

Access to HealthShare Victoria Collective Agreements

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Reviewed By:	GM Procurement Design and Capability, GM Customer Engagement, Head of Customer Relationship, Customer Access Manager, Procurement Advisor, Supply Chain Specialist
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1. Purpose

- 1.1 Health Purchasing Victoria (HPV) has a function to 'supply or facilitate access to the supply of goods and services to public hospitals and other Health or Related Services on 'best-value terms' (Section 131(a) of the *Health Services Act 1988* (Vic)), (the Act). This policy outlines the principles and considerations pertaining to HPV's obligation to 'other Health or Related Services' as an independent public entity, pursuant to section 129 (1) of the Act, undertaking its statutory functions trading as **HealthShare Victoria ('HSV')**.
- 1.2 This policy details HSV's considerations for access to HSV Collective Agreements by entities that are not listed as public hospitals and public health services but may be considered customers of HSV (i.e. other health-related entities in addition to those named in schedules 1 and 5 of the Act), incorporating:
 - a. legal entities which meet the definition of Health or Related Service in the Act and/or legal entities named in the Act within schedules 1A, 2, 4 and 6 of the Act, known collectively to HSV as **Health or Related Services**; and
 - b. Health or Related Services where the legal entity directly purchases products or services (i.e. the entity being invoiced) where the types of products or services required by the entity fall within the scope of the suite of HSV Collective Agreements.
- 1.3 This policy defines the circumstances in which:
 - a. Health or Related Services are deemed by HSV to be **Eligible Services** by meeting the eligibility requirements of this policy; and
 - b. HSV may approve requests by **Eligible Services** for direct access to any HSV Collective Agreement.
- 1.4 Eligible Services may purchase goods and services covered under HSV Collective Agreements from a Mandated Health Service (indirect access), according to their requirements under HSV Purchasing Policy 5. Collective Purchasing and Supply Chain (HSV PP5) that will require the Mandated Health Service to then report annually and part of the On-Selling Register.

2. Definitions

Eligible Services	Health or Related services as described in the Act which meet the eligibility requirements for 'Direct Access' under this policy, notwithstanding that an application to access a collective agreement may be declined by HSV after assessing the 'materiality' as defined in this policy.
Health or Related Services	As listed in schedules 1A, 2, 4 or 6 of the Act or as defined in section 3 of the Act as a Health or Related service: (also known as non-mandated health services): • a registered funded agency, multi-purpose service or health service establishment; or • a registered community health centre; or • a women's health service listed in Schedule 6; or • any other person, body or organisation that provides, delivers, funds, facilitates access or provides insurance in relation to health services, being services that include, but are not limited to: a. aged care services; or b. palliative care services; or c. disability services; or d. pharmaceutical services; or e. ambulance services; or f. health services in association with correctional services; or g. residential care services; or h. the Victorian Institute of Forensic Mental Health; or i. Youth Mental Health and Wellbeing Victoria; or j. any other prescribed health or related service.

Mandated Health Services	Mandated health services are public hospitals and public health services as listed in Schedules 1 and 5 of the Act, . These entities are required to comply with HSV's purchasing policies (HSV PPs).
HSV Collective Agreement	An HSV Collective Agreement is a contract for the purchase of goods or services for the benefit of two or more entities. An HSV Collective Agreement may be established by HSV on behalf of Mandated Health Services and approved Eligible Services. The HSV Procurement Activity Plan, available on the HSV website, contains a full list of the HSV Collective Agreements.
Indirect Access	Indirect access occurs when an Eligible Service purchases products or services from a Mandated Health Service when those products and services are contracted under HSV Agreements rather than purchasing directly from a contracted supplier under an HSV Collective Agreement.
Materiality test	The Materiality test is a definition introduced for the purposes of this policy to assist in making decisions to be approved by the Chief Financial Officer on the circumstances in which HSV may allow: • direct access to Eligible Services to access HSV Collective Agreements • on-selling of HSV contracted goods or services under HSV Collective Agreements to Eligible Services Materiality will be assessed on a case-by-case basis for each HSV Collective Agreement in which access is sought, taking into consideration several factors to ensure that extending access does not adversely impact the HSV Collective Agreement in question. These factors may include: • factors set out in <i>Section 133 of the Act</i>, in particular, the effect on price and supplier capacity • the proportion of the Collective Agreement represented by the value of the goods or services on-sold to the buyer • specific terms and conditions of HSV Collective Agreements (i.e., restrictions on the part of certain suppliers) • market dynamics that arise from granting direct or indirect access • unusual demand characteristics or potential variation in demand (both up and down) • supply chain efficiencies inherent in the access arrangement • ability for HSV to maintain adequate control over the Collective Agreement • reputational risks to HSV or the on-selling entity • risks to the confidentiality of HSV or supplier information • the ability of the on-selling entity to manage the recall of goods on-sold
On-selling	On-selling only by a Mandated Health Service occurs if an entity purchases goods or services under an HSV Collective Agreement and then resells the goods to another entity. This includes the provision or sale of products or services to a separate entity (e.g. selling to a health or related service or non-health entity) through provision of warehousing and logistics services or otherwise, including where goods or services are provided at no cost, possibly under the terms of another agreement e.g. provision of clinical or non-clinical services, tenancy, public private partnership (PPP) etc.

3. Policy Approach

3.1 Eligible Service Determination

- a. Any Health or Related Service is supported by HSV's Customer Access Manager to understand the requirements for being recognised as an Eligible Service under this policy.
- b. The status as an Eligible Service is assigned at the discretion of the HSV Chief Financial Officer (under delegation by the HSV Chief Executive) on a case-by-case basis in careful consideration of the following eligibility criteria of the legal entity:
 - i. demonstrating that the entity meets the definition of 'Health or Related Service' as defined in the Act
 - ii. being in receipt of recurrent Victorian Government Appropriations
 - iii. carrying on business in Victoria*

(*where interstate sites exist within the entity, HSV requires confidentiality to be maintained within Victorian sites only and that the supply of products and services is to Victorian sites only)
 - iv. the ability to establish a direct financial or non-financial benefit to the Victorian public health system in the delivery of its services
- c. HSV supports its Eligible Service customers if/when the status of an Eligible Service changes over time, using a collaborative approach to allow sufficient time for the entity to transition to alternative non HSV collective agreements.
- d. Health or Related Services not qualifying as Eligible Services at a point in time are provided feedback as to the specific criteria that relate to the decision.

3.2 Direct Access to HSV Collective Agreements

a. Criteria for Direct Access

- i. Once determined as an Eligible Service, these newly defined customers of HSV may apply to HSV for direct access to an HSV Collective Agreement(s)
- ii. Direct access to the first HSV Collective Agreement(s) for a new Eligible Service customer is via application, with access to the Agreement(s) being approved by the HSV Chief Executive (or delegated authority) on a case-by-case basis in conjunction with the execution of an **Access Deed**. The Access Deed includes the rules of engagement for access to HSV Collective Agreements including a 'Schedule 1' attachment
- iii. The Access Deed is executed at HSV by the Chief Executive Officer or the Chief Financial Officer using the HPV company seal. The Access Deed includes a Schedule 1 attachment containing a list of the Agreement(s) being approved to access including start and end dates for the access.
- iv. The overarching guiding principle for approval of any Eligible Service's direct (or indirect) access to any HSV collective agreement is that HSV is supporting the Eligible Service to provide a direct or indirect benefit to the public health sector in the short and long term.
- v. HSV values the two-way sharing of information with Eligible Services (facilitated under an executed Confidentiality Agreement) to support informed decisions about access to a particular HSV Collective Agreement(s) at the point in time. When granting access to any Agreement, HSV gives careful regard to these factors as set out in section 133 of the Act:
 - A. the clinical needs of patients and other users of the Eligible Service
 - B. the ability of suppliers to supply goods and services required by the Eligible Service
 - C. the price, quality and accessibility of goods and services supplied or proposed to be supplied to the Eligible Service
 - D. the individual conditions and requirements of the Eligible Service
 - E. the effect of sourcing and contracting processes on the viability of small and medium-sized businesses
 - F. local employment growth or retention.
- vi. HSV upholds its responsibility to reduce potential risk to maintaining the confidentiality of supplier and product/service pricing and terms of its Agreements. In cases where an Eligible Service is associated with another national entity (e.g. has a national parent company), HSV seeks to ensure that the customer or associated entity has demonstrated appropriate national procurement policies and systems to uphold this confidentiality of within Victoria.
- vii. The decision to grant access may be subject to HSV's conditions (including the 'materiality test') to manage any actual or perceived risks to HSV's operations or any other factors considered relevant, at HSV's discretion.
- viii. Approval to any HSV Collective Agreement has no bearing on future approval to access any other HSV Collective Agreement.
- ix. Eligible Services are deemed to have continuous coverage under an HSV Agreement in the case that the Agreement has been extended by HSV via the approval of an 'option period' or via any other extension under the same HSV Collective Agreement number.

b. Decision on Direct Access

- i. HSV works with its Eligible Services to achieve mutual understanding as early as possible in the application process when factors exist that may indicate that approval may not be possible. HSV always provides an explanation to customers in rare situations when access to a Collective Agreement cannot be approved at a point in time. Feedback is provided regarding the specific criteria that relate to the decision to guide future applications.
- ii. If an Eligible Service disagrees with a decision regarding access to a Collective Agreement, the entity may request that HSV review the decision by submitting any new information supporting the requirements under this policy. The decision on whether to overturn the original decision will be at HSV's discretion.
- iii. Once granted direct access to an HSV Collective Agreement, all sites within the legal entity of the Eligible Service transition to the Agreement, unless HSV has pre-approved otherwise.

c. Access Deed updates

- i. Eligible Service customers are supported by HSV to regularly review the details of HSV Collective Agreements pertaining to the Access Deed and make regular enquiries and applications to HSV for access to additional Agreements.

- ii. The HSV Chief Procurement Officer approves second and subsequent applications for access to additional Collective Agreements by executing a new replacement Access Deed, 'Schedule 1,' which includes a revised list of Agreements approved for access.

d. Reference Group Participation

- i. HSV supports nominations of colleagues from Eligible Services into its Reference Groups subject to the appropriate disclosures eg, confidentiality, conflict of interest etc.
- ii. Eligible Services are required to have been pre-approved by HSV for access to the particular Collective Agreement(s) and/or 'Invitation to Supply' activity related to the Reference Group into which a nomination is being sought. Pre-approval is demonstrated via an executed Access Deed (or executed updated Schedule 1 to the Access Deed).

3.3 Indirect Access: On-selling of products and services contracted under HSV Agreements

- a. Eligible Services may benefit from indirect access to HSV Collective Agreements by purchasing HSV products and services from HSV's Mandated Health Services rather than from suppliers that have Agreements with HSV. This method of access to HSV Collective Agreements is called "Indirect Access".
- b. Mandated health services are permitted to on-sell HSV goods and services contracted under HSV Agreements to other entities when pre-approved by HSV. The initial decision on whether to provide an on-selling service is made entirely by the Mandated Health Service, i.e. whether or not the entity includes this service in its service offerings to its community is entirely its own choice. When a Mandated customer chooses to on-sell HSV products and services, however, the following obligations must be met by the entities involved:
 - i. Mandated health services must abide by the requirements of the HSV Purchasing Policy 5: Collective Purchasing and Supply Chain (HSV PP5).
 - ii. The Eligible Service receiving the product or service via an on-selling arrangement is to enter into a Service Level Agreement with the entity doing the on-selling, including confidentiality clauses.
- c. The entities proposed as recipients of an on-selling arrangement must satisfy at least one of the following criteria:
 - i. be defined as an Eligible Service with or without an HSV Access Deed in place to access the relevant HSV Collective Agreement(s); and/or
 - ii. meet the definition of health or related service and be providing a direct or indirect benefit to Victorian Public Health.
- d. In assessing a request for on-selling, HSV will undertake an assessment of whether the on-selling is material to the relevant HSV Collective Agreement(s) in accordance with the materiality test set out in the definitions section of this policy.
 - i. When HSV determines that the on-selling by a Mandated health service to an Eligible Service is 'material' under the Materiality Test, the Eligible Service may be requested by HSV to be assessed for direct access to the HSV Collective Agreement(s) in accordance with HSV's criteria for direct access outlined above.

4. Related Documents

- 4.1 PRO401.1 Access to HSV Collective Agreements Procedure
- 4.2 All HSV Purchasing Policy 1-5
- 4.3 HSV Form: Consideration of Factors pursuant to s133 of the Health Services Act
- 4.4 HSV Access Deed
- 4.5 HSV Confidentiality Agreement