



2026-27

# Victorian State Budget Submission

Prepared by

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# About the Victorian Healthcare Association

The Victorian Healthcare Association (VHA) is the industry body supporting Victoria's diverse publicly funded healthcare sector. Established in 1938, the VHA elevates a unified member voice to government, influences policy on sector critical issues, and presents forward-thinking solutions to achieve a strong healthcare system that meets the needs of all Victorians.

VHA members represent 85% of Victoria's publicly funded healthcare sector and span a range of healthcare organisations. VHA members include Hospitals and Health Services, Community Health Services, Bush Nursing Centres, Specialist Care Services, Public Sector Residential Aged Care Services and non-bed-based services, such as Early Parenting Centres and patient transport services. Working from metropolitan through to rural areas, VHA members deliver accessible healthcare services in line with the needs of the Victorian community.

**The VHA acknowledges the Traditional Custodians of unceded lands throughout Australia. We recognise their continuing connection to land, waters and culture, and we pay our respects to their Elders past and present. Our offices are located on the lands of the Wurundjeri Woi Wurrung people.**

# Introduction

Right across Victoria, demand for care and services is growing, and expectations of the public health system are changing. As the VHA's inaugural [State of the Health Sector Report](#) found, growing health complexity and longer life spans have had significant implications for healthcare services, with the proportion of people with no chronic condition decreasing significantly over the past decade. This is placing greater pressure on healthcare organisations as people are requiring a more diverse and comprehensive mix of services. Demand is growing right across the health system, particularly in primary and aged care, and services that deliver care in the community.

Over the course of the 60th Victorian Parliament, the VHA has been advocating for a stronger and better public healthcare system that meets the needs of all Victorians. We have emphasised the need for sustainable funding models, fit-for-purpose infrastructure and expanded workforce models that meet increasing demand for care and services across Victorian communities.

The challenges ahead are complex and will require considered investment which is allocated strategically across the system. The Victorian Government must commit to investing in the measures that support the long-term future of our public healthcare system.

Funding arrangements must focus on addressing the widening gap between investment and the true cost of care, better enabling Victorian public health services to focus on patient care, improve workforce stability, and boost capacity right across the system. Investment is required to improve access to care and to support effective workforce attraction and retention. Systems must prioritise pathways for patients to move smoothly across the healthcare system between complex care and care closer to home.

The VHA's submission to the 2026-27 Victorian Budget outlines key funding priorities and opportunities to invest in the future of Victoria's public healthcare sector. The priorities call for cost-effective and timely commitments across Federal and Victorian Governments that will maximise outcomes from investment, deliver gains in productivity and invest in the places that need the most attention. Investment will enable the sector to innovate, meet the growth in demand, improve workforce stability and deliver new and improved services, providing the care Victorians expect, now and into the future. The priorities are targeted and linked to the [VHA's Victorian Health Investment Strategy](#) – an overarching strategy for long-term investment into Victoria's public healthcare sector, including priorities for Federal Government investment.

The 2026-27 Victorian Budget provides a chance to invest in the future of healthcare – keeping people out of hospital, improving population health and supporting care, closer to home.

# Summary of priorities

## 1. Fund the true cost of care

Victoria is experiencing significant economic pressures, as is Australia and the world. The gap between investment and the true cost of care has been widening.

- Fund the workforce to focus on clinical care
- Increase funding to meet growing demand for Community Health Services

## 2. Connect the system

Victoria's public health system is fragmented; with many component parts to the complex and diverse structure that do not work seamlessly hand in hand

- Fund the Local Health Service Networks to fully realise the benefits
- Fund interoperable and connected EMR for all hospitals and health services
- Improve the ability of rural healthcare services to access the WED

## 3. Improve access to care for all Victorians

Increasing prevalence and complexity of chronic disease requires expanded service models, with demand growing right across the system, particularly in primary and aged care, and services that deliver care in the community.

- Improve care navigation across public healthcare
- Extend access to clinical expertise in women's health
- Invest in men's mental health promotion, prevention and early intervention
- Invest in health system research

## 4. Attract and retain our workforce

There is a critical need for sustained investment in workforce attraction and retention initiatives to ensure the sector can keep pace with community needs, with multiple policy levers required to address this.

- Invest in a statewide nurse practitioner framework

## 5. Future-proof health infrastructure

Victoria's population is growing and changing. Many facilities and assets are ageing and no longer fit-for-purpose or able to meet the complex and growing needs of Victorians.

- Increase capital expenditure to support timely maintenance and repair
- Enable services to contribute to the infrastructure data program
- Invest in the Community Health Services infrastructure
- Invest in upgrading public sector residential aged care



## Theme 1: Fund the true cost of care

Victoria is experiencing significant economic pressures, as is Australia and the world. The cost of delivering healthcare is rising and care needs are becoming more complex.

Over the past few years, the gap between investment and the true cost of delivering healthcare has been widening – leading to a structural deficit across all health services. Medical supplies and equipment, insurance premiums and workforce-related costs are some of the many areas that have increased due to inflationary pressures.

The past two Victorian budgets have sought to correct this – a significant \$31 billion investment has enabled sustainable funding arrangements for some healthcare organisations, but this is not a reality for all. Rising costs continue to outstrip the funding provided to deliver public healthcare, including across Hospitals and Health Services, Community Health Services, and Bush Nursing Centres. In addition to the rising cost, funding remains insufficient to meet growth in demand, strategically invest for future needs, and to bolster the workforce.

Fully funding the true cost of care will better enable Victorian public health services to focus on patient care, improve workforce stability, and boost capacity right across the system. When invested into community-based services, such as Community Health Services, core funding will deliver cost-effective preventative healthcare that will improve health outcomes and stem the flow of patients into emergency departments and hospitals.

### **The Victorian Government is called to fund the true cost of care through investment in:**

- the administrative and operational workforce, resources and efficiencies, to support the healthcare workforce to focus on clinical care.
- insurance requirements, inclusive of all insurances required for, and necessary to deliver, Victorian public health services.
- sustainable, multi-year funding for Community Health Services.

## Fund the workforce to focus on clinical care



**Problem:** Demand pressures on the health sector are increasing, along with compliance obligations. Clinicians must be supported to focus on the volume of clinical work required to meet demand. Patient experience, delivery of care and prioritisation of services are central functions of our health services. To enable these functions to work effectively, workforce investment for administrative and operational functions must be provided.



**Ask:** The Victorian Government to invest \$300 million per year for three years to enable the health workforce to focus on clinical care. Investment will support delivery of the administrative and operational workforce.



**Impact:** Fully funding the workforce will enable all Hospitals and Health Services, including Community Health Services, to focus on clinical need, patient experience and increasing demand. This will improve workforce stability and productivity, and enable clinicians to work to their 'top of scope' supporting the delivery of high-quality care and patient support.



## Increase funding to meet growing demand for Community Health Services



**Problem:** Funding for the core Community Health program funding has not kept pace with rising demand. Funding is currently less than 0.5% of the total Victorian Budget. Indexation funding has failed to reflect true costs, and historic activity targets don't correspond with complexity or community need. Indexation funding has failed to reflect true costs, and historic activity targets don't correspond with complexity or community need.

This impacts on the sustainability of services, particularly with rising rates of chronic disease and increasing demand for accessible and affordable public healthcare. This leaves services under financial strain and creates a structural deficit, with many covering the extra costs themselves.

A lack of sustainable funding impacts Community Health Services' capacity to deliver cost-effective primary care, allied health, health prevention, and promotion, and therefore stem the flow of demand into hospitals and emergency departments.



**Ask:** The Victorian Government to invest \$25 million per year over four years to uplift core Community Health program funding. This will address the structural deficit that has occurred over time.

**Ask:** The Victorian Government to invest in annual indexation of core Community Health program funding in line with Consumer Price Index to prevent recurrence of the structural deficit.



**Impact:** A sustainable and growth approach to Community Health Services will provide greater accessibility for Victorians when and where they need it. Early access to preventative healthcare will support improved health outcomes and reduce the flow on to hospitals and emergency departments.



## Theme 2: Connect the system

Victoria's public health system is fragmented; with many component parts to the complex and diverse structure that do not work seamlessly hand in hand. The health environment is shaped by an ageing population and increasing patient comorbidity. Without stronger connections between services, patients will struggle to navigate disconnected care pathways, moving between services with gaps, delays and repeated handovers.

Currently numerous reforms are underway, each making a significant contribution to Victoria's public health system - enhance service provision, create additional points to access the care; integrate system components and to deliver care across the continuum. Reforms such as the Victorian Health Services Plan aim to improve patient access to the healthcare system by enhancing clinical service provision, shared workforce and quality and safety. Investment in innovative, virtual models of care such as the Victorian Virtual Emergency Department (VVED) are improving patient flow, and are enhancing access to care particularly in rural locations and hospital admissions.

To meet the challenges ahead and maximise all reform opportunities, the system needs to adapt. IT systems need to be digitised and interoperable, enabling patient information to be shared seamlessly across hospitals and health services. Systems must prioritise pathways for patients to move smoothly across the healthcare system between complex care and care closer to home.

### **The Victorian Government must connect the system by:**

- funding Local Health Service Networks to fully realise the benefits across clinical service delivery, shared workforce and quality and safety.
- funding interoperable Electronic Medical Record (EMR) systems for all hospitals and health services.
- improving the ability of rural healthcare services to access the VVED through improved connectivity, technology and accessibility, and community education programs.

## Fund the Local Health Service Networks to fully realise the benefits



**Problem:** Local Health Service Networks (Network) have clear priorities, expectations and projects for delivery. This includes both common and local Network initiatives such as a shared workforce and sharing of services, improving clinical service delivery, and rolling out quality and safety programs. However, much of these responsibilities do not have adequate funding for delivery. This will impact the ability of services and Networks to deliver on what is required within their Statement of Expectations.

Beyond the human resources required to full realise the benefits of the Networks, there is a need to bring hospitals and health services into alignments on their digital systems. For example, health services utilise differing ICT systems across their Network, which limits both patient flow and operations. There is a priority need to shift system utilisation in order to realise the aims of the Health Service Plan.



**Ask:** The Victorian Government to invest \$25 million each year for two years to support the Networks in delivering upon their shared priorities, delivered direct to services as locally placed based funding, to ensure all services can meaningfully engage in Network priorities.

**Ask:** The Victorian Government to invest \$30 million over three years to connect the differing systems within a Network, enabling health services to transition systems, aligning to that of their Network.



**Impact:** Adequate investment to enable the work of the Networks will ensure the focus on building sector collaboration, improving clinical service delivery, quality/safety, and sharing of workforce and shared services is fully realised. It will also support step up and step-down care. This will build upon the funding Networks have received to deliver upon the Victorian Government's four priority areas: access equity and flow; workforce; safety and quality; and shared services.

## Fund interoperable and connected EMR for all hospitals and health services



**Problem:** 30% of public hospital beds are not covered through an EMR but instead use a paper-based system for patient notes and records. These gaps are most pressing in rural and regional areas. Victoria is lagging behind other states in Australia - a clinical management system which carries across the entire health system is urgently needed. The implementation of EMRs across all health services will bring equity and consistency to the approach for managing patient records.

Current systems are not interoperable – which can lead to delays in diagnosis and treatment, repeated tests and critical information being missed. All of which leads to inefficiencies in the health system and can negatively impact patient outcomes.

By 2028, the Victorian Government intends to transition all hospitals and health services to the statewide digital health information platform CareSync Exchange – which will provide a consolidated view of a patient’s health records and enable interoperability across systems. For this investment to yield maximum outcome, all hospitals and health services need to transition to an interoperable EMR over the coming years.

Noting that full roll out of interoperable EMRs for Victorian public health services will cost hundreds of millions of dollars, a starting point is to ensure a longer-term vision and strategy. The strategy must encompass all hospitals and health services, focusing on smaller regional and rural services who do not currently have access to an EMR.



**Ask:** The Victorian Government to invest \$50 million a year in the delivery of fit-for-purpose EMR(s) to all Hospitals and Health Services, contributing investment towards the longer-term vision and strategy. This will ensure that by 2028, a greater number of Hospitals and Health Services will have an EMR that is able to engage with CareSync exchange.



**Impact:** Completing the EMR rollout will reduce the reliance on paper-based records and duplication; it will support coordinated care, improve the efficiency of care, improve clinical decision-making and productivity and improve patient safety across Victoria. It will enable all hospitals to transition to CareSync Exchange by 2028 – which will support interoperable systems that allow hospitals and local health service networks to share information seamlessly.

## Improve the ability of rural healthcare services to access VVED



**Problem:** Many regional and rural services are increasing use of the Victorian Virtual Emergency Department (VVED), including Small Rural Health Services and Bush Nursing Centres. These services rely upon the VVED for non-urgent care, which ensures care is provided close to home. Subsequently this reduces the use of patient transport and hospital admissions. But connectivity, technology and accessibility remain a challenge – with many rural services and centres reliant on mobile phones and outdated equipment.

Additionally, some Victorians lack the confidence to access and use the VVED, and therefore the VVED's potential is not fully realised. This is particularly true in rural and farming communities where the people are often older and do not typically have proactive health seeking behaviours.



**Ask:** The Victorian Government to invest \$6 million over 3 years to enhance the connectivity, technology and accessibility for rural health services to connect to the VVED.

**Ask:** The Victorian Government to invest \$5 million to enable health services to deliver community education programs on how to use and access the VVED.



**Impact:** Bridging the gap between connectivity, technology and accessibility will enable Victorians in rural communities to more easily access the VVED, either on their own, or through their local health service. This will maximise the Victorian Government's investment to triple the capacity of the VVED.



## **Theme 3: Improve access to care for all Victorians**

The needs of Victorians are changing. Increasing prevalence and complexity of chronic disease requires expanded service models. Demand is growing right across the health system, particularly in primary and aged care, and services that deliver care in the community.

Ongoing responses to Royal Commissions are influencing and shaping policy that prioritises care in the community across mental health, alcohol and other drug services (AOD) and family violence. This prioritisation to deliver non-urgent care in the community reflects the increasing intersection between social and health services, responding to the social determinants of health, such as income, education, and housing.

Demand is growing in Victoria across mental health, AOD and family violence services. Where disadvantage is greatest, services are experiencing sharp increases in demand. Mental health support is seeing rising demand in both metropolitan and regional areas, across acute and community services, driven by greater population needs and increasing awareness of mental health issues. AOD services are reporting increasing treatment episodes, with regional areas often facing longer wait times due to limited coverage. These trends demonstrate the urgency of expanded service models that address community need. Without action, existing services will be overwhelmed, and Victorians may delay or avoid seeking vital care and treatment.

Demand for these services is exploding as the community becomes more aware and accepting of the issues. Additionally, new light has been shone across issues such as men's and women's health, adding to the pressure of providing high quality and accessible services. Addressing the evolving health needs of Victorians will require targeted action, supported by appropriate planning and investment. This will improve access to care and close the gap between available services and community needs, and in turn reduce waitlists and unnecessary hospital presentations. It remains critical that there is investment in the initiatives that ensure people can get access to care when and where they need it. This investment must also have a focus on reducing health inequities and limiting the avoidable differences in health status that are often driven by social determinants of health.

**The Victorian Government must improve access to care for all Victorians by:**

- improving care navigation across public healthcare to support the transition into, and across, the complex mix of health and social services.
- investing in an evidence-based, health-led response to reducing the harms associated with substance abuse.
- ensuring adequate representation of the First Nations health workforce to embed culturally safe care across Victorian communities, strengthening engagement with First Nations communities.
- enhancing the Mental Health workforce to provide earlier access to support and treatment for Victorians.
- enabling women to get greater care closer to home through virtual models of care, whilst also investing in women's health clinics that reduce delays in diagnosis and treatment.
- funding targeted men's mental health promotion, preventative care and early intervention for family violence, addressing mental health risks earlier and supporting safer family relationship.
- funding for health system research to evidence the quality of care available in Victoria's public health system.

## Improve care navigation across public healthcare



**Problem:** Growing health complexity and longer life spans have had significant implications for healthcare services, with the proportion of people with no chronic condition decreasing significantly over the past decade. This is increasing demand for community care, allied health, health prevention and promotion, and making it increasingly challenging for Victorians to navigate the health system.

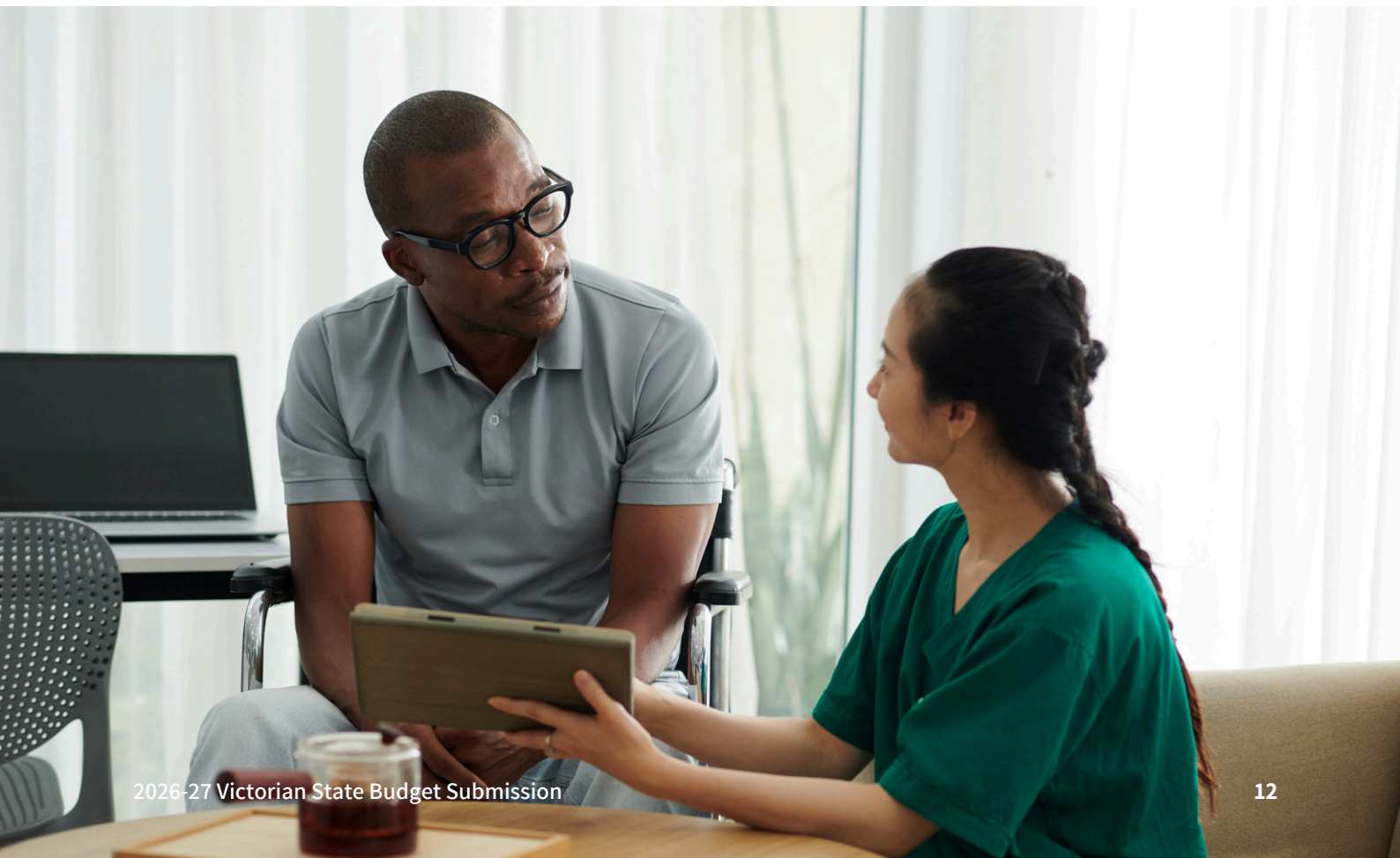
Without stronger connections between services, patients will struggle to navigate disconnected care pathways, moving between services with gaps, delays and repeated handovers.



**Ask:** The Victorian Government to invest \$5 million per year over three years in 'care navigators' embedded in Community Health Services to help Victorians navigate the health system, and to be referred onto services across health and social services, allied health, mental health, disability and aged care.



**Impact:** Care navigators would support Victorians to receive the care when and where they need it, reducing delay to access care, while supporting improved connection and efficiency across the health system. This will ensure the community is supported to navigate the healthcare system, people get the care they need and can be transitioned into the complex mix and breadth of health and social services, such as aged care in-home services, mental health and wellbeing services, and the NDIS.



## Extend access to clinical expertise in women's health



**Problem:** Women across the state require greater access to early, quality care that is close to home and easily accessible. Yet women, particularly in regional and rural areas, are not always able to access the support they need, when they need it.

Access to greater care is needed for women and for their health practitioners. When pregnant, women need quality support that they can rely on, in a setting that is comfortable and familiar. Traveling for care becomes more challenging, especially for those living in regional and rural locations. Embedded in hospitals with a focus on women, virtual care could provide direct and timely access to care and monitoring for women who are pregnant.

Additionally, there is a strong need to uplift clinical expertise of health practitioners across medical abortion and contraception care. Creating a direct link between health professionals and experts in the field will enhance the delivery of care when and where women need it. Enabled through partnerships with hospitals with a focus on women, health professionals including doctors, nurse practitioners and endorsed midwives across the state can be supported through specialist advice, professional development and clinical consults.



**Ask:** The Victorian Government to invest \$20 million over three years to establish and deliver a virtual women's pregnancy service, enhancing access to pregnancy support and monitoring directly in the home. Secondly, it will enable the provision of specialist advice to health professionals to deliver medical abortion and contraception services.



**Impact:** A virtual women's pregnancy service will bring clinical expertise to the women who most need it. It will enable women to stay close to home and loved ones, while accessing the best possible care. A women's pregnancy service can be modelled off the VVED and other virtual care programs currently being delivered. Additionally, a health professional to specialist consult program will grow capability across the sector through training, professional development, placements, connection, and peer mentoring.

## Invest in men’s mental health promotion, prevention and early intervention



**Problem:** Men have higher risk factors for poorer mental health outcomes. They are more likely to delay care than women, less likely to engage in preventative health measures due to stigma, norms around masculinity and cultural expectations. In Australia, men account for around three quarters of the deaths by suicide.

In rural areas, including farming communities, geographic isolation, limited access to healthcare and social stigma worsens these risks, leading to delayed diagnosis and poorer outcomes.

Rising mental health concerns and suicide rates are further complicated by exposure to, or involvement in, family and sexual violence, highlighting the complex psychosocial needs. There is a gap in health services that are specifically tailored to men, particularly in providing early intervention, preventative care and trauma-informed support.



**Ask:** The Victorian Government to invest \$3 million for the expansion of men’s mental health prevention and promotion programs in rural communities. Extend and support existing community programs which provide informal, low stigma support for farmers who may not be able to access traditional healthcare.

**Ask:** The Victorian Government to invest \$10 million over two years for the Third rolling action plan to end family and sexual violence 2025 to 2027 (Until every Victorian is safe) – in particular Area 3.3 – which includes early intervention programs for men and boys and campaigns that challenge gender stereotypes.



**Impact:** Funding to target men’s mental health promotion, preventative care and early intervention for family violence will directly improve outcomes for men by addressing mental health risks earlier and supporting safer family relationships. This will not only save lives and improve wellbeing but also reduce long-term reliance on emergency and health services, strengthening families and building more resilient communities.

## Invest in health system research



**Problem:** Victoria's publicly funded health services are diverse and complex. Recent reforms, including the Health Services Plan and stand up of the Local Health Service Networks, takes a step forward in evolving the system to leverage collaboration, prioritise patient flow and enhance patient outcomes. Yet there is no approach implemented alongside these reforms to evidence the outcomes and effectiveness.

In line with the learning health systems approach, which has been adopted in Victoria, the Local Health Service Networks continue to grow on clinical trial-based research alone. Embedding Health Policy and Systems research within and across reforms, to evidence how the structural change leads to improved outcomes for patients, will bring great benefit to the sector. There is an opportunity to build the policy evidence across the phases of health service reform and therefore guide future efforts and investment to support the evolution of Victoria's public health system.



**Ask:** The Victorian Government to invest \$50 Million over four years in the creation of a Health Policy and System Research Centre(s).



**Impact:** Investment will ensure evidence is embedded in the change process and is underpinning work to drive future improvement in patient outcomes. It will provide clarity to the Victorian Government and to the public health system on the results of reform, areas for adaption and future work and highlight the quality of Victorian public healthcare. Further providing confidence to the community that Victorian public health services are delivering quality outcomes, enhancing patient care and experience and are effectively utilising Victorian taxpayer dollars.



## Theme 4: Attract and retain our workforce

In Victoria, the health and social services workforce is expected to lead industry growth to 2034 – with high demand for healthcare workers already experienced in regional and rural Victoria. Despite the strong projected growth, workforce shortages remain a sustained challenge for the public healthcare sector. Growth is unlikely to meet the rising demand for care that is driven by increasing rates of chronic disease, an ageing population and changing community demographics. There is a critical need for sustained investment in workforce attraction and retention initiatives to ensure the sector can keep pace with community needs, with multiple policy levers required to address this.

The Victorian government has taken steps to address the workforce issues through targeted initiatives aimed at increasing workforce capacity and scope, capability, and distribution. Funding is required for the implementation of scalable and flexible workforce models that support both clinical and non-clinical staff to work to their full scope of practice. Models such as nurse practitioners, multidisciplinary team-based care and rural generalist programs, enhance access to the public health system.

Investing in initiatives that will support the attraction and retention of Victoria’s health workforce is not only an investment in equitable care, but also in the future growth and productivity of the state. A strong, skilled and sustainable workforce will support the ongoing delivery of high-quality health services and improve population health outcomes.

### **The Victorian Government must attract and retain our workforce by:**

- establishing a statewide Nurse Practitioner Framework to assist in delivering high quality and accessible healthcare in rural and regional communities.
- investing in a future focused disaster recovery and resilience program.
- address challenges in housing and accommodation to support a skilled, local workforce.

## Invest in a statewide nurse practitioner framework



**Problem:** Expansion of workforce models to assist the delivery of healthcare in rural and regional communities is essential. There is a known shortage of GPs in rural and regional areas, limiting the ability to admit, discharge and supervise care. A Statewide Nurse Practitioner Framework is a proven model for addressing gaps in healthcare access, particularly in rural and regional areas where doctor shortages impact timely patient care.

Nurse Practitioners are advanced practice clinicians capable of independently assessing, diagnosing, treatment and prescribing the full course of healthcare treatment, from assessment to follow-up. Nurse practitioners are already being used in pockets across regional and rural Victoria, but funding is inconsistent and ad-hoc. There is significant work across the country on effective Nurse Practitioner models and approaches to enhance health service provision in rural areas.



**Ask:** The Victorian Government to invest \$60 million over four years to establish a statewide Nurse Practitioner framework. This will include funding for positions in rural and regional areas where demand currently exists and will grow into the future.



**Impact:** Establishing a Statewide Nurse Practitioner framework that allows nurses to work to the top of their scope will assist in filling the gaps which currently exist in healthcare delivery for rural and regional communities. This will support independent assessment, diagnosis and treatment and prescribing of Victorian patients, from assessment to follow-up.

It will reduce delays in treatment, expand service coverage and ensure continuity of care – particularly in rural areas where GP shortages impact timely patient care.





## Theme 5: Future-proof health infrastructure

Victoria's population is growing and changing, placing a strain on existing infrastructure, and pushing up demand for healthcare across the state. Many facilities and assets are ageing, with buildings, operating theatres, diagnostic imaging equipment and digital communication systems no longer fit-for-purpose or able to meet the complex and growing needs of Victorians. In sectors such as aged care, where demand is rising and residents present with higher complexity and acuity, modern and purpose-built facilities are essential.

Funding over the past decade has been insufficient for health services to future-proof health infrastructure, with funding often prioritising new builds, rather than maintaining or redeveloping existing infrastructure. Capital investment in timely maintenance upgrades and strategic expansion of critical infrastructure is needed in health services right across the state. This has been reflected in research by Infrastructure Victoria for Community Health Services – which demonstrates many buildings are in poor condition or close to the end of life and in need of urgent repair.

With forward-looking investment in both existing and new health infrastructure, governments can maximise the value of their investment, improve access to care and ensure health services are equipped to meet the needs of a growing and changing population.

## Increase capital expenditure to support timely maintenance and repair



**Problem:** Capital Expenditure (CapEx) within Hospital and Health Service budgets, such as Infrastructure Renewal and related funding lines, are not adequate to undertake routine maintenance and repair of infrastructure. For example, many services have CapEx budgets that represent less than 0.5% of their total operating budget.

The low annual capital budget increases the volume of applications into the Metropolitan and Regional Health Infrastructure Funds. The Funds are intended for strategic, longer-term investment, not routine maintenance and repair, and have collectively funded more than 700 projects since inception. This underinvestment in health service budgets is limiting the ability of health services to maintain existing infrastructure in a timely manner and is driving services to be investing resources into MHIF and RHIF proposals for routine repairs, and replacements. This increases the administrative burden on services that are investing time and money into grant applications, and the grant administrators who oversee an oversubscribed grant program year on year.



**Ask:** The Victorian Government to invest \$250 million a year over four years to the Hospital and Health Services capital expenditure budget to support timely maintenance and repair of facilities.



**Impact:** Increasing Capital Expenditure (CapEx) will assist in reducing delays in timely infrastructure maintenance and repair, ensuring service availability for communities and simultaneously reducing administration burden through the competitive grants process.

In increasing CapEx and enabling Hospitals and Health Services to maintain infrastructure effectively, future costs will be reduced, if not prevented.

## Enable services to contribute to the infrastructure data program



**Problem:** Victoria's public health system lacks a comprehensive, centralised view of where infrastructure needs and priorities are greatest, impacting the ability for decision-makers to prioritise strategic investment.

Without consistent, high-quality asset data across Hospitals and Health Services, planning for maintenance and replacement will not be informed by the evidence. The Victorian Health Building Authority undertakes regular health assessments of the condition of infrastructure assets, whilst grant opportunities are often dependant on the ability for services to submit information on the quality of their assets to government.

Funding is needed to provide health services with the required resources to systematically audit their assets, providing accurate data to the Victorian Health Building Authority to prioritise evidence-based investment decisions.



**Ask:** The Victorian Government to invest \$26 million over four years to enable services to contribute to the infrastructure data program, run by Department of Health, to enable clear visibility of infrastructure needs and priorities across hospitals and health services.



**Impact:** With accurate, standardised data on asset condition and performance, government will be able to allocate capital funding to hospitals and health services where the need is greater. This will reduce the risk of grant funding arrangements not being used for their intended purpose and prioritise strategic investment.



## Invest in Community Health Services infrastructure



**Problem:** Health services across Victoria, including Community Health Services, are operating in ageing facilities that are costly and inefficient. Without capital funding, services will experience greater inefficiency and additional challenges in delivering quality healthcare for their community.

Registered Community Health Services currently rely on the competitive programs of the Regional and Metropolitan Health Infrastructure Funds to access infrastructure funding. However, the scale of investment required is significant and indicates that a targeted and strategic investment in Registered Community Health Services infrastructure is needed, as outlined in the recent Infrastructure Victoria report into Investing in community health infrastructure.



**Ask:** The Victorian Government to invest \$45 million per year over five years Registered Community Health Service infrastructure.



**Impact:** Quality buildings and accessible capital infrastructure will enhance the quality and quantity of healthcare able to be provided across Victoria's Community Health Services. Further it will assist in attracting and retaining a high-quality workforce.

This investment will support IV's recommendation to invest in Community Health Services to support the delivery of local, high-quality community health services over the next 5 years. It will also pave the way for further recommendations undertaking long-term infrastructure planning with Community Health Services and conducting an asset management of all Community Health Services.

## Invest in upgrading public sector residential aged care



**Problem:** Safe, modern facilities and equipment are fundamental to ensuring quality and dignity in aged care. Many public sector residential aged care services need to upgrade or replace ageing or unsuitable infrastructure. In some instances, the lack of suitable infrastructure means that high acuity residents are being admitted to services in neighbouring communities that require travel and miss an opportunity to provide care within their community. Unfortunately, most services do not have sufficient budget to undertake major building works, replace essential equipment or carry out needed refurbishments on their own, and therefore must pursue grant opportunities through the highly competitive Regional and Metropolitan Health Infrastructure Funds.



**Ask:** The Victorian Government to invest \$120 million over three years to support adequate infrastructure works for public sector residential aged care services. Investment should take into consideration federal aged care infrastructure funding and co-contribution requirements.



**Impact:** Quality, accessible and fit-for-purpose aged care buildings will enable an increase in the quality of aged care service provision and enhance attractiveness of residential aged care services to ageing Victorians. Safer, modern infrastructure will improve the quality of care for residents and ensure residents can remain close to home.





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