HealthShare Victoria

Annual Report 2025-26

Together we save more



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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 2025-26:
The year in review

Report from HSV's Board Chair and Interim Chief Executive

Throughout 2025-26, HealthShare Victoria (HSV) built on established foundations to refine ways of working and progress organisational priorities aligned to our 2025-2029 strategic plan.

The focus of HSV's procurement and logistics operations this year has been to deepen sector engagement, modernise processes and deliver measurable value to Victoria's public health system.

These initiatives helped prepare us for external challenges such as geopolitical volatility and supply chain disruption. Despite the impact of the Middle East conflict on supply chains, we supported health services to deliver continuous clinical activities by ensuring uninterrupted supplies of essential healthcare products.

We 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 strategic program of procurement activity covering the 4 interconnected priorities of savings delivery, sector engagement, supplier partnership and risk management has enhanced our capacity to deliver measurable value for our customers.

In 2025-26, we completed 58 procurement activities and entered into 356 new agreements across 35 categories. We achieved more than $218 million in targeted health service benefits, including $6.8 million in net cost reduction, and increased our value under contract by $185 million to secure almost $1.8 billion of Victoria's public health spend.

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. These included a procurement strategy roadshow engaging Chief Financial Officers and Chief Procurement Officers, and the 2026 Clinical Product Advisor Symposium. HSV also participated in industry events as part of our enhanced stakeholder engagement agenda.

HSV's logistics operations concentrated efforts on embedding changes to support a more integrated statewide network across both Derrimut and Dandenong South distribution centres. The shared systems, aligned processes and collective operational routines implemented this year are possible due to the foundational Warehouse Management System (WMS) commissioned in mid-2025.

For our public hospital customers, these changes have resulted in more reliable logistics supply, consistent service and practical support. The team has actively prioritised customer support through change as new health services are onboarded, demonstrating the ongoing development of HSV's logistics model as a more repeatable operating approach.

In 2025-26, our partnership with health services has helped deliver better patient outcomes together by:

- driving long-term commercial health system sustainability
- linking with Australia's health sector to safeguard supply and reduce health service risk
- creating fit-for-purpose solutions for health services
- leading supply chain capability and improvement
- providing better customer service and support.

Adding to the value for our customers, health services also benefited from HSV's compliance and modern slavery training support. Support for hospitals' group-based sourcing activities that help achieve economies of scale includes providing tools and templates to promote probity, accountability and transparency in their procurement activity.

Notable achievements in 2025-26 include:

Valuing people and safety

- Completing safety initiatives across our logistics operations, including fit-for-purpose education on psychological safety.
- Launching a dedicated health, safety and wellbeing incident reporting and management system to provide improved reporting insights and additional investigative tools.
- Implementing HSV's new performance appraisal process to improve role clarity and career development for HSV's employees, and recognising the efforts of our people by offering eligible employees performance rewards for the first time.
- Reflecting our commitment to a constructive, high performing culture, we continued to foster capability development.
- Complying with the *Gender Equality Act 2020* (Vic) following an assessment of our Gender Equality Audit 2025 by the Commission for Gender Equality in the Public Sector. We submitted a progress report against the HSV Gender Equality Action Plan 2022-25, with results expected in October 2026.

Building trusted business partnerships

- Developing a comprehensive stakeholder engagement plan to streamline HSV's communication processes and channels, improve the customer experience on HSV's website platform and support improved capability.
- Undertaking a statewide health service roadshow as part of our sector engagement program in early 2026 to visit hospital locations across Victoria, showcase our strategic procurement plan development, seek customer input and hear a range of perspectives.
- Hosting the in-person ANZ Health Procurement Roundtable at HSV in November 2025 to facilitate Australia and New Zealand jurisdiction discussions centred on surety of supply, strategic value creation and digitally enabled procurement transformation.
- Presenting at stakeholder events, the 2026 Australian Healthcare Week in Sydney and the AMMA Medtech Showcase 2026 in Melbourne.
- Hosting a successful third annual Clinical Product Advisor Symposium in November 2025, bringing together 33 clinical product advisors from across Victoria to explore innovation, issues and clinical developments, as well as share insights and best practices.

Achieving best procurement value and outcomes

- Supporting regional health services in cluster procurement, including 3 opportunities covering pathology, printing services and cleaning services in the Hume and South West Local Health Service Networks (LHSNs).
- Delivering additional cost reduction of $4.5 million for health services accessing renewable electricity via SEC power contracts from 1 July 2025.
- Continuing the Certificate IV in Procurement and Contracting with 57 students – the highest-ever number of students – from 37 health services completing the course in 2025-26.
- Extending HSV's support via a dedicated Customer Access Manager to a broader range of 110 health and related organisations, including community health services, bush nursing centres, multi-purpose services and denominational hospitals.
- Continuing to provide leadership and guidance on reducing modern slavery risk in health service supply chains, by providing mandated health services with risk assessment reports to support them with their compliance obligations under the *Modern Slavery Act 2018*.
- Achieving an overall customer satisfaction score of 74 per cent in the 2026 HSV Customer Satisfaction survey, up 5 per cent from 2025. Feedback was gathered from 245 health service staff.

Establishing a reliable and efficient supply chain

- Playing a key role in Western Health's successful stock build and commissioning readiness for the new Footscray Hospital. A significant hands-on operational activity, the launch involved collaboration to support new imprest locations, track inbound orders and delivery volumes and prepare stock for clinical areas, storerooms and point-of-care locations.
- Supporting the transition of Eastern Health, Peninsula Health and Alfred Health into the logistics network. Onboarding activities featured structured readiness planning, close health service engagement, stock transition planning, delivery scheduling, system preparation, training and post go-live support.

Enabling sector reforms

- Onboarding the first HSV suppliers to a new electronic data interchange system that enables automated order processing for purchase orders, shipping notices and invoices, improving standardisation and reducing manual processing, errors and costs.
- Hosting a series of consultative workshops to discuss secondary procurement in response to a Victorian Auditor-General's Office recommendation to define how secondary procurement can occur, improve transparency and establish consistent processes.
- Implementing an Environment, Social and Governance (ESG) Policy and Framework focused on using United Nations Sustainability Goals as a basis for assessing and reporting. This assists HSV in our value-based leadership, both internally and externally.
- Upgrading our on-site technology by migrating all systems, applications and data to a secure cloud platform, enhancing system security and minimising IT costs. The migration ensures HSV systems have improved performance, reliability and protection against system outages.
- Meeting with the inaugural Australian Anti-Slavery Commissioner Chris Evans to build awareness and discuss HSV's work supporting businesses that supply goods and services to the Victorian health sector. The Commissioner is focusing on strengthening Australia's response to modern slavery, particularly in supply chains.

HSV's functions have 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.

HSV supported the Victorian Government's December 2025 announcement that it had accepted most of Helen Silver AO's recommendations from her Independent Review of the Victorian Public Service, including that HSV will no longer be a separate statutory entity and will transition into the Department of Health on 1 October 2026.

Reassessing priorities, we shifted our focus to activities safeguarding health sector supply surety and providing best value as we navigate this significant change. Our transition into the Department of Health supports both organisations to deliver on our strategic priorities by making sure health services have what they need, when they need it.

This change recognises the importance of HSV's ongoing functions to Victoria's public health system and that HSV will continue to be supported to deliver for the sector in the most efficient and effective way possible.


M25
M26

Work commenced in early 2026 to develop an agreed HSV structure to support our ongoing functions following our transition to the Department of Health.

As we prepare for the 2026-27 year, we remain focused on ensuing a smooth transition to the Department of Health on 1 October 2026, further scaling up our operations, deepening sector engagement across new stakeholder groups and delivering 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, including Victorian Minister for Health and Minister for Ambulance Services, the Hon. Harriet Shing, who succeeded the Hon. Mary-Anne Thomas in April 2026. We also acknowledge the new Victorian Minister for Health and Minister for Ambulance Services Ms Ingrid Stitt MP, who succeeded the Hon. Harriet Shing on 4 August 2026. The Department of Health and other government and health sector agencies and stakeholders remain key to our success.

We appreciate all our health service customers, whose contribution and insights have been vital in our collective efforts to develop and improve essential health supply chain services for the Victorian community. We especially thank those dedicated health sector experts whose involvement in HSV's reference groups has been invaluable over the past 12 months.

HSV's Board and sub-committee members have continued to demonstrate their commitment and support for our work to progress our strategic objectives as well as our continuous improvement initiatives in 2025-26.

On 1 July 2025, we welcomed new independent Board members Eugene Arocca and Lisa Williams, and health service representative Professor Russell Harrison, Chief Executive of Western Health.

In June 2026, Lisa Williams stepped into the role of Interim Chief Executive, leading HSV at a pivotal time as we transition to the Department of Health.

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 demanding 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 deliver value and sustainable access to products and services at scale for Victoria's public health services.

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 2026.





Professor Andrew Way
HSV Board Chair
26 August 2026

Lisa Williams
HSV Interim Chief Executive
26 August 2026


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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 for our public health services and improved outcomes for their patients.

Since our establishment, our focus has been on the end-to-end supply chain needs of health services, while supporting ongoing development and continuous improvement.

HSV 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.

HSV also supports health service compliance with purchasing policies and anti-modern slavery legislation, helping to maintain the integrity of Victoria's public health system. Together, they guide health services on best-practice procurement and achieving best-value outcomes for Victoria's public health system.

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

2025-26 at a glance

1,002 health service employees participated in HSV probity training

$1.42m in cost reductions for Eligible Services

Customer satisfaction survey overall rating for HSV: **74%**

14 HSV-led equipment health service sourcing activities

More than **$218m** in targeted health services benefits. **$6.8m net cost reduction**

Entered into **356 new supplier agreements** across **35** product and service categories

16 meetings with health service Chief Procurement Officers

Managing 77 categories with a total value under contract of **$1.8b**

58 procurement activities completed

17 supplier engagement sessions on modern slavery. **More than 1,000** suppliers attended.

1,700 health service raised queries and **4,471** supplier-raised queries resolved by the HSV Helpdesk, with 98% customer satisfaction rating

Reference group nominations: **373**

163 new imprest locations created to support the new Footscray Hospital

Dandenong South workforce gender balance
Female 43%
Male 57%

6,069 total deliveries made across the logistics network and **1,327,973** order lines shipped to Victorian health services

Customer engagement contacts with HSV: **11,064**

Gender balance
52% male,
48% female,
0% self described

346 on-site face-to-face meetings with health services – kilometres travelled to visit hospitals in 2025-26 represent a **19%** increase over the previous year

Visited **35** health services to discuss procurement strategy

Derrimut Distribution Centre, approximately **22,500** square metres. Dandenong South Distribution Centre, approximately **10,000** square metres

98% network delivery in full on time performance and **95%** network inventory record accuracy

Case study

Cross-functional effort supporting stock build

HSV played an important role in ensuring the new Footscray Hospital was stocked in preparation for its opening on 18 February 2026, partnering with Western Health to operationalise the hospital.

A cross-functional effort saw teams from across HSV work closely with Western Health to understand site requirements, support readiness activity and help ensure essential consumables were available for clinical teams from day one.

The team worked to stock the new hospital – filling 155 storerooms across the hospital's 12 levels in addition to patient point-of-care areas. HSV's project team visited the site several times during the fit-out phase to better understand operational needs.

In preparation for the hospital's opening, the HSV team received and placed 1,888 inbound orders made up of 5,488 lines to 163 imprest locations..

The Derrimut Distribution Centre (DC) delivered 13,700 items to the hospital's storerooms.

Work also included preparing stock for clinical areas, coordinating delivery volumes and assisting with the stocking of storerooms and point-of-care locations ahead of the hospital opening.

The Footscray Hospital work demonstrated what coordinated logistics support looks like during a major health service transition.

Procurement

2025-26 marked a pivotal year for HSV as we reset and reestablished our procurement priorities. Our focus was on transforming the way we work through deepening sector engagement, modernising procurement and delivering measurable value to health services across Victoria.

In 2025-26, HSV's Procurement team delivered a stakeholder-focused program of strategic activity across 4 interconnected priorities: savings delivery, sector engagement, supplier partnership and risk management.

Our commitment and initiatives and their financial benefits have delivered significant savings for Victoria's public health system.

This year HSV achieved more than $218 million in targeted health service benefits, including $6.8 million in net cost reduction, and increased our value under contract by $185 million to secure almost $1.8 billion of Victoria's public health spend. In addition, HSV identified $18 million in further opportunities for savings and implemented 6 new directions for cluster sourcing.

We also expanded our engagement with key stakeholders, collaborating with our health service customers and suppliers to drive our strategic procurement plan, playing a key role in multiple sector working groups and committees and improving our overall rating in HSV's annual customer service survey.

Reflecting a deliberate focus on increasing engagement activities this year, HSV engaged with key supplier groups at strategic events and strengthened relationships with health services to build trusted business partnerships across the wider public health sector.

Procurement

In 2025-26, HSV completed 58 procurement activities and assisted with 14 HSV-led equipment health service sourcing activities (HSSAs) across 11 different health services, delivering a $4.79 million net cost reduction. We entered into 356 new supplier agreements across 35 categories.

HSV's value under contract of $1.8 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.

Case study

Enhancing stakeholder engagement

During February and March 2026, members of HSV's Procurement team visited 35 health services as part of a roadshow to discuss our 2026-27 procurement strategy and Strategic Procurement Plan (SPP) with chief financial officers (CFOs) and chief procurement officers (CPOs).

HSV Chief Procurement Officer Sarah Bryant and General Manager Customer Engagement Alfred Matthews travelled across the north, south, east and west of Victoria accompanied by the individual region's Customer Relationship Managers (CRMs), discussing the strategy with both regional and metropolitan health services.

The CFOs and CPOs appreciated the face-to-face meetings, reflected in HSV's latest customer survey results, where the roadshows were noted as playing a positive role in fostering greater engagement between HSV and our stakeholders.

The roadshow provided an opportunity to discuss HSV's planned procurement strategy for the next financial year and for HSV to learn what is concerning health services, as well as any future opportunities. The team also discussed how we are addressing the findings of the VAGO Report by improving our data quality to gain better insights and identify potential untapped benefits. The CFOs valued the opportunity to see a consolidated view of spend across their Local Health Service Network for the first time – one of the improvements HSV has made to data visibility as a result of the VAGO Report.

HSV's Procurement team is continuing to increase their engagement with health services, and our CPO now has a standing item at the regular IFC meetings.



Examples of how we reduced costs and avoided cost increases for health services in 2025-26 include:

Assisting 3 health services with SPECT-CT equipment procurement requirements, leveraging their expertise to enable 2 to release tenders in a heavily reduced timeframe, resulting in fewer resource requirements and lower indirect costs. We worked closely with suppliers, leveraging the aggregated volume and subsequent demand to drive highly competitive pricing for those health services.

Introducing a new statewide Laundry and Linen Services collective agreement that provides greater visibility, access and control for health service laundry arrangements. We worked closely with health services to review their laundry arrangements, optimising their supplier selection and service models to secure over $4 million in savings.

Securing electricity arrangements for a group of eligible health services that were not supported in the transition to the State Electricity Commission (SEC), capturing ~$0.2 million in savings (a 5.5 per cent cost reduction).

Working closely with the Department of Health's cybersecurity team to run and award 8 market activities to deliver over $3 million in cost reduction. In addition to the cost benefits, this approach provides tools across the sector that ensure greater protection for health services' data and systems.

Delivering $32.6 million in cost reduction through the delivery of 4 major Pharmaceutical collective agreements. Working closely with health services, we expanded HSV's contracted coverage to 2 new therapeutic areas, reducing the administrative burden on health services, maximising leverage with suppliers to secure statewide volumes and standardising terms and conditions for the purchase of these products across Victoria.

Driving excellent clinical sourcing outcomes including delivering the mega category of Personal Protective Equipment with $4.1 million in savings, renegotiating the Sterilisation Consumables retender with fixed pricing until 2028, and delivering $5.35 million in total benefits in the Surgical Instruments and Open Laparoscopic collective agreement.

Delivering total benefits of $6.3 million across Implantables categories.

HSV supports health service productivity through the provision of our online Helpdesk, resolving 1,700 health service-raised queries and 4,471 supplier-raised queries in 2025-26. Our Helpdesk's one touch response rate sits at 71.3 per cent with an overall customer satisfaction rating of 98.8 per cent.

This demonstrates our commitment to stakeholder management and supporting health services and suppliers with easy access to information and query resolution.

Clinical Product Advisors (CPAs) continued to play a critical role by identifying alternative products, improving recall processes, supporting onboarding our supply chain and working in partnership with health services to ensure supply continuity. Our CPAs have been visiting individual health services and meeting monthly with their health service counterparts as part of a Clinical Product Advisory Group (CPAG).

In November 2025 a group of 33 CPAs from health services across Victoria gathered for the third HSV Annual Clinical Product Advisor Symposium. The event provided an opportunity for the CPAs to build relationships and discuss issues and challenges while receiving information and updates from sector leaders. The forum's theme of 'Connecting innovation, intelligence and inclusion in clinical health' highlighted how new standards and digital upgrades call for adaptive leadership at the point of care.

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 transitioned to the SEC for their electricity contracts as part of a switch to 100 per cent renewable electricity by 1 July 2025.

Since the transition, updated market and policy settings materially improved the value of the SEC agreement, delivering additional cost reductions of $4.55 million in 2025-26. These improved outcomes were largely driven by significant reductions in environmental charges due to lower renewable certificate costs and regulatory changes.

Surety

In a year of global challenges including conflict in the Middle East and rising fuel costs, HSV continued to play a key role in investigating and mitigating supply issues with potential statewide impact, supporting continuity of supply across Victorian health services. Working closely with suppliers, health services and key stakeholders, we focused on timely risk assessment, coordinated mitigation plans and provided regular communication updates.

In 2025-26 HSV investigated over 30 cases involving more than 100 products, including the IV fluids supply shortage, a potential statewide shortage of orthopaedic bone cement and continuing to monitor supplies after last year's national recall of antiseptic swabs. In addition, HSV played a critical role in monitoring supply and service pricing and continuity through the conflict between the US and Iran.

This year marked a strengthened collaboration across government and industry bodies through our active participation on therapeutic goods shortage meetings with Therapeutic Goods Administration, Safer Care Victoria (SCV) and the Department of Health. In addition, HSV's Surety function leads the Australian New Zealand Health Procurement Roundtable (ANZHPR) Supply Working Group, supporting national collaboration and information sharing to improve supply chain resilience.

We also reviewed the Critical Supply Register (CSR) and streamlined the process of reporting supply issues through the HSV website.

Case study

Mobilising to safeguard health supplies

When the conflict between the US and Iran began in February 2026, teams across HSV sprang into action, recognising our important role in managing Victoria's health sector supply chain during the crisis.

In early March, HSV established a cross-functional working group represented by procurement, logistics and communication teams to assess at pace the likely current and future impacts of supply chain disruption. The group built an action plan to mitigate potential health service impacts and establish clear communication channels for supplier and health service stakeholders.

There were two main areas of focus: surety of supply and managing cost increases.

Our surety team determined which suppliers have their products originating in the Middle East and reached out to them to assess potential impacts on supply. They also contacted suppliers with products originating from Europe, where freight issues could delay products reaching Victorian health services.

The surety team followed up on a range of issues arising from the conflict, including the supply of surgical gloves and availability of helium gas, and put in place mitigation strategies.

Where suppliers have requested temporary price increases due to material shortages arising from the conflict, the procurement team have consulted with them to ensure the increases are warranted and minimal.

In addition, HSV is collaborating with the Department of Health on a fuel supply coordination management team and contributing to a health services protection plan to support prioritisation of critical services to the health sector in the event of fuel shortages.

HSV has also been working with Safer Care Victoria, the Department of Health and a range of agencies and working groups to ensure supply chain surety and minimise pricing increases throughout the crisis.



Customer engagement

HSV Customer Engagement partners with health services to understand and respond to customer needs, delivering effective solutions to operational challenges and emerging issues. The team ensures customer concerns, risks, and opportunities are identified, communicated, and collaboratively managed with key stakeholders, enabling informed decision making and coordinated actions that support improved outcomes across the Victorian health system.

Six Customer Relationship Managers support engagement with 13 metropolitan and 55 regional public health services, promoting awareness and adoption of HSV's procurement and supply chain initiatives. Through targeted relationship management and collaboration, the team supports health services to optimise procurement practices, strengthen regional capability and achieve improved quality, efficiency and financial outcomes.

In 2025-26 the team delivered training to 128 staff across 34 health services, covering a range of topics including HSV inductions for new employees, the Victorian Product Catalogue, probity requirements, contract management and the use of HSV's procurement system (JAGGAER), delivered across 38 health services statewide.

During the financial year the team also conducted 346 face-to-face engagements across 53 health services, supplemented by 791 video conference meetings with health service stakeholders. This sustained program of engagement strengthened understanding of individual health service requirements and supported the collaborative development of practical, fit-for-purpose solutions.

Ways in which the Customer Engagement team has brought value to health services in 2025-26 include:

- Supporting regional health services in cluster procurement of clinical and non-clinical services, including 3 opportunities covering pathology, printing services and cleaning services in the South West Local Health Service Network (LHSN) and Hume LHSN.
- Conducting the 2026 HSV Customer Satisfaction survey, gathering feedback from 245 health service staff with an overall customer satisfaction score of 74 per cent, up from 69 per cent in 2025.
- Supporting health service alignment with HSV's Purchasing Policies, including contract transitions and annual self-assessments.
- Conducting 35 face-to-face Chief Financial Officer meetings with metropolitan and regional health services to discuss the procurement strategy for FY27.
- Continuing the Certificate IV in Procurement and Contracting, with 57 students from 37 health services completing the course to 30 June 2026 – the highest-ever number of students. The total number of health service staff undertaking the course since the 2019 financial year is now 151.
- Assisting metropolitan and regional health services with the recruitment of senior procurement staff.

Case study

Adding value for eligible services

As part of HSV's legislative function, access to HSV collective agreements is extended to state-funded health or related service entities in addition to HSV's mandated health service customers – those listed in *Schedules 1 or 5* of the *Health Services Act 1988* (Vic).

A dedicated Customer Access Manager supports these eligible services, which include community health services, bush nursing centres, multi-purpose services and denominational hospitals. This enables these organisations to access HSV's procurement solutions, benefit from collective purchasing opportunities and support improved value and outcomes across the Victorian health system.

In 2025-26, HSV secured a $1.42 million combined per annum cost reduction for eligible services commencing purchasing under specific HSV collective agreements (compared to their previous arrangements). Fifty-seven eligible services purchase under one or more HSV collective agreements, and in 2025-26 we granted 28 new purchasing access requests to eligible services across 14 different entities.

The average cost reduction for eligible services joining specific HSV collective agreements in 2025-26 was 26 per cent (excluding where transitioning to an agreement for governance reasons only), with 4 eligible services receiving a cost reduction of 50 per cent or more.


MD
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MD

Logistics

In 2025-26, HSV focused on embedding the systems and processes established across the network following the commissioning of Dandenong South Distribution Centre (DC) in 2024-25 and the go-live of the Körber Advantage warehouse management system in May 2025.

With both major changes now in place, 2025-26 focused on stabilising operations and embedding the systems, processes and disciplines required to support a more consistent and scalable statewide logistics network. Derrimut and Dandenong South DCs now operate as an integrated statewide logistics network, supported by common systems, aligned processes and shared operational routines.

Customer onboarding was a major focus for the year. Building on the successful onboarding of Monash Health, HSV progressed the onboarding of Eastern Health, Peninsula Health and Alfred Health into the logistics network. These activities were supported by structured readiness planning, close engagement with health service teams, item and location data review, stock transition planning, delivery scheduling, system preparation, training and post go-live support.

In parallel with new customer onboarding, HSV expanded the range of products available to existing customers, supporting broader access to commonly used clinical consumables through the logistics network.

The onboarding of additional health services reflected the development of HSV's logistics model from individual project delivery into a more repeatable operating approach. Each transition deepened understanding of local health service requirements, ordering patterns, imprest and ordering structures, delivery needs and the support required during periods of operational change.

HSV Logistics also supported Western Health with the stock build and commissioning readiness for the new Footscray Hospital — a significant operational undertaking requiring coordination across customer operations, replenishment, inventory, distribution centre teams, HSV project teams and Western Health stakeholders. Teams worked closely with Western Health to understand site requirements, support readiness activity, and ensure essential consumables were available for clinical teams from day one. Across all onboarding and transition activity, the priority remained clear: support health services through change while maintaining continuity of clinical supply. This required careful planning, timely communication, responsive issue management and a sound understanding of local operational requirements.

Our experience with onboarding and transition activity across Monash Health, Eastern Health, Peninsula Health, Alfred Health and the new Footscray Hospital is informing a more consistent model for future customer transitions across the statewide logistics network.

Service reliability remained central to operations. Across both DCs teams focused on delivery in full on time performance, inventory accuracy, efficient order fulfilment and timely resolution of operational issues. The Körber warehouse management system supported this by improving inventory visibility, standardising key warehouse processes and providing clearer labelling and documentation for health service receiving teams.

Safety and workforce at the DCs

Safety remains a core priority across HSV's logistics network. The HSV BeSafe program ran across Derrimut and Dandenong South DCs, reinforcing consistent safety behaviours, compliance and visible leadership. Focus areas included pedestrian and machinery separation, safe work areas, line marking, equipment condition, manual handling practices, and hazard close-out. Both sites shared safety learnings and applied controls suited to their operating environments.



Workforce capability developed across both sites during the year. Dandenong South moved from a newly established team into a more mature operation, supported by clearer routines, training, coaching and shared experience from Derrimut. Team leaders, subject matter experts and frontline team members built capability in warehouse systems, inventory processes, fulfilment routines, safety practices and problem solving.

Continuous improvement remained a strong focus. Initiatives targeted safer working practices, workflow efficiency, visual management and greater consistency between sites – supporting both distribution centres to operate as one statewide network.

In 2026-27 HSV Logistics will focus on reliable supply, consistent service, strong safety performance and practical support for health services. Working with the Department of Health, HSV is developing the operating model, systems and network design that will underpin a sustainable statewide supply chain for the Victorian public health system.

Case study

Process improvements enhance inventory planning and efficiency

During 2025-26, HSV's Planning and Replenishment team delivered a program of process improvements that have enhanced inventory efficiency while maintaining high levels of service and product availability for HSV's customers.

Through a combination of enhanced visibility, data-driven decision making and stronger supplier collaboration, the team has achieved a reduction in inventory holdings, sustained service performance and delivered an overall improvement in backorder line volumes.

This is largely due to the implementation of several new planning and replenishment capabilities, including a performance KPI dashboard, a forward stock/demand projection tool and a structured supplier engagement model focused on delivery performance, supply reliability and continuous improvement.

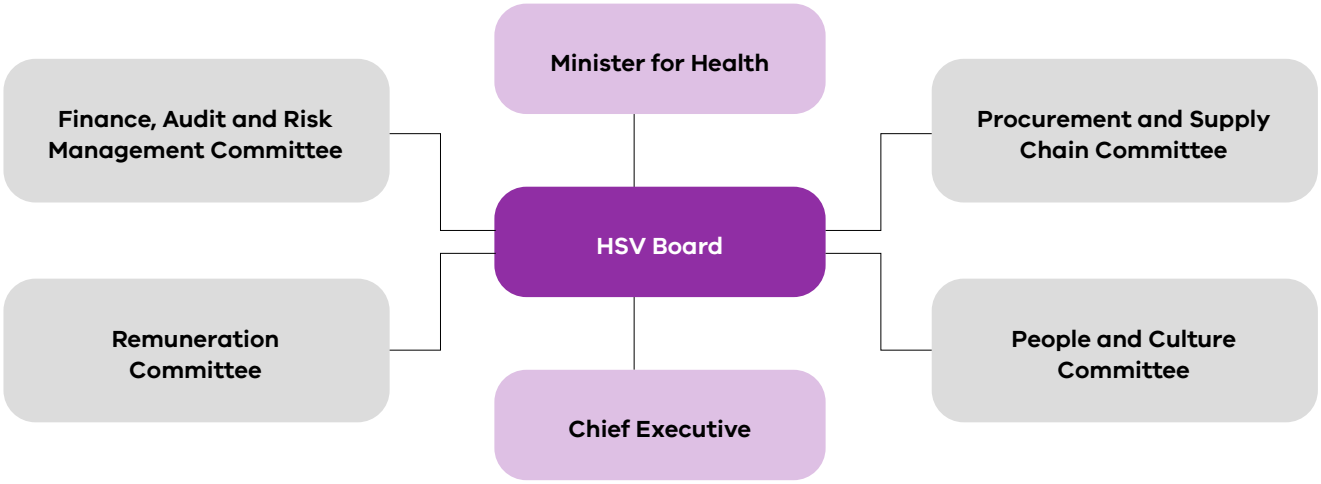
The team also introduced a structured inventory review process, enabling them to actively identify opportunities to reduce surplus, improve utilisation and minimise waste.

A new replenishment modelling capability was also introduced to ensure replenishment settings remain aligned to current demand while balancing service requirements, working capital efficiency and procurement opportunities.

These changes have delivered service availability above 98.5 per cent week on week – achieved despite demand increases and fluctuations driven by the onboarding of five additional health services and an additional 434 unique customer/SKU combinations now managed out of the Derrimut DC.

Governance

The responsible Minister for HealthShare Victoria is the Minister for Health, Ms Ingrid Stitt 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

Professor Andrew Way was appointed Chair of the HSV Board in July 2024. Previously, Andrew served as Chief Executive of Alfred Health 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.

Lisa Williams

Board Member – Independent / Interim HSV Chief Executive

Lisa Williams has over 25 years' international, cross-industry experience in health, higher education, transport, energy, IT, financial services and consulting. Lisa previously held 3 significant Chief Procurement Officer roles across the Victorian Government with Public Transport Victoria, the Department of Economic Development, Jobs, Transport and Resources (DEDJTR), and the Department of Transport and Planning. She was also Executive Director, Corporate Services at V/Line and has held commercial roles at AGL, ANZ and IBM UK. Her qualifications include an MBA, a Masters degree in Management Studies and a Business Studies degree. Lisa is also a Graduate Member of the Australian Institute of Company Directors as well as the Chartered Institute of Purchasing and Supply.

Lisa was appointed HSV Interim Chief Executive Officer in June 2026. Her term on the Board as an independent member ceased upon her commencement in this role.

Eileen Keane

Board Member and Chair, Procurement and Supply Chain Committee

Eileen Keane has a procurement, supply chain and quality background across several industries, including public health, manufacturing, logistics, not-for-profit and consultancy. She has held roles as executive and non-executive director 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.

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. Janet 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.

Sue Kirsa

Board Member – Independent; Chair, People and Culture Committee

Associate Professor Sue Kirsa is the Director of Pharmacy at Monash Health. 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. Prior to joining Monash Health in 2015, Sue was the Director of Pharmacy at the Peter MacCallum Cancer Centre. She has many years of experience as a Hospital and Community Pharmacist. Sue was President of the Society of Hospital Pharmacists of Australia (SHPA) from 2010 to 2012, and was the recipient of the Fred J Boyd award and Monash University Distinguished Alumna award in 2015. Sue graduated from the Victorian College of Pharmacy in 1983 and has been a practising pharmacist since.

Craig Fraser

Board Member – South West Healthcare

Craig Fraser has been the Chief Executive of South West Healthcare since 2017, which includes oversight of the delivery of a regional logistics and distribution model in Warrnambool, as well as being the lead agency for the newly formed South West Local Health Service Network. With over 30 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 this he worked as a prosthetist orthotist, honing his clinical skills for many years while concurrently holding management roles.

Professor Russell Harrison

Board Member – Western Health

Professor Russell Harrison moved from the NHS in England to join Western Health as the Executive Director of Operations in February 2013 before being appointed CEO in October 2017. Russell's experience spans acute hospitals, mental health, the community sector and commissioning health services. He has held a number of executive management roles and has a substantial track record in many relevant areas including clinical reform and governance, service innovation and models of care, risk and change management, workforce development and managing demand within financial constraints. Russell holds qualifications including an MBA from Durham University and a certificate from Yale Business School.

Robert Abboud

Board Member – Department of Treasury and Finance

Robert Abboud is a Department of Treasury and Finance senior executive with over 30 years' experience in the public sector. As a public service executive, Robert has worked extensively in the transport, procurement, major projects, asset management and assurance portfolios. He is dedicated to providing advice through a risk management and value for money lens and brings experience in project governance and stakeholder management in complex government settings.

Naomi Bromley

Board member – Department of Health

Naomi Bromley is Deputy Secretary, Hospitals and Health Services at the Victorian Department of Health. Naomi is an experienced executive leader in the Victorian health system with over 20 years of experience in frontline healthcare, consultancy and senior public service roles. Naomi was appointed as Deputy Secretary, Hospitals and Health Services in August 2025, having acted in the role since February 2025. Naomi also played a significant role in the planning and delivery of the state's response to the COVID-19 pandemic as Deputy Secretary, COVID-19 Vaccination.

Professor Erwin Loh

Board Member –Independent

Professor Erwin Loh is the current President of the Royal Australasian College of Medical Administrators and Director of Medical Services at Peninsula Private Hospital. He has previously had national medical leadership roles at St Vincent's and Calvary Health. He is a recognised leader in health ethics and is appointed by the Federal Health Minister as a member of the Australian Health Ethics Committee (AHEC) of the National Health and Medical Research Council, and a member of the AHEC AI Working Group. He has adjunct professorships at University of Melbourne, Macquarie University and Monash University. He is a member of the Association of Professional Futurists.

Eugene Arocca

Board Member – Independent

Eugene Arocca has over 40 years' experience in legal, community, commercial and membership-based organisations. After graduating with degrees in Jurisprudence and Law he started employment with Maurice Blackburn and was appointed partner at the firm in 1990. In 1996 he was appointed lawyer for the Collingwood Football Club where he also acted as a board member from 2002–2005, and he became Chief Operating Officer and Corporate Counsel for the club in late 2005. In 2008, Eugene was appointed Chief Executive Officer (CEO) of the North Melbourne Football Club and in 2012 he took on the role of CEO of Motorsport Australia. Eugene is currently the Chair of Eastern Health, and in 2024 was appointed to the Board of the Victorian Interpreting and Translation Service.

Board attendance 2025-26

There were 7 HSV Board meetings held between 1 July 2025 and 30 June 2026.

Board member	Meetings eligible to attend	Meetings attended
A Way (Chair)	7	6
L Williams	7	6
E Keane	7	7
J Young	7	7
S Kirsa	7	7
C Fraser	7	5
R Harrison	7	6
R Abboud	7	7
N Bromley	7	7
E Loh	7	6
E Arocca	7	7

HSV Board committees

The following committees provided advice to the HSV Board in 2025-26.

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: Janet Young (HSV Board member)

Members: John McKenna (independent member), Sally Freeman (independent member), Paul Urquhart (CFO Royal Melbourne Hospital).

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 oversees the risk management framework and effectiveness of internal control systems in maintaining legislative compliance.

Procurement and Supply Chain Committee

Chair: Eileen Keane (HSV Board member)

Members: Professor Erwin Loh (HSV Board Member), Marcus Kim (Director Procurement, 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.

People and Culture Committee

Chair: Sue Kirsa

Members: Professor Andrew Way (HSV Board Chair), Eugene Arocca (Independent member)

The primary functions of the People and Culture Committee (PCC) are to:

- Oversee the implementation of the Silver Review recommendations and impact on HSV employees as part of the transition into the Department of Health.
- Support and guide executive recruitment, succession planning and leadership development.
- Ensure compliance with industrial relations and review policies on diversity, inclusion and ethical conduct.
- Oversee the development of initiatives to promote a positive and ethical workplace culture.

Strategic objectives
performance summary

Reporting of outcomes from Statement of Priorities 2025-26

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
A stronger workforce: i. Position safety and employee wellbeing at the core of HSV operations. ii. Build a culture that enhances leadership, capability flexibility, agility, capacity and career development. iii. Embed cultural safety and self-determination of Aboriginal and Torres Strait Islander people as a foundational principle of all operations, underpinning HSV's continuous quality improvement process. iv. Explore new and contemporary operating models for HSV functions, including future roles and capabilities.	Achieved and ongoing An organisational psychosocial risk assessment has been completed. A specific psychosocial safety risk management assessment has been completed, identifying hazards arising from change management activities associated with HSV's transition to the Department of Health.
Excellence in procurement, purchasing and logistics services: i. Expand and strengthen relationships with health services, suppliers and other sector partners to identify and realise new opportunities to drive measurable service improvements and system efficiencies. ii. Build on HSV's compliance, education and support functions for health services. iii. Improve reporting and analytics available to stakeholders. iv. Demonstrate and foster value at a health service and system level through procurement (including surety), purchasing, logistics and effective sector consolidation. v. Enhance the efficiency, resilience and reach of the Victorian public health supply chain by expanding the network to eligible Victorian public health services, optimising inventory management and distribution operations, and strengthen supply chain surety. vi. Expand the range and increase the volume of procurement under HSV contracts, while reducing product variation. vii. Establish a strategic sourcing approach considerate of financial, social, and environmental (e.g. end to end and triple bottom line) outcomes. viii. Utilise processes that balance commercial imperatives with appropriate risk management and compliance requirements. ix. Ensure HSV procurement policies and practices, where applicable, comply with relevant Victorian Government policies and guidelines regarding local content.	In progress HSV continues to focus on training and education for the sector, as evidenced by significant improvements in compliance deficiencies from the prior year. HSV has made considerable progress in growing the supply chain network by onboarding all remaining metropolitan health services. Work is continuing to expand the SKU range at HSV's DCs, contributing to HSV's goal of achieving best value by reducing product variation and improving supply chain surety. With the implementation of the Warehouse Management System (WMS), HSV is well placed to realise further value through increased efficiencies in fulfilment practices and inventory management.

Strategic priorities	Outcome
Contribute to system priorities and sector reform: i. Support development of environmental, social and governance (ESG) strategies. ii. Identify and support opportunities to deliver value through shared services. iii. Support health service funding and financial management reforms. iv. Support the financial stability of the Victorian health system through the implementation of remodelled procurement and supply chain savings initiatives. v. Cooperate with and support department-led reforms that address financial sustainability, operational performance and system management.	In progress HSV has actively supported sector reform following the Victorian Government's adoption of the Silver Review recommendations. The organisational restructure and program to transition HSV functions into the Department of Health is well progressed and on track to achieve the 1 October target.

Reporting against the Statement of Priorities – Part B

Strong governance, leadership and culture

Key performance measure	Target	Outcome
Strong governance, leadership, and culture		Achieved and ongoing
People Matter Survey: percentage of staff with an overall positive response to safety culture survey questions (in applicable years)	90% on outcomes relating to a physically safe work environment. 10% improvement on the overall safety climate.	89% of participants responded favourably to the statement 'my workplace is physically safe'. 6% were neutral. Overall safety climate received a 59% favourable response, with 23% neutral. Questions within the safety climate category were changed in this year's survey, meaning there is no direct comparison to previous years.

Effective financial management

Key performance measure	Target	Outcome
Operating result ($m) surplus	$0.0	$4.5
Generate minimum gross savings ($m) in FY26 of:	$26.10	$18.22
Generate cumulative gross savings ($m) over 3 years to FY26 of:	$74.39	$55.92
Maintain an adjusted current asset ratio greater than target	1.0	1.26
Variance between forecast and actual net result from transactions (NRFT) for the current financial year ending 30 June	5% movement in forecast revenue and expenditure forecast	Achieved

Reporting against the Statement of Priorities – Part B

Effective operational management

Key performance measure	Target	Outcome
Complete the onboarding Monash Health to HSV statewide purchasing and logistics model.	Alfred Health, Austin Health, Eastern Health, Peninsula Health	Achieved
Completed program management plan for onboarding all health services.	Q2	Achieved
Implement a fit-for-purpose statewide charging model	Ready to commence by 1 July 2026	Deferred
Progress towards a statewide common catalogue	Initiatives to be advanced: • Standardised naming conventions, product descriptions and classification structures • Governance processes relating to purchasing and receipting for participating entities to enable data matching. • Product catalogue framework with HSV's unique product code (Primary Key), standardised naming conventions, descriptions and attributes matched with a matrix to participating entities' catalogues. • Development of an options paper. • Provide training and support to ensure consistent usage and data integrity.	In progress The statewide common catalogue project has been re-scoped to focus on improving data maturity. The initial focus centres on clinical purchasing data.
Improve benefits definitions and reporting outcomes	Optimise benefits tracking that includes: • Design systems and processes that enable reporting of realised benefits delivered against Hospitals Victoria targets. Design system to enable the capture of realised benefits relating to the end-to-end value HSV unlocks and reporting that resonates with customers.	In progress Realised benefits reporting roadmap has been completed. Data completeness and classification is a critical dependency for calculating end-to-end value using a realised methodology. This initiative will carry-over in FY27.

Reconciliation

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

	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000
Net operating result*	4,496	23	22	46	5,439
Capital and specific items					
Capital purpose income	0	0	82	0	0
Other economic flows	168	22	73	(150)	399
Assets received free of charge	0	0	0	0	0
Impairment of non-financial assets	(1,114)	(221)	(85)	102	1,318
Net gain/(loss) on financial instruments	197	98	22	511	(867)
Depreciation and amortisation	(4,919)	(4,614)	(2,940)	(2,299)	(1,978)
Net result from transactions	**(1,172)**	**(4,693)**	**(2,826)**	**(1,790)**	**4,311**

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

Future direction

Our focus over the last 12 months has been on establishing the foundations for a major reform program set out in HSV's Strategic Plan 2025-2029. As we progress our strategy, we will continue developing and embedding the fundamental systems, processes and relationships to set HSV up for success.

From 2026-27, significant initiatives to establish new logistics operating models and streamline our statewide procurement approach will continue to mature. As they are implemented, they will contribute to key strategic outcomes including lowest cost of product and lowest cost to serve, driving best value for Victoria's public health sector.

These activities support supply chain reliability and resilience, including our capacity to withstand external supply volatility, ensuring our customers can access the products and services they need to provide patient care.

HSV's ongoing effort to build stakeholder relationships through closer collaboration will expand into enhanced supplier engagement activities, further supporting our strategic objectives to increase supply chain benefits and drive shared service delivery for Victoria's public health sector.

Our transition into the Department of Health from October 2026 will enable greater integration and alignment between Victoria's health sector procurement, planning and policy while importantly strengthening system-wide coordination and reducing duplication.

The transition will enable HSV to build on its strong brand reputation as a trusted business partner to public health services. Within the department, HSV will continue work with Victoria's public hospitals, health services and suppliers to deliver health, safety and value, ensuring the right products and services are delivered at the right time.

Risk management

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

This is achieved by implementing HSV's risk management policy, risk management framework and associated procedures that 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 ISO 31000:2018 Risk Management – Principles and Guidelines, and the Victorian Government Risk Management Framework (September 2025). Continually monitoring existing risks and assessing emerging risks has allowed HSV to make timely and effective decisions.

In 2025-26, HSV again completed the Victorian Managed Insurance Authority (VMIA) maturity benchmarking self-assessment. The self-assessment identifies how our performance compares to other public sector organisations and seeks to understand our achievements in risk management. HSV attained a benchmarking result ranked as 'optimising' with a score of 94.5 per cent. The VMIA tool included a greater emphasis on utilising insurance as a control mechanism and HSV's result continues to demonstrate our 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, using the United Nations Sustainability Goals as a basis for assessing and reporting. This assists HSV in our values-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 7 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.

Both HSV's executive and senior leadership remains 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

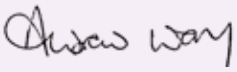
Details in respect of the items listed below have been retained by HSV and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable):

- 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

26 August 2026

Conflict of interest declaration

I, Lisa Williams, 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.



Lisa Williams

Interim Chief Executive and Accountable Officer
HealthShare Victoria

26 August 2026

Data Integrity declaration

I, Lisa Williams, 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.



Lisa Williams

Interim Chief Executive and Accountable Officer
HealthShare Victoria

26 August 2026

Integrity, Fraud and Corruption declaration

I, Lisa Williams, 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.



Lisa Williams

Interim Chief Executive and Accountable Officer
HealthShare Victoria

26 August 2026

Compliance

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

Freedom of Information Act 1982

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 and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes..

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

Under the Act, the FOI processing time for requests received is 30 calendar days. However, when external consultation is required under sections 29, 29A, 31, 31A, 33, 34 or 35, a 15 day automatic extension applies. Processing time may also be extended by periods of up to 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied with a decision HSV has made, under section 49A of the Act they have the right to seek a 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.
A valid request should:

- be in writing,
- identify as clearly as possible what document is being requested, and
- be accompanied by an application fee of $34.50 ($33.60 in 2025-26) 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 2025-26, HSV received 2 valid requests under the FOI Act. Of these requests, one was from the media and one was from the general public.

HSV made one FOI decision during 2025-26. The decision was made within the statutory time period, which may have included mandatory extensions or extensions agreed with the applicant. HSV also received 3 additional requests which did not proceed because the terms of the FOI request were not sufficiently clear and/or no application fee was paid.

Building Act 1993

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

During 2025-26, HSV leased two DC facilities at:

- 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.

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 2012

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

Statistics

In 2025-26, there were no public interest disclosure complaints 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 Victoria. Competitive neutrality requires government businesses to ensure that, where services compete, or potentially compete, with the private sector, that 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

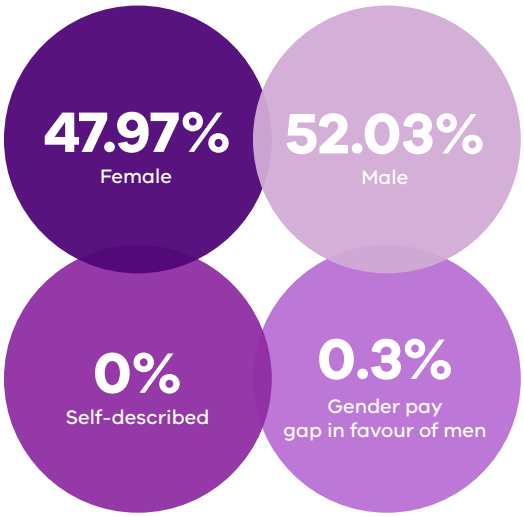
HSV is committed to pursuing procurement outcomes that provide local industry with fair opportunity to compete against foreign suppliers. We ensure our weighted procurement criteria incorporates social benefits such as gender equality, diversity and inclusion and family violence support. HSV's procurement strategy aligns to the *Local Jobs First Act 2003* 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.

Gender Equality Act 2020 (Vic)

HSV supports the gender equality principles outlined in the *Gender Equality Act 2020* (Vic) and commits to 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 2026 (rounded)



The Gender Equality Act requires HSV to have a Gender Equality Action Plan that outlines how we take positive action towards achieving workplace gender equality. Of the commitments in our Gender Equality Action Plan 2022-25:

8 actions are completed	We embedded pay equity principles in a new remuneration classification structure within the HSV Enterprise Agreement and introduced a new incident reporting system to support the reporting of inappropriate behaviours, including sexual harassment. We also strengthened our data collection processes through the collection of intersectional data and introduced gender pronouns in email signatures to support inclusion and respect in the workplace. In addition, we reviewed recruitment processes to identify and address potential for bias or discrimination, while improving accessibility for candidates. We promoted access to all-gender toilets and delivered a Speak Up topic focused on addressing casual sexism.
40 actions are ongoing	Ongoing actions include delivering the commitments outlined in our Diversity and Inclusion Plan, enhancing gender equality metrics reporting, and increasing awareness of the effect of unconscious bias through our training programs. We have continued to provide diversity and workplace respect and family violence awareness training during the reporting period and have strengthened employee support through Speak Up contact officers and the promotion of our Employee Assistance Program (EAP).
One action was discontinued	The planned development of an online learning module on complaint resolution was discontinued, as this content is comprehensively addressed through existing initiatives. These include our Diversity and Workplace Respect and Complaint resolution policies and procedures, which are reinforced through mandatory online compliance training, as well as Diversity and Workplace Respect training provided to all new employees.

Gender Equality Audit 2025

The Commission for Gender Equality in the Public Sector assessed our Gender Equality Audit 2025 as compliant under the *Gender Equality Act 2020* (Vic). In addition, a progress report against the HSV Gender Equality Action Plan 2022-25 has been submitted with results expected in October 2026.

Compliance with DataVic Access Policy

HSV did not have any data sets that needed to be made available on the DataVic website in 2025-26. 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

The HSV Purchasing Policies (HSV PPs) implemented in January 2024 help guide health services on best-practice procurement, offering a principles-based approach to implementing probity strategies into 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

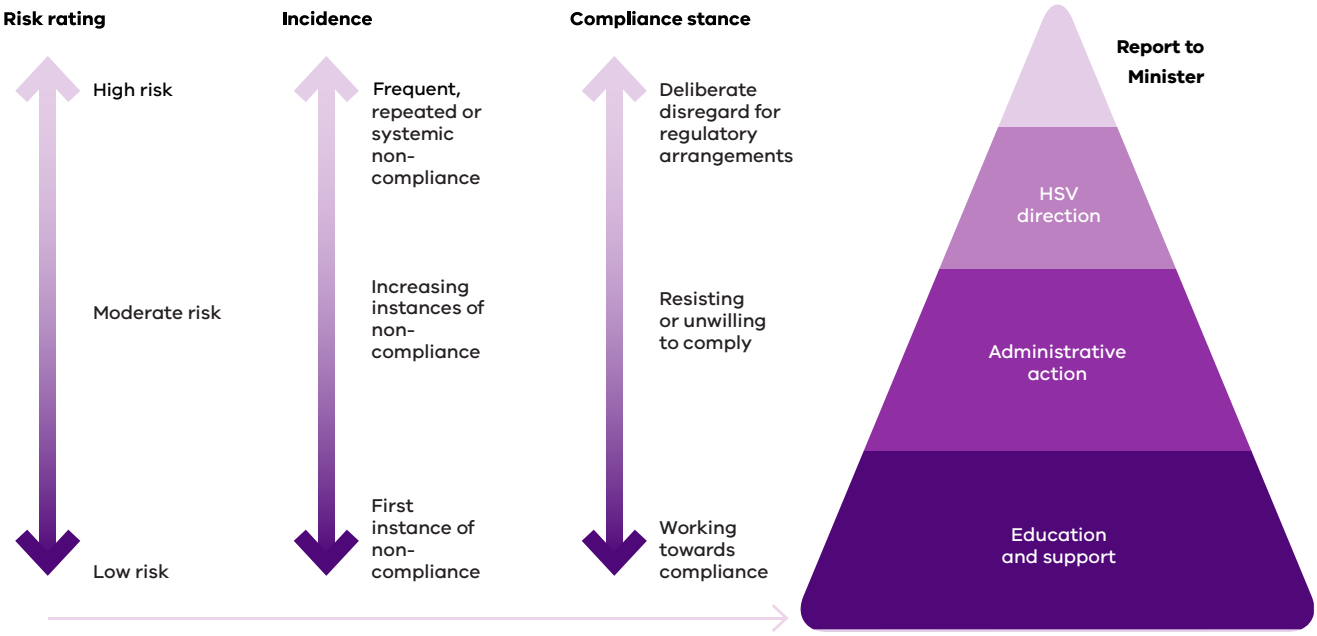
Foundation: *Health Services Act 1988* (Vic) and HSV Purchasing Policies

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



Case study

Increased compliance training sessions in 2026

After hosting a series of online training sessions on the HSV Purchasing Policies (HSV PPs) in late 2025, HSV's Enterprise Risk team has extended the training, which is now offered on a monthly basis.

The HSV Purchasing Policies are instructions for conducting best-practice procurement for Victoria's public health services, in terms of appropriate governance, compliance and probity, and achieving the best value in procurement.

The training is offered to health service employees and covers HSV's function and purpose, a detailed overview of HSV's PPs including collective agreements and health service compliance obligations under the *Health Services Act 1988* (Vic) and HSV's PPs.

As of June 2026, HSV has conducted a total of 11 compliance training sessions, with a total attendance of 194 healthcare professionals from 45 health services. The training was launched in August 2025 with additional sessions added in 2026.

Feedback from health services following the training sessions indicated attendees were appreciative of the guidance and support offered during the training.

Annual self-assessment outcomes 2025-26

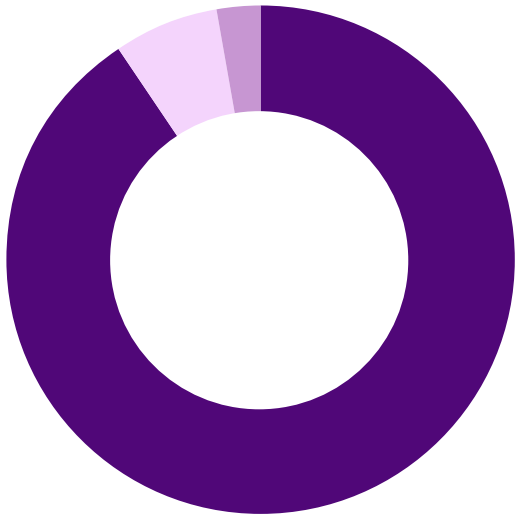
HSV's annual self-assessment is a key component of HSV's Compliance Framework. HSV's 2025-26 annual self-assessment is aligned to the HSV PPs. The annual self-assessments involve all mandated health services completing an audit of their compliance to the HSV PPs each year.

This year HSV has implemented tools and templates to assist health services when assessing compliance with the HSV collective agreements. These tools help health services partner with HSV to identify insights to help evaluate any off contract spend and therefore self-assess more accurately their compliance with HSV PP5: Collective purchasing and supply chain.

The table below represents the 68 health services' self-assessment to the HSV PPs, where 90.6 per cent were compliant, 6.8 per cent partially compliant and 2.6 per cent not compliant.

	Number	Percentage
Compliant	308	90.6%
Partially compliant	23	6.8%
Not compliant	9	2.6%
Total	**340**	**100%**

Compliant outcomes



HSV probity training

During this financial year HSV has developed new and improved online courses to support health services in maintaining good probity practice. These modules focus on the probity principles and the use of public money in procurement activities. Tailored as individual programs for procurement professionals, and non-procurement professionals made up of 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 HSV PPs
- 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 2025-26 over 1,000 health service employees* undertook probity training across 44 health services:

- Probity, Integrity and Ethics | Non-Procurement Professionals, Board Members and Executives: 513
- Probity, Integrity and Ethics | Procurement Professionals: 489

The above training courses were completed by health services via their Learning Management Systems (LMS) using HSV's LMS integration tool or using HSV's LMS.

* The total number of health service employees completing the probity models in 2025-26 is a combination of the previous training materials and those released in February 2026.

Triennial audit program outcomes 2024-25*

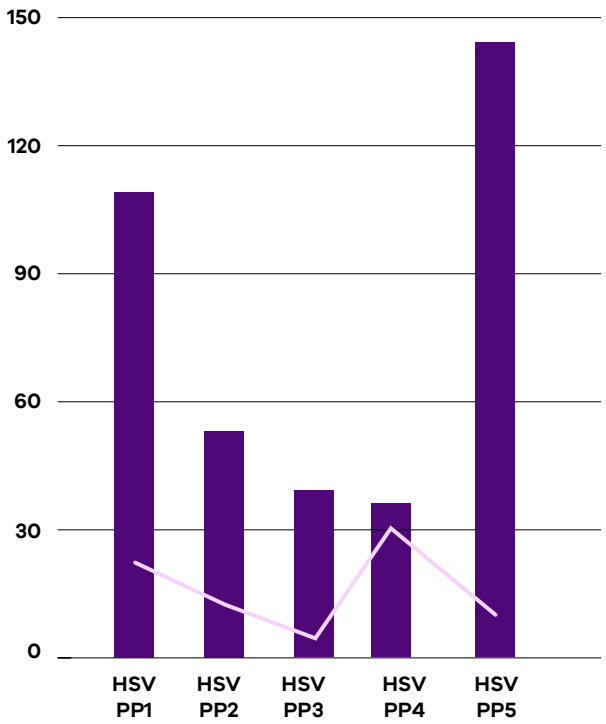
HSV's triennial audit program is an additional key component of the compliance framework. The triennial audit involves a third of Victoria's public health services completing an audit to the HSV Purchasing Policies (HSV PPs).

Compared with the 2021-22 health service audit results for this cohort of health services, there was a reported lower level of non-compliance with the HSV PPs in 2024-25. 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.

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

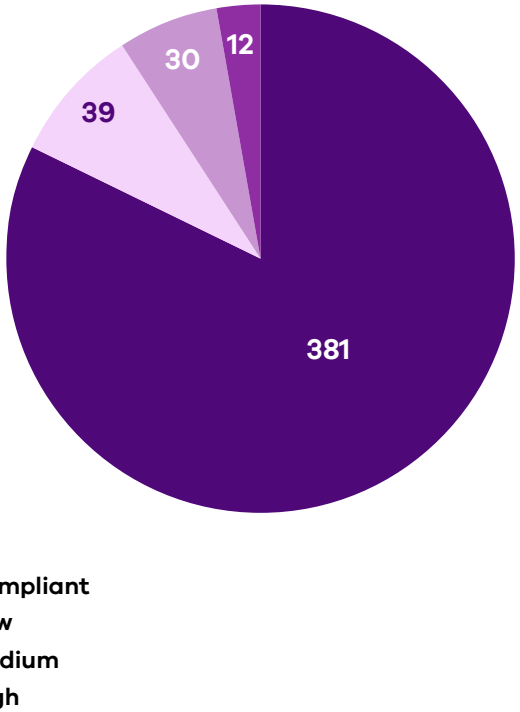
Tables: 2024-25* Compliance outcome

HSV Purchasing Policies	Compliant	Partially/Not Compliant
HSV PP1	109	23
HSV PP2	53	13
HSV PP3	39	5
HSV PP4	36	30
HSV PP5	144	10
Total	**381**	**81**



Of the 81 partial or non-compliant assessments the following table presents the risk rating for the non-compliance.

Low	39
Medium	30
High	12



HSV directions to health services

Under section 132(2)(c)(i) of the *Health Services Act 1988* (Vic) (the Act), HSV may, in performing its functions, give written directions to one or more public hospitals:

- relating to the purchase of goods and services by public hospitals, and the management and disposal of goods
- to ensure that probity is maintained in purchasing, tendering and contracting activities.

HSV's functions under the Act include facilitating access to the supply of goods and services to public hospitals on best value terms (s.131(a)) and ensuring that probity is maintained in purchasing, tendering and contracting activities in public hospitals (s.131(g)).

In accordance with these functions, HSV issued the following directions during the 2025-26 financial year:

- Cluster procurement for Pathology Services:
  - South West Healthcare (lead agency)
  - Western District Health Service
  - Portland District Health
  - Heywood Rural Health
  - Timboon and District Healthcare Service
- Cluster procurement for Non-clinical Cleaning Services:
  - Northeast Health Wangaratta (lead agency)
  - Albury Wodonga Health
- Cluster procurement for Printing Services:
  - Northeast Health Wangaratta (lead agency)
  - Albury Wodonga Health
  - Benalla Health

Ministerial directions to HSV

As an outcome of the Victorian Government's commitment to renewable energy by 1 July 2025, the Minister for Health pursuant to section 134L(1) of the *Health Services Act 1988* (Vic) issued HSV a direction to undertake direct negotiations with the SEC in relation to supplying renewable energy to Victoria's large health service sites from 1 July 2025.

See page 68-69.

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 dtf.vic.gov.au/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)

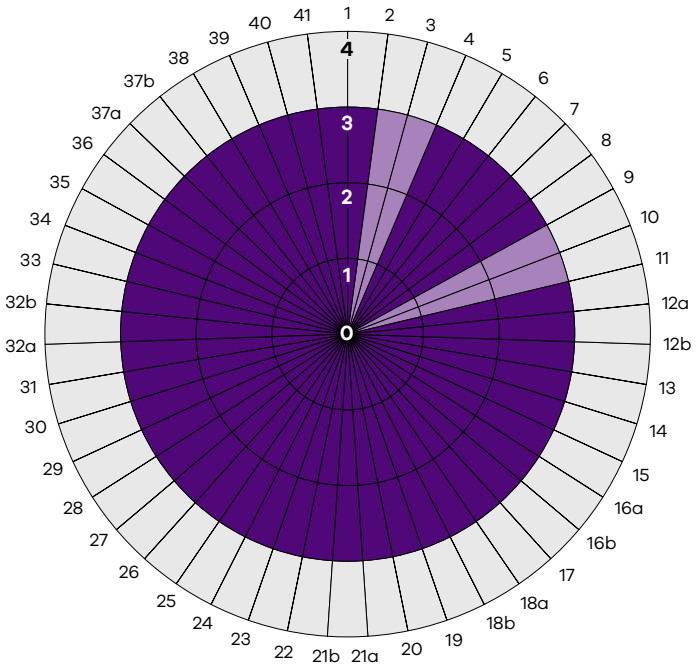
HSV has met or exceeded our target maturity level in this category.

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 2025-26 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 2025–26, 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* (Vic). 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 2025-26 included:

- risk assessing 999 suppliers achieving a response rate of over 79 per cent for HSV suppliers[1].
- 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 6 Modern Slavery Community of Learning sessions, providing health services with education and support for their modern slavery risk mitigation programs. Topics covered include modern slavery statement preparation reporting tips, introduction to supply chain mapping, as well as the attendance of guest speakers.
- hosting 17 supplier engagement sessions, with more than 1,000 suppliers attending this financial year. Topics covered include '*Introduction to modern slavery risk', 'Introduction to supply chain mapping'*, and '*Freight sector and modern slavery risk.*' Since commencing supplier engagement sessions in late 2024, a total of 48 sessions have been held with more than 2,000 suppliers attending.
- continuing to implement the mandatory minimum standards which began on 1 July 2024, requiring all HSV collective purchasing agreement suppliers to review their approach to modern slavery.
- requesting and reviewing 289 supplier modern slavery policies of the very-high, high and medium risk-rated suppliers.
- continuing to inform health services about key developments relating to the *Modern Slavery Act 2018* (Cth).
- supporting HSV and health service suppliers by making additional free resources available to assist with continuous improvement initiatives.
- commencing working with external entities such as St Vincent's Health Service, to create the health sector's first shared supplier modern slavery due diligence deep dive initiative.

[1] HSV Supplier risk assessments were undertaken in October 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.

Environmental reporting

Organisational boundary for the purpose of environmental reporting

The organisational site list includes the office space at Lonsdale St and the distribution centres (DCs) located at Derrimut and Dandenong South.

Vehicle fleets operated by HSV include fleet vehicles (pool cars) and a fleet of delivery trucks operating out of Derrimut and Dandenong South 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 HSV's Lonsdale Street office location 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 activity.

A rolling 3-year history of environmental data is reported. For the current reporting period, data is aligned with the financial year 1 July 2025 to 30 June 2026.

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 2 DCs
- Scope 3 – Other indirect emissions, estimated for corporate air travel, and waste disposal from the DCs.

Greenhouse gas emissions (tonnes CO2-e)	2023-24	2024-25	2025-26
Scope 1 – Direct emissions from stationary fuel	127.5	105.9	130.5
Scope 2 – Indirect emissions from electricity	380.8	470.4	477.2
Scope 3 – Indirect emissions from commercial air travel and waste disposal	103.4	187.5	184.0
Total reportable emissions	**611.7**	**763.8**	**791.7**

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.

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

Please see specific notes provided in the additional tables and data under facility energy use, transportation, waste disposal and recycling, and water consumption.

Facility energy use

Lonsdale Street

HSV occupies offices at 50 Lonsdale Street in Melbourne's CBD. The key environmental attributes of our Lonsdale Street location 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.

The Lonsdale Street office features energy-efficient lifts, upgraded controls and air conditioning, CO2 monitoring and high-efficiency fluorescent lighting. Electricity used by the building is carbon-neutral certified and 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	2023-24	2024-25	2025-26
Total electricity used	MWh	no data	53.2	49.7
Total electricity offsets	MWh	no data	0	0
Natural gas	MJ	no data	105	147.7

Some prior reporting period data was not available due to a shared occupancy arrangement and is considered to not have a material impact. Current disclosed reporting data has been apportioned based on HSV's total spatial occupancy against the precinct managed by CBRE.

Distribution centres

Electricity usage at the Derrimut and Dandenong South DCs is 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	2023-24	2024-25	2025-26
Total electricity used	MWh	482.1	590.0	562.0
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 and secure bicycle storage to support employee commuter cycling.

As of 30 June 2026, HSV has a fleet comprising 13 vehicles for which it monitors fuel card usage and odometer readings. All vehicles are internal combustion engine (ICE) vehicles – the fleet has no battery electric vehicles (BEV) or plug-in hybrid electric vehicles (PHEV).

Fleet vehicle usage and greenhouse gas emissions have decreased from the prior year as meetings with metro and regional health services retain both hybrid and face-to-face engagements.

Passenger vehicles

Indicator	Unit	2023-24	2024-25	2025-26
Vehicles in use	count	7	7	7
Energy used (unleaded)	MJ	191,149	174,164	154,968
Greenhouse gas emissions	tonnes CO_2-e	12.9	11.8	10.5

Distribution centre vehicles

Indicator	Unit	2023-24	2024-25	2025-26
Vehicles in use	count	7	6	6
Energy used (diesel)	MJ	1,627,475	1,254,537	1,191,389
Greenhouse gas emissions	tonnes CO_2-e	114.6	88.3	111.8

Fuel data for HSV's distribution vehicle fleet is for the full financial year. HSV no longer reports on emissions intensity for passenger vehicles. The distribution vehicle fleet comprises Derrimut vehicles only. There is no fleet at the Dandenong South DC.

Some averaging was required where datasets were incomplete.

Commercial air flights

Indicator	Unit	2023-24	2024-25	2025-26
Distance by air	km	18,892	22,953	52,954
Greenhouse gas emissions	tonnes CO_2-e	3.36	4.73	6.8

Waste disposal and recycling

Waste disposal and recycling collection is provided by Lonsdale Street building management as part of its shared service arrangement, which includes 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 pro-rata usage for HSV at our Lonsdale Street office was calculated based on tenancy occupied space from the shared services data provided this reporting year.

An estimate* of the 2025-26 waste quantity for Lonsdale Street was 1.3 tonnes using volumetric conversion factors for bins/skips collected, of which an estimated 37.8 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's 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 2025-26 waste quantity was 186 tonnes using volumetric conversion factors for bins/skips collected.

*HSV's employee profile was utilised and averaged where data sets were incomplete. The averaging resulted in data that was considered to not have a material impact.

Water consumption

As a tenant in an office building with shared services, pro-rata usage for HSV at our Lonsdale Street office was calculated based on tenancy occupied space from shared services data provided this reporting year.

HSV is estimated to have used 513 kilolitres for the financial year 2025-26. 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	2023-24	2024-25	2025-26
Total water consumed	kl	no data	510	513

Water usage (normalised)

Indicator normalised measure	Unit	2023-24	2024-25	2025-26
Water per unit of floor space	[kl/m^2]	no data	0.28	0.28

Note: DC water consumption 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.

Sustainable procurement report

HSV continues to support social and sustainable procurement outcomes in line with Victoria's Social Procurement Framework (SPF) and our goal to drive greater value for our health service customers and a balanced approach towards 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 considered prior to tendering for all procurement projects with a value under contract greater than $20 million.

HSV also supports health services to meet their renewable energy targets via the SEC, a state government-owned renewable energy company, through our ongoing procurement activity.

Supporting safe and fair workplaces

All suppliers to HSV must be aligned with the Victorian Supplier Code of Conduct as a standard minimum requirement. It is a requirement that respondents provide a signed letter of commitment to the Code and demonstrate progressive realisation of those Standards within their organisation. The Code covers areas of policy, due diligence, remedy, training and effectiveness.

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 the social enterprise business sector

Social benefit suppliers are defined as any of the following: Australian Disability Enterprises, 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 onsite at the Derrimut and Dandenong South DCs. Clean Force Property Services employs Victorians who are living with disability or mental illness.

Social enterprise and Aboriginal business activities		Measure
Direct purchasing from social benefit suppliers	Purchasing from Victorian social benefit enterprises	Number engaged: 3 Total spend: $251,848.14
	Purchasing from Victorian Aboriginal businesses	Number engaged: 0 Total spend: Nil
	Purchasing from Victorian social enterprises led by a mission for people with disability and Australian Disability Enterprises	Number engaged: 1 Total spend: $87,494.00
	Purchasing from suppliers that provide opportunities for Victorian priority jobseekers	Number engaged: 0 Total spend: Nil

Direct expenditure is based on the 2025-26 period.

Management and organisation

HSV's Executive Leadership Team



Lisa Williams

Interim Chief Executive (from 20 June 2025)

Lisa is an executive and senior corporate services leader, with over 25 years' international experience across commercial and operations. Lisa's experience spans both the private and public sector industries, including health, higher education, transport, management consulting, energy, financial services and information technology. She has previously held three significant Chief Procurement Officer roles across the Victorian Government with Public Transport Victoria, the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and the Department of Transport. Lisa was also Executive Director, Corporate Services at V/Line and has held commercial roles at AGL, ANZ and IBM UK. Prior to becoming Interim CEO, Lisa was also a HSV, Independent Board Member.



Susan Delroi

Chief Executive (15 July 2025 – 19 June 2026)

Susan joined 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 has 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, and has demonstrated strategic and people-focused leadership. As a Certified Practising Accountant, she also has extensive financial and business experience.



John Delinaoum

Executive Director Finance, Risk and Governance (Chief Financial Officer)

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



Matt Luddington

Chief People and Safety Officer (from 20 April 2026)

Matt joined HSV in November 2025 as the Head of Workplace Relations, becoming Chief People and Safety Officer in April 2026. Matt has a wealth of experience in human resources and workplace relations leadership roles across a broad range of industries, including aged care and private healthcare prior to joining HSV and has expertise in people management, leadership, coaching and complex union negotiation. Matt is a passionate and active committee member of the Industrial Relations Society of Victoria.



Sarah Bryant

Chief Procurement Officer

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 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.



Supriya Blakey

Chief Logistics Officer

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 led large-scale transformation across distribution centres, transport networks and digital logistics systems. 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. Her experience includes overseeing logistics operations for up to 7 distribution centres, managing multimillion-dollar budgets and driving measurable uplift in delivery performance, inventory accuracy and customer satisfaction.



Raph Even-Chaim

Chief Information Officer

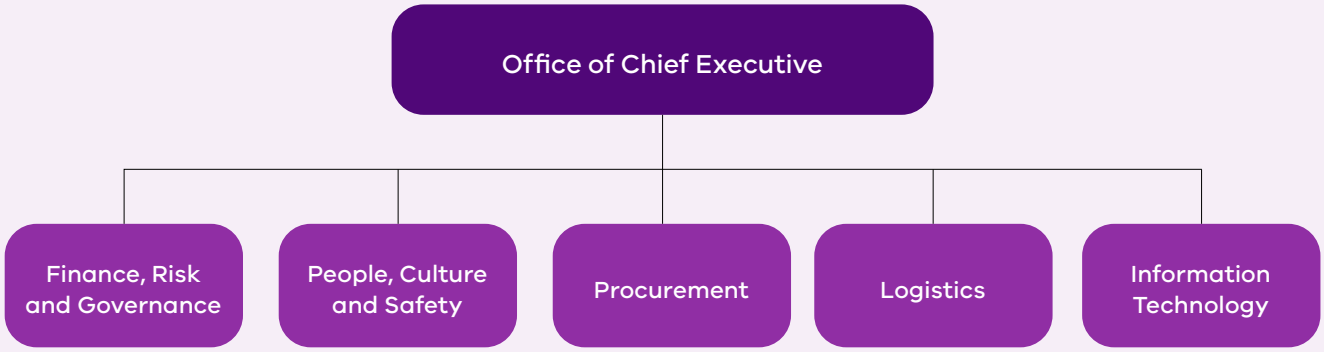
Raph joined HSV in May 2021 and brings more than 20 years of experience in managing technology strategy and operations in SME and large enterprise across logistics and retail industries.

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



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

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

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

- Logistics Operations
- Supply Chain Optimisation
- Data and Analytics

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

People, culture and safety

Core to HSV's success are our people. HSV has continued to develop and grow the capabilities of our people and provide stable, consistent development. As the impacts of the Silver Review on HSV have become known, HSV has pivoted, reassessed priorities and focused on activities to safeguard surety and provide best value during times of significant change while continuing to support and develop our people.

The People, Culture and Safety team plays a critical role in supporting the delivery of HSV's roadmap activities through effective partnerships at all levels of our operations. We have enhanced our recruitment processes, improved candidate experience and enabled positions to be filled in a more efficient manner. Through the introduction of a new safety incident and reporting management system (MyOSH), we have empowered leaders to address safety issues appropriately and effectively.

Demonstrating a commitment to a constructive, inclusive and high performing culture, we are pleased to be able to recognise the efforts of our people, with 2025-26 representing the first year that employees are eligible for, and will receive, performance rewards.



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 can work within a safe working environment is fundamental to maintaining our ability to provide critical medical supplies to health services and enable them to improve the lives of patients and their families.

HSV strategy: BeSafe

HSV's safety strategy BeSafe provides the strategic direction for managing HSW at HSV.

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

A new dedicated HSW incident reporting and management system MyOSH was finalised and launched in 2025-26. All HSV employees can access the system directly to report incidents and hazards, including psychosocial hazards and confidential concerns. MyOSH has also provided people leaders and teams with additional tools to conduct investigations and a fully functional reporting system that provides insights and improved reporting functionality.

HSV logistics operational safety

Safety is critical at our higher risk DCs where a mix of powered mobile and fixed plant (such as forklifts and elevated work platforms) and heavy vehicle loading and unloading operations are undertaken. The competency of our team members alongside the safety of our equipment and work environment is paramount in managing risks and preventing incidents and injuries at these busy sites.

To provide a fit-for-purpose procedural framework to support safety at our DCs, a dedicated Health, Safety, Wellbeing and Quality (HSWQ) management system for the Logistics team has commenced development and will be launched early 2026-27. This will complement the existing HSV BeSafe Standard and recognises the unique and demanding HSWQ challenges that a modern supply chain requires to operate safely.

Our DC teams across all logistics operations have also completed several important activities and training programs in 2025-26 including manual task competency, leadership and behaviours workshops, chain of responsibility awareness and dangerous goods safe storage and handling.

Wellbeing

Preventative health checks

In 2025-26, preventative health checks, including influenza vaccinations, skin checks, and heart health assessments, were delivered to approximately 30 per cent of the organisation. These initiatives focused on improving access to proactive health management by reducing common barriers such as time and availability.

The onsite Heart Health Check program achieved strong outcomes, with significantly fewer employees presenting multiple cardiovascular risk factors than national benchmarks. The program also enabled early identification and intervention, with several employees referred for medical follow-up, reinforcing its role in reducing longer-term health risks.

Employee Assistance Program

EAP utilisation was 23.5 per cent in 2025-26 compared to 10.3 per cent for the industry average, indicating continued employee awareness and trust in available support services. Engagement was predominantly personal concerns (68 per cent) rather than work-related issues (32 per cent), aligning with industry benchmarks.

Health, safety and wellbeing reporting

Our focus on encouraging reporting of health, safety and wellbeing (HSW) hazards and incidents has continued along with improved reporting access, including new portable reporting tablets at our DCs. The newly introduced hazard and incident reporting system also provides people leaders with greater tools and insights to assist risk management activities.

Hazard reports as a proportion of all reported events remain high at 63 per cent in 2025-26. 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 2025-26

HSW matters	2025-26	2024-25	2023-24
The number of reported hazards/ incidents for the year per 100 FTE	114.8	388.9	252.9
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.33	0.00	1.12
The average cost per WorkCover claim for the year	$61,095	$23,758	$53,646

Occupational violence

HSV occupational violence summary 2025-26

Occupational violence statistic	2025–26	2024–25	2023–24
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	6	7	3
Number of occupational violence incidents reported per 100 FTE	1.97	2.33	1.12
Percentage of occupational violence incidents resulting in an employee injury, illness or condition	33%	29%	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 2025-26.

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 2026

	FY average 2024–25	FY average 2025–26	June 25	June 26	June 25	June 26
	Full-time equivalent		Full-time equivalent		Headcount	
Full-time	279.2	288.9	281.6	285.7	291	294
Part-time	8.4	7.4	7.4	7.4	12	10
Total number of payroll employees	**287.6**	**296.3**	**289**	**293.1**	**303**	**304**
Agency/casual	36.4	31.1	39.2	19.7	39	20
Total	**324.0**	**327.4**	**328.2**	**312.8**	**342**	**324**

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	145.0	135.0	121.0	9.0	121.1	15.0	0.0	13.9			
Man	159.0	158.2	132.0	0.0	131.8	26.0	1.0	26.3			
Self-described	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
Total	**304.0**	**293.2**	**253.0**	**9.0**	**252.9**	**41.0**	**1.0**	**40.2**			
Age											
15-24	3.0	3.0	3.0	0.0	3.0	0.0	0.0	0.0	2	1	0
25-34	60.0	54.9	52.0	2.0	49.8	5.0	1.0	5.1	33	27	0
35-44	103.0	99.4	89.0	4.0	88.9	10.0	0.0	10.5	52	51	0
45-54	81.0	79.5	63.0	1.0	63.8	17.0	0.0	15.7	37	44	0
55-64	49.0	48.6	40.0	1.0	40.6	8.0	0.0	8.0	18	31	0
65+	8.0	7.8	6.0	1.0	6.8	1.0	0.0	1.0	3	5	0
Total	**304.0**	**293.2**	**253.0**	**9.0**	**252.9**	**41.0**	**1.0**	**40.3**	**145**	**159**	**0**

HSV recruitment

HSV's workforce numbers remained steady in 2025-26, with 304 full-time and part-time employees. To ensure the delivery of HSV's strategic goals and vital business-as-usual activities, 65 new people joined our organisation, commencing in the following business areas:

- 10 in Finance, Risk and Governance
- 12 in Information Technology
- 5 in the Office of the Chief Executive
- 7 in People, Culture and Safety
- 16 in Logistics
- 15 in Procurement.

As part of our ongoing commitment to improving recruitment timeliness and employee experience, we strengthened our recruitment approval process through DocuSign. The streamlined digital workflow has enhanced efficiency, accelerated approvals, and reduced the time from preferred candidate identification to contract issuance, supporting a more responsive recruitment experience.

Throughout 2025-26 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 and increase 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.

Our focus is on building an organisational culture that is inclusive and promotes diversity and equality.

The Diversity and Inclusion Plan 2023-26 forms the foundation for everything we do at HSV, addressing how we recruit people, how we interact with each other in the workplace and how we 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.

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 peoples.

Gender equality

The Commission for Gender Equality in the Public Sector assessed our Gender Equality Audit 2025 as compliant under the *Gender Equality Act 2020* (Vic). In addition, a progress report against the HSV Gender Equality Action Plan 2022-25 has been submitted, with results expected in October 2026.

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 and Torres Strait Islander peoples 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 internal communication channels.

HSV acknowledges the Traditional Owners of the land at the beginning of team meetings, formal events, forums and functions.

Disclosure of consultancies

In 2025-26, there were five consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies was $0.826 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 2025-26 (ex GST)	Future Expenditure
ACFEC	Design of reference manual and training material including presentations and assessment framework to deliver a TAFE Cert IV in Procurement and Contracting Course for the benefit of Health Service staff.	Mar 2026	May 2026	$192,000	$192,000	$–
Korda Mentha Pty Ltd	Consulting services to provide review, assessment and development of management plan to support the network operating model, network charging model and common catalogue business case.	Jul 2025	May 2026	$139,454	$139,454	$–
Amplify Procurement Pty Ltd	To identify and implement operational improvements to deliver greater structural and process simplicity; enable better data capture and analysis to support decision making; and be responsive to the needs of health services and foster increased collaboration.	Oct 2025	Apr 2026	$154,510	$154,510	$–

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (ex GST)	Expenditure 2024-25 (ex GST)	Future Expenditure
Q5 Australia Pty Ltd	Assess the effectiveness of HSV's current operations, including structure, activities, costs, culture and workforce, against strategic priorities and mapping to future opportunities; providing an evidence-based view of current performance, areas for improvement and/or realignment and a roadmap of where to focus next, coupled with a quantifiable baseline to track progress over time.	Jan 2026	Apr 2026	$313,139	$313,139	$–
Verus Australia Pty Ltd	To support HSV in developing an integrated HSQMS manual that is practical for frontline logistics operations, aligned with relevant standards and compliance obligations and capable of supporting continuous improvement as the business evolves.	Jun 2026	Jun 2026	$26,740	$26,740	$–

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 2025-26 is $14.3 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)
$11,998,643	$2,296,864	$2,296,864	$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

	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000
Operating result*	4,496	23	22	46	5,439
Total revenue	253,709	232,406	211,835	165,579	133,094
Total expenses	254,132	236,997	214,670	167,832	129,633
Net result from other transactions	(423)	(4,591)	(2,835)	(2,253)	3,461
Total other economic flows	(749)	(102)	9	463	850
Net result	**(1,172)**	**(4,693)**	**(2,826)**	**(1,790)**	**4,311**
Total assets	64,139	80,031	90,880	50,230	47,791
Total liabilities	56,413	68,292	74,448	32,952	28,723
Net assets / Total equity	**7,726**	**11,739**	**16,432**	**17,278**	**19,068**

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

Summary of significant changes in HSV's financial position

In 2025-26, HSV made significant progress with key strategic initiatives for the state with expansion of the supply chain network to all Victorian public health services, leading to increased DC efficiencies, greater supply chain surety and lower cost of product.

HSV continues to invest in systems and resources that enable delivery of its strategic services plan over the next 4 years, by partnering with the health sector and government to establish a future state network operating model to further expand supply chain operations across 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.

Total revenue has increased 9 per cent from the previous year, driven by growth in sales of goods from HSV's DCs where volumes dispatched continue to rise (13 per cent) following the progressive onboarding of the remaining metropolitan health services. 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 has fallen 15 per cent from the previous year, where the previous year included revenue recognised against the costs of the State Supply Chain (SSC) operations and stock disposal programs, which concluded this financial year. Underlying core and strategic Department of Health funding increased 2.5 per cent whilst additional funding was received to support strategic initiatives.

Our employee headcount (including agency labour) decreased from 342 in June 2025 to 324 at June 2026, driven by a reduction in agency labour utilised at HSV DCs. HSV's workforce numbers remained steady in 2025-26, with 304 full-time and part-time employees.

HSV reported a $4.5 million operating surplus during the 2025-26 financial year, largely driven by revenue recognised in alignment with the timing of performance commitments for strategic objectives. The net deficit of $1.17 million is impacted by depreciation and adjustments for economic flows and impairment assessments to financial and non-financial assets. During 2025-26, the DC at Tullamarine was sold and the asset value held by HSV (as the site operator) was transferred to the Department of Health (as the title owner) via equity.

Overall, the cash levels for HSV remain strong with a current asset ratio of 1.26 and adequate cash in operating account in the short term 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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The Hon. Mary-Anne Thomas MP

Minister for Health
Minister for Ambulance Services

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Melbourne Victoria 3001
Telephone: +61 3 9096 8561
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BAC-BR 29667

Professor Andrew Way
Chair, HealthShare Victoria Board
HealthShare Victoria
50 Lonsdale Street
MELBOURNE VIC 3000
Via email: boardchair@healthsharevic.org.au

Dear Professor Way Andrew

I am writing regarding the provision of electricity and associated services to Victorian health services.

As you are aware, the Victorian government has committed to the use of 100 per cent renewable energy by 1 July 2025 for government operations. In addition, the Victorian government has stated that the State Electricity Commission (SEC) will take over the Labor Government's Victorian Renewable Energy Target projects by 2025. This includes providing power to government operations including public hospitals to achieve the target for all Victorian Government operations and facilities to be powered by 100 pre cent renewable electricity by 2025. This aim is reflected in a deliverable of the HSV Statement of Priorities that HSV work with the Department of Health and the SEC to deliver competitively priced renewable energy to Victoria's large health service sites from 1 July 2025.

Pursuant to section 134L(1) of the *Health Services Act 1988* (the Act), I am writing to formally direct HSV to undertake direct negotiations with the SEC and consider the terms it offers in relation to the supply of electricity. This direction does not prohibit HSV from engaging with other suppliers if HSV wishes to do so.

With this direction I acknowledge that HSV may be required to deviate from its standard procurement process. However, it is noted that ahead of entering any agreement with the SEC, HSV will have satisfied itself that the agreement represents best value terms. I ask that you keep me updated of any negotiations prior to reaching an agreement.

Please note that section 134L(4) of the Act requires a copy of this direction to be included in HSV's report of operations for a financial year under Part 7 of the *Financial Management Act 1994.*

VICTORIA

OFFICIAL

Should you have any queries in this regard please contact Carrie Barnes from my department on 0448 651 163 or by email at carrie.barnes@health.vic.gov.au.

Yours sincerely



The Hon. Mary-Anne Thomas MP

21 02 /2025

OFFICIAL

Finance report

Financial statements and accompanying notes for the year ended 30 June 2026

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

The attached 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 2026 and financial position of HealthShare Victoria at 30 June 2026.

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

We authorise the attached financial statements for issue on 26 August 2026.

Prof Andrew Way
Board Chair
HealthShare Victoria

26 August 2026

Lisa Williams
Interim Chief Executive Officer
HealthShare Victoria

26 August 2026

John Delinaoum
Chief Finance and Accounting Officer
HealthShare Victoria

26 August 2026

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 2026 • 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 2026 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 2026, 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

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
3 September 2026

Sanchu Chummar
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2026

	Note	2026 $	2025 $
Revenue and income from transactions			
Revenue from contracts with customers	2.1(a)	197,324,025	175,130,822
Government grants	2.1(b)	54,979,673	55,579,480
Other sources of income		1,405,581	1,696,241
Total revenue and income from transactions		**253,709,279**	**232,406,543**
Expenses from transactions			
Employee expenses	3.1(a)	(56,683,053)	(53,257,717)
Supplies and consumables	3.1(c)	(175,551,572)	(151,118,673)
Depreciation and amortisation		(4,918,833)	(4,614,030)
Other operating expenses	3.1(d)	(16,978,446)	(28,006,661)
Total expenses from transactions		**(254,131,904)**	**(236,997,081)**
Net result from transactions - net operating balance		**(422,625)**	**(4,590,538)**
Other economic flows included in net result			
Net loss on non-financial assets		(1,114,261)	(220,634)
Net gain on financial instruments		197,159	97,596
Other gain from other economic flows		168,186	21,074
Total other economic flows included in net result		**(748,916)**	**(101,964)**
NET RESULT		**(1,171,541)**	**(4,692,502)**
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		**(3,151,067)**	**(4,692,502)**

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

Balance sheet

As at 30 June 2026

	Note	2026 $	2025 $
Financial assets			
Cash and cash equivalents	6.2	21,750,213	22,333,718
Receivables	5.1	13,725,924	17,267,256
Total financial assets		**35,476,137**	**39,600,974**
Non-financial assets			
Prepayments		2,675,841	2,489,993
Inventories	5.2	10,289,581	14,156,941
Property, plant and equipment	4.1	15,694,786	20,877,082
Intangible assets		2,932	64,436
Non-financial physical assets held for sale	5.3	-	2,841,514
Total non-financial assets		**28,663,140**	**40,429,966**
Total assets		**64,139,277**	**80,030,940**
Liabilities			
Payables	5.4	21,204,246	19,764,883
Contract liabilities	5.5	6,871,638	18,012,280
Borrowings	6.1	16,434,118	20,407,580
Employee benefits	3.1(b)	9,556,194	9,691,003
Other provisions	5.6	2,347,062	416,121
Total liabilities		**56,413,258**	**68,291,867**
Net assets		**7,726,019**	**11,739,073**
Equity			
Property, plant and equipment revaluation reserve		-	1,979,526
Contributed capital		31,570	31,570
Accumulated surplus		7,694,449	9,727,977
Total equity		**7,726,019**	**11,739,073**

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

Cash flow statement

For the financial year ended 30 June 2026

	Note	2026 $	2025 $
Cash flows from operating activities			
Receipts from State Government		54,361,094	58,800,608
Commercial activity revenue received		188,362,740	148,695,655
Net GST received from ATO		1,020,094	3,034,892
Interest income received		1,029,030	1,682,709
Other receipts		332,227	13,532
Total receipts		**245,105,185**	**212,227,396**
Payments to employees		(53,750,411)	(50,304,445)
Payments for supplies and consumables		(188,294,490)	(186,759,177)
Other payments		(39,618)	(40,656)
Total payments		**(242,084,519)**	**(237,104,278)**
Net cash flows from/(used in) operating activities		**3,020,666**	**(24,876,882)**
Cash flows from investing activities			
Purchase of non-financial assets		(209,323)	(127,623)
Proceeds from disposal of non-financial assets		44,541	-
Net cash flows used in investing activities		**(164,782)**	**(127,623)**
Cash flows from financing activities			
Repayment of borrowings and principal portion of lease liabilities		(3,439,389)	(2,580,985)
Net cash flows used in financing activities		**(3,439,389)**	**(2,580,985)**
Net decrease in cash and cash equivalents held		**(583,505)**	**(27,585,490)**
Cash and cash equivalents at beginning of financial year		22,333,718	49,919,208
Cash and cash equivalents at end of financial year	6.2	**21,750,213**	**22,333,718**

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

Statement of changes in equity

For the financial year ended 30 June 2026

	Property, Plant and Equipment Revaluation Reserve $	Contributed Capital $	Accumulated Surplus $	Total $
Balance at 1 July 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**
Net result for the year	-	-	(1,171,541)	(1,171,541)
Other comprehensive income for the year [1]	(1,979,526)	-	-	(1,979,526)
Transfer from accumulated surplus [1]	-	-	(861,987)	(861,987)
Balance at 30 June 2026	**-**	**31,570**	**7,694,449**	**7,726,019**

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

(1) The Tullamarine Warehouse comprising the land and buildings located at 2-6 Sperry Drive, Tullamarine was sold by the Department of Health (DH) in July 2025 and settled in October 2025 (refer to Note 5.3). Pursuant to FRD 119 *Transfers through Contributed Capital* under the *Financial Management Act 1994* are to be accounted for as distributions to the owner comprising a 'return of assets prior to sale'. A revaluation increment for the Tullamarine Warehouse was recognised in June 2024, resulting in the then reported property, plant and equipment revaluation reserve surplus. Upon settlement, the property, plant and equipment revaluation reserve was wound down to $0 and the remaining balance of the asset transfer to DH was completed via a reduction in accumulated surplus.

Notes to and forming part of the financial statements

Note 1 About this report

Structure

1.1 Basis of preparation
1.2 Material accounting estimates and judgements
1.3 Reporting entity
1.4 Economic dependency

These financial statements represent the audited general purpose financial statements for HealthShare Victoria for the financial year ended 30 June 2026.

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 Tier 2 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).

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 26 August 2026.

Notes to and forming part of the financial statements

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.

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 DH), 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 2 Funding delivery of our services

HSV helps Victorian 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 Policies 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.

Note 2.1 Revenue and income from transactions

	Note	2026 $	2025 $
Revenue from contracts with customers	2.1(a)	197,324,025	175,130,822
Government grants	2.1(b)	54,979,673	55,579,480
Total revenue and income from transactions		**252,303,698**	**230,710,302**

Note 2.1 (a) Revenue from contracts with customers

	2026 $	2025 $
Government grants (state) - operating	12,023,738	16,737,112
Commercial activities	185,300,287	158,393,710
Total revenue from contracts with customers	**197,324,025**	**175,130,822**

Notes to and forming part of the financial statements

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, which 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.
Priority projects	Onboarding health service SKU range to HSV's Distribution centre range with the intention of right sizing the product portfolio that drives cost efficiency, reduces supply risk and meets clinical needs.

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) Government grants

	Note	2026 $	2025 $
Government grants (state) - operating		54,082,156	54,842,768
Indirect contributions by Department of Health			
- Insurance		46,536	45,851
- Office lease		1,116,792	1,100,298
- Long service leave		(265,811)	(409,437)
Total government grants		**54,979,673**	**55,579,480**

How we recognise other sources of income

Government 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 or 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*.

Non-cash contributions from the Department of Health

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

Government grant	Performance obligation
Victorian Managed Insurance Authority	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.
Department of Health	Office lease rent is recognised as revenue following advice from the Department of Health.
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

Note 3.1 Expenses incurred in the delivery of services

	Note	2026 $	2025 $
Employee expenses	3.1(a)	56,683,053	53,257,717
Supplies and consumables	3.1(c)	175,551,572	151,118,673
Other operating expenses	3.1(d)	16,978,446	28,006,661
Total expenses incurred in the delivery of services		**249,213,071**	**232,383,051**

Note 3.1 (a): Employee expenses

	Note	2026 $	2025 $
Salaries and wages		39,094,716	35,635,284
Superannuation expense [1]		4,913,315	4,587,753
Workcover		167,193	151,151
Payroll tax		2,702,949	2,789,174
Agency expenses		3,232,368	4,205,282
Long service leave provision		830,320	677,479
Annual leave provision		4,018,090	3,575,066
Accrued days off provision		1,724,102	1,636,528
Total employee expenses		**56,683,053**	**53,257,717**

(1) Defined contribution superannuation expense and defined benefit superannuation expense have been combined.

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.

Note 3.1 (b) Employee related provisions

	2026 $	2025 $
Current provisions for employee benefits		
Accrued days off	664,294	741,043
Annual leave	3,216,728	3,262,459
Long service leave	2,749,193	2,783,931
Provision for on-costs	1,109,245	1,123,497
Total current provisions for employee benefits	**7,739,460**	**7,910,930**
Non-current provisions for employee benefits		
Long service leave	1,526,791	1,496,047
Provision for on-costs	289,943	284,026
Total non-current provisions for employee benefits	**1,816,734**	**1,780,073**
Total provisions for employee benefits	**9,556,194**	**9,691,003**

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. The on-costs provision is immaterial in 2026.

Note 3.1 (c): Supplies and consumables

	2026 $	2025 $
Medical and surgical supplies	175,551,572	151,118,673
Total supplies and consumables	**175,551,572**	**151,118,673**

How we recognise 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.

Note 3.1 (d): Other operating expenses

	2026 $	2025 $
Other operating expenses		
Advertising	15,600	8,765
Software licence and support	5,510,292	6,078,254
Insurance	46,536	45,851
Legal fees	473,516	458,123
Outgoings	1,473,403	1,914,082
Printing and stationery	616,407	1,971,877
Subscriptions	123,089	107,789
Rent	1,636,185	1,690,675
Recruitment	305,147	629,755
Security	109,737	107,904
Consultant and professional fees	2,302,367	3,957,800
Telecommunication costs	181,554	151,103
Vehicle and travel costs	237,802	365,686
Staff development and seminars	706,223	642,361
Audit fees - VAGO	45,100	42,900
Audit fees - internal audit	70,813	68,489
Finance costs	1,001,557	910,650
Expenses related to short-term leases	85,664	120,375
State Supply Chain operations and third party logistics costs	1,818,634	8,507,610
Other	218,820	226,612
Total other operating expenses	**16,978,446**	**28,006,661**

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.

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

- short-term leases – leases with a term of 12 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 2026 was nil.

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.

State Supply Chain (SSC) operations and third party logistics costs decreased significantly this year due to the prior year including larger costs associated with the SSC stock disposal program. Furthermore, this year has seen the winding down of SSC operations, which included exiting external storage locations.

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 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 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	
	2026	2025	2026	2025	2026	2025
	$	$	$	$	$	$
Leasehold buildings at fair value	24,810,267	25,552,557	(12,087,532)	(8,440,094)	12,722,735	17,112,463
Plant, equipment and vehicles at fair value	5,890,341	5,581,621	(3,069,977)	(2,094,630)	2,820,364	3,486,991
Computer equipment at fair value	1,032,576	1,147,303	(898,928)	(894,281)	133,648	253,022
Furniture and fittings at fair value	43,007	43,007	(24,968)	(18,401)	18,039	24,606
Total property, plant and equipment	**31,776,191**	**32,324,488**	**(16,081,405)**	**(11,447,406)**	**15,694,786**	**20,877,082**

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 $	Plant, equipment & vehicles $	Computer equipment $	Furniture & fittings $	Total $
Balance at 1 July 2025	**17,112,463**	**3,486,991**	**253,022**	**24,606**	**20,877,082**
Additions	5,214	399,488	51,877	-	456,579
Disposals	-	(33,825)	-	-	(33,825)
Lease modification adjustment	(747,504)	-	-	-	(747,504)
Depreciation	(3,647,438)	(1,032,290)	(171,251)	(6,567)	(4,857,546)
Balance at 30 June 2026	**12,722,735**	**2,820,364**	**133,648**	**18,039**	**15,694,786**

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.

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

The following tables are right-of-use assets included in the property, plant and equipment balance, presented by subsets of buildings and plant and equipment.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026 $	2025 $	2026 $	2025 $	2026 $	2025 $
Leasehold buildings at fair value [1]	24,810,266	25,552,557	(12,087,532)	(8,440,094)	12,722,734	17,112,463
Plant, equipment and vehicles at fair value [1]	3,229,620	3,078,345	(1,496,160)	(881,585)	1,733,460	2,196,760
Total right-of-use assets	**28,039,886**	**28,630,902**	**(13,583,692)**	**(9,321,679)**	**14,456,194**	**19,309,223**

	Leasehold buildings $	Plant, equipment & vehicles $	Total $
Balance at 1 July 2025 [1]	**17,112,463**	**2,196,760**	**19,309,223**
Additions	5,213	242,043	247,256
Disposals	-	(33,825)	(33,825)
Lease modification adjustment	(747,504)	-	(747,504)
Depreciation	(3,647,438)	(671,518)	(4,318,956)
Balance at 30 June 2026	**12,722,734**	**1,733,460**	**14,456,194**

[1] As a result of a change in FRD 104 *Leases* effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 7.3.

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 cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability.

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.

HSV has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Note 4.2: Depreciation and amortisation

How we recognise depreciation

All 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.

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.

	2026	2025
Computer equipment	3-5 years	3-5 years
Furniture and fittings	5 years	3-5 years
Leasehold buildings	4-10 years	4-10 years
Plant and equipment (including leased assets)	4-7 years	4-7 years
Vehicles (including leased assets)	3-4 years	3-4 years
Intangible assets	3-5 years	3-5 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 Inventories
5.3 Non-financial physical assets held for sale
5.4 Payables
5.5 Contract liabilities
5.6 Other provisions

Note 5.1 Receivables

	Note	2026 $	2025 $
Current receivables			
Contractual			
Inter hospital debtors		10,817,280	13,248,020
Allowance for impairment losses		(40,040)	(237,199)
Amounts receivable from Government		1,925,728	2,072,411
Total contractual receivables		**12,702,968**	**15,083,232**
Statutory			
Net GST receivable		249,397	687,093
Total statutory receivables		**249,397**	**687,093**
Total current receivables		**12,952,365**	**15,770,325**
Non-current receivables			
Contractual			
Long service leave - Department of Health		773,559	1,039,370
Amounts receivable from Government		-	457,561
Total contractual receivables		**773,559**	**1,496,931**
Total non-current receivables		**773,559**	**1,496,931**
Total receivables		**13,725,924**	**17,267,256**
(i) Financial assets classified as receivables			
Total receivables		13,725,924	17,267,256
Net GST receivable		(249,397)	(687,093)
Total financial assets classified as receivables	7.1	**13,476,527**	**16,580,163**

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 Inventories

	Note	2026 $	2025 $
Current inventories			
Medical and surgical consumables at cost		11,279,001	14,156,941
Provision for obsolete stock		(989,420)	-
Total inventories		**10,289,581**	**14,156,941**

How we recognise inventories

Inventories include goods 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 held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost and net realisable value.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

HSV has established a provision for obsolete stock that provides for stock that may have expired and is due for destruction, or where inventory is close to its use by date that limits the ability to transact that inventory line.

Note 5.3 Non-financial physical assets held for sale

	Note	2026 $	2025 $
Warehouse building		-	2,841,514
Total non-financial physical assets 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 sale 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.

A purchaser signed a contract of sale to buy Tullamarine Warehouse, 2-6 Sperry Drive Tullamarine, with settlement to be 90 days from the day of sale. The contract was executed by the vendor, the Department of Health, with the day of sale being 15 July 2025. The property settled on 15 October 2025 (refer to the Statement of Changes in Equity).

Note 5.4: Payables

	Note	2026 $	2025 $
Current payables			
Contractual			
Trade creditors		15,913,905	14,568,730
Accrued expenses		3,030,783	3,441,933
Accrued salaries and wages		1,700,158	1,313,437
Total contractual payables		**20,644,846**	**19,324,100**
Statutory			
Payroll tax		336,098	325,971
Fringe benefits tax		223,302	114,812
Total statutory payables		**559,400**	**440,783**
Total current payables		**21,204,246**	**19,764,883**
Total payables		**21,204,246**	**19,764,883**
(i) Financial liabilities classified as payables			
Total payables		21,204,246	19,764,883
Payroll tax		(336,098)	(325,971)
Fringe benefits tax		(223,302)	(114,812)
Total financial liabilities classified as payables	7.1	**20,644,846**	**19,324,100**

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 5.5 Contract liabilities

	Note	2026 $	2025 $
Current			
Contract liabilities		6,871,638	18,012,280
Total current contract liabilities		6,871,638	18,012,280
Total contract liabilities		**6,871,638**	**18,012,280**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from the DH. The balance of contract liabilities was lower in 2025-26 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 5.6 Other provisions

	Note	2026 $	2025 $
Current other provisions			
Restructuring provision		1,925,728	-
Total current other provisions		**1,925,728**	**-**
Non-current other provisions			
Make-good provision		421,334	416,121
Total non-current other provisions		**421,334**	**416,121**
Total other provisions		**2,347,062**	**416,121**
Balance at the beginning of the year		416,121	401,948
Additional provisions recognised		1,930,941	14,173
Total other provisions		**2,347,062**	**416,121**

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.

Notes to and forming part of the financial statements

In December 2025, the Victorian Government announced that it intended to adopt a number of the recommendations made by Helen Silver AO, following her Independent Review of the Victorian Public Service to the Victorian Government. The Government accepted the majority of the Review's recommendations, including the transition of HSV into the DH by 1 October 2026.

The transition of HSV into the DH will result in 35 roles no longer required, as services and functions are absorbed and consolidated within the Department.

As a result of this, HSV has recognised a restructuring provision, to reflect the cost of HSV integrating into the DH, to be settled on or before 30 September 2026. The basis of this provisional cost estimate is through a targeted separation package (TSP). HSV staff who are covered by the HSV Enterprise Agreement will receive a TSP payment in accordance with Victorian Government IR policies. Executive level management who are on fixed term agreements will receive a severance payment approved in accordance with the HSV Delegation of Authority instrument (DoA).

HSV has also recognised a provision for make-good, to reflect the cost to make-good the leased premises when the lease term ends for the Derrimut (18 Foxley Court, Derrimut) and Dandenong South (8-12 Ordish Road, Dandenong South) warehouses. 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

Note 6.1: Borrowings

	Note	2026 $	2025 $
Current borrowings			
Lease liabilities	6.1 (a)	4,614,706	3,535,169
Total current borrowings		**4,614,706**	**3,535,169**
Non-current borrowings			
Lease liabilities	6.1 (a)	11,819,412	16,872,411
Total non-current borrowings		**11,819,412**	**16,872,411**
Total borrowings		**16,434,118**	**20,407,580**

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 2026									
Lease liabilities	6.1	5.05%	16,434,118	16,434,118	384,010	768,022	3,456,093	11,825,993	-
Total financial liabilities			**16,434,118**	**16,434,118**	**384,010**	**768,022**	**3,456,093**	**11,825,993**	**-**
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**

Note 6.1 (a): Lease liabilities

HSV's lease liabilities are summarised below:

	2026 $	2025 $
Current lease liabilities		
Lease liability	4,614,706	3,535,169
Total current lease liabilities	**4,614,706**	**3,535,169**
Non-current lease liabilities		
Lease liability	11,819,412	16,872,411
Total non-current lease liabilities	**11,819,412**	**16,872,411**
Total lease liabilities	**16,434,118**	**20,407,580**

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

	2026 $	2025 $
Not longer than one year	5,373,256	4,544,517
Longer than one year but not longer than 5 years	12,843,794	17,066,099
Longer than 5 years	-	1,653,642
Minimum future lease liability	**18,217,050**	**23,264,258**
Less unexpired finance expenses	(1,782,932)	(2,856,678)
Present value of lease liability	**16,434,118**	**20,407,580**

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).

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.

Note 6.2 Cash and cash equivalents

	Note	2026 $	2025 $
Cash at bank		21,750,213	22,333,718
Total cash held for operations		21,750,213	22,333,718
Total cash and cash equivalents	7.1	**21,750,213**	**22,333,718**

Note 6.3 Commitments for expenditure

	Less than 1 year $'000	1-5 years $'000	Over 5 years $'000	Total $'000
30 June 2026				
Operating expenditure commitments	2,337,888	3,589,539	-	5,927,427
Non-cancellable short-term and low-value lease commitments	36,640	43,218	-	79,858
Total commitments (inclusive of GST)	**2,374,528**	**3,632,757**	**-**	**6,007,285**
Less GST recoverable				(539,727)
Total commitments (exclusive of GST)				**5,467,558**
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**

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. In addition, it is often necessary 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

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 7.1: Financial instruments (continued)

	Note	Carrying amount $'000	Net gain/ (loss) $'000	Total interest income/ (expense) $'000	Fee income/ (expense) $'000	Impairment loss $'000
30 June 2026						
Financial assets at amortised cost						
Cash and cash equivalents	6.2	21,750,213	-	1,029,030	-	-
Receivables	5.1	13,476,527	-	-	-	-
Total financial assets at amortised cost [(i)]		**35,226,740**	**-**	**1,029,030**	**-**	**-**
Financial liabilities at amortised cost						
Payables	5.4	20,644,846	-	-	-	-
Borrowings	6.1	16,434,118	-	(1,001,557)	-	-
Total financial liabilities at amortised cost [(i)]		**37,078,964**	**-**	**(1,001,557)**	**-**	**-**
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	5.4	19,324,100	-	-	-	-
Borrowings	6.1	20,407,580	-	(910,650)	-	-
Total financial liabilities at amortised cost [(i)]		**39,731,680**	**-**	**(910,650)**	**-**	**-**

(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

At balance date, the Board are not aware of any contingent assets or 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, with the exception of right-of-use assets arising under AASB 16, which are measured using the cost model.

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 to 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 2026 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 the following ex-gratia expenses:

	2026 $	2025 $
Compensation for economic loss	43,899	73,339
Total ex-gratia expenses	43,899	73,339

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 disclosures

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	27 Jun 2022 - 14 Apr 2026
Minister for Ambulance Services	2 Oct 2023 - 14 Apr 2026
The Honourable Harriet Shing MP:	
Minister for Health	15 Apr 2026 - 30 Jun 2026
Minister for Ambulance Services	15 Apr 2026 - 30 Jun 2026
Ms Ingrid Stitt MP:	
Minister for Mental Health	2 Oct 2023 - 30 Jun 2026
Minister for Ageing	2 Oct 2023 - 30 Jun 2026
Minister for Multicultural Affairs	2 Oct 2023 - 30 Jun 2026
The Honourable Lizzy Blandthorn MP:	
Minister for Children	2 Oct 2023 - 30 Jun 2026
Minister for Disability	2 Oct 2023 - 30 Jun 2026

Note 8.2: Responsible persons disclosure (continued)

	Period
Responsible Ministers (continued)	
The Hon. Melissa Horne MP:	
Minister for Health Infrastructure	19 Dec 2024 - 30 Jun 2026
Minister for Prevention of Family Violence	15 Apr 2026 - 30 Jun 2026
Governing Board	
Professor Andrew Way (Board Chair)	1 Jul 2025 to 30 Jun 2026
Mr Craig Fraser	1 Jul 2025 to 30 Jun 2026
Professor Russell Harrison	1 Jul 2025 to 30 Jun 2026
Ms Eileen Keane	1 Jul 2025 to 30 Jun 2026
Ms Sue Kirsa	1 Jul 2025 to 30 Jun 2026
Professor Erwin Loh	1 Jul 2025 to 30 Jun 2026
Ms Janet Young	1 Jul 2025 to 30 Jun 2026
Mr Robert Abboud	1 Jul 2025 to 30 Jun 2026
Ms Naomi Bromley	1 Jul 2025 to 30 Jun 2026
Accountable Officers	
Mr John Delinaoum (Acting)	1 Jul 2025 to 14 Jul 2025
Ms Susan Delroi	15 Jul 2025 to 19 Jun 2026
Ms Lisa Williams (Interim)	20 Jun 2026 to 30 Jun 2026

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

Income band	2026 No.	2025 No.
Nil	5	5
$20,000 - $29,999	3	4
$30,000 - $39,999	2	-
$60,000 - $69,999	1	1
$300,000 - $309,999	-	1
$380,000 - $389,999	-	1
$490,000 - $499,999	1	-
Total Numbers	**12**	**12**
	$	**$**
Total remuneration received or due and receivable by responsible persons from the reporting entity amounted to:	**713,234**	**872,218**

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.

A few factors affected total remuneration payable to executives over the year. There was a minimal number of resignations and vacancies during the year which brought stability in the total remuneration.

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

	Total remuneration	
	2026 $	2025 $
Total remuneration [(i)]	**1,822,275**	**1,357,600**
Total number of executives	8	10
Total annualised employee equivalent [(ii)]	5.1	4.8

(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.

Significant transactions with government-related entities

HSV received funding from the Department of Health of $66,105,894 (2025: $71,579,880) and indirect contributions of $897,517 (2025: $736,712). Balance Outstanding as at 30 June 2026 is $1,925,728 (2025: $2,072,411).

Revenue received from related party transactions from health agencies has been recognised as $185,300,287 as at 30 June 2026 (2025: $158,393,710) as part of the supply chain logistics services, which includes the sales of goods. Balance outstanding as at 30 June 2026 is $10,817,280 (2025: $13,248,020).

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.

Notes to and forming part of the financial statements

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
Professor Andrew Way	Chair of the Board
Mr Craig Fraser	Board Member
Professor Russell Harrison	Board Member
Ms Eileen Keane	Board Member
Ms Sue Kirsa	Board Member
Professor Erwin Loh	Board Member
Ms Janet Young	Board Member
Mr Robert Abboud	Board Member
Ms Naomi Bromley	Board Member
Mr John Delinaoum (to 14 Jul 2025)	Acting Chief Executive Officer
Ms Susan Delroi (from 15 Jul 2025 to 19 Jun 2026)	Chief Executive Officer
Ms Lisa Williams (from 20 Jun 2026)	Interim Chief Executive Officer
Mr Brett Comer (to 14 Jul 2025)	Interim Chief Financial Officer
Mr John Delinaoum (from 15 Jul 2025)	Chief Financial Officer
Ms Supriya Blakey	Chief Logistics Officer
Mr Raph Even-Chaim	Chief Information Officer
Ms Sarah Bryant	Chief Procurement Officer
Ms Angela Malone (to 16 Sep 2025)	Acting Chief People and Safety Officer
Ms Niki Howells-Schramm (from 17 Sep 2025 to 17 Apr 2026)	Chief People and Safety Officer
Mr Matthew Luddington (from 13 Apr 2026)	Chief People and Safety 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.

	2026 $	2025 $
Total compensation - KMPs[(i)]	2,535,509	2,229,818

(i) KMPs are also reported in Note 8.2 Responsible persons disclosure and Note 8.3 Remuneration of executives.

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 2026 (2025: none).

There were no related party transactions required to be disclosed for the HSV Board of Directors, Chief Executive Officer and Executive Directors in 2026 (2025: none).

Note 8.5: Remuneration of auditors

	2026 $	2025 $
Victorian Auditor-General's Office		
Audit of financial statements	45,100	42,900
Total remuneration of auditors	**45,100**	**42,900**

Note 8.6: Events occuring after the balance sheet date

As part of the Victorian Government adopting a number of the recommendations made by Helen Silver AO, following her Independent Review of the Victorian Public Service to the Victorian Government, HSV will be transferring its operations into the Department of Health (DH) on 1 October 2026.

Subject to Ministerial approval, DH will act as the HSV agent and will administer all finance matters. Under S.53 of the *Financial Management Act 1994*, HSV financial accounts will be consolidated with the DH financial accounts for future reporting periods.

As per note 5.6, a restructuring provision was raised which accounts for the expected cost of the integration into DH. The restructuring cost is fully funded by the Department of Treasury and Finance (DTF), and accordingly no financial impacts post balance sheet date are expected.

HealthShare Victoria