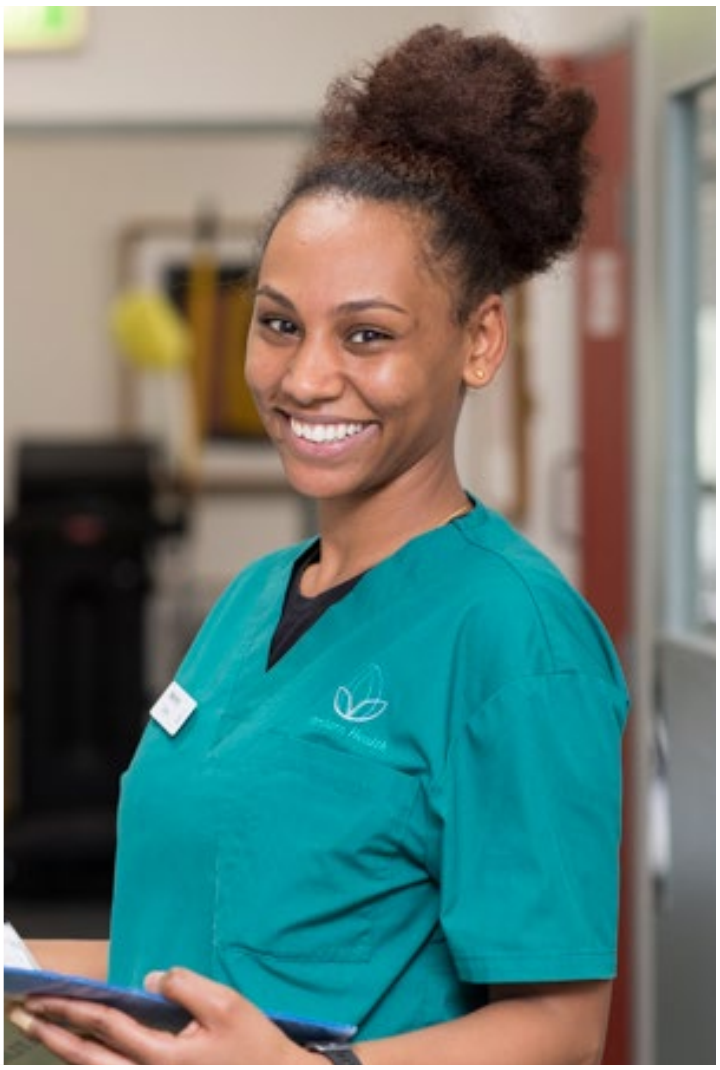


Annual Report 2017-18

Northern Health

OUR VISION

- Outstanding health care for our community

OUR MISSION

- We are committed to the wellbeing of the people of Melbourne's north.
- We draw upon the richness, knowledge and strength of northern communities as we partner with them in their care.

OUR VALUES

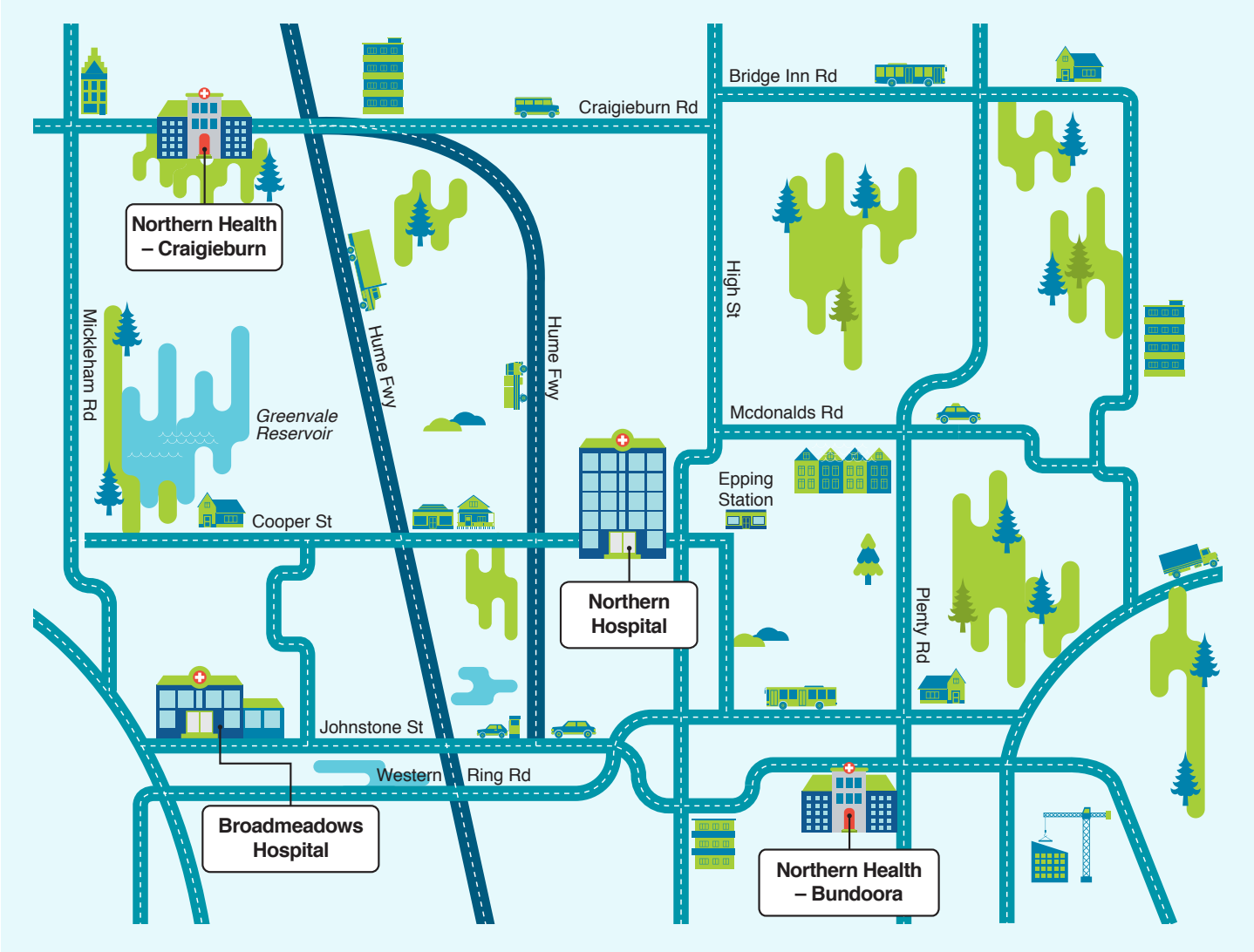
- **Passionate –** we care
- **Dedicated –** we are focused
- **Progressive** – we look to improve
- **Collaborative –** we are a team and work in partnership

OUR STRATEGIC GOALS

- **Patient First –**
  Our patients' expectations are exceeded because we partner with them to deliver innovative and accessible care.
- **Quality and Safety –**
  We pursue the highest quality outcomes of care.
- **Our People –**
  Passionate and capable people have great careers and provide outstanding health care.
- **Sustainability –**
  We eliminate unnecessary processes and costs.

Contents

Our service locations



Our Services

Northern Health is the major provider of acute, maternity, sub-acute and ambulatory specialist services in Melbourne's north.

Our campuses include Broadmeadows Hospital, Northern Health – Bundoora, Northern Health – Craigieburn and Northern Hospital in Epping.

Across our campuses we provide a range of primary, secondary and some tertiary health care services, including:

- Emergency and intensive care;
- Acute medical, surgical and maternity services;
- Sub-acute, palliative care and aged care; and
- Specialist clinics and community-based services.

Northern Health is situated in the Northern Growth Corridor. The Northern Health catchment includes three of the state's six growth areas: the City of Hume, the City of Whittlesea and the Shire of Mitchell. This includes the rapidly expanding metropolitan region north of Epping and Broadmeadows including Craigieburn and South Morang; the future suburbs of Cloverton and Merrifield; and the rural communities of Kinglake, Kilmore and Seymour. The Northern Growth Corridor population is expected to grow by 58% (over 228,000 people) between 2016 and 2031. This includes 17% growth between 2016 and 2021 – an increase of over 69,000 people within this 5-year period.

The Northern Growth Corridor population is expected to grow by

228,000 people

between 2016 and 2031.

Northern Health treats patients from many different socio-economic backgrounds, who are born in more than 185 countries, speak over 106 different languages and follow over 90 different religions/beliefs. The breadth of poor health risk factors and established complex disease in the community is significant, with residents of the outer north having generally poorer health status. This includes higher than average levels of type 2 diabetes, heart disease and high-blood pressure, higher rates of smoking and higher rates of family violence incidents.

We work closely with local government, primary care, community health partners and private healthcare providers to deliver the right care in the right place. We pursue our commitment to treat more people locally so that they get the care that they deserve close to home and surrounded by the support of their community.

Report of Operations

Board Chair and Chief Executive Report

The past year has been an outstanding success for Northern Health and it is with great pleasure that we present our Annual Report for 2017-18.

Northern Health has continued to improve quality and access to services during a period of sustained increase in demand.

Our services are underpinned by our absolute commitment to patient safety and improving the patient experience.

Our proudest achievements include our engagement with our staff and patients to enhance patient safety and access to timely care. Over the last three years we have significantly improved access to emergency, elective surgery and outpatient care, whilst the number of patients we serve each year continues to grow.

Our Emergency Department at Northern Hospital is currently the busiest in Victoria providing care for 99,446 patients, up 7.9% on last year. Hospital admissions were up 11.8% this year and we performed over 10,000 elective surgical operations, up a remarkable 17.1% on last year.

Whilst we experienced a 13.9% increase this year in ambulance arrivals, our ambulance offload times are the best in Victoria, achieved through a new emergency access improvement initiative.

Over 228,800 people attended our outpatient services and we assisted with the birth of 3,798 babies. An increase of 6.1% from the previous year.

We are also very proud to report that Northern Health has achieved an operating surplus of $1.5 million whilst dealing with this increased demand for our services.

We could not have achieved this without the dedication and skills of our staff. We employ over 5,000 staff, 70% of whom live in our catchment area and reflect the rich diversity of our community.

Our commitment to safe and trusted care is being strengthened by our journey to become a High Reliability Organisation (HRO), utilising learnings from Johns Hopkins Medicine adapted to our needs. The first stage of implementing new structures has been completed, positioning us to progressively make improvements in clinical practice and the way we provide care over the next two years.

At the 2017 Victorian Public Healthcare Awards our Private Practice Midwifery program won the *Minister's Award for Excellence in Women's Health* and our Family Violence initiative was runner-up in the *Whole of hospital model for responding to family violence Award*.

In March 2018, Northern Health became the second health service in Victoria to achieve White Ribbon Accreditation, recognising that we are taking active steps to stop violence against women.

Our credentials as a teaching health service were strengthened with Level 3 Teaching Hospital Accreditation granted by the Royal Australasian College of Physicians, allowing us to provide full adult medicine training at Northern Health.

We are improving how we do business at Northern Health by bringing our Pathology in-house by the end of the year.

Our services are underpinned by our absolute commitment to patient safety and improving the patient experience.

This will provide greater efficiency, with extensive planning underway and the latest equipment currently being installed.

We acknowledge the strong support of the Victorian Government and the Department of Health and Human Services for supporting us with major capital investment.

In August 2017, we proudly opened the new Broadmeadows Hospital surgical centre along with new pharmacy and imaging facilities.

In May 2018, early works commenced on our $162.7 million Northern Hospital Tower capital project, marked by a sod turning by the Hon. Jill Hennessy Minister for Health and Ambulance Services. Main works will commence by mid-2019.

We now move into the final year of our current Strategic Plan and we look forward to engaging with our staff, consumers, partners and our community to develop a new plan for 2019-2024.

Our patients have benefited greatly from the work of the 350 dedicated volunteers who support Northern Health in many ways. We are extremely grateful for their support.

Thank you to all our staff, volunteers, students, Board Directors, Northern Health Foundation supporters and all our partners – whose contributions help us provide outstanding care for our community.

In accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for Northern Health for the year ending 30 June 2018.

Jennifer Williams AM
Board Chair
Northern Health

Siva Sivarajah
Chief Executive
Northern Health

Our care at a glance

EMERGENCY PRESENTATIONS

99,446

up **7.9%**

AMBULANCE ARRIVALS

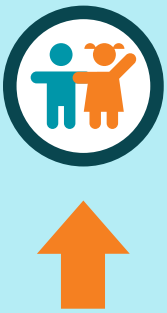
28,889

up **13.9%**

HOSPITAL ADMISSIONS

93,913

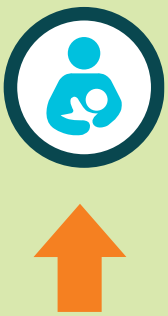
up **11.8%**



CHILDREN'S ADMISSIONS

6,766

up **4.6%**



BABIES DELIVERED

3,798

up **6.1%**

ELECTIVE SURGICAL OPERATIONS

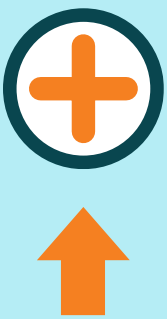
10,098

up **17.1%**

OUTPATIENTS APPOINTMENTS

228,808

up **10.6%**



PHARMACY ITEMS DISPENSED

206,720

up **7.0%**

Patient First

Busiest Emergency Department in Victoria

Northern Health is home to the busiest Emergency Department (ED) in Victoria, receiving more than 99,446 presentations in the current financial year. Anticipating a growth of 8% per annum means timely access to care and emergency response is vital.

Prior to the introduction of Northern Health's Ambulance Victoria (AV) Offload initiative, Northern Health consistently underperformed with an average of 78% of ambulances offloaded within the 40-minute Key Performance Indicator (KPI). Our performance for the last 12 months has been sustained at 95% and is now the best in the state.

Our strategy required a new model of care involving infrastructure, human resources and collaborative process change. Delivery on over 90% AV offload required a careful balance between ED entry and exit to ensure that a bed would be available for the next ambulance. Infrastructure changes involved the designation of AV offload cubicles to create capacity to manage surges in demand. A designated triage and AV surge nurse was allocated per shift to expedite handover, and collaboration with AV ensured clear accountability. Expectations from all stakeholders were clearly outlined and continue to be monitored. This initiative ensures patients are seen in a timely manner in our increasingly busy Emergency Department.

Busiest Emergency Department in Victoria, receiving more than

99,446

presentations.

Exceeding National Elective Surgery Targets

With the introduction of an Elective Surgery bookings office and the opening of new theatres at Broadmeadows Hospital, Northern Health has achieved and maintained National Elective Surgery Targets (NEST) since August 2017. This has enabled the health service to better manage patients within the required treatment times.

In a broader scope, elective surgery 'time to treatment' has improved from 74% in 2015-16 to more than 95% in 2017-18. Currently 100% of Category One and Category Three elective surgery patients receive their care in the clinically recommended time.

Partnership with The Royal Children's Hospital

A partnership between Northern Health and The Royal Children's Hospital means more local families with sick children are more likely to receive the care they need closer to home. Commenced in June, the partnership involves identifying patients from Northern Health's catchment who present at the Royal Children's Hospital and don't require specialty or tertiary care. These patients are identified and presented with the option of a transfer to the north, closer to home.

Constant communication between the two hospitals is imperative to ensure that beds are made available for patients that have been flagged for transfer, with transport arranged by The Royal Children's Hospital.

Northern Health employs a team of highly qualified and dedicated paediatricians, paediatric nurses and allied health staff that provide exceptional care to the children in our community. The partnership with The Royal Children's Hospital further expands on this and will allow local families to know of the services that are provided at Northern Hospital Epping.

Cardiology Achievements

Established in October 2007, the cardiology department at Northern Health provides vital local cardiac care for the northern community and celebrated its tenth birthday last year.

With heart disease ranking as the leading cause of death in Australia, Northern Health's dedicated team of cardiac nurses, surgeons and doctors work across a number of disciplines to deliver outstanding health care to patients in the north.

Northern Health's Cardiology team continues to respond to increasing demand for cardiac services within the local community. The cardiology department has recently successfully addressed their poor 'Door to Balloon' time, taking it from one of the worst in the state, to one of the best.

Northern Health's catchment is a high volume area for serious heart attacks; with more than 180 presentations per year. In early 2017, the cardiology team was only managing to treat 50% of their patients within the best practice State-wide KPI timeframe of 90 minutes between arriving at ED to being taken into theatre. For the first quarter of 2018, Northern Health is second in the State with 85% of patients meeting the KPI, with the aim of 100% compliance within the next 12 months.

Baby boom in the north

Northern Health provides comprehensive and expert maternity care with a team of dedicated nurses, midwives, doctors and specialists working collaboratively for women in Melbourne's diverse, multicultural and growing north. It includes, three of the nation's ten fastest growing suburbs; South Morang, Craigieburn and Epping, which are expected to grow by over 228,000 people by 2031. In the 2017-18 Financial Year, Northern Health assisted in the births of an average of 73 babies each week, and in July 2017, delivered a record 348 babies including 180 boys and 168 girls with four sets of twins. Maternity care is an important element of Northern Health's services specific to our community, with many young families moving to Melbourne's north.

Northern Health assisted in the births of an average of

73 babies each week.

Quality and Safety

Becoming a High Reliability Organisation

Northern Health has partnered with Johns Hopkins Medicine and Ernst & Young in an exciting transformation program which will deliver continuing progress towards Zero Harm through applying and developing the characteristics and methodologies of a High Reliability Organisation (HRO). Northern Health has identified our goal for this transformation as the delivery of *Trusted Care* – safe, compassionate and patient-centred care which is clinically excellent and operationally efficient.

- The National Standards for Quality and Safety in Healthcare form an important part of the journey to becoming an HRO. Northern Health chose a comprehensive accreditation scheme of 15 Standards under EQuIPNational including both Clinical and Corporate Governance systems to ensure that safety and quality was a priority focus across the whole organisation. Northern Health achieved full accreditation in March 2017 with an outstanding result of all 367 actions from all 15 standards satisfactorily met and 29 actions upgraded to Met with Merit. In May 2018 Northern Health's Ian Brand Nursing Home in Bundoora also received full accreditation.
- The HRO transformation journey has resulted in a redesign of the Quality & Safety Management System of Northern Health to build on existing processes and structures and enhance their function by incorporating the strategies of High Reliability Organisations, such as Clinical Communities. In addition, the Comprehensive Unit Based Safety Program (CUSP) described by Johns Hopkins has been adapted for Australian and Victorian needs for implementation at Northern Health.
- Northern Health has also developed the concept of the 'enabled healthcare worker', a person whose professional and technical skills are enhanced by knowledge of safety, patient experience and improvement and innovation science. A program to spread these skills across the entire workforce of the health service is commencing. The enabled healthcare worker is equipped to participate in and develop a high reliability organisation focused on delivering safe, compassionate and trusted care.

Protecting our Community

In 2017, influenza resulted in significant morbidity and mortality across Victoria, with increased hospital presentations, GP attendances and absenteeism. This year Northern Health made the decision to do things differently by proactively promoting and providing influenza vaccinations with a campaign to protect staff, patients and our community, aligning with Victoria's priority of 'staying well' and the Health 2040 strategy of better health and access.

- Northern Health determined that by providing free immunisation to the family and friends of our patients and staff, greater herd immunity would provide improved wellbeing in our community and in particular, keep our vulnerable patients protected from influenza infection. We have proudly provided over 10,000 influenza vaccines to our community.
- In 2018 Northern Health developed a winter strategy involving individuals across multiple disciplines and levels of management. Several initiatives have been implemented including; extending weekend medical hours to avoid unnecessary ED presentations, providing training to 42 GPs on how to better manage winter illnesses, increasing Hospital In The Home to 65 beds, extending transit lounge opening hours and additional pharmacy support.

Family & occupational violence

Northern Health supports, recognises and is committed to safe and inclusive patient care. In March 2018, Northern Health became the second health service in Victoria to be awarded White Ribbon Accreditation, leading the way in Strengthening Hospital's Response to Family Violence. The White Ribbon Workplace Accreditation Program recognises workplaces that are taking active steps to stop violence against women. It promotes respectful relationships and gender equity within workplaces that demonstrate cultures of zero tolerance of violence against women.

With appropriate education and support, health professionals can reduce the barriers for victim and survivor, and Northern Health is committed to improving the health and wellbeing of those affected by family violence in Melbourne's north.

White Ribbon identified Northern Health as better than the norm at identifying violence, which allowed us to develop specific initiatives to support our staff. Northern Health also examined and audited our workplace culture and staff engagement through the People Matter Survey. The survey addressed multiple topics and also gave staff the opportunity to provide us with feedback on how confident and equipped they feel in dealing with patient needs. In turn, this helped us to develop a planned approach to evaluating training modules for managers and staff.

We have zero tolerance for violence against health care workers and understand the impact that instances of occupational violence have on the health and wellbeing of our staff. As part of our commitment to providing a safe and healthy workplace for our staff, patients and visitors, we have been training staff through Management of Clinical Aggression sessions. This ensures our staff are equipped to deal with and appropriately respond to instances of occupational violence.

Northern Health has been awarded

White Ribbon Accreditation.

Our People

Our dedicated Northern Health team

As the largest employer in the northern community, Northern Health employs almost 5,000 passionate, dedicated, collaborative and highly skilled clinical and administrative staff across four campuses in Melbourne's north.

Northern Health is a tertiary teaching hospital, offering training programs for graduate doctors and nurses. In January, after a record number of applications, we welcomed 52 graduate nurses and midwives along with 40 medical interns to Northern Health, with further intakes throughout the year.

Also in January, long serving employees at Northern Health were recognised for their outstanding contribution to health care in the north at annual award ceremonies. Among the service award recipients were four extraordinarily dedicated individuals being recognised for 40 years of service to Northern Health.

Following on in February, 60 postgraduate nurses commenced, studying specialty nursing topics to further their capabilities and provide outstanding health care to the northern community.

In July 2017, during a record month of births and with the assistance of a private midwife through the Private Practice Program, Northern Health welcomed baby Haesel into the world to new fathers Anthony Zahra and Patrick Baud through surrogate mother and friend, Bree. This demonstrates our commitment to providing inclusive care and championing equity across the health system.

Northern Health operates in one of Melbourne's most diverse population catchments and provides outstanding health care for all patients and their families, regardless of culture, language, sexuality or religious beliefs. Northern Health supports, recognises and is committed to safe and inclusive patient care for Lesbian, Gay, Bisexual, Transgender and Intersex people in our community and is working towards becoming an LGBTIQ accredited organisation.

Celebrating our Indigenous community

Northern Health's campuses are built on the land traditionally owned by the Wurundjeri people of the Kulin nation. We celebrate our cultural diversity while acknowledging and paying respects to the traditional owners and their elders of past and present. Aboriginal Support services at Northern Health include a team of five staff; Hospital and Mental Health Liaison Officers, an Access and Support Officer, and a Health Worker and Midwife in our Koori Maternity Service (KMS).

This year our Aboriginal Support Unit consulted with local Aboriginal community organisations in preparation for Northern Health's Reconciliation Action Plan to be finalised in 2018.

Winner of the 2016 Minister for Health's Award for *Improving Indigenous Health – Closing the Gap*, Northern Health's KMS continues to improve birthing experiences and outcomes for Aboriginal families in Melbourne's north by recognising the importance of social and emotional wellbeing in addition to physical health and providing links for community support services. NAIDOC Week celebrations are important dates on the Northern Health calendar, bringing together members of the Indigenous and broader community in celebrating our Indigenous culture.

Queen's Birthday Honours

Northern Health Deputy Director of Anaesthesia and Pain Management, Associate Professor David Pescod was this year awarded an Officer in the Order of Australia for his contribution to the establishment of safer anaesthetic care in Mongolia and Australia-Mongolia relations. David has worked tirelessly on the improvement of anaesthetic education and care in Australia and around the world.

Every year since 2001 Associate Professor Pescod has visited Mongolia along with other Northern Health staff to treat children and educate local health professionals in a partnership with the Mongolian Society of Anaesthetists which expanded to include emergency physicians in 2013. This year a Northern Health midwife, Birthing Suite Associate Nurse Unit Manager Melissa Taylor joined the team to deliver a SAFE obstetrics course and donate equipment for maternity patients in regional centres and the Mongolian countryside.

Making a real difference to the delivery of medical care in remote communities, Associate Professor Pescod and his team demonstrate Northern Health's commitment to providing outstanding health care, their dedication extends beyond the northern community to countries from Myanmar to Mongolia.

Awards

Kiri Platek

Northern Health midwife **Kiri Platek** was named Johnson & Johnson's Midwife of the Year for Victoria, as one of a number of Northern Health midwives nominated by our patients. A Northern Health midwife for the past four years, Kiri has dedicated herself to providing outstanding health care to our women, their babies and families. Kiri was nominated for the care she provided to a family and their newborn in the Northern Hospital Epping's Neonatal Unit.

Zhangzhi Low

Zhangzhi Low, Operating Suite Clinical Nurse Specialist, won Ansell's H.E.R.O award for 2018. Taking the role of vascular specialty manager and ensuring all required equipment and consumables are readily available for Northern Health's growing vascular unit. With an extraordinary rise in the number of endovascular cases over the past 12 months, Zhi took it upon himself to develop, educate and mentor a small team of Registered Nurses in the area, ensuring our staff are skilled in assisting surgeons with endovascular procedures and our patients receive excellence in care. Zhi is a passionate nurse who consistently demonstrates best practice and leads by setting a strong example for his colleagues.

Alysha Spencer

Alysha Spencer first commenced at Northern Health for work experience in 2016, returning a year later for one day a week with Apprenticeships Group Australia (AGA) to complete a Certificate II in Business Administration. The placement involves supporting Northern Health's organisational capability team with a variety of tasks, including assisting with the work experience program that she progressed through. In May 2018 Alysha won AGA's School Based Apprentice Trainee Award and has since successfully applied to continue her studies and complete a Certificate III in Business Administration with placement at Northern Health.

Rebecca Song

Northern Health volunteer **Rebecca Song** was lauded as a finalist in the 2017 Minister for Health Volunteer Awards, in the category of Outstanding Achievement by a Young Volunteer. At just 19 years old, Rebecca has already received a five-year volunteer service award at Northern Health. She is also a volunteer with the local Chinese community while balancing work and study responsibilities.

Sustainability

Financial Performance

Northern Health is continuing to build sustainable health care services, achieve efficiencies, and adopt innovative practices through a range of strategies and initiatives.

There has been a significant improvement in the financial performance of the organisation over the past three years. In 2017-18, Northern Health recorded an operating surplus of$1.5m. At the same time, Northern Health has increased investment in general capital expenditure by setting aside self-generated revenue to capital, allowing the organisation to invest in new models of care to increase capacity and capability.

Commencement of Tower upgrade

In May 2017, Northern Health welcomed the largest investment in health for Melbourne's northern community. The Victorian Government's announcement of $162.7m in funding will see Northern Health's Tower grow an additional four storeys.

On Tuesday, 24 April, the sod was officially turned on the construction site by Minister for Health, the Hon. Jill Hennessy MP, commencing construction on Early Works of Stage Two of the Northern Hospital Epping Tower.

These early works will see the development of 18 Intensive Care and High Dependency beds and a greater capacity for mortuary, loading dock and supply services at the Northern Hospital Epping.

The main works on the Northern Hospital Tower will commence in early 2019 with completion in mid-2021.

Opening of Broadmeadows Hospital Surgical Centre

The Minister for Health, The Hon. Jill Hennessy officially opened the expanded $17.3 million Broadmeadows Surgical Centre including additional theatres, dialysis, pharmacy and radiology services at Broadmeadows Hospital.

By opening the Broadmeadows Surgical Centre and reconfiguring our wards, we have increased our services and capacity to ensure that we can continue to providing outstanding health care for the northern community.

This increased efficiency and infrastructure assisted Northern Health in reducing the elective surgery waiting list from 2,562 at 30 June 2016 to less than 1,300 by June 2018.

Respiratory Function Laboratory

To address the growing demands for respiratory services in our community, Northern Health opened a new, state-of-the-art Respiratory Function Laboratory offering a full range of in-house respiratory testing at Northern Hospital Epping. The Respiratory Laboratory has doubled testing capacity from 4,000 to 8,000 tests per year, meaning residents in Melbourne's north can receive care locally and in a timely manner.

Developing Partnerships

Northern Health is developing partnerships and working collaboratively with local schools to identify and highlight employment opportunities and career pathways for students during their education. We are working with schools to demonstrate the role Northern Health can play in the employability and capabilities of local youth.

Principals and students from secondary and tertiary education services convened with Northern Health's senior leadership team at the Northern Centre for Health Education and Research in December 2017 to explore career prospects.

A recent example of these collaborations has been our partnership with Apprenticeships Group Australia, with 11 students undertaking a year of placement at Northern Health for the completion of their Certificate II in Business Administration.

Partnerships such as these allow Northern Health to attract, train and retain highly skilled local professionals to meet the growing needs of our community.

Environmental Sustainability

Northern Health continues to reduce our environmental impact and actively contribute to the implementation of the Victorian Government's policy of net zero greenhouse gas emissions by 2050.

Throughout the 2017-18 financial year our recycling rates increased to 35%, a 7% improvement over the year prior. This is thanks to a number of initiatives throughout the organisation including our PVC recycling program, diverting over 2,000 kg of PVC waste from landfill to recycling into material for children's play mats and garden hoses.

Our waste practices have improved further over the past financial year, resulting in a 9% increase in the quantity of recycled sharps and a significant 28% improvement on bulk and general recycling.

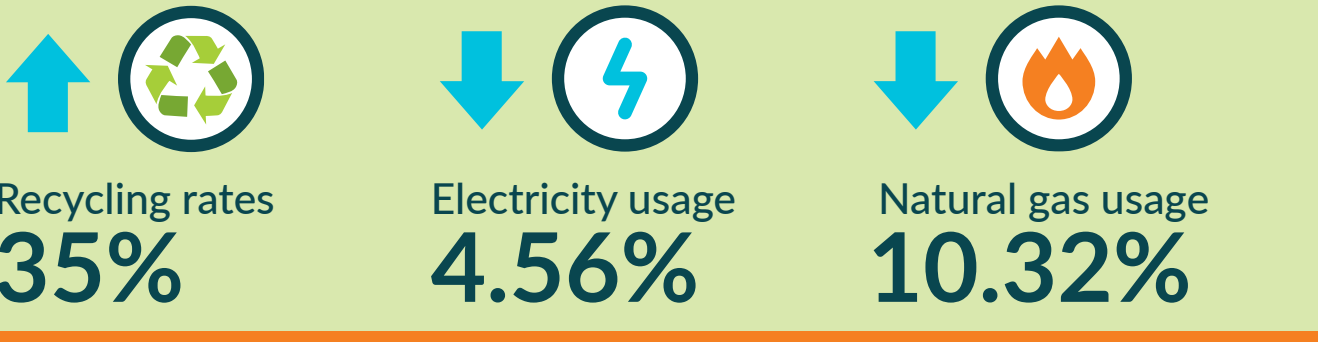
During a prolonged period of growth for the organisation, Northern Health's electricity usage has decreased by 4.56% and natural gas usage by 10.32% over the past three financial years.

This is reflective of a number of initiatives and upgrades carried out across the health service to improve our efficiency, resulting in favourable outcomes operationally and in terms of capital spend.

Recent improvements include replacing general hot water units with high efficiency heat exchange units, increase the use of LED lighting and and upgrade to our cooling system.

In collaboration with SUEZ Australia's recycling and waste recovery division, Northern Health seized the opportunity to contribute items that would typically be destined for landfill into more sustainable practices. This included 10 wheelchairs, trolleys and beds to Rotary Australia's Donations In Kind program for use in East Timor, and 35 mattresses for specific recycling into housing insulation as well as efficient recycling of excess, damaged or unusable equipment.

Northern Health continues to reduce our environmental impact.



Innovation

Research

Research capability continues to be built across Northern Health with important studies being undertaken in all areas of the health service. In the 2017-18 financial year, 87 new projects were approved to take place, in addition to the 175 already active. In the same timeframe, 101 research articles were published by Northern Health researchers.

Northern Health's mission is to develop an integrated education and research approach that will deliver innovative models of care. This is driving patient-centred care and is pivotal to health service delivery and meeting the needs of the growing northern community.

Research Week

In October 2017 Northern Health celebrated Research Week, with our best and brightest health professionals showcasing a range of innovative local research projects and enjoying presentations with research leaders from around the world.

Research Week is an opportunity for our health care professionals to learn what others are doing, to facilitate new research partnerships, and inspire the next generation of students to undertake a research career at Northern Health.

Research is integral to Northern Health, as so many positive health outcomes can resonate from one body of work. There is a wealth of significant research being conducted by Northern Health, with 55 poster presentations and 38 oral presentations showcased throughout Research Week.

Northern Health researchers published **101** research articles.

PhD Scholarships

Two PhD scholarships have been granted at Northern Health thanks to funds raised through the Northern Health Foundation. These scholarships will see local students, Rifly Rafiudeen and Zahra Tanaz Nasr, undertaking research projects to improve the health outcomes of people in Melbourne's northern community and beyond. Rifly is examining perioperative myocardial infarctions by conducting a therapeutic randomised double-blind placebo controlled trial with ivabradine. Zara is looking into the prevention and management of post-operative nausea and vomiting, engaging patients in their own post-surgical care.

Small research grants

Through the generous support of the Northern Health foundation and its many donors, Northern Health continues to offer regular small research grants to our emerging researchers. In the 2017-18 financial year, 11 researchers were awarded individual grants of up to $5,000 to progress research in their chosen field. All projects were carefully reviewed by the Northern Health Research Grants and Scholarship Committee for selection.

Workforce Training Innovation Fund

Northern Health and RMIT University have partnered to deliver a new model of Diploma of Enrolled Nurse training with support from the Workforce Training Innovation Fund (WTIF). In doing so, they join forces to establish an innovative immersive training program for enrolled nurses.

Based on a situated learning model, students experience the clinical environment across Northern Health campuses. There are 24 students enrolled in the first cycle of the program across 18 months.

By undertaking placement at Northern Health campuses during their studies, the students will become accustomed to our culture, policies and procedures, building a rapport and establishing relationships that will last into employment with Northern Health upon graduation.

Ideas Lab

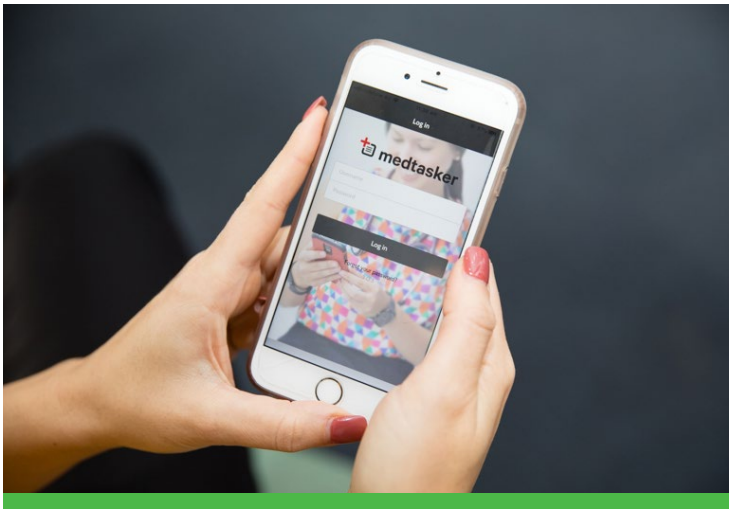
The Northern Health *Ideas Lab* was established in March 2018 within the Northern Centre for Health Education & Research (NCHER): our research and education facility. It is a space where staff, partners and consumers can come together to solve some of Northern Health's biggest problems and to look at new ways of doing things. The space has been designed to step an identified group through a defined process (problem identification, solutions generation, and plan for implementation). Discussions that have come through the Ideas Lab so far include: an organisational-wide response to Emergency Department demand, managing high risk foot patients, and how to better partner with those working in research.

Medtasker

Medtasker is a mobile and desktop task manager application that streamlines clinical communications, providing high-quality messages which can be viewed and tracked on mobile devices and desktops.

After a successful six-week trial which saw a total of 1,750 tasks completed by three Northern Health clinical pharmacists, Medtasker was rolled out in 2018 at Northern Hospital, Epping and Broadmeadows Hospital. Sending messages to the clinician's smartphones to facilitate effective task triaging, tasks can be acknowledged upon receipt, shared with colleagues to balance workload, replied to, and ticked off when done.

Securely delivering tasks to the right clinician, the first time, ultimately improves patient safety and hospital efficiency.



Vascular Surgery

Venous ulcers cost the Australian health service upwards of $500M each year and are part of a wider spectrum of disease known as Chronic Venous Disease (CVD), affecting 10% of the population. Northern Health's vascular surgery unit provides a full spectrum of care and is striving to become Victoria's centre of excellence for CVD, understanding the impact that it has on our community.

To help in achieving this, the Vascular Surgical Unit held two atherectomy workshops in 2017, having the privilege of hosting international experts to provide invaluable learning opportunities for our staff. The Vascular Unit is determined to offer the latest proven techniques to our patients safely and to contribute to the Vascular Surgery research environment.

In close collaboration with Northern Health's haematology unit, we operate using state-of-the-art, minimally invasive means to remove all or part of the thrombus to reduce the risk of developing Post Thrombotic Syndrome (PTS) which can lead to chronic leg pain, ulcers and swelling.

As the only centre in Victoria offering Intravascular Ultrasound (IVUS) in addition to venous angioplasty and stent for patients who have developed PTS, we provide three treatment models to treat patients with varicose veins. Having these different options available is particularly important for our elderly patients who may be high risk for more invasive forms of treatment

We are the only centre in Victoria offering

Intravascular Ultrasound.

Birth Beats by Dr Sush

Northern Health Obstetrician and Gynaecologist, Dr Sushen Naidoo is leading the way in improving the birthing experience of mothers in the north. Birth Beats by Dr Sush, provide mothers the opportunity to listen to specially selected songs while in labour and through birth. Playing music for mothers in labour is not new, though Dr Naidoo's playlist requires songs that sound amazing and are worthy of being born to, with references to babies, birth or parenting. Songs that inspire and motivate, can help connect families. Meadow Heights resident Christine Va'asili named her son Soul after soul singer Stevie Wonder's *Signed, Sealed Delivered* played during the birth of her baby boy.

Northern Centre for Health Education and Research (NCHER)

NCHER is a result of ongoing partnerships between Northern Health, the University of Melbourne, La Trobe University and the State and Commonwealth governments. Our centre is training and educating over 900 health professionals each year including graduate and postgraduate nurses, medical students, and Northern Health staff in its world-class facilities including the simulation lab. The research conducted at NCHER will continue to bring lasting benefits to the northern community as medical conditions directly affecting the local population are investigated and addressed by researchers.

Northern Health Foundation

The Northern Health Foundation exists to support the life changing, and often life-saving, work of Northern Health.

With the generosity of corporate partners, donors and philanthropic support, the Foundation provides much needed funds in the areas of teaching, training and research, education, family assistance, capital works and the purchase of medical equipment within Northern Health.

Northern Health acknowledges the wonderful work of Foundation Chair John Molnar and his Board for their support and guidance this year. We extend our sincerest gratitude to all of our generous supporters, patrons, corporate partners, dedicated volunteers, Northern Health staff and everyone who has contributed towards our fundraising efforts through donations, grants and support at our events. Without these we would not be a Foundation and for this we are grateful and honoured that they have chosen us to support and make saving lives possible.

This year the Northern Health Foundation purchased Emergency Accommodation Relief houses for families of our patients who travel over 80km to visit loved ones in our emergency and intensive care. Our Emergency Accommodation helps with reducing anxiety and the financial burden of finding accommodation during an already highly stressful time. Construction commenced this year at the first house in Wollert to be handed over for use in late 2018. An apartment was also purchased this year to be built in Epping, providing further opportunities for families to stay close to their loved ones. Numerous donors have been a part of the appeal's success including visionaries Paul and Angela Wheelton OAM, Freemasons Victoria, JT Reid Charitable Trust and Maxxia along with all those who supported the 2017 Northern Health Annual Dinner.

Through the incredible fundraising support of our patrons Bev Carman, Josie Minniti OAM and Trudi Hay, the Foundation was able to purchase two scalp cooling machines for our Day Oncology Appeal. These machines help minimise the external impact of cancer treatment by combating hair loss during chemotherapy treatment at the Northern Hospital, Epping.

The 2018 Northern Health Run Walk 'n Chalk, in collaboration with the City of Whittlesea, was a huge success again this year. The event was held at Northern Hospital, Epping, taking over and covering Cooper Street with colourful chalk as participants completed the 3km and with live entertainment, food and family friendly activities in the hospital's carpark. All proceeds raised from the day went to supporting sick children in our northern community.

The 2018 Northern Health Research Dinner raised money to fund PhD Scholarships and other small research grants to clinicians, nurses, allied health professionals and students at Northern Health. This year's PhD scholarships were funded with thanks to the generous support of Alex Robertson OAM, Healthcare Imaging Services and Riverlee. Additionally, small grants were funded by proceeds from the Research Dinner; particularly the generous event supporters McMullin Group and Crown Money Management.

The Foundation is currently focused on supporting our youngest patients with a new dedicated paediatric High Dependency Unit in ICU and a separate paediatric emergency department funded by The Blue Ribbon Foundation at the Northern Hospital, Epping. Funds raised by our Annual Corporate Golf Day, Fun Run and upcoming Freemasons Charity Ball will purchase vital equipment for the High Dependency Unit to provide comprehensive care to our most critical young patients and will remove the need for ambulance transfers to alternative health services

Volunteers and Community

Northern Health Volunteers

In 2017-18, Northern Health's team of 345 passionate and dedicated volunteers contributed an astounding 41,287 hours of voluntary service to the organisation, making invaluable contributions that improve the experience of patients, staff and the community across our campuses.

Northern Health's Engagement team is a proud member of the LOHVE (Leaders of Health Volunteer Engagement) network, striving for and championing volunteer recognition. Ensuring volunteers at Northern Health are appropriately supported, engaged and recognised is a key priority – through several key events throughout the year; including National Volunteer Week celebrations where service awards are presented.

Our volunteers assist visitors and patients by making them feel at ease and helping them with directions, offering coffee or tea, making special one-one-one visits to patients at their bedsides and offering magazines to help pass the time while waiting for appointments or while being an inpatient.

Our drivers who pick up patients and take them to appointments are another wonderful example of the work of our dedicated volunteers.

345 passionate and dedicated volunteers contributed

41,287 hours

of voluntary service.

Engaging our local schools

Students from Parade College, Northside Christian College and St Damien's Primary School visit Northern Health Bundoora, volunteering in the Planned Activity Group, Old Bloke's Shed and visiting patients on the wards. These visits provide patients with friendly visitors and students gain an understanding of the health system, and particularly aged care with the Ian Brand Nursing Home on site.

Our ongoing partnership with Melbourne Polytechnic allows adult students to spend a few weeks alongside Northern Health volunteers to practice their English skills. The volunteers embrace these students and provide a nurturing and supportive environment where students have the opportunity to grow and learn.

There are currently four Santa Maria College students completing their bronze level for the Duke of Edinburgh medal at Northern Health Bundoora. This involves two hours of volunteering at the campus each week for three months. Northern Health has a longstanding partnership with Santa Maria College and is proud to support local youth in making contributions to their community.

Northern Breast Cancer Support Group

On Saturday, 19 May, The Northern Breast Cancer Support Group celebrated its 21st anniversary, the longest continually running support group in Victoria.

The group in Victoria celebrated the milestone with present and past members, volunteers and their families. They were also joined by Breast Cancer Network Australia CEO, Kirsten Pilatti, and Northern Health staff.

The group is supporting people diagnosed with breast cancer by providing a compassionate and supportive environment to open up and talk about life with the disease, after the disease, any anything in between. Receiving a daunting diagnosis such as breast cancer can be challenging, and the group allows people to share their stories, learn and take comfort from the experiences of others.

30 Years of Pet Therapy

In 2018, pet therapy services at Northern Health Bundoora achieved the milestone of 30 years, or 210 dog years, of service. The trained, gentle dogs and their owners have provided over 1,800 visits to patients, helping deter feelings of anxiety and loneliness.

The Pet Therapy program at Northern Health Bundoora was developed in 1988 by an Occupational Therapist, also a member of The Kintala Club of Heidelberg, establishing a partnership that still exists today with club members volunteering their time.

With a roster of five dogs and their volunteer owners making visits once or twice a week to the wards and Planned Activity Social Support Group at Northern Health Bundoora, the pet therapy program has a positive impact on patients and staff at the health service.

Look Good Feel Better

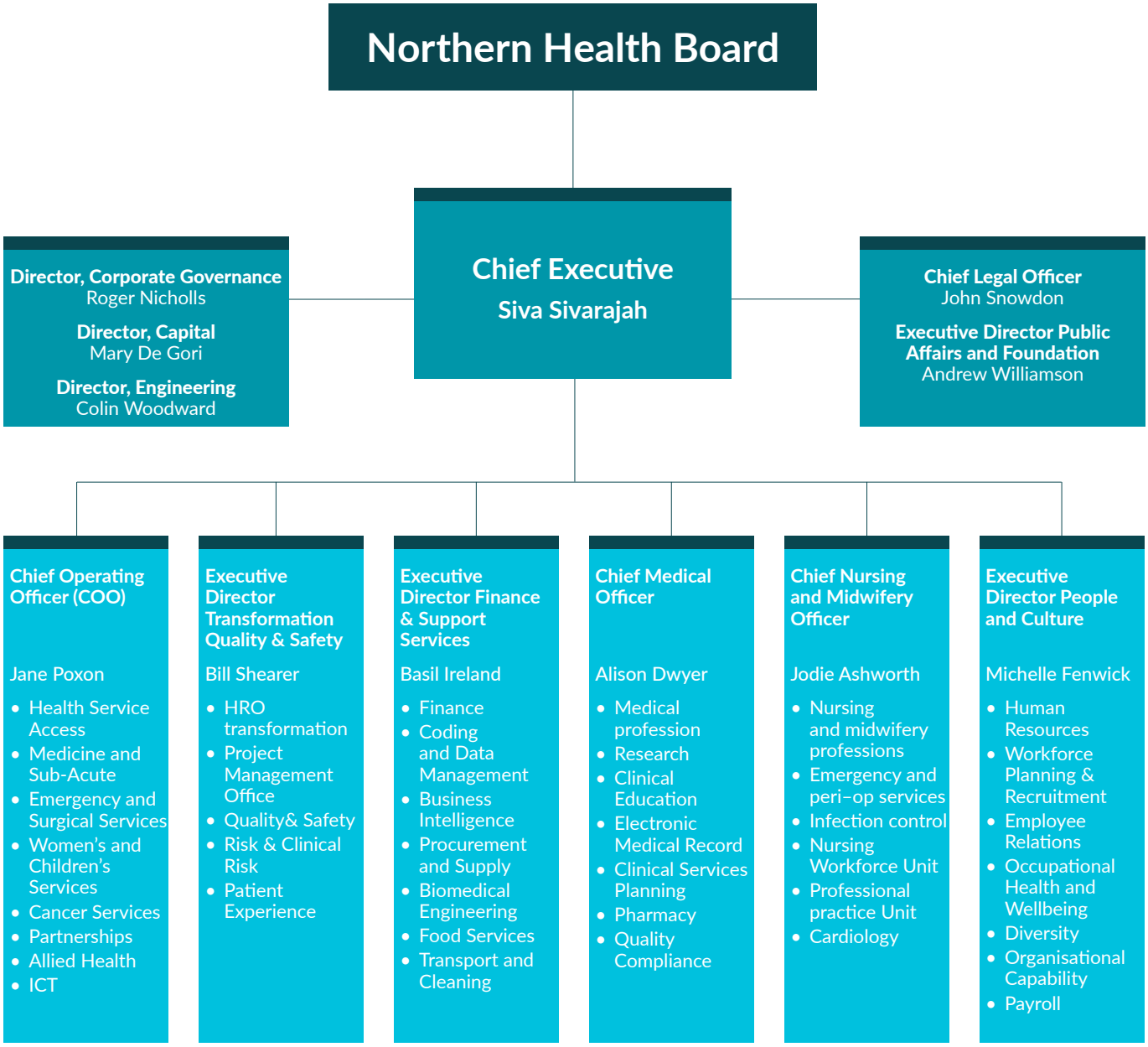
On Monday, 9 April 2018, the Look Good Feel Better cancer support workshop at the Northern Hospital, Epping, celebrated a decade of providing valued support to the local community.

Look Good Feel Better is a free national community service program run by the Cancer Patients Foundation, helping to improve the wellbeing and confidence of people undergoing treatment for cancer.

Over the 10 years the workshops have been running at the Northern Hospital, 25 trained and qualified local volunteers have given their time to the program, providing invaluable information and support to over 350 patients with cancer.

The workshops cover skin care techniques to alleviate symptoms including dryness and sun-sensitivity, make-up tips to help patients deal with concealing redness and drawing on eyebrows, and advice on headwear including scarf styling and wig selection. This embraces the notion that life feels better in colour. Participants also benefit from the opportunity to meet others in a similar situation.

Organisational Structure



Corporate Governance

Our Board

Ms Jennifer Williams AM
Board Chair

Jennifer Williams was appointed as Northern Health Board Chair on 1 July 2015.

She has previously worked as Chief Executive of several large health care organisations including Austin Health (five years), Alfred Health (seven years) and most recently as Chief Executive of the Australian Red Cross Blood Service (seven years). Jennifer is now a non-executive director. In addition to her Northern Health role she is Chair of Yooralla, and on the boards of the Australian Medical Research Advisory Board, InfoXchange, the Independent Hospital Pricing Authority and Barwon Health. She has previously completed eight years on the board of La Trobe University.

Jennifer has extensive experience in the health sector and has held many board positions.

Mr Phillip Bain

Phillip Bain was appointed to the Northern Health Board in July 2017.

He is the former Chief Executive of Plenty Valley Community Health and has a long history in the community, vocational education and health sectors.

Phillip is a member of the DELWP Northern Metropolitan Partnerships and has been a longstanding Director of QIP, the national quality provider in primary care.

Phillip is Chair of the State Government task force into Community Health.

Phillip's professional career includes a lengthy period working with GPs in the north of Melbourne and managing the Goulburn Valley Medicare Local in central Victoria. He has served as a local Councillor and Mayor, was a Victorian Multicultural Commissioner, and early in his career was an adviser to a Federal Health Minister.

Ms Juliann Byron

Juliann Byron was appointed to the Northern Health Board on 8 December 2015.

Juliann has extensive experience as Chief Financial Officer of both public and private companies, and governance and strategic planning skills. She holds board positions on a number of public, private and, not for profit boards and has provided company secretarial, management and governance consulting services over many years.

She is a fellow of CPA Australia, Fellow of the Australian Institute of Company Directors, and a Member of the Governance Institute of Australia.

Dr Alison Lilley

Alison Lilley is a practising Specialist Anaesthetist who was appointed to the Northern Health Board in 2014.

Alison brings with her a wealth of experience from both the world of clinical medicine and senior level management in the public health system. Her past appointments include 10 years as Director of Anaesthesia and six years as Director of Perioperative Services at the Royal Women's Hospital. She has also been Chair of the Senior Medical Staff at the Royal Women's Hospital and a member of the Industrial Relations sub-committee of the Board of the AMA (Vic). She is an Examiner for the Australian and New Zealand College of Anaesthetists, and is a member of the Anaesthetic Advisory Committee and the Obstetric Medical Advisory Committee at Epworth HealthCare.

Ms Melba Marginson

Melba Marginson was appointed to the Northern Health Board in July 2016.

She has previously worked as Executive Director of the Victorian Immigrant and Refugee Women's Coalition, Diversity Planner of the Maribyrnong City Council, Manager of AMES Community, and Settlement Planner of the Western Region Migrant Resource Centre. She served as a Director of the Victorian Women's Trust between 2004 and 2010 and Commissioner of the Victorian Multicultural Commission between 2000 and 2005.

Melba has extensive experience in community development and cultural diversity training design and delivery. Her community leadership was recognised by a number of awards, including Victorian Women's Honour Role Inaugural Inductee and recipient of the 2014 AFR & Westpac award for 'Australia's 100 Women of Influence'.

Mr Peter McDonald

Peter McDonald was appointed to the Northern Health Board in December 2016.

He has been an executive with the Australian Red Cross Blood Service for nine years with responsibility for strategy, government relations, international services, communications and marketing. Peter previously worked as CFO at Austin Health and Alfred Health for 12 years. Prior to that he had a number of senior management roles in Victorian Government departments including Human Services and Treasury.

Peter is a Council Member, Chair of the Finance & Resources Committee and a member of the Corporate Governance & Audit Committee at La Trobe University, as well as a Fellow of CPA Australia. He is a Graduate Member of the Australian Institute of Company Directors.

Mr Peter McWilliam

Peter McWilliam was appointed to the Northern Health Board in October 2013.

Peter has extensive skills in business and management derived from 37 years at RBM and Paramount Plastic Extrusions, one of Australia's largest privately owned plastic manufacturing companies. Peter served as a General Manager and Company Director within the organisation and its subsidiary Paramount Plastics (Aust.), providing leadership based on inspiring effective teamwork, strong planning and organisational skills.

Peter understands the importance and value of staff in an organisation's success and has many years of experience in implementing training and mentoring programs to maintain organisational viability. As a resident of the northern suburbs, Peter is familiar with its rapid growth and development and the evolving needs of the local community.

Ms Paula Shelton

Paula Shelton was appointed to the Northern Health Board in July 2016.

Paula is a senior legal professional with over two decades of experience in litigation. She has worked in a number of roles for Slater & Gordon, Medical Panels Victoria, Shine Lawyers, Waller Legal and presently serves as Special Counsel at Adviceline Injury Lawyers. Her experience as a personal injury lawyer across a breadth of areas including product liability, public liability, class actions and medical negligence has given her a passion for high quality public health care and a keen interest in medico-legal issues.

A member of the Australian Institute of Company Directors, Paula has also been active on a number of committees such as the Western Health Institutional Ethics Committee and Human Research & Ethics Committee (2002-2014).

Mr John Watson

John Watson was appointed to the Northern Health Board in August 2016.

John has had a long career in State and Local Government over more than four decades. He has held a number of leadership roles in Local Government including Chief Executive Officer of the former Shire of Bulla, Moonee Valley City Council and Hume City Council. John's Victorian Government roles include periods as a Director, and then as Executive Director, of Local Government Victoria.

John has been Chair of the Victoria Grants Commission since 2012 and chairs or is the member of a number of local government Audit and Risk Committees.

Appointment of Directors

As described in the *Health Services Act 1988* (S.65S), Northern Health has a board of directors consisting of up to nine persons appointed by the Governor in Council on the recommendation of the Health Minister for a term of up to three years. A director of the board must not serve more than 9 consecutive years.

One new director was appointed during 2017-18. Mr Phillip Bain was appointed effective 1 July 2017 until 30 June 2020.

Dr Alison Lilley was reappointed for a second three-year term ending 30 June 2020.

Role of the Board

The role of the Board is to exercise good governance in the achievement of Northern Health's stated objectives.

Key aspects of this governance role include:

- Setting the organisation's statement of priorities and strategic plans and monitoring compliance with those statements and plans
- Developing financial and business plans, strategies and budgets to ensure the accountable and efficient provision of health services and long-term financial viability of the health service
- Establishing and maintaining effective systems to ensure that the health services provided meet the needs of the communities served and that the views of users and providers of health services are taken into account
- Monitor the performance of the health service to ensure:
  - it operates within its budget
  - audit and accounting systems accurately reflect the financial position and viability of the health service
  - effective and accountable risk management systems are in place
  - effective and accountable systems are in place to monitor and improve the quality, safety and effectiveness of the health services provided
  - problems identified with the quality, safety or effectiveness of the health services provided are addressed in a timely manner
  - the service continually strives to improve the quality and safety of the services provided and to foster innovation, and
  - the committees established operate effectively
- Appointing and monitoring the performance of the Chief Executive
- Establishing the organisation structure, including management structure
- Ensuring the Minister and Secretary are advised about significant board decisions and are informed of issues of public concern or risks to the health service
- Establishing a Finance Committee, an Audit Committee and a Quality & Safety Committee
- Facilitating research and education
- Adopting a code of conduct for staff

Board meetings and access to management

At Board and committee meetings, the Executive and other senior members of staff regularly present information or decision items relevant to their areas of responsibility in the health service.

Between meetings, individual board members have contact with management through involvement in committees and are contacted by the Chief Executive on major issues.

Directors undertake site visits to Northern Health's separate campuses in order to view first-hand the activities and services provided at those locations.

Delegation of functions

The Northern Health By-Laws provide for the delegation of duties by the Board.

The Board has approved and periodically reviews a detailed Delegations of Authority Policy, enabling designated Northern Health Executives to perform their duties through the exercise of specified authorities.

Board Committees

Small groups of directors provide their expertise through participation in committees that support the functioning of the Board.

Directors and members of the Northern Health Executive were members of committees as follows:

Audit and Risk Committee

Ms Juliann Byron – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Ms Paula Shelton – Director

Mr John Watson – Director

The following executive staff attend this Committee:

Mr Siva Sivarajah – Chief Executive

Mr Basil Ireland – Chief Financial Officer

Dr Bill Shearer – Executive Director High Reliability Unit

Ms Michelle Fenwick – Executive Director People and Culture

Meetings were also attended by representatives from Northern Health's internal and external auditors.

The Audit and Risk Committee is responsible to the Board for the provision of independent assurance and advice on the financial reporting process, including the application of accounting policies, the risk management system, the system of internal controls, and compliance with laws, regulations and the Code of Conduct.

Finance Committee

Mr Peter McWilliam – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Ms Juliann Byron – Director

Mr Peter McDonald – Director

Mr Siva Sivarajah – Chief Executive

Mr Basil Ireland – Chief Financial Officer

Ms Jane Poxon – Chief Operating Officer

Ms Michelle Fenwick – Executive Director People and Culture

The Finance Committee is responsible to the Board for ensuring that financial and asset management strategies and policies enhance the productivity and performance of Northern Health in line with Government policies and directives. In addition the committee ensures that Northern Health adheres to its financial plans and operates within its budget.

Quality & Safety Committee

Dr Alison Lilley – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Ms Paula Shelton – Director

Mr Phillip Bain – Director

Mr Siva Sivarajah – Chief Executive

Dr Bill Shearer – Executive Director High Reliability Unit

Dr Alison Dwyer – Chief Medical Officer

Ms Jodie Ashworth – Chief Nursing and Midwifery Officer

Mr Scott Savage – Acting Chief Allied Health Officer

The Quality & Safety Committee is responsible to the Board for ensuring that effective and accountable systems are in place to monitor and improve the quality and effectiveness of the health services provided by Northern Health. The committee ensures that any systemic problems are identified and addressed in a timely manner, and that the organisation strives to continuously improve quality and foster innovation.

Remuneration and Appointments Committee

Ms Jennifer Williams AM – Board Chair (Chair)

Ms Juliann Byron – Director

Mr Peter McWilliam – Director

The role of the Remuneration and Appointments Committee is to advise and make recommendations to the Board in relation to Chief Executive recruitment, performance and remuneration and to monitor Northern Health's compliance with the Government Sector Executive Remuneration Policy (GSERP).

Patient Experience and Community Advisory Committee

Ms Paula Shelton – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Ms Melba Marginson – Director

Mr Siva Sivarajah – Chief Executive

Dr Alison Dwyer – Chief Medical Officer

Ms Jane Poxon – Chief Operating Officer

Ms Maureen Canzano – Consumer representative

Ms Fiona Micelotta – Consumer representative

Ms Nurcihan Ozturk – Consumer representative

Ms Dalal Sleiman – Consumer representative

Ms Jennefer Williams – Consumer representative

The purpose of this Committee is to advise the Board on strategies to enhance and promote consumer and community participation at all levels within the health service. The Committee seeks to enhance the Board's ability to advocate on behalf of the communities served by Northern Health.

Primary Care and Population Health Advisory Committee

Mr Peter McWilliam – Director (Chair)

Ms Melba Marginson – Director

Mr John Watson – Director

Mr Phillip Bain – Director

Mr Siva Sivarajah – Chief Executive

Ms Jane Poxon – Chief Operating Officer

Ms Suzanne Miller – CEO Nexus Primary Health

Mr Neil Cowen – Chief Executive Officer, DPV Health

Ms Amanda Allen-Tolland – Manager, North Division, Department of Health and Human Services

Mr Neville Kurth – Manager Community Wellbeing, City of Whittlesea

Mr John Dermanakis – Manager, Northern Area Mental Health Service

Ms Marilyn Harper – Manager, Northern Region, Bolton Clarke

Mr Max Lee – Executive Officer, Hume Whittlesea Primary Care Partnership

Ms Melanie Chisholm – Director Population Health and Commissioning, North East Primary Care Partnership

Ms Robin Whyte – Chief Executive Officer, Eastern Melbourne Primary Health Network

Ms Kirrily Gilchrist – Director Development & Improvement, The Kilmore and District Hospital

The Primary Care and Population Health Advisory Committee assists the Board with inter-agency planning and the integration of health services in the catchment area – particularly as it relates to the primary care and the acute sector. The committee also assists the Board in identifying community health needs with a view to establishing innovative programs to improve the accessibility and responsiveness of Northern Health services. Members of the organisations represented on this committee have established a Shared Vision for the North that has identified priorities for primary health care.

Directors' Attendance for Board and Sub Committee Meetings: 1 July 2017 – 30 June 2018

	BOARD	FINANCE COMMITTEE	AUDIT AND RISK COMMITTEE	QUALITY COMMITTEE	PATIENT EXPERIENCE AND COMMUNITY ADVISORY COMMITTEE	PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE	REMUNERATION AND APPOINTMENTS COMMITTEE	TOTAL
No. of Meetings	11	10	4	10	6	5	1	47
Jennifer Williams	11	10	4	7	3	2	1	38
Peter McWilliam	11	10	4	1	0	4	1	31
Alison Lilley	8	0	0	7	0	0	0	15
Juliann Byron	10	8	4	0	0	0	1	23
Melba Marginson	9	0	0	0	3	5	0	17
Paula Shelton	10	0	3	9	6	0	0	28
John Watson	10	0	4	1	0	5	0	20
Peter McDonald	9	9	3	0	0	0	0	21
Phillip Bain	10	0	0	10	2	5	0	27

Statement of Priorities

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Health	Reduce statewide risks	Proactively reduce and manage overweight and obesity in maternity and paediatric Northern Health (NH) consumers by utilising a combination of health promotion strategies (e.g. making available better food/beverage choices in NH campuses) and direct intervention. This will include scoping of feasibility of: • increasing healthy food options available; • implementing a healthy eating program at NH; • implementing a multidisciplinary paediatric obesity management clinic; and • commencing a project re: nutrition management during pregnancy. The outcomes of this action will be assessed via observation of: • Percentage of maternity patients found to be overweight or obese on presentation or admission.	**Achieved** "Red" (high sugar content) drinks removed from public vending machines at The Northern Hospital; feasibility assessment of an extended multidisciplinary paediatric obesity clinic (building on the current multidisciplinary healthy eating and lifestyle paediatric clinic) completed; business plan for a multidisciplinary high risk antenatal clinic for pregnant women with a BMI > 40 developed.
Better Health	Reduce statewide risks	Continue to reduce the risks for victims of family violence by acting as a lead health service to implement the whole-of-hospital model at NH and support the implementation of the model at The Kilmore and District Hospital (TKDH). Also, continue to strengthen local response by: • building sustainability into NH's the train-the-trainer model; • increasing the capacity of staff to fully embed the Strengthening Hospitals Response to Family Violence (SHRFV) and support staff including those who may disclose family violence and those responding to disclosures; • participating in a trial to rollout routine screening for all ante-natal patients.	**Achieved** Partnership established with The Kilmore and District Hospital to support implementation of SHRFV; staff training delivered (and continues); NH is an active participant in the pilot project for the introduction of mandatory antenatal screening.
Better Health	Help people stay healthy	Develop and commence implementation of the NH staff wellbeing framework, responding to key staff health and wellbeing risks.	**Achieved** Psychological Wellbeing Strategy endorsed by the NH OHS Executive Committee, October 2017. Implementation of key deliverables to occur following commencement of an OH&S Wellbeing coordinator in July 2018.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Health	Help people stay healthy	Implement the NH open access initiative to streamline access to diagnostic endoscopy for patients with a positive Faecal Occult Blood Test (FOBT). The National Bowel Cancer Screening Program (NBCSP) aims to continue to reduce deaths from bowel cancer through early detection of the disease. With both the Hume and Whittlesea local government areas having lower than state average bowel cancer screening participation rates, improving bowel cancer screening rates is a local imperative. Further, NH has historically had extended waiting times for endoscopies required for follow-up post a positive FOBT. NH will implement a process to streamline access to diagnostic endoscopies by removing the internal policy requirement for patients to be seen in an outpatients' clinic prior to waitlisting for an endoscopy. Outcomes of this initiative will be measured using the average waiting time for category 1 and 2 endoscopy (baseline 80.2 days average waiting times for category 1 and 2 patients in 2016-17).	**Achieved** Nurse Endoscopist credentialed and commenced independent practice May 2018; collaboration with the local PHN's has occurred to successfully develop a streamlined referral pathway for these patients. Average waiting times for category 1 and 2 endoscopy have reduced from 80.2 days in 2016-17 to 64.4 days in 2017-18.
Better Health	Target health gaps	Increase influenza vaccination uptake for staff to 85% and encourage vulnerable community members to access vaccination. Activities will include: • forming a Clinical Community to plan for influenza vaccination management; • scoping a program to offer flu vaccination to staff and their immediate families; • implementing plans to vaccinate all ante-natal women coming through NH outpatient departments; and • developing a process for clear identification of immunised vs. non-immunised staff via staff ID badge stickers.	**Achieved** Clinical Community established and vaccination offered to all inpatients and outpatients (including ante-natal women coming through NH outpatient departments), staff and their immediate families. Stickers issued to immunised staff. Outcomes as at 30 June 2018: 100% of Aged Care residents vaccinated; >88% staff, 941 inpatients and 8350 outpatients vaccinated.
Better Access	Plan and Invest	Develop an organisation-wide Clinical Service Plan, including unit by unit planning and health-service-wide actions with project planning, research, consultation and analysis completed in 2017-18 and the plan finalised in early 2018-19.	**Achieved** Clinical Service Planning at NH is underway. The plan will be finalised in 2018-19.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Access	Provide easier access/ensure fair access	Continue to maintain or improve Emergency Department Length of Stay in light of 8% increase in presentations year-on-year. This will be achieved via: • Review of ED Physician resources to ensure appropriate and efficient resource allocations (for example, fast-track model of care); • Review discharge planning processes to maximise use of multiday beds, creating opportunities to flow patients from the ED to beds; and • Streamlining transfers to Broadmeadows Hospital to facilitate flow. NH will monitor the ED average length of stay to assess performance against this action (4.9 hours 2016-17 FY).	**Achieved** ED Physician resources reviewed and redistributed to ensure coverage across all periods of demand; ED streaming review undertaken and new model of care endorsed; Broadmeadows hospital transfer protocol reviewed and improvements observed in the 'pull process'. ED average length of stay improved from 4.9 hours in 2016-17 to 4.5 hours.
Better Access	Provide easier access	Increase and sustain HITH capacity from 40 to 50 beds in 2017-18, with five additional beds open by January 2018 and 10 additional beds open by 30 June 2018.	**Achieved** HITH beds increased to 55 and sustained this level of service as at June 2018.
Better Access	Provide easier access	Review outpatient service to improve timely access to care. This will be achieved via a number of initiatives such as: • Matching urgent demand to urgent availability; • Increasing discharge rates; • Reviewing new to review appointment ratio; • Participation in the Better Care Victoria Specialist Clinics Collaborative. Achievement of this action will be monitored via existing KPIs related to time to first appointment: • Urgent patients < 30 days (state-wide Target: 100%, NH 66.3% Q4 2016-17) • Non-urgent patients < 365 days (state-wide Target: 90%, NH 95.1% Q4 2016-17).	**Achieved** Review of outpatient service undertaken and 12-month strategy developed, focusing on all components of improving timely access and patient experience. Outcomes: Urgent patients < 30 days: 89% as at June 2018 (improved). Non-urgent patients < 365 days: 97% as at June 2018 (improved).

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Access	Ensure fair access	Utilising the NH Diversity Committee governance structure (and associated working groups), and working in collaboration with the northern community, remove cultural and physical barriers to equal access by measuring gaps in access to care, to enable NH to understand and overcome them.	**Achieved** Actions taken: NH Disability Action Plan 2018–2021 developed; LGBTI Awareness Program completed; participant in Outer Northern Refugee Network; commencement of the Reconciliation Action Plan for Aboriginal and Torres Strait Islanders.
Better Care	Better Care	Finalise development of and implement the NH Organisational Capability Strategy to assist NH staff to deliver the highest quality of care. The Northern Health Capability Strategy will provide our organisation with a methodology for improved organisational performance and leadership behaviour. Capability building at Northern Health will ensure our people are developed in a manner consistent with the standards expected of all community service delivery organisations.	**Achieved** Organisational Capability Strategy for 2017-18 developed. As at 30 June 2018, 230 employees have completed programs/modules and 320 employees are booked into future sessions.
Better Care	Target zero avoidable harm	Working towards zero sentinel events. NH will work towards zero sentinel events by: • Continuously analysing internal sentinel events and state-wide sentinel event reports to determine where improvement activities can be most effective; • Through our implementation of High Reliability Organisation principles, adopt a preoccupation with possible future failure points to identify opportunities where sentinel events can be avoided; and • Strengthen our analysis of ISR 3 and 4 events to identify actions to decrease future sentinel events.	**Achieved** Nil reportable sentinel events in 2017-18; Structured Clinical Incident Review Tool implemented to support investigation of adverse events; 'CUSPS' and Clinical Communities established in line with High Reliability Organisation principles; ISR 3 & 4 incidents tabled at monthly Quality and Risk Management meetings.

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Care	Target zero avoidable harm	Develop and implement staff education regarding obligations to report (and subsequently respond to) patient safety concerns, including requirement to uphold professional responsibilities to notify the Australian Health Practitioner Regulation Agency of clinician concerns. Ensure staff feel that concerns would be acted upon and feel encouraged and safe to report concerns. NH will aim to achieve training of 100% of new staff.	**Achieved** Staff education on incident reporting integrated into orientation processes, training delivered to Junior Medical Officers, 'Robust Improvement and Safety Science at Northern Health' (RISSN) training program developed, covering the essential components of the science of safety. People matter survey results in 2018 show slight improvements compared to 2017 for the questions: I am encouraged by my colleagues to report any patient safety concerns I may have 83% (up from 81% in 2017). My suggestions about patient safety would be acted upon if I expressed them to my manager 75% (up from 73% in 2017).

GOALS	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Better Care	In partnership with consumers, identify three priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience.	NH has identified three patient experience improvement projects based on VHES feedback: 1. Improving the cleanliness of NH facilities 2. Improving communication to patients to ensure they know what to expect during their care 3. Reducing disruptive noise to improve overall experience. NH will measure its achievements in these three areas via the following measures – with the goal to move towards the performance of peer hospitals: 1. VHES responses to: a. In your opinion, how clean was the hospital room or ward that you were in? [Overall positive = 59.5%, Q3 2016-17] b. How clean were the toilets and bathrooms that you used in the hospital? [Overall positive = 53.1%, Q3 2016-17] 2. % of patients having surgery who felt they were provided with information about what would be done that they could understand [69%, Q3 2016-17] 3. % of complaints related to noise [16% 2016-17]	**Achieved** PSA model reviewed and AIDET Rollout; commenced progression towards 'silent hospital' Results: 1. In your opinion, how clean was the hospital room or ward that you were in? Overall positive = 62.4%, Q3 2017/18 (improved). 2. How clean were the toilets and bathrooms that you used in the hospital? Overall positive = 55.2%, Q3 2017/18 (improved). 3. % of patients having surgery who felt they were provided with information about what would be done that they could understand: 78.9%, Q3 2017/18 (improved).
Better care	Targeting zero avoidable harm	Develop a 'science of safety' education package that supports the implementation of NH's Comprehensive Unit Based Safety Programs (CUSP) and is complementary to the existing risk identification and reporting process.	**Achieved** Robust Innovation and Safety Science at NH (RISSN) training package developed & test run conducted with key stakeholders. Plan developed for organisational rollout.
Better care	Targeting zero avoidable harm/ joined up care	Commence implementation of the High Reliability Organisation (HRO) transformation process, complete horizon one initiatives and commence horizon two initiatives. For example: 1. implement 'Clinical Communities' to ensure joined up care; and 2. implement CUSP's to work towards achieving zero avoidable harm.	**Achieved** 6 Clinical Communities (High Risk Foot, Pregnancy and Health, IV Cannula, Heart Failure, Complex Care and Flu Immunisations) and 2 CUSPS (Respiratory and General Medicine) established.

High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	86.3%
Percentage of healthcare workers immunised for influenza	75%	82.9%

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	93%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	90%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	91%
Victorian Healthcare Experience Survey – discharge care. Quarter 1	75% very positive experience	75%
Victorian Healthcare Experience Survey – discharge care. Quarter 2	75% very positive experience	75%
Victorian Healthcare Experience Survey – discharge care. Quarter 3	75% very positive experience	75%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 1	70%	66%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 2	70%	69%
Victorian Healthcare Experience Survey – patients' perception of cleanliness – Quarter 3	70%	74%

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	No outliers
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Nil
Rate of patients with SAB[1] per occupied bed day	≤ 1/10,000	1.7 /10,000
Adverse events		
Number of sentinel events	Nil	Nil
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.6%	1.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	22.7%
Continuing Care		
Functional independence gain from an episode of GEM admission to discharge relative to length of stay	≥ 0.39	0.5003
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.965[2]

1 SAB is Staphylococcus Aureus Bacteraemia
2 Actual 17/18 at 24/7/18

Strong governance, leadership and culture

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
People Matter Survey		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	86.10%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	94.38%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	90.24%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	89.29%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"		87.34%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	87.80%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	81.01%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	84.81%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"		73.97%

Performance Priorities

Access and Timeliness

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
Emergency care		
Percentage of ambulance patients transferred within 40 minutes	90%	95%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	85%
Percentage of emergency patients with a length of stay less than four hours	81%	67%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	95%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5%	3%
Number of patients on the elective surgery waiting list	1,340	1,259
Number of hospital initiated postponements per 100 scheduled admissions	≤ 8 /100	4.8
Number of patients admitted from the elective surgery waiting list – annual total	8,990	10,098
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	84%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	95%

Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	2017-18 ACTUALS
Finance		
Operating result ($m)	0.1	1.6
Average number of days to paying trade creditors	60 days	47
Average number of days to receiving patient fee debtors	60 days	54
Public and Private WIES activity performance to target	100%	101.5%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.76%
Number of days of available cash	14 days	14.20

Activity and Funding

FUNDING TYPE	ACTIVITY – ACTUAL
Acute Admitted	
WIES Public	57,795
WIES Private	6,350
WIES DVA	354
WIES TAC	282
Acute Non-Admitted	
Emergency Services	99,446
Home Enteral Nutrition	356
Home Renal Dialysis	357
Radiotherapy Non Admitted Shared Care	
Specialist Clinics – Public	122,421
Specialist Clinics – DVA	61
Subacute and Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	586
Subacute WIES – Rehabilitation Private	86
Subacute WIES – GEM Public	1,899
Subacute WIES – GEM Private	343
Subacute WIES – Palliative Care Public	327
Subacute WIES – Palliative Care Private	29
Subacute WIES – DVA	40
Transition Care – Bed days	8,040
Transition Care – Home days	14,885
Subacute Non-Admitted	
Health Independence Program – Public	98,126
Health Independence Program – DVA	38
Aged Care	
Aged Care Assessment Service	3,396
HACC	5,976
Residential Aged Care	10,223

Corporate Information

General Information

Northern Health was established in July 2000 under the *Health Services (Governance and Accountability) Act 2004* and under the auspices of the Minister for Health. It provides a wide range of health care services to the northern growth corridor, a catchment of over 395,000 people living in Melbourne's middle to outer northern suburbs and the semi-rural regions beyond the urban fringe.

Northern Health comprises: Broadmeadows Hospital. Northern Health Bundoora, Northern Health Craigieburn and Northern Hospital.

Corporate Information

Consultancies

Consultancy fees greater than $10,000 in individual amount In 2017-18 Northern Health engaged eight consultancies with an individual amount greater than $10,000. The total expenditure incurred during 2017-18 in relation to these consultancies is $179,651. This is detailed below:

CONSULTANT	PURPOSE OF CONSULTANCY	PERIOD	TOTAL PROJECT FEE (EXCL.GST)	CONSULTING (EXCL.GST)	COMMITMENTS
Ernst and Young	Car park business case.	October 2017	$39,091	$39,091	-
CERNER Corp	Business case consulting study to produce the following key documents for the implementation of the Electronic Medical Record project: integration and data migration and project management.	July 2017 to August 2017	$57,960	$28,980	$28,980
Data Agility	Development of a point of care device strategy in preparation for the deployment of Electronic Medical Record project at Northern Health.	July 2017 to August 2017	$29,000	$29,000	-
Price Waterhouse Coopers	Business case for the Electronic Medical Record project.	July 2017 to August 2017	$13,260	$13,260	-
Dimension Data	Electronic Medical Record network readiness evaluation.	July 2017 to August 2017	$36,070	$36,070	-
Healthcare Management Advisors Pty Ltd.	Provision of service planning expertise and resources to undertake the Northern Health Aged Care and Sub-Acute Service Plan.	January 2018 to December 2018	$75,900	$22,770	$53,130
J & D Dixon Pty Ltd	Asset Management Accountability Framework.	April 2018 to June 2019	$30,000	$10,480	$19,520

Amounts below $10,000

In 2017-18 Northern Health engaged three consultancies with an individual amount less than $10,000. The total value of these consultancies was $5,210 (excl. GST).

Occupational Health and Safety

Northern Health OHS Wellbeing Strategy 2016-19

The OHS & Wellbeing team, with oversight of the OHS Executive committee continues to prioritise activity according to the key focus areas highlighted in the OHS & Wellbeing Strategy 2016-19:

- Enhanced OH&S management system and governance
- OH&S Risk management
- Aggression management
- Health and Wellbeing
- Bullying and Harassment
- Manual handling
- Injury management and return to work

	2015-2016	2016-2017	2017-2018
Number of reported hazards/ incidents for the year per 100 full-time equivalent	**32.27%** 842 incidents/ 2609 FTE * 100	**34.40%** 964 incidents/ 2802 FTE * 100	**34.19%** 1042 incidents/ 3047 FTE * 100
Number of 'lost time' standard claims for the year per 100 full-time equivalent	**1.22%** 32 claims/ 2609 FTE * 100	**1.3%** 38 claims/ 2802 FTE * 100	**1.5%** 47 claims/ 3047 FTE * 100
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	**$66,083**	**$74,583**	**$90,231**

Occupational Health and Safety Claims

- 2017-18: 44
- 2016-17: 38
- 2015-16: 34
- 2014-15: 30
- 2013-14: 31
- 2012-13: 21
- 2011-12: 25

These are standard WorkCover claims, which are defined as those claims that are over the statutory employer excess and reported to the Victorian WorkCover Authority during the financial year.

Occupational Violence Statistics

- WorkCover accepted claims with an occupational violence cause per 100 FTE: 0.295
- Accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked: 1.826
- Occupational violence incidents reported: 508
- Occupational violence incidents reported per 100 FTE: 16.67
- Percentage of occupational violence incidents resulting in a staff injury, illness or condition: 2.4%

Definitions

For the purposes of the above statistics the following definitions apply.

Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

Accepted Workcover claims – Accepted WorkCover claims that were lodged in 2016-17.

Lost time – is defined as greater than one day.

FTE figures required in the above table should be calculated consistent with the Workforce information FTE calculation (refer to page 16 of the Health Service Model Annual Report guidelines). These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The above data should be consistent with the information provided in the Minimum Employee Data Set.

Building Act 1993

During the financial year, it has been Northern Health's practice to obtain building permits for new projects, and Certificates of Occupancy or Certificates of Final Inspection for all completed projects.

Registered Building Practitioners have been involved with all new building work projects and were supervised by Northern Health's Director of Capital Planning and Development.

Current projects under construction:

- Stage 2 IPU Tower Expansion – Early works

Current projects in design phase:

- Stage 2 IPU Tower Expansion – Main works

National Competition Policy

Services that are regularly market tested in accordance with the State Government's Competitive Neutrality Guidelines include:

- Patient Transport
- Waste Management
- Car Parking
- Fleet Management
- Supply
- Medical Imaging/Radiology
- Pathology
- Food Service
- Cleaning Services
- Laundry
- Security
- Retail Services
- Financial Services
- Information and Communications Technology
- Clinical Services
- Building and Engineering Services
- Community Services
- Electricity
- Gas Supply
- Telecommunications
- Pharmaceutical Products.

Market testing of services will continue as scheduled, and according to the contract cycle, into the 2018-19 financial year.

Freedom of Information

1096 Freedom of Information applications were received by Northern Health during the 2017-18 financial year.

All applications were processed according to the provisions of the *Freedom of Information Act 1982*, which provides a legally enforceable right of access to information held by government agencies.

Northern Health provides a report on all Freedom of Information requests, to the Office of the Victorian Information Commissioner.

The applications were processed as follows:

- 1096: applications received
- 935: granted in full
- 98: granted in part
- 4: denied
- 12: withdrawn
- 32: not finalised
- 15: No document (patient did not attend organisation for requested dates).

Additional Information available on request

Consistent with FRD 22H (Section 6.19) the report of operations should confirm that details in respect of the items listed below have been retained by Northern Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

(a) Declarations of pecuniary interests have been duly completed by all relevant officers

(b) Details of shares held by senior officers as nominee or held beneficially

c) Details of publications produced by the entity about itself, and how these can be obtained

(d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service

(e) Details of any major external reviews carried out on the Health Service

(f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations

(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit

(h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services

(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees

(j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations

(k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved

(l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Victorian industry participation policy

Northern Health complies with the intent of the *Victorian Industry Participation Policy (VIPP) Act (Vic) 2003* which is to encourage, where possible, local industry participation in the supply of goods and services to government agencies.
No contracts were awarded under this policy in 2017-18.

Carers and care relationships

Northern Health is dedicated to providing the highest quality of care in the safest possible environment for every patient. Northern Health complies with the intent of the *Carers Recognition Act 2012* which seeks to:

- recognise, promote and value the role of people in care relationships; recognise the different needs of persons in care relationships; and support and recognise that care relationships bring benefits to the persons in the care relationship and to the community.

Our *Quality Account*, which will be released late this year, provides details on our services and the changes we are making to improve care and patient outcomes.

Protected Disclosure Act 2012

Under the *Protected Disclosure Act 2012*, complaints about certain serious misconduct or corruption involving public health services in Victoria should be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) in order to remain protected under the Act. Northern Health encourages individuals to make any disclosures which are protected disclosures within the meaning of the Act with IBAC.

Car parking fees

Northern Health complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at www.nh.org.au

Safe Patient Care Act 2015

Northern Health complies with the intent of the *Safe Patient Care Act (Vic) 2015* which guarantees nurse to patient and midwife to patient ratios.

Corporate Information

Attestations

Data Integrity

I, Siva Sivarajah certify that Northern Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Northern Health has critically reviewed these controls and processes during the year.

Siva Sivarajah
Chief Executive
Northern Health
23/08/2018

Conflict of Interest

I, Siva Sivarajah certify that Northern Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the model policy published by the VPSC. Declaration of private interest forms have been completed by all executive staff within Northern Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each Board meeting.

Siva Sivarajah
Chief Executive
Northern Health
23/08/2018

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Siva Sivarajah certify that Northern Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) *and has critically reviewed these controls and processes during the year.*

Our internal auditor has identified two areas of improvement opportunities and has drawn recommendations to mitigate risks associated with the two findings. The findings include some inconsistencies in completing the asset disposal forms and reviewing supplier performance based on pre-established Key Performance Indicators (KPI). Northern Health is actively implementing their recommendations. Notably, neither one of these finding are materially non-compliant in nature.

Siva Sivarajah
Chief Executive
Northern Health
23/08/2018

Financial Management Compliance attestation

I, Jennifer Williams, on behalf of the Northern Health Board, certify that Northern Health has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 *and Instructions.*

Jennifer Williams AM
Board Chair
Northern Health
23/08/2018

Information and Communications Technology (ICT) Expenditure

The total ICT expenditure incurred during 2017-18 is $10.87m (excluding GST) with the details shown below.

Business as Usual (BAU) ICT Expenditure ($000)	Non-Business As Usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
6,932	**3,939**	**968**	**2,971**

Corporate Information

Employment Conduct Principles

Northern Health ensures that employment policy and practice are underpinned by core public sector values, consistent with the Public Sector Code of Conduct for Victorian Public Sector Employees

Principles of equal opportunity and fair and reasonable treatment of others are included in a range of policies and guidelines.

Merit and equity principles are encompassed in all employment and diversity management activities throughout Northern Health.

Workforce Information

The Full Time Equivalent (FTE) head count for Northern Health as at 30 June 2017 and 30 June 2018 is provided below.

LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		JUNE YTD FTE*		JUNE HEADCOUNT	
	2017	2018	2017	2018	2017	2018
Grand Total	**2,954**	**3,191**	**2,801**	**3,045**	**4,020**	**4,343**
Nursing Services	1,449	1,563	1,347	1,488	1,985	2,135
Administration and Clerical	450	479	435	463	598	630
Medical Support Services	164	177	164	174	207	216
Hotel and Allied Services	139	152	135	142	183	197
Medical Officers	71	56	62	60	75	57
Hospital Medical Officers	305	354	297	328	341	397
Sessional Medical Officers	83	111	76	97	241	310
Ancillary Support Services	293	299	285	293	390	401

Financial Results

Northern Health's major financial objective is to provide the necessary resources to meet anticipated activity levels, address capital needs and ensure cash sustainability.

In the 2017-18 financial year, Northern Health generated an operating surplus (before capital and specific items) of $1.5m.

Acute inpatient admissions grew by 12% year on year which delivered some productivity benefits.

We increased capital expenditure (excluding specific major DHHS funded capital projects for example the Inpatient tower Block expansion) from $7.5m (2016-17) to $10.2m (2017-18).

Available cash increased from 8.2 days (2016-17) to 14.2 days (2017-18), this was achieved by a combination of a strong operating result and an improvement in our working capital.

The financial results for Northern Health over the past five financial years are shown below.

REPORT OF OPERATIONS DISCLOSURE	2018 $'000	2017 $'000	2016 $'000	2015 $'000	2014 $'000
Total Revenue	554,135	505,794	457,196	397,861	393,122
Total Expenses	555,409	495,106	452,870	416,471	385,295
Other economic flows included in the net result for the year	(1,649)	645	-	-	-
Net Result (Including Capital and Specific Items)	(2,926)	10,688	4,326	(18,610)	7,827
Operating Result of the Parent Entity[1]	1,508	1,553	156	(8,884)	1,839
Total Assets	513,985	464,930	433,050	417,273	430,567
Total *Liabilities*	140,596	130,063	119,831	108,379	103,062
Net Assets	373,389	334,867	313,219	308,894	327,505
Total Equity	**373,389**	**334,867**	**313,219**	**308,894**	**327,505**

1 The result for which Northern Health is monitored in its Statement of Priorities.

Disclosure index

The annual report of Northern Health is prepared in accordance with all relevant Victorian legislation.This index has been prepared to facilitate identification of the Department's compliance with statutory requirements.

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Charter and Purpose		
FRD 22H	Manner of establishment and the relevant Ministers	29
FRD 22H	Purpose, functions, powers and duties	30-31
FRD 22H	Initiatives and key achievements	9-23
FRD 22H	Nature and range of services provided	5
Management and structure		
FRD 22H	Organisational structure	25
Financial and other information		
FRD 10A	Disclosure index	52
FRD 11A	Disclosure of ex-gratia expenses	F38
FRD 21C	Responsible person and executive officer disclosures	F35 F36
FRD 22H	Application and operation of *Protected Disclosure 2012*	48
FRD 22H	Application and operation of *Carers Recognition Act 2012*	48
FRD 22H	Application and operation of *Freedom of Information Act 1982*	47
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	47
FRD 22H	Details of consultancies over $10,000	45
FRD 22H	Details of consultancies under $10,000	45
FRD 22H	Employment and conduct principles	50
FRD 22H	Information and Communication Technology Expenditure	50
FRD 22H	Major changes or factors affecting performance	F51
FRD 22H	Occupational violence	46
FRD 22H	Operational and budgetary objectives and performance against objectives	43
FRD 22H	Summary of the entity's environmental performance	17
FRD 22H	Significant changes in financial position during the year	7

LEGISLATION	REQUIREMENT	PAGE REFERENCE
FRD 22H	Statement on National Competition Policy	47
FRD 22H	Subsequent events	F38
FRD 22H	Summary of the financial results for the year	51
FRD 22H	Additional information available on request	47, 48
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	50
FRD 25C	Victorian Industry Participation Policy disclosures	48
FRD 29C	Workforce Data disclosures	50
FRD103F	Non-Financial Physical Assets	F18
FRD110A	Cash flow Statements	F7
FRD112D	Defined Benefit Superannuation Obligations	F16
SD 5.2.3	Declaration in report of operations	49
SD 5.1.2.2	Financial Management Compliance Attestation	49
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	F1
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	F1
SD 5.2.1(a)	Compliance with Ministerial Directions	F1
Legislation		
	Freedom of Information Act 1982	47
	Protected Disclosure Act 2012	48
	Carers Recognition Act 2012	48
	Victorian Industry Participation Policy Act 2003	48
	Building Act 1993	47
	Financial Management Act 1994	49
	Safe Patient Care Act 2015	48

Financial Report 2017-18

Northern Health

Financial Statements

Year ended 30 June 2018

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

We certify that the attached financial report for Northern Health and the consolidated entity, has been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* , applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of Northern Health and the consolidated entity at 30 June 2018.

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

We authorise the attached financial report for issue on this day.

Ms Jennifer Williams
Board Chair

Northern Health
23 August 2018

Mr Siva Sivarajah
Chief Executive

Northern Health
23 August 2018

Mr Basil Ireland
Chief Financial Officer

Northern Health
23 August 2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Northern Health

Opinion

I have audited the consolidated financial report of Northern Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:

- consolidated entity and health service balance sheets as at 30 June 2018
- consolidated entity and health service comprehensive operating statements for the year then ended
- consolidated entity and health service statements of changes in equity for the year then ended
- consolidated entity and health service cash flow statements for the year then ended
- notes to the financial statements, including significant accounting policies
- Board member's, accountable officer's and chief finance and accounting officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report

The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the health service and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the health service and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Northern Health
Comprehensive Operating Statement
For the Year Ended 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Revenue from Operating Activities	2.1	523,936	464,515	523,936	464,515
Revenue from Non-Operating Activities	2.1	6,194	6,884	7,284	7,979
Employee Expenses	3.1	(373,489)	(331,582)	(373,790)	(331,840)
Non Salary Labour Costs	3.1	(9,331)	(9,182)	(9,331)	(9,182)
Supplies and Consumables	3.1	(97,231)	(84,594)	(97,232)	(84,596)
Other Expenses	3.1	(48,571)	(44,488)	(48,743)	(44,710)
Net Result Before Capital and Specific Items		**1,508**	**1,553**	**2,124**	**2,166**
Capital Purpose Income	2.1	23,220	32,869	22,912	32,655
Depreciation and Amortisation	4.2	(24,820)	(23,819)	(24,820)	(23,819)
Specific Expenses		(779)	(163)	(779)	(163)
Finance Costs		(3)	(15)	(3)	(15)
Expenditure for Capital Purpose	3.1	(711)	(781)	(711)	(781)
Net Result after Capital and Specific items		**(1,585)**	**9,644**	**(1,277)**	**10,043**
Other Economic Flows Included in Net Result					
Net Gain/(Loss) on Non-Financial Assets	3.5	3	47	3	47
Net Gain/(Loss) on Financial Instruments	3.5	(1,548)	-	(1,548)	-
Other Gains/(Losses) from Other Economic Flows	3.5	(104)	598	(104)	598
Total Other Economic Flows Included in Net Result		**(1,649)**	**645**	**(1,649)**	**645**
NET RESULT FOR THE YEAR		**(3,234)**	**10,289**	**(2,926)**	**10,688**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in Property, Plant and Equipment Revaluation Surplus	8.1a	41,448	10,962	41,448	10,962
Total Other Comprehensive Income		**41,448**	**10,962**	**41,448**	**10,962**
COMPREHENSIVE RESULT		**38,214**	**21,251**	**38,522**	**21,650**

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

Northern Health
Balance Sheet
As at 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Current Assets					
Cash and Cash Equivalents	6.1	47,014	34,253	47,424	35,156
Receivables	5.1	9,953	12,099	9,960	12,099
Inventories		3,028	2,489	3,028	2,489
Investments and Other Financial Assets		-	-	500	-
Prepayments and Other Assets		1,566	1,399	1,566	1,402
Total Current Assets		**61,561**	**50,240**	**62,478**	**51,146**
Non-Current Assets					
Receivables	5.1	13,786	11,130	13,786	11,130
Property, Plant and Equipment	4.1	436,509	402,223	436,869	402,223
Intangible Assets		852	431	852	431
Total Non-Current Assets		**451,147**	**413,784**	**451,507**	**413,784**
TOTAL ASSETS		**512,708**	**464,024**	**513,985**	**464,930**
Current Liabilities					
Payables	5.3	24,585	24,884	24,611	24,847
Borrowings		-	181	-	181
Provisions	3.3	87,215	77,256	87,215	77,256
Other Current Liabilities	5.2	3,038	2,358	3,038	2,358
Total Current Liabilities		**114,838**	**104,679**	**114,864**	**104,642**
Non-Current Liabilities					
Provisions	3.3	12,951	11,754	12,951	11,754
Other Non-Current Liabilities	5.2	12,781	13,667	12,781	13,667
Total Non-Current Liabilities		**25,732**	**25,421**	**25,732**	**25,421**
TOTAL LIABILITIES		**140,570**	**130,100**	**140,596**	**130,063**
NET ASSETS		**372,138**	**333,924**	**373,389**	**334,867**
EQUITY					
Property, Plant and Equipment Revaluation Surplus	8.1a	252,556	211,108	252,556	211,108
Restricted Specific Purpose Surplus	8.1b	349	262	5,827	5,073
Contributed Capital	8.1c	161,634	161,634	161,634	161,634
Accumulated Deficits	8.1d	(42,401)	(39,080)	(46,628)	(42,948)
TOTAL EQUITY		**372,138**	**333,924**	**373,389**	**334,867**
Commitments	6.2				
Contingent Assets and Contingent Liabilities	7.2				

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

Northern Health
Statement of Changes in Equity
For the Year Ended 30 June 2018

Consolidated	Note	Property Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surplus/ (Deficits) $'000	Total $'000
Balance at 1 July 2016		**200,146**	**4,845**	**161,634**	**(53,408)**	**313,217**
Net result for the year		-	-	-	10,688	10,688
Other comprehensive income for the year	8.1a	10,962	-	-	-	10,962
Transfers to accumulated surplus/ (deficit)	8.1b, 8.1d	-	228	-	(228)	-
Balance at 30 June 2017		**211,108**	**5,073**	**161,634**	**(42,948)**	**334,867**
Net result for the year		-	-	-	(2,926)	(2,926)
Other comprehensive income for the year	8.1a	41,448	-	-	-	41,448
Transfers to accumulated surplus/ (deficit)	8.1b, 8.1d	-	754	-	(754)	-
Balance at 30 June 2018		**252,556**	**5,827**	**161,634**	**(46,628)**	**373,389**

Parent	Note	Property Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surplus/ (Deficits) $'000	Total $'000
Balance at 1 July 2016		**200,146**	**243**	**161,634**	**(49,350)**	**312,673**
Net result for the year		-	-	-	10,289	10,289
Other comprehensive income for the year		10,962	-	-	-	10,962
Transfers to accumulated surplus/ (deficit)		-	19	-	(19)	-
Balance at 30 June 2017		**211,108**	**262**	**161,634**	**(39,080)**	**333,924**
Net result for the year		-	-	-	(3,234)	(3,234)
Other comprehensive income for the year		41,448	-	-	-	41,448
Transfers to accumulated surplus/ (deficit)		-	87	-	(87)	-
Balance at 30 June 2018		**252,556**	**349**	**161,634**	**(42,401)**	**372,138**

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

Northern Health
Cash Flow Statement
For the Year Ended 30 June 2018

	Note	Parent Entity 2018 $'000	Parent Entity 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		487,189	423,598	487,189	423,598
Capital Grants from Government		14,152	27,897	14,152	27,897
Patient and Resident Fees Received		20,325	19,042	20,325	19,042
Private Practice Fees Received		2,095	3,013	2,095	3,013
Donations and Bequests Received		363	416	877	1,235
GST Received from/(paid to) ATO		10,776	9,060	10,761	9,065
Recoupment from private practice for use of hospital facilities		4,535	2,117	4,535	2,117
Interest Received		1,388	1,062	1,410	1,075
Other Receipts		16,321	17,661	16,515	17,875
Total Receipts		**557,144**	**503,866**	**557,859**	**504,917**
Employee Expenses Paid		(362,093)	(319,112)	(362,393)	(319,372)
Non Salary Labour Costs		(9,324)	(9,183)	(9,324)	(9,183)
Payments for Supplies and Consumables		(98,887)	(92,964)	(98,888)	(93,127)
Finance Costs		(3)	(14)	(3)	(14)
Other Payments		(58,522)	(45,304)	(58,569)	(45,701)
Total Payments		**(528,829)**	**(466,577)**	**(529,177)**	**(467,397)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	8.2	**28,315**	**37,289**	**28,682**	**37,520**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of Investments		-	-	(500)	-
Payments for Non-Financial Assets		(15,609)	(22,278)	(15,969)	(22,278)
Proceeds from sale of Non-Financial Assets		141	73	141	73
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(15,468)**	**(22,205)**	**(16,328)**	**(22,205)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of Borrowings		(181)	(280)	(181)	(280)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**(181)**	**(280)**	**(181)**	**(280)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**12,666**	**14,804**	**12,173**	**15,035**
Cash and Cash Equivalents at the Beginning of Year		33,785	18,981	34,688	19,653
CASH AND CASH EQUIVALENTS AT END OF YEAR (Excludes Patients Money Held In Trust)	6.1	**46,451**	**33,785**	**46,861**	**34,688**

This Statement should be read in conjunction with the accompanying notes

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Notes to and forming part of the financial statements for the year ended 30 June 2018

Basis of presentation

The financial statements are prepared in accordance with Australian Accounting Standards and Relevant Financial Reporting Directions (FRDs).

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions,* contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Northern Health.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to, or contribution by, owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Northern Health and its controlled entities for the period ending 30 June 2018. The purpose of the report is to provide users with information about Northern Health's

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements.*

The financial statements also comply with relevant FRDs issued by the Department of Treasury and Finance and relevant Standing Directions (SDs) authorised by the Minister for Finance; noting that the Northern Health Research, Training and Equipment Foundation ("the Foundation") complies with the *Australian Charities and Not-for-Profits Commission Act 2012 and Regulations 2013* (ACNC) and the *Corporations Act* 2001.

Northern Health is a not-for profit entity and therefore applies the additional "Aus" paragraphs applicable to “not-for-profit” Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of Northern Health on 23rd August 2018.

(b) Reporting entity

The financial statements include all the controlled activities of Northern Health.

Northern Health's principal address is:
185 Cooper Street
Epping
Victoria 3076.

A description of the nature of Northern Health’s operations and its principal activities is included in the report of operations which are separate to these financial statements.

(c) Basis of accounting preparation and measurement

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The going concern basis was used to prepare the financial statements as outlined in Note 8.9 Going Concern.

These financial statements are presented in Australian dollars, the functional and presentation currency of Northern Health.

All amounts shown in the financial statements have been rounded to nearest $1,000 unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Prior year comparative amounts have been changed to conform with current year presentation.

Northern Health operates on a fund account basis and maintains 3 funds; Operating, Capital and Specific Purpose Funds. Specific Purpose funds include those outlined in Note 3.2.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 1: Summary of Significant Accounting Policies (continued)

(c) Basis of accounting preparation and measurement (cont)

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- fair value of land, buildings, infrastructure, plant and equipment (refer Note 4.1);
- provision for impairment of receivables (refer Note 5.1); and
- employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer Note 3.3).

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, the GST payable is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the net amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Commitments, contingent assets and liabilities are presented on a gross basis.

(d) Principles of consolidation

In accordance with AASB 10 Consolidated Financial Statements, the consolidated financial statements of Northern Health includes all reporting entities controlled by Northern Health as at 30 June 2018. Control exists when Northern Health has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

The parent entity is not shown separately in the notes on the basis of materiality.

The consolidated financial statements include the audited financial statements of the controlled entities listed in 8.10.

Intersegment Transactions

Transactions between segments within Northern Health have been eliminated to reflect the extent of Northern Health's operations as a group.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 2: Funding delivery of our services

Northern Health's overall objective is to provide outstanding health care to the community, and improve the quality of life for Victorians.
Northern Health predominately receives income based on parliamentary appropriations to enable it to fulfil its objectives as well as income from the supply of services.

Structure

2.1 Analysis of revenue by source

Note 2.1: Analysis of Consolidated Revenue by Source

	Admitted Patients	Non Admitted Patients	Emergency Department Services	Residential Aged Care Services	Aged Care	Other [1]	Total Consol'd
	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000
Government Grants	424,305	32,270	14,300	3,128	12,060	-	486,063
Indirect contributions by DHHS	2,907	-	-	-	-	-	2,907
Patient and Resident Fees	17,221	349	1,198	762	358	-	19,888
Commercial Activities	-	-	-	-	-	9,508	9,508
Other Revenue from Operating Activities	1,914	2,044	583	43	57	929	5,570
Total Revenue from Operating Activities	**446,347**	**34,663**	**16,081**	**3,933**	**12,475**	**10,437**	**523,936**
Interest	959	-	-	-	-	41	1,000
Other Revenue from Non-Operating Activities	-	-	-	-	-	6,284	6,284
Total Revenue from Non-Operating Activities	**959**	**-**	**-**	**-**	**-**	**6,325**	**7,284**
Capital Purpose Income	-	-	-	-	-	5,253	5,253
Capital Interest	-	-	-	-	-	423	423
Government Grants	-	-	-	-	-	17,236	17,236
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**22,912**	**22,912**
Total Revenue	**447,306**	**34,663**	**16,081**	**3,933**	**12,475**	**39,674**	**554,132**

	Admitted Patients	Non Admitted Patients	Emergency Department Services	Residential Aged Care Services	Aged Care	Other [1]	Total Consol'd
	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
Government Grants	367,880	31,642	13,482	2,885	11,864	-	427,753
Indirect contributions by DHHS	3,973	-	-	-	-	-	3,973
Patient and Resident Fees	16,790	86	1,027	609	275	-	18,787
Commercial Activities	3	61	-	-	-	10,222	10,286
Other Revenue from Operating Activities	2,474	512	599	63	68	-	3,716
Total Revenue from Operating Activities	**391,120**	**32,301**	**15,108**	**3,557**	**12,207**	**10,222**	**464,515**
Interest	745	-	-	-	-	35	780
Other Revenue from Non-Operating Activities	-	-	-	-	-	7,199	7,199
Total Revenue from Non-Operating Activities	**745**	**-**	**-**	**-**	**-**	**7,234**	**7,979**
Capital Purpose Income	-	-	-	147	-	2,812	2,959
Capital Interest	-	-	-	-	-	295	295
Government Grants	-	-	-	-	-	29,401	29,401
Total Capital Purpose Income	**-**	**-**	**-**	**147**	**-**	**32,508**	**32,655**
Total Revenue [2]	**391,865**	**32,301**	**15,108**	**3,704**	**12,207**	**49,964**	**505,149**

[1] Other includes Commercial Activities, Special Purpose Funds and Capital.

[2] Prior year income was previously included the net gain/(loss) on non-financial assets, now it forms part of Other Economic Flows Included in Net Result (refer Note 3.5).

Revenue has been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. Northern Health allocates Other Revenue which is supported by the Health Services Agreement across the clinical categories based on their proportionate share of salary and wages expenses.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 2.1: Analysis of Consolidated Revenue by Source (continued)

Revenue recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Northern Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 *Contributions* , government grants and other transfers of income (other than contributions by owners) are recognised as income when Northern Health gains control of the underlying assets irrespective of whether conditions are imposed on the entity's use of the contributions.

Contributions are deferred as income in advance when Northern Health has a present obligation to repay them and the present obligation can be reliably measured.

Indirect Contributions from the DHHS

- Insurance is recognised as revenue following advice from the DHHS.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017.

Patient and Resident Fees and Private Practice Fees

Patient fees are recognised as revenue on an accrual basis.

Revenue from commercial activities

Revenue from commercial activities such as car parking and retail activities are recognised on an accrual basis.

Donations and bequests

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset, which allocates interest over the relevant period.

Other income

Other income includes non-property rental and recoveries for salaries & wages and external services provided.

Fair value of Assets and Services Received Free of Charge or for Nominal Consideration

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not received as a donation.

Category groups

Northern Health has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

Non Admitted Services comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

Emergency Department Services comprises all emergency department services.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Residential Aged Care referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services.

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 3: The Cost of delivering services

This section provides an account of the expenses incurred by Northern Health in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed whilst in this note, the cost associated with the provision of services are recorded.

Structure

3.1 Analysis of expenses by source
3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.3 Employee Benefits in the Balance Sheet
3.4 Superannuation
3.5 Other economic flows included in net result

Note 3.1: Analysis of expenses by source

	Note	Admitted Patients	Non Admitted Patients	Emergency Department Services	Residential Aged Care Services	Aged Care	Other [1]	Total Consol'd
		2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000	2018 $'000
Employee Expenses		299,141	16,830	44,232	4,027	5,775	3,785	373,790
Other Operating Expenses								
Non Salary Labour Costs excl. Consulting		8,123	180	835	131	20	42	9,331
Supplies and Consumables		72,907	3,015	16,771	415	3,566	558	97,232
Other Expenses from Continuing Operations		36,986	1,447	4,195	648	827	4,640	48,743
Total Expenditure from Operating Activities		**417,157**	**21,472**	**66,033**	**5,221**	**10,188**	**9,025**	**529,096**
Finance Costs		-	-	-	-	-	3	3
Other Non-Operating Expenses [2]								
Specific Expenses		-	-	-	-	-	779	779
Expenditure for Capital Purposes		-	-	-	-	-	711	711
Depreciation and Amortisation	4.2	-	-	-	21	-	24,799	24,820
Total Other Expenses		**-**	**-**	**-**	21	**-**	**26,292**	**26,313**
Total Expenses		**417,157**	**21,472**	**66,033**	**5,242**	**10,188**	**35,317**	**555,409**

	Note	Admitted Patients	Non Admitted Patients	Emergency Department Services	Residential Aged Care Services	Aged Care	Other [1]	Total Consol'd
		2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000	2017 $'000
Employee Expenses		256,793	16,598	42,737	4,123	6,337	5,252	331,840
Other Operating Expenses								
Non Salary Labour Costs excl. Consulting		7,593	309	1,123	89	29	38	9,182
Supplies and Consumables		63,409	2,680	14,308	558	3,176	464	84,596
Other Expenses from Continuing Operations		32,703	1,444	4,063	778	943	4,778	44,710
Total Expenditure from Operating Activities		**360,498**	**21,031**	**62,231**	**5,548**	**10,485**	**10,532**	**470,328**
Finance Costs		-	-	-	-	-	15	15
Other Non-Operating Expenses [2]								
Specific Expenses		-	-	-	-	-	163	163
Expenditure for Capital Purposes		-	-	-	-	-	781	781
Depreciation and Amortisation	4.2	-	-	-	24	-	23,795	23,819
Total Other Expenses		**-**	**-**	**-**	**24**	**-**	**24,754**	**24,778**
Total Expenses		**360,498**	**21,031**	**62,231**	**5,572**	**10,485**	**35,286**	**495,106**

[1] Expenses have been classified across programs as defined in the Agency Information Management System (AIMS) guidelines. Northern Health allocates Other Expenses from Operating Activities which are supported by the Health Services Agreement across the clinical categories based on their proportionate share of salary and wages expenses.

[2] Prior year expenses previously included the written down value of assets sold, which now forms part of Other Economic Flows Included in Net Result (refer Note 3.5).

Expense recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include:

- wages and salaries;
- termination payments;
- workcover premiums; and
- superannuation expenses.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and includes supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 3.1: Analysis of expenses by source (continued)

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Borrowings were fully paid during the 2017-18 financial year.
Finance costs for Northern Health include:

- interest on short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases.*

Specific expenses

Specific expenses are costs Associated with Restructure (Disaggregation/Aggregation).

Category groups

Refer to Note 2.1 for category group descriptions.

Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Consol'd 2018 $'000	Consol'd 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Commercial Activities				
Private Practice and other patient activities	1,519	2,280	1,687	2,809
Car Park	451	354	3,761	3,395
Property Expenses	4,281	4,290	6,025	5,792
Northern Health Foundation	473	1,028	1,142	1,239
Salary Packaging	304	330	2,251	2,112
Allied Health and Rehabilitation Supply Store	321	327	332	312
Other Activities				
Fundraising and Community Support	1	4	2	-
Research and Scholarship	1,023	1,252	1,083	1,346
Special and Restricted Purpose Funds	652	667	479	451
TOTAL	**9,025**	**10,532**	**16,762**	**17,456**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 3.3: Employee Benefits

	Consol'd 2018 $'000	Consol'd 2017 $'000
Current Provisions		
Employee Benefits [1]		
Annual Leave		
- Unconditional and expected to be settled within 12 months [2]	23,892	20,793
- Unconditional and expected to be settled after 12 months [3]	3,940	3,429
Long Service Leave		
- Unconditional and expected to be settled within 12 months [2]	6,305	5,503
- Unconditional and expected to be settled after 12 months [3]	31,664	29,064
Accrued Days Off	857	960
	66,658	**59,749**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months [2]	3,103	2,735
- Unconditional and expected to be settled after 12 months [3]	3,936	3,522
	7,039	**6,257**
Accrued Salaries and Wages	13,518	11,250
Total Current Provisions	**87,215**	**77,256**
Non-Current Provisions		
Long Service Leave	11,660	10,605
Provisions related to Long Service Leave	1,291	1,149
Total Non-Current Provisions	**12,951**	**11,754**
TOTAL PROVISIONS	**100,166**	**89,010**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-costs		
Unconditional LSL Entitlement	42,050	38,232
Annual leave entitlements	30,790	26,814
Accrued Salaries and Wages	13,518	11,250
Accrued Days Off	857	960
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave entitlements (present value)	12,951	11,754
Total Employee Benefits and Related On-Costs	**100,166**	**89,010**

[1] Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

[2] The amounts disclosed are nominal amounts.

[3] The amounts are discounted to present values.

	Consol'd 2018 $'000	Consol'd 2017 $'000
(b) Movement in Long Service Leave		
Balance at start of year	49,986	44,343
Provision made during the year:		
- Revaluations	104	(598)
- Expense recognising employee service	10,227	10,269
Settlement made during the year	(5,316)	(4,028)
Balance at end of year	**55,001**	**49,986**

Employee benefit recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions

Provisions are recognised when Northern Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 3.3: Employee benefits in the balance sheet (continued)

Employee benefits

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages and salaries, annual leave and accrued days off

Liabilities for wages and salaries, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because Northern Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and accrued days off are measured at:

- undiscounted value – if Northern Health expects to wholly settle within 12 months; or
- present value – if Northern Health does not expect to wholly settle within 12 months.

Long service leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Northern Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- undiscounted value – if Northern Health expects to wholly settle within 12 months; or
- present value – if Northern Health does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as an other economic flow.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee decides to accept an offer of benefits in exchange for the termination of employment.

On-costs related to employee benefits

Provisions for on-costs, such as worker's compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.4: Superannuation

	Paid contributions for the year		Contributions outstanding at 30 June	
	Consol'd 2018 $'000	Consol'd 2017 $'000	Consol'd 2018 $'000	Consol'd 2017 $'000
Defined benefit plans [1]				
First State Super	194	232	15	18
Defined contribution plans				
First State Super	13,936	13,361	1,683	1,517
HESTA	9,726	8,392	1,244	1,026
Other	1,506	688	213	88
	25,362	**22,673**	**3,155**	**2,649**

[1] The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of Northern Health are entitled to receive superannuation benefits and Northern Health contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Northern Health to the superannuation plans in respect of the services of current staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Northern Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Northern Health.

The name and details of the major employee superannuation funds and contributions made by Northern Health are disclosed above.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 3.5: Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.
Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

	Consol'd 2018 $'000	Consol'd 2017 $'000
Net gain/(loss) on non financial assets		
Net gain on disposal of property, plant and equipment	3	47
Total net gain/(loss) on non financial assets	**3**	**47**
Net gain/(loss) on financial instruments		
Impairment of financial assets:		
Loans and receivables [1]	(1,548)	-
Total Net gain/(loss) on financial instruments	**(1,548)**	**-**
Other economic flows		
Revaluation of Long Service Leave	(104)	598
Total Other Economic Flows	**(104)**	**598**
TOTAL OTHER ECONOMIC FLOWS RECOGNISED IN NET RESULT	**(1,649)**	**645**

[1] Prior year expenses for bad and doubtful debts are included in Other Expenses from Continuing Operations (refer Note 3), but now form part of Other Economic Flows.

Disposal of non-financial assets
Any gain or loss on the sale of non-financial assets is recognised in the Comprehensive Operating Statement.

Impairment of non-financial assets
At the end of each reporting period Northern Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit of loss, are subject to annual review for impairment.

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets.*

Other economic flows included in net result
Other economic flows are changes in volume or value of assets or liabilities that do not result from transactions.

Net gain/ (loss) on non-financial assets
Net gain/ (loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

Revaluation gains/ (losses) of non-financial physical assets
Refer to Note 4.1 Property plant and equipment.

Net gain/ (loss) on disposal of non-financial assets
Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.

Changes in accounting policy (AASB 101)
The below change in accounting policies were adopted in 2017-18. As the changes in accounting policy were applicable for the 2016-17 financial year, comparative figures for 2016-17 year have been restated.

Bad and doubtful debts
Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4: Key assets to support service delivery

Northern Health controls infrastructure and other investments that are utilised in delivering services and outputs. They represent the key resources that have been entrusted to Northern Health to be utilised for delivery of those outputs.

Structure

4.1 Property, Plant and Equipment
4.2 Depreciation and Amortisation

Note 4.1: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Consol'd 2018 $'000	Consol'd 2017 $'000
Land		
Land at Fair Value	64,412	58,310
Total Land	**64,412**	**58,310**
Buildings		
Buildings at cost	-	95,289
Accumulated Depreciation	-	(5,551)
Buildings at Fair Value	415,213	277,806
Accumulated Depreciation	(72,418)	(47,964)
Total Buildings	**342,795**	**319,580**
Assets under Construction		
Assets under construction at cost	5,853	2,317
Total Assets Under Construction	**5,853**	**2,317**
Medical Equipment		
Medical Equipment at Fair Value	44,900	39,670
Accumulated Depreciation	(26,069)	(22,784)
Total Medical Equipment	**18,831**	**16,886**
Plant and Equipment		
Plant and Equipment at Fair Value	16,919	15,868
Accumulated Depreciation	(12,409)	(11,205)
Total Plant and Equipment	**4,510**	**4,663**
Cultural Assets		
Cultural Assets at valuation	468	468
Total Artworks	**468**	**468**
TOTAL	**436,869**	**402,223**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.1: Property, Plant and Equipment (continued)

(b) Reconciliations of the carrying amounts of each class of asset

Consolidated	Note	Land $'000	Buildings $'000	Assets Under Construction $'000	Medical Equipment $'000	Plant and Equipment $'000	Cultural Assets $'000	Total $'000
Balance at 1 July 2016		**47,348**	**324,503**	**725**	**14,300**	**4,943**	**468**	**392,287**
Additions		-	13,066	2,267	5,868	1,381	-	22,582
Disposals		-	-	-	(19)	(7)	-	(26)
Revaluation Increments/(Decrements)		10,962	-	-	-	-	-	10,962
Net Transfers between classes		-	496	(675)	58	121	-	-
Depreciation	4.2	-	(18,485)	-	(3,321)	(1,775)	-	(23,581)
Balance at 30 June 2017		**58,310**	**319,580**	**2,317**	**16,886**	**4,663**	**468**	**402,223**
Additions		136	5,836	5,646	4,746	1,521	-	17,886
Disposals		-	-	-	(134)	(4)	-	(138)
Revaluation Increments/(Decrements)		5,966	35,482	-	-	-	-	41,448
Net Transfers between classes		-	799	(2,110)	1,199	112	-	-
Depreciation	4.2	-	(18,902)	-	(3,866)	(1,782)	-	(24,550)
Balance at 30 June 2018		**64,412**	**342,795**	**5,853**	**18,831**	**4,510**	**468**	**436,869**

Land and buildings carried at valuation

An independent valuation of Northern Health's property, was performed by *the Valuer-General Victoria (VGV)* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the independent valuation is 30 June 2014.

In compliance with FRD103F, in the year ended 30 June 2018, Northern Health's management conducted an annual assesment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2018.

The fair value of land had been adjusted by a managerial valuation in 2017. The latest indices required a further managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine their change in fair value. DHHS approved a managerial revaluation of land assets class of $5.96m (2017: $10.96m).
Management also assessed Northern Health's written down value of buildings using the VGV indicies and this required a managerial revaluation in 2018. DHHS approved a managerial revaluation of building assets of $35.48m. No revaluation was required in 2017.

(c) Fair value measurement hierarchy for assets

Consolidated	Carrying amount as at 30 June 2018 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Land				
Non-specialised land	2,946	-	2,946	-
Specialised land	61,466	-	-	61,466
Total land	**64,412**	**-**	**2,946**	**61,466**
Buildings				
Non-specialised buildings	93,371	-	93,371	-
Specialised buildings	249,424	-	-	249,424
Total buildings	**342,795**	**-**	**93,371**	**249,424**
Assets under construction				
Assets under construction	5,853	-	-	5,853
Total assets under construction	**5,853**	**-**	**-**	**5,853**
Medical equipment				
Medical equipment	18,831	-	-	18,831
Total Medical equipment	**18,831**	**-**	**-**	**18,831**
Plant and Equipment				
Plant and Equipment	4,510	-	-	4,510
Total of Plant and Equipment	**4,510**	**-**	**-**	**4,510**
Cultural Assets				
Artworks	468	-	468	-
Total Cultural Assets	**468**	**-**	**468**	**-**
TOTAL PROPERTY, PLANT AND EQIPMENT	**436,869**	**-**	**96,785**	**340,084**

[(i)] Classified in accordance with the fair value hierarchy.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.1: Property, Plant and Equipment (continued)

(c) Fair value measurement hierarchy for assets

Consolidated	Carrying amount as at 30 June 2017 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Land				
Non-specialised land	1,538	-	1,538	-
Specialised land	56,772	-	-	56,772
Total land	**58,310**	**-**	**1,538**	**56,772**
Buildings				
Non-specialised buildings	89,738	-	89,738	-
Specialised buildings	229,842	-	-	229,842
Total buildings	**319,580**	**-**	**89,738**	**229,842**
Assets under construction				
Assets under construction	2,317	-	-	2,317
Total assets under construction	**2,317**	**-**	**-**	**2,317**
Medical equipment				
Medical equipment	16,886	-	-	16,886
Total Medical equipment	**16,886**	**-**	**-**	**16,886**
Plant and Equipment				
Plant and Equipment	4,663	-	-	4,663
Total of Plant and Equipment	**4,663**	**-**	**-**	**4,663**
Cultural Assets				
Artworks	468	-	468	-
Total Cultural Assets	**468**	**-**	**468**	**-**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**402,223**	**-**	**91,743**	**310,480**

[(i)] Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

(d) Reconciliation of Level 3 fair value

Consolidated	Land $'000	Buildings $'000	Assets under construction $'000	Medical equipment $'000	Plant and Equipment $'000	Total $'000
Balance at 1 July 2016	45,810	**245,742**	**725**	**14,300**	**4,943**	**311,520**
Additions / (Disposals)	-	-	1,592	5,907	1,495	8,994
Gains or losses recognised in net result						
- Depreciation	-	(15,900)	-	(3,321)	(1,775)	(20,996)
Subtotal	**45,810**	**229,842**	**2,317**	**16,886**	**4,663**	**299,518**
Items recognised in other comprehensive income						
- Revaluation	10,962	-	-	-	-	10,962
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2017	**56,772**	**229,842**	**2,317**	**16,886**	**4,663**	**310,480**
Additions / (Disposals)		-	3,536	5,811	1,629	10,976
Transfers In / (Out) of Level 3	(1,272)	-	-	-	-	(1,272)
Gains or losses recognised in net result						
- Depreciation	-	(15,900)	-	(3,866)	(1,782)	(21,548)
Subtotal	**(1,272)**	**(15,900)**	**3,536**	**1,945**	**(153)**	**(11,844)**
Items recognised in other comprehensive income						
- Revaluation	5,966	35,482	-	-	-	41,448
Subtotal	**5,966**	**35,482**	**-**	**-**	**-**	**41,448**
Balance at 30 June 2018	**61,466**	**249,424**	**5,853**	**18,831**	**4,510**	**340,084**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.1: Property, Plant and Equipment (continued)

(e) Fair value determination

Asset Class	Fair Value Level	Types of assets	Valuation Approach	Significant inputs (level 3 only)
Non-specialised land	Level 2	In areas where there is an active market: - vacant land - land not subject to restrictions as to use or sale	Market approach	N/A
Specialised land [1]	Level 3	Land subject to restrictions as to use and/or sale Land in areas where there is not an active market	Market approach	CSO adjustments
Specialised buildings [2]	Level 3	Specialised buildings with limited alternative uses and/or substantial customisation e.g. prisons, hospitals, and schools.	Depreciated replacement cost approach	Cost per square metre Useful life
Medical equipment [2]	Level 3	Specialised items with limited alternative uses and/or substantial customisation.	Depreciated replacement cost approach	Cost per unit Useful life
Plant and equipment [2]	Level 3	Specialised items with limited alternative uses and/or substantial customisation.	Depreciated replacement cost approach	Cost per unit Useful life
Cultural assets	Level 2	Items for which there is an active market and there are operational uses for the item	Market approach	N/A

[1] CSO adjustments ranging from 10% to 25% were applied to reduce the market approach value for Northern Health's specialised land, with the weighted average 19% reduction applied.

[2] Newly built / acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10% materiality threshold).

There were no changes in valuation techniques throughout the period to 30 June 2018.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Initial Recognition

Items of property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government are transferred at their carrying amount.

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

Subsequent Measurement

Consistent with AASB 13 *Fair Value Measurement* , Northern Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

For the purpose of fair value disclosures, Northern Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Northern Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is Northern Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.1: Property, Plant and Equipment (continued)

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Valuation hierarchy

Judgements about highest and best use (HBU) must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In accordance with paragraph AASB 13.29, Northern Health can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset. Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Northern Health is required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include external factors such as:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggests the current use of an asset is no longer core to requirements to deliver Northern Health's service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

Consideration of highest and best use (HBU) for non-financial physical assets

Northern Health uses valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and Northern Health has determined that the transaction price or quoted price does not represent fair value.

Northern Health develops unobservable inputs using the best information available in the circumstances, which might include it's own data. In developing unobservable inputs, Northern Health may begin with its own data, but shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to Northern Health that is not available to other market participants. Northern Health does not undertake exhaustive efforts to obtain information about other market participant assumptions. However, Northern Health takes into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

Non-specialised land, non-specialised buildings and artwork

Non-specialised land, non-specialised buildings and artworks are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.
For non-specialised land, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014. In June 2017 and 2018 a managerial revaluation was carried out in accordance with FRD 103F to revalue land to its fair value. In June 2018 a managerial valuation was also carried out in accordance with FRD 103F to revalue buildings to their fair value.

For artwork, valuation of the assets is determined by a comparison to similar examples of the artist's work in existence throughout Australia and research on price paid for similar examples offered at auction or through art galleries in recent years. However, the cost of some heritage and iconic assets may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials. In addition, as there are limitations and restrictions imposed on those assets use and/or disposal, they may impact the fair value of those assets, and should be taken into account when the fair value is determined. To the extent that non-specialised land, non-specialised buildings and artworks do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.1: Property, Plant and Equipment (continued)

Specialised land and specialised buildings

The market approach is used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued. Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For Northern Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Northern Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014. In June 2017 and 2018 a managerial revaluation was carried out in accordance with FRD 103F to revalue land to its fair value. In June 2018 a managerial valuation was also carried out in accordance with FRD 103F to revalue buildings to their fair value.

Plant and Equipment and Medical Equipment including Vehicles

Plant and Equipment and Medical equipment is held at carrying value (depreciated cost). When the equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

Northern Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

There were no changes in valuation techniques throughout the period to 30 June 2018.

There have been no transfers between levels during the period.

For all assets measured at fair value, the current use is considered the highest and best use.

Revaluations of non-financial physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F *Non-financial physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs.
Revaluation increments or decrements arise from differences between an asset's carrying amount and fair value.

Revaluation increments are recognised in 'other comprehensive income' and are credited directly in equity to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

In accordance with FRD 103F, Northern Health's non-financial physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 4.2: Depreciation and Amortisation

	Consol'd 2018 $'000	Consol'd 2017 $'000
Depreciation		
Buildings	18,902	18,485
Medical Equipment	3,866	3,321
Plant and Equipment	1,782	1,775
Total Depreciation	**24,550**	**23,581**
Amortisation		
Intangible Assets	270	238
Total Amortisation	**270**	**238**
Total Depreciation and Amortisation	**24,820**	**23,819**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases and land) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 *Property, Plant and Equipment*).

Estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Assets with a cost in excess of $2,500 (2017: $1,000) are capitalised. Depreciation on depreciable assets is provided so as to allocate their cost or valuation over their estimated useful lives.

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The following table indicates the expected useful lives of non current assets on which the depreciation and amortisation charges are based.

	2018	2017
Buildings		
Structure Shell Building Fabric	5 - 53 Years	5 - 53 Years
Site Engineering Services and Central Plant	17 - 33 Years	17 - 33 Years
Central Plant		
Fit Out	2 - 18 Years	2 - 18 Years
Trunk Reticulated Building Systems	7 - 23 Years	7 - 23 Years
Medical Equipment	7 - 10 Years	7 - 10 Years
Plant and Equipment	3 - 10 Years	3 - 10 Years
Intangible assets	3 Years	3 Years

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from the Northern Health's operations.

Structure

5.1 Receivables
5.2 Other liabilities
5.3 Payables

Note 5.1: Receivables

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Contractual		
Trade Debtors	2,183	1,582
Patient Fees	2,681	3,759
Accrued Revenue - Other	3,824	2,580
Less Allowance for Doubtful Debts		
Trade Debtors	(69)	(61)
Patient Fees	(593)	(1,475)
	8,026	**6,385**
Statutory		
GST Receivable	561	2,336
DHHS [1]	1,373	3,378
	1,934	**5,714**
TOTAL CURRENT RECEIVABLES	**9,960**	**12,099**
NON CURRENT		
Statutory		
DHHS - LSL	13,786	11,130
TOTAL NON-CURRENT RECEIVABLES	**13,786**	**11,130**
TOTAL RECEIVABLES	**23,746**	**23,229**

(a) Movement in the Allowance for Doubtful Debts	Consol'd 2018 $'000	Consol'd 2017 $'000
Balance at beginning of year	1,536	1,269
Amounts written off during the year	(2,422)	(568)
Increase in allowance recognised in net results	1,548	835
Balance at end of year	**662**	**1,536**

[1] The balance of the Receivable - DHHS depends on whether activity and grant deliverables have been met.

Receivables recognition

Receivables consist of:

• contractual receivables, which includes mainly debtors in relation to goods and services, accrued investment income; and

• statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment.

In assessing impairment of statutory financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets* .

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 5.2: Other Liabilities

	Note	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT			
Monies Held in Trust			
Patient Monies Held in Trust (Held in Cash)		-	2
Accommodation Bonds (Refundable)		563	466
Income in Advance		2,475	1,890
TOTAL CURRENT OTHER LIABILITIES		**3,038**	**2,358**
NON CURRENT			
Income in Advance		12,781	13,667
TOTAL NON CURRENT OTHER LIABILITIES		**12,781**	**13,667**
TOTAL OTHER LIABILITIES		**15,819**	**16,025**
Total Monies Held in Trust			
Represented by the following assets:			
Cash and Cash Equivalents	6.1	563	468
TOTAL		**563**	**468**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 5.3: Payables

	Consol'd 2018 $'000	Consol'd 2017 $'000
CURRENT		
Contractual		
Trade Creditors [1]	2,016	2,000
Accrued Expenses	14,195	10,926
Salaries and Wages Related Creditors	5,467	4,785
Inter Health Services	2,161	6,479
Other	772	657
	24,611	**24,847**
TOTAL CURRENT	**24,611**	**24,847**
TOTAL PAYABLES	**24,611**	**24,847**

[1] Average Northern Health payment terms are 45 days. No interest is charged on Trade Creditors.

Payables recognition

Payables consists of:

• contractual payables, classified as financial instruments and measured at amortised cost. Payables represent liabilities for goods and services provided to Northern Health prior to the end of financial year that are unpaid; and

• statutory payables, are recognised and measured similary to contracted payables, but are not classified as financial instruments and not included in the cateogry of financial liabilities at amortised cost because they do not arise from contracts.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Maturity analysis of Financial Liabilities as at 30 June

The following table discloses the contractual maturity analysis for Northern Health's financial liabilities.

			Maturity Dates			
2018	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months - 1 Year $'000**	**1-5 Years $'000**
Financial Liabilities						
Payables	24,611	24,611	24,283	328	-	-
Other Financial Liabilities [1]	563	563	563	-	-	-
Total Financial Liabilities	**25,174**	**25,174**	**24,846**	**328**	**-**	**-**
2017						
Financial Liabilities						
Payables	24,847	24,847	19,067	4,866	914	-
Borrowings [2]	181	181	24	49	108	-
Other Financial Liabilities [1]	468	468	468	-	-	-
Total Financial Liabilities	**25,496**	**25,496**	**19,559**	**4,915**	**1,022**	**-**

[1] Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e GST payable).

[2] During 2015/16 Northern Health entered into two borrowing arrangements via 2 providers (Metro Parking and Wilson Security). These arrangements have been settled in full during 2017/18.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 6: How we finance our operations

This section provides information on the sources of finance utilised by Northern Health during its operations, along with the interest expenses (the cost of borrowings) and other information related to financing activities of Northern Health.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances).

Structure

6.1 Cash and cash equivalents
6.2 Commitments for expenditure

Note 6.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash assets includes cash on hand and cash in banks and short-term deposits which are readily convertible to cash on hand, and are not subject to any material risks of change in value.

	Note	Consol'd 2018 $'000	Consol'd 2017 $'000
Cash on Hand		31	31
Cash at Bank		44,832	32,659
Cash in Short-term Deposits		2,561	2,466
Total Cash and Cash Equivalents		**47,424**	**35,156**
Represented by:			
Cash for Health Service Operations		46,861	34,688
Monies held in Trust	5.2	563	468
Total Cash and Cash Equivalents		**47,424**	**35,156**

Cash and Cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether Northern Health has categorised its borrowings as either, financial liabilities designated at fair value through profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. Northern Health determines the classification of its borrowing at initial recognition.

During 2015/16 Northern Health entered into two borrowing arrangements via 2 providers (Metro Parking and Wilson Security). These arrangements have been settled in full during 2017/18.

Operating leases

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 6.2: Commitments for Expenditure

	Consol'd 2018 $'000	Consol'd 2017 $'000
Commitments other than public private partnerships		
Capital Expenditure Commitments		
Payable:		
Land and Buildings	140,270	5,419
Plant and Equipment	30,466	5,523
Intangible Assets	976	135
Total Capital Expenditure Commitments	**171,712**	**11,077**
Land and Buildings		
Not later than one year	27,453	5,419
Later than 1 year and not later than 5 years	112,817	-
Total	**140,270**	**5,419**
Plant and Equipment		
Not later than one year	11,703	5,523
Later than 1 year and not later than 5 years	18,763	-
Total	**30,466**	**5,523**
Intangible Assets		
Not later than one year	126	135
Later than 1 year and not later than 5 years	850	-
Total	**976**	**135**

	Consol'd 2018 $'000	Consol'd 2017 $'000
Operating Commitments		
Payable:		
Pathology Services	4,556	4,037
Radiology Services	36,094	41,499
Food Services	18,098	15,224
Laundry Services	7,645	1,164
Cleaning Services	2,625	7,349
Patient Transport	1,927	4,951
Utilities	2,814	-
Waste Services	1,384	1,336
Maintenance Services	3,052	774
Security Services	301	1,983
Shared Services	6,073	13,452
Audit Services	475	337
Total Operating Commitments	**85,044**	**92,106**
Not later than one year	44,202	40,225
Later than 1 year and not later than 5 years	40,842	51,881
TOTAL	**85,044**	**92,106**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	739	894
Total Lease Commitments	**739**	**894**
Operating Leases		
Non-cancellable		
Not later than one year	265	416
Later than 1 year and not later than 5 years	474	478
Sub Total	**739**	**894**
TOTAL	**739**	**894**
Total Commitments for expenditure (inclusive of GST)	**257,495**	**104,077**
less GST recoverable from the Australian Tax Office	(23,409)	(9,462)
Total commitments for expenditure (exclusive of GST)	**234,086**	**94,615**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 7: Risks, contingencies & valuation uncertainties

Northern Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Northern Health is related mainly to fair value determination.

Structure

7.1 Financial Instruments
7.2 Contingent assets and contingent liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Northern Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

(a) Financial Instruments Categorisation

Consolidated **2018**	**Contractual financial assets - loans and receivables $'000**	**Contractual financial liabilities at amortised cost $'000**	**Total $'000**
Contractual Financial Assets			
Cash and Cash Equivalents	47,424	-	47,424
Receivables			
Trade Debtors	2,114	-	2,114
Other Receivables	5,912	-	5,912
Other Financial Assets	500	-	500
Total Financial Assets	**55,950**	**-**	**55,950**
Financial Liabilities			
Payables	-	24,611	24,611
Other Liabilities			
Monies Held in Trust	-	563	563
Total Financial Liabilities	**-**	**25,174**	**25,174**

Consolidated **2017**	**Contractual financial assets - loans and receivables $'000**	**Contractual financial liabilities at amortised cost $'000**	**Total $'000**
Contractual Financial Assets			
Cash and Cash Equivalents	35,156	-	35,156
Receivables			
Trade Debtors	1,521	-	1,521
Other Receivables	4,864	-	4,864
Total Financial Assets	**41,541**	**-**	**41,541**
Financial Liabilities			
Payables	-	24,847	24,847
Borrowings	-	181	181
Other Liabilities			
Monies Held in Trust	-	468	468
Total Financial Liabilities	**-**	**25,496**	**25,496**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 7.1: Financial Instruments (continued)

(b) Net holding gain/(loss) on financial instruments by category

2017	Total Interest Income / (expense) 2018 $'000	Total Interest Income / (expense) 2017 $'000
Financial Assets		
Cash and cash equivalents [1]	1,419	1,075
Other Financial Assets	4	-
Total Financial Assets	**1,423**	**1,075**
Financial Liabilities		
Borrowings [2]	(3)	(15)
Total Financial Liabilities	**(3)**	**(15)**

[1] For cash and cash equivalents and other financial assets the net gain or loss is calculated by taking the movement in fair value of the assets, the interest revenue recognised in the net result.

[2] For borrowings, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). Northern Health recognises the following assets in this category:

- Cash assets
- Term deposits; and
- Receivables (exlcuding statutory).

Financial liabilities at amortised cost are initially recognised on the date originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the interest-bearing liability, using the effective interest rate method. Northern Health recognises the following liabilities in this category:

- Payables (exlcuding statutory); and
- Borrowings.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- Northern Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- Northern Health has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Northern Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Northern Health's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, Northern Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets* .

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 7.1: Financial Instruments (continued)

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Northern Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously. Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Northern Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Reclassification of financial instruments

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Note 7.2: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Northern Health is not aware of any contingent assets (2017: Nil).
Northern Health is not aware of any contingent liabilities (2017: Nil).

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8: Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.3 Responsible persons disclosures
8.4 Executive officer disclosures
8.5 Related parties
8.6 Remuneration of auditors
8.7 Ex-gratia expenses
8.8 Events occurring after the balance sheet date
8.9 Economic dependency
8.10 Controlled entities
8.11 Alternative presentation of comprehensive operating statement
8.12 AASBs issued that are not yet effective

Note 8.1: Equity

	Consol'd 2018 $'000	Consol'd 2017 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	211,108	200,146
Revaluation Increment/(Decrements) during the period		
Land	5,966	10,962
Buildings	35,482	-
Balance at the end of the reporting period	**252,556**	**211,108**
Represented by:		
Land	55,932	49,966
Buildings	196,624	161,142
	252,556	**211,108**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	5,073	4,845
Transfer to and from Restricted Specific Purpose Surplus	754	228
Balance at the end of the reporting period	**5,827**	**5,073**
Total Surpluses	**258,383**	**216,181**
(b) Contributed Capital		
Balance at the beginning of the reporting period	161,634	161,634
Balance at the end of the reporting period	**161,634**	**161,634**
(c) Accumulated Deficits		
Balance at the beginning of the reporting period	(42,948)	(53,408)
Net Result for the Year	(2,926)	10,688
Transfer to and from Restricted Specific Purpose Surplus	(754)	(228)
Balance at the end of the reporting period	**(46,628)**	**(42,948)**
Total Equity at end of financial year	**373,389**	**334,867**

Property, Plant and Equipment Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Restricted Specific Purpose Surplus

A specific restricted purpose surplus is established where Northern Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Contributed Capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *Contributions by Owners* , appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Consol'd 2018 $'000	Consol'd 2017 $'000
Net Result for the year	(2,926)	10,688
Non-cash movements		
Depreciation and Amortisation	24,820	23,819
Revaluation of Long Service Leave	104	(598)
Provision for Bad and Doubtful Debts	1,548	835
Amortisation of Prepaid Rent	(886)	(629)
Government non-cash capital grants	(2,608)	(960)
Movements included in investing and financing activities		
Net gain on disposal of property, plant and equipment	(3)	(46)
Movements in assets and liabilities		
Change in operating assets and liabilities		
(Increase) / Decrease in Receivables	(2,065)	(7,174)
(Increase) / Decrease in Other Assets	(164)	63
(Increase) / Decrease in Inventories	(539)	(116)
(Decrease) / Increase in Payables	(236)	(924)
(Decrease) / Increase in Borrowings	-	(100)
(Decrease) / Increase in Employee Benefits	11,052	12,308
(Decrease) / Increase in Other Liabilities	585	354
NET CASH INFLOW FROM OPERATING ACTIVITIES	**28,682**	**37,520**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.3: Responsible Persons Disclosures

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act* 1994, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Responsible Ministers	
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017 - 30/06/2018
Governing Board	
Ms Jennifer Williams AM (Chair)	01/07/2017 - 30/06/2018
Ms Melba Marginson	01/07/2017 - 30/06/2018
Ms Paula Shelton	01/07/2017 - 30/06/2018
Mr Peter McWilliam	01/07/2017 - 30/06/2018
Dr Alison Lilley	01/07/2017 - 30/06/2018
Mr Phillip Bain	01/07/2017 - 30/06/2018
Ms Juliann Byron	01/07/2017 - 30/06/2018
Mr John Watson	01/07/2017 - 30/06/2018
Mr Peter McDonald	01/07/2017 - 30/06/2018
Accountable Officer	
Mr Siva Sivarajah	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons

Income Band	**2018 No.**	**2017 No.**
$10,000 - $19,999	-	1
$20,000 - $29,999	8	7
$50,000 - $59,999	1	1
$420,000 - $429,999 [1]	-	1
$450,000 - $459,999 [1]	1	-
Total Numbers	10	10
Total remuneration comprising all money, consideration and benefits received or receivable by Responsible Persons from the reporting entity amounted to:	**$696,926**	**$652,491**

[1] Accountable Officer Income bands now include provisions for leave entitlements.

The remuneration detailed above excludes the salaries and benefits the Responsible Ministers receive. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act* 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.4: Executive Officer Disclosures

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below in their relevant income bands. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long term benefits include long service leave, other long service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Several factors have affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and renegotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts. Some contracts provide for an annual bonus payment whereas other contracts only include the payment of bonuses on the successful completion of the full term of the contract. A number of these contract completion bonuses became payable during the year.

Remuneration of Executive Officers (including Key Management Personnel disclosed in Note 8.5)

	Consol'd 2018 $	Consol'd 2017 $
Short term employee benefits	2,038,095	2,404,746
Post-employment benefits	142,773	202,624
Other long-term benefits	45,651	64,106
Termination benefits	-	-
Total Remuneration [1]	**2,226,519**	**2,671,476**
Total Number of Executives [2]	8	12
Total Annualised Employee Equivalent (AEE) [3]	7	10

[1] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Northern Health under AASB 124 *Related Party Disclosures* and are also reported within Note 8.5 Related Parties.

[2] During 2017-18 the Executive structure changed with the introduciton of a Chief Operating Officer, resulting in an overall reducton in the number of Executive Officers. In addition there were Executive positions with incumbents for part of the financial year.

[3] Annualised Employee Equivalent (AEE) is based on paid working hours of 38 ordinary hours per week over the 52-week reporting period.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.5: Related Parties

Northern Health is a wholly owned and controlled entity of the State of Victoria. Related parties of Northern Health include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members;
- controlled entities (refer Note 8.10); and
- all hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Northern Health. KMPs of Northern Health include certain executives and the Accountable Officer as determined by Northern Health.

Key management personnel during the year were:

Key Management Personnel	Position Title
Ms Jennifer Williams AM	Director Northern Health (Chair)
Mr Phillip Bain	Director Northern Health
Ms Juliann Byron	Director Northern Health
Dr Alison Lilley	Director Northern Health
Ms Melba Marginson	Director Northern Health
Mr Peter McDonald	Director Northern Health
Mr Peter McWilliam	Director Northern Health
Ms Paula Shelton	Director Northern Health
Mr John Watson	Director Northern Health
Mr Siva Sivarajah	The Chief Executive
Ms Jane Poxon	The Chief Operating Officer
Ms Jodie Ashworth	The Chief Nursing Midwifery Officer
Mr Basil Ireland	The Chief Financial Officer
Ms Michelle Fenwick	The Executive Director People and Culture
Dr Alison Dwyer	The Chief Medical Officer
Dr Bill Shearer	The Executive Director, High Reliability Office (HRO)
Mr Andrew Williamson	The Executive Director, Public Affairs and Foundation (from 14 May 2018)
Mr John Snowdon	Legal Counsel
Mr John Molnar	Director Northern Health Foundation
Mr Christopher Turner	Director Northern Health Foundation
Ms Pina Donato	Director Northern Health Foundation
Mr Geoff Brereton	Director Northern Health Foundation (until 21 Feb 2018)
Professor Peter Brooks	Director Northern Health Foundation
Mr Trevor Gorman	Director Northern Health Foundation
Ms Trudi Hay	Director Northern Health Foundation
Mr Peter McWilliam	Director Northern Health Foundation
Mr David Turnbull	Director Northern Health Foundation
Ms Tricia Maclean	Director Northern Health Foundation
Mr Ryan Brown	Operations Director, Northern Health Foundation (until 25 Nov 2017)
Ms Laura Buck	Acting Operations Director, Northern Health Foundation (from 26 Nov 2017 to 4 May 2018)

The remuneration detailed below excludes the salaries and benefits the Responsible Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act* 1968 and is reported within the Department of Parliamentary Services' Financial Report.

For remuneration of key management personnel of controlled entities refer to the individual controlled entities financial statements.

	Consol'd 2018 $'000	Consol'd 2017 $'000
Short term employee benefits	2,683	3,004
Post-employment benefits	180	244
Other long-term benefits	59	76
Total	**2,922**	**3,324**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.5: Related Parties (continued)

Significant Transactions with Government Related Entities

Northern Health received funding from the Department of Health and Human Services of $488 million (2017: $432 million).

Expenses incurred by Northern Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act* 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluating decisions about the allocation of scare resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for Northern Health's Board of Directors and Executive Directors in 2018.

There were no related party transactions required to be disclosed for the Foundation's Board of Directors in 2018.

Except for the transactions listed below, there were no other related party transactions required to be disclosed for Northern Health in 2018.

Controlled Entities Related Party Transactions

The transactions between the two entities relate to reimbursements made by the Foundation to Northern Health for goods and services and the transfer of funds by way of distributions made to the Northern Health. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2018 $'000	2017 $'000
Distribution of funds by the Foundation	428	435
Receivable as at 30 June	18	-
Payable as at 30 June	-	46

Note 8.6: Remuneration of Auditors

	Consol'd 2018 $'000	Consol'd 2017 $'000
Victorian Auditor-General's Office		
Audit of financial statement	79	77
Total Remuneration of Auditors	**79**	**77**

Note 8.7: Ex-gratia Expenses

	Consol'd 2018 $'000	Consol'd 2017 $'000
Northern Health has made the following ex-gratia expenses:		
A one off payment on compassionate grounds for funeral and associated expenses	15	-
Payments associated with employee departure separation arrangements	25	27
Total ex-gratia expenses	**40**	**27**

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to $5,000.

Note 8.8: Events occurring after the balance sheet date

No events after the Balance Sheet date which may have a material impact on these financial statements have occurred.

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.9: Going Concern

Northern Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services. The Department of Health and Human Services has provided confirmation that it will continue to provide Northern Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2019. A letter confirming adequate cash flow was also provided in the previous financial year.

The financial performance and position of Northern Health has improved since the prior year. Northern Health has reported a net surplus before capital and specific items of $2.12 million (2017: $2.16 million), a current asset ratio of 0.54 (2017: 0.49) and net cash flow operations of $46.86 million (2017: $37.69 million).

While there has been improvement across two of the three indicators Northern Health's financial sustainability is still materially below the level that would enable management and the Board to form a view that Northern Health has adequate cash flow to meets its obligations.

Northern Health is committed to the continued review of its financial and operating performance with a view to identifying further efficiencies and revenue generating opportunities and providing the most effective and efficient service delivery model without compromising patient care and quality of service delivery. Northern Health management will continue to identify and implement a number of business initiatives to better manage available financial resources.

The financial statements have been prepared on a going concern basis. The State Government and the Department of Health and Human Services have confirmed financial support to settle Northern Health's financial obligations when they fall due.

Note 8.10: Controlled Entities

Name of entity	Country of incorporation	Equity Holding
Northern Health Research, Training and Equipment Foundation Ltd	Australia	Limited by Guarantee
Northern Health Research, Training and Equipment Trust	Australia	n/a

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.11: Alternative Presentation of Comprehensive Operating Statement

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in Northern Health's annual report.

	Note	Consol'd 2018 $'000	Consol'd 2017 $'000
Grants			
Operating	2.1	488,970	431,781
Capital	2.1	17,236	29,401
Interest	2.1	1,423	1,075
Sales of goods and services	2.1	37,712	36,187
Other Income			
Other Income	2.1	3,538	3,744
Other capital income	2.1	5,253	2,959
Revenue from Transactions		**554,132**	**505,147**
Employee expenses	3.1	(373,790)	(331,889)
Operating expenses			
Supplies and consumables	3.1	(97,232)	(84,595)
Non salary labour costs	3.1	(9,331)	(6,782)
Finance costs		(3)	(15)
Other	3.1	(48,743)	(47,033)
Non-Operating Expenses			
Specific Expenses		(779)	(163)
Expenditure for Capital Purpose	3.1	(711)	(808)
Depreciation and amortisation		(24,820)	(23,819)
Expenses from Transactions		**(555,409)**	**(495,104)**
Net Result from transactions		**(1,277)**	**10,043**
Other economic flows included in net result			
Net gain/(loss) on non financial assets	3.5	3	47
Net gain/(loss) on financial instruments	3.5	(1,548)	-
Other Economic Flows	3.5	(104)	598
Total other economic flows included in net result		**(1,649)**	**645**
Items that may be reclassified subsequently to net result			
Changes in Property, Plant and Equipment Revaluation Surplus		41,448	10,962
Total other economic flows included in net result		**41,448**	**10,962**
Net result		**38,522**	**21,650**

Notes to and forming part of the financial statements for the year ended 30 June 2018

Note 8.12: AASBs issued that are not yet effective

Summary of New and Revised Accounting Pronouncements

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the applicability and early adoption where applicable.

The following accounting pronouncements effective from the 2017-18 reporting period are considered to have insignificant impacts on public sector reporting:

- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle*

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Northern Health has not and does not intend to adopt these standards early.

Topic	Key requirements	Effective date
AASB 9 *Financial Instruments*	The key changes introduced by AASB 9 include simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 January 2018
AASB 2014 1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend Reduced Disclosure requirements.	1 January 2018
AASB 2014 7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 January 2018
AASB 2014 5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends as follows: • Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition.	1 January 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply 1 January 2018.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018

Notes to and forming part of the financial statements for the year ended 30 June 2018

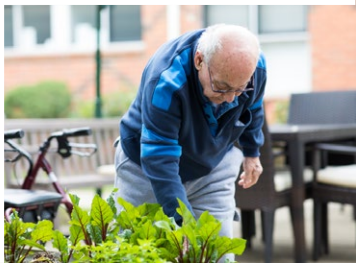
Note 8.12: AASBs issued that are not yet effective (continued)

Summary of New and Revised Accounting Pronouncements

Topic	Key requirements	Effective date
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify requirements for identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 January 2018
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 January 2019
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet which has an impact on net debt.	1 January 2019
AASB 1058 *Income of Not-for-Profit Entities*	This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.	1 January 2019

The following accounting pronouncements are also issued but not effective for the 2017-18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*



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