



# Report on the Victorian public healthcare sector

## 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.

The VHA connects members at executive and director levels to shape advocacy and support collaboration. Through a deep understanding of Victoria's public healthcare sector, the VHA supports sector capability through the delivery of tailored development programs to meet the growing demands of Victoria's current and future healthcare leaders.

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.



## Acknowledgement of country

The VHA acknowledges the Traditional Custodians of unceded lands throughout Australia. The VHA office is located on the traditional lands and waterways of the Wurundjeri Woi Wurrung people of the Kulin nation.

We recognise their continuing connection to land, waters, and culture and we pay our respects to their Elders past and present.

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# Foreword



I am delighted to present the Victorian Healthcare Association's (VHA's) inaugural State of the Health Sector 2025 (the 'Report'), offering an unprecedented insight into Victoria's public healthcare sector.

This comprehensive Report has been developed using a two-part methodology. Firstly, it describes Victoria's public healthcare sector – summarising disparate data that is often difficult to locate or challenging to interpret in a meaningful way. Secondly, it brings this data together with key sentiments from healthcare leaders derived from the 2025 sector survey. Both sets of information – sector data and sector sentiments – provide a snapshot in time. This snapshot represents public healthcare organisations spanning metropolitan, regional, and rural Victoria – including public Hospitals and Health Services, Community Health Services, Bush Nursing Centres, Specialist Care Services, Public Sector Residential Aged Care Services and non-bed-based services. Together, these services form the backbone of healthcare delivery for over seven million Victorians who rely on the public healthcare sector for timely, quality and accessible healthcare.

The findings presented in this Report tell a powerful story. They reveal a sector demonstrating commitment and resilience, while navigating substantial challenges. The data highlights increasing community demand for care against the backdrop of rising cost of living and increased pressure on households. Victoria's public healthcare organisations have risen to the challenge in delivering the healthcare that their communities need, despite the difficult economic environment.

What also stands out is the public healthcare sector's unwavering connection to community. Key sentiments were derived from the sector survey, and notably all respondents reported strong ties to the communities they serve – a testament to the sector's dedication amongst mounting pressures. This connection provides opportunity and a solid foundation for a more sustainable healthcare system. The survey also highlights three areas of critical importance to the sector: capacity of the workforce, sustainability of funding and coordination of service delivery.

The identified workforce challenges vary significantly by location – from metropolitan healthcare organisations struggling with labour costs, to rural healthcare

organisations facing persistent recruitment struggles. Despite these challenges, Victoria's public healthcare organisations are responding with remarkable innovation, particularly in embracing virtual care to extend their reach and improve accessibility.

Sustainability of funding emerged as the most significant concern across all healthcare organisation types and locations, with over 90% of respondents identifying it as a major challenge. The data reveals opportunities to both streamline and bring flexibility to funding models.

Victoria's healthcare sector is currently at a pivotal moment of transformation for service delivery coordination across the state, through the formation of Local Health Service Networks. This is in addition to the impact of Commonwealth reform in aged care, mental health and primary care services. This Report provides important insights to inform our understanding of the opportunities and challenges associated with these changes. It highlights both the readiness for collaboration and the need for greater clarity around operational aspects of the reforms.

I extend my sincere gratitude to the leaders of Victoria's public healthcare organisations who contributed their time and insights, allowing the VHA to produce this inaugural State of the Health Sector 2025 Report. The sector's collective wisdom forms the foundation of this Report, in particular the Sector Sentiments chapter, and will guide the VHA's policy and advocacy efforts in the years ahead.

The VHA looks forward to continued collaboration with the sector, government and key stakeholders to build a healthcare system that not only meets the needs of today, but is equipped to face the challenges of tomorrow.

Leigh Clarke  
**Chief Executive Officer,  
Victorian Healthcare Association**

# Keeping the Victorian community healthy and well

Over 7 million people rely upon the Victorian public healthcare sector<sup>1</sup> to provide timely, accessible and high-quality healthcare. The range of services provided by public healthcare organisations span across acute care, emergency care, general surgery, specialist services, aged care, health promotion, primary care and health prevention, as examples. In 2024, Victorian Hospitals and Health Services treated over 2.1 million patients, including 207,000 planned surgery patients.<sup>2</sup> Several million more Victorians access their healthcare from Community Health Services, and other services within the Victorian public healthcare sector, including Bush Nursing Centres and non-bed-based services such as Maternal and Child Health services.

## Population health

In 2022, 80% of people in Victoria (5.4 million) had at least one long-term health condition which is statistically similar to other states across Australia, particularly South Australia and Queensland.<sup>3</sup> Further, in 2022, almost half (3.2 million) of Victoria's population had at least one chronic condition. Women were more likely to have at least one chronic condition compared to men (51.8% compared to 46.5%).<sup>3</sup>

Victoria's experience of chronic conditions is largely typical of the Australian experience, suggesting that lifestyle and ageing populations across the country are contributing to the prevalence of many chronic conditions.

The most prevalent chronic conditions experienced in Victoria in 2022 are described in Figure 1.

The number of people with no chronic conditions has declined over 10 years.<sup>3</sup> This likely reflects growing health complexity and longer life spans of the Australian population. It has significant implications for healthcare organisations, due to the increasing diversity of services sought, which places greater pressure on healthcare organisations and the sector to meet community needs.

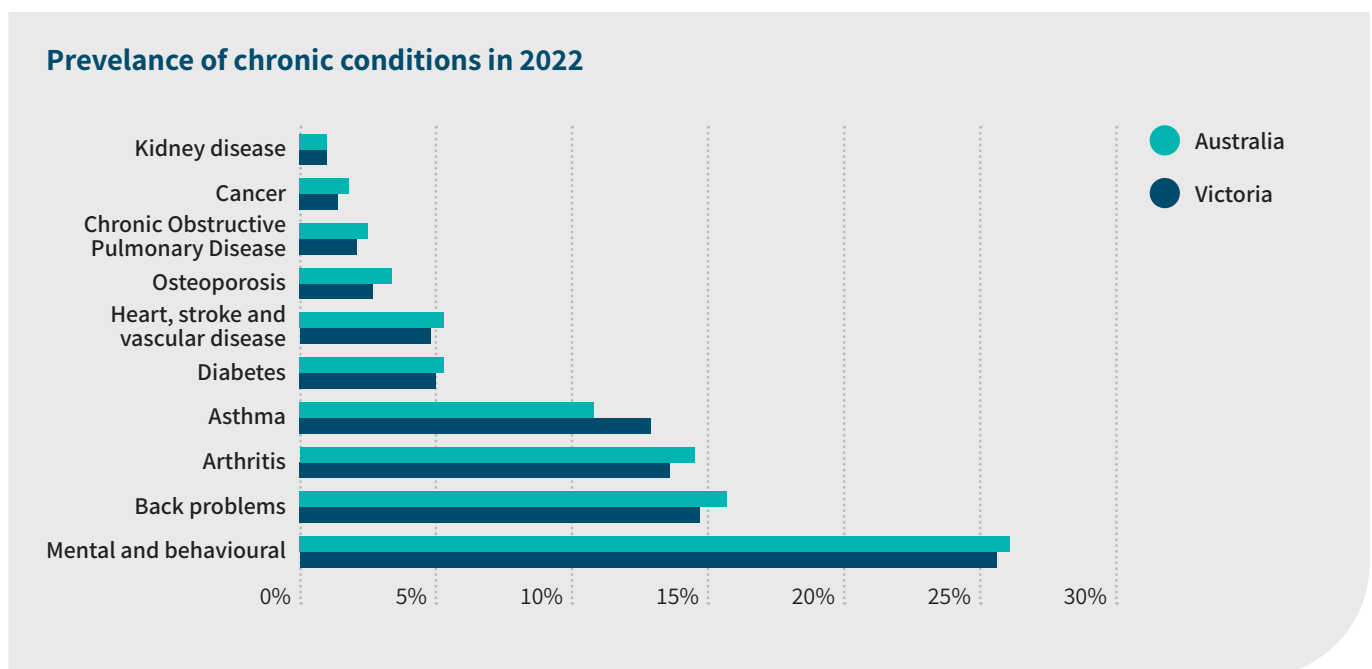
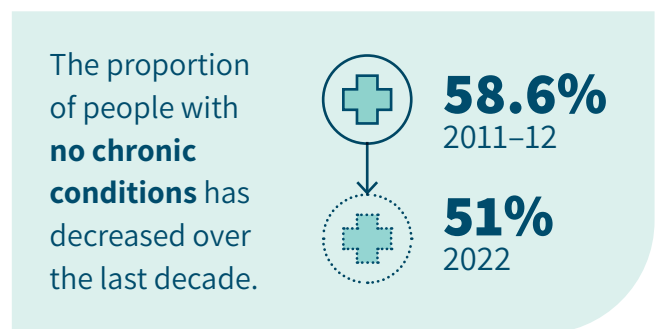


Figure 1

### Prevalence of risk factors by remoteness area 2022

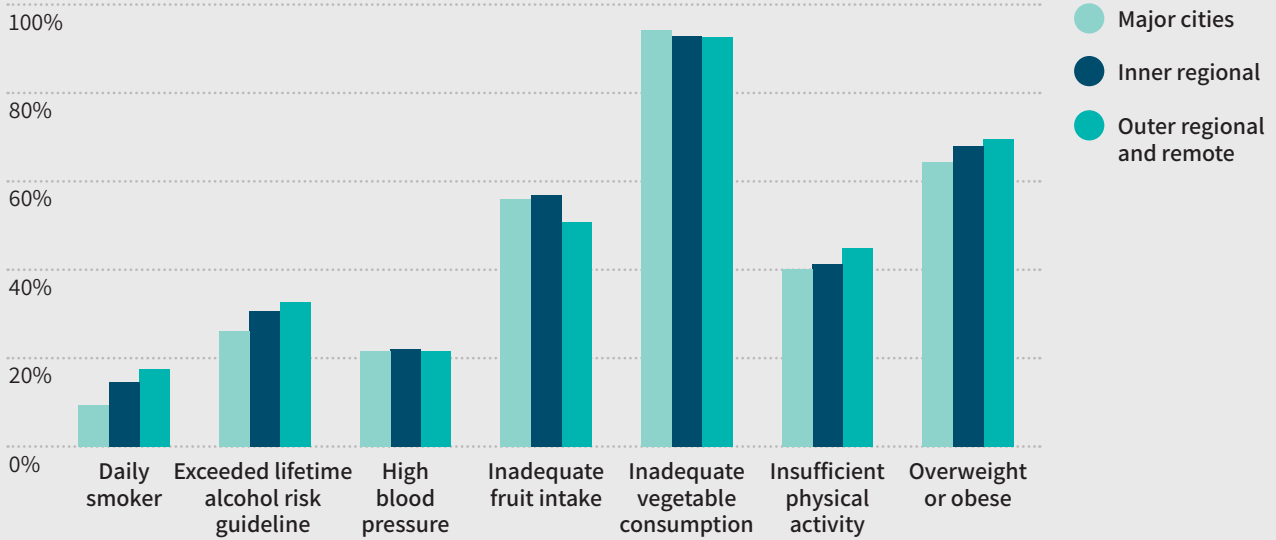


Figure 2

## Rural and regional health

Across the country, people who live in rural and regional areas experience poorer health than others.<sup>4,5</sup> This results in a higher demand for healthcare from Hospitals and Health Services in rural and regional communities placing a strain on smaller service to managing demand and the diversity of care needs. As demonstrated in Figure 2, people living in outer regional and remote areas (such as Bairnsdale) have a higher prevalence of risk factors that contribute to chronic conditions, such as smoking, compared to those living in inner regional areas (such as Ballarat), and major regional cities (such as Geelong).

### Location of residents in Victoria in 2021 (6)

**74.9%**

of Victorians live in Greater Melbourne, with **25.1%** living in regional and rural Victoria.



# Victoria's public healthcare sector

## Healthcare organisations\*

**76**  
Hospitals and  
Health Services



**15** Metropolitan Services



**3** Specialist Services



**6** Regional Services



**9** Sub Regional Services



**30** Small Rural Health  
Services



**6** Multi Purpose  
Services



**5** Standalone Public  
Sector Residential Aged  
Care Services



**2** Standalone Early  
Parenting Centres



**24**  
Registered  
Community  
Health Services

**85**  
Palliative Care  
Services



**81**  
Maternal and  
Child Health  
Services

**15**  
Bush Nursing  
Centres



**12**  
Women's Health  
Services

\* Data sources 5-16

# Victoria's public healthcare sector

## Service delivery\*

### Examples of episodes of care across the healthcare sector in 2024–25



**2,165,383**

Hospital discharge



**600,000**

Registered Community Health Service clients



**5,400**

Public Sector Residential Aged Care Services



**97%**

Maternal & Child Health Services – 97% of 2-week old children



**1%**

Early Parenting Centres – 1% of Victorian families with 0–4-year-olds



**207,708**

Hospital planned surgeries



**73,704**

Royal Flying Doctor Service



**1,092,818**

Ambulance Victoria



**195,612** adults

**151,181** children

Dental Health Service Victoria



**556,061**

Palliative Care Services



**282,878**

BreastScreen Victoria

\* Data sources 5–16

# Victoria's public healthcare organisations

Victoria's public healthcare sector includes many distinct types of healthcare organisations, some more widely understood and visible than others. Many healthcare organisations provide a mixture of service types, often under the one roof – such as Hospitals and Health Services with integrated Community Health Services and Public Sector Residential Aged Care Services. A strength of the Victorian public healthcare sector is in its community and primary care structure, providing opportunities for services to come together to deliver comprehensive care for the community.

Across the sector there are more than 200 healthcare organisations that are publicly funded. Public Hospitals and Health Services (38%\*) are defined as separate entities under the *Health Services Act 1988* and each have their own ministerially appointed Boards and executive teams. However, a large proportion of Victoria's public healthcare organisations are not Hospitals and Health Services, including Victoria's Registered Community Health Services (12%\*), Bush Nursing Centres (7.5%\*), Maternal and Child Health Services (40%\*) and specialist non-bed-based services (5%\*) such as transport and screening services, as examples.

*\* All percentages are approximate due to the often-changing size and mix of organisations in the Victorian public healthcare sector.*

The section below outlines the different types of public healthcare organisations across Victoria as current 1 June 2025. Noting the public health sector expands into mental health and not for profit organisations, delivering mental health and discrete health programs funded by the Victorian Government, which are not covered in this Report.

The Report acknowledges that the Victorian health sector is vast, expanding beyond public healthcare organisations and encompassing Aboriginal Community Controlled Health Organisations, private healthcare organisations, including GPs and many others. All parts of the Victorian health system play a role in delivering quality healthcare to Victorians.

## Hospitals and Health Services

A total of 76 Hospitals and Health Services, as defined in the *Health Services Act 1988*, are located across metropolitan, regional, and rural areas.<sup>17</sup> These Hospitals and Health Services vary significantly in size and function, many with unique and specialised offerings, such as Early Parenting Centres and Multi-Purpose Services. This diversity in scale and scope reflects the tailored approach to meeting healthcare needs across Victoria's varied geographic and demographic landscape. How these services all work together is currently being transformed as part of the Health Services Plan reform<sup>18</sup> which is explored further in this Report. The differing types of Hospitals and Health Services are described in the following sections.

### Metropolitan Hospitals and Health Services

There are 15 Metropolitan Hospitals and Health Services, representing the largest of Victoria's healthcare organisations. They provide a comprehensive range of highly complex and specialised acute care services.

Metropolitan Hospitals and Health Services are located in Melbourne, urban growth corridors and major suburban areas. They provide general acute care and emergency care for their communities, whilst also providing the highest complexity care across the state. Some Metropolitan Hospitals and Health Services provide care for specific clinical specialties, across all levels of complexity, such as women's and children's health and cancer related services (e.g., Royal Women's Hospital, Royal Children's Hospital, Peter MacCallum Cancer Centre).

Virtual and 'in reach' models of care are used by Metropolitan Hospitals and Health Services to support other Hospitals to build capability through access to clinical expertise, clinical support and workforce training.

Metropolitan Hospitals and Health Services are funded through Activity Based Funding prescribed through a multi-year budget allocation and provided by the Victorian Government based on both the volume of and complexity of services they provide.<sup>19</sup> The national efficient price guidelines are set by the Independent Health and Aged Care Pricing Authority.<sup>20</sup> Allocation of funding from the Australian Government, through the National Health Reform Agreement, is provided to Hospitals and Health Services through their Victorian budgets and Statements of Priorities.<sup>21</sup> The Australian Government contributes 45% of the efficient price.

# Breaking Ground, Saving Lives

## Peter MacCallum Cancer Centre's Groundbreaking Research

As Australia's only public healthcare organisation dedicated exclusively to cancer care, Peter MacCallum Cancer Centre ('Peter Mac') employs more than 4,200 staff including 700 researchers, all dedicated to the ethos of 'Breaking ground, saving lives.'

### Excellence in care and research

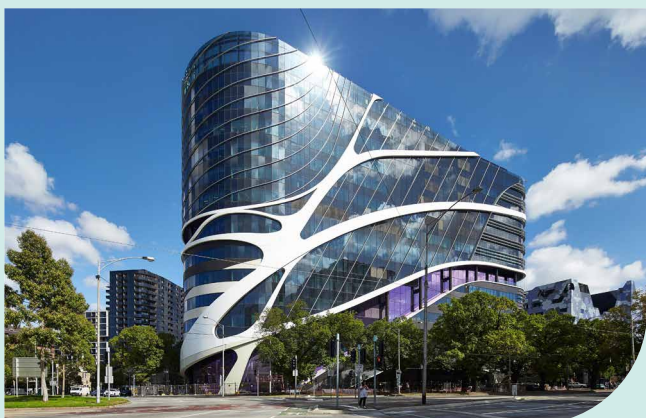
Peter Mac provides care for approximately 47,000 people annually, delivering 300,000 specialist appointments and 7,600 radiation therapy courses across five Victorian locations. As Australia's largest public radiation therapy provider, Peter Mac ensures accessible cancer treatment from Parkville to regional sites in Bendigo, Box Hill, Moorabbin, and Sunshine.

Peter Mac's research excellence includes 38 laboratories, 500 active clinical trials, and over 1,000 annual publications. This has earned international recognition, ranking 16th globally among oncology hospitals in Newsweek's 2025 rankings.

### Revolutionary melanoma breakthrough

In February 2025, Peter Mac achieved a medical breakthrough that fundamentally changed advanced melanoma treatment. Results from a groundbreaking clinical trial, published in *Lancet Oncology*, demonstrated that more than 50% of advanced melanoma patients whose cancer had spread to their brain could survive long-term with combination immunotherapy.

The Australian Breakthrough Cancer Study (ABC) trial's seven-year follow-up revealed 51% survival



The Peter MacCallum Cancer Centre, Parkville



Peter MacCallum Cancer Centre Researchers

rates for patients treated upfront with combination immunotherapy, representing a revolutionary shift for a condition where patients previously survived only around 16 weeks.

*'A situation that was considered terminal and with very limited treatment options now appears to be curable. Brain metastases are present in 30–40% of Stage 4 melanoma patients, making this breakthrough particularly significant.'*

Research Team, Peter Mac

### Community engagement

Celebrating its 75th anniversary in 2024, Peter Mac participated in Open House Melbourne, welcoming over 750 visitors across two days. Public tours of the \$1 billion Victorian Comprehensive Cancer Centre building showcased radiation therapy, pathology, research facilities, and patient care areas.

*'Taking part in Open House Melbourne enabled us to demonstrate the incredible impact Peter Mac has had over 75 years and to demystify cancer treatment for the public.'*

Leaders Team, Peter Mac

Named *Large Health Service of the Year* at the 2024 Victorian Public Healthcare Awards, Peter Mac continues to push boundaries in cancer care, turning terminal diagnoses into stories of survival and hope.

### Regional and Sub-Regional Hospitals and Health Services

Victoria has 6 Regional and 9 Sub-Regional Hospitals and Health Services that provide a range of acute and non-acute healthcare, aged care, community health and palliative care services for their community. Critically, Regional and Sub-Regional Hospitals and Health Services play an important role in delivering care close to home and reducing unnecessary flow of rural and regional patients to Metropolitan Hospitals.

Regional and Sub-Regional Hospitals and Health Services deliver higher complexity care, complex treatment plan coordination and the provision of clinical support services. This requires extending care to rural areas to deliver higher acuity care and working across the system to support patients closer to home for lower acuity care.

Like Metropolitan Hospitals and Health Services, Regional and Sub-Regional Hospitals and Health Services receive Activity Based Funding from the Victorian Government. Additionally, funding from the Australian Government is provided through Hospital and Health Service budgets and Statements of Priorities.

### Small Rural Health Services

Small Rural Health Services are the smallest hospitals in Victoria, with 30 across the state. They provide lower volumes of acute care and urgent care, but play an important role in the delivery of primary health, community health, and aged care according to the needs of their rural communities. They also provide a supported pathway for patients to access higher acuity care, facilitating transfers to and from Regional and Sub-Regional Hospitals and Health Services, as needed.

Small Rural Health Services are often the main provider of health and social care in their communities and are often the largest local employer, playing a vital role in the overall sustainability of their communities.

Unlike their larger counterparts, Small Rural Health Services are mostly provided a singular allocation of funding each year (block funded) by the Victorian Government for the healthcare services they deliver, in contrast to activity-based funding. This enables an

adaptable approach to delivering services designed to meet the needs of the community. They also receive funding from the Australian Government for aged care and a range of other services, depending on their service composition.

### Multi-Purpose Services

There are 6 Multi-Purpose Services in Victoria that aim to ensure communities receive the range of health and aged care services they need, including primary health, community health, mental health and in some cases, urgent care. They provide a tailored and flexible response to the needs of patients and the community, including facilitating patient access to higher acuity care, similar to that provided by Small Rural Health Services.

Multi-Purpose Services emerged in 1991 through a Commonwealth program designed to address service delivery challenges in rural communities through the integration of health and aged care services, with only 6 retained in Victoria since that time. They remain block funded by both the Victorian and the Australian Government, enabling a wide range of services tailored to the community.

### Early Parenting Centres

There are 10 Early Parenting Centres (EPCs) across the state with an additional three centres currently in the planning phase to expand service availability.<sup>8</sup> Of the 10 current services, 2 are stand-alone independent health services under the *Health Services Act 1988*, whilst the remaining are embedded into existing Hospitals and Health Services.

An EPC delivers specialist support for Victorian families with children from birth to four years. They provide targeted services to enhance the parent-child relationship and build capability of families, including supporting parents with strategies to achieve their parenting goals.<sup>8</sup> EPCs support families through mental health and child health services, often delivered through Maternal and Child Health. 70% of services provided by EPCs are delivered to families with children younger than 12 months.

Many families self-refer to the standalone EPCs and are supported to build their connections and access a range of health and community services. Similar to Specialist Health Services, many EPCs provide satellite sites into the wider community.

In the 2025–26 Victorian State Budget \$22.4 million in operational funding has been provided for the 13 EPCs across Victoria.<sup>22</sup>

### Public Sector Residential Aged Care Services

Public Sector Residential Aged Care Services (PSRACS) are a unique feature of the Victorian health system. There are 171 services across Victoria with most PSRACS embedded in Hospitals and Health Services. Five PSRACS are stand-alone, independently governed and recognised in the *Health Services Act 1988*.<sup>23</sup> In 2024–25, approximately 5,600 aged care places were delivered through PSRACS in Victoria.<sup>24, 25</sup>

The Victorian Government is the largest public provider of residential aged care in Australia. As of 30 June 2024, nearly 70% of the public sector residential aged care places provided by State and Territory Governments in Australia, were delivered by Victorian PSRACS.<sup>26</sup> Victorian PSRACS employ approximately 10,000 staff to deliver these services.<sup>26</sup>

Approximately 80% of Victoria's PSRACS are in rural and regional Victoria<sup>24</sup> and are often the only available aged care provider in the area. They play a critical role in community life and have a deep understanding of local need. In metropolitan areas, many PSRACS are specialist, older adults', mental health services.

PSRACS are supported through a combination of operational funding from the Victorian Government, resident fees and funding through the Australian Government aged care program.

### Registered Community Health Services

In Victoria, there are two main approaches to the delivery of Community Health Services. Whilst there are 55 Hospitals and Health Services (above) delivering integrated Community Health Services, there are also 24 independently Registered Community Health Services that are recognised in the *Health Services Act 1988* as a unique public healthcare organisation.<sup>27</sup> Beyond the 55 registered and integrated Community Health Services, community health programs are also delivered by a wider network of organisations, such as Bush Nursing Centres and non-government organisations.<sup>28</sup>

Registered Community Health Services deliver a range of comprehensive services, including primary care, allied health, counselling and mental health, chronic disease management and community nursing services,<sup>27</sup> and are focused on providing accessible and affordable health and social care. Some Registered Community Health Services are also major providers of drug and alcohol support services, disability services, dental, post-acute care, home and community care and community rehabilitation, as well as other health and social care services.<sup>3</sup> It is estimated that Registered Community Health Services serve upwards of 600,000 clients each year and employ over 11,000 Victorians.<sup>10</sup>

Registered Community Health Services are not-for-profit companies (limited by guarantee) and are funded through a combination of Victorian Government, Australian Government, client and patient fees and philanthropic donations. Given registration under the *Health Services Act 1988* and the associated allocation of state funding, Victoria's Registered Community Health Services must adhere to performance requirements and report to the Victorian Department of Health. Additionally, Registered Community Health Services deliver health services that are directly funded by Australian Government programs, such as general practice, dental and post-acute care programs through Medicare, disability services through National Disability Insurance Scheme, and aged care and mental health services.

# Meeting community where they are

## North Richmond Community Health's approach to healthcare equity

In the heart of inner Melbourne, within Australia's largest public housing estate, North Richmond Community Health (NRCH) stands as a beacon of inclusive healthcare. Serving one of Victoria's most diverse communities, NRCH exemplifies how Registered Community Health Services effectively bridge healthcare gaps for those facing the greatest barriers to access.

### A community-centred approach

NRCH provides a range of affordable and inclusive services to communities often facing significant barriers to mainstream healthcare. Working at the intersection of health and social care, NRCH provides a comprehensive service model which includes community health, dental care, allied health, maternal and child health and social support services. NRCH also operates Victoria's only Medically Supervised Injecting Room (MSIR).

### Balancing individual care with community wellbeing

NRCH has been working closely with community in acknowledgement of the complex health and social challenges the local area faces. They've launched a comprehensive safety and social amenity project in consultation with community to improve NRCH grounds, enhance security, maintain cleaner spaces, promote community involvement and respectful use of spaces.



North Richmond Community Health

*'Since opening in 2018, the MSIR has supported over 500,000 visits and managed nearly 10,000 overdoses without a single fatality. Beyond saving lives, the MSIR has been an important entry point to healthcare for people who often face significant barriers to accessing services. For many clients, these interactions represent their first positive engagement with the healthcare system in years.'*

Simone Heald, CEO NRCH

### Advocating for system change

NRCH advocates for integrated funding models that recognise the interconnectedness of primary healthcare services, recognition of the social determinants of health in policies, workforce development and support, and improved coordination across sectors, including housing providers and law enforcement.

*'These changes would create an enabling environment where Community Health Services like ours can effectively balance individual care with community needs, ultimately leading to better health outcomes and stronger, more cohesive communities.'*

Simone Heald, CEO NRCH



North Richmond Community Health

## Bush Nursing Centres

Victoria's 15 Bush Nursing Centres are community-owned and governed organisations that deliver care to the most rural areas of Victoria. Often the only accessible healthcare option, they have strong ties to their community and provide care 'from the cradle to the grave'. Bush Nursing Centres provide onsite nursing care, coordinate incoming health services, manage patient and script transport and provide at-home care to ensure their communities receive the clinical care they need.

Bush Nursing Centres typically employ a small team of staff and are supported by a network of local volunteers. According to the VHA's 2025 survey data, Bush Nursing Centres typically maintain a 50:50 ratio of clinical to non-clinical staff.

Bush Nursing Centres are some of the smallest publicly funded healthcare organisations in the Victorian public health system, with annual operating budgets typically less than \$1 million, funded through the Victorian Government and Australian Government.



# Century of Service

## Balmoral Bush Nursing Centre's Vital Role in Rural Healthcare

Balmoral Bush Nursing Centre (BBNC) will celebrate 100 years of service in 2025, as the only health service in town and one of just 15 Bush Nursing Centres remaining in Victoria.

### A century of community care

BBNC is a standalone, not-for-profit, independent organisation that receives part funding from the Department of Health via the Community Health and Small Rural Health Grants program. BBNC provides a broad range of primary, emergency and community health care to the Balmoral population of 281 (29) and to the wider community.

Working with limited resources, BBNC has adapted through tight budgeting and innovative workforce models such as the Rural and Isolated Practice Registered Nurse and Remote Area Nurses upskilling program – to offer the services its community needs.

### Celebrating success amid challenges

This year brings major achievements beyond the centenary of service, including the new Bush Nursing Centres Nurses Enterprise Agreement 2024, the launch of bulk-billed consultations, grants supporting workforce upskilling and an expanded range of health services.

Despite these successes, BBNC faces a critical challenge: the absence of regular GP services. For over four years, the centre has been relying on visiting GPs every 8–12 weeks.



BBNC Remote Area Nurses

Without available GPs, the centre is ineligible for some important funding streams, therefore missing crucial resources that could support service expansion.

### A vision for rural healthcare

Continued support is essential for BBNC to maintain and grow the services its community relies upon and to close the rural health gap.

*'A well-staffed Bush Nursing Centre is one of the essential elements of a small town like ours. Unless incentives recognise the important work bush nursing centres, remote area nurses, and nurse practitioners play in rural communities, we will never be able to expand our service profile.'*

Fiona Harrington, Health Service Manager BBNC



The Balmoral Bush Nursing Centre staff team

### Palliative Care Services

Palliative Care Services are delivered through admitted services in a hospital, aged care providers, or in the community.<sup>30</sup> There are approximately 39 Palliative Care Services provided in Hospital and Health Service settings (264 beds). Additionally, there are a wide range of specialist community based Palliative Care Services that are independently governed healthcare organisations that deliver care at home, in residential aged care services and in standalone services. There are five day-hospitals which provide clinical care, respite and therapeutic day services: along with several statewide services offering comprehensive care.<sup>31</sup>

Palliative Care Services deliver person-centred and family-focused care for individuals living with life-limiting illnesses. These specialised services prioritise quality of life as their primary objective, supporting patients and their families through the provision of comprehensive physical, emotional, and practical support. Most Palliative Care Services are funded through the Victorian Government and provided at no cost to patients, ensuring accessibility for all Victorians.

### Maternal and Child Health Centres

In Victoria, Maternal and Child Health Centres provide free, universal, primary health services for Victorian families with children from birth to school age. Maternal and Child Health services focus primarily on health promotion and prevention for families and babies. Victoria's network comprises of over 80 Maternal and Child Health Centres. Their governance structures vary, with some Maternal and Child Health Centres managed by local councils, while others operate under Health Services or Aboriginal Community Controlled Organisations.

There were over 70,000 Maternal and Child Health Service clients aged 0 to 1 year in 2023–24.<sup>32</sup>

Maternal and Child Health centres are strategically located in local communities and receive funding primarily from Victorian and local Governments. \$28.8 million was allocated for Maternal and Child Health in the 2024–25 Victorian State Budget.<sup>33</sup> In council-managed Centres, the local Governments directly employ the Maternal and Child Health workforce, including nurses and other health and early years professionals.

### Women's Health Services

There are 12 Women's Health Services in Victoria which operate under a primary prevention approach, addressing the social determinants of health. Women's Health Services provide a range of services to advance women's health and equality, including health promotion and education, research, and monitoring and evaluation.

Women's Health Services are funded through the Victorian Government's Victorian Women's Health Program which will receive \$18.3 million of funding for the 2024–26 period.<sup>33</sup>

### Other non-bed-based organisations

In addition to the organisations already described, there are a number of healthcare organisations that deliver highly specialised and vital healthcare outside of bed and typical community-based settings. This includes emergency and non-urgent patient transport, aeromedical services, forensic healthcare, breast screening and LGBTIQ+ health services, as examples (e.g., BreastScreen Victoria, Victorian Royal Flying Doctor Service). Each provide a distinct type of healthcare and often serve as the main public and/or free provider of that service in Victoria. These services operate under varied governance and funding arrangements and collectively play a vital role in meeting the diverse and complex health needs of Victorians.

# BreastScreen Victoria

## Breaking Records and Barriers in Cancer Screening

The BreastScreen Victoria program is the cornerstone for the early detection of breast cancer. The organisation combines clinical excellence with a deep commitment to client inclusivity and accessibility.

### Providing life-saving screens across Victoria

BreastScreen Victoria operates a population-based breast cancer screening program aimed at reducing the impact of breast cancer through early detection. The service provides free 10-minute breast screens (mammograms) to women and the trans and gender-diverse community aged 50–74 without breast symptoms.

### Breaking down barriers to care

BreastScreen Victoria’s commitment to equity goes beyond offering free services across over 55 clinics across the state. It has introduced targeted initiatives to reach communities facing significant barriers to screening, including Aboriginal and Torres Strait Islander women and women in prison.

The organisation also focuses on other priority groups such as LGBTIQ+ individuals, multicultural communities, people with disability, and those from low socio-economic backgrounds.



BreastScreen Victoria Mobile Screening Service



The team from BreastScreen Victoria and Victorian Aboriginal Community Controlled Health Organisation winning the 2024 Victorian Public Healthcare Award for Excellence in Aboriginal Health & Wellbeing

### Sustaining momentum through innovation and inclusion

The 2023–24 period marked a milestone year for BreastScreen Victoria, with the organisation providing 282,878 screens – the highest number in its history.

*‘We not only achieved record-low appointment wait times but also increased participation rates to 51.9%.’*

Rita Butera, CEO BreastScreen Victoria

Responding to client feedback, BreastScreen Victoria has also recently introduced breast density reporting empowering clients with better information about their breast health.

# The healthcare workforce

Overall, the healthcare sector is the largest employer in Victoria (public, private, community), with over 341,000 people employed across medical, nursing, allied health, social services, administration, and operational roles in 2021.<sup>34</sup> The workforce has grown by 33% since 2011 (228,425),<sup>34</sup> faster than the general population.

## Headcount of Victorian healthcare workforce

The public healthcare sector is a significant employer of the healthcare workforce in Victoria. 1 in 10 working Victorians are employed in medical, nursing, allied health, social services, administration, corporate or operational healthcare roles.<sup>35</sup> In 2024, there were 155,252 employees in public Hospitals and Health Services alone, which had increased by 11% (approximately 16,669) since 2021.<sup>34</sup>

In Victoria, the health and social assistance sector is set to lead industry workforce growth to 2034. It is expected to grow at an annual rate of 3%, significantly outpacing Victoria's population growth of 0.7 to 1.5%,<sup>36</sup> and accounting for a quarter of all new workers across Victorian industries.<sup>37</sup>

Like many care sectors, the workforce is predominantly female (77%) with an average age of 42 years.<sup>38</sup>

## Regional and Rural Victoria

Regional and rural Victoria encompasses 1.6 million individuals, with a growth rate of 1.23% for the 2023–24 year, that is lower than that of regional Australia at 1.32%. Likewise, the rate is lower than the greater Melbourne area, which grew at 2.74% in 2023–24.<sup>39</sup>

Of the 1 in 10 employed Victorians working in the healthcare sector, nearly one-quarter of these workers are based in rural or regional areas.<sup>36</sup> This means there is approximately 24 public healthcare workers for every 1,000 people in regional and rural Victoria.

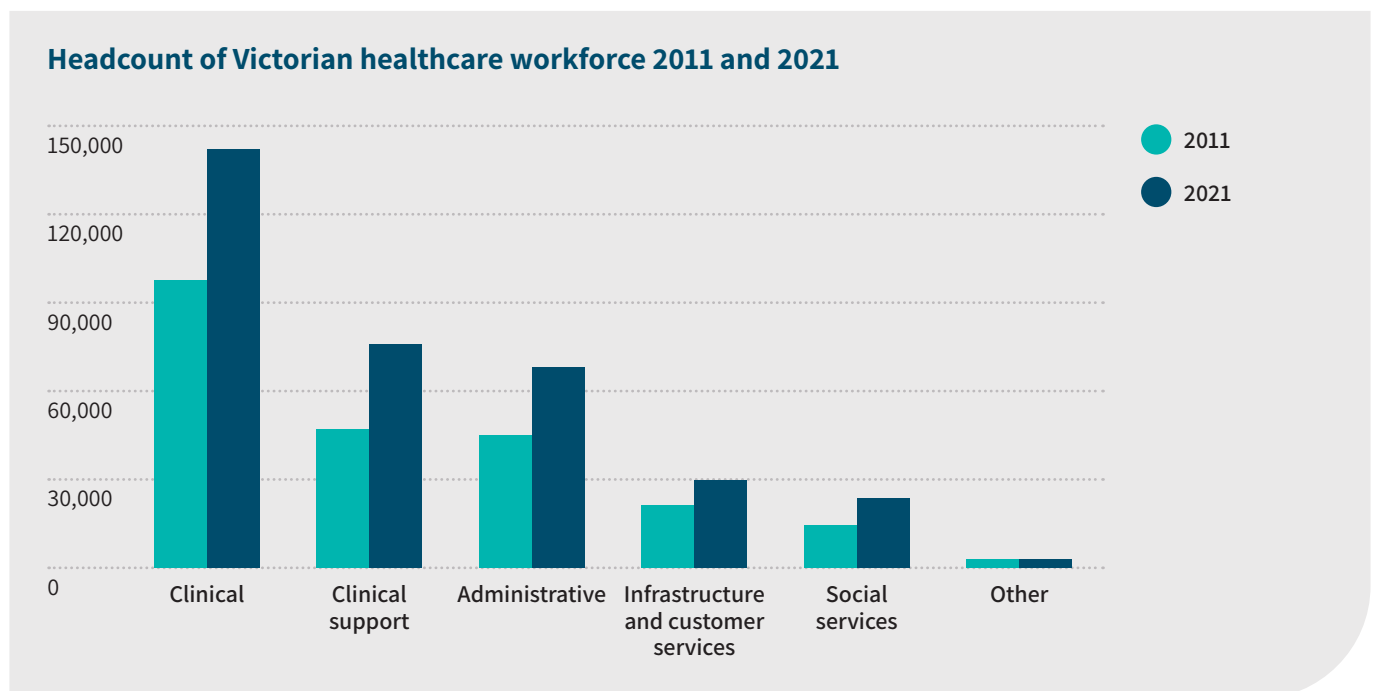


Figure 3

## Victorian Public Healthcare positions by location

There is high demand for healthcare workers in rural and regional Victoria, with approximately 60,000 workers in 2021. According to the latest data 27% of the clinical workforce in Victoria are based in rural and regional communities (26,360). Comparatively, 23% or 10,352 workers deliver administrative functions.<sup>34</sup>

### Skilled Workforce Migration

In 2023–24, 41% (28,617) first-time registrants of the Australian Health Practitioner Regulation Agency (APRHA) were internationally trained.<sup>40</sup> Of the 212,150 overseas migrant arrivals into Victoria in 2023–24,<sup>41</sup> 1,102 were newly registered doctors,<sup>42</sup> demonstrating both an attraction of the Victorian healthcare sector to international communities and the need for skilled migration to support the sector. Most of Victoria’s international health workforce is trained in the United Kingdom, New Zealand, South Africa, and countries across South and Southeast Asia. As of 2021, over

half of international doctors were trained in the United Kingdom, India, New Zealand, South Africa, or Sri Lanka, while around 80% of international nurses qualified in the United Kingdom, India, the Philippines, New Zealand, or Ireland.<sup>43</sup>

Migration plays a vital role in meeting the needs of Victoria’s communities, with healthcare driving a significant proportion of new entrants, particularly for regional and rural communities. As such, support for workforce recruitment is essential, including areas such as housing, education and childcare.

*‘Unavailable childcare and rental properties has an impact on recruiting and retaining staff. Having available infrastructure for working families would potentially create stability in the workforce.’*

**Regional Hospital / Health Service**

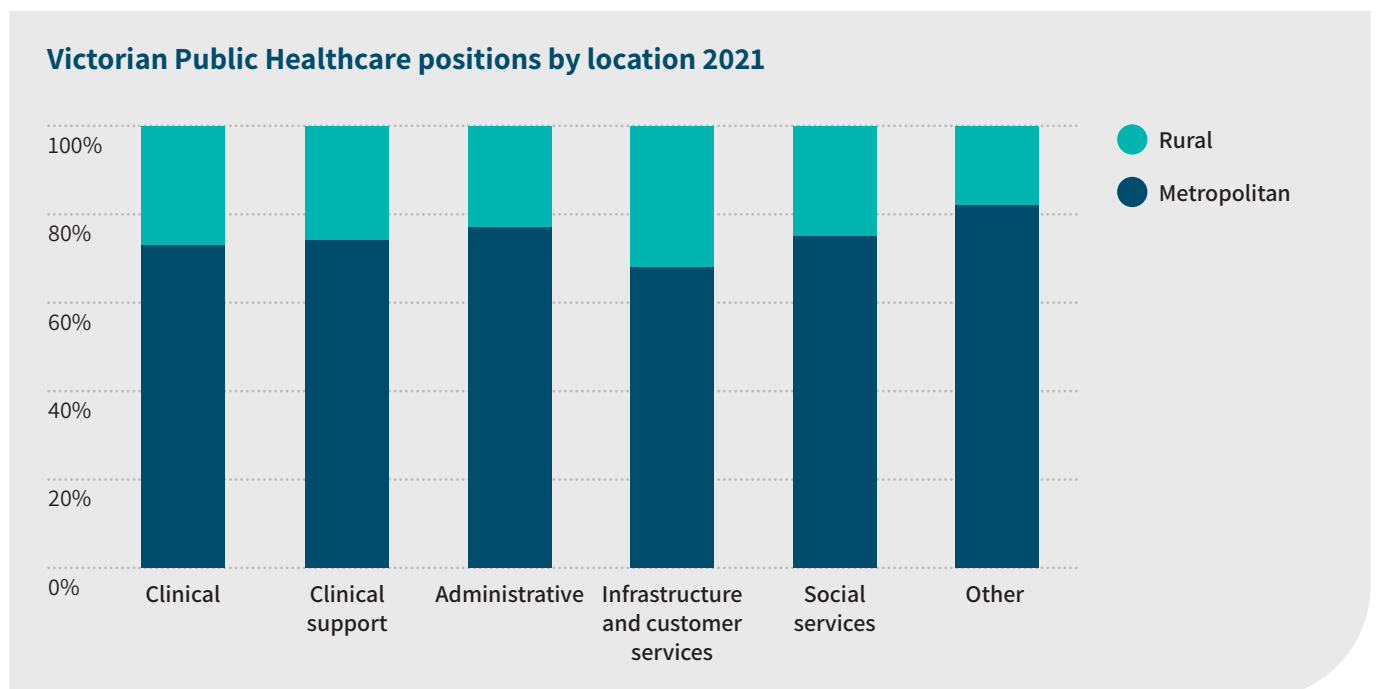


Figure 4

# Funding healthcare for Victorians

Victorian healthcare organisations predominately receive funding from the Victorian Government, Australian Government and a smaller proportion from non-government sources, such as health insurance funds and out-of-pocket payments by individuals.

## Health funding as a proportion of the Victorian Budget

Health is a political and economic priority, particularly in the wake of COVID-19, cost of living pressures and rising demand associated with the ageing population and increased chronic disease.

In the 2025 Victorian State Budget, \$31 billion was allocated to the health portfolio, representing approximately 31% of the overall state budget. Health continues to be Victoria’s largest spend with \$9.3 billion allocated towards primary care services, \$497 million to improve mental health services, and \$634 million for new and expanded hospitals.<sup>33</sup>

Victoria’s 2025–26 health budget represent 25.7% (\$31.8 billion) of the state’s budget expenditure<sup>22</sup> and is comparable to that of similarly sized states, like New South Wales (\$33.3 billion; 26.1% budget)<sup>44</sup> and Queensland (\$33.1 billion; 33.1%).<sup>45</sup> Given the 2025–26 Victorian health portfolio budget, the per capita health spend equates to approximately \$4,430, based on the reported 2024 population.

## Health funding as a proportion of the Australian Government Budget

The 2025 Australian Government Budget allocated \$127 billion to the Health and Aged Care portfolio, representing 15.9% of the budget total. Victoria will receive \$7.8 billion (24.4%).<sup>55</sup>

The Australian Government’s total contribution to state-operated public hospitals increased by 12% in 2025–26, reaching \$35.2 billion under the National Health Reform Agreement (NHRA). The funding is linked to growth in public hospital activity, the national efficient price and national efficient cost determined by the Independent Health and Aged Care Pricing Authority.<sup>56</sup>

The National Health Reform Agreement (NHRA) previous and projected future distribution is outlined in Figure 7.<sup>55</sup>

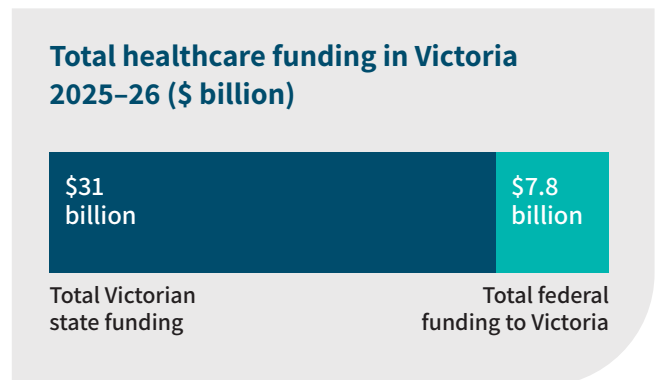


Figure 5



### Total Health annual Victorian budget spend 2015–2025 (\$ billion)

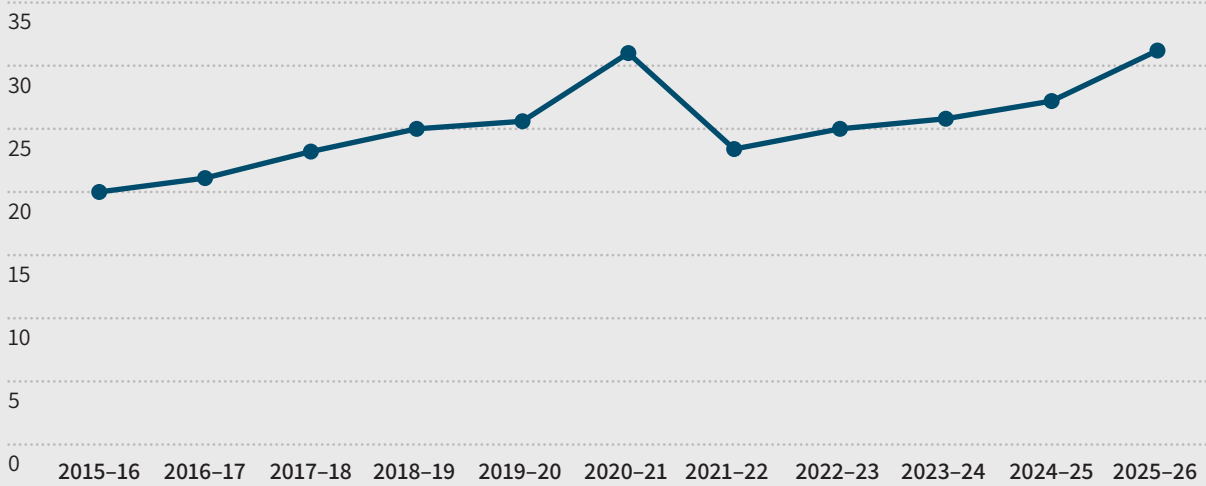


Figure 6

### Federal Health Budget Spend 2023–28 (\$ billion)

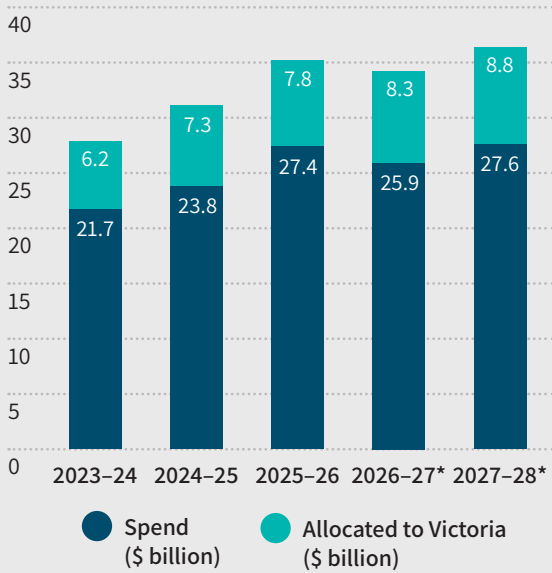


Figure 7  
\* Projected



# Sentiments of the Victorian publicly-funded healthcare sector

## Priority issue 1: Funding



Over **90%** of respondents said **funding is a major challenge** for their healthcare organisation

## Priority issue 2: Workforce



**86%** of respondents stated that **workforce is a significant concern** for Victoria's public healthcare organisations

## Priority issue 3: Service delivery



**100%** of respondents said their organisation has a **strong connection to its community**

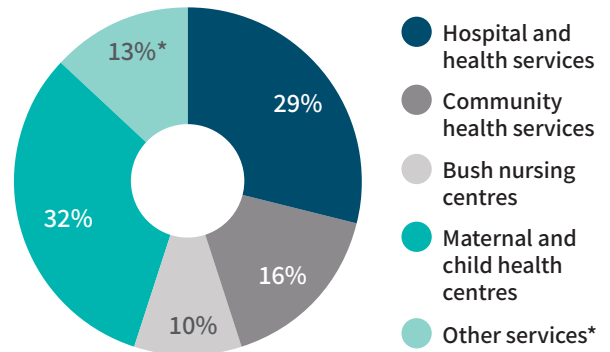
## Survey response rate



**35%** of in-scope healthcare organisations responded to the survey

## Survey respondents by healthcare organisation

### Type



- \* Other services include:
- Public Sector Residential Aged Care Services
  - Early parenting centres
  - Palliative care services
  - Women's health services
  - Non-bed based services

### Location

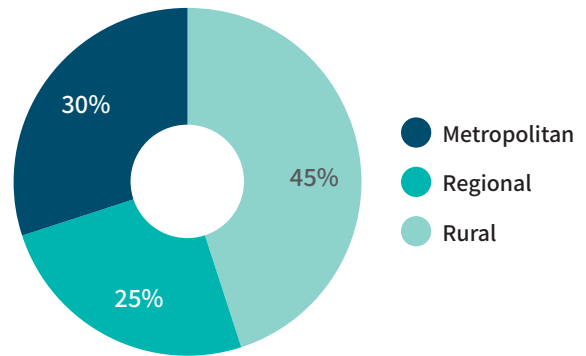


Figure 8

## 2025 Topic Exploration: Local Health Service Networks



**74%** of in-scope services believe their **Local Health Services Network grouping is appropriate**



**62%** of services that are out-of-scope of the Health Services Plan **understand the purpose of the reform**

# Sector strengths, opportunities and challenges

Victoria's public healthcare organisations remain committed to providing high-quality care. 100% of survey respondents reported an important connection to their community and place a priority on delivering services the community needs in an equitable and accessible way.

There are well known challenges across the sector, not only in Victoria, but across the country. The sector survey, completed by 35% of in-scope service leaders, identified three priority opportunities and areas for improvement: **workforce**, **funding priorities and sustainability**, and **service capacity and community needs**.

## Workforce

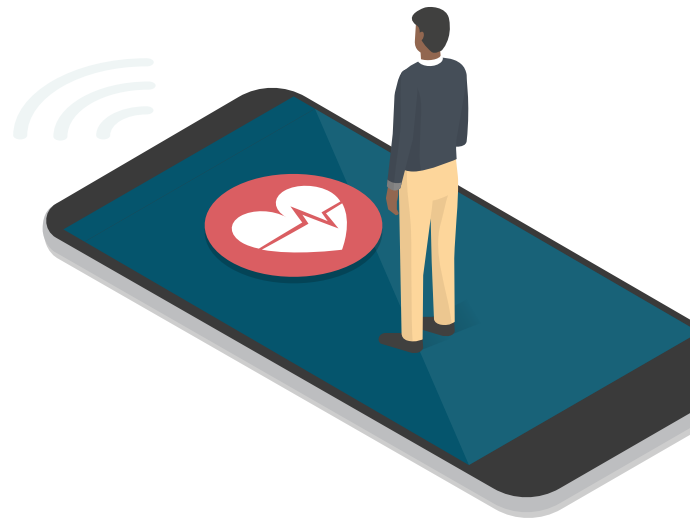
Despite strong projected workforce growth, shortages remain a known and sustained challenge for the public healthcare sector. The health and social assistance sector in Victoria is set to have significant growth to 2034, with 25% of all new workers anticipated to enter the health field.<sup>37</sup> This reflects an annual growth rate of 3%<sup>37</sup> and is much higher than Victoria's current population growth of 0.7% to 1.5% per annum.<sup>36</sup> Yet, this growth is still unlikely to meet the rising demand for care driven by increasing rates of chronic disease, an ageing population, and changing community demographics, highlighting the critical need for sustained investment in workforce planning, attraction, and retention to ensure the sector can keep pace with community needs.

Given the rising demand, it is not surprising that 86% of respondents stated that workforce is a significant concern for Victoria's public healthcare organisations. Whilst the survey highlights workforce challenges as a common issue across the state, the underlying cause and response strategies vary considerably based on geographic location, requiring tailored approaches, rather than one-size-fits-all solutions. Two key themes emerged from respondents' reflections on the healthcare workforce: the opportunities afforded by virtual care and the challenges of recruitment and retention.

## Virtual Care

Virtual healthcare approaches include video and telehealth, remote patient monitoring, practitioner to practitioner consults and use of the Victorian Virtual Emergency Department (VVED). The opportunity presented by virtual care – through improving community access to care and as a workforce solution – is a game changer for the health sector.

Across Victoria, people can now access emergency care online through the VVED, no matter where they are. The VVED has delivered care and advice to Victorians, preventing 83% of patients from attending an emergency department<sup>57</sup> and therefore relieving pressure on the healthcare workforce across the state. This brings care into the home and has reduced the need for patients to travel into urgent care centres and emergency departments. In December 2024, the VVED responded to 22,000 patients which is more than many Hospital and Health Service emergency departments see in a quarter.<sup>57</sup> This demonstrates a significant enhancement to the Victorian healthcare system, which enhances access to care for the community. Given this success, \$437 million has been allocated in the 2025–26 Victorian State Budget to expand the VVED.<sup>22, 58</sup>



*‘The VVED had proven virtual emergency care was an integral component in ensuring every Victorian received the right care in the right place at the right time. It’s safe and cost-effective, and patients love it.’*

**Dr Miller, Acting Director, VVED, Northern Health.**







The benefits of virtual care were expressed through the sector survey, with 64% of Hospital and Health Service and Registered Community Health Service respondents identifying virtual care as a key response to workforce challenges, such as the ability to maintain service continuity while managing workforce limitations. It is likely that innovative workforce models, built on virtual care, will make better use of workers’ skills, experience and scope of practice and therefore play an essential role in managing workforce shortages. This has been made possible through online consults with specialists and clinical experts, and is particularly impactful for rural and regional healthcare organisations now able to leverage expertise from larger and specialist Hospital and Health Services.

Additionally, virtual care enables greater workforce collaboration facilitating a state and sector-wide view on the provision of care, such as metropolitan Hospitals and Health Services reaching into regional and rural healthcare

organisations to provide support and bolster the capacity of the system. This has reduced the need for patients to be transferred to Melbourne, freeing up workforce, beds and emergency departments, while keeping patients close to home. It is likely that this has enabled regional and rural healthcare organisations to work closer with their community and assist in a supported transition to home-based care in rural and regional communities.<sup>59</sup>

Healthcare organisations have increasingly turned to virtual healthcare as a leading adaptive strategy. These technology-enabled solutions allow a range of healthcare services to be delivered and improve access to the community, particularly where limited workforce and resources are available in regional and rural healthcare organisations. However, virtual care should not be relied upon as the only solution put forward to regional and rural healthcare organisations. A broader suite of solutions, including access to skilled staff and training pathways, must be made available to support healthcare organisations across the state.

### Workforce challenges and solutions by location

	Metropolitan	Regional	Rural
Top workforce challenge	 Labour costs	 Staff burnout and stress	 Workforce attraction and pipeline
Top workforce solution	 Shift costs	 Virtual service delivery	 Virtual service delivery

## Recruitment and retention

The lasting impact of COVID-19 and rising demands continue to impact the health sector, resulting in workforce burnout becoming a key challenge for health services. No part of the state is immune to this and that is largely reflected in the health funding through the 2025–26 Victorian State Budget and investments from the Australian Government. In these budgets, \$95 million has been allocated to support nurses, midwives and healthcare workers through clinical placements and professional development across their careers, which will go some way towards bolstering workforce supply.<sup>22, 60</sup>

Difficulty in building the workforce pipeline and attracting qualified workers were the top challenge across the state, with 50% of survey respondents calling these out as primary issues. 40% of survey respondents also reported not being able to identify and secure workforce as a key issue. For healthcare organisations in rural areas, known barriers to recruitment include professional isolation for healthcare practitioners and reduced face to face peer connection and learning with colleagues. In contrast, in metropolitan areas, labour costs were the top concern (60%), as these services often operate with larger, more specialised workforces which creates significant financial pressures.

Burnout and stress were reported by 70% of respondents in regional areas, and 51% of respondents across the state. This has been an issue exacerbated by COVID-19 and continues to be a feature impacting across the workforce. Innovative practices, including the previously described access to virtual care, and training and development are essential for healthcare organisations to embed in their suite of employer offerings to ensure the workforce is supported, and able to meet the growing demand for healthcare.

Across the state, 73% of respondents noted a concerted effort to expand the scope of healthcare delivery to meet the needs of the community. Nurse practitioners have been identified as a key opportunity to do this, particularly in smaller and rural healthcare organisations. 38% of survey respondents highlighted expanding the scope of the existing workforce as a necessity.

.....  
*‘Nurse Practitioner models and expanding workforce in this area is very helpful when [it is] difficult to recruit medical staff’*

**Regional survey respondent**  
.....

Targeted recruitment strategies have been implemented that emphasise lifestyle benefits and professional autonomy, such as virtual peer mentoring. These strategies aim to drive recruitment and retention by preventing burnout, creating new career pathways and ensuring access to virtual care and peer connection. Additionally, international and interstate recruitment is a strategy used by 90% of Hospitals and Health Services and Registered Community Health Services in regional and rural Victoria, being organisations with a proportionally higher use of locum and agency staff (72%).

.....  
*‘[It is] hard to attract staff to rural areas due to the small workforce, [as we are] unable to offer hours to make worthwhile.’*

**Rural survey respondent**  
.....

# Funding priorities and sustainability

Funding emerged as the most significant concern for healthcare organisations across Victoria, with implications for service delivery, operational capacity, and long-term sustainability. The survey findings highlight several interconnected aspects of funding challenges that affect healthcare organisations differently based on their size, organisation type, and location.

## Importance of funding

Funding was rated as the most important issue for the sector with 78% of respondents rating it as a 'very important' issue. This prioritisation reflects the role that funding plays in a healthcare organisation's ability to deliver health services, maintain infrastructure, and invest in its workforce. Overwhelmingly, more than 90% of respondents agreed that funding is a major challenge for their healthcare organisation.

The importance of addressing funding issues is particularly crucial for healthcare organisations operating in rural and regional areas. These organisations face compounding financial pressures from limited economies of scale, higher workforce costs, and increased service delivery expenses across larger areas. These factors create disproportionate financial burdens compared to metropolitan healthcare organisations, creating potential hurdles to their ability to deliver comprehensive care to communities already experiencing access barriers.



**78%** of health services rate funding as a **very important issue**

## Funding processes

Funding processes have been highlighted as difficult to navigate, irrespective of the geographic location or healthcare organisation type. Specifically, there were concerns that securing funding was not a simple process (86%), and that funding models were inefficient (84%).

*'Funding is short term in nature and if renewed this is communicated either very close to contract expiration or post contract expiration. Indexation is insufficient to cover cost increases and is advised and provided well after the new financial year.'*

### Metropolitan survey respondent

Creating a simple process to secure funding will better support healthcare organisations to plan and deliver services in a sustainable way. Complex mechanisms to obtain funding (e.g., infrastructure grants) and insecure funding (e.g., annual grant programs) limit the ability for healthcare organisations to undertake long-term planning, particularly around expansion of services. Linked to this, and likely driven by the complexity of the process, a high proportion of respondents (74%) believe that securing funding is not a clear process for those seeking to apply. Some respondents reported that they experience an administrative burden in developing funding applications which has financial impacts that are disproportionate for smaller healthcare organisations with limited administrative capacity.

Healthcare organisations have reported limited opportunities for growth and innovation due to inefficient funding models and constraints. This includes deferring workforce development initiatives (30% of regional and rural healthcare organisations) and delaying infrastructure and equipment replacements (50%), and upgrades (62%). A focus on providing long-term and sustainable funding would help alleviate these challenges, noting an opportunity to move away from year-on-year cyclical arrangements.



**84%**

of respondents believe **funding models are inefficient**

**86%**

of respondents believe **securing funding is not a simple process**

*‘Secure ongoing funding would mean all funding was going into delivering work, currently a portion of funding is being utilised purely to secure more funding...’*

Regional survey respondent

In the 2025–26 Victorian State Budget, a multi-year commitment in funding for Hospitals and Health Services was made. This means that there is some certainty on what is to come for these healthcare organisations, however it leaves other healthcare organisations behind.

### Addressing investment priorities

Healthcare organisations expressed a readiness for more active collaboration with government to address sector-wide funding challenges. Targeted investment is essential to ensure the sustainability of healthcare organisations and the sector. Key investment priorities highlighted by respondents include:

### Workforce development

Overwhelmingly, survey respondents highlighted workforce development as a priority (73%), including difficulty in supporting workforce development within their existing funding envelope (28% reducing; 40% delaying). Initiatives such as targeted workforce development programs, training subsidies, and supports to reduce burnout rates would go some way to address the workforce challenges and bring operational efficiencies through workforce stability.

*‘Investment in staff development and leadership is hard to juggle when financials are so tight.’*

Regional survey respondent

### Infrastructure funding

Of concern, was that 62% of survey respondents stated that they have not upgraded equipment or infrastructure as a response to funding challenges. Maintaining and upgrading facilities is a key investment area, as ageing infrastructure impacts service quality and operational costs. Future-proofing existing health infrastructure represents a sustainable approach to maintaining the capacity of the sector.

### Virtual health technologies

Virtual care is a significant opportunity for the sector and worth further investment, noting that 40% of survey respondents are looking to increase their use of virtual services and technology. The rollout of digital innovations, including VVED expansion which has been enabled through the 2025–26 Victorian State Budget will make a contribution to this. Supporting the implementation of video and telehealth and other digital platforms would enhance service delivery efficiency, allowing healthcare organisations to extend specialised healthcare to underserved areas, while potentially reducing pressure on workforces experiencing shortages and stress.

# Service capacity and community needs

Approximately 32% of metropolitan and regional healthcare organisations and 50% of rural healthcare organisations report being able to comfortably offer all healthcare services their communities need. This highlights a gap between capacity and comprehensive service delivery that likely stems from several factors known across the sector, including:

- Community needs extending beyond the defined service scope or funding parameters for a healthcare organisation,
- Increasing prevalence and complexity of chronic disease requiring expanded service models,
- Funding constraints limiting service range, and
- Workforce shortages and infrastructure limitations restricting service delivery and/or expansion.

## Service capacity status

All survey respondents report that their service has a strong connection to their community and 81% reported working well with other publicly funded healthcare organisations. These results highlight an opportunity to strengthen the system by leveraging the capabilities and expertise across the sector and maximise the benefits which come from community connection and collaboration. An example of this is enabling rural healthcare organisations to support people locally in the community through ‘in reach’ services and virtual care. In turn, this could help to ease pressure on metropolitan and regional healthcare organisations.

The majority of metropolitan and regional healthcare organisations (82%) reported operating at capacity for healthcare delivery, indicating efficient utilisation of available resources to meet community needs. However, this high utilisation rate also suggests limited flexibility to accommodate sudden increases in demand or service expansion without additional resources. This has been a noted challenge in times of elevated demand such as disease outbreaks and/or disaster response periods.

Conversely, 40% of rural healthcare organisations said they are at capacity. Feedback from rural healthcare leaders suggests that capacity differences are driven by a range of complex factors, including differences in local demand, workforce shortages, delays in returning patients to local care in rural communities, and differences in service scope.

Lack of funding and support was called out several times as a key barrier for rural healthcare organisations to offer a broader range of healthcare. This likely results in healthcare organisations making critical decisions on how to best prioritise resources for their community.

---

*‘There is a disconnect between what the community seeks for support and what we can provide, funding supports only limited options for care delivery.’*

**Metropolitan survey respondent**

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*‘Small rural services have the capability and capacity to take on a much broader range of services than they currently offer and it would be of tremendous benefit to our communities and the health service system if we were supported and funded to do so.’*

**Rural survey respondent**

Long waitlists were reported by 61% of respondents from metropolitan and regional healthcare organisations, indicating strong community demand for their services. On the other hand, only 27% of rural healthcare organisations reported long waitlists. Similar to the underpinning causes for capacity differences, this is likely due to population density, and differences in service offerings and scope. Nevertheless, this data highlights an opportunity to improve coordination across the system to ensure healthcare organisations are better connected and community needs are more evenly met, including tapping into the availability and capacity of rural healthcare organisations.

Rural healthcare organisations have the potential to relieve demand pressures on their metropolitan and regional counterparts.<sup>61</sup> This applies particularly in the provision of step-down care which allows patients to return to local communities following intensive care or treatment. To do so, a better understanding of rural healthcare organisations’ capabilities is required, as well as improved regional-level visibility over bed availability, patient readiness and formalised patient transfer mechanisms.<sup>62</sup>

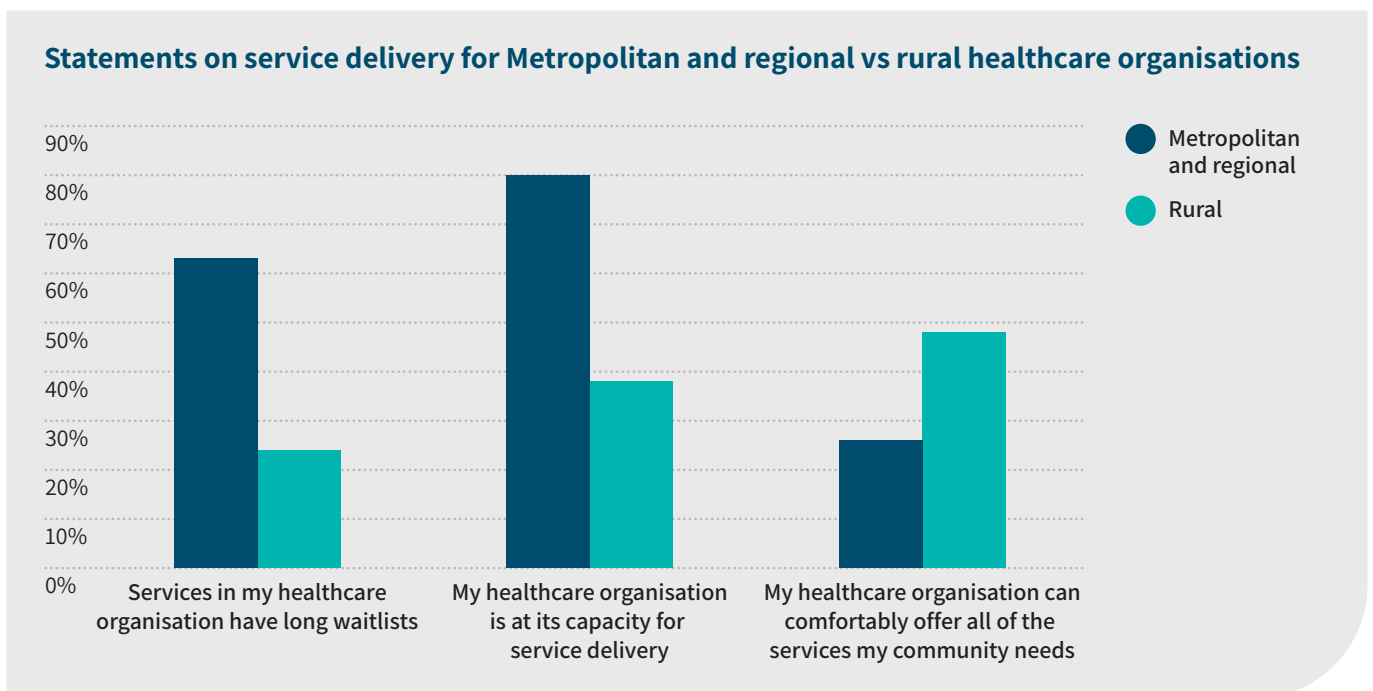


Figure 9

## Service capacity



**73%** of respondents looking to **expand service delivery capacity** to continue meeting community needs



**100%** of respondents report having **strong connections to their community**



**81%** of respondents report **working well with other publicly funded healthcare organisations**

## Increasing demand pressures

Whilst some types of healthcare organisations have greater capacity and lower waitlists, a majority of respondents (63%) report that meeting service demand has become more difficult over the past 12 months. This growing pressure on healthcare organisations likely reflects both increasing community needs and the compounding effects of workforce and funding challenges detailed elsewhere in this Report.

Despite these pressures, 73% of respondents indicated they are actively looking to expand their service delivery capacity to meet the increasing and changing needs of their community. Realising these expansion aspirations will require government support through targeted funding and workforce initiatives, as survey respondents identified these as key barriers. Aligning funding and workforce initiatives to the specific needs of community will likely enable tailored healthcare services to be delivered, in line with population demographics and needs.

.....  
*'... the demand for our services has increased while our ability to attract and pay appropriate salaries for staff has decreased.'*

Regional survey respondent  
.....



# Additional sector priorities

Beyond workforce, funding, and service capacity and community needs, survey respondents were asked about a range of sector issues and opportunities. The following have been identified as key issues for the sector and while summarised here, the opportunity to unpack these further will be of benefit to the sector.

## Health inequities

Addressing health inequities emerged as the second most critical issue for respondents (76% rated it as ‘very important’). This reflects the sector’s commitment to reducing limiting and avoidable differences in health status that are often driven by social determinants of health such as income, education, and early childhood development.

## Access to care in regional and rural areas

Access to care in regional and rural areas was rated as the third most important issue overall (74%) and the top issue for respondents located in rural and regional areas (87%). Improving regional and rural access to care is also a key government strategy for addressing health inequities across the state.<sup>63</sup>

The Victorian healthcare system aims to provide all patients with access to appropriate care, regardless of their location, with rural healthcare organisations playing a key role beyond their immediate communities. Despite rural settings accounting for only 37% of healthcare organisation delivery locations, they serve 53% of all health service patients from rural areas.<sup>64</sup> This indicates the need for effective mechanisms to support patient flow, such as referral pathways and patient transport systems, which will help bridge access barriers.

Regional healthcare organisations serve as crucial hubs in the state healthcare network. 29% of survey respondents were regional healthcare organisations, while their immediate communities represent only 21% of the Victorian population.<sup>65</sup> These services function as a lead service for a region, and provide accessible care options for rural patients, serve as coordination points within regional networks and relieve pressure from metropolitan health services.

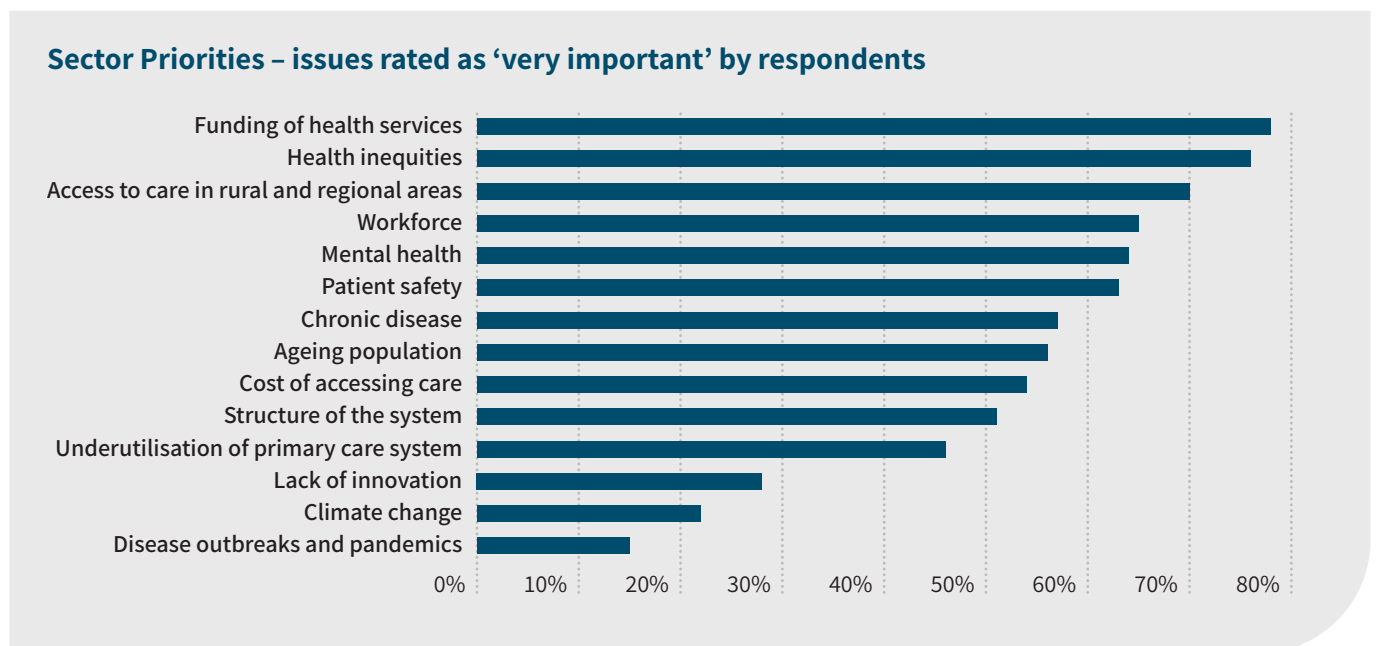


Figure 10

## Patient safety

Among responses from Hospital and Health Services, patient safety emerged as a top priority, with 75% of Hospital and Health Services rating it as ‘very important.’ This focus on safety reflects the increasing complexity of acute care and the heightened risks associated with treating patients with multiple chronic conditions and complex care needs.<sup>66</sup>

Addressing patient safety requires a multifaceted approach that includes adequate funding to support the healthcare workforce and investment in infrastructure, both physical and digital. Public Hospitals and Health Services are currently working with Victoria’s healthcare quality and safety improvement agency, Safer Care Victoria, which aims to strengthen clinical governance across the state. In particular, services are engaged in the 100,000 Lives Program (now part of the Safer Together Program) which aims to reduce harm and improve health outcomes through small and large-scale improvement projects.<sup>67</sup>

## Chronic disease management

Among the subset of responses from Registered Community Health Services, chronic disease management emerged as the most critical concern, with 82% rating it as ‘very important.’ This reflects their role in addressing conditions that increasingly dominate healthcare demand which is anticipated to grow into the future. It also highlights the critical need for long-term, sustainable approaches to this growing challenge. Without proper investment in comprehensive primary care solutions, the broader health system will struggle to manage the increasing burden of chronic conditions across Victorian communities.



# 2025 Topic Exploration

## Health Services Plan and system reform

The structure of the Victorian health system is currently being transformed as part of the Health Services Plan.<sup>68</sup> In 2023, the Victorian Department of Health commissioned an Expert Advisory Committee to review the design and governance of Victoria’s Hospitals and Health Services.<sup>68</sup> The Committee developed the Health Services Plan which consists of 27 recommendations for reform, of which 26 were accepted in full or partial by government. One of the key recommendations accepted was the establishment of Local Health Service Networks (LHSNs) which will formally group Victorian Hospitals and Health Services within a geographical region.<sup>18</sup> The LHSNs will commence operation on 1 July 2025.

Currently, only certain healthcare organisations – public Hospitals and Health Services – are in-scope of the Health Services Plan (excluding stand-alone EPCs and PSRACS). Following the establishment of LHSNs, it is anticipated that further opportunities to streamline care and collaborate with out-of-scope healthcare organisations will be explored.

This data suggests that while high-level aspects of the reform such as the purpose and composition of the LHSNs are generally understood, operational aspects remain unclear to many organisations. Additional clarity will be essential to the Health Services Plan’s success.

### Among respondents whose healthcare organisations are in-scope for the Health Services Plan



**74%** agreed their Local Health Service Network assignment was appropriate



**26%** believed current funding is sufficient to support implementation of the Health Services Plan, noting surveying occurred prior to the 2025/26 State Budget release

### For respondents whose healthcare organisations were out-of-scope



**62%** understood the purpose of the Health Services Plan, however



**62%** were also unclear on how their healthcare organisation would work with the Local Health Service Network in their geographical area

# 2025 Topic Exploration

## Disaster response and climate change preparedness

The survey asked respondents about their healthcare organisation's readiness to respond to natural disasters and adapt to the impacts of climate change. Healthcare organisations serve as critical responders during emergencies, with their preparedness levels directly impacting community resilience during natural disasters.

Overall healthcare leaders indicated climate change as an important priority (77%), in which organisations are both responders and affected by disaster events. For example, healthcare organisations were primary responders in supporting the health and mental health of communities impacted by the Grampians Christmas fires in late 2024.<sup>69</sup> Similarly, in 2022 residents in PSRACS and healthcare organisations in the Murray River region of Northern Victoria were impacted and required to evacuate due to severe flooding in the region.<sup>70</sup>

### Natural disaster readiness

The vast majority of respondents (74%) report being adequately prepared for natural disasters, reflecting the sector's capability and dedication to disaster response for their communities. This high level of reported preparedness indicates the priority placed on disaster planning, training, and coordination systems across the Victorian healthcare sector.

### Climate change adaptation gaps

In contrast to disaster readiness, less than half of respondents (41%) indicate their healthcare organisation is prepared for the broader impacts of climate change. This significant preparation gap highlights the difference between short-term emergency response capabilities and long-term adaptive capacity for systemic environmental changes.

Bridging the gap between disaster response and climate adaptation will be essential to building a resilient, future-ready health system.



# Future directions

As with many sectors, workforce, funding and capacity are central drivers to both challenge and opportunity in the Victorian healthcare sector. Victoria's public healthcare sector is a mix of different healthcare organisation types which operate with diverse priorities and approaches to deliver healthcare for the community. Recognising that this happens alongside the extensive mix of private and non-government services, the Victorian healthcare system is complex and diverse. The sector demonstrates remarkable resilience and a strong commitment to meeting community needs, while navigating a challenging environment of international and local fiscal pressures during a period of extensive commonwealth- and state-level reform.





## Workforce

This Report highlights two key workforce priorities, relating to the importance of system innovation with virtual care, and the need for targeted workforce initiatives, including strengthening the pipeline and building capacity.

Continued commitment to innovation within the healthcare system is required to support health outcomes for communities and reduce the burden felt by the healthcare workforce. Digital technology brings virtual connection and learning opportunities for the healthcare workforce that will likely enhance recruitment and retention. As technology such as the VVED is made more accessible to healthcare organisations across the state, the workforce will adapt. Targeted investment is needed to realise the potential of virtual care, particularly through upfront and implementation costs.

Secondly, strengthening the pipeline of workforce to deliver growth will ensure the healthcare sector can adequately succession plan and upskill appropriately. Investment in strategic workforce initiatives that build capacity across the system, such as further investing in nurse practitioner models and infrastructure to attract staff to rural areas, will likely produce longer term and sustainable results.



## Funding

With 95% of survey respondents calling out funding as a critical issue, this Report identifies two takeaway messages to address this issue for the sector. Sustainable funding and long-term system planning are required to meet the needs of communities now and into the future.

Sustainable and secure funding, that brings multi-year commitments and recognises rising costs, is needed for all healthcare organisations in Victoria. It is pleasing to see the recognition of rising costs in the 2025–26 Victorian State Budget for Hospitals and Health Services, however there is an opportunity to extend this to ensure sustainability for a wider range of Victoria's healthcare organisations, such as Registered Community Health Services and Bush Nursing Centres. This would support greater systems planning, collaboration and innovation across these organisations, whilst also supporting security of health programs and the associated workforce.

In the coming years greater sustainability in funding will change how the system is able to work, collaborate and integrate, at all levels. Greater planning, collaboration and partnering of healthcare organisations will be possible. A sustainable approach to funding will need to span across the healthcare sector – inclusive of Hospitals and Health Services, Registered Community Health Services, Bush Nursing Centres, non-bed-based services and others – to see an impactful difference.



## Capacity

The capacity of the Victorian public healthcare sector is growing and evolving. This Report highlights the need for the healthcare system to adapt to the changing needs of the Victorian community and the dedicated investment required to enable new innovative systems to be implemented.

Ageing populations, complex care requirements, greater prevalence of chronic conditions and more demand in regional and rural Victoria requires the capacity of the healthcare system to change and adapt. Encouragingly, 73% of survey respondents stated they are looking to expand their service delivery.

Investment in workforce, digital technology, infrastructure and changed approaches to funding will likely drive an increase in collaboration, innovation and therefore positive healthcare outcomes for patients.

# Conclusion

With over 80% of Victorians presenting with one or more long-term health conditions, and over 2 million patients treated in Hospitals and Health Services in 2024, the demands on the health system continue to grow in both volume and complexity. The Victorian public healthcare sector continues to show resilience and adaptability in a rapidly changing environment to deliver critical healthcare services to Victorian people.

2025 marks a pivotal moment for governments to prioritise support for the sector. Adequate and sustainable funding will be required to support increased system demand and ongoing reform activities. Successful implementation of Victorian and Australian Government healthcare reforms, including the Health Services Plan and *Aged Care Act 2025*, are critical to future sustainability of healthcare service delivery.

The strong connection demonstrated between Victorian healthcare organisations and their local communities represents a valuable asset that can inform policy development and service planning. By leveraging these connections and addressing the challenges identified in this Report, Victoria can continue to build a more equitable, sustainable, and effective healthcare system for all Victorians.

Victoria's publicly funded healthcare organisations are committed to providing high-quality care to their communities and continuing to expand their healthcare service delivery to serve growing community need. With appropriate support from both the Victorian and Australian Governments through strategic investment and collaborative problem-solving, the sector can overcome current challenges and build capacity to meet the healthcare needs of Victoria's growing and diverse population.

# Methodology

This Report is based on quantitative and qualitative research conducted by the Victorian Healthcare Association in early 2025. The research included two methods:

1. Extraction of data from existing publicly available sources to build an analysis of the sector, and
2. An online, custom-built, survey distributed to publicly funded healthcare organisations throughout Victoria seeking organisation leaders' views on current issues, with particular emphasis on three major themes: funding, workforce, and service delivery.

The VHA defines a 'publicly funded healthcare organisation' as an organisation that meets the following criteria:

1. The organisation delivers a health service,
2. The organisation receives funding from the Victorian State Government, and
3. The recipients of services from the publicly funded healthcare organisation are located in Victoria.

## Survey procedure

The survey was sent directly to healthcare organisations identified as in-scope, with support from peak bodies to reach non-VHA members. Surveys were distributed to all in-scope healthcare organisations across the state, including public Hospitals and Health Services, Registered Community Health Services, Maternal and Child Health Centres, Bush Nursing Centres, Palliative Care Services and other non-bed-based services. A total of 193 surveys were distributed between 5 February and 12 March 2025.

## Survey data analysis

Analysis of the data collected in State of the Health Sector 2025 Report has undergone both qualitative and quantitative analysis. This has allowed for thematic analysis alongside descriptive statistics. For the purposes of analysis, healthcare organisations that self-identified as being primarily located in remote areas have been re-classified as being primarily located in rural areas. Results may not add up to 100% due to rounding or multiple-response questions. Given some survey questions were skipped by respondents, where percentages are reported, non-responses have been excluded from the total.



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