Northern Health

Annual Report 2019-20

safekindtogether

Our Vision

A healthier community, making a difference for every person, every day.

Our Values

Our Priorities

- A safe, positive patient experience
- A healthier community
- An innovative and sustainable future
- Enabled staff, empowered teams
- Engaged learners, inspired researchers

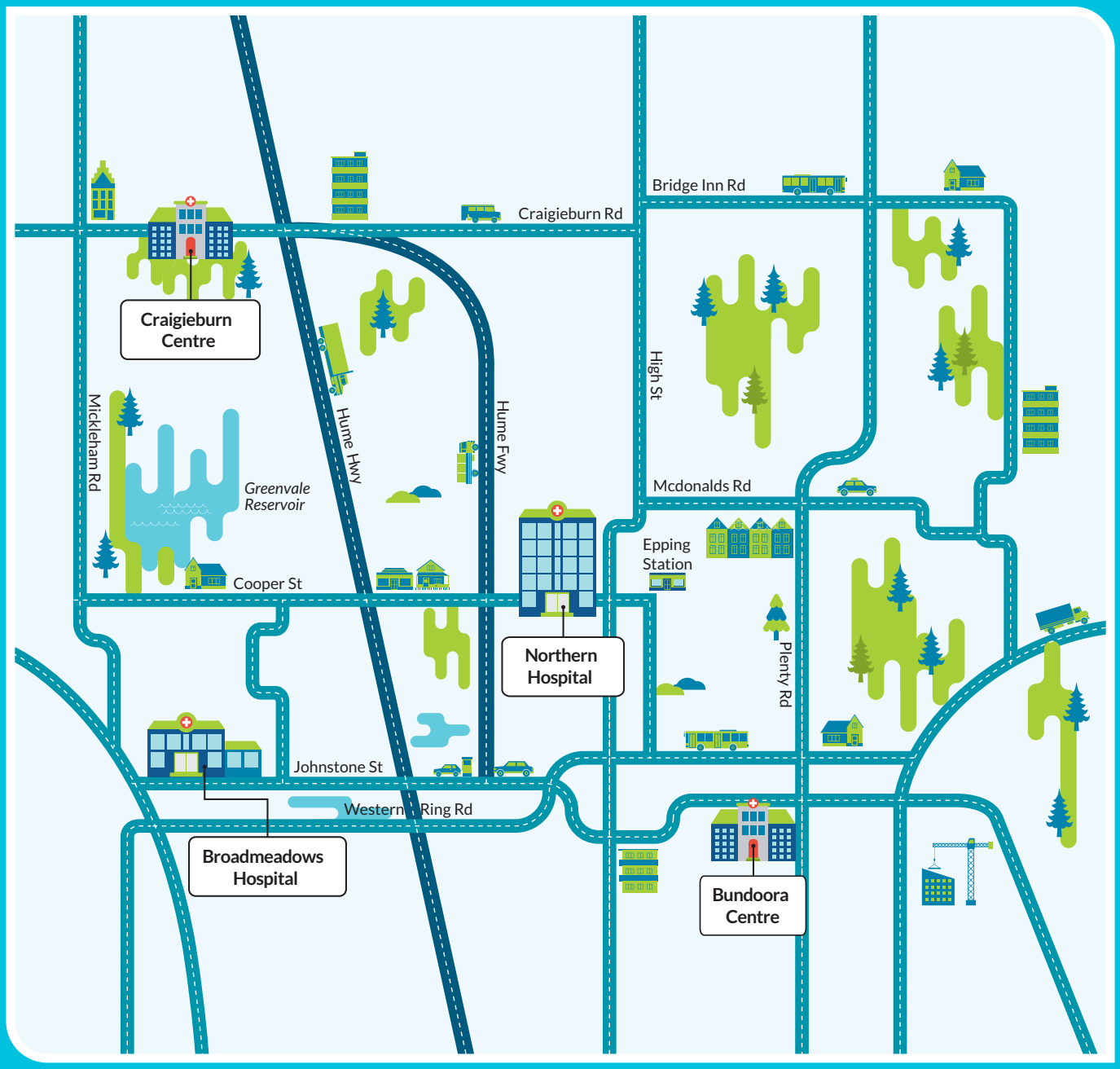
Together, with our community, **#WeAreNorthern**

Northern Health acknowledges Victoria's Aboriginal communities and their rich culture and pays respect to their Elders past, present and emerging. We acknowledge Aboriginal people as Australia's first peoples and as the Traditional Owners and custodians of the land (the Wurundjeri people) on which Northern Health's campuses are built.

We recognise and value the ongoing contribution of Aboriginal people and communities to our lives and we embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

Contents

Our Locations



Our Services

Northern Health is the key provider of public health care in Melbourne's northern region, one of the fastest growing communities in Australia. We take care of our community by providing a wide range of health services at Northern Hospital Epping, Broadmeadows Hospital, Bundoora Centre and Craigieburn Centre.

We collaborate with our partners to help expand the range of health care services offered to our culturally rich and diverse community, including:

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

Northern Hospital has the busiest Emergency Department in Victoria, and is located in the rapidly growing northern suburbs, which is driving us to think innovatively about the needs of the population and what the health system of the future might need to look like to meet those needs.

Northern Health provides a vibrant, fast-paced workplace with more than 5,000 staff and 350 dedicated volunteers, many of whom live in the vicinity of our campuses.

Board Chair and Chief Executive Report

2020 has been an unusual and challenging year for Northern Health – and indeed for our entire community.

The past 12 months have been filled with successes and challenges, from bushfires to a global pandemic. Our staff have responded to these challenges with courage, resilience and an unwavering commitment to the health and safety of their patients, colleagues and community.

Our vision for Northern Health is a healthier community, making a difference for every person, every day. This goal helps drive our commitment to transform the role of Northern Health to become an active partner in all aspects of wellbeing in our community.

This vision is underpinned by our values of safe, kind and together, which we commit to in our approach to patient care and each other. Every day, we see examples of our staff working safely, being kind to their patients and colleagues and working together.

From a financial perspective, in the 2019-20 financial year Northern Health recorded an operating surplus of $0.1m. This was achieved in difficult financial circumstances associated with the COVID-19 pandemic. The result reflects the delivery of $19.2m in financial sustainability savings as well as supplementary funding from the Department of Health and Human Services (DHHS) to meet unbudgeted COVID-19 costs.

Our Northern Hospital Emergency Department continues to treat more patients than any other emergency department in Victoria, including seeing the third highest number of presentations in Australia. In the past 12 months, we have received more than 105,000 presentations, including over 21,000 paediatric presentations and over 34,000 ambulance arrivals.

When COVID-19 began to impact our community, Northern Health moved quickly to prepare for the significant challenges ahead. We bolstered our ICU capacity, created a number of dedicated COVID-19 wards, worked to upskill our existing workforce to ensure a diversified skill mix and redeployed teams to the areas where they were needed most.

We established multiple testing clinics across our sites to ensure we were testing as many members of our community as possible. Our in-house pathology service, Northern Pathology Victoria, successfully implemented onsite testing for COVID-19, with a turnaround of one to three hours, an extraordinary achievement, processing over 16,000 swabs in 2019-20.

Northern Health continues to work collaboratively with the DHHS to provide support to local aged care facilities. Along with our Residential In-Reach team, a number of our staff are helping deliver care to residents within the aged care setting.

We have had many opportunities to create a sustainable health system using new models of care and the right technology, and in some respects, the coronavirus pandemic has pushed us to innovate faster and streamline these technologies.

A major challenge for Northern Health is thinking creatively about how we provide high quality care, both in hospital and out in the community, and ensure that we can support people in their homes when we discharge them. This is the basis of our High Reliability Organisation work and the Staying Well program – two major initiatives adopted by Northern Health.

With the use of telehealth, we have been able to provide our community with the services they need remotely, and provide them with access to their care team via phone or video conference, ensuring their health care needs and concerns are met, while reducing the added risk of multiple hospital presentations.

As we increasingly depend on technology in aspects of our day to day work, Northern Health continues to fiercely embrace innovation and foster research across Northern Health.

In October 2019 we celebrated Northern Health Research Week, and in March 2020 we hosted the Inaugural Digital Health Futures Summit at the Northern Centre for Health Education and Research (NCHER), demonstrating our ongoing commitment to research excellence in Melbourne's north.

We continue to innovate and have driven numerous quality improvements, and as an organisation have a strong focus on engaging with our community to understand their cultural and health care needs.

In 2019, we officially launched the 2019-21 Northern Health Innovate Reconciliation Action Plan. This plan shows our commitment to closing the health care gap for Aboriginal people and clearly demonstrates a whole of organisation approach to cultural diversity and is a significant piece of work which is aligned with Reconciliation Australia, Safer Care Victoria and Accreditation requirements.

2020 has been declared the International Year of Nursing and Midwifery by the World Health Organisation. During the year we have taken many opportunities to thank and celebrate our outstanding cohort of nurses and midwives. Along with all our other staff, they have shown extraordinary strength and resilience in the face of the biggest public health crisis of our generation.

We will be tested by the COVID-19 pandemic for some time ahead, but are confident that our Northern Health team will continue to successfully meet these challenges by building on our strengths and outstanding commitment to care.

As we look forward to 2020-21 with renewed focus and determination, on behalf of the Northern Health Board and Executive, we take this opportunity to thank all of our staff, partners and volunteers for their hard work and commitment over the past 12 months.

We also thank and acknowledge the contribution of Dr Alison Lilley, as she completes her service as a Board Director.

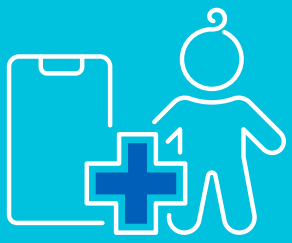
In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Northern Health for the year ending 30 June 2020.

Jennifer Williams AM
Board Chair Northern Health

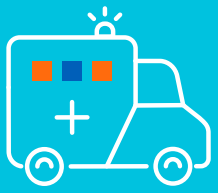
Siva Sivarajah
Chief Executive Northern Health

Our care at a glance

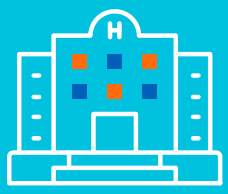
EMERGENCY PRESENTATIONS
105,283



PAEDIATRIC EMERGENCY PRESENTATIONS
21,024



AMBULANCE ARRIVALS
34,054



HOSPITAL ADMISSIONS
100,742

BABIES BORN
3,444

ELECTIVE SURGICAL OPERATIONS
16,255

OUTPATIENT APPOINTMENTS
233,188

PATHOLOGY TESTS PERFORMED
999,380

A safe, positive patient experience

Our commitment to safety and reliability optimises capacity, enables quality improvement and innovation, and prevents avoidable harm. We will work together with patients, their families and carers to provide positive care experiences.

KIDDY CAR DRIVES A POSITIVE EXPERIENCE

Children having surgery at Northern Hospital Epping can now drive into the operating theatre, thanks to a new Range Rover kiddy car, kindly donated by the Whittlesea Salvation Army, in collaboration with Northern Health Foundation.

The novel idea for the car came from wanting to avoid kids getting stressed when they come into theatre. By using the car, children aren't transported in a hospital trolley and is an innovative new mode of transport for children on their way to surgery and around the operating theatre area, bringing joy and easing anxiety.

HIGH RELIABILITY ORGANISATION

Northern Health continues on our journey towards becoming a high reliability organisation. High reliability organisations maintain a high level of safety in dangerous and complex environments. In 2019-20, a number of safety initiatives we have implemented bring us closer to becoming a highly reliable organisation and achieving our goal of Trusted Care for our community.

Some highlights from 2019-20 include the establishment of our Comprehensive Unit-based Safety Programs (CUSPs), a key component of our HRO transformation, for improving patient safety through improved teamwork, communication and fostering clinical awareness and best practice. These CUSPs have engaged all ward staff and encourage them to come forward with safety improvement ideas.

We have also established a safety science training program available to all our staff called Reliable Innovation and Safety Science at Northern Health (RISSN) giving participants practical project coaching and advice, with the ability to contribute to the safety of our patients.

Another safety-focused initiative is our Daily Safety Brief where we get together to learn more about how we manage and solve our daily safety and operational challenges.

We continue to progress with our Simulation Project, commenced in 2019 as part of quality and safety initiatives and our trusted care transformation. Our Simulation Clinical Community provides the opportunity for staff to come together and simulate a response to real clinical scenarios. They help improve existing practices and develop new solutions for emerging situations such as we have faced in responding to the COVID-19 pandemic. Simulation has helped our staff learn new ways to work. The ability to respond and adapt quickly to a challenging environment is a characteristic of a Highly Reliable Organisation. The dedication and adaptability of all of our staff to achieve this has been outstanding.

HAPPY MOTHERS GROUP COMBINES CULTURE WITH COMMUNITY

In July 2019, Northern Health was selected by Murdoch Children's Research Institute to pilot an innovative approach to antenatal and postnatal care for Assyrian and Chaldean women. The Assyrian and Chaldean population, mainly displaced from Iraq, make up a large sector of the refugee population in the northern suburbs of Melbourne. Women of refugee backgrounds are at risk of poor maternal and perinatal outcomes and are more likely to have complex health needs. They also face multiple barriers accessing pregnancy care or navigating health systems in Australia.

The overall aim of the group is to improve the engagement of families of refugee background in pregnancy and postnatal care, early childhood health and health literacy, as well as reduce social isolation. The team encourage the women to share their experiences of pregnancy, labour, birth, breastfeeding and parenting overseas and in Australia.

SHARING LIFE EXPERIENCES ACROSS GENERATIONS

A unique program at Northern Health sees Parade College students regularly visit the Social Support Group at Bundoora Centre. The program exposes students to building intergenerational relationships and encourages them to interact with older people in the community.

The Northern Health Social Support Group is a Commonwealth Home Support Program. Group members live within the community and may have been socially isolated. The group gives them an opportunity to connect with people and have a fun day out.

POSSUM SKIN CLOAK WORKSHOP FOR COMMUNITY

In March, Northern Health's Koori Maternity Service hosted the first possum skin workshop, open to both staff and the community.

Possum skin cloaks have previously been an everyday item for Aboriginal people in south-eastern Australia. They were worn in different ways including as baby carriers for warmth, coverings at night and in various ceremonies. The cloaks are painted with ochre, show the owner's story and represent their clan and Country.

These skin cloaks are still of significance today to Aboriginal people in the south-east parts of the country. The participants made a healing cloak for patients and families to use and a baby wrap for all Aboriginal and Torres Strait Islander babies and families to use.

The cloaks are used across the hospital, from palliative care to new babies, who are traditionally wrapped in the possum skin when they are born.

OPAL CLINIC EMPOWERING WOMEN IN PREGNANCY

The Obesity, Pregnancy and Lifestyle (OPAL) clinic at Northern Hospital is a specialised clinic that provides antenatal care to pregnant women with an elevated body mass index (BMI>40) and/or women who have had previous bariatric surgery such as gastric band, gastric sleeve and gastric bypass surgeries.

The clinic offers continuity of care in which women and their families see the same midwife, obstetrician and dietitian throughout their antenatal care. This provides an opportunity for women to know their healthcare provider and feel more comfortable.

The OPAL clinic closely monitors women and their babies during pregnancy and works to safely manage any complications that may develop. Women can easily be referred to other specialists if needed such as diabetic educators, endocrinologists or obstetric doctors.

The OPAL clinic aims to provide collaborative care that is non-judgmental and helps to support women in healthy choices and feeling empowered in their pregnancy. Women can feel safe and confident to ask any questions or concerns they may have.

MATERNITY HOSPITAL IN THE HOME PROGRAM

The Maternity Hospital in the Home program, launched in December 2019, provides midwifery care to mothers in the comfort of their own home.

The program provides a safe alternative to hospital based care for medically stable women who wish to go home between six and 24 hours of their baby being born.

The Maternity Hospital in the Home program provides safe and supported options for women after they have given birth. Each woman and their family have individual needs and, for some, going home back to an environment that they are comfortable with is extremely important. Maternity in the Home provides that option by providing home visits by experienced and highly skilled midwives.

A healthier community

We will work with patients, staff and partners to embed the concept of 'Staying Well', both in hospital based and community care. Holistic and integrated care addresses the needs of patients with complex conditions.

STAYING WELL

Staying Well is part of Northern Health's trusted care commitment, focused on creating a healthier community and helping our patients stay well at home. A healthier community sets our goals towards working with patients, staff and partners to embed the concept of Staying Well, both in hospital based and community care. This includes a holistic and integrated approach to health care that will help address the needs of patients with complex conditions.

Northern Health has partnered with Eastern Melbourne Primary Health Network and DPV Health to pilot an integrated, multidisciplinary health care model targeting diabetes, called Staying Well with Diabetes in the North. The project is a multi-streamed service that has been collaboratively developed and implemented using a phased approached to achieve its intended outcomes. The multi-disciplinary wraparound service in the community includes a Northern Health endocrinologist going out to community health services with the aim of reducing the need for patients to attend appointments at the hospital.

Another Staying Well initiative is The Acute to Community Coordination service - helping Northern Health patients on their Staying Well pathway.The team reviews patients in all areas of Northern Hospital who have had unplanned admissions (three or more in the previous six months), are at risk of readmission or failed discharge, or who they worry may not be able to cope at home. With extensive knowledge of the health service and community programs, the Acute to Community Coordination Team link patients to what they need, helping them transition from the hospital to the community, and continue to recover at home.

UNIQUE MULTIDISCIPLINARY ASD ASSESSMENT CLINIC

Launched in late 2019, Northern Health's multidisciplinary Northern Autism Spectrum Disorder Assessment Clinic (NASDAC) at Craigieburn Centre is the only one of its kind in Melbourne's north.

The clinic runs one day a week with the involvement of a developmental paediatrician, speech pathologist, occupational therapist and psychologist, with the aim of children receiving assessment and helping them to access supports earlier.

A multidisciplinary assessment allows professionals to discuss what is happening for the child and to explore more thoroughly their needs, but more importantly their strengths. Each professional has a slightly different way of looking at the child depending on their background, and this joint assessment is therefore a more accurate representation of all the child's skills.

CARING FOR CHILDREN CLOSER TO HOME

A partnership between Northern Health and The Royal Children's Hospital (RCH) has proven an outstanding success, with local parents giving the new scheme an average satisfaction rating of 9.2 out of 10.

The partnership, developed jointly by the Heads of Paediatrics and Nurse Unit Managers at both Northern Hospital and the RCH, is designed to allow children from the north to be cared for closer to their home.

The partnership sees Northern Health aim to offer two beds per day for the RCH to transfer children who live in the northern catchment back to our hospital. Here they can be cared for by our highly dedicated paediatricians, paediatric nurses and allied health staff.

This partnership with The Royal Children's Hospital has been an important part of caring for children closer to their home. It helps the community build trust in our paediatric care and allows for their ongoing inpatient and outpatient follow up to be managed through Northern Health.

Ninety per cent of patients and families also noted they would return to Northern Hospital as their first choice.

STRENGTHENING HEALTHCARE IN THE NORTH

In May, Northern Health and DPV Health were pleased to announce they signed a collaborative Memorandum of Understanding (MOU) to support initiatives for innovation, shared service planning and delivery to benefit our growing communities.

The MOU establishes a framework to strategically explore opportunities for both parties to collaborate and address priority health and wellbeing issues across outer northern Melbourne.

Working closely together, Northern Health and DPV Health have already commenced collaboration on a range of projects including the establishment of a COVID-19 Screening Centre, operated by Northern Health at DPV Health's Epping site.

RESIDENTIAL IN-REACH PROGRAM

Residential In-Reach operates through Northern Hospital and works with local residential care facilities to try and prevent admissions into hospital and treat more residents within their homes and care facilities.

The program started in 2002 and provides clinical, specialist nursing, geriatric medicine and palliative care support as requested once a GP or a nursing home refers a patient to the program.

Staff provide clinical assessment and some level of support, together with Hospital in the Home service, to facilitate patients to stay in the facility. This is often the preference of patients and their families, but it also reduces distress and the risk of transferring a person to a hospital. For the COVID-19 response, the team has redeployed an extra Aged Care Registrar and a HMO to assist with dealing with the increased demand generated by anxiety over the new virus. The increase in medical staffing has meant that the team are now able to provide a full seven-day-a-week service.

An innovative and sustainable future

Strong financial management and elimination of operational and clinical inefficiencies have released resources. We have transformed to deliver value to our communities and our funders.

MINISTER FOR HEALTH HOSTS TOPPING OUT CEREMONY FOR STAGE 2 NORTHERN HOSPITAL EXPANSION

On Monday 2 March 2020, Northern Health hosted the Minister for Health and Ambulance Services, the Hon. Jenny Mikakos MP, for a 'topping out' ceremony of stage 2 of the Northern Hospital Epping expansion.

Welcomed by Northern Health Board Chair, Jennifer Williams AM and Northern Health Chief Executive, Siva Sivarajah, Minister Jenny Mikakos said, "More and more families are calling Melbourne's outer north home every day. That's why we are building a bigger and better Northern Hospital to meet demand for world-class healthcare into the future."

To mark stage 2 works, local fundraising champion, Josie Minniti OAM, was honoured with the naming of the crane at the site. Josie was also presented with a certificate to acknowledge her tireless fundraising efforts and the contribution she has made to patients receiving treatment at Northern Health. Josie has been fundraising for over 20 years and has raised an amazing $700,000 for cancer services in Melbourne's north.

TELEHEALTH@NORTHERN

Northern Health, as part of our response to COVID-19, has introduced telehealth as a strategy to support patients attending our Specialist Clinics (Outpatients).

While the majority of our telehealth consultations are still on the telephone, in April we commenced a pilot project for video consultations.

Initially accommodating low risk paediatric and respiratory patients, the service has grown to include Hand Therapy, Northern Autism Spectrum Disorder Assessment Clinic, Pleural Clinic, Women's Health Physiotherapy Clinic, Speech Pathology and Dietetics Feeding Clinic.

NORTHERN HEALTH RECEIVES FIRST BETTER CARE VICTORIA INNOVATION GRANT

Northern Health was successful in receiving a Better Care Victoria Innovation Grant for our project proposal to use analytics to improve Chronic Disease Consequences (ACDC). The ACDC project will build on Northern Health's existing Staying Well initiative and focuses on helping those with complex chronic conditions to maintain their wellbeing, instead of waiting until they need to come to hospital.

The Better Care Victoria Innovation Fund is a key platform for supporting sector-led innovation and improvement projects in the Victorian health sector. Established in 2016, the Fund calls for applications annually and has delivered four rounds of innovation projects with a total of 42 projects funded to date. In addition to funding, project teams will also receive a dedicated coach and contact within Safer Care Victoria, access to tools, templates and guidance materials, collaboration and partnership support.

The ACDC project will use machine learning to more accurately predict people at high risk of multiple unplanned hospital admissions and to detect deterioration in their health. This will, in turn, allow for proactive delivery of care.

NEW HOME CHEMOTHERAPY SERVICE

Northern Health has recently launched a new Hospital in the Home (HITH) chemotherapy service.

Patients receiving chemotherapy for colorectal cancer require a specific regime that includes an infusor filled with chemotherapy to be attached for 46 hours.

Until recently, patients would return home once the infusor is attached and return to the day oncology unit for disconnection of the infusor on their third day of treatment.

This causes some anxiety for some patients who have issues with transport. Following benchmarking across multiple health services, HITH are now able, with the correct training, to provide this part of the service at home and save patients an additional trip to hospital.

INNOVATIVE HEART FAILURE PROGRAM BETTER MANAGING PATIENTS IN THE NORTH

Patients who are diagnosed with heart failure in the northern suburbs are now better managed in GP clinics thanks to Northern Health's unique Heart Failure in the North Education program.

The program provides personal education and upskilling for GPs and primary care nurses to care for heart failure patients upon discharge from hospital.

The program began by recruiting four large GP clinics that were geographically located near Northern Health and whose patients were regularly presenting to hospital for heart failure. The aim of the program is to ensure patients are better managed in the community after being discharged and reduce the number of patients re-presenting to hospital.

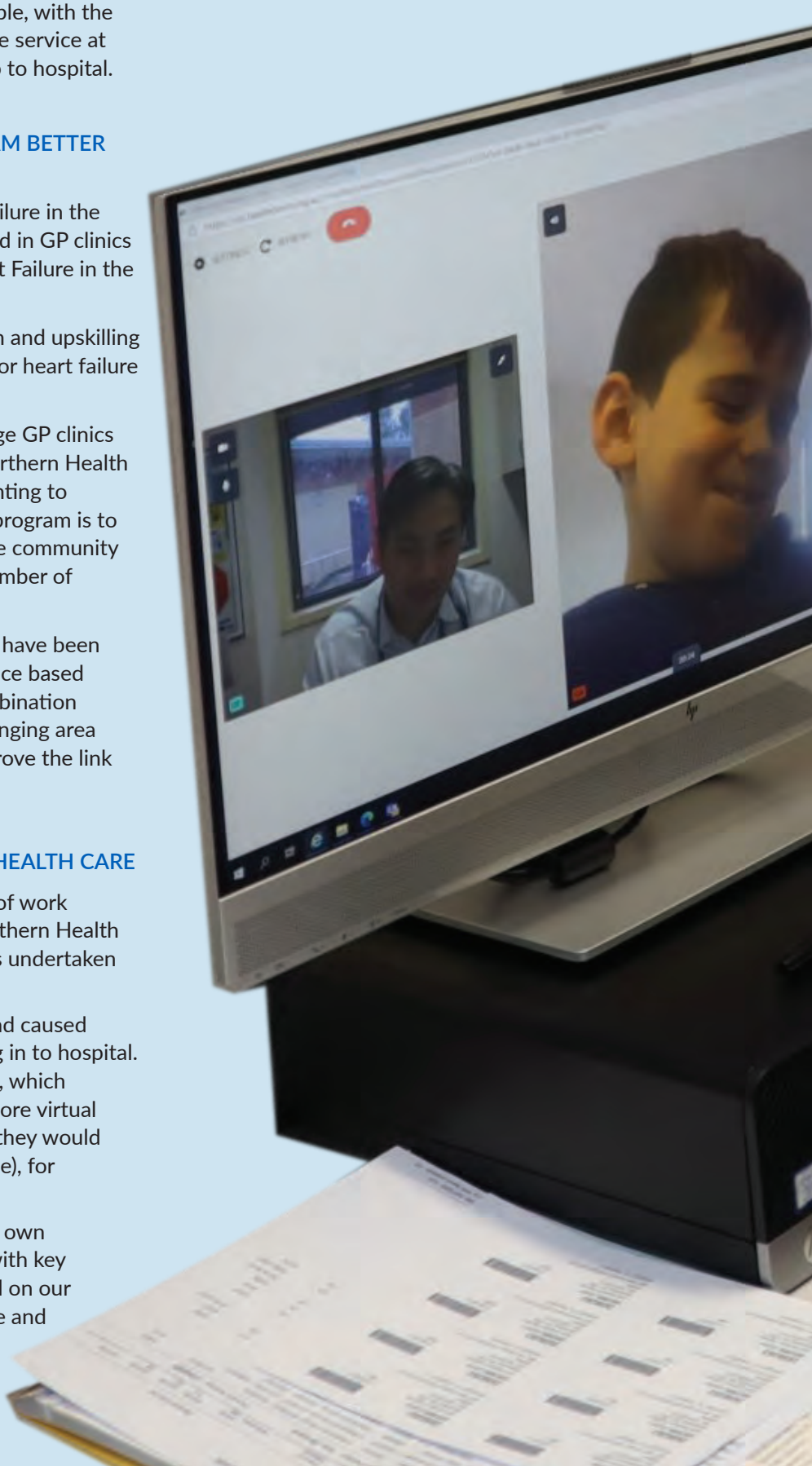
Some patients with heart failure may not have been treated with the most appropriate evidence based care, particularly the use of complex combination medications, as GPs can find this a challenging area to practice in. This program seeks to improve the link between hospital and general practice.

TRANSFORMING AND REIMAGINING HEALTH CARE

In the midst of the pandemic, a program of work called Transforming and Reimagining Northern Health commenced, with various 'sprint' projects undertaken to deliver more virtual care to patients.

This work was critical as the pandemic had caused some apprehension from patients coming in to hospital. A survey of 860 patients was undertaken, which showed that there was an openness to more virtual care, with 70 per cent of patients saying they would prefer to use virtual care (over face to face), for non-urgent care.

'Sprints' have seen services develop their own digital solutions to be used by patients, with key Northern Health initiatives being focused on our emergency department, maternity service and musculoskeletal service.



Enabled staff, empowered teams

Staff have the skills, knowledge, motivation and opportunity to make a difference for patients and each other.

NORTHERN HEALTH LAUNCHES SPECIALIST PLEURAL SERVICE

The Northern Health Respiratory Department has launched a specialist ambulatory pleural service as part of its Pleural Medicine Unit – the only formalised service of its kind in Victoria.

Pleural diseases occur when there is a problem in the chest cavity, the space between the lung and the chest wall. This often results in the production of fluid in the chest cavity (called pleural effusion) which can lead to breathlessness, chest pain and other symptoms. Fluid in the chest cavity may become infected and air from the lung may sometimes escape in to the chest cavity. Pleural diseases are common and the burden is increasing.

Dr Sanjeevan Muruganandan is a lung specialist and pleural lead who has completed his PhD with Professor Gary Lee in Western Australia – a world leading pleural researcher.

"The aim of this innovative service is to reduce further procedures and pleural-related hospitalisation, work collaboratively with our thoracic surgical colleagues and ultimately standardise care in all aspects of pleural diseases. In some patients who aren't fit for surgery, the service offers a less invasive option, which is evidence based," Dr Muruganandan said.

WINNIE TJONG WINS WORKSAFE VICTORIA AWARD

Northern Health Injury Management Coordinator, Winnie Tjong, won the 2019 WorkSafe Victoria Award for 'Return to Work Coordinator Excellence.'

The distinguished WorkSafe Awards recognise outstanding workplace health and safety efforts of workers and employers in Victoria.

Winnie champions Northern Health's commitment to returning employees to work after an injury and is driven to continuously improve processes to make them easier for employees.

On winning the award, Winnie said, "this was a surprise and would not have been possible without the support of my team, management and most importantly the staff I work with. Our employees are so resilient and that's why I want to help them. They have this sense of compassion that's really focused around patient safety, and that's what makes the role really rewarding."

Some of the initiatives Winnie has established at Northern Health include the Injury Assist phone triage service, onsite exercise physiology, information packs and training for managers, and job demands checklists for GPs and practitioners.

UNDERSTANDING THE IMPORTANCE OF ADVANCE CARE PLANNING

A film titled The Inappropriate Question, a collaboration between Dr Barbara Hayes, Clinical Lead, Northern Health Advance Care Planning Program and Prof Joe Ibrahim from the Prof Joe website was launched via live stream to coincide with Advance Care Planning Week. This film was funded by the Victorian Department of Health and Human Services.

This short animated film aims to help the community better understand the important reasons why discussions about cardiopulmonary resuscitation need to be held with some of our hospital patients.

"The aim of this film is to help people understand, before they become ill, and before admission to hospital, that these discussions might be expected. It encourages people to think about what would be important for them should they become seriously unwell, and to consider

Advance Care planning. This avoids having to think about these issues for the very first time when feeling ill, scared and vulnerable. It also helps their Medical Treatment Decision Maker should they be required to make decisions for the patient.

NORTHERN HEALTH WELCOMES FIRST TOXICOLOGIST, DR JOE ROTELLA

Northern Health has welcomed our first toxicologist, Dr Joe Rotella, who worked at Northern Health as a medical student back in 2007 and went on to become an intern and resident here.

Having previously held roles as Director of Clinical Informatics and Assistant Director of Education at other health services, Dr Rotella brings a wealth of knowledge to Northern Health – being one of only 10 toxicologists in Victoria.

Dr Rotella's predominant role is as an emergency department (ED) physician but his passion is clinical toxicology.

MENTORING FOR SUCCESS

Northern Health's mentoring program launched in September 2019, offering three different types of mentoring relationships: traditional, peer to peer and reverse.

Unlike traditional mentoring programs, Northern Health's program provides an opportunity for all employees to participate. For example, a coordinator could mentor a Director or vice-versa. Research suggests that employees who have a mentoring relationship tend to be more successful in their roles, and peer-to-peer mentoring can be beneficial for both parties.

The People and Culture team undertook a detailed matching process of all applications to ensure the most relevant pairing is achieved for both the mentor and mentee, depending on their preferences and objectives, attracting 69 mentoring matches across Northern Health.


HAVE A NICE DAY

Engaged learners, inspired researchers

Research and education equips staff with the latest knowledge and best practices to support positive patient experiences and safe, effective care.

LEADING MATERNAL HEALTH RESEARCH

Having completed her clinical training in Obstetrics and Gynaecology in Sydney and conducted her PhD research at the Mother Infant Research Institute in Boston, Associate Professor Lisa Hui is an exceptional member of Northern Health's research team. She has clinical appointments at both the Mercy Hospital for Women and Northern Hospital and is Associate Professor in the Department of Obstetrics and Gynaecology at the University of Melbourne.

For the wider community, Associate Professor Hui's research may ultimately mean healthier pregnancies for women due to prevention of severe complications like preeclampsia and fetal growth restriction, which are major causes of ill health in babies and pre-term birth.

In 2020, Associate Professor Hui was also awarded an Investigator Grant in the highly-competitive Medical Research Future Fund (MRFF) clinician researchers initiative, as 'the next generation of talented Australians having the capacity to make and progress great medical discoveries.'

Associate Professor Hui's Investigator Grant responds to the MRFF Genomics Health Future Mission by closing 'the critical knowledge gaps in perinatal genomics'. She believes genomics is one of the most exciting fields in medicine and has created new powerful tools that tell us how the body works. Genomic technology now allows researchers to conduct non-invasive prenatal testing that allows the DNA of the fetus to be examined, without increasing the risk of miscarriage.

RESEARCH WEEK 2019: A CULTURE OF RESEARCH AT NORTHERN HEALTH

Northern Health hosted Research Week from 7 – 11 October 2019, showcasing a range of local and innovative research projects and presentations from research leaders.

Research Week 2019 capped an exciting and busy year of research at Northern Health which included the disbursement of more than $50,000 worth of small research grants and the participation of high-profile guests at Research Grand Rounds. The breadth of research was also reflected by the posters and presentations displayed during the week.

Northern Health continues to look at innovative ways of creating a sustainable future in health care, with digital health being a key component. A highlight was a $2.5 million National Health and Medical Research Council (NHMRC) grant obtained by Northern Health to look at innovative ways to tackle chronic disease and engage with patients to design new technologies. Working in collaboration with our patients, the aim is to help people with heart disease, diabetes and other conditions to better manage their health.

2020 DIGITAL HEALTH FUTURES @ NORTHERN HEALTH

Northern Health was excited to host the 2020 Digital Health Futures Forum in March 2020. This landmark forum brought together consumers, health system leaders, health professionals, policy-makers and digital health researchers to identify technology solutions to some of our country's most significant health challenges, including diabetes, heart failure, musculoskeletal disorders, mental health and cancers.

The National Health and Medical Research Council (NHMRC) Centre for Research Excellence (CRE) in Interactive Digital Technology to Transform Australia's Chronic Disease Outcomes was also formally launched

during this forum. The CRE for Interactive Digital Technology to Transform Australia's Chronic Disease Outcomes is creating a national research capability in the field of digital population health research.

INNOVATION CHALLENGE WITH AMAZON AND SWINBURNE

Northern Health has partnered with Swinburne University of Technology and Amazon Web Services on an innovation challenge to assist people with diabetes.

Northern Health is a collaborative partner with the Swinburne University's Data for Social Good Cloud Innovation Centre, one of seven worldwide, and the first of its kind in the southern hemisphere. Here, the team continue to work on an innovation challenge to help people living with type 2 diabetes to self-manage, through the use of technology.

Northern Health sees around 300,000 patients each year, with around 2,500 of them presenting with significant chronic illnesses and attending hospital multiple times each year. Many of these people's illnesses are due to social and economic issues, with diabetes being one of the key chronic conditions that we help manage.

ENGAGED LEARNERS

Northern Health is developing our staff to be engaged learners who are skilled at creating, acquiring, and transferring knowledge, and at modifying their behaviour to reflect new knowledge and insights. We are utilising blended learning modalities including a contemporary learning management platform to ensure consistent transfer of knowledge and to allow our staff to access learning anytime and anywhere. This includes the development of 'Learning Labs' with workshops covering core soft skills, leadership training and Northern Health specific knowledge, available to all staff, across all levels of the organisation.

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.

Over the 2019-20 financial year, Northern Health's total greenhouse emissions reduced by 3.5 per cent, including corporate transport emissions reducing by 12 per cent. Additionally, water consumption reduced by 25per cent compared to the previous year.

Northern Health continues to increase recycling practices by diverting waste into specialised waste streams, including PVC, organics, batteries, fluorescent tubes, E-waste, wooden pallets, metal and polystyrene.

Our waste practices have improved further over the past financial year, resulting in a seven per cent increase in the quantity of recycled sharps and a significant 13 per cent improvement on bulk and general recycling.

During another year of growth in activity, Northern Health's electricity usage has decreased by one per cent. A number of initiatives and upgrades have been carried out across the health service to improve our efficiency.

Recent improvements include replacing general hot water units with high efficiency heat exchange units, increased use of LED lighting and upgrades to our cooling systems. Working with the DHHS Capital Branch, we are planning to install solar panels at each of our sites. The main chiller at Northern Hospital Epping has been replaced with a modern, efficient installation, and at Broadmeadows Hospital, Variable Speed Drives, for both heating and cooling, will reduce energy consumption.

OUR HYBRID CARS

As part of our contribution to environmental sustainability, Northern Health has purchased Toyota Corolla Hatch Hybrids for the domiciliary home visit midwife (DOM) team.

The DOM team have to conduct an increasing amount of home visits in the northern growth corridor and actively use Northern Health fleet vehicles. The Corolla Hybrids burn less fuel and emit lower levels of carbon and are great cars for our staff to use, and are extremely economical, with a factory rated 3.5 litres per 100 km.

Northern Health's current fleet has about 75 cars and Northern Health will continue to purchase hybrid vehicles when replacing the existing fleet.

Environment Report

GREENHOUSE GAS EMISSIONS

Total greenhouse gas emissions (tonnes CO2e)	2017-18	2018-19	2019-20
Scope 1	4,502	4,494	4,691
Scope 2	14,984	15,141	14,287
Total	**19,486**	**19,635**	**18,978**

Normalised greenhouse gas emissions	2017-18	2018-19	2019-20
Emissions per unit of floor space (kgCO2e/m2)	220.44	222.12	214.69
Emissions per unit of Separations (kgCO2e/Separations)	190.43	184.90	184.06
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	61.19	59.49	60.20

STATIONARY ENERGY

Total stationary energy purchased by energy type (GJ)	2017-18	2018-19	2019-20
Electricity	49,947	50,942	50,425
Natural Gas	82,969	82,347	86,766
Total	**132,917**	**133,289**	**137,191**

Normalised stationary energy consumption	2017-18	2018-19	2019-20
Energy per unit of floor space (GJ/m2)	1.50	1.51	1.55
Energy per unit of Separations (GJ/Separations)	1.30	1.26	1.33
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.42	0.40	0.44

WATER

Total water consumption by type (kL)	2017-18	2018-19	2019-20
Potable Water	170,594	178,239	135,053

Normalised water consumption (Potable + Class A)	2017-18	2018-19	2019-20
Water per unit of floor space (kL/m2)	1.93	2.02	1.53
Water per unit of Separations (kL/Separations)	1.67	1.68	1.31
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.54	0.54	0.43

WASTE AND RECYCLING

Waste	2017-18	2018-19	2019-20
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,777,434	1,702,974	1,736,285
Total waste to landfill generated (kg clinical waste+kg general waste)	1,353,774	1,312,857	1,356,273
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.61	2.42	2.53
Recycling rate % (kg recycling / (kg general waste+kg recycling))	28.34	27.82	26.65

TRANSPORT

Corporate Transport	2017-18	2018-19	2019-20
Tonnes CO2-e corporate transport	226.531	250.525	219.818

Normalisers (for information only)	2017-18	2018-19	2019-20
Area M2	88,397	88,397	88,397
Aged Care OBD	19,966	20,293	20,173
ED Departures	98,714	106,751	116,992
FTE	3,169	3,169	3,525
LOS	298,478	309,735	295,098
OBD	318,444	330,028	315,271
PPT	519,484	542,970	535,368
Separations	102,326	106,191	103,105

Northern Health Foundation

Northern Health Foundation guides fundraising activities on behalf of Northern Health. It works with our corporate partners, trust and foundations, local businesses, community partners and donors to raise funds to support the purchase of cutting-edge medical equipment, fund small research and PhD research grants, education and training opportunities.

Northern Health Foundation Chair, John Molnar, and his fellow board members, support the strategic direction of the Foundation. We sincerely thank all members of our Foundation Board for their invaluable contribution over the last 12 months.

WHAT THE FOUNDATION HAS FUNDED

In 2019-20, the Foundation funded the purchase of medical equipment for cardiology, respiratory, oncology, renal unit, maternity, physiotherapy, children's wards, aged care in Bundoora and oncology services in Craigieburn. As a result of our major appeal, all Northern Health campuses benefited from new state-of-the-art defibrillators.

Two rounds of funding for small research grants resulted in over 20 projects being conducted during the year. With the support of our corporate partners, our PhD Research Scholarships continue with projects focusing on cardiology and post-surgical recovery. New scholarships commenced during the period which will focus on patient initiated teach back to support overcoming low health literacy within our patient community.

OUR PATRONS

We receive significant fundraising support from our patrons Josie Minniti OAM, Bev Carman and Trudi Hay. Their efforts during the year have seen our Oncology Services at Northern Hospital Epping receive new treatment chairs and a defibrillator and Craigieburn Centre receive a scalp cooling machine, all of which support patient comfort during their chemotherapy treatment.

VOLUNTEER AND COMMUNITY SUPPORT FOR THE FOUNDATION

Northern Health Foundation would like to thank the many volunteers who support our events and fundraising initiatives by so generously donating their time. Busy Fingers and The Knitting Guild are two groups of volunteers who support our Bundoora and Epping campuses. Collectively, our volunteers have raised over $30,000 to fund vital medical equipment and programs across all Northern Health campuses. The Whittlesea Salvation Army Craft Group have also funded medical equipment for our Women's and Children's Ward helping to ensure our new babies have safe sleep spaces during their stay at Northern Hospital Epping.

EVENTS

Prior to the impact of COVID-19, the Foundation held a number of successful fundraising events including the Trudi Hay High Tea and our Northern Health Foundation Annual Dinner. These events raised vital funds to support the purchase of defibrillators for Northern Hospital Epping, Broadmeadows Hospital, Bundoora Centre and Craigieburn Centre. Thank you to our corporate partners, event sponsors and supporters.

NORTHERN HEALTH FOUNDATION APPEALS

In 2019, we launched a major appeal to purchase new state-of-the-art defibrillators for all Northern Health sites. The campaign was successful in supporting the purchase of new defibrillators for the health service and ensuring the best equipment is available to patients requiring emergency resuscitation.

In March 2020, the Foundation launched an appeal to support the purchase of an Endobronchial Ultrasound Service (or EBUS) for Respiratory Services. The introduction of an EBUS service to Northern Health will mean they can diagnose and stage lung cancer and improve outcomes for our patients here in the north.

NORTHERN HEALTH EMERGENCY ACCOMMODATION

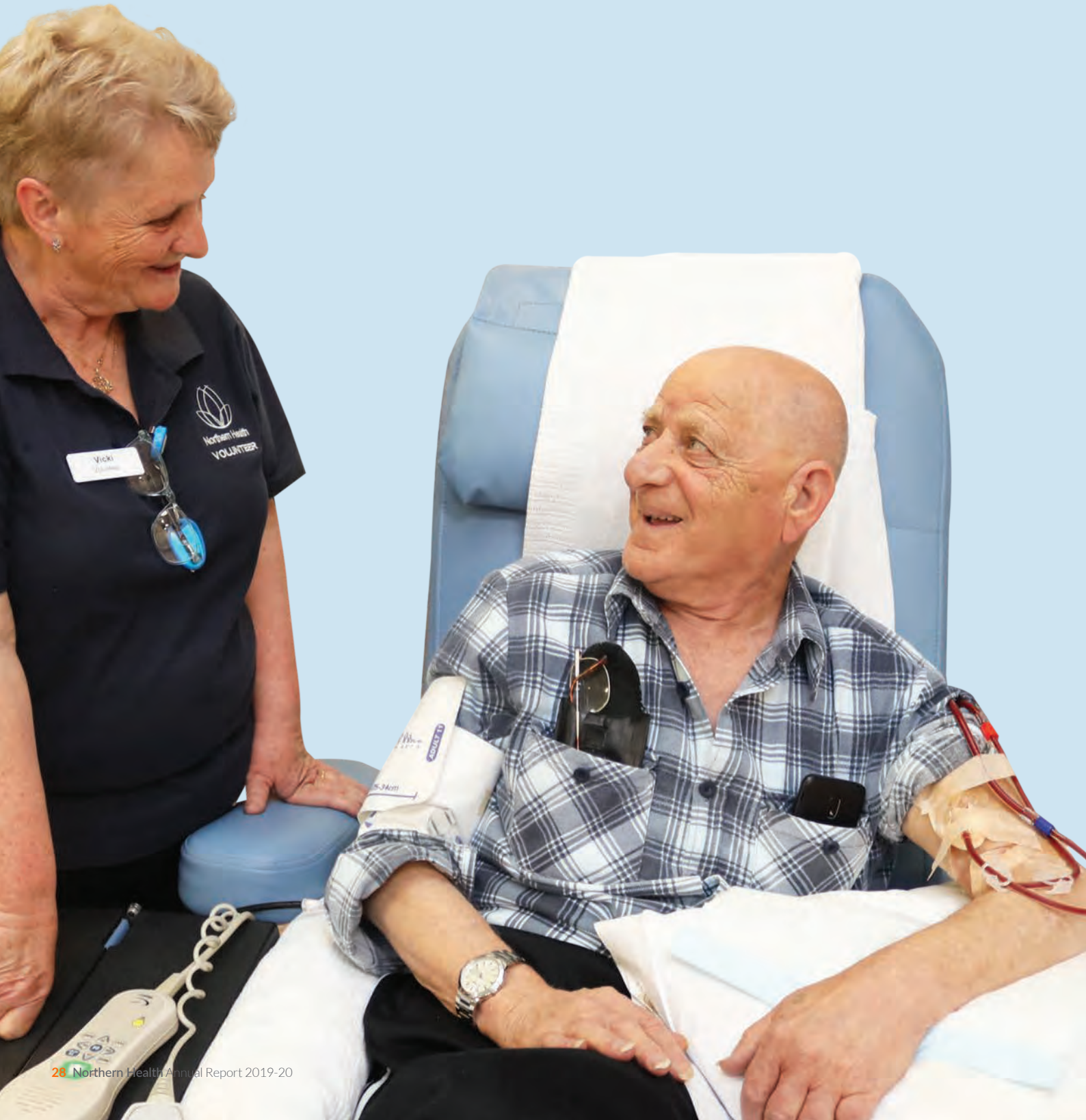
Northern Health Foundation continue to support the Emergency Accommodation provided to Northern Health for the families of rural and regional patients. The accommodation is provided in-kind to eligible patient families to use whilst their loved-ones are being treated at Northern Hospital Epping and Broadmeadows Hospital. Having the property available ensures families can stay close to loved-ones and helps alleviate some of the costs associated with travelling to Melbourne from rural and regional Victoria.

NORTHERN HEALTH MAJOR RAFFLE

The Northern Health Foundation Major Raffle campaign was launched in August and drawn in December 2019, and once again featured a new car as first prize. The Hyundai Kona was proudly supported by Maxxia, our major partner for this annual campaign. The winner was a graduate nurse working in Northern Health's Intensive Care Unit. A special thank you to the dedicated volunteers who spent many hours selling tickets across our sites.

PHILANTHROPIC FUNDING

Northern Health Foundation would like to thank our philanthropic partners for their support during the year helping to fund a number of our funding projects. Grants were received from Collier Charitable Trust, Tobin Foundation, Dry July Foundation, Angior Family Foundation, Lord Mayor's Charitable Trust, Riverlee Foundation and Wheelton Philanthropy.


Vicki
Northern Health
VOLUNTEER

Volunteers and community

Prior to COVID-19, Northern Health's team of 365 dedicated and enthusiastic volunteers were greeting visitors as they entered the hospital, helping with way-finding, visiting patients at their bedsides, cuddling babies, reading stories to children in the Children's Ward and offering tea and coffee to patients and visitors. They were also helping with administration tasks, the Social Support Groups, the Old Blokes Shed, fundraising and driving patients to and from appointments.

Bundoora Centre engaged local schools to help in brightening the day of our patients. Loyola, Parade, Santa Maria and Greensborough College, Northside Christian College and St Damien's Primary School were all involved in some way to enhance the patients experiences. Children have sung songs, participated in social support activities including craft and gardening and have made gifts for the patients. Northern Hospital Epping had students from William Ruthven Secondary College who helped out each Friday for several months. This helped them to develop confidence and learn new skills and we benefited from their youthful enthusiasm and insights.

Our relationship with the Whittlesea City Salvation Army Craft Group has continued to flourish. They have provided a range of in-kind support since 2017 for several of our departments and have now extended their support to the Foundation. They make rugs for Ian Brand Nursing Home and for our Palliative Care Unit patients, drainage bags and hats for our oncology unit, Christmas gifts and word puzzles for residents, prem-baby packs for our neonatal unit and have contributed a significant amount of masks for our mask project. The Red Cross have also continued to support our service by knitting over 500 trauma teddies for our hospital volunteers to distribute to offer comfort to our young patients.

Volunteer fundraising through Knitting Guild sales and volunteer raffles and stalls have enabled the purchase of items such as a Bariatric Transport Chair for the Renal Unit, a custom built staircase for the Physiotherapy Unit, four Dyson fans for the Respiratory and Renal Units and some Roho Cushions. The Busy Fingers Auxiliary fundraising totaling $17,000 was used to purchase four defibrillators, portable weighing scales for ceiling hoists, two Sara Stedy's, a medication refrigerator, chair scales, chair re-upholstering, phone holders for our fleet vehicles and six foam cushions.

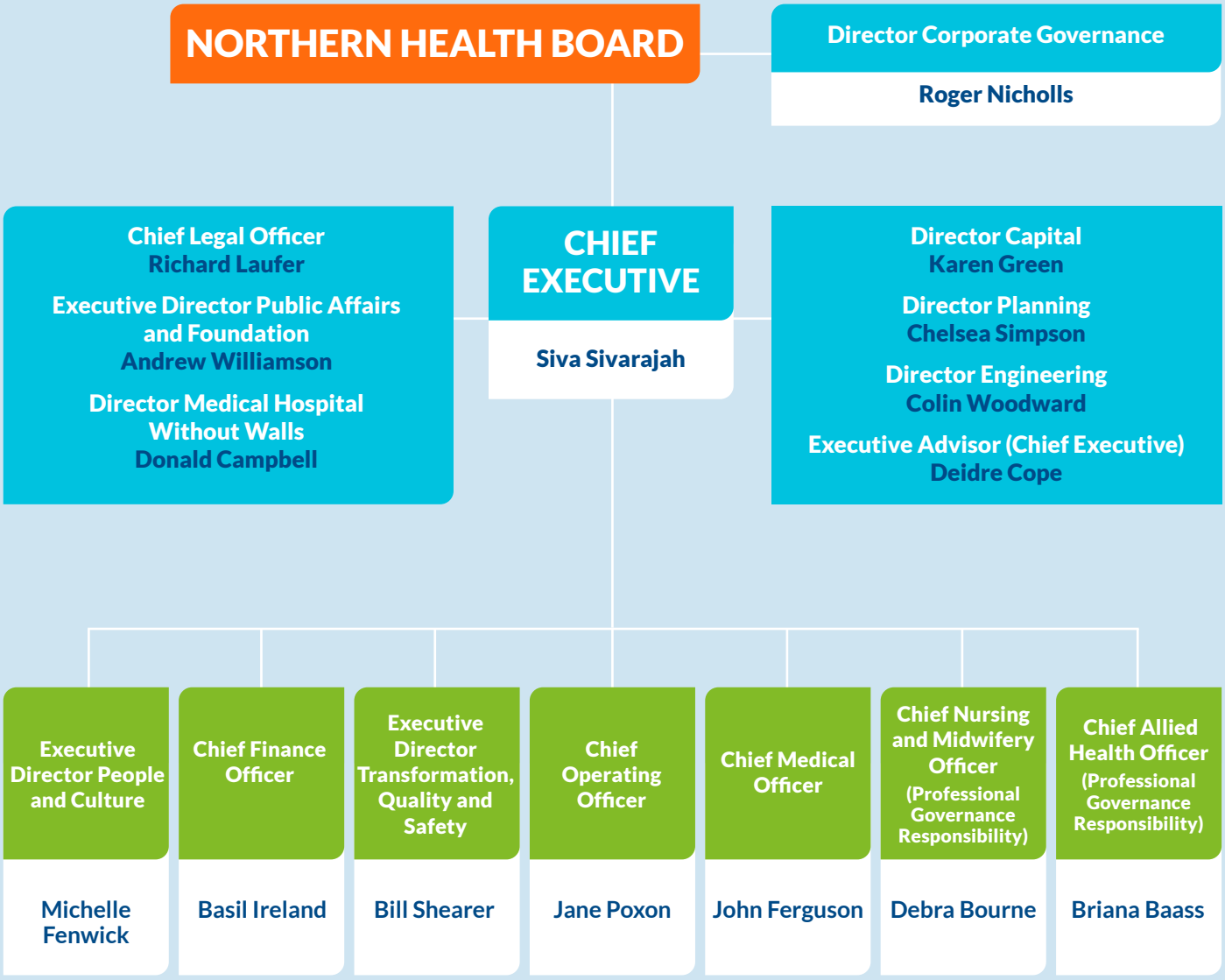
In mid-March 2020, the volunteers were stood down due to the COVID-19 pandemic. This was particularly challenging for our volunteers and the Volunteer Services team directed all their energy to help keep our volunteers well at home. Over 100 newsletters have been sent to the volunteers during the lock-down period, volunteers participated by sending in photos of their iso activities, such as craft, gardening and cooking. This was a great way to keep volunteer engagement going. Phone calls and Zoom meetings were also used to connect with the volunteers.

National Volunteer Week in May was celebrated virtually this year. Volunteers were treated to a volunteer song made up by the volunteer services team, and those volunteers that had reached significant service milestone, were hand delivered their thank you gifts.

The Community Visitors Scheme has been through a significant change as a result of the COVID 19 pandemic. Volunteers have been unable to visit the residents in a face to face setting, so have been conducting ' virtual visits". These visits have been in the form of letters or card writing, telephone calls to the residents, and more recently Skype and Face Time calls.

The volunteers are eagerly awaiting their eventual return to Northern Health and we can't wait to welcome them back when it is safe to do so.

Organisational Structure



Corporate Governance

Ms Jennifer Williams AM
Board Chair

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

She has worked as a Chief Executive to 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 a non-executive director with several Board positions. 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 8 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 Interim CEO of Your Community Health and has a long history in the community, vocational education and health sectors.

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

Phillip was Chair of the State Government task force into Community Health in 2018-19.

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

Phillip has a Masters degree in Business.

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.

Dr Andrea Kattula

Andrea Kattula was appointed to the Northern Health Board in July 2019.

Andrea originally trained as an anaesthetist, working in hospitals in Australia and the United States. Her subsequent career has focused on safety and quality in healthcare, including appointment as the inaugural Medical Director for the Clinical Governance Program at Austin Health in 2006. She has extensive experience establishing clinical governance systems and processes, leading change, engaging clinicians and supporting clinical leadership development.

From 2017 to 2019, Andrea chaired the Victorian Consultative Council on Anaesthetic Mortality and Morbidity. She is now the Deputy Chair of the new Victorian Perioperative Consultative Council and chairs its Anaesthesia Subcommittee. She has concurrent roles including as a Teaching Associate with Monash University, and as a member of the Victorian Audit of Surgical Mortality (VASM) Management Committee, Australian and New Zealand College of Anaesthetists (ANZCA) Victorian Regional Committee, and the ANZCA Mortality Subcommittee.

Alongside medical and anaesthesia qualifications, Andrea has a Bachelor of Psychological Science degree and a Master of Quality Improvement in Healthcare. She is also a Graduate Member of the Australian Institute of Company Directors.

Mr Peter McDonald

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

He is an executive with Australian Red Cross Lifeblood and 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.

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.

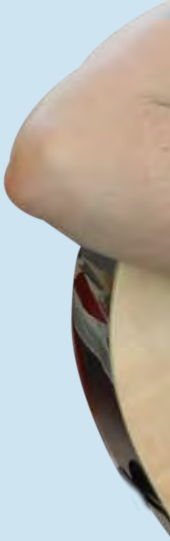
Ms Linda Rubinstein

Linda Rubinstein was appointed to the Northern Health Board on 1 July 2019.

Linda is a former trade union official and lawyer with over 30 years board experience, largely related to industry superannuation funds. She has worked in a senior role at the ACTU and as the Pro Bono Manager at a national law firm.

Linda is currently chair of the Industry Fund Services group of companies and a director of Industry Fund Services Insurance Solutions and Industry Fund Holdings, as well as a volunteer Community Visitor appointed under the Disability Act 2006.

Linda has a law degree and has successfully completed the AICD Company Directors Course.



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 included six years as Executive Director of Local Government Victoria.

John has been Chair of the Victorian Local Government Grants Commission since 2012 and was Chair of the Panel of Administrators of the Brimbank City Council from 2012 to 2016. He is a Board member for the Metropolitan Waste and Resource Recovery Group. He is also the Independent Chair for a number of local government Audit and Risk Committees including the Municipal Association of Victoria and sits as an independent member on the Audit and Risk Committees for a number of other councils.

Together with the Hon Frank Vincent AO QC, John is the co-author of the 2015 Sunbury Hume Transition Local Government Panel Report and in 2018 sat as the Independent Inquiry into governance concerns at the Goulburn Ovens TAFE. During 2019 he sat as a Commissioner on the Commission of Inquiry into the South Gippsland Shire Council.

MANNER OF ESTABLISHMENT OF NORTHERN HEALTH

As a public health service established under section 181 of the Health Services Act 1988 (Vic), Northern Health reports to the Victorian Minister for Health, through the Department of Health and Human Services.

Relevant Ministers

Hon. Jenny Mikakos MP Minister for Health

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 nine consecutive years.

Dr Andrea Kattula and Ms Linda Rubinstein were new appointees to the Board in July 2019. Mr Peter McWilliam and Mr Peter McDonald were re-appointed for a further three years from July 2019.

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
    - auditing 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
    - the committees established operate effectively
- Appointing and monitoring the performance of the Chief Executive
- Establishing the organisation structure, including management structure
- Developing arrangements with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care
- 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.

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

Mr John Watson – DIRECTOR

Ms Linda Rubinstein - DIRECTOR

The following executive staff attend this Committee:

Mr Siva Sivarajah – CHIEF EXECUTIVE

Mr Basil Ireland – CHIEF FINANCIAL OFFICER

Dr Bill Shearer – EXECUTIVE DIRECTOR QUALITY AND SAFETY, TRANSFORMATION

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

The following executive staff attend this Committee:

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

Mr Phillip Bain – DIRECTOR

Dr Andrea Kattula - DIRECTOR

The following executive staff attend this Committee:

Mr Siva Sivarajah – CHIEF EXECUTIVE

Dr Bill Shearer – EXECUTIVE DIRECTOR QUALITY AND SAFETY, TRANSFORMATION

Dr John Ferguson – CHIEF MEDICAL OFFICER

Ms Debra Bourne – CHIEF NURSING AND MIDWIFERY OFFICER

Ms Briana Baass – 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 Remuneration and Appointments Committee makes recommendations to the Board in relation to Chief Executive recruitment, performance and remuneration and monitors Northern Health's compliance with the Health Executive Employment and Remuneration Policy.

Patient Experience and Community Advisory Committee

Mr Phillip Bain – DIRECTOR (CHAIR)

Ms Jennifer Williams AM – BOARD CHAIR

Dr Andrea Kattula – DIRECTOR

Ms Karen Bryant – SENIOR ABORIGINAL LIAISON OFFICER

Ms Maureen Canzano – CONSUMER REPRESENTATIVE

Ms Fiona Micelotta – CONSUMER REPRESENTATIVE

Ms Nurcihan Ozturk – CONSUMER REPRESENTATIVE

Ms Dalal Sleiman – CONSUMER REPRESENTATIVE

Ms Jenefer Williams – CONSUMER REPRESENTATIVE

Mr Bill Beckett – CONSUMER REPRESENTATIVE

Ms Careena Newcastle – CONSUMER REPRESENTATIVE

Ms Pushpa Jayakody – CONSUMER REPRESENTATIVE

The following executive staff attend this Committee:

Mr Siva Sivarajah – CHIEF EXECUTIVE

Ms Jane Poxon – CHIEF OPERATING OFFICER

The Patient Experience and Community Advisory Committee advises 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 Jennifer Williams AM – BOARD CHAIR

Mr John Watson – DIRECTOR

Mr Phillip Bain – DIRECTOR

Ms Amanda Mullins – CEO NEXUS PRIMARY HEALTH

Mr Don Tidbury – CHIEF EXECUTIVE OFFICER, DPV HEALTH

Ms Coleen Howe – ACTING MANAGER INTEGRATION AND PARTNERSHIPS, NORTH DIVISION HEALTH, DHHS

Mr Neville Kurth – MANAGER COMMUNITY WELLBEING, CITY OF WHITTLESEA

Mr John Dermanakis – MANAGER, NORTHERN AREA MENTAL HEALTH SERVICE

Mr Max Lee – EXECUTIVE OFFICER, HUME WHITTLESEA PRIMARY CARE PARTNERSHIP

Ms Janelle Devereux – NORTH WESTERN MELBOURNE PRIMARY CARE PARTNERSHIP

Ms Lisa Wright – MANAGER INTEGRATION AND REDESIGN, EASTERN MELBOURNE PRIMARY HEALTH NETWORK

Ms Sue Race – CHIEF EXECUTIVE, THE KILMORE AND DISTRICT HOSPITAL

Mr Sam Ferrier – COORDINATOR POPULATION HEALTH, CITY OF HUME

Mr Michael Graham – CEO, VICTORIAN ABORIGINAL HEALTH SERVICES

Ms Sarah Gafforini – EXECUTIVE OFFICER, SHARED VISION FOR THE GROWING NORTH

Ms Mary Agostino – DIRECTOR ADVOCACY AND COMMUNITY SERVICES, MITCHELL SHIRE

The following executive staff attend this Committee:

Mr Siva Sivarajah – CHIEF EXECUTIVE

Ms Jane Poxon – CHIEF OPERATING OFFICER

Ms Briana Baass – CHIEF ALLIED HEALTH OFFICER

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.

Directors' Attendance for Board and Sub Committee Meetings: 1 July 2019 – 30 June 2020

	Board	Finance Committee	Audit and Risk Committee	Quality and Safety 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**	**6**	**4**	**4**	**1**	**40**
Jennifer Williams AM	11	10	4	6	4	2	1	38
Peter McWilliam	11	9	3	0	0	4	1	28
Alison Lilley	4	0	0	1	0	0	0	5
Juliann Byron	11	9	4	1	0	0	1	26
John Watson	10	0	3	0	0	3	0	16
Peter McDonald	10	8	2	0	0	0	0	20
Phillip Bain	10	0	0	6	4	4	0	24
Linda Rubinstein	11	0	4	0	0	2	0	17
Andrea Kattula	11	7	3	6	4	0	0	31

Statement of Priorities

BETTER HEALTH

GOALS

A system geared to prevention as much as treatment
Everyone understands their own health and risks
Illness is detected and managed early
Healthy neighbourhoods and communities encourage healthy lifestyles

STRATEGIES

Reduce Statewide Risks
Build Healthy Neighbourhoods
Help people to stay healthy
Target health gaps

Deliverable	Outcome Measure	Progress Update
Develop the Northern Health 'Staying Well' overarching model to support our community's health through early intervention, prevention and health promotion. Increase care for our patients outside hospital walls, through stronger partnerships and better care integration with community providers and other agencies.	Model defined and documented	**Achieved** Model developed and presented to the Board. Developing GP communication and engagement process. Support for Community Watch initiative through Primary Care Partnership, DPV Health and City of Whittlesea, which will link with Patient Watch. Diabetes in the North Project continues. Initial Workshops conducted to begin design of Digitally Integrated Cardiac Failure Service. Support for Cluster Response to support Residential Aged Care Facilities through enhanced RIR-HITH support. A digitally enabled platform to bring together RIR/ HITH/COVID Community Support/Patient Watch program is being investigated which will link with Community agencies.
Utilise innovative technology to examine how we might better support life-long self-care of early stage Diabetes Type 2 patients who have been diagnosed within 6 months to 2 years.	Model defined and documented	**Achieved** 'Proactive Inpatient Diabetes Management' strategy documented. HRO team now supporting the IT integration aspects for the implementation of wireless glucometers throughout Northern Health wards. Recruitment of Endocrinology staff complete & all other aspects ready to commence. 'SAPIENT: an interactive SmArt PatIent EmpowermeNT mobile solution to support diabetes self-care' grant application has been submitted for a NHMRC Ideas Grant (result pending) for funding to support further software development, trial and testing.

Statement of Priorities

BETTER ACCESS

GOALS

Care is always being there when people need it
Better access to care in the home and community
People are connected to the full range of care and support they need
Equal access to care

STRATEGIES

Plan and invest
Unlock innovation
Provide easier access
Ensure fair access

Deliverable	Outcome Measure	Progress Update
Develop an Emergency Department clinical service plan to: • explore current issues and challenges, • describe the future service profile of Emergency Department services at Northern Health, and • understand the future model of care and infrastructure requirements to meet community demand for Emergency services.	Plan completed	**Achieved** Funding received to support this project and draft Clinical Service Plan and Adult ED Model of Care developed by consultants, in close consultation with NH stakeholders. Reports to be finalised early 2020/21 FY to inform capital planning for adult ED services.
Expand the Northern Health Hospital In The Home (HITH) program and implement a hub and spoke service model to create better access to care provision of acute care in the community	Program expanded	**Achieved** Expansion of practice in models of care have been achieved: • The 1 bed MITH (Maternity in the Home) program commenced early 2020 with immediate patient uptake and great feedback from patients. • NOAH@Home (oncology/haematology HITH services) commencing July / August 2020. HITH community expertise to support COVID 19 Community response; 1. Providing clinical nursing and medical care to patients in residential care facility with suspected and confirmed COVID 19. In addition Staff deployed to support Residential In Reach Program (RIR) with swab collection to enable NH visibility over COVID clusters in the region. 2. Staff providing support to vulnerable people unable to leave home whom are suspected COVID 19 and provide clinical review and swab collection.

Statement of Priorities

Deliverable	Outcome Measure	Progress Update
Utilise a Staying Well Top 1000 strategy to help people who are high utilisers of emergency department and inpatient multiday services be connected to the right services and supports via implementation of a Health Navigation workforce.	Model implemented	**Achieved** Health Navigation workforce for the Top 1000 Model implemented in August 2019. Aligning Staying Well Strategy with Patient Watch Initiative which will comprise a 10 EFT Call Centre located at Broadmeadows Hospital, further systemising health decline detection. A machine learning algorithm developed in house will help identify patients at high risk of multiple hospitalisations, alongside the DHHS Health Links Algorithm. Digital Health Technology (including AI) is being developed and trialled together with academic and industry partners to enable suitable patients to self-report on their health state both actively and passively. The adoption of Digital Health technology is expected to drive long-term operating efficiencies and improve health decline detection. Success with individual patients documented, however a formal evaluation of the Top 1000 Model will be reported by end August.

Statement of Priorities

BETTER CARE

GOALS

Targeting zero avoidable harm
Healthcare that focuses on outcomes
Patients and carers are active partners in care
Care fits together around people's needs

STRATEGIES

Put quality first
Join up care
Partner with patients
Strengthen the workforce
Embed evidence
Ensure equal care

Deliverable	Outcome Measure	Progress Update
Implement all mandatory National Clinical Care Standards	All mandatory National Clinical Care Standards implemented	**In Progress** • Governance established o Executive sponsor and medical lead appointed for each care standard o All 3 mandatory National Clinical Care standards are well advanced in implementation, the final requirements being a regular audit cycle to provide evidence and feedback. In addition, 2 additional NCCS are in the advanced stages of implementation. A challenge has been to determine the appropriate targets based on available best evidence.
Develop and commence implementation of improvement plans for all 16 Hospital Acquired Complication's (HACS)	Achieved	**Achieved** The HAC scorecard has been established & is widely distributed across the health service. The process for reporting and responding to undesirable performance with each HAC has been piloted & is being implemented.

Statement of Priorities

SUPPORTING THE MENTAL HEALTH SYSTEM

Improve service access to mental health treatment to address the physical and mental health needs of consumers

Deliverable	Outcome Measure	Progress Update
Work with NorthWestern Mental Health and the Department of Health and Human Services to address the mental health needs of the Northern growth corridor and plan for future mental health service provision at Northern Health campuses within the context of outcomes of the Royal Commission into Victoria's Mental Health System.	Achieved	**Achieved** Northern Health and NWMH continue to work collaboratively to develop the model of care for the new beds allocated to Northern Hospital Epping. A Project Control Group for the capital development will be set up shortly.

ADDRESSING OCCUPATIONAL VIOLENCE

Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation. Implement the departments security training principles to address identified security risks

Deliverable	Outcome Measure	Progress Update
Implementation of violence and aggression behaviour risk screening across 100% of health service in-patient areas	Achieved	**Achieved** Completed via CARE record roll-out.
Occupational Violence and Aggression (OVA) training needs analysis completed and revised OVA education program commenced	Achieved	**Achieved** Education program is now NH specific and evolving via continuous improvement over 2020.

Statement of Priorities

ADDRESSING BULLYING AND HARASSMENT

Actively promote positive workplace behaviours, encourage reporting and action all reports.

Implement the departments *Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying; harassment and discrimination training; guiding principles for Victorian health services.*

Deliverable	Outcome Measure	Progress Update
Implementation of the department's Framework for promoting a positive workplace culture including launching the NH Capability Framework and associated manager and leader training	Achieved	**Achieved** The People and Culture Plan 2020-2024 has been developed and endorsed by the Executive which encompasses this work.
Launch of new organisational values and communication of behaviour and leadership expectations.	Achieved	**Achieved** The Northern Health Values were approved by the Minister for Health in June 2020 and launched in July.

SUPPORTING VULNERABLE PATIENTS

Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.

The Northern Health Diversity and Inclusion Governance Committee has identified consumer (and staff) groups at risk of poor access to health care. Action plans have been developed for the five sub-group populations: Aboriginal and Torres Strait Islander, Disability, Culturally and Linguistically Diverse, Lesbian Gay Bisexual Transgender/Transsexual Intersex and Queer (LGBTIQ), and Refugee and Asylum Seekers. The action plans outline strategies to raise awareness of these community groups and their specific health issues, and measures to improve access to NH services, which are sensitive and responsive to their needs.

Deliverable	Outcome Measure	Progress Update
The Diversity and Inclusion Governance Committee and its working groups will commence implementation of action plan recommendations to raise awareness of these community groups and their specific health issues.	Action plan implementation on track	**In Progress** Equity Diversity and Inclusion Plan presented to Northern Health Executive in July for Endorsement.
Develop an Aboriginal and Torres Strait Islander focussed scorecard to be included in the NH Balanced Scorecard and integrated into NH quality and safety performance systems.Action plan implementation on track	Aboriginal and Torres Strait Islander focussed scorecard to be included in the NH Balanced Scorecard and integrated into NH quality and safety performance systems.	**Achieved** Aboriginal and Torres Strait Islander Employment Strategy and scorecard developed and implemented.

Statement of Priorities

SUPPORTING ABORIGINAL CULTURAL SAFETY

Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families and Aboriginal staff.

Deliverable	Outcome Measure	Progress Update
Develop the NH Reconciliation Action Plan and commence implementation of year one actions	Plan signed off and implementation commenced	**Achieved** A year from its implementation the following has been achieved: • Installed Welcome Signs across all campuses • Board, Executive and All Managers attend Aboriginal cultural competence training • Executive approves Acknowledgement at main meetings and in email signatures (not mandatory) • Aboriginal Cadetships are introduced at Northern Health • Aboriginal Health Score Card developed • Bilang (a directory of Aboriginal services in the community) was developed • Launch of Aboriginal Smoking Ceremony Garden • Aboriginal Employment Strategy was developed • Revamped Aboriginal Stow Family Garden • Acknowledgement Plaques were installed across all campuses in all wards and outpatients areas • Launch of ASU's new name: Narrun Wilip-giin Aboriginal Support Unit and new uniforms • Possum Skin Cloak Workshop • Review of online cultural competence training • Narrun Wilip-giin Children's Colouring Book

Statement of Priorities

ADDRESSING FAMILY VIOLENCE

Strengthen responses to family violence in line with the *Multiagency Risk Assessment and Risk Management Framework (MARAM)* and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.

Deliverable	Outcome Measure	Progress Update
Implement the SHRFV initiative, including: • Embedding the Strengthening Hospital Responses to Family Violence (SHRFV) whole-of-hospital model for identifying and responding to patients who experience family violence in line with the MARAM framework • Develop the policy and procedures within Northern Health to ensure alignment with information sharing legislation and the MARAM framework implementation in 2020 • Assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence at Northern Health	Endorsement and commencement of SHRFV training post end of SHRFV funding or by Nursing Education, Social work Teams and Human Resources. Endorsed plan for MARAM and information sharing. Policy and Procedures are developed and implemented to ensure NH alignment with legislation The number of completed Workforce Census surveys completed.	**In Progress** MARAM and information sharing prescription has been pushed back to early 2021 by DHHS. This is due to COVID-19 requiring prioritisation within healthcare services. The SHRFV Team is in the process of developing a new role to assist with planning and setting up a governance group for MARAM alignment and information sharing which will be able to be passed on for the implementation phase when the project ends. Sustainability of SHRFV is an ongoing focus with COVID-19 resulting in ceased education opportunities and ability to get managerial engagement for our sustainability planning.

IMPLEMENTING DISABILITY ACTION PLANS

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

Deliverable	Outcome Measure	Progress Update
Action 2019/20 priorities from the Northern Health Disability Action plan 2018-2022, including • Completion of a physical accessibility audit of one NH site to identify opportunities where physical access improvements can be made. • Promotion of the United Nations International Day of Persons with a Disability (3 December) to support and promote the rights of persons with a disability • Undertaking a training needs assessment regarding staff disability training requirements	Nominated actions complete	**Achieved** Physical accessibility audit conducted and report provided to Disability Working Group for review. Day of Persons with Disability events held on 2 December 2019. Training needs assessment informed by surveys undertaken at International Day of Persons with Disability event. Further assessment of organisational training needs to be completed to inform future training need requirements.

Statement of Priorities

SUPPORTING ENVIRONMENTAL SUSTAINABILITY

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

Deliverable	Outcome Measure	Progress Update
Reduce our carbon footprint by implementing recommendations, such as: • Installation of solar panels • Building Automation System tuning to improve building efficiency. • Explore opportunities to reduce paper use in Health Information Management processes. • Reduce landfill by exploring options to reduce polystyrene packaging and implementing microfiber cloths to replace disposable wipes.	Sustainability initiatives completed	**In Progress** AusNet has advised that their current infrastructure does not allow Northern Health to install solar panels due to the instability that this creates in the electricity transmission network. The Building Automation Systems have been further tuned which is providing energy savings. Adobe sign has been introduced to manage all procurement documentation with a view to further rollout across the organisation; reducing paper use. Other environmental sustainability initiatives are on hold due to COVID as agreed by the Executive.

Performance Priorities

HIGH QUALITY AND SAFE CARE

Key performance measure	Target	2019-20 Actuals
Accreditation		
Compliance with the Aged Care Standards	Full compliance	**Full compliance**
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	**88.56 %**
Percentage of healthcare workers immunised for influenza	84%	**94.4 %**
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	**88.3%**
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	**74%**
Victorian Healthcare Experience Survey – patient's perception of cleanliness	70%	**56.2%**
Healthcare associated infections (HAI's)		
Rate of patients with surgical site infection	No outliers	**One outlier**
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	**Nil**
Rate of patients with SAB2 per 10,000 occupied bed days	≤ 1	**0.4**
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	**100%**
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	**Northern Hospital Epping = 6.1** **Broadmeadows Hospital = 0.0** *Data source: VAHI Performance Monitor September 2020*

Performance Priorities

HIGH QUALITY AND SAFE CARE

Key performance measure	Target	2019-20 Actuals
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	**1.1%**
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	**23%**
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	**97.92% (1 breach of 30 day KPI)**
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	**0.822**

Data source: VAHI Performance Monitor September 2020

Performance Priorities

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

Key performance measure	Target	2019-20 Actuals
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	**Engagement score* – 65%** **Safety score – 86%**
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%**
People matter survey – percentage of staff with a positive response to the question, *"Patient care errors are handled appropriately in my work area."*	80%	**91%**
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%**
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."*	80%	**88%**
People matter survey – percentage of staff with a positive response to the question, *"Management is driving us to be a safety-centred organisation."*	80%	**88%**
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%	**79%**
People matter survey – percentage of staff with a positive response to the question, *"Trainees in my discipline are adequately supervised"*	80%	**85%**
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"*	80%	**75%**

Performance Priorities

TIMELY ACCESS TO CARE

Key performance measure	Target	2019-20 Actuals
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	**94.5%**
Percentage of Triage Category 1 emergency patients seen immediately	100%	**100%**
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	**84.05%**
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	**65.61%**
Number of patients with a length of stay in the emergency department greater than 24 hours	0	**1**
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	**100%**
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	**95.2%**
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	**11.6%**
Number of patients on the elective surgery waiting list	2,100	**2,273**
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	**5.5**
Number of patients admitted from the elective surgery waiting list	9,935	**8,483**
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	**97%**
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	**96%**

Performance Priorities

EFFECTIVE FINANCIAL MANAGEMENT

Key performance measure	Target	2019-20 Actuals
Operating result ($m)	$0.00	**$0.1m**
Average number of days to pay trade creditors	60 days	**47 days**
Average number of days to receive patient fee debtors	60 days	**42 days**
Public and Private WIES4 activity performance to target	100%	**93.3%**
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	**0.73**
Forecast number of days available cash (based on end of year forecast)	14 days	**16.6 days**
Actual number of days available cash, measured on the last day of each month.	14 days	**16.6 days**
Variance between forecast and actual Net result from transactions	Variance ≤ $250,000	**$16,570,000**

Activity and funding

Funding type	Activity
Acute Admitted	
Acute WIES	66,717
WIES DVA	221
WIES TAC	239
Acute Non-Admitted	
Home Enteral Nutrition	521
Home Renal Dialysis	59
Specialist Clinics	23,3177
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	541
Subacute WIES - Rehabilitation Private	67
Subacute WIES - GEM Public	2,019
Subacute WIES - GEM Private	285
Subacute WIES - Palliative Care Public	368
Subacute WIES - Palliative Care Private	53
Subacute WIES - DVA	27
Transition Care - Bed days	8,174
Transition Care - Home days	14,571
Subacute Non-Admitted	
Health Independence Program - Public	97,562
Aged Care	
Residential Aged Care	9,952
HACC	5,140


Toni
Karen


Northern Health
Nikki
Doctor

Corporate Information

GENERAL INFORMATION

Northern Health was established in July 2000 under the Health Services Act 1988 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 semirural regions beyond the urban fringe.

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

CONSULTANCIES

Consultancy fees greater than $10,000 in individual amount

In 2019-20 Northern Health engaged six consultancies with an individual amount greater than $10,000. The total expenditure incurred in 2019-20 in relation to these consultancies was $388,288. This is detailed below.

Consultant	Purpose of Consultancy	Period	Total Project Fee (Excluding GST)	Consulting	Commitments
Figure and Ground Advisory	Energy renewable and efficiency design feasibility study.	July 2019	$153,900	$153,900	
Ernst and Young	Advice on progressing the High Reliability Organisation.	October 2019 to June 2020	$104,518	$104,518	
Waterman AHW	Data centre design and cost plan.	April 2020 to May 2020	$50,000	$50,000	
Merat Architects	Northern Centre for Health and Education & Research (NCHER) third level fit-out design and cost plan.	May 2020 to June 2020	$33,220	$33,220	$97,445
Bureau Veritas Asset Integrity and Reliability Services Australia	Asbestos/Hazmat survey of Bundoora Centre	July 2019 to August 2019	$24,150	$24,150	
CHW Consulting	Stage 2 Inpatient Unit ICT advisory and coordination.	February 2020 to June 2020	$22,500	$22,500	$57,500

Consultancies below $10,000

In 2019-20 Northern Health engaged 19 consultancies with an individual amount less than $10,000. The total value of these consultancies was $66,796.

OCCUPATIONAL HEALTH AND SAFETY CLAIMS

[2019-20: 55] [2018-19: 48] [2017-18: 44]

Occupational Health and Safety Statistics	2019-20	2018-19	2017-18
The number of reported hazards/ incidents for the year per 100 FTE	1250 incidents 3531FTE*100 35.40%	954 incidents 3541FTE*100 26.94%	1042 incidents 3047FTE*100 34.19%
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	34 claims 3531FTE*100 0.96%	23 claims 3541FTE*100 0.65%	32 claims 3047FTE*100 1.05%
The average cost per WorkCover claim for the year ('000)	$96,832	$63,809	$90,231

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

OCCUPATIONAL VIOLENCE STATISTICS

Occupational violence statistics	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0.14
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.728
Number of occupational violence incidents reported	606
Number of occupational violence incidents reported per 100 FTE	17.16
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.82%

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.

DEFINITIONS OF OCCUPATIONAL VIOLENCE

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 – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2017-18.

Lost time – is defined as greater than one day.

Injury, illness or condition – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

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
- Food Services
- 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 2020-21 financial year

FREEDOM OF INFORMATION

1213 Freedom of Information applications were received by Northern Health during the 2019-20 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:

- 1070 granted in full
- 102 granted in part
- 4 denied
- 11 withdrawn
- 7 not finalised
- 19 no document(s) (patient did not attend organisation for requested dates).

The Freedom of Information Act prescribes that all requests for access to document be in writing and include a $29.60 application fee or evidence that one qualifies for a waiver of the application fee. Applications can be made to the Northern Health Freedom of Information Officer, additional information is available at nh.org.au.

LOCAL JOBS ACT 2013

In the 2019-20 financial year, Northern Health undertook one procurement activity for which the Local Jobs First – Victorian Industry Participation Policy (VIPP) applied.

ITS2020-009 – Northern Hospital multi-deck carpark had an estimated contract value of $25M. The project is due to break ground in late 2020.

A VIPP assessment was performed and Industry Capability Network (ICN) determined the tender to be contestable and as part of the process, all bidders were to submit Local Industry Development Plan's (LIPD) to ICN for acknowledgment and evaluation.

Five submissions were received and all submitted plans to ICN, and the successful tenderer received the following summary from ICN:

- Local Content - 93.82 per cent
- Employment Created - 4
- Employment Retained - 47
- LIDP - Comprehensive detail provided
- Risk Rating - Low

MERIT AND EQUITY PRINCIPLES

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

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

FRD 22H section 5.19 requires agencies to provide the following statement:

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- 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;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- 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;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A 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;
- 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;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

BUILDING ACT 1993

Northern Health has put in place appropriate internal controls and processes to ensure that it complies with the building and maintenance provisions of the Building Act 1993, with all works completed in 2018-19 according to the relevant provisions of the National Construction Code and relevant statutory regulations, compliance with building standards and the Department of Health and Human Services Fire Risk Management Guidelines.

Northern Health ensures works are inspected by independent building surveyors and maintains registers of jobs they have certified along with certificates of occupancy for those jobs. All building practitioners are required to show evidence of current registration and must maintain their registration throughout the course of their work with Northern Health.

All contractors engaged by Northern Health in major construction projects are on the approved VHHSBA Construction Supplier register.

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 later this year, provides details on our services and the changes we are making to improve care and patient outcomes.

PUBLIC INTEREST 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

ATTESTATIONS

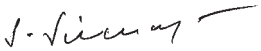
Financial Management Compliance attestation – SD 5.1.4

I, Jennifer Williams, on behalf of Northern Health, certify that Northern Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Jennifer Williams AM, Board Chair 24/09/2020

Data Integrity Declaration

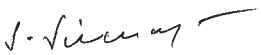
I, Siva Sivarajah, certify that Northern Health has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Northern Health has critically reviewed these controls and processes during the year.



Siva Sivarajah, Chief Executive 24/09/2020

Conflict of Interest Declaration

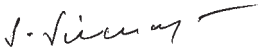
I, Siva Sivarajah, certify that Northern Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required 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 executive board meeting.



Siva Sivarajah, Chief Executive 24/09/2020

Integrity, Fraud and Corruption Declaration

I, Siva Sivarajah, certify that Northern Health has put it place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Northern Health during the year.



Siva Sivarajah, Chief Executive 24/09/2020

INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2019/20 is detailed below:

Business As Usual (Bau) ICT Expenditure ($000)	Non-Businesss 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)
8,421	**6,720**	**1,407**	**5,313**

WORKFORCE INFORMATION

The Full Time Equivalent (FTE) head count for Northern Health as at 30 June 2019 and 30 June 2020 is provided below:

Hospitals labour category	JUNE current month FTE*		Average Monthly FTE*	
	2019	2020	2019	2020
TOTAL	3,498	3,531.66	3,327	3,451.44
Nursing	1,655	1,649.28	1,598	1,608.73
Administration and clerical	559	542.86	522	538.20
Medical Support	243	256.45	210	250.67
Hotel and Allied Services	167	160.50	157	166.38
Medical Officers	58	67.25	58	64.60
Hospital Medical Officers	372	385.32	359	378.90
Sessional Clinicians	120	128.21	113	119.52
Ancillary Staff (Allied Health	324	341.79	311	324.45

FINANCIAL RESULTS

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

In 2019-20, Northern Health generated an SoP operating surplus of $0.1m (2019: $0.4m). This was achieved in challenging financial circumstances associated with the COVID-19 pandemic. The result reflects the delivery of $19.2m in financial sustainability savings as well as supplementary funding from DHHS to meet unbudgeted COVID-19 costs.

A high level of self-funded capital expenditure of $7.8m (2019: $12.4m) was maintained, excluding specific major DHHS funded capital projects such as the Inpatient Unit expansion.

Available cash increased to 16.6 days (2019: 15.7 days) which was achieved through a combination of the surplus operating result and an improvement in our working capital.

There were no subsequent events to the balance date. The future impact of COVID-19 or other events on the health services future operations is unknown.

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

	2020 $000	2019 $000	2018 $000	2017 $000	2016 $000
Operating result (SoP)	98	387	1,508	1,553	156
Total revenue	712,437	631,227	554,132	505,149	457,182
Total expenses	668,461	624,735	555,409	495,106	452,773
Net result from transactions	**43,976**	**6,492**	**(1,277)**	**10,043**	**4,409**
Other economic flows	2,021	(5,273)	(1,649)	645	(84)
Net result	**41,955**	**1,219**	**(2,926)**	**10,688**	**4,325**
Total assets	595,735	547,355	513,985	464,930	433,050
Total liabilities	182,063	161,299	140,596	130,063	119,833
Net assets / Total equity	**413,672**	**386,056**	**373,389**	**334,867**	**313,217**

Reconciliation of net result from transactions and operating result

	2020 $000	2019 $000	2018 $000	2017 $000	2016 $000
Operating result (SoP)	**98**	**387**	**1,508**	**1,553**	**156**
Controlled entities operating result	260	420	308	399	80
Capital purpose income	76,998	34,886	23,220	32,869	28,228
Specific expenses	(679)	(780)	(779)	(163)	(803)
Expenditure for capital purpose	(3,126)	(1,279)	(711)	(781)	(311)
Finance costs	-	-	(3)	(15)	(27)
Depreciation and amortisation	(29,573)	(27,142)	(24,820)	(23,819)	(22,925)
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	976				
State supply items consumed up to 30 June 2020	(976)				
Assets provided free of charge	-	-	-	-	11
Net result from transactions	**43,976**	**6,492**	**(1,277)**	**10,043**	**4,409**

DISCLOSURE INDEX

The annual report of the 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 disclosure requirements.

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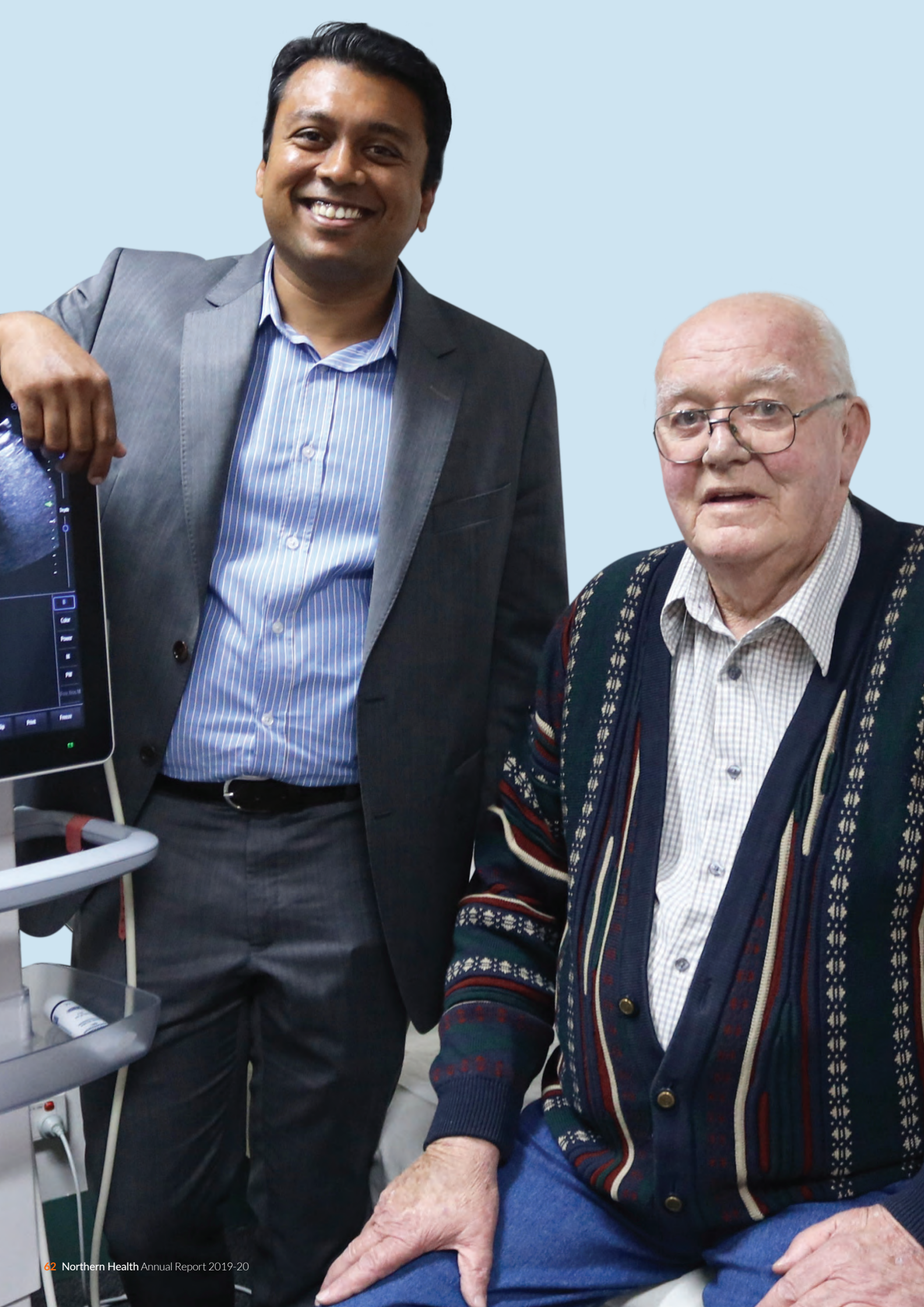

Northern Health

Financial Report 2019-20

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Board members', Accountable Officer's and Chief Financial 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 Assistant Treasurer under the *Financial Management Act* 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

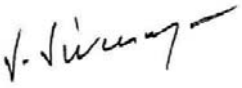
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of Northern Health and the consolidated entity at 30 June 2020.

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

24 September 2020



Mr Siva Sivarajah
Chief Executive
Northern Health

24 September 2020

Mr Basil Ireland
Chief Financial and Accounting Officer
Northern Health

24 September 2020

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 2020
- 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 members', accountable officer's and chief financial 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 2020 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
29 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

Northern Health
Comprehensive Operating Statement
For the Year Ended 30 June 2020

	Note	Parent 2020 $'000	Parent 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
Revenue and income from transactions					
Operating activities	2.1	705,775	621,510	705,370	621,477
Non-operating activities	2.1	6,053	8,962	7,067	9,750
Total revenue and income from transactions		**711,828**	**630,472**	**712,437**	**631,227**
Expenses from transactions					
Employee expenses	3.1	(472,872)	(436,981)	(473,490)	(437,566)
Supplies and consumables	3.1	(101,389)	(102,150)	(101,389)	(102,150)
Depreciation and amortisation	3.1	(29,566)	(27,138)	(29,573)	(27,142)
Finance costs	3.1	(6)	-	(6)	-
Other operating expenses	3.1	(52,912)	(47,643)	(53,078)	(49,448)
Other administrative expenses	3.1	(8,794)	(9,459)	(8,353)	(7,364)
Other non-operating expenses	3.1	(2,572)	(1,065)	(2,572)	(1,065)
Total expenses from transactions		**(668,111)**	**(624,436)**	**(668,461)**	**(624,735)**
Net result from transactions - net operating balance		**43,717**	**6,036**	**43,976**	**6,492**
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.2	11	(47)	11	(72)
Net gain/(loss) on financial instruments	3.2	(609)	84	(610)	73
Other gains/(losses) from other economic flows	3.2	(1,422)	(5,274)	(1,422)	(5,274)
Total other economic flows included in net result		**(2,020)**	**(5,237)**	**(2,021)**	**(5,273)**
NET RESULT FOR THE YEAR		**41,697**	**799**	**41,955**	**1,219**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.1.b	-	11,910	-	12,030
Total other comprehensive income		**-**	**11,910**	**-**	**12,030**
Comprehensive result for the year		**41,697**	**12,709**	**41,955**	**13,249**

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

Northern Health
Balance Sheet
As at 30 June 2020

	Note	Parent 2020 $'000	Parent 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
Current assets					
Cash and cash equivalents	6.2	56,679	46,171	57,767	46,887
Receivables	5.1	13,372	10,142	13,374	10,142
Inventories	4.4	3,908	3,509	3,908	3,509
Investments and other financial assets	4.5	-	-	500	500
Prepayments and other assets		2,451	1,818	2,451	1,857
Total current assets		**76,410**	**61,640**	**78,000**	**62,895**
Non-current assets					
Receivables	5.1	22,064	19,988	22,064	19,988
Property, plant and equipment	4.1	493,288	463,066	493,739	463,524
Intangible assets	4.3	1,932	948	1,932	948
Total non-current assets		**517,284**	**484,002**	**517,735**	**484,460**
Total assets		**593,694**	**545,642**	**595,735**	**547,355**
Current liabilities					
Payables	5.2	49,015	40,610	49,007	40,532
Borrowings	6.1	350	-	350	-
Provisions	3.4	95,277	86,549	95,277	86,549
Other liabilities	5.3	4,206	3,619	4,206	3,619
Total current liabilities		**148,848**	**130,778**	**148,840**	**130,700**
Non-current liabilities					
Borrowings	6.1	534	-	534	-
Provisions	3.4	21,679	18,704	21,679	18,704
Other liabilities	5.3	11,010	11,895	11,010	11,895
Total non-current liabilities		**33,223**	**30,599**	**33,223**	**30,599**
Total liabilities		**182,071**	**161,377**	**182,063**	**161,299**
NET ASSETS		**411,623**	**384,265**	**413,672**	**386,056**
Equity					
Property, plant and equipment revaluation surplus	4.1.f	264,466	264,466	264,586	264,586
Restricted specific purpose surplus		423	423	6,644	6,644
Contributed capital		151,289	161,734	151,289	161,734
Accumulated deficits/(surplus)		(4,555)	(42,358)	(8,847)	(46,908)
TOTAL EQUITY		**411,623**	**384,265**	**413,672**	**386,056**

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

Northern Health
Statement of Changes in Equity
For the Year Ended 30 June 2020

Consolidated	Note	Property, plant & equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contributed capital $'000	Accumulated surplus/ (deficits) $'000	Total $'000
Balance at 1 July 2018		**252,556**	**5,827**	**161,634**	**(47,310)**	**372,707**
Net result for the year		-	-	-	1,219	1,219
Other comprehensive income for the year		12,030	-	-	-	12,030
Transfers from/(to) accumulated surplus/ (deficits)		-	817	100	(817)	100
Balance at 30 June 2019		**264,586**	**6,644**	**161,734**	**(46,908)**	**386,056**
Effect of adoption of AASB 15, 16 & 1058 [1]	8.11	-	-	-	(3,894)	(3,894)
Restated Balance at 30 June 2019		**264,586**	**6,644**	**161,734**	**(50,802)**	**382,162**
Net result for the year		-	-	-	41,955	41,955
Other comprehensive income for the year		-	-	-	-	-
Disposal of land and buildings at nil consideration[2]		-	-	(10,765)	-	(10,765)
Transfers from/(to) accumulated surplus/ (deficits)		-	-	320	-	320
Balance at 30 June 2020		**264,586**	**6,644**	**151,289**	**(8,847)**	**413,672**

Parent	Property, plant & equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contributed capital $'000	Accumulated surplus/ (deficits) $'000	Total $'000
Balance at 1 July 2018	**252,556**	**349**	**161,634**	**(43,083)**	**371,456**
Net result for the year	-	-	-	799	799
Other comprehensive income for the year	11,910	-	-	-	11,910
Transfers from/(to) accumulated surplus/ (deficit)	-	74	100	(74)	100
Balance at 30 June 2019	**264,466**	**423**	**161,734**	**(42,358)**	**384,265**
Effect of adoption of AASB 15, 16 & 1058 [1]	-	-	-	(3,894)	(3,894)
Restated Balance at 30 June 2019	**264,466**	**423**	**161,734**	**(46,252)**	**380,371**
Net result for the year	-	-	-	41,697	41,697
Other comprehensive income for the year	-	-	-	-	-
Disposal of land and buildings at nil consideration[2]	-	-	(10,765)	-	(10,765)
Transfers from/(to) accumulated surplus/ (deficit)	-	-	320	-	320
Balance at 30 June 2020	**264,466**	**423**	**151,289**	**(4,555)**	**411,623**

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

[1] The amounts recognised represent the restated adjustment due to the adoption and implementation of *AASB 15, 16 and 1058*. Refer to note 8.11.

[2] Land and Buildings located at Bell Street Preston were transferred to the DHHS for nil consideration.

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 restricted specific 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.

Northern Health
Cash Flow Statement
For the Year Ended 30 June 2020

	Note	Parent 2020 $'000	Parent 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government - State		556,664	505,340	556,664	505,340
Operating grants from government - Commonwealth		39,321	35,742	39,321	35,742
Capital grants from government		14,152	27,538	14,152	27,538
Patient and resident fees received		20,325	21,538	20,325	21,538
Private practice fees received		2,095	3,900	2,095	3,900
Donations and bequests received		308	339	877	903
GST received from/(paid to) ATO		10,776	9,129	10,761	9,119
Recoupment from private practice for use of hospital facilities		4,535	5,308	4,535	5,308
Interest received		1,388	1,434	1,410	1,454
Other receipts		16,323	18,316	16,517	18,461
Total receipts		**665,887**	**628,584**	**666,657**	**629,303**
Employee expenses paid		(469,191)	(416,530)	(469,191)	(417,114)
Non-salary labour costs		(6,880)	(8,737)	(6,880)	(8,737)
Payments for supplies and consumables		(103,985)	(104,176)	(103,989)	(104,176)
Finance costs		-	-	-	-
Other payments		(61,460)	(62,084)	(61,533)	(61,892)
Total payments		**(641,516)**	**(591,527)**	**(641,593)**	**(591,919)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	8.1	**24,371**	**37,057**	**25,064**	**37,384**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments			-	-	-
Payments for non-financial assets		(18,226)	(38,536)	(18,547)	(38,557)
Purchase of Properties, Plant & Equipment - Government Funds		2,617	-	2,617	-
Proceeds from Sale of Properties, Plant & Equipment		141	-	141	-
Proceeds from sale of non-financial assets		-	79	-	79
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(15,468)**	**(38,457)**	**(15,789)**	**(38,478)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed capital		320	100	320	100
Repayment of borrowings		(180)	-	(180)	-
Receipt of accommodation deposits		1,785	929	1,785	929
Payment of accommodation deposits		(320)	(472)	(320)	(472)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**1,605**	**557**	**1,605**	**557**
NET INFLOW / (OUTFLOW) IN CASH AND CASH EQUIVALENTS		**10,508**	**(843)**	**10,880**	**(537)**
Cash and cash equivalents at the beginning of year		46,171	47,014	46,887	47,424
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.1	**56,679**	**46,171**	**57,767**	**46,887**

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

Basis of preparation

These financial statements are 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.

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

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 (Northern Health) for the period ended 30 June 2020. The purpose of the report is to provide users with information about Northern Health's stewardship of resources entrusted to it.

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 Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF) and relevant Standing Directions (SDs) authorised by the Assistant Treasurer. Northern Health is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to "not-for-profit" entities under the AABSs.

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 does not form part of these financial statements.

c) Basis of accounting preparation and measurement

COVID-19

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Northern Health.

In response, Northern Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, implemented telehealth service delivery for a number of specialist clinic consultations, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services, Note 4.2 Property, plant and equipment, and Note 8.7 Events occurring after the balance sheet date.

General accounting policies

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 have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2020.

The financial statements are prepared on a going concern as outlined in Note 8.9

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

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

Note 1. Summary of significant accounting policies (continued)

Prior year comparative amounts have been changed when necessary, to conform to the current year presentation.

Northern Health operates on a fund accounting basis and maintains three funds: (1) operating funds, (2) specific purpose funds and (3) capital funds. Northern Health's specific purpose funds include those outlined in Note 3.3.

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. This means that they are recognised in the reporting period to which they relate, regardless of when the cash is received or paid.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and 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 and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs that have significant effects on the financial statements and estimates relate to:

- Fair value of land, buildings and plant and equipment (refer Note 4.1);
- Defined benefit superannuation expense (refer to Note 3.5); 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 3.4).

d) 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.

e) Principles of consolidation

These statements are presented on a consolidated basis in accordance with AASB 10 *Consolidated Financial Statements*.

The consolidated financial statements of Northern Health include all reporting entities controlled by Northern Health as at 30 June 2020.

Control exists when Northern Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.8 Controlled Entities.

The parent entity is not shown separately in the notes.

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 entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Intersegment transactions

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

Note 1. Summary of significant accounting policies (continued)

f) Equity

Contributed capital

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.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Restricted specific purpose surplus

The Restricted Specific 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.

Note 2. Funding delivery of our services

This section provides an account of the revenue and income received by Northern Health to deliver its services.

Structure:

Note 2.1. Revenue and income from transactions

Note 2.1. Revenue and income from transactions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Government grants (State) - operating [1]	548,969	509,819
Government grants (Commonwealth) - operating	39,320	37,441
Government grants (State) - capital	69,254	30,776
Other capital purpose income	4,266	3,164
Patient and resident fees	20,608	21,091
Capital donations received	246	232
Commercial activities[2]	9,366	9,489
Other revenue from operating activities	12,365	9,465
Assets received free of charge under the State Supply Arrangements	976	-
Total revenue and income from operating activities	**705,370**	**621,477**
Capital interest	171	429
Other revenue from non-operating activities	6,896	9,321
Total revenue and income from non-operating activities	7,067	**9,750**
TOTAL REVENUE AND INCOME FROM TRANSACTIONS	**712,437**	**631,227**

[1]Government Grant (State) – Operating includes DHHS funding of $32.1m spent for COVID-19.
[2]Commercial activities represent business activities which the health service enter into to support their operations.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Northern Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Northern Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on the health service. Northern Health also received essential personal protective equipment free of charge under the state supply arrangement valued at $1.0m.

Accounting policies

Revenue recognition

Income is recognised in accordance with AASB 15 *Revenue with contracts with customers* and AASB 1058 *Income for not-for-profit entities*, which replaced AASB 118 *Revenue* and AASB 1004 *Contributions*, effective from 1 July 2019. 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)

Revenue and income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as *Revenue from contracts with customers*, with revenue recognised as these performance obligations are met.

In accordance with AASB 15, government grants and other transfers of income (other than contributions by owners) are assessed as income by Northern Health on the condition that grants are enforceable and require a specific performance obligation to be satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Northern Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Northern Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

a) contributions by owners, in accordance with AASB 1004;
b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
c) a lease liability in accordance with AASB 16;
d) a financial instrument, in accordance with AASB 9; or
e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

In accordance with AASB 1058, the timing of revenue recognition depends on whether a transaction gives rise to a performance obligation, liability or contribution by owners. This applies to all transactions where the consideration to acquire an asset is significantly less than fair value.

Note 2.1. Revenue and income from transactions (continued)

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.3).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019‑20, the total grant revenue received would have been recognised in full.

Government grants (State) - operating
The types of government grants recognised under AASB 15 *Revenue from contracts with customers* includes:

- Activity Based Funding (ABF) paid as WIES casemix; and
- Other one‑off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the DHHS.

For other grants with performance obligations, Northern Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

DHHS also makes certain payments on behalf of Northern Health. These include:

- Victorian Managed Insurance Authority non‑medical indemnity insurance payments, recognised as revenue based on advice from DHHS; and
- Long Service Leave (LSL) revenue, which is recognised upon finalisation of movements in LSL liability in line with the LSL funding arrangements set out in the relevant DHHS Hospital Circular.

These amounts have been brought to account as grants in accordance with the DHHS SoP Policy and Funding Guidelines in determining the operating result for the year by recording them as revenue.

Government grants (Commonwealth) - operating
Commonwealth grants revenue (other than Home Care Packages income) are recognised on receipt of funding in accordance with AASB 1058.

Government grants (State) – capital and other capital purpose income
DHHS capital cash grants that are enforceable with a specific performance obligation are recognised on delivery of the capital commitment as specified in the funding agreement, and where the consideration to acquire an asset is required to be 'significantly' less than the fair value of the asset. Funding payments received in advance are treated as deferred revenue. Northern Health has applied AASB 1058 and restated retained earnings on 1 July 2019 using the modified retrospective approach rather than restating prior year comparatives.

Northern Health recognises non‑cash capital grants from DHHS to reflect the progressive capitalisation of DHHS managed projects (i.e. Stage Two Inpatient Tower Project). Recognition of these grants is based on advice provided by DHHS.

Patient and resident fees
Patient and resident fees, including private practice fees, are recognised as revenue on an accrual basis. There is no impact from AASB 15 as revenue continues to be recognised as and when services are performed.

Capital donations received
Donations and bequests are recognised as revenue under AASB 1058 when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the restricted specific purpose surplus. Under AASB 1058, Northern Health continues to assess future donations or bequests to determine whether they satisfy the 'performance obligation' criteria.

Commercial activities
Revenue from commercial activities such as carpark and retail revenue are recognised on an accrual basis. There is no impact from AASB 15 as revenue continues to be recognised when services are performed.

Performance obligations related to commercial activities are provision of non health related services at either a point in time or over time. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

Note 2.1. Revenue and income from transactions (continued)

Other revenue from operating activities

Other income includes non-property rental, dividends, forgiveness of liabilities, and bad debt reversals. Other income is recognised based on an accrual basis.

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

Assets and services received free of charge under the State supply arrangements

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.

Under a state-wide distribution agreement, Northern Health received Personal Protective Equipment from Monash Health for $1.0m for the period ending 30 June 2020.

Rental income

Northern Health recognised $14.4m of capital rent in advance from the University of Melbourne and La Trobe University for the Northern Centre for Health, Education and Research (NCHER) as part of a lease arrangement executed on 1 January 2015. The $14.4m in funding received from the universities is progressively recognised as rental income on a straight-line basis for the 21 year period of the lease ending 31 December 2035.

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Northern Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Northern Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Northern Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Note 3 Cost of delivery of services

This section provides an account of the expenses incurred by Northern Health to deliver its services.

Structure

- Note 3.1. Expenses from transactions
- Note 3.2. Other economic flows included in net result
- Note 3.3. Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- Note 3.4. Employee benefits in the balance sheet
- Note 3.5. Superannuation

Note 3.1. Expenses from transactions

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Salaries and wages		372,925	337,288
Oncosts		87,105	86,659
Fee for service office medical expenses		2,270	3,183
Non-salary labour costs		4,888	5,490
WorkCover premium		6,302	4,946
Total employee expenses		**473,490**	**437,566**
Drug supplies		26,352	24,478
Medical and surgical supplies		28,349	29,838
Diagnostic and radiology supplies		24,382	24,929
Other supplies and consumables		22,306	22,905
Total supplies and consumables		**101,389**	**102,150**
Interest expense		6	-
Total finance costs		**6**	**-**
Fuel, light, power and water		4,460	4,567
Repairs and maintenance		4,769	5,477
Maintenance contracts		3,840	2,730
Domestic services and supplies		10,583	9,578
Insurances		9,905	9,733
Computer and communication		3,945	4,022
Staff training and development		6,030	3,523
Security costs		3,915	3,729
Patient transport		2,457	2,367
Shared service costs		1,409	2,395
Capital purposes expenditure		1,765	1,327
Total other operating expenses		**53,078**	**49,448**
Other administrative expenses		8,353	7,364
Total other administrative expenses		**8,353**	**7,364**
Depreciation and amortisation	4.2	29,573	27,142
Total depreciation and amortisation		**29,573**	**27,142**
Specific and ex-gratia expenses		679	780
Bad and doubtful debts expenses		1,893	285
Total other non-operating expenses		**2,572**	**1,065**
Total non-operating expenses		**32,145**	**28,207**
TOTAL EXPENSES FROM TRANSACTIONS		668,461	624,735

Expense recognition

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

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- Oncosts;
- Agency expenses;
- Fee-for-service medical officer expenses; and
- WorkCover premium

Note 3.1. Expenses from transactions (continued)

Supplies and consumables

Supplies and services 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.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include items such as:

- Fuel, light and power;
- Repairs and maintenance; and
- Other administrative expenses

DHHS also makes certain payments on behalf of Northern Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure outside of normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

Expenditure for capital purposes

Expenditure for capital purposes represents expenditure related to the purchase and maintenance of assets that is below the capitalisation threshold.

COVID-19 expenditure

As indicated at Note 1, Northern Health has incurred significant costs in responding to the COVID-19 pandemic. The operating costs that have been recognised as at 30 June 2020 are $12.0m and fall into two broad categories as follows:

- Direct Costs – costs attributable to the treatment of patients with diagnosed or suspected COVID-19, such as additional direct staff costs for dedicated COVID-19 fever clinics and wards, additional direct personal protective equipment (PPE) costs for staff.
- Indirect Costs – incremental costs attributable to COVID-19 but which are not associated with the treatment of patients.

The costs have been reported in accordance with the Data Capture Guidelines for COVID-19 that were issued by DHHS.

Note 3.2. Other economic flows included in net result

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net gain/(loss) on non financial assets		
Net gain on disposal of property, plant and equipment	11	(72)
Total net gain/(loss) on non financial assets	**11**	**(72)**
Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	(610)	73
Total Net gain/(loss) on financial instruments	**(610)**	**73**
Other economic flows		
Revaluation of Long service leave	(1,422)	(5,274)
Total other economic flows	**(1,422)**	**(5,274)**
TOTAL OTHER ECONOMIC FLOWS RECOGNISED IN NET RESULT	(2,021)	(5,273)

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:

- 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 in 2020. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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; and
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments at fair value

Net gain/ (loss) on financial instruments at fair value includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- Disposals of financial assets and de-recognition of financial liabilities.

Note 3.3. Analysis of expenses and revenue by internally managed and restricted specific purpose funds

	Expense		Revenue	
	Consolidated 2020 $'000	Consolidated 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
Commercial activities				
Allied health and rehabilitation supply store	295	312	187	253
Car park	370	447	3,814	3,900
Private practice and other patient activities	1,023	1,109	1,783	1,550
Property expenses	1,115	4,445	4,657	5,989
Salary packaging	322	304	2,591	2,410
Pathology	2	-	153	39
Total commercial activities	3,127	6,617	13,185	14,141
Other activities				
Fundraising and community support	398	347	1,147	1,214
Research and scholarship	1,043	1,112	941	999
Special and restricted purpose funds	570	634	414	565
Total other activities	2,011	2,093	2,502	2,778
TOTAL	5,138	8,710	15,687	16,919

Note 3.4. Employee benefits in the balance sheet

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current provisions		
Employee benefits [1]		
Annual leave		
Unconditional and expected to be settled within 12 months [2]	29,906	26,927
Unconditional and expected to be settled after 12 months [3]	5,087	4,617
Long service leave		
Unconditional and expected to be settled within 12 months [2]	6,864	6,825
Unconditional and expected to be settled after 12 months [3]	43,128	38,524
Accrued days off [2]	1,016	1,021
	86,001	77,914
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [2]	3,969	3,716
Unconditional and expected to be settled after 12 months [3]	5,307	4,919
	9,276	8,635
Total current provisions	95,277	86,549
Non-current provisions		
Long service leave	19,527	16,787
Provisions related to employee benefits and on-costs	2,152	1,917
Total non-current provisions	21,679	18,704
TOTAL PROVISIONS	116,956	105,253
Employee benefits and related on-costs		
Current employee benefits and related on-costs		
Unconditional long service leave entitlement	55,458	50,419
Annual leave entitlements	38,803	35,109
Accrued days off	1,016	1,021
Total current employee benefits and related on-costs	95,277	86,549
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	21,679	18,704
Total non-current employee benefits and related on-costs	21,679	18,704
Total employee benefits and related on-costs	116,956	105,253

Movement in on-costs	Consolidated 2020 $'000	Consolidated 2019 $'000
Balance at start of year	10,552	8,330
Provision made during the year:	939	1,396
Revaluations	(1,513)	(2,984)
Settlement made during the year	1,450	3,810
Balance at end of year	11,428	10,552

Note 3.4. Employee benefits in the balance sheet (continued)

[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 disclosed are discounted to present values.

Employee benefits recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) 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.

Annual leave and accrued days off

Liabilities for 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:

- Nominal 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

The liability for long service leave is recognised in the provision for employee benefits.

Unconditional long service leave (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 period of 10 years of continuous service.

The components of this LSL liability are measured at:

- Nominal value: if Northern Health expects to wholly settle within 12 months; and
- Present value: if Northern Health does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. 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 such as bond rate movements, inflation rate movements or changes in probability factors, which are then recognised as other economic flows.

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

Provisions for on-costs, such as payroll tax, worker's compensation and superannuation are recognised separately from provisions for employee benefits.

Note 3.5. Superannuation

	Paid contributions for the year		Contributions outstanding at 30 June[1]	
	Consolidated 2020 $'000	Consolidated 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
Defined benefit plans[2]				
First State Super	167	185	18	22
Defined contribution plans				
First State Super	15,621	14,813	1,715	1,704
HESTA	12,817	11,374	1,505	1,456
Other	3,640	2,509	330	325
	32,245	**28,881**	**3,568**	**3,507**

[1]The contribution outstanding at year end refers to the accrual taken up at year end relating to the last pay period in June.
[2] The basis for determining the level of contribution is determined by the various actuaries of the defined benefit superannuation plans.

Defined contribution superannuation plans

The expense relating to defined benefits plans is 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 expense relating to defined benefit superannuation plans represents the contributions made by Northern Health to the superannuation plans in respect of the services of current Northern Health 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 Northern Health 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. DTF discloses the State's defined benefits liabilities in its disclosure for administered items.

Note 4. Key assets to support service delivery

This section provides an account of the infrastructure and other investments utilised by Northern Health to deliver its services.

Structure

Note 4.1. Property, plant and equipment

Initial recognition

Property, plant and equipment is measured initially at cost and subsequently revalued at fair value less accumulated depreciation and 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 change are transferred at their carrying amounts.

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Right of use assets (ROU) are recognised initially at cost and subsequently measured at fair value less accumulated depreciation.

Revaluation of non-current physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-Current Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Classification of the Functions of Government category, 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 value and fair value.

Revaluation increments are recognised in Other Comprehensive Income and are credited directly 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 the 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.

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

A full revaluation of Northern Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. 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 effective date of the valuation for both land and buildings was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings.

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.

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.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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 are 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.

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

Judgements about highest and best use 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 assumes the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-specialised land, non-specialised buildings and cultural assets

Non-specialised land and non-specialised buildings are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value as at 30 June 2019.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the VGV 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 2019.

Note 4.1. Property, plant and equipment (continued)

Northern Health has undertaken a managerial evaluation of land and buildings in accordance with Financial Reporting Direction 103H: Non-Financial Physical Assets. The managerial revaluation did not result in any changes to the carrying value of the land and buildings.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

During the reporting period, Northern Health held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

The market approach is also used for specialised land although it 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 VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Plant and equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are held at carrying amount (depreciated cost). When plant and 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 amount.

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Note 4.1. Property, plant and equipment (continued)

a) Gross carrying amounts and accumulated depreciation

	Consolidated 2020 $'000	Consolidated 2019 $'000
Land		
Land at valuation	41,042	69,365
Land - right of use	22,489	-
Accumulated depreciation	(82)	-
Total land	**63,449**	**69,365**
Buildings		
Buildings at valuation	326,678	331,361
Accumulated depreciation	(21,554)	-
	305,124	**331,361**
Buildings at cost	29,864	-
Accumulated depreciation	(784)	-
	29,080	**-**
Buildings - right of use	915	-
Accumulated depreciation	(187)	-
	728	**-**
Total buildings	**334,932**	**331,361**
Assets under construction		
Assets under construction at cost	68,281	36,775
Total assets under construction	**68,281**	**36,775**
Medical equipment		
Medical equipment at fair value	54,255	50,943
Accumulated depreciation	(33,406)	(29,947)
Total medical equipment	**20,849**	**20,996**
Plant and equipment		
Plant and equipment at fair value	21,341	18,414
Accumulated depreciation	(15,570)	(13,844)
Total plant and equipment	**5,771**	**4,570**
Cultural assets		
Artworks at valuation	457	457
Total cultural assets	**457**	**457**
TOTAL	493,739	463,524

Note 4.1. Property, plant and equipment (continued)

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

Consolidated	Note	Land $'000	Right of use - Land $000	Buildings $'000	Right of use - Blds $000	Assets under construction $'000	Medical equipment $'000	Plant and equipment $'000	Cultural assets $'000	Total $'000
Balance at 1 July 2018		**64,412**	-	**342,795**	-	**5,853**	**18,831**	**4,510**	**468**	**436,869**
Additions		-	-	1,919	-	33,294	5,104	1,111	-	41,428
Disposals		-	-	-	-	-	(20)	(17)	(86)	(123)
Revaluation increments/(decrements)		4,953	-	7,002	-	-	-	-	75	12,030
Net transfers between classes		-	-	473	-	(2,372)	1,221	678	-	-
Depreciation	4.2	-	-	(20,828)	-	-	(4,140)	(1,712)	-	(26,680)
Balance at 30 June 2019		**69,365**	-	**331,361**	-	**36,775**	**20,996**	**4,570**	**457**	**463,524**
Recognition of right-of-use assets on initial application AASB 16[1]		(22,241)	22,489	-	915	-	-	-	-	**1,163**
Adjusted balance at 1 July 2019		**47,124**	**22,489**	**331,361**	**915**	**36,775**	**20,996**	**4,570**	**457**	**464,687**
Additions		-	-	2,299	-	63,506	1,999	1,024	-	68,828
Disposals		(6,082)	-	(4,683)	-	-	(132)	(14)	-	(10,911)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-
Net transfers between classes		-	-	27,565	-	(32,000)	2,200	2,235	-	-
Depreciation	4.2	-	(82)	(22,338)	(187)	-	(4,214)	(2,044)	-	(28,865)
Balance at 30 June 2020		**41,042**	**22,407**	**334,204**	**728**	**68,281**	**20,849**	**5,771**	**457**	**493,739**

[1] The carrying amount of land subject to a peppercorn lease arrangement (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16 shall be the deemed cost of the Right-of-Use asset and Lease Liability for the purposes of transition.

Land and buildings carried at valuation

The VGV re-valued all of Northern Health's land and buildings to determine their fair value. 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 valuation is 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment 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 2020.

The VGV indices, which are based on data to March 2020, indicated there was an average increase of 6.0% in the land parcel held by Northern Health, and an increase of 2.5% in buildings. Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation, a decrease in the land indice of 16.0% and a decrease in the building indice of up to 12.5% would be required.

Note 4.1. Property, plant and equipment (continued)

c) Fair value measurement hierarchy for assets

Consolidated	Note	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using: Level 1 [1] $'000	Level 2 [1] $'000	Level 3 [1] $'000
Land					
Non-specialised land		1,734	-	1,734	-
Specialised land		67,631	-	-	67,631
Total land at fair value	4.1 (a)	**69,365**	**-**	**1,734**	**67,631**
Buildings					
Non-specialised buildings		359	-	359	-
Specialised buildings		331,002	-	-	331,002
Total buildings at fair value	4.1 (a)	**331,361**	**-**	**359**	**331,002**
Medical equipment					
Medical equipment		20,996	-	-	20,996
Total medical equipment	4.1 (a)	**20,996**	**-**	**-**	**20,996**
Plant and equipment					
Plant and equipment		4,570	-	-	4,570
Total plant and equipment	4.1 (a)	**4,570**	**-**	**-**	**4,570**
Cultural Assets					
Artworks		457	-	457	-
Total Cultural Assets	4.1 (a)	**457**	**-**	**457**	**-**
TOTAL PROPERTY, PLANT AND EQIPMENT AT FAIR VALUE		**426,749**	**-**	**2,550**	**424,199**

[1] Classified in accordance with the fair value hierarchy.

Consolidated	Note	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using: Level 1 [1] $'000	Level 2 [1] $'000	Level 3 [1] $'000
Land					
Non-specialised land		152	-	152	-
Specialised land		40,890	-	-	40,890
Total land at fair value	4.1 (a)	**41,042**	**-**	**152**	**40,890**
Buildings					
Non-specialised buildings		298	-	298	-
Specialised buildings		333,906	-	29,080	304,826
Total buildings at fair value	4.1 (a)	**334,204**	**-**	**29,378**	**304,826**
Medical equipment					
Medical equipment		20,849	-	-	20,849
Total Medical equipment	4.1 (a)	**20,849**	**-**	**-**	**20,849**
Plant and equipment					
Plant and equipment		5,771	-	-	5,771
Total plant and equipment	4.1 (a)	**5,771**	**-**	**-**	**5,771**
Cultural assets					
Artworks		457	-	457	-
Total cultural assets	4.1 (a)	**457**	**-**	**457**	**-**
TOTAL PROPERTY, PLANT AND EQUIPMENT AT FAIR VALUE		**402,323**	**-**	**29,987**	**372,336**

[1] Classified in accordance with the fair value hierarchy.

Note 4.1. Property, plant and equipment (continued)

d) Reconciliation of level 3 fair value measurement

Consolidated	Note	Land $'000	Buildings $'000	Medical equipment $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2018		**61,466**	**249,424**	**18,831**	**4,510**	**334,231**
Additions / (disposals)		-	-	6,305	1,772	8,077
Transfers in / (out) of level 3		1,212	92,182	-	-	93,394
Gains or losses recognised in net result						-
Depreciation	4.2	-	(17,606)	(4,140)	(1,712)	(23,458)
Subtotal		**1,212**	**74,576**	**2,165**	**60**	**78,013**
Items recognised in other comprehensive income						
Revaluation		4,953	7,002	-	-	11,955
Subtotal		**4,953**	**7,002**	**-**	**-**	**11,955**
Balance at 30 June 2019		**67,631**	**331,002**	**20,996**	**4,570**	**424,199**
Additions / (disposals)		(4,500)	(4,630)	3,312	3,245	(2,573)
Recognition of right-of-use assets on initial application AASB 16		(22,241)	-	-	-	(22,241)
Transfers in / (out) of level 3						-
Gains or losses recognised in net result						-
Depreciation	4.2	-	(21,546)	(3,459)	(2,044)	(27,049)
Subtotal		**(26,741)**	**(26,176)**	**(147)**	**1,201**	**(51,863)**
Items recognised in other comprehensive income						
Revaluation		-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	-
Balance at 30 June 2020		**40,890**	**304,826**	**20,849**	**5,771**	**372,336**

[1] Classified in accordance with the fair value hierarchy note 4.1 (d)

e) Fair value determination

Asset class	Valuation approach	Significant inputs (level 3 only)
Non-specialised land	Market approach	Not applicable
Specialised land	Market approach	Community Service Obligations adjustments (range 10%-25%)
Non-specialised buildings	Depreciated replacement cost approach	Cost per square metre Useful life
Specialised buildings	Depreciated replacement cost approach	Cost per square metre Useful life
Medical equipment	Depreciated replacement cost approach	Cost per unit Useful life
Plant and equipment	Depreciated replacement cost approach	Cost per unit Useful life
Cultural assets	Market approach	Not applicable

f) Property, plant and equipment revaluation surplus

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Property, plant and equipment revaluation surplus			
Balance at the beginning of the reporting period		264,586	252,556
Revaluation increment			
-Land	4.1 (b)	-	4,953
-Buildings	4.1 (b)	-	7,002
-Cultural assets	4.1 (b)	-	75
Balance at the end of the reporting period*		**264,586**	**264,586**
Represented by:			
-Land		60,885	60,885
-Buildings		203,626	203,626
-Cultural assets		75	75
		264,586	**264,586**

Note 4.2. Depreciation and amortisation

	Consolidated 2020 $'000	Consolidated 2019 $'000
Depreciation		
Right of use - land	82	-
Buildings	22,338	20,828
Right of use - buildings	187	-
Medical equipment	4,214	4,140
Plant and equipment	2,044	1,712
TOTAL DEPRECIATION	**29,573**	**27,142**

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite lives are depreciated. This excludes items under operating leases, assets held for sale, land and investment properties. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Northern Health Service obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset overs its useful life.

Amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

a) Useful life of non-current assets

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

	2020	2019
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
Computers and communication	3 years	3 years
Furniture and fittings	10 years	10 years
Motor vehicles	4 years	4 years
Non-medical equipment	3 - 10 years	3 - 10 years
Plant and equipment	3 - 10 years	3 - 10 years
Intangible assets	3 years	3 years

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

Note 4.3. Intangibles

	Consolidated 2020 $'000	Consolidated 2019 $'000
Intangibles		
Developed costs capitalised	6,227	5,412
Less depreciation	(5,988)	(5,280)
TOTAL DEVELOPED COSTS	**239**	**132**
Computer Software - work in progress	1,693	816
TOTAL INTANGIBLES[1]	**1,932**	**948**

[1] Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and developed costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Northern Health.

Note 4.4. Inventories

	Consolidated 2020 $'000	Consolidated 2019 $'000
Inventories		
Supplies and consumables		
Medical and surgical supplies - at cost	2,098	2,024
Pharmaceuticals - at cost	1,810	1,485
TOTAL INVENTORIES	3,908	3,509

Inventories includes goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Note 4.5. Investments and financial assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Investments and financial assets		
Term deposits		
Term deposits greater than three months [1]	500	500
TOTAL INVESTMENTS AND FINANCIAL ASSETS	500	500

[1] Northern Health Foundation, a controlled entity of Northern Health has two term deposits valued at $250,000 each

Note 5. Other assets and liabilities

This section provides an account of the assets and liabilities that arose from Northern Health's operations.

Structure

- Note 5.1. Receivables
- Note 5.2. Payables
- Note 5.3. Other liabilities

Note 5.1. Receivables

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
CURRENT			
Contractual			
Trade debtors		1,871	1,408
Inter-Hospital debtors		3,200	99
Patient fees		5,290	4,059
Accrued revenue - other		-	4,857
Contract assets	5.1 (a)	3,151	-
Less: Allowance for impairment losses of contractual receivables			
Trade debtors	7.1 (c)	(72)	(69)
Patient fees	7.1 (c)	(1,992)	(1,385)
Total contractual receivables		**11,448**	**8,969**
Statutory			
GST Receivable		1,926	939
Accrued Revenue - Department of Health and Human Services		-	234
Total statutory receivables		**1,926**	**1,173**
TOTAL CURRENT RECEIVABLES		**13,374**	**10,142**
NON CURRENT			
Statutory			
Long Service Leave - DHHS		22,064	19,988
TOTAL NON-CURRENT RECEIVABLES		**22,064**	**19,988**
TOTAL RECEIVABLES		**35,438**	**30,130**

a) Contract assets

	Consolidated 2020 $'000
Contract assets	
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	2,999
Add: Additional costs incurred that are recoverable from the customer	3,151
Less: Transfer to trade receivable or cash at bank	(2,999)
Less: impairment allowance	-
Total contract assets[1]	**3,151**
Represented by	
Current contract assets	**3,151**
Non-current contract assets	**-**

[1] As AASB 15 was first applied from 1 July 2019, there is no comparative information to display or impairment to be recognised.

Receivables

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Northern Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. Northern Health applies AASB 9 for initial measurement of the statutory receivables and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

Note 5.1. Receivables (continued)

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*.

Northern Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Impairment losses of contractual receivables

Refer to note 7.1 (c) contractual receivables at amortised costs for Northern Health's contractual impairment losses.

Note 5.2. Payables

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
CURRENT			
Contractual			
Trade creditors		380	3,471
Trade creditors - Inter Hospital		1	600
Accrued expenses		16,963	11,470
Accrued expenses - Inter Hospital		1,504	516
Contract liabilities[1]		2,806	-
Department of Health and Human Services - capital	5.2 (a)	6,833	-
Accrued salaries and wages		3,426	6,382
Salaries and wages related creditors		14,172	11681
Salaries and wages related creditors - Inter Hospital		-	404
Inter-hospital services		-	5,240
Other		693	635
		46,778	**40,399**
Statutory			
Department of Health and Human Services - operating		2,229	133
		2,229	**133**
TOTAL CURRENT		**49,007**	**40,532**
TOTAL PAYABLES		**49,007**	**40,532**

[1]Community Home Care Packages recognised as contract liabilities on application of AASB 15.

a) Deferred DHHS capital grant revenue

	Consolidated 2020 $'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	3,894
Grant consideration for capital works received during the year	4,320
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	(1,381)
Closing balance of deferred grant consideration received for capital works	**6,833**

Payables recognition

Payables consist of:

- Contractual payables classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Northern Health prior to the end of the financial year that are unpaid and arise when NH becomes obliged to make future payments in respect of the purchase of those goods and services.
- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts. The normal credit terms for accounts payable are usually net 30 days. In line with the State Government's supplier payment policy, instituted in response to the COVID-19 pandemic, Northern Health's credit terms were five business days from 1 April to 30 June.

Maturity analysis of payables

Please refer to Note 7.1 b) for the ageing analysis of payables.

Note 5.3. Other liabilities

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
CURRENT			
Monies held in trust (held in cash)			
Accommodation bonds (refundable)		2,492	1,022
Unearned income - operating[1]		1,714	2,597
Unearned income - capital		-	-
TOTAL CURRENT OTHER LIABILITIES		4,206	3,619
NON-CURRENT			
Unearned income - capital		11,010	11,895
TOTAL NON CURRENT OTHER LIABILITIES		11,010	11,895
TOTAL OTHER LIABILITIES		15,216	15,514
Monies held in trust represented by the following assets:			
Cash and cash equivalents	6.2	2,492	1,022
TOTAL		2,492	1,022

[1]As a lessor, Northern Health classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not. The NCHER building was classified, assessed and accounted for as an operating lease at inception under AASB 117 and continues to be accounted for as such under AASB 16. These amounts represent the prepaid contributions made by respective tenants.

Note 6. Financing of operations

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

This section includes disclosures of balances that are financial instruments such as borrowings and cash balances. Note 7.1 provides additional, specific financial instrument disclosures.

Structure

- Note 6.1. Borrowings
- Note 6.2. Cash and cash equivalents
- Note 6.3. Commitments for expenditure

Note 6.1. Borrowings

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current		
Lease liability[1]	350	-
TOTAL CURRENT BORROWINGS	350	-
Non-current		
Lease liability[1]	534	-
TOTAL NON-CURRENT BORROWINGS	534	-
TOTAL BORROWINGS	884	-

[1]Borrowings are at a fixed rate of 2.12%

a) Lease Liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000	Consolidated 2020 $'000	Consolidated 2019 $'000
	Undiscounted Contractual Future Lease Payments		Undiscounted Contractual Future Lease Payments	
Leasing liabilities[1]				
Not later than one year	382	-	350	-
Later than one year and not later than five years	535	-	534	-
Minimum lease payments	917	-	884	-
Less future finance charges	(33)	-	-	-
Total	884	-	884	-

[1] AASB 16 – Leases (Right of Use)

From 1 July 2019, Northern Health adopted AASB 16 – *Leases*. The transition required all leases to be recognised by Northern Health (as lessee) on the balance sheet by recording a Right-Of-Use (ROU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below $10,000).

Northern Health has recognised ROU assets at cost net of accumulated depreciation. No impairment or re-measurement was recognised as at 30 June 2020. Northern health has adopted the 'interest rate implicit in the lease' (IRI) to discount payments on transition.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Northern Health's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Note 6.1. Borrowings (continued)

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

b) Leasing Activities

Information about leases for which Northern Health is a lessee is presented below.

Northern Health leases various medical suites to provide home dialysis and cardiology services. The tenancy lease agreements are typically for fixed periods of 1-5 years with an option to renew after the lease after that date. Lease payments are negotiated to reflect current market rentals.

Northern Health also leases land with contract terms of one to three years and has recognised the right of use assets and lease liabilities for these leases.

The carrying amount of land subject to a peppercorn lease arrangement (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16 shall be the deemed cost of the Right-of-Use asset and Lease Liability for the purposes of transition.

Northern Health Service entered into two peppercorn leases with DHHS in respect of Broadmeadows and Craigieburn Health Services. Both leases are for terms ranging between 10 to 20 years, with rental payable, which is at below market rates. Northern Health is dependent on accessing these sites to deliver its services. The land in question have been accounted for & disclosed as ROU land as disclosed in note 4.1. These assets are recorded at cost.

For an existing concessionary finance lease that has previously been measured at fair value under AASB 117, the carrying amount of the leased asset and lease liability immediately before the date of initial application shall be the deemed cost of the Right-of-Use asset and Lease Liability for the purposes of transition. Subsequent to the initial recognition, till such time further amendment to AASB 16 is made in relation to concessionary leases, these shall be carried at cost (i.e. deemed cost) as required by FRD 123.

Note 6.2. Cash and cash equivalents

	Consolidated 2020 $'000	Consolidated 2019 $'000
Cash on hand (excluding monies held in trust)	31	31
Cash at bank (excluding monies held in trust)	29,684	45,834
Cash at bank (monies held in trust)	-	1,022
Cash at bank - CBS (excluding monies held in trust)	25,559	-
Cash at bank - CBS (monies held in trust)	2,493	-
TOTAL CASH AND CASH EQUIVALENTS	57,767	46,887

Cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (these have an original maturity date of three months or less). These 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 and are subject to insignificant risk of changes in value.

For cashflow statement presentation purposes, the cash flow statement includes monies held in trust.

Note 6.3. Commitments for expenditure

	Consolidated 2020 $'000	Consolidated 2019 $'000
Capital expenditure commitments		
Not later than one year	81,344	62,272
Later than one year and not later than five years	1,000	79,952
TOTAL EXPENDITURE COMMITMENTS	82,344	142,224
Operating commitments		
Not later than one year	43,748	45,357
Later than one year and not later than five years	45,362	30,088
TOTAL OPERATING COMMITMENTS	89,110	75,445
Non-cancellable lease commitments		
Not later than one year	575	272
Later than one year and not later than five years	2,034	393
TOTAL NON-CANCELLABLE LEASE COMMITMENTS	2,609	665
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)	174,063	218,334
less GST recoverable from the ATO[1]	(15,824)	(19,849)
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)	158,239	198,485

[1]Supply of medical items, including drugs and diagnostic services, such as radiology and pathology are GST free

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed 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 projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Northern Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Northern Health to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewal is at the option of Northern Health. There are no restrictions placed upon Northern Health by entering into these leases.

Note 7. Risks, contingencies and valuation uncertainties

Northern Health is exposed to risk from its activities and outside factors. 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 the hospital is related mainly to fair value determination.

Structure:

Note 7.1. Financial instruments
Note 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 2020	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets				
Cash and cash equivalents	6.2	57,767	-	57,767
Receivables				
Trade debtors	5.1	1,799	-	1,799
Other receivables	5.1	6,449	-	6,449
Other financial assets	4.5	500	-	500
Total financial assets		66,515	-	66,515
Financial liabilities				
Payables	5.2	-	46,778	46,778
Borrowings	6.1		884	884
Other liabilities				
Monies held in trust	5.3	-	2,492	2,492
Total financial liabilities		-	50,154	50,154

Consolidated 2019	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets				
Cash and cash equivalents	6.2	46,887	-	46,887
Receivables				
Trade debtors	5.1	1,438	-	1,438
Other receivables	5.1	7,531	-	7,531
Other financial assets		500	-	500
Total financial assets		56,356	-	56,356
Financial liabilities				
Payables	5.2	-	40,399	40,399
Other liabilities				
Monies held in trust	5.3	-	1,022	1,022
Total financial liabilities		-	41,421	41,421

The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. DHHS payable).

Note 7.1. Financial instruments (continued)

Categories of financial assets under AASB 9

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated at fair value in the net result:

- The assets are held by Northern Health to collect the contractual cash flows, and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Northern Health recognises the following assets in this category:

- Cash and deposits;
- Receivables (excluding statutory receivables); and
- Term deposits.

Financial liabilities: These are initially recognised and amortised on the date they are 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 and loss over the period of the interest bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of Northern Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through the Comprehensive Operating Statement

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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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*.

b) Maturity analysis of payables and borrowings

The following table discloses the contractual maturity analysis for Northern Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

				Maturity Dates			
2020	Note	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	5.2	46,778	46,778	45,128	1,058	592	-
Borrowings	6.1	884	884	29	86	296	473
Other financial liabilities	5.3	2,492	2,492	2,492	-	-	-
Total Financial Liabilities		**50,154**	**50,154**	**47,649**	**1,144**	**839**	**522**
2019							
Financial Liabilities							
Payables	5.2	40,399	40,399	37,670	2,341	388	-
Other financial liabilities	5.3	1,022	1,022	1,022	-	-	-
Total Financial Liabilities		**41,421**	**41,421**	**38,692**	**2,341**	**388**	**-**

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

Note 7.1. Financial instruments (continued)

Contractual receivables at amortised cost

2020	Note	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate		16%	28%	24%	31%	6%	
Gross carrying amount of contractual receivables	5.1						
Patient fees		1,851	582	1,005	1,164	688	5,290
Trade debtors		1,379	171	28	270	23	1,871
Inter-hospital debtors		2,368	288	64	448	32	3,200
Contract assets		556	13	1,459	1,123	-	3,151
Loss allowance		888	289	268	578	41	2,064

2019	Note	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate		12%	26%	66%	25%	53%	
Gross carrying amount of contractual receivables	5.1						
Patient fees		1,291	696	263	1,227	582	4,059
Trade debtors		901	215	98	165	29	1,408
Inter-hospital debtors		63	15	7	12	2	99
Accrued income		1,932	919	1,319	687	-	4,857
Loss allowance		281	242	248	356	327	1,454

Contractual receivables at amortised cost

Northern Health applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Northern Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Northern Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

c) Reconciliation of the movement in the loss allowance for contractual receivables

	Note	Consolidated 2020 $'000	Consolidated 2019 $'000
Balance at beginning of the year		1,454	662
Opening retained earnings adjustment on adoption of AASB 9		-	682
Opening Loss Allowance	5.1	1,454	1,344
Increase/(decrease) in provision recognised in the net result	3.1	1,893	285
Reversal of provision of receivables written off during the year as uncollectible		(1,283)	(175)
Balance at end of the year	5.1	2,064	1,454

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables and debt investments at amortised cost

Northern Health's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2. Contingent assets and contingent liabilities

Northern Health does not have any contingent assets or liabilities as at 30 June 2020 (2019: nil).

Note 8. Other disclosures

This section includes additional disclosures required by the accounting standards or otherwise, for the understanding of these financial statements.

Structure

- Note 8.1. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
- Note 8.2. Responsible persons disclosures
- Note 8.3. Executive officer disclosures
- Note 8.4. Related parties
- Note 8.5. Remuneration of auditors
- Note 8.6. Ex-gratia payments
- Note 8.7. Events occurring after the balance sheet date
- Note 8.8. Controlled entities
- Note 8.9. Economic dependency
- Note 8.10. AASBs that are not yet effective
- Note 8.11. Changes in accounting policy

Note 8.1. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Net Result for the year	41,955	1,219
Non-cash movements		
Depreciation and amortisation	29,573	27,142
Revaluation of long service leave	1,422	5,274
Allowance for impairment losses of contractual receivables	610	(73)
Amortisation of prepaid rent	(886)	(886)
Government non-cash grants	(61,084)	(9,672)
Assets received free of charge	(976)	(25)
Movements included in investing and financing activities		
Net gain on disposal of property, plant and equipment	(11)	72
Less cash inflow/(outflow) from investing and financing activities	884	
Contributed capital	-	(100)
Movements in assets and liabilities		
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(5,308)	(6,384)
(Increase) / decrease in other assets	(594)	(291)
(Increase) / decrease in inventories	(399)	(481)
(Decrease) / increase in payables	8,473	2,403
(Decrease) / increase in borrowings	-	-
(Decrease) / increase in employee benefits	11,703	18,605
(Decrease) / increase in other liabilities	(298)	581
NET CASH INFLOW FROM OPERATING ACTIVITIES	25,064	37,384

Note 8.2. Responsible persons disclosures

In accordance with the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Responsible Minister	
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018 – 30/6/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 – 30/6/2020
The Honourable Luke Donnellan, Minister for Child Protection, Disability, Ageing and carers	01/07/2019 – 30/6/2020
Governing Board	
Ms Jennifer Williams AM (Chair)	1/07/2019 - 30/06/2020
Mr Phillip Bain	1/07/2019 - 30/06/2020
Ms Juliann Byron	1/07/2019 - 30/06/2020
Dr Andrea Kattula	1/07/2019 - 30/06/2020
Dr Alison Lilley	1/07/2019 - 30/06/2020
Mr Peter McDonald	1/07/2019 - 30/06/2020
Mr Peter McWilliam	1/07/2019 - 30/06/2020
Ms Linda Rubinstein	1/07/2019 - 30/06/2020
Mr John Watson	1/07/2019 - 30/06/2020
Accountable Officer	
Mr Siva Sivarajah, Chief Executive	1/07/2019 - 30/06/2020

Remuneration of Responsible Persons The number of responsible persons are shown in their relevant income bands **Income band**	Consolidated 2020 No.	Consolidated 2019 No.
$10,000 - $19,999	-	-
$20,000 - $29,999	-	-
$30,000 - $39,999	-	8
$40,000 - $49,999	8	-
$50,000 - $59,999	-	-
$70,000 - $79,999	-	1
$80,000 - $89,999	1	-
$450,000 - $459,999	-	1
$480,000 - $489,999	1	
Total numbers	10	10

	2020 $'000	2019 $'000
Total remuneration comprising all money, consideration and benefits received or receivable by Responsible Persons from the reporting entity amounted to:	896	830

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Northern Health's controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3. Executive officer disclosures

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

Remuneration of Executive Officers (Including Key Management Personal Disclosed in Note 8.4)	Consolidated 2020 $'000	Consolidated 2019 $'000
Short term employee benefits	2,347	2,437
Post-employment benefits	164	177
Other long-term benefits	52	61
Termination benefits	-	-
Total remuneration[1]	**2,563**	**2,675**
Total number of executives	10	11
Total annualised employee equivalent [2]	8.5	8.5

[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 8.4. Related parties. During the year there was a slight redesign of the Executive Structure with the removal of the Chief Strategy and Business Development Officer position from the executive structure.
[2] Annualised employee equivalent is based on working 38 ordinary hours per week 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
Salaries and wages, 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
Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits
Long Service Leave, other Long Service leave benefit or deferred compensation.

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

Note 8.4. 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 (KMP) and their close family members;
- All cabinet ministers and their close family members;
- Controlled entities (Northern Health Research, Training and Equipment Trust Ltd); and
- All hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Northern Health and its controlled entities, directly or indirectly.

Note 8.4. Related parties (continued)

The Board of Directors of Northern Health, the Executive and the Northern Health Foundation Board of Directors are deemed to be KMPs.

KMPs during the year were:

KMP	Position
Ms Jennifer Williams AM	Director Northern Health (Chair)
Mr Phillip Bain	Director Northern Health
Ms Juliann Byron	Director Northern Health
Dr Andrea Kattula	Director Northern Health
Dr Alison Lilley[1]	Director Northern Health
Mr Peter McDonald	Director Northern Health
Mr Peter McWilliam	Director Northern Health and Director Northern Health Foundation
Ms Linda Rubinstein	Director Northern Health
Mr John Watson	Director Northern Health
Mr Siva Sivarajah	Chief Executive
Ms Briana Baass	Chief Allied Health Officer
Ms Debra Bourne	Chief Nursing and Midwifery Officer
Ms Michelle Fenwick	Executive Director People and Culture
Dr John Ferguson	Chief Medical Officer
Mr Basil Ireland	Chief Financial Officer
Mr Simon Keating (until 28 Jan 2020)	Chief Strategy and Business Development Officer
Ms Jane Poxon	Chief Operating Officer
Dr Bill Shearer	Executive Director, High Reliability Office (HRO)
Mr Andrew Williamson	Executive Director, Public Affairs and Foundation
Mr John Molnar	Director Northern Health Foundation (Chair)
Professor Peter Brooks	Director Northern Health Foundation
Mr Peter Copp (from 20 Feb 2020)	Director Northern Health Foundation
Ms Pina Donato	Director Northern Health Foundation
Ms Trudi Hay	Director Northern Health Foundation
Ms Tricia Maclean	Director Northern Health Foundation
Mr David Turnbull (until 30 Mar 2020)	Director Northern Health Foundation
Mr Christopher Turner	Director Northern Health Foundation

[1]Dr Alison Lilley was on leave from December 2019 and did not seek re-appointment.

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

Compensation - KMPs[2]	Consolidated 2020 $'000	Consolidated 2019 $'000
Short term employee benefits[1]	3,179	3,206
Post-employment benefits	216	225
Other long-term benefits	64	75
Termination benefits	-	-
Total[2]	**3,459**	**3,506**

[1]Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.
[2]KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant transactions with government related entities

Northern Health received funding from the DHHS of $621 m (2019: $533.1 m) and indirect contributions of $60.2 m (2019: $6.5 m).

Expenses incurred by Northern Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals 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 the Victorian Managed Insurance Authority.

Note 8.4. Related parties (continued)

The Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* require Northern Health to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

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

There were $19,000 (2019: $20,000) in software expenses incurred with Barwon Health of which Jennifer Williams is a Director.

Outside of normal citizen type transactions with Northern Health, there were no other related party transactions that involved KMPs, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

Transactions with controlled entities

During the financial year transactions were conducted between Northern Health and the Foundation. The following transactions were conducted as part of Northern Health's normal operations and are on normal commercial terms.

Controlled entities related party transactions

	2020 $'000	2019 $'000
Distribution of funds by the Foundation	534	391
Payable to Foundation	-	77
	534	**468**

Mr Peter McWilliam is a Director of Northern Health Board and a Director of the Foundation.

Note 8.5. Remuneration of auditors

	Consolidated 2020 $'000	Consolidated 2019 $'000
Victorian Auditor-General's Office		
Audit of financial statements	76	81
TOTAL REMUNERATION OF AUDITORS	**76**	**81**

Note 8.6. Ex-gratia payments

Northern Health has made the following ex-gratia expenses.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Payment for external specialist treatments	3	6
Payments associated with employee departure separation arrangements	94	-
TOTAL EX-GRATIA EXPENSES	**97**	**6**

Note 8.7. Events occurring after the balance sheet date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Northern Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Northern Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Northern Health, the results of the operations or the state of affairs of Northern Health in the future financial years.

Note 8.8. Controlled entities

Name of entity	Country of incorporation	Ownership Interest %	Equity holding
Northern Health Research, Training and Equipment Foundation Ltd	Australia	100	Limited by guarantee
Northern Health Research, Training and Equipment Trust	Australia	100	100%

Controlled entities contribution to the consolidated result

Net Result for the year	Consolidated 2020 $'000	Consolidated 2019 $'000
Northern Health Research, Training and Equipment Foundation Ltd	-	-
Northern Health Research, Training and Equipment Trust	260	419

Note 8.9. Economic dependency

Northern Health is wholly dependent on the continued financial support of the State Government, and in particular DHHS. Northern Health was in discussions with DHHS throughout the 2019-20 financial year as part of the ongoing financial performance review and assessment process. Identified financial issues were escalated and managed and DHHS ensured that immediate cash needs of the health service were met. Further, DHHS has advised that it will continue to support Northern Health financially in the year ahead. On that basis, the financial statements have been prepared on a going concern basis.

The financial position of Northern Health has continued to remain robust. Northern Health delivered a net surplus from transactions of $43.98 million (2019: $6.49 million) and net cash flow from operating activities of $25.06 million (2019: $37.38 million).

Northern Health will continue to closely monitor and control its financial and operational performance to identify efficiencies and revenue generating opportunities that provide for effective and efficient service delivery without compromising patient care.

Note 8.10. AASBs that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises the Foundation of their applicability and early adoption where applicable.

As at 30 June 2020, 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. The Foundation has not and does not intend to adopt these standards early.

Standard	Summary	Effective Date
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 Classification of Liabilities as Current or Non- Current - Deferral of Effective Date with the intention to defer the application by one year to periods beginning on or after 1 January 2023.	1 January 2023

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019/20 reporting period (as listed below):

- AASB 17 Insurance Contracts.
- AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).
- AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business.
- AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework. AASB 2019-3 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform.
- AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.
- AASB 2020-2 Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for
- Certain For-Profit Private Sector Entities.

In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

Note 8.11. Changes in accounting policy

Transitional impact on financial statements

The following AASBs become effective for reporting periods commencing after 1 July 2019:

- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

Note 8.11. Changes in accounting policy (continued)

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019.

Consolidated	Note	Before new accounting standards opening 1 July 2019 $'000	Impact of new accounting standards AASB 15, 16 & 1058 $'000	After new accounting standards opening 1 July 2019 $'000
Property Plant and equipment	4.1	463,524	911	464,435
Total other assets		**83,831**		**83,831**
Total Assets		**547,355**	**911**	**548,266**
Payables and contract liabilities	5.2	40,532	3,894	44,426
Borrowings	6.1	-	911	911
Total Liabilities		**161,299**	**4,805**	**166,104**
Accumulated surplus/(deficit)		(46,908)	(3,894)	(50,802)
Physical revaluation surplus		264,586		264,586
Other items in equity		168,378		168,378
Total Equity		**386,056**	**(3,894)**	**382,162**

AASB 15 *Revenue from Contracts with Customers*

In accordance with FRD 121 requirements, Northern Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Northern Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

AASB 1058 *Income of Not-for-Profit Entities*

In accordance with FRD 122 requirements, Northern Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Northern Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

AASB 16 *Leases*

Northern Health has applied AASB 16 with a date of initial application of 1 July 2019. Northern Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Northern Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – *'Determining whether an arrangement contains a Lease'*. Under AASB 16, Northern Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

Note 8.11. Changes in accounting policy (continued)

Leases classified as operating leases under AASB 117

As a lessee, Northern Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset. Under AASB 16, Northern Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Northern Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using Northern Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Northern Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Northern Health is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. Northern Health accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, Northern Health recognised $0.9m of right-of-use assets and $0.9m of lease liabilities. There was no impact to opening retained earnings as a result of the initial application of AASB 16.

When measuring lease liabilities, Northern Health's discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.12%.

	Consolidated $'000
Impact on financial statements	
Operating lease commitments disclosed at 30 June 2019	665
Contract extensions recognised at 30 June 2019	587
Total operating lease commitments disclosed at 30 June 2019	1,252
Discounted using the incremental borrowing rate at 1 July 2019	**911**
Lease Liabilities recognised at 1 July 2019	**911**

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