



# Victorian Hospitals' Industrial Association

Workforce State Budget Submission 2025/26



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# VHIA Workforce State Budget Submission 2025/26

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October 2024

## Executive Summary

**Continuing to invest in a skilled and sustainable health workforce can improve patient outcomes and minimise costs for our health care system.**

Training and development increases capability and capacity to deliver services. It is more cost efficient to develop capability than it is to purchase it later from external sources.

This means ensuring public hospitals and registered community health services are funded to:

- deliver training and development programs for current and future workers,
- test and scale new ways of working, and
- have the necessary information technology systems in place to make informed decisions regarding the efficient use of their most valuable asset, their employees.

Outcomes of this investment include:

- quality care that is cost efficient,
- increased employee attraction, retention and engagement,
- opportunities for worker career advancement, and
- Victorian public hospitals and registered community health services are viewed as a employers of choice.

This submission outlines four areas for consideration by government as part of the 2025-26 Victorian State Budget.

### 1. Training and Development Funding

The Department of Health ensure training and development funding:

- i. is delivered flexibly to meet the needs of all workers within Victorian public hospitals and registered community health services,
- ii. keeps pace with increasing activity, and
- iii. is kept separate from patient activity-based funding.

### 2. Workforce Innovation Grant Program

The Department of Health establish a Health Workforce Innovation Grant Program (\$10 million over four years) that tests, evaluates and scales new and cost-efficient workforce models.

### 3. State-wide Practical Placement Program

The Department of Health establish a State-wide Practical Placement Program that facilitates additional placement capacity to meet future workforce demand.

### 4. Workforce Information Management Systems

The Department of Health invest in operational and strategic workforce information management systems to drive down the cost of inefficient staffing practices.

This budget submission reflects feedback from the Victorian Hospitals' Industrial Association's (VHIA) member organisations, through Workforce Reference Groups, surveys and stakeholder engagement meetings.

## Why continue to invest in workforce?

Ineffective care costs more. Purchasing skills externally is more expensive than developing them. Whilst public hospitals and registered community health services face challenges on many fronts, including budgetary constraints and worker supply / retention, a report prepared for Safer Care Victoria<sup>i</sup> indicates that employee engagement reduces average hospital acquired complications and associated insurance claims.

Ongoing investment by government in workforce must be maintained and improved over time if poor patient outcomes and increased costs are to be avoided.

**Training and Development** – Training and development is critical to workforce supply and retention. Whilst the 2023 'People Matter'<sup>ii</sup> survey results indicate that 65% of public health care employees agree their organisation supports them to learn and grow in their careers (compared to 60% of all public sector employees), on-going investment will be necessary to meet identified supply needs.

Specifically, the Department of Health's Workforce Strategy notes that 'Victoria will need 59,267 new workers by 2026, with 26% of these being required in rural and regional locations'<sup>iii</sup>. Continued investment in training and development is required to achieve these targets.

**Innovation-** Innovation is essential to the efficient delivery of health care. Without support and encouragement to innovate, workforce models will become less cost efficient over time.

**Workforce supply-** Increasing workforce supply (and containing the reliance on supplementary labour such as agency) requires an increase in the number of graduates. This can only be achieved through a coordinated and collaborative approach to student practical placements.

**Workforce information Management systems-** Public hospitals and registered community health services must have the necessary tools to make informed, cost-efficient decisions regarding their human capital. The government's agenda to promote stronger partnerships between hospitals (which includes sharing workforces) and the primary care interface requires that investment in human resource management systems be prioritised.

**Delivering on the Health Services Plan** - The Expert Advisory Committee's Final Report noted that Victoria's health services system should be reformed in line with a design principle that ensures a skilled and diverse workforce continues to be attracted and retained, supported by teaching, training, research and collaboration across the sector<sup>iv</sup>.

## The role of public health services in growing and developing the health care workforce.

Victorian public hospitals and registered community health services do more than deliver care to their communities. They also play a critical role in training and developing future workers for the whole of the state.

Examples of activities public health services and, to a lesser extent (limited by funding), registered community health services undertake, include:

- practical placements for students (both initial and postgraduate qualification),
- trialling new innovating workforce models,
- supporting the transition of the workforce from student to healthcare worker, and
- professional development (upskilling, refreshing, mandatory training) of existing and new staff.

Any reduction in the ability of public hospitals and registered community health services to offer training and development will negatively impact workforce supply and service delivery.



Government, regulators, peak bodies and educational organisations all set standards that require students and healthcare workers to complete a specified period in practical settings.

Public hospitals and registered community health care services facilitated more than 750,000 practical placement days in 2023\*.

*\*Source: Knowledge Bank  
<https://vicknowledgebank.net.au/future-workforce/student-placement->*

## Training and Development Funding

### *Recommendation 1*

#### **Training and Development Funding:**

- 1. is delivered flexibly to meet the needs of all public hospitals, registered community health services, and all workers,**
- 2. keeps pace with increasing training and development activity, and**
- 3. is kept separate to patient activity-based funding.**

#### Aligns with:

- DH Workforce Strategy focus area: Increase supply of priority roles, Build future roles and capabilities
- Health Services Plan to improve access to training and professional development.

Training and development funding is at the core of building a sustainable and cost-efficient workforce. It supports the employment of critical resources including educators, supervisors and support staff, and is highly valued by health services.

The Victorian Public Sector Commission states that 'Good learning and career development can build capability and engagement in organisations. It can also support employee retention and succession planning.'<sup>v</sup>

### ***Training and Development Funding has not kept pace with activity***

Training and Development Funding has not kept pace with organisational activity. As a defined pool of funds, funding for many streams increases according to CPI. The health sector and demand for its services has grown at a faster rate. Accordingly, the growth of training and development funding and the health sector are misaligned. In addition, registered community health services receive minimal and inconsistent funding from government.

Transition to Practice (graduate) program funding for nursing is one example where increased demand for graduates (> 3000 positions in public health services) has resulted in health services receiving less funding per graduate (<2000 positions funded<sup>vi</sup>). This may dilute educational resources, drive budget reallocation, or reduce the number of graduate program places leading to an increased reliance on supplementary labour.



### ***Meeting the training and development needs of rural and regional services***

Current training and development funding quarantines a percentage of funding for rural and regional public hospitals. This is closely aligned to the percentage of the overall health workforce in the state, but does not consider the unique challenges facing rural and regional services, including:

- the difficulty attracting and retaining health care workers,
- the additional costs associated with delivering training and development programs, (e.g. travel and accommodation), and
- limited ability to draw funding from other programs to support training and development activities.

Future rural and regional training and development funding models should:

- incentivise metropolitan, regional/rural partnerships (rotations and knowledge/skills sharing)
- promote local training programs, and
- have regard for the challenges attracting and retaining graduates.

Rural and regional Victoria faces unique challenges with respect to the delivery of medical services. Traditionally reliant on a general practitioner workforce, rural services are seeking alternative workforce models that meet service demand and changing workforce expectations. However, challenges are not isolated to the medical workforce.

### ***Expand Training and Development Funding eligibility***

Training and development funding has traditionally focused on nursing, midwifery, allied health and medicine in public hospitals. Investment in other workforce such as those working in registered community health services and non-clinical support services workforce (e.g. cooks, cleaners, patient service assistants, finance, information technology and people and culture) has been limited.

These other workforces also face significant supply and retention barriers.

**The role of the registered community health service workforce in preventing hospital admissions, disease prevention and health promotion cannot be underestimated. Greater investment in the training and development of this workforce will continue to strengthen the role registered community health services play in the broader health system, reduce costs associated with hospital admissions and create pathways for new and sustainable models of care.**

We acknowledge the 2019-20 Victorian State Budget initiative *‘Standing with our hard-working health services staff’* which included scholarships for support service workers to undertake formal certificate level qualifications. While impeded by the Covid-19 pandemic, this initiative was well received by workers, employers and unions.

**VHIA supports the re-instatement of similar programs to demonstrate a commitment to a workforce that is often not in the spotlight and support workers to develop the necessary skills and knowledge to advance their careers.**

Attracting and retaining professional support staff can be problematic given the available careers options outside health. At a time when budget and performance are at the forefront of conversation between the department and health services, investment in these workers is critical to ensuring back of house operations are maximising organisational performance, wellbeing and culture.

### ***Don't lose sight of Training and Development Funding***

Having clear line of sight over training and development funding ensures accountability for investing in future workforce sustainability.

Whilst a review of training and development funding is warranted, any shift in funding arrangements that dilutes transparency, or incorporates the funding into patient activity-based funding, may:

- create internal organisational confusion regarding funding allocation,
- place educational resources at risk of being reduced, and
- reduce any incentive for organisations to maintain or increase training and development activities.

### ***A better way to allocate training and development funding***

When reviewing training and development funding, it will be important to consider future funding models that:

- provide greater flexibility for organisations to allocate funding according to local needs,
- ensure clarity of timing for funding, and
- ensure notification of funding aligns with public hospital and registered community health service needs (e.g. scholarship funding allocation precedes employer and education provider program enrolments).

In addition, streamlining the administrative burden, particularly for smaller organisations with limited resources will likely result in improved sector engagement.





## Workforce Innovation

### Recommendation 2

#### Establish a Health Workforce Innovation Grant Program (\$10 million over four years)

Aligns with:

- DH Workforce Strategy focus areas: Increase supply of priority roles, Build future roles and capabilities.
- Health Services Plan to improve access to advanced workforce training and professional development.

Without innovation, the way we deliver care will become less efficient and costly.

Limiting innovation impedes advances in the quality of care provided to the Victorian community and the opportunity to develop more cost-efficient ways of working.

Implementing new workforce models often involves further education, the creation of competencies and the testing and evaluation of new ways of working. Previous examples of support by the Victorian government include Workforce Innovation Grants that tested and evaluated innovations such as advanced practice roles, role substitution and student employment models.

**VHIA supports the reintroduction of a Health Workforce Innovation Grant Program to financially support organisations to plan, implement, evaluate, replicate and scale-up new workforce models. Evidenced-based outcomes of the program should inform future government policy and pave the way for statewide workforce reform.**

#### *Proposed Health Workforce Innovation Grant Program*

VHIA recommends the Health Workforce Innovation Program be funded over four years from 2025-26.

2025-26	2026-27	2027-28	2028-29
\$2.5 million	\$2.5 million	\$2.5 million	\$2.5 million

- Eligibility for funding should include public hospitals and registered community health services.
- Application for funding should be through an expression of interest process and weighted accordingly for rural and regional services.
- Applications should articulate how workforce models will be financially sustainable and can be scaled across regions and the state.
- Applications should be invited for new workforce models and scaling of existing workforce models.

## Previously funded innovation

### Partnered Pharmacist Medication Charting (PPMC)

In 2015, Alfred Health piloted the PPMC model with support from the Department of Health and Human Services' Workforce Innovation Grant program. Through this randomised controlled trial, medication errors fell from 35.5 per cent to 0.5 per cent\*

\*<https://www.safercare.vic.gov.au/best-practice-improvement/improvement-projects/medications-treatment-infection-prevention/ppmc>

### Allied Health Advanced Practice

The Department of Health and Human Services and St. Vincents Hospital Melbourne, in collaboration with the Victorian Musculoskeletal Clinical Leadership Group, commissioned, the development of the *Victorian Model of Care for Osteoarthritis of the Hip and Knees*\* utilising advanced practice physiotherapists.

This has resulted in allied health professionals working to top of scope, and collaboratively with other health professionals, to improve post-surgical outcomes, and implement early and effective conservative treatment pathways.

\*<https://muscha.org/victorian-moc-for-oa-hip-and-knee>

## Innovation opportunities

### Designated Registered Nurse Prescriber

The Nursing and Midwifery Board of Australia is currently progressing a new endorsement for registered nurses which will enable them to prescribe medications in partnership with medical practitioners/nurse practitioners.

Anticipated to be approved by Ministers by the end of 2024, this national reform provides opportunity to explore innovative new models of care in settings where access to authorised prescribers is limited.

### Community Paramedics

Registered Community Health Service implementation of Community Paramedic roles in regional and rural Victoria, providing chronic disease screening, onward referrals, and health education.

International benchmarking indicates community paramedics can reduce emergency callouts by 19-25%\*.

\*<https://cpatclinic.ca/what-is-cpclinic/#fact-reduce>

## Practical Placements

### Recommendation 3

#### Establish a State-wide Practical Placement Program

Aligns with:

- DH Workforce Strategy focus areas: Increase supply of priority roles, Build future roles and capabilities, Strengthen rural and regional workforces

Demand for graduates in certain professions is greater than supply.

Investment to facilitate student mandatory practical placements and increase the number of transition to practice (graduate year) places, is an effective solution to workforce supply challenges.

Increasing graduate supply requires an increase in practical placement capacity. With no sector-agreed definition of capacity, capacity can only be measured through the number of available places offered by individual organisations.

This was highlighted by the Covid-19 pandemic, which resulted in a backlog of student placements. However, efforts by government to resolve that backlog were impeded by a lack of understanding of the sector's capacity to accommodate additional placements.

Like other training and development programs, funding for professional entry student placements (i.e. practical placements) is a set funding pool that is not sensitive to increases in activity at a local organisational level or strategic workforce considerations.

In other words, whilst organisations are not limited in the activity they can undertake, activity may not be matched by funding.

VHIA welcomes work previously undertaken by the Department of Health and the reference to clinical placements in the Victorian Health Workforce Strategy. VHIA encourages a 'whole of state' approach in which education providers work with Victorian public hospitals and registered community health services to increase supply of high-demand workforces.

**VHIA supports government investment to establish a State-wide Practical Placement Program that:**

- **develops of a sector-agreed definition of capacity,**
- **undertakes an analysis of system level capacity to facilitate additional practical placement capacity,**
- **ensures practical placement activity is maximised across all health care settings,**
- **extends practical placement funding to registered community health services, and**
- **matches any increase in practical placement activity with an increase in professional entry student placement funding.**

## Workforce Information Management Systems

### Recommendation 4

#### Invest in operational and strategic workforce information management systems.

Aligns with:

- DH Workforce Strategy focus areas: Leverage digital, data and technology.
- Health Services Plan to enable more efficient health service operations via contemporary information systems

Investment in systems that deliver increasingly efficient use of human capital is more important than ever.

In May 2024, VHIA released its [position statement on Health Workforce Data](#). The statement highlights the need for greater collaboration and investment by government, regulators, education providers and health service providers to establish workforce data sets and systems that can effectively support operational and strategic initiatives.

Workforce information management systems allow health services to:

- make informed and targeted operational, strategic and cost-efficient decisions,
- have consistent and transparent operational budgets, and
- understand current and future workforce demand and supply.

Return on investment in workforce information management systems can in part be measured by:

- a reduction in supplementary labour
- strategic and efficient use of permanent and casual workforce, and
- reduction in overall vacancy levels.

Some organisations have invested in workforce information management systems beyond traditional rostering and payroll systems. These organisations have benefited by being able to quickly adapt to changes in workforce supply and demand. Other organisations have found it difficult to secure funding to invest in these systems.

**VHIA recommends the Department of Health undertake an analysis of existing operational and strategic workforce information management systems currently in place in Victorian public hospitals and registered community health services, noting the ability to deliver cost effective workforce solutions at an organisational and network level. This analysis should inform future government investment.**



## About VHIA

Established in 1994, VHIA is a registered employer organisation representing the industrial interests of over 100 Victorian public hospitals and registered community health services. In addition to representing its members in the enterprise bargaining process, VHIA advises on a wide variety of matters relating to workplace and industrial relations. This ranges from general advice, through to more specialist or technical consulting, as well as advocacy in tribunals and courts.

VHIA is governed by a Board of Management who are closely engaged in the health industry. Board members are typically executive employees of member health and community services in Victoria and are all familiar with, and active in, the issues facing the health sector today.



## VHIA focus on workforce

While enterprise bargaining and the provision of industrial advice are VHIA's primary areas of focus, VHIA is increasingly looking at opportunities to support member organisations meet emerging workforce challenges, beyond those with industrial roots or implications.

**Specifically, VHIA seeks to:**

- **be a voice and advocate for its members,**
- **collaborate with government, regulators, unions and other key health sector stakeholders, and**
- **build a sustainable workforce through innovation and reform.**



<sup>i</sup> Happier workers, healthier patients: An analysis of healthcare worker engagement and health service outcomes in Victoria. Research report. Safer Care Victoria & Victorian Managed Insurance Authority. <https://www.safercare.vic.gov.au/best-practice-improvement/publications/happier-workers-healthier-patients> accessed 8 October 2024

<sup>ii</sup> Victorian Public Sector Commission – People matter survey 2023 <https://vpssc.vic.gov.au/workforce-data-state-of-the-public-sector/employee-experiences-in-the-workplace-2023/job-satisfaction-and-career-intentions-2023/> accessed 8 October 2024

<sup>iii</sup> Department of Health, Victorian Health Workforce Strategy [Victorian health workforce strategy | health.vic.gov.au](https://www.health.vic.gov.au/victorian-health-workforce-strategy) accessed 8 October 2024

<sup>iv</sup> Department of Health, Health Services Plan <https://www.health.vic.gov.au/research-and-reports/health-services-plan> accessed 8 October 2024

<sup>v</sup> Victorian Public Sector Commission <https://vpssc.vic.gov.au/workforce-data-state-of-the-public-sector/employee-experiences-in-the-workplace-2023/job-satisfaction-and-career-intentions-2023/> accessed 8 October 2024

<sup>vi</sup> Victorian Department of Treasury and Finance [2023-24 State Budget | Department of Treasury and Finance Victoria \(dtf.vic.gov.au\)](https://www.dtf.vic.gov.au/2023-24-state-budget) accessed 8 October 2024