

Strategic Plan 2025–2029

Health.Safety.Value.
In everything we do

Acknowledgement of Country

Our office and distribution centres are located on the lands of the Wurundjeri, Bunurong and Boon Wurrung peoples of the Kulin Nation. We acknowledge and pay our respect to their history, culture and Elders past and present.

We acknowledge First Nations peoples as the Traditional Owners of the lands and waters on which we live and work. We recognise the contribution First Nations people and communities make to life in Victoria and how this continues to enrich our society.

Our role is to support Victoria’s public health sector, and First Nations employees bring unique knowledge, skills and expertise to our workforce. They help us understand the needs and aspirations of First Nations communities in interacting with health services.

We recognise that further education and connection will broaden our cultural appreciation and understanding and set a foundation for building respectful, trusting and mutually beneficial relationships.

Our actions aim to increase our understanding of First Nations cultures, acknowledge the historical events that have affected health, social and emotional wellbeing, and adopt practical strategies to working with First Nations peoples.

First Nations peoples represent the world’s oldest living culture. We celebrate and respect this continuing culture and strive to empower First Nations people.

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Greater value together

HSV exists to support Victoria’s public health sector and we are positioned to deliver more for the state’s health services over the next five years.

Established during a pandemic, we have always strived to respond quickly to Victoria’s public health services and patient needs.

We have gained valuable experience from supporting health services dealing with mounting pressures from supply chain disruption, rising costs and increased community need. We have an enormous opportunity now to build on this role and, importantly, improve the way we work with health services. We understand that expectations are high and that we need to do things differently.

We will grasp this opportunity by finding new ways to engage with stakeholders and build on our relationships to become a trusted business partner. We want to:

- drive greater consolidation and growth
- make the goods and services we supply more consistent
- establish and standardise sector-wide processes
- support innovation to realise our ambition to deliver greater value to our customers.

This is a plan that will enable us to work more closely with our health service customers, government and suppliers to achieve five strategic priorities:

1. Value people and safety – by investing further in the wellbeing and growth of our people to develop our potential and improve our culture, while embedding safety leadership capability across our workforce

2. Be a trusted business partner – by working together more collaboratively with health services to achieve better procurement outcomes, supply chain surety, supplier relationship management, market intelligence and education activity

3. Establish a reliable and efficient supply chain – by improving and expanding our supply chain functions to ensure delivery of the right products to the right places at the right time

4. Achieve best procurement value and outcomes for the sector – by working with our health service customers and suppliers to increase the product range under HSV contract, achieving better commercial outcomes while maintaining compliance and reducing product variation for greater financial benefits

5. Enable sector reforms – by helping to enable health system reforms, including partnering with Local Health Service Networks, and by supporting funding and financial performance improvement initiatives and environmental, social and governance strategies.

Our health service customers have helped create this plan. In the development phase, we met with and listened carefully to the views and feedback from senior stakeholders across hospitals, government and our own workforce. The government’s Health Services Plan recommendations published in August 2024 also informed development of our plan.

Now with the endorsement of the Victorian Minister for Health, the Hon. Mary-Anne Thomas MP, we will support health services to understand and implement improved change.

This plan outlines our priority to accelerate this process so that we can deliver:

- lowest cost of product
- lowest cost to serve
- reduced variation
- supply chain reliability
- supply chain resilience.

We are proud to work together with public health services and suppliers to ensure delivery of the right products and services to the right place at the right time – and help Victoria’s public health services deliver the best possible care for their patients and wider communities.

Thank you.



Andrew Way
Professor Andrew Way AM
Board Chair
HealthShare Victoria



Susan Delroi
Susan Delroi
Chief Executive
HealthShare Victoria

Greater value for Victoria's public health sector

Health, safety and value is at the heart of everything we do. Core to our work is delivering greater financial and non-financial sector-wide benefits to Victoria's public health services and helping them do what they do best – delivering safe, high quality and sustainable patient care.

Our ongoing work to build partnerships with health services is also essential to the success of our plan.

This five-year plan supports the health sector through cost savings and cost avoidance benefits and by focusing on converting further opportunities. We will do this by improving procurement outcomes, transforming our supply chain, reducing product variation to drive quality improvements, increasing supply chain reliability and increasing supply chain resilience.

What we will do

Achieve greater value and return on investment for government and health services

- Achieve cost reduction and cost avoidance through effective and efficient procurement.
- Convert further opportunities by reducing product variation.
- Achieve cost reduction through supply chain efficiencies and service delivery improvements across the system.
- Consolidate health service back-office functions to achieve benefits and standardisation from economies of scale.
- Position HSV as the leading authority to support health service compliance with government policy.

How we will do it

Deliver improved procurement outcomes and supply chain optimisation.

- Accelerate establishment of a standardised, statewide supply chain network.
- Increase procurement value and outcomes for the system.
- Improve business partnering support, reporting and analytics for health services.
- Support and enable system reforms including identifying opportunities for establishing shared services.



Our strategy

Our strategic priorities



SP1
Value people and safety

- Safety is core to everything we do. If we can't do it safely, we don't do it
- Employee wellbeing: meaningful and rewarding work that fosters growth for our people
- Build a culture that empowers people and enhances capability and capacity



SP2
Be a trusted business partner

- Expand and deepen our relationship management functions for health services and suppliers
- Re-align compliance, education and support functions for health services
- Improve reporting and analytics available to stakeholders



SP3
Establish a reliable and efficient supply chain

- Expand the supply chain network to all Victorian public health services
- Optimise inventory management across the state
- Increase distribution centre efficiencies
- Strengthen supply chain surety
- Establish a robust disaster recovery plan



SP4
Achieve best procurement value and outcomes for the sector

- Expand the range and volume of procurement under HSV contracts
- Reduce product variation
- Establish a strategic sourcing approach
- Use processes that balance commercial imperatives with appropriate risk management and compliance requirements



SP5
Enable sector reforms

- Support development of environmental, social and governance strategies
- Identify opportunities to expand HSV's role in shared services and other activities contributing to savings and benefits
- Support health service funding and financial management reforms

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 strategy

In developing this strategic plan, we have listened to our stakeholders. We acknowledge the ways in which we can be more effective in pursuing our strategic priorities over the next five years.



Principles



Continuous learning and improvement

- What will be different:
- Increased adoption of best practices from industry and leading jurisdictions and international systems
 - A culture of exploring new approaches and learning fostered to support greater levels of innovation
 - Expanding our approach to sector learning hubs to strengthen industry knowledge sharing, training and education



Effective partnering and collaboration

- What will be different:
- Improved strategic and operational communication with health services
 - Stakeholders engaged earlier in procurement planning and implementation processes
 - Greater flexibility to meet individual customer needs and preferences, within agreed frameworks



Efficiency and value for money

- What will be different:
- New initiatives established and we've got the basics right
 - Procurement processes streamlined to reduce our time-to-market for health services
 - Investment in data and automation to reduce manual input



Commercial focus with ethical accountability

- What will be different:
- Our internal commercial capability and decision-making enhanced
 - Strategic category planning adopted for all goods and services for all public sector health services
 - Our focus on compliance remains uncompromised with the need for commercial outcomes



Data-driven decision making

- What will be different:
- Standardisation and integration of robust data and technology across the sector
 - Increased use of data to benchmark our performance and validate benefits
 - Invest in analytics to identify best-value opportunities and predict and manage supply chain disruption

Our vision

Our vision to support health, safety and value in everything we do drives us forward – and our ability to adapt to the changing needs of our diverse stakeholders is essential to our success.

Our purpose

Our 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.

Our function

We support better value for public health services and better outcomes for their patients, working with Victoria’s public health services, suppliers and government.

Since 2021 our focus has been to accelerate the consolidation of Victoria’s public health services to HSV’s supply chain operations. We have successfully established two distribution centres located in the west and east of Melbourne to service our customers and ensure ongoing business continuity.

We work with Victoria’s public health services to understand their requirements. We meet these needs by establishing collective agreements (purchasing contracts) for medical consumables, pharmaceuticals and medical equipment, as well as non-medical products and services they need via large-scale tenders.

We also play a critical role in ensuring Victoria’s public health services have access to goods and services that may be in higher demand or difficult

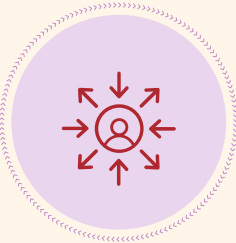
to access, including personal protective equipment (PPE), medical consumables, ICU equipment and pharmaceuticals.

We administer several compliance-related functions, and work with health services to assist them in meeting their legislative, compliance and probity obligations.

As well as providing an end-to-end health supply chain for Victoria’s public health services, we extend access to our collective agreements to health or related services assessed as ‘eligible services’.

Building on a spirit of change and transformation, our work supports our health service customers to deliver 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.

- Thinking about the customer in everything we do
- Building strong relationships with our internal and external customers and stakeholders, understanding their challenges and the context of their requests
- Engaging our customers in decisions that may affect them
- Listening to feedback from our customers and making improvements



Accountable

We do what we say we will do.

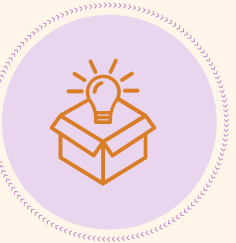
- Speaking up when something is not right, is not working or is unsafe
- Taking responsibility for our work and actions, and delivering to a high quality within agreed timelines
- Escalating problems and identifying continuous improvements



Respectful

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

- Being welcoming and making people feel like they are part of the team
- Listening to others and communicating clearly so everyone can understand
- Responding to invites and messages, preparing for meetings and showing up on time
- Caring about the wellbeing of our colleagues and being empathetic, supportive and approachable



Solutions-focused

We work together to find the best operational and commercial outcomes.

- Knowing what success for HSV, health services and patients looks like
- Embracing challenges and working as a team to find the best solutions
- Providing relevant context, background, facts and supporting data
- Understanding the commercial terms we operate within and the importance of efficient practices



Open

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

- Our willingness to seek new opportunities and ideas as well as give and receive feedback will help us improve
- Always looking for ways to learn, contribute, work together and share information between teams
- Interacting with others in an open and honest way and embracing change
- Being curious and asking open-ended questions to hear the views of others

Our strategic priorities

Achieving HSV’s five strategic priorities will deliver measurably greater impact and outcomes that build on existing commitments to the government.



SP1: Value people and safety

- Safety is core to everything we do. If we can’t do it safely, we don’t do it
 - Employee wellbeing: meaningful and rewarding work that fosters growth for our people
 - Build a culture that empowers people and enhances capability and capacity
- We will achieve:**
- BeSafe Health, Safety and Wellbeing (HSW) Event Management System implemented
 - HSW risk assessments conducted for all new customer onboarding supported by communication and recruitment plans
 - Employee engagement fostered, cultural survey action plan implemented and progress assessed
 - Further investment in employee development for key leadership and technical capabilities
 - Organisational leadership framework implemented and aligned to new structure



SP2: Be a trusted business partner

- Expand and deepen our relationship management functions for health services and suppliers
 - Build on our compliance, education and support functions for health services
 - Improve reporting and analytics available to stakeholders
- We will achieve:**
- Roles for HSV, Hospitals Victoria, Department of Health and Safer Care Victoria confirmed
 - Service level agreements with health services established
 - New financial and non-financial benefit metrics and reporting established
 - A new framework to help build trust, alignment and collaboration with stakeholders to strengthen strategic alignment and support operational resilience
 - Host joint learning events or briefings where all parties can share expertise



SP3: Establish a reliable and efficient supply chain

- Expand the supply chain network to all Victorian public health services
 - Optimise inventory management across the state
 - Increase distribution centre efficiencies
 - Strengthen supply chain surety
- We will achieve:**
- 100 per cent of health services onboarded by 2027
 - Health services must purchase exclusively from the HSV catalogue as part of consolidation into the HSV supply chain
 - Centralised non-contracted regional/rural low-volume, large-range medical consumables
 - An activity-based logistics charging model that saves costs for health services and the state through economies of scale
 - Waste/stock obsolescence reduced annually year on year
 - State working capital reduced, inventory management optimised year on year
 - Supply chain efficiency maintained through tracking supply chain costs as a percentage of the cost of goods sold
 - In collaboration with health services, HSV will deliver product rationalisation by reducing the range to achieve cost reductions
 - An agreed long-term network strategy that supports the continued growth and expansion of HSV



SP4: Achieve best procurement value and outcomes for the sector

- Expand the range and volume of procurement under HSV contracts
 - Reduce product variation
 - Establish a strategic sourcing approach
 - Use processes that balance commercial imperatives with appropriate risk management and compliance requirements
- We will achieve:**
- All secondary procurement required to be managed by HSV to ensure it delivers system-wide integrity and transparency
 - Remove inefficiencies and duplication to maximise overall benefits to the health system from HSV collective agreements
 - Differentiated pricing models and mechanisms established in collective agreements for metro and rural/regional health services
 - New financial and non-financial metrics/reporting developed
 - Regulatory compliance assessed as fit-for-purpose



SP5: Enable sector reforms

- Support development of environmental, social and governance strategies
 - Identify opportunities to expand HSV’s role in shared services and other activities contributing to savings and benefits
 - Support health service funding and financial management reforms
- We will achieve:**
- Partnerships with Local Health Service Networks to consolidate back-office functions and establish other shared services
 - Warehouse Management System established
 - Ordering systems updated to be able to receive information from multiple different systems to support supply chain consolidation
 - Demand planning software implemented
 - Migration of HSV enterprise resource planning application to Oracle Fusion
 - (Re)investment in systems to consolidate purchasing information across all health services

Our organisational approach

Developing this plan

Throughout the HSV Strategic Plan 2025-2029, we incorporate the valuable contributions of our many stakeholders. We have listened carefully to these voices – our health service customers, multiple levels of government and our employees.

Our previous strategic plan for 2021-2025 focused on establishing HSV, driven by the pressing needs of health services operating in a pandemic. This new plan reflects and captures the expectations and aspirations of our stakeholders in HSV being able to further contribute to the success of the sector.

Now, as a more mature organisation, our objective is to drive sector reform and efficiency and increase procurement value and outcomes for health services. Underpinning this is our strong focus on building and expanding our sector partnerships.

We will actively engage with the sector to address cost savings and deliver additional value for health services.

We recognise we cannot do it in isolation and acknowledge the important contribution of our stakeholders in achieving shared objectives.

We listened to our stakeholders

Throughout the development of this plan, we listened to the following internal and external stakeholders.

Discovery phase

- HSV executive
- Department of Health

Development phase

- HSV senior leaders and employees
- health service partners
- key government stakeholders

Confirmation and consolidation phase

- HSV Board
- Department of Health
- Minister for Health

Understanding our stakeholders' needs

The plan sets HSV up to deliver on the following needs of our different stakeholders.

Victorian Government 'owners'

- Reduce cost of care delivery
- Reduce variation in supplies, consumables, equipment and services
- Contribute to the financial sustainability of the system
- Ensure safety, quality and compliance
- Proactively work in partnership with government to achieve sector reforms
- Drive accountability and probity across the system

Victorian public health service 'customers'

- Effective collaboration between health services and HSV to understand the unique needs of each health service
- Consistent and reliable access to the right products at the right time – supply chain surety
- Lower costs to health services through economies of scale
- Greater efficiency and value in distribution and logistics
- Support to meet policy requirements and compliance obligations
- Market scanning for new products and innovations

Suppliers

- Provide equitable opportunities for suppliers of all sizes, including regional suppliers
- A simple and efficient tender and contract process
- Greater insights outlining the needs and wants of Victorian health services
- Partner with suppliers to jointly create value for the health sector
- Timely updates on changing procurement policies and regulations

New ways of working

Having listened carefully to our health service partners, government stakeholders and our people, we acknowledge the ways in which we can be more effective in pursuing our strategic priorities over the next five years.

Improving on our foundations will help drive increased efficiency and value for money, as we work to establish new initiatives and practices. Streamlining our procurement processes and investing in data and automation will reduce manual input and the time it takes for products and services to go to market for our health service customers.

A significant opportunity for us is to harness more robust data in our decision-making. Leading sector-wide standardisation and integration of data and technology will lead to better choices and outcomes, as will increasing our use of data to benchmark performance and validate benefits. To help us extract more value for our customers, investing in analytics to pinpoint the best-value opportunities and predict and manage supply chain disruption will help deliver the right products and services to the right place at the right time.

We will also continue our work to become a trusted business partner across all levels of our health service customers. By working together more closely and listening to customer views, we will foster greater

collaboration. We will engage our stakeholders earlier in our procurement planning and implementation processes, and be more flexible in meeting individual customer needs and preferences within agreed frameworks.

Further enhancing our strategic and operational communication will play a key role in realising our objective to be a trusted business partner with health services.

Adopting a continuous learning and improvement mindset will increase our uptake of best practices from across industry and leading jurisdictions, as well as international systems. This mindset will help foster a culture of trying and learning that supports more innovation across our organisation and help us deliver greater value to our customers. Expanding our approach to sector learning hubs will offer better industry knowledge sharing, training and education.

Finally, and most critically, an increased commercial focus will enhance HSV's capability and decision-making. We plan to adopt strategic category planning covering all goods and services, ensuring our focus on compliance is balanced and not compromised by the need for commercial outcomes.



Measuring success

We recognise we can do more to support Victoria’s public health sector beyond our FY25-29 targets.

We have significant opportunities to extend the value and benefits we plan to deliver beyond our agreed savings targets. To help us plan for and implement these opportunities, we will develop a detailed strategy performance ‘scorecard’ that reflects the objectives and potential of our strategic direction.

We plan to consult with our stakeholders on a set of measures that:

- incorporate existing commitments to the Department of Health and Department of Treasury and Finance
- are easily understood and validated
- reflect the financial and non-financial benefits we seek to achieve to FY2029.

What we will achieve by FY2029

Outcome 1:
Lowest cost of product

Deliver cost reduction and cost avoidance benefits delivered annually to health services as an outcome of HSV collective agreements

1. **Sector-level cost reduction:** increased savings from HSV collective agreements
2. **Value under contract:** consolidate health service spend into the HSV supply chain
3. **System-level cost avoidance:** health service product consolidation to reduce net costs across the state

Outcome 2:
Lowest cost to serve

Cost reductions and avoidance realised by transforming HSV’s supply chain and service delivery

1. **Supplier discounts:** create a logistics model that saves costs for health services and the entire sector
2. **Reduced supply chain cost as a percentage of the cost of goods sold:** all health services onboarded to the statewide logistics network model
3. **Future shared service delivery efficiencies:** HSV will be the sole warehousing, logistics and distribution provider to health services of ranged products

Outcome 3:
Reduced variation

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

1. **Reduction in number of suppliers per product:** Health services must purchase from the HSV catalogue to generate annual savings
2. **Converted further opportunities:** Rationalise product range to deliver annual savings

Outcome 4:
Supply chain reliability

Service improvement delivers value via ‘right product, right place, right time’, removing duplication and inefficiencies

1. **Agreed process reliability measures:** Re-invest in systems to consolidate purchasing information across all health services
2. **Customer satisfaction rating:** Establish a framework that improves stakeholder management to ensure alignment and clarity of roles and responsibilities to achieve sector savings

Outcome 5:
Supply chain resilience

Reduced supply chain continuity and cost risk by monitoring supply chain surety

1. **Lower percentage of products under surety programs:** Re-invest in a surety structure to manage the Critical Supply Register and mitigate against product outages
2. **Participation in HSV education (e.g. contract and compliance management) programs:** Establish supplier relationship management to limit service disruption



