resources and to manage waste and pollution	Environmentally preferable product or service offers are included within multiple contracts, in particular catering supplies and workplace supplies. Not all benefits are verified.

Scorecard (percentage of suppliers assessed):



Management and organisation

HSV's Executive Leadership Team

Ms Susan Delroi

B.Bus, CPA, GAICD, Executive Education (Harvard Kennedy School)

Chief Executive

Susan Delroi commenced as HSV's Chief Executive on 15 July 2025.

Susan joins HSV from Victoria Police, where she was Deputy Secretary, Corporate and Regulatory Services. Susan's executive experience includes roles as Deputy Director-General of Queensland Health and CEO of Health Support Queensland – HSV's interstate counterpart – and as Executive Director of Corporate Services in Victoria's Department of Premier and Cabinet.

Susan is a leader in delivering exceptional outcomes in complex, ambiguous and multifaceted settings. Throughout her experience across a range of industries, ranging from utilities and economic development to health and police, and across the for-profit and for-purpose sectors, Susan has demonstrated strategic and people-focused leadership.

As a Certified Practising Accountant, she also has extensive financial and business experience.

Mr John Delinaoum

B.Bus (Acc), FCPA, GAICD, Grad Dip (Marketing), Grad Cert (Health System)

Executive Director Finance, Risk and Governance (Chief Financial Officer) / Acting Chief Executive (25 November 2024-14 July 2025)

John commenced at HSV in March 2015 and leads the Finance, Enterprise Risk, Policy and Compliance, Legal, Governance and Commercial functions at HSV. John started his career in the commercial property investment sector and has since held senior finance leadership roles in public and private health and aged care services over 30 years.

John has extensive experience in business planning, enterprise risk management, commercial negotiations balancing legal exposure and value for money outcomes, corporate services functions, systems technology design and implementation.

Since 2017, John has been a member of the Finance and Risk Committee of the Australian College of Optometry (ACO), providing governance and risk management support.

He was previously a Board member and Treasurer of the Healthcare Financial Management Association (HFMA), the peak body for health professionals providing value through education, research and networking activities across Australia over seven years.

Mr Brett Comer

B.Bus (Acc), FCPA, GAICD

Interim Executive Director Finance, Risk and Governance (Chief Financial Officer) (4 February 2025-14 July 2025)

Brett has held executive positions in the health and human services, financial services and early childcare education sectors. His leadership style is characterised by courage, curiosity, and collaboration to achieve impactful and sustainable outcomes for customers, the community, and related stakeholders.

With a Bachelor of Business in Accounting, he is also a Fellow of Chartered Accountants Australia and New Zealand and a graduate of the Australian Institute of Company Directors. He is also a Director of Kids Under Cover, which works to prevent youth homelessness.

Brett's versatility has been demonstrated in diverse network structures including public and private organisations and leading finance and operations and significant transformative programs at State Trustees of Victoria, Bupa Australia and New Zealand, Monash IVF and Camp Australia.

Ms Mel Nolet

MHR Mgmt, GCertOHSE, Member Australian HR Institute, Member Australian Institute of Health and Safety

Chief People and Safety Officer (Director People, Culture and Safety) (resigned 23 May 2025)

Mel commenced at HSV in May 2022 following a career that has spanned almost 20 years in human resource management, industrial relations and safety across the private sector. Mel's safety and customer-first focus has developed working within large and complex critical infrastructure service organisations in asset management, design, construction, operations and maintenance functions, primarily in the utilities sector.

Prior to joining HSV, Mel gained public sector experience as Head of People, Culture and Safety at Phillip Island Nature Parks, an agency of the Department of Energy, Environment and Climate Action, where she also acted in senior executive and operational roles as Acting Chief Executive Officer and General Manager.

Mel has postgraduate qualifications in human resource management and is currently studying a Master of Ergonomics, Safety and Health.

Ms Angela Malone

DipAppSc, Cert Training&Assessment, Cert OHPrac, Lean Six Sigma Green Belt

Acting Chief People and Safety Officer (from 26 May 2025)

Angela commenced at HSV in March 2014 following an extensive career in human resources and industrial relations management. Angela's recruitment and consulting experience comprises senior roles across the commercial and not-for-profit sectors, including a number of management roles at Ford Australia's head office in Melbourne.

Across her career, Angela has a consistent record of success in working closely with management and other stakeholders to develop and implement effective human resource solutions, focusing on inclusive, sustainable and ethical leadership strategy development. Angela's collaborative approach, strong business acumen and focus on strategic HR planning, often in complex and challenging environments, is key to organisations achieving their business objectives.

Angela has qualifications in Applied Science and has completed a range of management programs and Six Sigma Green Belt accreditation.

Ms Sarah Bryant

Executive Education (Harvard Business School), GAICD

Chief Procurement Officer (from 24 March 2025)

Sarah joined HSV in March 2025 as Chief Procurement Officer, leading a team of procurement professionals partnering with Victoria's public health services and suppliers to deliver goods and services to support better value.

She has over 25 years' experience in the procurement of fast-moving consumer goods and services, plus a decade working in retail.

Her core competencies include change management, complex negotiation, project management, risk mitigation and category sourcing strategy development.

Sarah has a proven track record of balancing strategic imperatives and delivering results, effectively facing challenges to quickly assess situations and implement action plans that drive profitable financial performance. She has global expertise in procurement, working in complex domestic and offshore corporations.

Sarah's mission is to drive HSV's procurement strategy and vision to support our health service partners, leveraging her end-to-end procurement expertise to deliver better patient outcomes.

In addition to Diploma and Bachelor studies from Massey University and an Executive Education at Harvard Business School, Sarah is a graduate of the Australian Institute of Company Directors (AICD).

Ms Supriya Blakey

Chief Logistics Officer
(from 16 June 2025)

Supriya brings to HSV more than 20 years' experience in logistics and supply chain strategy, spanning pharmaceuticals, clinical trials, fast-moving consumer goods and retail. She has a strong record of leading large-scale transformation across distribution centres, transport networks and digital logistics systems – with a focus on delivering value, service reliability and community impact.

Prior to joining HSV, Supriya held national leadership roles with Wesfarmers Health, API, Sigma Healthcare, Linfox and DHL Express, where she led critical supply chain programs including health logistics automation, last-mile fulfilment optimisation and clinical trial distribution. Her experience includes overseeing logistics operations for up to seven distribution centres, managing multi-million-dollar budgets and driving measurable uplift in delivery performance, inventory accuracy and customer satisfaction.

Supriya's leadership approach is grounded in collaboration, operational discipline, and data-informed decision-making. She is passionate about supply chain innovation that strengthens healthcare access and equity across all of Victoria.

Mr Alan Booth

Acting Chief Logistics Officer
(14 October 2024-4 July 2025)

Alan joined HSV in October 2023 as General Manager Supply Chain Optimisation, acting in the Chief Logistics Officer role from 14 October 2024 to 4 July 2025.

Alan's extensive supply chain knowledge and strong technical and leadership experience has supported HSV's logistics operations. He was previously Logistics and Transformation Manager at Coles Group, Manager of Transport Modelling and Optimisation at Linfox and Customer Supply Chain Development Manager at Asahi Beverages.

Alan has a demonstrated history working with fast-moving consumer goods across industries. With extensive experience in supply chain strategy development, Alan's focus has been on implementing short- and long-term logistics and customer experience projects, transport and warehousing operation modelling and process optimisation.

In addition to a bachelor's degree in psychology, Alan has completed a Master of Business Administration (MBA).

Mr Raph Even-Chaim

MMgt (InfoTech), MBA, GAICD

Director Information Technology
(Chief Information Officer)

Raph joined HSV in May 2021 and brings more than 20 years of experience in managing technology strategy and operations in SME and large enterprise across logistics and retail industries.

Previously, Raph has managed IT strategy and operations in the mining, logistics and industrial sector.

Over his career, Raph has managed information security, governance and risk, while working with internal and external stakeholders to deliver solutions across finance, supply chain and information systems.

In addition to several industry certifications, Raph has a Master of Management (Information Technology) and an MBA as well as being a graduate member of the Australian Institute of Company Directors. Raph also served for nine years as a board member of Neighbourhood Watch Victoria, where he provided advice on information technology and governance.

Organisational structure

Office of Chief Executive

Finance, Risk and Governance

- Financial Sustainability
- Commercial
- Enterprise Risk
- Corporate Governance
- Legal Services
- Policy and Compliance

People, Culture and Safety

- Human Resources
- Health, Safety and Wellbeing
- Organisational Development and Change
- Communication
- Workplace Relations

Procurement

- Procurement Delivery
- Procurement Design and Capability
- Customer Engagement
- Supplier Relationship Management

Logistics

- Logistics Operations
- Supply Chain Optimisation
- Data and Analytics

Information Technology

- Solutions Delivery
- Transformation
- Data Engineering
- Enterprise Systems
- IT Service Management

People, culture and safety

At HSV we believe our people are our greatest resource, and in 2024-25 we continued to focus on ensuring we have capable and motivated people to support HSV's business objectives and strategy. The People, Culture and Safety team plays an integral role in HSV's roadmap activities by supporting and influencing all our operations.

A key focus for us in 2024-25 has been building on our 'We Value People' employee program to attract and retain top talent to HSV. In addition, implementation of the HSV Enterprise Agreement 2024, together with our response to the results of a 2024 organisational culture survey and the introduction of a new Leadership Capability Framework, provide a strong foundation for our increased focus on leadership, development and a constructive culture.

HSV is committed to fostering a constructive, inclusive and high performing culture – one where every individual feels valued, supported and empowered to contribute their best. By investing in strong leadership, open communication and a shared sense of purpose, we continue to shape a workplace that supports both personal growth and collective success.

To ensure we are well-placed to achieve our strategic goals, we completed a realignment of our structure in 2024-25 to support more consistent goal setting and outcomes for all HSV employees in line with our organisational strategy.

Safety in everything we do

Health, safety and wellbeing (HSW) has been a consistent focus throughout HSV's transformation from a procurement services organisation to an end-to-end supply chain. We have a mix of operational and professional team members working across multiple locations within different risk environments.

Ensuring our people are able to work within a safe working environment continues to be fundamental to maintaining our ability to provide critical medical supplies to health services to help improve the lives of patients and their families.

HSV safety strategy: BeSafe

HSV's safety strategy, BeSafe, provides the strategic direction for managing HSW at HSV. The strategy was developed in 2021 following an extensive consultation process. Each strategy objective has a theme, metrics and program of works, with timeframes and milestones established to provide transparency and accountability for delivery of the strategy.

Our strategy aligns with numerous existing safety programs and human resource initiatives, including the HSV BeSafe Committee, facilitated safety leadership workshops, psychological safety 'Speak Up' program and Employee Assistance Program. The HSW BeSafe Standard also provides clear guidance and direction for HSV people leaders and teams when managing HSW responsibilities and meeting obligations.

Planning is complete for a dedicated safety reporting system which will provide expanded people leader participation and accessibility in the reporting process, as well as improved investigation methodology and tools along with customisable analytics functionality. This new system will be launched during 2025-26.

HSV logistics operational safety

Safety is critical at our high-risk DCs where a mix of powered mobile and fixed plant (such as heavy vehicles, forklifts and elevated work platforms) and other materials handling equipment (MHE) operate. The competency of our team members alongside the safety of our equipment is paramount in managing risks and preventing incidents and injuries at these busy sites.

HSV successfully opened a second DC at Dandenong South during 2024-25 to support Monash Health initially and other health services in future. In partnership with the HSW team and broader People, Culture and Safety team, months of careful planning, fit-out, recruitment and team onboarding has supported a safe go-live for the new facility and a positive team culture.

Our DC teams across all logistics operations have also completed a number of important activities and training programs in 2024-25 including manual task competency, safe load restraint practice, elevated work platform safety, cardiopulmonary resuscitation (CPR) refreshers, and return to work (RTW) basics for frontline leaders.

Health, safety and wellbeing reporting

Our focus on encouraging reporting of HSW hazards and incidents has continued with an increase in proactive event reporting.

The total number of hazard reports has almost doubled from 557 in 2023-24 to 927 in 2024-25. Hazard reports as a proportion of all reported events remained high at 80 per cent in 2024-25 (82 per cent in 2023-24). Hazard reporting is a positive lead indicator of a proactive risk management culture which helps to reduce risk and prevent workplace injuries and illnesses.

HSV HSW summary 2024-25

HSW matter	2024-25	2023-24	2022-23
The number of reported hazards/ incidents for the year per 100 FTE	388.9	252.9	117.5
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.00	1.12	0.35
The average cost per WorkCover claim for the year	23,758*	$53,646	$763

(* Ongoing costs arising from one active claim in 2023-24)

One WorkCover claim was made in 2024-25, compared to three claims in 2023-24. Total claim costs for 2024-25 are $23,758 which relate to ongoing costs of a previously active claim from 2023-24.

There have been no fatalities.

Occupational violence

HSV occupational violence summary 2024-25

Occupational violence statistic	2024-25	2023-24	2022-23
WorkCover accepted claims with an occupational violence cause per 100 FTE	Nil	Nil	Nil
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	Nil	Nil	Nil
Number of occupational violence incidents reported	7	3	2
Number of occupational violence incidents reported per 100 FTE	2.33	1.12	0.85
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2	Nil	Nil

Occupational violence – any incident in which an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of, their employment

Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included

Accepted WorkCover claims – number of accepted Workcover claims that were lodged in 2024-25

Lost time – defined as one certified full day lost, not including the day on which the event occurred

Injury, illness or condition – includes all reported harm as a result of the event, regardless of whether the employee required time off work or submitted a claim.

Workforce data

HSV's workforce composition for the last full pay period in June 2024

	FY average 2023-24	FY average 2024-25	June 24	June 25	June 24	June 25
	Full-time equivalent		Full-time equivalent		Headcount	
Full-time	279.0	279.2	269.5	281.6	270	291
Part-time	7.5	8.4	7.1	7.4	10	12
Total number of payroll employees	**286.5**	**287.6**	**276.6**	**289.0**	**280**	**303**
Agency/casual	28.2	36.4	26.1	39.2	27	39
Total	**314.7**	**324.0**	**302.7**	**328.2**	**307**	**342**

HSV's gender and age data

	All employees		Ongoing			Fixed-term			Headcount		
	Head-count	FTE	Full-time	Part-time	FTE	Full-time	Part-time	FTE	Woman	Man	Self-described
Gender											
Woman	151.0	144.2	128.0	8.0	132.4	15.0	-	11.8			
Man	152.0	144.7	131.0	3.0	130.1	17.0	1.0	14.6			
Self-described	0.0	0.0	-	-	0.0	-	-	0.0			
Total	**303.0**	**289.0**	**259.0**	**11.0**	**262.5**	**32.0**	**1.0**	**26.4**			
Age											
15-24	3.0	3.0	3.0	-	3.0	-	-	0.0	1	2	-
25-34	69.0	65.2	59.0	1.0	57.5	8.0	1.0	7.6	39	30	-
35-44	99.0	91.1	85.0	5.0	84.1	9.0	-	7.0	53	46	-
45-54	76.0	73.8	63.0	1.0	64.5	12.0	-	9.2	38	38	-
55-64	45.0	45.6	41.0	1.0	43.0	3.0	-	2.5	16	29	-
65+	11.0	10.2	8.0	3.0	10.2	-	-	0.0	4	7	-
Total	**303.0**	**289.0**	**259.0**	**11.0**	**262.5**	**32.0**	**1.0**	**26.4**	**151**	**152**	**0**

HSV recruitment

HSV's workforce numbers remained steady in 2024-25, with 303 full-time and part-time employees. To ensure the delivery of HSV's strategic goals and vital business-as-usual activities, 89 new people joined our organisation, commencing in the following business areas:

- 17 in Finance, Risk and Governance
- 8 in Information Technology
- 2 in the Office of the Chief Executive
- 5 in People, Culture and Safety
- 38 in Supply Chain
- 19 in Procurement.

A continued focus on supporting career progression resulted in 34 internal promotions and secondments. External consultants and contractors have been engaged where expertise is limited or to support short-term and bespoke projects. These include engagements with expertise in information technology, people, culture and safety, supply chain, procurement and transformation.

Throughout 2024-25 HSV continued to engage LinkedIn and Seek to source new talent. These platforms provide functionality and visibility balanced with an economical return on investment, enabling us to leverage and promote our 'We Value People' employee value proposition, increasing awareness and interest in our available positions.

Diversity, inclusion and employee wellbeing

At HSV, we value and recognise the benefits of diversity and aim to foster a safe, diverse, fair and inclusive workforce. Diverse workplaces that reflect the wider community support more meaningful workplace discussions and help us relate to the unique needs of our public health sector customers and stakeholders. At HSV, our focus is on building an organisational culture that is inclusive and promotes diversity and equality.

The Diversity and Inclusion Plan 2023-26 forms a foundation for everything we do at HSV, addressing how we recruit people, how we interact with each other in the workplace or celebrate our different backgrounds. The plan outlines organisational actions across six key areas: accessibility, cultural diversity, First Nations peoples inclusion, gender equality, LGBTIQ+ inclusion and mental health.

Our workforce is diverse. In the 2023 People Matter Survey, 47 per cent of employees reported their cultural identity as Australian and 29 per cent reported they speak a language other than English with family or community (20 per cent preferred not to say). One per cent of current employees reported identifying as Aboriginal or Torres Strait Islander.

Organised activities are instrumental in helping to foster employee engagement, connection and wellbeing at HSV. HSV supports a range of Australian and international days celebrating women, men's health, people with disability, cultural diversity, mental health, LGBTQIA+ people and Aboriginal and Torres Strait Islander people.

First Nations cultural safety

HSV promotes First Nations cultural safety by recognising NAIDOC and National Reconciliation weeks and promoting local and online events that recognise the contribution of Aboriginal people and communities to Victorian life and how this enriches our society. We build cultural awareness with employees by regularly communicating topics relating to First Nations history, culture, art and music via our intranet.

HSV acknowledges the Traditional Owners of the land at the beginning of team meetings, formal events, forums and functions. A workshop on how to personalise and deliver an authentic Acknowledgement of Country, hosted by Yamatji, Budimia and Noongar Australian Rhys Paddick, was well attended by employees and Board members.

Leadership and culture

Leadership development continues to be an area of focus at HSV.

The inaugural HSV Leadership Day in April 2025 for our senior leaders saw the introduction of the 2025-29 HSV Strategic Plan by the HSV Board Chair together with the launch of the new HSV Leadership Capability Framework. The day also focused on psychosocial safety and building a constructive culture.

To support the introduction of the new *HSV Enterprise Agreement 2024* and subsequent updates to HSV's performance management procedure, goal setting and performance feedback training was delivered to employees.

Also in 2024-25 HSV launched the Speak Up for Safety program, which tailors our Introduction to Speak Up program to our DC teams.

Our already established leadership training continued for our new starters. Programs include managing challenging conversations, safety leadership, performance conversations, supervision and people management and ethical leadership, as well as contact officer training and mental health first aid peer support training. Leadership behaviours are also embedded in our induction programs on family violence awareness and diversity and workplace respect.

Leadership Capability Framework

HSV's Leadership Capability Framework is designed to support our employees as they build and grow their leadership capabilities. It provides a pathway for skills development, growth and career progression and can be used to identify the behaviours, mindsets and capabilities required at each level of leadership.

The framework is based on the following principles:

- Leadership at HSV is for everyone
- We role model our values
- Our people leaders motivate and empower individuals to deliver extraordinary outcomes that bring our vision to life.

Twelve leadership capabilities have been carefully chosen to help our people lead our organisation to deliver on our aspiration and strategy. This framework will be integrated into HSV's programs for attraction, recruitment, development, role clarity and other relevant aspects of the employee lifecycle.

Culture survey

In 2024, we assessed our workplace culture using the Organisational Culture Inventory (OCI) survey. The results have been used to identify and prioritise key areas for improvement. Priority themes include:

- Clearly communicate strategy and direction
- Seek simplification – maintain compliance with minimal bureaucracy and introduce continuous improvement initiatives
- Empower – insist that decision-making can occur at the lowest possible level in HSV, and work towards shifting accountability
- Avoid perfectionism – focus on quality and action rather than perfection
- People-focused feedback – provide regular, quality feedback.

We all help to build a constructive culture

Disclosure of consultancies

In 2024-25, there were eight consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2024-25 in relation to these consultancies was $2.268 million (excluding GST).

Details of consultancies (valued at $10,000 or greater)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex GST)	Expenditure 2024-25 (ex GST)	Future Expenditure
KPMG	Project assurance services and value adding advisory services for the warehouse management system (WMS) project including general assurance, preliminary, design, development and testing phases	July 2023	June 2025	$225,445	$70,500	$0
VicTAG	To assess pharmaceutical products and packaging for their acceptable and suitable usage in Victorian public health services, which may support current or future HSV pharmaceutical sourcing activities	January 2024	February 2025	$64,000	$21,333	$0
Koerber Supply Chain Au Pty Ltd/ Infios Pty Ltd	Implementation of a new warehouse management system (WMS) that allows for migration from Oracle WMS and builds associated external integration between WMS and other relevant HSV systems, including the Oracle eBusiness Suite ERP application	August 2023	August 2025	$1,821,271	$1,361,676	$0
ACFEC	Design of reference manual and training material including presentations and assessment framework to deliver a TAFE Cert IV in Procurement and Contracting course	July 2024	June 2025	$188,000	$188,000	$0
The Trustee for the Performance Architects Trust	Undertake a measure of organisational culture to better understand current cultural expectations and provide a focus for change initiatives aligned with organisation values and provide guidance on transformation and growth within the organisation	July 2024	June 2025	$63,687	$63,687	$0
Synogize	Implementation of Microsoft Fabric as the data platform to enhance effective data management, analytics capabilities, and overall operational efficiency	November 2024	June 2025	$180,793	$180,793	$0
Insync Surveys Pty Ltd	Governance review of the performance and effectiveness of the Board and committees with examination of the strengths and weaknesses of governance and recommendations for improvement within the organisation	January 2025	April 2025	$37,950	$37,950	$0
Korda-mentha Pty Ltd	HSV Strategic Services Plan development 2025-29	December 2024	June 2025	$365,843	$344,134	$0

Information and Communication Technology (ICT) expenditure

Consistent with FRD 22H, this Report of Operations presents the following disclosure relating to ICT expenditure (excluding GST).

ICT expenditure represents an entity's costs in providing business-enabling ICT services and consists of the following elements:

- operating and capital expenditure (including depreciation)
- ICT services – internally and externally sourced
- the cost of providing ICT services (including personnel and facilities) across the entity, whether funded within a central ICT budget or within other budgets
- the cost of providing ICT services to other organisations.

The total ICT expenditure incurred during 2024-25 is $15 million (excluding GST), with details shown in the following table.

Business-as-usual (BAU) ICT expenditure	Non-business-as-usual (non-BAU) ICT		
Total (ex GST)	Total operational expenditure and capital expenditure (ex GST)	Total operational expenditure (ex GST)	Total capital expenditure (ex GST)
$11,199,445	$3,803,695	$3,803,695	$0

Non-business as usual (non-BAU) expenditure is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and is usually run as projects. Business as usual (BAU) expenditure includes all remaining ICT expenditure other than non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

Summary of financial results

Summary of financial results and comparison to the last five reporting periods

	2025 $000	2024 $000	2023 $000	2022 $000	2021 $000
Operating result*	23	22	46	5,439	3,490
Total revenue	232,406	211,835	165,579	133,094	42,565
Total expenses	236,997	214,670	167,832	129,633	29,327
Net result from transactions	(4,591)	(2,835)	(2,253)	3,461	13,238
Total other economic flows	(102)	9	463	850	85
Net result	**(4,693)**	**(2,826)**	**(1,790)**	**4,311**	**13,323**
Total assets	80,031	90,880	50,230	47,791	32,569
Total liabilities	68,292	74,448	32,952	28,723	17,812
Net assets / Total equity	**11,739**	**16,432**	**17,278**	**19,068**	**14,757**

* The operating result is the financial result monitored in the Statement of Priorities.

Summary of significant changes in HSV's financial position

2024-25 was a period of considerable achievement for HSV with the delivery of key strategic priorities for public health services and the Victorian Government, alongside further consolidation of network logistics to create system efficiencies and the wind-down of State Supply Chain (SSC) operations.

HSV's new strategic services plan will deliver greater financial value and non-financial system benefits over the next five years by partnering with Victorian public health services, suppliers and government, which will improve the value delivered for public health services and patient outcomes.

In early 2024-25 HSV opened the Dandenong South DC, which commenced delivering orders to Monash Health by November 2024 and is tracking well to onboard Eastern Health to HSV's logistics function in early 2025-26. HSV continues to invest in critical IT infrastructure and successfully implemented a new warehouse management system at both the Derrimut and Dandenong South DCs which will further enable delivery of exceptional customer service in future years as volume increases.

In accordance with the strategic plan, HSV is working with the health sector and government to establish the future state network operating model which will expand supply chain operations to include all health services across the state. The maturing end-to-end supply chain will benefit health services and support better patient outcomes, primarily through increased visibility of data, demand and supply management leading to more consistent stock, availability and a larger volume of orders to maximise purchasing power.

Revenue from our logistics function continued the upward trend, reporting a $29.2 million – or 22.7 per cent – increase on the previous year with higher volumes (18.6 per cent) dispatched from HSV's distribution centres. The benefits of the lower pricing that HSV achieves are passed directly to health services. This profile is expected to increase year on year as HSV onboards additional health services, delivering value through increased economies of scale and warehouse labour efficiencies.

Grant revenue from the Department of Health for core operations increased by 2.5 per cent from the prior year while special project funding decreased by $8.3 million as HSV finalises the SSC operations and SSC stock disposal programs.

Our employee headcount (including agency labour) increased from 307 in June 2024 to 342 at June 2025, driven by additional floor and administrative staff at the new Dandenong South DC together with new roles (both ongoing and short-term contract) within the procurement and support functions of the finance and information technology business areas. These new roles provide the additional skills and capability required to enable delivery of HSV's five-year strategic plan.

HSV's financial performance during the 2024-25 financial year is a break-even operating result, largely due to the timing of Department of Health funding and the lead time required to implement and deliver strategic initiatives with $18 million of deferred revenue. The net deficit of $4.7 million is impacted by depreciation and adjustments for economic flows and impairment assessments to financial and non-financial assets. Overall, the cash levels for HSV remain strong with a current asset ratio of 1.2 and adequate cash in the operating account to support HSV's going concern requirements.

HSV's performance against its Statement of Priorities and strategic objectives has been reported earlier in this annual report.

Disclosure index

The annual report of HealthShare Victoria is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of HealthShare Victoria's compliance with statutory disclosure requirements.

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Finance report

Financial statements and accompanying notes for the year ended 30 June 2025

Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration

The following financial statements for Health Purchasing Victoria, trading as HealthShare Victoria, have been prepared in accordance with Direction 5.2 of the Standard Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2025 and financial position of HealthShare Victoria at 30 June 2025.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on this day.

Prof Andrew Way
Board Chair
HealthShare Victoria
29 August 2025

Ms Susan Delroi
Chief Executive Officer
HealthShare Victoria
29 August 2025

Mr John Delinaoum
Chief Financial and Accounting Officer
HealthShare Victoria
29 August 2025

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Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Health Purchasing Victoria, trading as HealthShare Victoria

Opinion

I have audited the financial report of Health Purchasing Victoria (the entity) which comprises the:

- balance sheet as at 30 June 2025
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including material accounting policy information
- board member's, accountable officer's and chief finance and accounting officer's declaration

In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards-Simplified Disclosures.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Board of the entity is responsible for the Other Information, which comprises the information in the entity's annual report for the year ended 30 June 2025, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

OFFICIAL

Board's responsibilities for the financial report	The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.
Auditor's responsibilities for the audit of the financial report	As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

Auditor's responsibilities for the audit of the financial report (continued)	• evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
1 September 2025

Sanchu Chummar
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2025

	Note	2025 $	2024 $
Revenue and income from transactions			
Revenue from contracts with customers	2.1	175,130,822	156,769,816
Other sources of income	2.1	55,579,480	53,308,883
Non-operating activities		1,696,241	1,756,009
Total revenue and income from transactions		**232,406,543**	**211,834,708**
Expenses from transactions			
Employee expenses	3.1	(53,257,717)	(52,244,523)
Finance costs	6.1	(910,650)	(165,928)
Depreciation and amortisation	4.1(a), 4.2	(4,614,030)	(2,939,544)
Other operating expenses	3.1	(178,214,684)	(159,320,188)
Total expenses from transactions		**(236,997,081)**	**(214,670,183)**
Net result from transactions - Net operating balance		**(4,590,538)**	**(2,835,475)**
Other economic flows included in net result			
Net (loss) on non-financial assets		(220,634)	(84,765)
Net gain on financial instruments		97,596	21,600
Other gain from other economic flows		21,074	72,506
Total other economic flows included in net result		**(101,964)**	**9,341**
Net result		**(4,692,502)**	**(2,826,134)**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus		-	1,979,526
Comprehensive result		**(4,692,502)**	**(846,608)**

This statement should be read in conjunction with the accompanying notes.

Balance sheet

As at 30 June 2025

	Note	2025 $	2024 $
Financial assets			
Cash and cash equivalents	6.2	22,333,718	49,919,208
Receivables	5.1	17,267,256	9,730,665
Total financial assets		**39,600,974**	**59,649,873**
Non-financial assets			
Prepayments		2,489,993	2,279,687
Inventories	5.3	14,156,941	8,275,590
Non-financial physical assets held for sale	5.4	2,841,514	-
Property, plant and equipment	4.1	20,877,082	20,526,849
Intangible assets	4.2	64,436	147,515
Total non-financial assets		**40,429,966**	**31,229,641**
Total assets		**80,030,940**	**90,879,514**
Liabilities			
Payables	5.5	19,764,883	19,200,825
Contract liabilities	5.6	18,012,280	30,382,115
Borrowings	6.1	20,407,580	15,393,490
Employee benefits	3.1(b)	9,691,003	9,069,561
Other provisions	5.7	416,121	401,948
Total liabilities		**68,291,867**	**74,447,939**
Net assets		**11,739,073**	**16,431,575**
Equity			
Property, plant and equipment revaluation reserve		1,979,526	1,979,526
Contributed capital		31,570	31,570
Accumulated surplus		9,727,977	14,420,479
Total equity		**11,739,073**	**16,431,575**

This balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement

For the financial year ended 30 June 2025

	Note	2025 $	2024 $
Cash flows from operating activities			
Operating grants from state government		58,800,608	106,011,259
Capital grants from state government		-	81,583
Interest and investment income received		1,682,709	1,559,413
Net GST received from ATO		3,034,892	1,944,158
Commercial activity revenue received		148,695,655	128,312,162
Other receipts		13,532	129,815
Total receipts		**212,227,396**	**238,038,390**
Payments to employees		(50,304,445)	(50,389,576)
Payments for supplies and consumables		(186,759,177)	(159,344,518)
Finance costs		(40,656)	(38,170)
Total payments		**(237,104,278)**	**(209,772,264)**
Net cash flows from/(used in) operating activities		**(24,876,882)**	**28,266,126**
Cash flows from investing activities			
Purchase of non-financial assets		(127,623)	(528,864)
Net cash flows (used in) investing activities		**(127,623)**	**(528,864)**
Cash flows from financing activities			
Repayment of borrowings and principal portion of lease liabilities		(2,580,985)	(2,219,155)
Net cash flows (used in) financing activities		**(2,580,985)**	**(2,219,155)**
Net increase /(decrease) in cash and cash equivalents held		**(27,585,490)**	**25,518,107**
Cash and cash equivalents at beginning of financial year		49,919,208	24,401,101
Cash and cash equivalents at end of financial year	6.2	**22,333,718**	**49,919,208**

This statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the financial year ended 30 June 2025

	Property, Plant and Equipment Revaluation Reserve $	Contributed Capital $	Accumulated Surplus $	Total $
Balance at 1 July 2023	-	**31,570**	**17,246,613**	**17,278,183**
Net result for the year	-	-	(2,826,134)	(2,826,134)
Other comprehensive income for the year	1,979,526	-	-	1,979,526
Balance at 30 June 2024	**1,979,526**	**31,570**	**14,420,479**	**16,431,575**
Net result for the year	-	-	(4,692,502)	(4,692,502)
Other comprehensive income for the year	-	-	-	-
Balance at 30 June 2025	**1,979,526**	**31,570**	**9,727,977**	**11,739,073**

This statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements

Note 1 About this report

Structure

These financial statements represent the audited general purpose financial statements for HealthShare Victoria for the financial year ended 30 June 2025.

Health Purchasing Victoria (HPV) is an independent statutory authority incorporated pursuant to section 129 of the *Health Services Act 1988* (Vic). On 1 January 2021 HPV assumed a trading name of HealthShare Victoria (HSV) to become a commercially oriented end-to-end supply chain, logistics and procurement service. The first objective of HSV is to provide supply chain solutions that drive increased strategic health procurement, improved access to essential medical goods and services, and better healthcare outcomes for patients and communities. HSV's functions include the supply of goods and services to public hospitals and other health or related services. The purpose of this report is to provide users with information about HSV's stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation

These financial statements are general purpose financial statements which have been prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

HSV is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. HSV's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As HSV is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

HSV is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" entities under Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of HSV.

The financial statements have been prepared on a going concern basis (refer to Note 1.4 Economic dependency).

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest dollar. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of HSV on 29 August 2025.

Note 1.2 Material accounting estimates and judgements

Management makes estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and the best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The material accounting judgements and estimates used, and any changes thereto, are disclosed within the relevant accounting policy.

At balance date, the Board are aware of a contingent liability relating to a tax ruling with the ATO. HSV is still waiting for the ATO to provide their findings on this item. Until the findings are known, HSV cannot reliably quantify the contingent liability.

Note 1.3 Reporting entity

The financial statements include all the controlled activities of HSV.

HSV's principal address is:
Level 11, 50 Lonsdale Street
Melbourne VIC 3000

Note 1.4 Economic dependency

HSV is a public health service governed and managed in accordance with the *Health Services Act 1988* (Vic) and its results form part of the Victorian General Government consolidated financial position. HSV provides essential services and is predominantly dependent on the continued financial support of the state government, particularly the Department of Health (the "department"), and the Commonwealth funding via the National Health Reform Agreement (NHRA). The state of Victoria plans to continue HSV's operations and on that basis, the financial statements have been prepared on a going concern basis.

Note 1.5 Operating segments

HSV's functions as described in Section 131 of the *Health Services Act 1988* (Vic) on behalf of the Victorian public health sector and operates in one sector being procurement and supply chain support for the health sector.

Note 2 Funding delivery of our services

HSV helps Victoria's public health services and hospitals deliver high quality patient care by ensuring they have a reliable and agile supply chain. HSV partners with health services to facilitate collective agreements for the goods and services they purchase, providing advice and education on how to get their supply chain working at its best and ensuring HSV Purchasing Policy compliance. To enable HSV to fulfil its objectives, it receives income based on parliamentary appropriations. HSV also receives income from the sale of goods and provision of supply chain and logistics services, with a small amount of income from bank interest.

Structure

Note 2.1 Revenue and income from transactions

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Identifying performance obligations	HSV applies material judgement when reviewing the terms and conditions of funding agreements to determine whether they contain sufficiently specific and enforceable performance obligations. If this criterion is met, the contract/funding agreement is treated as a contract with a customer, requiring HSV to recognise revenue as or when the health service transfers promised goods or services to the beneficiaries. If this criterion is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	HSV applies material judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining timing of capital grant income recognition	HSV applies significant judgement to determine when its obligation to construct an asset is satisfied.

Note 2.1 Revenue and income from transactions

	Note	2025 $	2024 $
Revenue from contracts with customers	2.1(a)	175,130,822	156,769,816
Other sources of income	2.1(b)	55,579,480	53,308,883
Total revenue and income from transactions		**230,710,302**	**210,078,699**

Note 2.1 (a) Revenue from contracts with customers

	2025 $	2024 $
Government grants (state) - operating	16,737,112	27,651,437
Commercial activities	158,393,710	129,118,379
Total revenue from contracts with customers	**175,130,822**	**156,769,816**

How we recognise revenue and income from operating activities

Government operating grants

Revenue from government operating grants that are enforceable and contain sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15.

In contracts with customers, the 'customer' is the funding body, who is the party that promises funding in exchange for HSV's goods or services. HSV funding bodies often direct that goods or services are to be provided to third party beneficiaries. In such instances, the customer remains the funding body that has funded the program or activity. However, the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of HSV's revenue streams, with information detailed below relating to HSV's material revenue streams:

Government grant	Performance obligation
State Supply Chain stock destruction - rapid antigen tests (RATs) and personal protective equipment (PPE) grant funding	Destruction of expired and obsolete stock acquired under the State Supply Chain funding activity, as directed by the Department of Health. The disposal strategy represents value for money to the department, leverages existing supplier arrangements, and provides environmentally sustainable outcomes whilst enabling in-date stock to be distributed to health services.
State Supply Chain Operations - operations and order fulfilment (logistics model - health integration)	The State Supply Chain (SSC) was set up at the beginning of the COVID-19 pandemic when Victoria's healthcare workers were using between 900,000 and 1.5 million respirator masks each week. The SSC played a critical role in ensuring Victorian public health services had access to goods that were in high demand or difficult to source. Monash Health managed the SSC before it transitioned to HSV in June 2023.
Telstra EDR Crowdstrike	Support funding provided by the Department of Health to enable the purchase of Crowdstrike EDR licenses, on behalf of Victoria's public health sector. The scope of this project encompasses the deployment of CrowdStrike sensors across approximately 175,000 endpoints, including both workstations and servers.
Security Operations Centre (SOC)	Support funding provided by the Department of Health to enable the delviery of the SOC managed services. These services include security tools and expertise to detect, respond and report on cybersecurity incidents. The agency has the obligation to provide a final implementation report to the department upon conclusion of the activity.

Commercial activities

HSV works in partnership with Victoria's public health services to meet their needs by procuring and supplying medical consumables, pharmaceuticals and medical equipment, as well as the non-medical products and services they need via large-scale collective tenders. HSV's purpose is to partner with Victoria's public health services and suppliers to ensure the right products and services are delivered to the right place at the right time, supporting better value (right price) for our public health services and better outcomes for their patients. Since HSV's establishment, our focus has been on the end-to-end supply chain needs of health services, including establishing our transformational capability to support ongoing development and continuous improvement.

Note 2.1 (b) Other sources of income

	Note	2025 $	2024 $
Government grants (state) - operating		54,842,768	52,215,850
Indirect contributions by the Department of Health			
- Insurance		45,851	43,668
- Office lease		1,100,298	1,047,900
- Long service leave		(409,437)	(80,118)
Government grants (state) - capital		-	81,583
Total other sources of income		**55,579,480**	**53,308,883**

How we recognise revenue and income from operating activities

Government operating grants

HSV recognises income of not-for-profit entities under AASB 1058 where it has been earned under arrangements that are either not enforceable or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations or that are not enforceable is recognised when HSV has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, HSV recognises any related contributions by owners, increases in liabilities, decreases in assets or revenue (related amounts) in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*
- revenue or contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16 *Leases*
- a financial instrument, in accordance with AASB 9 *Financial Instruments*
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Capital grants

Where HSV receives a capital grant it recognises a liability, equal to the financial asset received less amounts recognised under other Australian Accounting Standards.

Income is recognised in accordance with AASB 1058 progressively as the asset is constructed, which aligns with HSV's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of health services as follows:

- The Department of Health purchases non-medical indemnity insurance for HSV which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
- Office lease rent is recognised as revenue following advice from the Department of Health.
- Long service leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements with the Department of Health.

Note 3 The cost of delivering our services

This section provides an account of the expenses incurred by HSV in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are disclosed.

Structure

3.1 Expenses incurred in the delivery of services

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Classifying employee benefit liabilities	HSV applies material judgement when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if HSV does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if HSV has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	HSV applies material judgement when measuring its employee benefit liabilities. HSV applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if HSV does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate an inflation rate of 4.250%, reflecting the future wage and salary levels, durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future for employees who have not yet reached the vesting period. The estimated rates are between 4.250% and 4.450% and discounting at the rate of 4.203% as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1 Expenses incurred in the delivery of services

	Note	2025 $	2024 $
Employee expenses	3.1(a)	53,257,717	52,244,523
Other operating expenses	3.1(c)	178,214,684	159,320,188
Total expenses incurred in the delivery of services		**231,472,401**	**211,564,711**

Note 3.1 (a): Employee expenses

Salaries and wages	35,635,284	34,738,491
Defined contribution superannuation expense	4,587,176	4,133,833
Defined benefit superannuation expense	577	12,647
Workcover	151,151	195,019
Payroll tax	2,789,174	2,562,160
Agency expenses	4,205,282	3,550,503
Long service leave provision	677,479	1,373,288
Annual leave provision	3,575,066	4,023,398
Accrued days off provision	1,636,528	1,655,184
Total employee expenses	**53,257,717**	**52,244,523**

How we recognise employee expenses

Employee expenses include salaries and wages, fringe benefits tax, leave entitlements, termination payments, WorkCover payments and agency expenses.

The amount recognised in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The defined benefit plan(s) provides benefits based on year of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. HSV does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead HSV accounts for contributions to these plans as if they were defined contribution plans.

The Department of Treasury and Finance discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability.

Notes to and forming part of the financial statements

Note 3.1 (b) Employee related provisions

	Note	2025 $	2024 $
Current provisions for employee benefits			
Accrued days off		741,043	678,392
Annual leave		3,262,459	3,066,249
Long service leave		2,783,931	2,485,421
Provision for on-costs		1,123,497	999,371
Total current provisions for employee benefits		**7,910,930**	**7,229,433**
Non-current provisions for employee benefits			
Long service leave		1,496,047	1,546,552
Provision for on-costs		284,026	293,576
Total non-current provisions for employee benefits		**1,780,073**	**1,840,128**
Total provisions for employee benefits		**9,691,003**	**9,069,561**

How we recognise employee-related provisions

Employee-related provisions are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the reporting date.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as sick leave is taken.

Annual leave and accrued days off
Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as current liabilities because HSV does not have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:
- nominal value – if HSV expects to wholly settle within 12 months or
- present value – if HSV does not expect to wholly settle within 12 months.

Long service leave
The liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where HSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:
- nominal value – if HSV expects to wholly settle within 12 months or
- present value – if HSV does not expect to wholly settle within 12 months.

Conditional LSL is measured at present value and is disclosed as a non-current liability. There is a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

Provisions
Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Note 3.1 (c): Other operating expenses

	Note	2025 $	2024 $
Other operating expenses			
Medical and surgical supplies		151,118,673	123,950,071
Advertising		8,765	20,091
Software licence and support		6,078,254	4,533,635
Insurance		45,851	43,668
Legal fees		458,123	394,317
Outgoings		1,914,082	1,466,119
Printing and stationery		1,971,877	1,656,388
Subscriptions		107,789	115,229
Rent		1,690,675	1,524,613
Recruitment		629,755	447,337
Security		107,904	653,081
Consultant and professional fees		3,957,800	2,635,649
Telecommunication costs		151,103	74,699
Vehicle and travel costs		365,686	481,799
Staff development and seminars		642,361	703,192
Audit fees - VAGO		42,900	41,200
Audit fees - internal audit		68,489	102,886
Expenses related to short-term leases		120,375	922,243
State Supply Chain operations and third party logistics costs		8,507,610	19,529,295
Other		226,612	24,676
Total other operating expenses		**178,214,684**	**159,320,188**

How we recognise other operating expenses

Expense recognition
Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Supplies and consumables
Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Lease expenses
The following lease payments are recognised on a straight-line basis:

- short-term leases – leases with a term of twelve months or less, and
- low-value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

Variable lease payments that are not included in the measurement of the lease liability, i.e. variable lease payments that do not depend on an index or a rate such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive Operating Statement (except for payments which have been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occurs. HSV's variable lease payments during the year ended 30 June 2025 was nil.

Notes to and forming part of the financial statements

Other operating expenses
Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

The Department of Health also makes certain payments on behalf of HSV. These amounts have been brought to account in determining the operating result for the year by recording them as revenue (refer to Note 2.1(b)) and recording a corresponding expense.

Note 4 Key assets to support output delivery

HSV controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to HSV to be utilised for delivery of services.

Structure
4.1 Property, plant and equipment
4.2 Intangible assets
4.3 Depreciation and amortisation

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Estimating useful life of property, plant and equipment	HSV assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. HSV reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where HSV is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. HSV applies material judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires HSV to restore a right-of-use asset to its original condition at the end of a lease, HSV estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	HSV assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, HSV assesses impairment by evaluating the conditions and events specific to HSV that may be indicative of impairment triggers. Where an indication exists, HSV tests the asset for impairment. HSV considers a range of information when performing its assessment, including considering: - If an asset's value has declined more than expected based on normal use - If a significant change in technological, market, economic or legal environment which adversely impacts the way HSV uses an asset - If an asset is obsolete or damaged - If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life - If the performance of the asset is or will be worse than initially expected. When an impairment trigger exists, HSV applies material judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2025	2024	2025	2024	2025	2024
	$	$	$	$	$	$
Leasehold buildings at fair value	25,552,557	19,385,683	(8,440,094)	(5,230,630)	17,112,463	14,155,053
Buildings at fair value	-	2,950,000	-	-	-	2,950,000
Plant, equipment and vehicles at fair value	5,581,621	4,216,371	(2,094,630)	(1,314,718)	3,486,991	2,901,653
Computer equipment at fair value	1,147,303	1,098,253	(894,281)	(595,536)	253,022	502,717
Furniture and fittings at fair value	43,007	29,355	(18,401)	(11,929)	24,606	17,426
Total property, plant and equipment	**32,324,488**	**27,679,662**	**(11,447,406)**	**(7,152,813)**	**20,877,082**	**20,526,849**

How we recognise property, plant and equipment

Items of property, plant and equipment are initially measured at cost, and are subsequently measured at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Note 4.1 (a): Reconciliation of the carrying amount of each class of asset

	Leasehold buildings $	Buildings $	Plant, equipment & vehicles $	Computer equipment $	Furniture & fittings $	Total $
Balance at 1 July 2024	**14,155,053**	**2,950,000**	**2,901,653**	**502,717**	**17,426**	**20,526,849**
Additions	6,166,874	-	1,504,437	49,050	13,652	7,734,013
Disposals	-	-	(11,316)	-	-	(11,316)
Net transfers between classes	-	(2,836,934)	(4,579)	-	-	(2,841,513)
Depreciation	(3,209,464)	(113,066)	(903,204)	(298,745)	(6,472)	(4,530,951)
Balance at 30 June 2025	**17,112,463**	**-**	**3,486,991**	**253,022**	**24,606**	**20,877,082**

Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that the movements were not material (less than or equal to 10%). As such, an independent revaluation was not required per FRD 103. In accordance with FRD 103, HSV has elected to apply the practical expedient in FRD 103 Non-Financial Physical Assets and has therefore not applied the amendments to AASB 13 *Fair Value Measurement*. The amendments to AASB 13 will be applied at the next scheduled independent revaluation, which is planned to be undertaken in 2029, in accordance with HSV's revaluation cycle. The Tullamarine warehouse previously held under Buildings has been transferred to Note 5.4 Non-financial physical assets held for sale.

Note 4.1 (b): Right-of-use assets included in property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2025	2024	2025	2024	2025	2024
	$	$	$	$	$	$
Leasehold buildings at fair value	25,552,557	19,385,683	(8,440,094)	(5,230,630)	17,112,463	14,155,053
Plant, equipment and vehicles at fair value	3,078,345	1,756,193	(881,585)	(440,618)	2,196,760	1,315,575
Total right-of-use assets	**28,630,902**	**21,141,876**	**(9,321,679)**	**(5,671,248)**	**19,309,223**	**15,470,628**

	Leasehold buildings $	Plant, equipment & vehicles $	Total $
Balance at 1 July 2024	**14,155,053**	**1,315,575**	**15,470,628**
Additions	6,166,874	1,439,517	7,606,391
Disposals	-	(11,316)	(11,316)
Depreciation	(3,209,464)	(547,016)	(3,756,480)
Balance at 30 June 2025	**17,112,463**	**2,196,760**	**19,309,223**

How we recognise right-of-use assets

Initial recognition

When HSV enters a contract, which provides HSV with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information) the contract gives rise to a right-of-use asset and corresponding lease liability.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use assets arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

HSV has applied the exemption permitted under FRD 104 *Leases*, consistent with the optional relief in AASB 16.Aus25.1. Under this exemption, HSV is not required to apply fair value measurement requirements to right-of-use assets arising from leases with significantly below-market terms and conditions, where those leases are entered into principally to enable the entity to further its objectives.
Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.3.

Note 4.1 (c): Impairment of property, plant and equipment

The recoverable amount of the primarily non-financial physical assets of HSV, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*, with the consequence that AASB 136 *Impairment of Assets* does not apply to such assets that are regularly revalued.

Note 4.2: Intangible assets

	Computer software 2025 $
Gross carrying amount	
Opening balance	2,109,132
Disposals	(52,900)
Closing balance	**2,056,232**
Accumulated amortisation and impairment	
Opening balance	(1,961,617)
Disposals	52,900
Amortisation	(83,079)
Closing balance	**(1,991,796)**
Net carrying value at the end of the financial year	**64,436**

How we recognise right-of-use assets

Initial recognition
Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement
Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Impairment
Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

Note 4.3: Depreciation and amortisation

How we recognise depreciation

All buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Assets with a cost in excess of $2,500 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful lives of non-current assets
The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

	2025	2024
Computer equipment	2-5 years	2-5 years
Furniture and fittings	3-5 years	3-7 years
Leasehold buildings	4-10 years	5-10 years
Buildings	25 years	25 years
Plant and equipment (including leased assets)	4-7 years	2-27 years
Vehicles (including leased assets)	3-4 years	2-3 years
Intangible assets	3-5 years	2-5 years

Note 5 Other assets and liabilities

This section sets out those assets and liabilities that arose from HSV's operations.

Structure
5.1 Receivables
5.2 Impairment of financial assets
5.3 Inventories
5.4 Non-financial physical assets held for sale
5.5 Payables
5.6 Contract liabilities
5.7 Other provisions

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Estimating the provision for expected credit losses	HSV uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring contract liabilities	HSV applies material judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, HSV assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.
Recognition of other provisions	Other provisions include HSV's obligation to restore leased assets to their original condition at the end of a lease term. HSV applies material judgement and estimate to determine the present value of such restoration costs.

Note 5.1 Receivables

	Note	2025 $	2024 $
Current receivables			
Contractual			
Inter hospital debtors		13,248,020	7,214,654
Allowance for impairment losses	5.2	(237,199)	(334,795)
Amounts receivable from Government		2,072,411	-
Total contractual receivables		**15,083,232**	**6,879,859**
Statutory			
Net GST receivable		687,093	944,438
Total statutory receivables		**687,093**	**944,438**
Total current receivables		**15,770,325**	**7,824,297**
Non-current receivables			
Contractual			
Long service leave - Department of Health		1,039,370	1,448,807
Amounts receivable from Government		457,561	457,561
Total contractual receivables		**1,496,931**	**1,906,368**
Total non-current receivables		**1,496,931**	**1,906,368**
Total receivables		**17,267,256**	**9,730,665**
(i) Financial assets classified as receivables			
Total receivables		17,267,256	9,730,665
Net GST receivable		(687,093)	(944,438)
Total financial assets classified as receivables	7.1	**16,580,163**	**8,786,227**

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, including debtors that relate to goods and services. These receivables are classified as financial instruments and are categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. HSV holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables,** including Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. HSV applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Note 5.2 Impairment of financial assets

	Note	2025 $	2024 $
Impairment loss on contractual receivables			
From transactions	5.1	(237,199)	(334,795)
Impairment loss on contractual receivables		**(237,199)**	**(334,795)**

How we recognise impairment of financial assets

HSV records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's expected credit loss approach. HSV's contractual receivables and statutory receivables are subject to this impairment assessment.

HSV applies the simplified approach, which requires the loss allowances to always be measured at an amount equal to lifetime expected credit losses. The loss allowance is based on assumptions about risk of default and expected loss rates.

Contractual receivables at amortised cost
HSV has grouped contractual receivables on shared credit risk characteristics and days past due and has selected the expected credit loss rate based on HSV's past history, existing market conditions, as well as forward looking estimates at the end of the financial year. The expected credit loss rate for FY25 was 1.8% (FY24 was 4.6%).

Statutory receivables at amortised cost
The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected credit losses. No loss allowance has been recognised.

Note 5.3 Inventories

	Note	2025 $	2024 $
Current inventories			
Medical and surgical consumables at cost		14,156,941	8,275,590
Total inventories		**14,156,941**	**8,275,590**

How we recognise inventories

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories are measured at the lower of cost and net releasable value.

Notes to and forming part of the financial statements

Note 5.4 Non-financial physical assets held for sale

	Note	2025 $	2024 $
Warehouse buildings		2,841,514	-
Total non-financial physical assets classified as held for sale		**2,841,514**	**-**

How we recognise non-financial physical assets classified as held for sale

Non-financial physical assets are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal and are not subject to depreciation or amortisation.

Note 5.5: Payables

	Note	2025 $	2024 $
Current payables			
Contractual			
Trade creditors		14,568,730	9,307,445
Accrued expenses		3,441,933	8,472,194
Accrued salaries and wages		1,313,437	1,076,619
Total contractual payables		**19,324,100**	**18,856,258**
Statutory			
Payroll tax		325,971	253,748
Fringe benefits tax		114,812	90,819
Total statutory payables		**440,783**	**344,567**
Total current payables		**19,764,883**	**19,200,825**
Total payables		**19,764,883**	**19,200,825**
(i) Financial liabilities classified as payables			
Total payables		19,764,883	19,200,825
Payroll tax		(325,971)	(253,748)
Fringe benefits tax		(114,812)	(90,819)
Total financial liabilities classified as payables	7.1	**19,324,100**	**18,856,258**

Note 5.5: Payables (continued)

How we recognise payables

Payables consist of:

- **Contractual payables**, including payables that relate to the purchase of goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the HSV prior to the end of the financial year that are unpaid.
- **Statutory payables** including Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually net 30 days.

Note 5.6 Contract liabilities

	Note	2025 $	2024 $
Current			
Contract liabilities		18,012,280	30,382,115
Total current contract liabilities		**18,012,280**	**30,382,115**
Total contract liabilities		**18,012,280**	**30,382,115**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from the Department of Health. The balance of contract liabilities was lower in FY25 due to utilisation of funding provided to progress State Supply Chain performance obligations. The total contract liabilities amount is predominantly represented by operational costs to support HSV's management of the State Supply Chain.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Note 5.7 Other provisions

	Note	2025 $	2024 $
Non-current other provisions			
Make-good provision		416,121	401,948
Total non-current other provisions		**416,121**	**401,948**
Total other provisions		**416,121**	**401,948**
Balance at the beginning of the year		401,948	260,167
Additional provisions recognised		14,173	141,781
Total other provisions		**416,121**	**401,948**

How we recognise other provisions

Other provisions are recognised when HSV has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, considering the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

HSV has recognised a provision for make-good, to reflect the cost to make-good the leased premises when the lease term ends. The related expenses of making good such properties are included in the measurement of the right-of-use asset.

Note 6 How we finance our operations

This section provides information on the sources of finance utilised by HSV during its operations, along with other information related to financing activities of the HSV.

This section includes disclosures of balances that are financial instruments (such as cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Determining if a contract is or contains a lease	HSV applies material judgement to determine if a contract is or contains a lease by considering if the health service: - has the right-to-use an identified asset - has the right to obtain substantially all economic benefits from the use of the leased asset and - can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low-value asset lease exemption	HSV applies material judgement when determining if a lease meets the short-term or low-value lease exemption criteria. HSV estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, HSV applies the low-value lease exemption. HSV also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months HSV applies the short-term lease exemption.
Discount rate applied to future lease payments	HSV discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for HSV's lease arrangements, HSV uses its incremental borrowing rate, which is the amount HSV would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leased land and buildings, HSV estimates the incremental borrowing rate to be between 5.25% and 5.71%. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.96% and 5.61%.

Material judgements and estimates	Description
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if HSV is reasonably certain to exercise such options. HSV determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: - If there are significant penalties to terminate (or not extend), HSV is typically reasonably certain to extend (or not terminate) the lease. - If any leasehold improvements are expected to have a significant remaining value, HSV is typically reasonably certain to extend (or not terminate) the lease. - HSV considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1: Borrowings

	Note	2025 $	2024 $
Current borrowings			
Lease liability	6.1 (a)	3,535,169	2,572,958
Total current borrowings		**3,535,169**	**2,572,958**
Non-current borrowings			
Lease liability	6.1 (a)	16,872,411	12,820,532
Total non-current borrowings		**16,872,411**	**12,820,532**
Total borrowings		**20,407,580**	**15,393,490**

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised through lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received directly attributable to transaction costs and subsequently measured at amortised cost using the effective interest method.

Note 6.1: Borrowings (continued)

Terms and conditions of borrowings:

	Note	Weighted average interest rate %	Carrying amount $'000	Nominal amount $'000	Maturity dates: Less than 1 month $'000	1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	Over 5 years $'000
30 June 2025									
Lease liabilities	6.1	5.05%	20,407,580	20,407,580	294,332	588,663	2,648,984	15,241,181	1,634,420
Total Financial Liabilities			**20,407,580**	**20,407,580**	**294,332**	**588,663**	**2,648,984**	**15,241,181**	**1,634,420**
30 June 2024									
Lease liabilities	6.1	4.65%	15,393,490	15,393,490	214,549	429,097	1,930,936	10,283,225	2,535,683
Total financial liabilities			**15,393,490**	**15,393,490**	**214,549**	**429,097**	**1,930,936**	**10,283,225**	**2,535,683**

Interest expense

	2025 $	2024 $
Interest on lease liabilities	910,650	165,928
Total interest expense	**910,650**	**165,928**

Interest expense includes costs incurred in connection with the interest component of lease repayments and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest expense is recognised in the period in which it is incurred.

HSV recognises borrowing costs immediately as an expense, even where they are directly attributable to the acquisition, construction or production of a qualifying asset.

Note 6.1 (a): Lease liabilities

HSV's lease liabilities are summarised below:

	2025 $	2024 $
Current lease liabilities		
Lease liability	3,535,169	2,572,958
Total current lease liabilities	**3,535,169**	**2,572,958**
Non-current lease liabilities		
Lease liability	16,872,411	12,820,532
Total non-current lease liabilities	**16,872,411**	**12,820,532**
Total lease liabilities	**20,407,580**	**15,393,490**

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	2025 $	2024 $
Not longer than one year	4,544,517	3,317,156
Longer than one year but not longer than five years	17,066,099	11,803,560
Longer than five years	1,653,642	2,637,418
Minimum future lease liability	**23,264,258**	**17,758,134**
Less unexpired finance expenses	(2,856,678)	(2,364,644)
Present value of lease liability	**20,407,580**	**15,393,490**

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for HSV to use an asset for a period of time in exchange for payment.

To apply this definition, HSV ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to HSV and for which the supplier does not have substantive substitution rights
- HSV has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and HSV has the right to direct the use of the identified asset throughout the period of use and
- HSV has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Note 6.1 (a): Lease liabilities (continued)

HSV's lease arrangements consist of the following:

Type of asset leased	Lease Term
Leased buildings	5 years
Leased plant and equipment	4-5 years
Leased vehicles	1-5 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000) and short term leases of less than 12 months. HSV has elected to apply the practical expedients for short-term leases and leases of low-value assets. As a result, no right-of-use asset or lease liability is recognised for these leases; rather, lease payments are recognised as an expense on a straight-line basis over the lease term, within 'other operating expenses' (refer to Note 3.1).

The following low value and short term lease payments are recognised in profit or loss:

	2025 $	2024 $
Expenses related to short term leases	120,375	922,243
Expenses relating to leases of low-value assets	-	-
Total amounts recognised as expense	**120,375**	**922,243**

HSV has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or HSV's incremental borrowing rate. Our lease liability has been discounted by rates of between 2.96% to 5.71%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- payments arising from purchase and termination options reasonably certain to be exercised.

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance of fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Leases as significantly below-market terms and conditions

HSV holds lease arrangements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. These are commonly referred to as concessionary lease arrangements. HSV measures its concessionary lease arrangements at cost, both initially and subsequently.

The nature and terms of such lease arrangements, including HSV's dependency on such lease arrangements is described below:

Description of leased asset	Our dependence on lease	Nature and terms of lease
HSV, via a Deed of Assignment of Lease, took over a 40-year lease (expiring May 2048) for the use of a warehouse facility to store health-related goods.	This lease represents a small portion of similar assets used by HSV for the purpose of providing health-related goods and services and therefore it does not have a significant impact on HSV's operations.	The lease term is 40 years. The lease contract specifies 12 lease payments per annum. The leased premises must be used by HSV to store critical health-related PPE and medical supplies.

Note 6.2 Cash and cash equivalents

	Note	2025 $	2024 $
Cash at bank		22,333,718	49,919,208
Total cash held for operations		22,333,718	49,919,208
Total cash and cash equivalents	7.1	**22,333,718**	**49,919,208**

Note 6.3 Commitments for expenditure

	Less than 1 year $'000	1-5 years $'000	Over 5 years $'000	Total $'000
30 June 2025				
Operating expenditure commitments	2,706,608	1,029,520	-	3,736,128
Non-cancellable short-term and low-value lease commitments	36,640	43,218	-	79,858
Total commitments (inclusive of GST)	**2,743,248**	**1,072,738**	**-**	**3,815,986**
Less GST recoverable				(340,594)
Total commitments (exclusive of GST)				**3,475,392**
30 June 2024				
Operating expenditure commitments	2,910,081	2,035,181	-	4,945,262
Non-cancellable short-term and low-value lease commitments	33,177	41,176	-	74,353
Total commitments (inclusive of GST)	**2,943,258**	**2,076,357**	**-**	**5,019,615**
Less GST recoverable				(452,473)
Total commitments (exclusive of GST)				**4,567,142**

How we disclose our commitments

Our commitments relate to expenditure and short-term and low-value leases.

Expenditure commitments
Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present value of significant individual projects is stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Short-term leases and low-value assets
HSV discloses short-term and low-value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Lease commitments relating to HSV's use of Level 11/50 Lonsdale Street have not been recognised. HSV has no contractual arrangement to support the reporting of the lease liabilities and commitment which is recognised by the Department of Health.

Note 7 Financial instruments, contingencies and valuation judgements

HSV is exposed to risk from its activities and outside factors. It is required to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for HSV is related mainly to fair value determination.

Structure
7.1 Financial instruments
7.2 Contingent assets and contingent liabilities
7.3 Fair value determination

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, HSV has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. HSV selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. HSV uses a cost approach valuation technique to estimate fair value, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of HSV's buildings are measured using this approach. Subsequently, HSV applies material judgement to categorise and disclose such assets within a fair value hierarchy. Level 1: HSV does not categorise any fair values within this level. Level 2: HSV does not categorise any fair values within this level. Level 3: where inputs are unobservable. HSV categorises plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the HSV's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

	Note	Carrying amount $'000	Net gain/ (loss) $'000	Total interest income/ (expense) $'000	Fee income/ (expense) $'000	Impairment loss $'000
30 June 2025						
Financial assets at amortised cost						
Cash and cash equivalents	6.2	22,333,718	-	1,682,709	-	-
Receivables	5.1	16,580,163	-	-	-	-
Total financial assets at amortised cost [(i)]		**38,913,881**	**-**	**1,682,709**	**-**	**-**
Financial liabilities at amortised cost						
Payables	5.5	19,324,100	-	-	-	-
Borrowings	6.1	20,407,580	-	(910,650)	-	-
Total financial liabilities at amortised cost [(i)]		**39,731,680**	**-**	**(910,650)**	**-**	**-**
30 June 2024						
Financial assets at amortised cost						
Cash and cash equivalents	6.2	49,919,208	-	1,559,413	-	-
Receivables	5.1	8,786,227	-	-	-	-
Total financial assets at amortised cost [(i)]		**58,705,435**	**-**	**1,559,413**	**-**	**-**
Financial liabilities at amortised cost						
Payables	5.5	18,856,258	-	-	-	-
Borrowings	6.1	15,393,490	-	(165,928)	-	-
Total financial liabilities at amortised cost [(i)]		**34,249,748**	**-**	**(165,928)**	**-**	**-**

(i) The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. GST payable).

How we categorise financial instruments

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by HSV to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

HSV recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

HSV recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings (including lease liabilities).

Note 7.2: Contingent assets and contingent liabilities

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service, or
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
  - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 7.3: Fair value determination

How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- Property, plant and equipment and
- Right-of-use assets.

In addition, the fair value of other assets and liabilities that are carried at amortised cost also need to be determined for disclosure.

Valuation hierarchy
In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

HSV determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

HSV monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is HSV's independent valuation agency for property, plant and equipment.

Fair value determination: non-financial physical assets
AASB 2010-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian Implementation Guidance for Not-for-Profit Public Sector Entities*. Appendix F explains and illustrates the application of the principals in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

The last scheduled full independent valuation of all of HSV's non-financial physical assets was performed by Valuer-General Victoria (VGV) on 30 June 2024. The annual fair value assessment for 30 June 2025 using VGV indices does not identify material changes in value. In accordance with FRD 103, HSV will reflect Appendix F in its next scheduled formal revaluation on 30 June 2029 or interim revaluation process (whichever is earlier). All annual fair value assessments thereafter will continue compliance with Appendix F.

For all assets measured at fair value, HSV considers the current use as its highest and best use.

Non-specialised buildings
Non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. From this analysis, an appropriate rate per square metre has been applied to the asset.

Vehicles
Vehicles are valued using the current replacement cost method. HSV acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in HSV who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Furniture, fittings, plant and equipment
Furniture, fittings, plant and equipment (including computers and communication equipment) are held at carrying amount (current replacement cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the current replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that current replacement cost will be materially different from the existing carrying amount.

Significant assumptions
Description of significant assumptions applied to fair value measurement

Asset class	Valuation technique	Significant assumption	Range (weighted average)[(i)]
Vehicles	Current replacement cost approach	- Cost per unit	$10,000 - $20,000 ($15,000 per unit)
		- Useful life	2 - 3 years (3 years)
Plant, equipment, furniture and fittings	Current replacement cost approach	- Cost per unit	$2,500 - $3,000 ($2,500 per unit)
		- Useful life	2 - 7 years (6 years)

(i) Illustrations on the valuation techniques and significant assumptions and unobservable inputs are indicative and should not be directly used without consultation with the health services independent valuer

Note 8 Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure
8.1 Ex-gratia expenses
8.2 Responsible persons disclosures
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date

Note 8.1: Ex-gratia expenses

HSV has made $73,339 ex-gratia payments in the 2025 financial year (2024: none).

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

Note 8.2: Responsible persons disclosure

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Responsible Ministers	
The Honourable Mary-Anne Thomas MP:	
Minister for Health	1 Jul 2024 - 30 Jun 2025
Minister for Health Infrastructure	1 Jul 2024 - 19 Dec 2024
Minister for Ambulance Services	1 Jul 2024 - 30 Jun 2025
The Honourable Ingrid Stitt MP:	
Minister for Mental Health	1 Jul 2024 - 30 Jun 2025
Minister for Ageing	1 Jul 2024 - 30 Jun 2025
Minister for Multicultural Affairs	1 Jul 2024 - 30 Jun 2025
The Honourable Lizzy Blandthorn MP:	
Minister for Children	1 Jul 2024 - 30 Jun 2025
Minister for Disability	1 Jul 2024 - 30 Jun 2025
The Hon. Melissa Horne MP:	
Minister for Health Infrastructure	19 Dec 2024 - 30 Jun 2025

	Period
Governing Board	
Mr Andrew Way (Board Chair)	1 Jul 2024 - 30 Jun 2025
Ms Jacinda de Witts	1 Jul 2024 - 13 May 2025
Mr Craig Fraser	1 Jul 2024 - 30 Jun 2025
Ms Margaret Grigg	1 Jul 2024 - 30 Jun 2025
Mr Russell Harrison (observer)	1 Nov 2024 - 30 Jun 2025
Ms Eileen Keane	1 Jul 2024 - 30 Jun 2025
Ms Sue Kirsa	1 Jul 2024 - 30 Jun 2025
Mr Erwin Loh	1 Jul 2024 - 30 Jun 2025
Ms Kate O'Sullivan	1 Jul 2024 - 30 Jun 2025
Ms Janet Young	1 Jul 2024 - 30 Jun 2025
Accountable Officers	
Mr Neil Rodaway	1 Jul 2024 to 13 Dec 2024
Mr John Delinaoum (Acting)	13 Nov 2024 to 30 Jun 2025

Remuneration of responsible persons

The number of Responsible Persons is shown in their relevant income bands:

Income band	2025 No.	2024 No.
Nil	5	5
$20,000 - $29,999	4	2
$30,000 - $39,999	-	1
$60,000 - $69,999	1	1
$300,000 - $309,999	1	-
$380,000 - $389,999	1	-
$480,000 - $489,999	-	1
Total numbers	**12**	**10**

	2025 $	2024 $
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**872,218**	**650,820**

Amounts relating to the Governing Board Members and Accountable Officer of HSV are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the States' Annual Financial Report.

Note 8.3: Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

Several factors affected total remuneration payable to executives over the year. A number of resignations and vacancies had a significant impact on total remuneration.

Remuneration of executive officers
(including key management personnel disclosed in Note 8.4)

	Total remuneration	
	2025 $	2024 $
Total remuneration [(i)]	**1,357,600**	**2,021,763**
Total number of executives	10	6
Total annualised employee equivalent [(ii)]	4.8	5.7

(i) Total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of HSV under AASB 124 *Related Party Disclosures* and are also reported within Note 8.4 Related Parties.

(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 8.4: Related parties

HSV is a wholly owned and controlled entity of the State of Victoria. Related parties of HSV include:

- All key management personnel (KMP) and their close family members and personal business interests
- Cabinet ministers (where applicable) and their close family members, and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

All related party transactions have been entered into on an arm's length basis.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of HSV, directly or indirectly.

Significant transactions with government-related entities

HSV received funding from the Department of Health of $71,579,880 (2024: $79,948,870) and indirect contributions of $736,712 (2024: $1,011,450). Balance outstanding as at 30 June 2025 is $2,072,411 (2024: $0).

Revenue received from related party transactions from health agencies has been recognised ($158,393,710) as at 30 June 2025 (2024: $129,118,379) as part of the supply chain logistics services, which includes the sales of goods. Balance outstanding as at 30 June 2025 is $13,248,020 (2024: $7,214,654).

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Minister for Finance require HSV to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements.

Key management personnel

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of HSV, directly or indirectly.

The Board of Directors and the Executive Directors of HSV are deemed to be KMPs. This includes the following:

KMPs	Position title
Mr Andrew Way (Board Chair)	Chair of the Board
Ms Jacinda de Witts (to 13 May 2025)	Board Member
Mr Craig Fraser	Board Member
Ms Margaret Grigg	Board Member
Mr Russell Harrison	Board Observer
Ms Eileen Keane	Board Member
Ms Sue Kirsa	Board Member
Mr Erwin Loh	Board Member
Ms Kate O'Sullivan	Board Member
Ms Janet Young	Board Member
Mr Neil Rodaway (to 13 Dec 2024)	Chief Executive Officer
Mr John Delinaoum (from 13 Nov 2024)	Acting Chief Executive Officer
Mr John Delinaoum (to 04 Feb 2025)	Chief Financial Officer
Mr Brett Comer (from 04 Feb 2025)	Interim Chief Financial Officer
Ms Emilia Cohen (to 27 Sep 2024)	Chief Operating Officer
Mr Alan Booth (from 14 Oct 2024 to 27 Jun 2025)	Acting Chief Logistics Officer
Ms Supriya Blakey (from 16 Jun 2025)	Chief Logistics Officer
Mr Raph Even-Chaim	Chief Information Officer
Ms Mel Nolet (to 18 Jun 2025)	Chief People and Safety Officer
Ms Angela Malone (from 26 May 2025)	Acting Chief People and Safety Officer
Ms Rebecca Prior (to 04 Apr 2025)	Interim Chief Procurement Officer
Ms Sarah Bryant (from 24 Mar 2025)	Chief Procurement Officer

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the States' Annual Financial Report.

	2025 $	2024 $
Total compensation - KMPs[(i)]	2,229,818	2,672,583

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.
(ii) KMPs are also reported in Note 8.2 Responsible persons disclosure and Note 8.3 Remuneration of executives.

Note 8.4: Related parties (continued)

Transactions with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with HSV, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2025 (2024: none).

There were no related party transactions required to be disclosed for the HSV Board of Directors, Chief Executive Officer and Executive Directors in 2025 (2024: none).

Note 8.5: Remuneration of auditors

	2025 $	2024 $
Victorian Auditor-General's Office		
Audit of financial statements	42,900	41,200
Total remuneration of auditors	**42,900**	**41,200**

Note 8.6: Events occuring after the balance sheet date

It is noted that the Tullamarine Warehouse, 2-6 Sperry Drive Tullamarine, was sold after the balance sheet date. A purchaser has signed a contract of sale to buy the property and settlement will be 90 days from the day of sale. The contract has been executed by the vendor, the Department of Health, with the day of sale being 15 July 2025.

No other events occurred after the balance sheet date.

HealthShare Victoria