Northern Health

Annual Report 2018-19

Our Vision

Outstanding health care for our community

Our Mission

We are committed to the wellbeing of the people of Melbourne's north.

We draw upon the richness, knowledge and strength of northern communities as we partner with them in their care.

Our Values

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

Our Strategic Goals

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

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.

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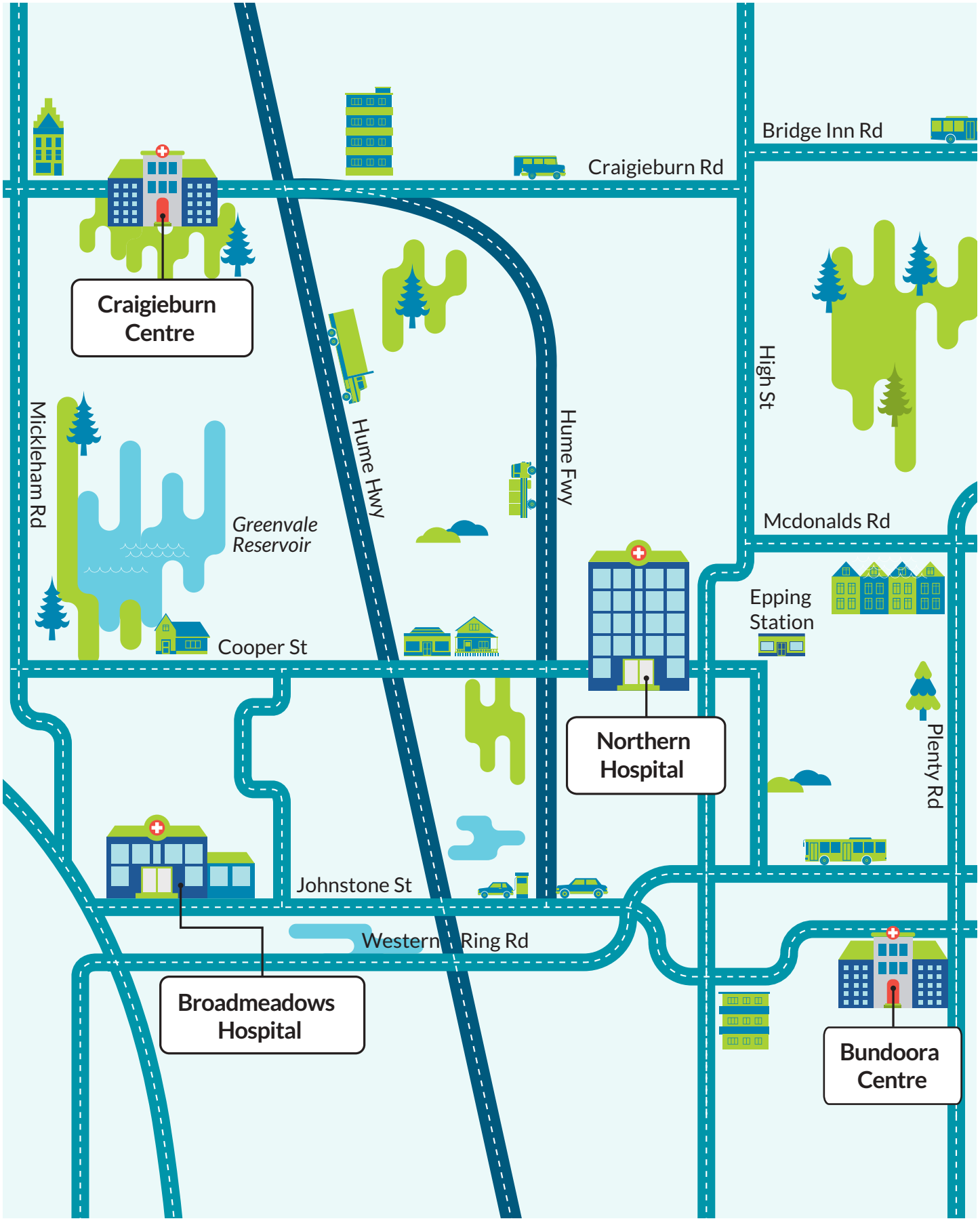
Our Services Locations



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, Craigieburn Centre and Bundoora 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 of more than 5,000 staff and 350 dedicated volunteers, many of whom live in the vicinity of our campuses.

As an organisation, we are shifting our focus from illness to putting a spotlight on supporting our community in 'Staying Well'. In order to achieve this, we are developing strong relationships with other health service providers across the region, to help us think differently about the future.

Report of Operations

Board Chair and Chief Executive Report

Northern Health has achieved another successful year providing high quality care for our community and we are pleased to present our Annual Report for 2018-19.

Northern Health has driven numerous quality and improvement initiatives throughout the past year, whilst expanding timely and reliable access to care for patients and families.

Northern Health operates the busiest Emergency Department (ED) in Victoria. Northern Hospital's ED received more than 107,000 patient presentations in the last financial year. During 2018-19, we admitted 98,193 patients to hospital, performed 10,385 elective surgery operations, and saw 232,496 outpatients in our specialist clinics.

Our Ambulance Victoria Offload initiative, continued from the previous year, has led to an increase from 78 per cent of ambulances offloaded within the 40-minute Key Performance Indicator (KPI) to 95 per cent in the last 12 months and is now the best in the state. This makes ambulances more available in the community and gets patients to hospital care more quickly.

Northern Health's elective surgery 'time to treatment' has improved from 74 per cent in 2015-16 to 97 per cent in 2018-19. Currently 100 per cent of Category 1 and Category 3 elective surgery patients receive their care in the clinically recommended time. With improved surgery booking processes and additional theatre capacity at Broadmeadows Hospital, Northern Health has achieved its National Elective Surgery Target. In addition, there have been sustained improvements in managing patients within clinical recommended treatment times, and a reduction in the number of long waiting patients.

We are pleased to report that whilst meeting the growing demand for services, we have achieved small budget surpluses in each of the last four years. In 2018-19 our operating surplus was $0.4 million.

Our catchment includes people from a wide-range of socio-economic backgrounds, many within

disadvantaged communities. Northern Health prides itself on engaging with these communities to understand cultural and personal issues that can lead to better delivery of trusted care. Training on interpreter engagement and cultural diversity was delivered to over 1,000 staff in 2018-19.

We have made significant progress with our Diversity and Inclusion Strategy through a governance structure which has an overarching committee and five reporting subcommittees; disability, LGBTIQ+, refugee and asylum seeker, culturally and linguistically diverse, and Aboriginal and Torres Strait Islander.

We have also worked with the local Aboriginal community to develop our Reconciliation Action Plan (RAP) to address inequalities and provide the same high-quality services to all Aboriginal and Torres Strait Islander community members. Our RAP provides a whole of organisation approach towards cultural responsiveness, and is championed by the Board, the Executive, directors and managers across the health service, and senior members of the Aboriginal community. In June 2019, Northern Health's Reconciliation Action Plan was endorsed by Reconciliation Australia and will be formally launched in the coming months.

We are now in the third year of our High Reliability Healthcare Organisation - Trusted Care transformation, where we focus on achieving exceptional safety within our health care environment. This involves progressing a series of programs involving patient safety, care improvements and moving towards zero preventable harm, while adapting the principles of a High Reliability Organisation (HRO) into a health care environment. Our absolute priority is to provide the right care for every patient, every day.

Northern Health has embarked on a major program strategy - 'Staying Well' – connecting with our community and linking them to the services they need to ensure only those who really need hospital care end up being referred.

During 2018-19, partnerships have been developed with academic and industry partners from around the globe to explore tangible ways to utilise technology. These new and innovative ways will improve the patient journey through co-design with our consumers.

We acknowledge the strong support of the Victorian Government and the Department of Health and Human Services in enabling us to improve our infrastructure.

In early 2019, we were very proud to have Northern Hospital's new Intensive Care Unit (ICU) opened by the Minister for Health and Ambulance Services, The Hon. Jenny Mikakos MP. The new ICU is the first stage of the $162.7 million Northern Hospital Stage 2 Expansion Project. On completion in 2021, the facility will provide an additional 96 inpatient beds and three new operating theatres.

The services Northern Health provides are driven by engaged, inspired and enabled health care workers, who are committed to improving patient experience, quality and safety.

As we move towards new opportunities in the year ahead, we would like to thank all our staff, volunteers, students, partners, Board Directors and Northern Health Foundation supporters whose contributions help us provide outstanding care for our community.

We also thank and acknowledge the contributions of Melba Marginson and Paula Shelton as they complete their service as Board Directors.

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 2019.

Jennifer Williams AM
Board Chair Northern Health

Siva Sivarajah
Chief Executive Northern Health

Our care at a glance

EMERGENCY PRESENTATIONS

107,807

▲ UP 8.4%

AMBULANCE ARRIVALS

32,315

▲ UP 11.9%

HOSPITAL ADMISSIONS

98,193

▲ UP 4.6%

CHILDREN'S ADMISSIONS

6,696

▼ DOWN 1.0%

BABIES DELIVERED

3,646

▼ DOWN 4.0%

ELECTIVE SURGICAL OPERATIONS

10,385

▲ UP 2.9%

OUTPATIENT APPOINTMENTS

232,496

▲ UP 1.6%

PHARMACY ITEMS DISPENSED

213,709

▲ UP 3.3%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Patient First

Providing timely and responsive health services

For the second year in a row, Northern Health has operated the busiest Emergency Department (ED) in Victoria, with more than 107,000 presentations in the last financial year.

Our Ambulance Victoria (AV) Offload initiative, continued from the previous year, has led to an increase from an average of 78 per cent of ambulances offloaded within the 40-minute Key Performance Indicator (KPI) to 95 per cent in the last 12 months and is now the best in the state.

Northern Health's elective surgery 'time to treatment' has also improved from 74 per cent in 2015-16 to 97 per cent in 2018-19. Currently, 100 per cent of Category 1 and Category 3 elective surgery patients receive their care in the clinically recommended time.

Protecting our community

Building on the Northern Health 2018 Flu Vaccination Campaign, a pop-up flu clinic was established in the Northern Hospital foyer, providing free immunisations to our community. The 2019 Flu Vaccination Campaign started in the first week of May, providing free flu vaccinations to the community every day including weekends. Northern Health is the first Victorian health service to extend the offer of free vaccinations beyond staff and patients. This initiative has seen an unprecedented demand for the vaccinations. To date, our nurses have vaccinated 20,000 community members, compared to 11,726 vaccinations in 2018.

As part of our Flu Vaccination Campaign, specific at-risk groups were targeted for free vaccinations. These groups included children under five, pregnant women, Aboriginal or Torres Strait Islander people, people with weakened immune systems, and people over 65.

We believe this initiative has resulted in a reduction in the rates of admissions for flu and staff personal leave.

Cardiology access

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

Northern Health's catchment is a high-volume area for ST-Elevation Myocardial Infarction (STEMIs) with more than 180 presentations per year. In early 2017, the cardiology team was only managing to treat 50 per cent of their patients within the best practice state-wide KPI timeframe of 90 minutes between arriving at the Emergency Department to being taken into theatre. For the first quarter of 2019, Northern Health was second in the state with 85 per cent of patients meeting the KPI, with the aim to reach 100 per cent compliance within the next 12 months.

Heart Failure care in the community

Northern Health has the highest number of Heart Failure (HF) admissions of any Victorian hospital. We recognised that HF care must involve a partnership with primary care providers, and designed and implemented a capacity building

project with six large general practices. We audited the care of all HF patients and helped GPs and practice nurses improve their ability to manage these patients. This resulted in reductions of 7.1 per cent in hospitalisation and 9.4 per cent in ED presentations from these clinics. We established structured and hands on learning, developed new tools for practices to aid them in delivering better care for patients, and enhanced the communication between Northern Health and primary care providers through a dedicated community HF nurse who bridges the gap between hospital and primary care.

Cutting-edge venous care

Venous ulcers cost the Australian health system over $500 million per year and are part of a wider spectrum of disease known as Chronic Venous Disease (CVD), affecting 10 per cent of the population. As it can range in presentation and severity, as well as treatment options, Northern Health provides a full spectrum of care for patients with CVD and is working toward becoming Victoria's centre of excellence for CVD.

We use state of the art minimally invasive means to remove all or part of the thrombus to reduce the risk of developing Post Thrombotic Syndrome (PTS). For patients who have already developed PTS, we offer Intravascular Ultrasound (IVUS), venous angioplasty and stent. We are the only centre in Victoria offering IVUS for this indication. Patients with varicose veins are offered all three treatment modalities to suit every indication. Having different options is particularly important for our elderly patients who may be at high risk for more invasive forms of treatment.

Respiratory care innovation

In 2017, as part of a monthly multidisciplinary meeting to review quality and safety within the Respiratory Department, it was identified that patients admitted with respiratory failure were not receiving optimal care. This was due to an inability to access respiratory interventions (non-invasive ventilation (NIV) and high-flow oxygen therapy (HFOT), unless they were admitted to the Intensive Care Unit (ICU). To address this, a ward-based Respiratory Care Unit (RCU) was established to treat respiratory failure outside the ICU setting. In the first 12 months, over 320 patients were managed in the RCU. On average, an additional seven patients per month

received appropriate, evidence-based therapy for respiratory failure. Despite the increase in volume and complexity, there was no increase in Medical Emergency Team (MET) calls, unplanned ICU admissions were reduced, and rates of in-hospital mortality for patients with respiratory failure were low. Improvements in patient-centred care were emphasised with over 90 per cent completion of written Goals of Patient Care (GOPC) forms.

Happy Mothers Group launch

The Happy Mothers Group was established at Northern Health's Craigieburn Centre, to provide an integrated, culturally safe program for Assyrian–Chaldean pregnant women who were migrants or refugees and who settled in the north. These are the only group pregnancy care sessions offered to Assyrian-Chaldean women in Victoria and are directed by the women to deliver education and support based on their individual and cultural needs. Through partnership with community providers, Murdoch Children's Research Institute (MCRI), Hume Council and VicSEG New Futures, Happy Mothers has established itself as a model for providing culturally safe, integrated care for pregnant women in Victoria, with proven positive outcomes. These women who have since given birth demonstrated no neonatal adverse outcomes and no intrauterine growth restricted babies. Breastfeeding rates are higher in this group, with 93 per cent of women breastfeeding on discharge from hospital.

First Victorian hospital to provide Pinkbox Dignity Vending Machine

In January 2019, Northern Health was pleased to partner with Share the Dignity as the first Victorian hospital to install a Pinkbox Dignity Vending Machine. Share the Dignity created the world's first completely free vending machine which dispenses period packs containing two pads and six tampons. There are currently 100 Pinkbox Dignity Vending Machines installed across Australia. Partnering with Share the Dignity is another way Northern Health is able to support vulnerable women in our community, highlighting our commitment to creating a culture of respectful relationships and gender equality.

Quality and Safety

Improving health service safety and quality

Now in its third year, Northern Health's transformation towards a High Reliability Organisation (HRO) focuses on doing right by every patient, every day.

The transformation has seven key focus elements: Safety, Clinical Excellence, Patient Experience, Operational Efficiency, Leadership, Culture and Teamwork, and Staying Well. Each element has a series of activities that sit under them.

One of those activities includes the establishment of multidisciplinary ward-based Comprehensive Unit-Based Safety Programs (CUSPs).

CUSPs aim to improve the culture of safety while providing frontline caregivers with the tools and support needed to identify and tackle hazards at a unit or clinic level. CUSP is a methodology that establishes clinical teams as centres of local knowledge and shared clinical expertise. As a collaborative network, CUSP meetings focus on clinical communication and awareness of unique patient risks by identifying system defects and potential localised interventions across a range of disciplines. CUSPs are there to enhance communication across disciplines, increase teamwork and improve patient safety.

Northern Health currently has seven CUSPs, with more planned for the future.

Daily Safety Briefs

Northern Health has initiated a daily leadership huddle, where all areas of the organisation come together to highlight any issues affecting patient and staff safety that might have occurred in the previous 24 hours, and whether anything is predicted to happen over the next 24 hours. Inpatient areas and departments (clinical and non-clinical), represented by at least one person from each area, report for 60 seconds each to highlight their areas' overall safety status. If the area is in red or amber, they are asked to identify the issues that are affecting them and how the organisation can support them.

Patient Safety Walk Arounds

Executive Patient Safety Walk Arounds have been re-introduced at Northern Health and are designed to link the Executive directly to patient safety concerns in the clinical environment.

Walk Arounds are conducted once a month, with the Chief Executive, Executive team and consumers' visiting selected areas, to become familiar with any issues and risks they identify as needing to be addressed.

Importantly, the Walk Arounds create an opportunity for staff to discuss patient safety issues of concern with the highest level of management, and escalate and action opportunities for increasing staff, patient and visitor satisfaction and safety. They are also an opportunity for our staff to identify ways to improve their work.

Through Patient Safety Walk Arounds, a number of changes resulting in real impact have been implemented. These changes include the purchase of computers on wheels to support timely delivery

of care, updating patient lounge areas, new observation machines, and a structured approach to the purchase of medical equipment.

Safer Baby Collaborative Project

Northern Health has joined a number of other maternity services across Victoria in Safer Care Victoria's Safer Baby Collaborative.

By July 2020, we intend to reduce the rate of stillbirths in the third trimester by 30 per cent.

We will partner with women so they can better understand and manage risk factors such as reduced baby movements, smoking and maternal sleep position. We will also enable clinicians to better detect and manage fetal growth restriction and improve shared decision-making about timing of birth with women who have risk factors.

Over the next 12 months, Northern Health will review, improve and implement change ideas across the antenatal, birthing and postnatal journey, in partnership with consumers.

This collaborative project is an opportunity for all workforce including midwifery, medical, allied health and other support services to participate in the improvement process and efforts.

Reliable Operating Room Research Project

In partnership with the University of Melbourne, the Reliable Operating Room Research Project enables Northern Health to study the activities of staff in the operating room, helping us to understand how people are moving within the building and providing crucial information on the entire flow. Our staff carry Bluetooth beacons to help researchers track their movement and the resulting data will be used to identify metrics and correlations between patient and staff movements. This set of metrics will then allow us to generate a statistical model to define and potentially predict how well the theatre schedule is going to function in the future. Collecting this information will enable researchers to identify any drawbacks and possible improvements in surgery scheduling.

First Code Trauma In-Situ Simulation

In-situ Simulation at Northern Health is training inpatient care units with scenarios involving health care professionals in their actual working environment. It is a tool that allows hospitals to target areas of known risk before they affect a patient. They also allow us to test systems to identify areas of needed improvement and encourage translation of previous quality recommendations into practice and re-assessment.

STAR Program – Winter Strategy

As part of our 2019 Winter Strategy, Northern Health has developed different ways to support patients in their transition from hospital to home. That is how the targeted, population-specific Supported Transition to Assist Recovery (STAR) Program was born and launched.

The STAR Program is an initiative aimed at patients over 70 and provides clarity and reassurance regarding the recovery process. This aligns with the strong focus Northern Health has on management of people in the community. These patients are at risk of being readmitted to hospital due to Chronic Obstructive Pulmonary Disease (COPD), pneumonia or heart failure.

Patients at home receive a call from a STAR nurse within 24-48 hours from discharge, to check in and answer any questions they might have and to help link them to their GP and the community.

'Think Before You Cannulate' Campaign

In early 2019, the 'Think Before You Cannulate' Campaign was established at Northern Health. The awareness program aims to decrease cases of staphylococcus bacteraemia, which is mostly related to intravenous cannulas. It aims to prevent infection, improve patient safety and reduce the usage of cannulas in ED and wards.

Treating babies with jaundice at home

Northern Health has launched a new service to treat babies with jaundice in the comfort of their own home. Prior to this new service, babies with jaundice would have needed to be admitted to Northern Hospital's Neonatal Unit for phototherapy treatment.

The new home phototherapy service forms part of Northern Hospital's Hospital in the Home (HITH) program and allows mother and baby to go home together, keeping families close. Following an assessment, babies who fit certain criteria are able to receive the home treatment, which will allow otherwise healthy babies to avoid a stay in the nursery. Families are provided with education to use the equipment before they are discharged.

Nurses make daily home visits to monitor progress, and families are able to contact the Neonatal Unit 24 hours a day.

Autism Spectrum Disorder Assessment Clinic launched at Craigieburn Centre

Paediatric Allied Health, in collaboration with the Paediatric Department, were successful in obtaining a Department of Health and Human Services grant entitled 'Advancing Practice in Allied Health Workforce in Autism Spectrum Disorder' (ASD).

The clinic is based at Craigieburn Centre, with the involvement of a Paediatrician, Speech Pathologist, Occupational Therapist and Psychologist. Prior to the grant, Northern Health did not provide a multidisciplinary ASD diagnostic service, and families had to be referred by a Paediatrician to either Austin Health or Royal Children's Hospital. This project improves the pathway from referral to diagnosis, upskills our Allied Health workforce, and enables Northern Health to deliver a multidisciplinary ASD assessment for the children and families in the outer north of Melbourne.

Oncology and Haematology Symptom and Urgent Review Clinic

In February 2019, Northern Health launched its new Oncology and Haematology Symptom and Urgent Review Clinic (SURC). SURC is a free service for any patient with cancer who is experiencing distressing side effects from systemic (chemotherapy or immunotherapy) treatment at Northern Health.

Our SURC provides an alternative to the Emergency Department for patients with non-critical issues and is staffed by an experienced cancer nurse who may provide advice over the phone or request that the patient comes into the clinic.

Victorian Public Healthcare Award Winner - Whole-of-hospital model for responding to family violence

At the 2018 Victorian Public Healthcare Awards, Northern Health won the award for 'Whole-of-hospital model for responding to family violence' for the initiative, 'Partnering with the north: evaluating and building capacities for strong families'.

Northern Health partnered with The Kilmore and District Hospital to tackle family violence in Melbourne's northern suburbs, including local government areas of Hume, Whittlesea and Mitchell, which experience significantly higher rates of family violence than the state's average.

Accreditation at Northern Health

Accreditation against The National Safety and Quality Health Service Standards is an essential part of delivering trusted care to our northern community.

Northern Health achieved full accreditation in March 2017, meeting all 367 actions, with 29 actions upgraded to Met with Merit. This was an excellent result and there were no recommendations that required further action.

Northern Health is accredited under The National Standards until July 2021.

The second edition of the National Standards came into effect on 1 January 2019 and Northern Health has now transitioned to the eight new Standards. Each Standard has a dedicated committee of people with the expertise and interest to make a difference to quality and safety and reduce harm to patients. Whenever possible, consumers are involved in this work.

Northern Health will be assessed against the second edition of the National Standards in May 2020.

Aged Care Accreditation

Ian Brand Nursing Home, located at our Bundoora Centre, received full Aged Care accreditation in June 2018 where all 44 expected outcomes were met. Ian Brand Nursing Home is transitioning to the new Aged Care Standards that came into effect in July 2019.

Our People

Workplace Wellbeing

Northern Health is committed to providing our employees, patients, volunteers, contractors and visitors with a healthy and safe environment. We aim to integrate health and safety into our workplace activity through a process of continuous improvement and capability building.

As the largest employer in the northern community, Northern Health has over 5,000 passionate, dedicated, collaborative and highly skilled clinical and administrative staff across our four campuses.

The wellbeing of our staff is central to providing trusted care to our community. Over recent years, key initiatives driven from staff feedback from the People Matter Survey include improving internal communications, reviving our Annual Staff Awards and introducing a new Quarterly Staff Reward and Recognition Program. We also have a strong focus on addressing bullying and harassment and have aligned to key community action groups such as White Ribbon Australia. Northern Health is currently improving our people management systems and establishing an integrated Help Desk. Other initiatives include staff safety programs such as Mental Health Week, fatigue management and supportive programs like meditation sessions, pilates, mindfulness and financial wellbeing.

White Ribbon Day and 16 Days of Activism

On White Ribbon Day, staff at Northern Hospital Epping held a bake sale in the foyer, with all proceeds donated directly to White Ribbon Australia and Berry Street. To show our support and increase awareness, we participated in 16 days of activism, including a tree of support messages, culminating in a combined display with other hospitals in Melbourne's CBD.

Healthy Eating

February was Northern Health's month dedicated to healthy and smart eating, with a 4 Week Staff Smart Eating Challenge. The inspiration came from the Dietitians Association of Australia Smart Eating Week, celebrated from 11-17 February 2019.

The challenge aimed to motivate our staff to make healthier, smarter choices and better look after themselves. The goal was to encourage staff to make simple and small changes every day, which would lead to developing healthy long-term habits. Staff shared their February healthy eating photos through a dedicated Intranet page.

Northern Health also hosted a community wellbeing Q+A session with our neighbours, Pacific Epping Shopping Centre. Visitors had the chance to obtain advice on how to adopt smarter eating habits and learn about Northern Health's dietetics services in the community. The event was the first of a series of sessions, coordinated by the Northern Health Foundation, aiming to enhance community engagement and overall wellbeing in Melbourne's north.

Welcome to a culturally safe Northern Health

Northern Health continually strives to improve its responsiveness to diversity and the language, religious and cultural needs of our community.

We provide the same quality of service for all patients and their families, regardless of their ethnicity and ability to speak English. This is an important consideration given our patients are born in 184 countries, speak 106 languages and follow 90 religions and beliefs.

This year, the demand for our Transcultural and Language Services (TALS) has grown by eight per cent resulting in the hiring of four additional in-house interpreters, bringing our total to 42. The TALS team partnered with Patient Experience and Consumer Participation to install new welcome signs across all campuses. The signs welcome patients in the top 14 languages spoken, and acknowledge the traditional owners of the land, the Wurundjeri people.

Northern Health celebrated 2019 Harmony Week with a colourful display of national costumes and wardrobe from various parts of the world our staff comes from. Harmony Week was an opportunity to reflect on what gives us all a sense of belonging in our multicultural community.

Celebrating our Indigenous community

A picture worth a thousand words

An artwork created by Yorta Yorta woman Kahli Luttrell was unveiled in the Day Oncology Unit at Northern Hospital Epping. The picture signifies our continued and ongoing commitment to support our Aboriginal community.

Funded by an Aboriginal Cultural Safety Program Grant, the artwork is part of a larger project that aims to improve cultural safety at Northern Health.

Besides commissioning an artwork from a local Aboriginal artist, the project also includes consultation with local Elders to identify priorities for inclusion, displaying of plaques acknowledging the traditional owners of the land and the development of a sustainable cultural awareness eLearning training package.

Smoking Ceremony Garden launch

In April this year, Jornung-Bik – A Pleasant Place, Northern Health's Smoking Ceremony Garden was officially opened. Smoking Ceremonies have been observed for thousands of years to cleanse places and promote the wellbeing of people and guests on Country.

The garden is the result of a partnership with Wurundjeri Elders, community members, patients and staff members.

Included in this garden is a bollard, or 'message stick', to educate the broader community about the significance of Smoking Ceremonies to Aboriginal and Torres Strait Islander people.

Koori Maternity Service

Northern Health's Public Healthcare Award-Winning Koori Maternity Service (KMS) uses a modified midwifery model with an Aboriginal caseload worker to improve access, pregnancy care and birth outcomes for Koori families, by providing accessible and culturally appropriate pregnancy care.

By the end of 2018, the Koori Maternity Service had expanded to include a new service – the Koori Cuddling Program. The program pairs babies from families unable to be with their baby with an aunt or guardian figure from the Aboriginal community. Babies who receive constant cuddling tend to sleep better, manage stress more easily and exhibit better functions such as heart rate. It also aids the weight gain and social development of the cuddled babies.

The cuddling program at Northern Health takes on an added significance to Koori mothers. The mums are comforted knowing their child is in the care of someone they look up to and respect in their community. The program offers a culturally safe space for Koori mums, respecting their customs and traditions and, in turn, provides the comfort and reassurance needed at this critical stage of motherhood.

NAIDOC Week 2019 – Voice, Treaty, Truth

NAIDOC Week was celebrated this year with a performance by One Fire Aboriginal Dance Company and guest speakers including proud Yorta Yorta and Gunditjmara Woman, Kanisha Bamblett and Associate Professor Luke Burchill from the University of Melbourne.

NAIDOC Week celebrations are important dates on the Northern Health calendar, bringing together members of the Indigenous and broader community in celebrating our Indigenous culture and strengthening our connections to our diverse community.

Westfield Plenty Valley Local Heroes Award

Senior Aboriginal Hospital Liaison Officer, Karen Bryant, won the Westfield Plenty Valley Local Heroes Award. The Local Heroes Program celebrates individuals who promote social wellbeing and harmony in the community. Karen was nominated by Blair Colwell, Coordinator of Edge Youth Services at the City of Whittlesea. This Program includes a $10,000 grant, awarded to the affiliated organisation of each of the three Westfield Local Heroes nominated and voted for by the Plenty Valley community.

Sustainability

Providing sustainable, well managed and efficient health services

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

Northern Health is one of the health services operating within allocated budget, achieving operating surpluses in each of the last four financial years. At the same time, Northern Health has increased investment in capital by setting aside a portion of recurrent revenue, allowing the organisation to invest in new models of care to increase capability and capacity.

New infrastructure

In early 2019, Northern Hospital's new Intensive Care Unit (ICU) was opened. The new state of the art ICU includes 18 intensive care beds including three dedicated paediatric bays. The space hosts the latest patient information and entertainment screens, central monitoring, negative and positive pressure isolation rooms and switchable privacy window films.

The new ICU is the first stage of the $162.7 million Northern Hospital Stage 2 Expansion Project, which will provide a seven-storey tower including an additional 96 inpatient beds and three new operating theatres. The expansion, to be completed in 2021, will allow an additional 10,000 patients to be treated each year, with extra space provided for future expansions of cardiology services, catheter labs and medical imaging.

The Broadmeadows Surgical Centre has helped increase efficiency and the elective surgery waiting list reduced from 2,562 at 30 June 2016, to 1,567 by 30 June 2019.

Northern Pathology Victoria opens

Victoria's first public in-house laboratory service established in 40 years opened in January 2019 at Northern Hospital Epping.

The NATA accredited Northern Pathology Victoria (NPV) has a specific emphasis on patient safety, clinical efficacy, operational efficiency and quality reporting. As part of this commitment, we have invested in cutting-edge technology, including developing a fully automated laboratory system (commencing February 2020) and molecular testing service in microbiology.

NPV's clinical service is supported by a comprehensive research team, including a dedicated thrombosis research laboratory, which is developing new biomarkers to evaluate cardiovascular and thrombotic disorders. Our new service has reduced key turnaround times, including flu testing where all flu results are now available within 90 minutes, which is crucial in improving patient care during the flu season. Previously, flu results were available after 48 hours, and with the new pathology service, Northern Health is aiming to improve access and capacity.

Respiratory Function Laboratory

Northern Health's Respiratory Function Laboratory offers a full range of respiratory testing to address the growing demands for respiratory services in our community. The laboratory has performed over 6,000 tests in the last 12 months, which is a significant increase compared to last year's 4,200 tests.

Specialist Clinics efficiency

Northern Health has launched a new queue management system (Q-Flow) in Specialist Clinics across the heath service. The new check-in and billing system will help to improve patient flow, reduce waiting times for appointments and increase clinic efficiency.

Environmental Sustainability

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

Throughout the 2018-19 financial year our recycling rates remained at 35 per cent, as per the previous year. Thanks to a number of initiatives throughout the organisation, we have diverted other waste into specialised waste streams, including PVC, organics, batteries, fluorescent tubes, e-waste, wooden pallets and metal. This has seen us divert around 13 tonnes from landfill and into specialised recycling streams.

Northern Health is continuing to look into specialised waste streams such as polystyrene recycling and coffee cup recycling in order to further reduce our waste to landfill percentage.

Our waste practices have improved further over the past financial year, resulting in a five per cent increase in the quantity of recycled sharps and a significant 10 per cent improvement on bulk and general recycling. To reduce petrol consumption, this year we have commenced replacing our fleet cars with hybrid technology vehicles.

During another year of strong growth in activity, Northern Health's electricity usage has been limited to a one per cent increase, whilst natural gas consumption has reduced by 1 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 is to be replaced with a modern, efficient installation, and at Broadmeadows Hospital, Variable Speed Drives, for both heating and cooling, will reduce energy consumption.

Community Garden at Bundoora Centre

Northern Health has established a community garden at Bundoora Centre. This garden is enjoyed by the Northern Health Social Support Group and provides recreational therapy and social inclusion to clients, while giving them an opportunity to learn about horticulture and sustainable environmental practices.

Innovation

Ideas Lab

A core element of Northern Health's HRO Transformation has been the establishment of the Ideas Lab, commissioned in April 2018. This is a dedicated space for staff and consumers to problem solve. It is a purpose-built space away from the main hospital that is divided into distinct and separate areas so participants can define the problem (with data), identify solutions, and outline next steps.

Some of the Ideas Lab topics included management of at risk patients, technology innovation in health care and consumer friendly hospital environments.

Partnerships

Partnerships have been developed with academic and industry partners from around the globe including Amazon Web Services, Tata Consultancy Services, Deloitte, Medibank Private, NORTH Link, Swinburne University, La Trobe University and the University of Melbourne. This allows us to explore tangible ways to utilise technology in new and innovative ways to improve the patient journey. To strengthen this strategy and drive the program, we are appointing a dedicated Staying Well team. The Staying Well team will connect with patients in the community and link them to the services they need to reduce unnecessary hospital readmissions.

Digital Health Futures Summit

Northern Health hosted the inaugural Digital Health Futures Summit at the Northern Centre for Health Education and Research (NCHER).

Attendees included Frank McGuire MP, Parliamentary Secretary for Medical Research, presenters from the University of Melbourne School of Computing and Information Systems and School of Population and Global Health, representatives from Tata Consultancy Services, and Professor Peter Brooks, Northern Health Research lead.

The two-day conference focused on developing new approaches to models of care, different funding models and partnerships with the community – many of these solutions involving technology.

World-first virtual reality technology at Northern Hospital Epping

Cardiologist, Professor Peter Barlis, in collaboration with University of Melbourne Engineering, has developed cutting-edge technology used to create virtual scans of coronary arteries. The world-first virtual reality technology has been designed to give cardiologists greater information and help to improve clinical decision-making for better patient care.

The technology uses the latest in high-resolution scans, super-computers and mathematical models to compute a "virtual fly-through" inside the artery, to look at how cholesterol deposits form, and to guide cardiologists on whether treatment with a stent is required. Not only will the technology be beneficial for clinicians, it will also provide numerous benefits for patients including minimising the number of invasive procedures and allowing for faster, more accurate assessment.

Research Week 2018

Research Week was held in October 2018 and showcased research being undertaken at Northern Health by our clinicians and researchers. Research Week featured seven inspiring guest speakers sharing their own personal research journeys with staff. These included a wonderful opening talk from Professor Sandra Eades on the 'Impact of Research on Indigenous Health Status', and an insightful Grand Round by Professor Stephen Duckett on how 'safer care saves money'.

Thirty-five Northern Health staff and student researchers presented their own work in oral presentation format and our researchers showcased 50 posters throughout the hospital hallways in the poster display.

Clinical trials

Northern Health continues to expand its clinical research activities across all campuses, enabling patient access to drug treatments and therapies through research protocols. Clinical trials are the foundation upon which clinical medicine is practised and patient outcomes are realised. We continue to grow the capacity for clinical trials for our northern community, which are an important way of helping patients receive the newest medications and medical devices. The success of Northern Health as a site for research ensures that our patient population will have access to new and novel treatments in the future.

Some examples of the ground-breaking research Northern Health is conducting includes:

- PALLAS oncology breast care study, helping pre and postmenopausal women or men with early invasive breast cancer. Northern Health is a successful multi-site recruiter and claimed the third highest recruitment rate in Australia for this study.
- BNC210 study, a phase II pilot study assessing the efficacy and safety of BNC210 in hospitalised elderly patients with agitation, which was completed this year at Bundoora Centre.
- Sedation Practice in Intensive Care, with patients requiring intensive care support now having better outcomes because of this collaborative, with results published in the New England Journal of Medicine.
- Mirikizumab drug trial, where patients with active ulcerative colitis are able to now be treated closer to home, helping people function better in the community.

2019 Northern Health Research Dinner

Northern Health's Research Dinner was held on 12 June at Sofitel Melbourne on Collins. Special guests included keynote speaker Professor Kathryn North AC, Director of the Murdoch Children's Research Institute and the David Danks Professor of Child Health Research at the University of Melbourne. The event was sold out for the first time, supported by academic and industry partners, with all proceeds going towards funding future research activities, through the Northern Health Foundation.

Giving new hope to the heart

Associate Professor Uwais Mohamed is pioneering a new heart procedure designed to help patients who experience problems with their pacemakers. The new technique, known as 'His Bundle Pacing', has only been performed on a handful of patients across Australia. Traditionally, pacemaker wires are inserted into the bottom right side of the heart. The new technique involves attaching the pacemaker wire to a more central area of the heart, which stimulates both sides at the same time, enabling a more natural and synchronised heartbeat.

Thrombosis research success

Cardiovascular disease and thrombosis remain a leading cause of mortality and morbidity in Australia.

Dr Prahlad Ho, Program Director of Diagnostic Services and Director of Clinical Haematology, was awarded a PhD for his thesis on venous thrombosis and coagulation, completed in conjunction with the Florey Institute of Neuroscience and Mental Health, University of Melbourne.

Dr Ho's project reviewed over 1,000 deep vein thrombosis (DVT) and pulmonary embolism patients at Northern Health, and highlighted the importance of minor venous thromboembolism, such as below knee DVT and provoked events, which have substantial rates of recurrence and morbidity. This review, which has been published in four international journal articles, formed the basis of the creation of Northern Health's very own thrombosis service, which reviews over 1,000 patients every year.

The thrombosis research laboratory has been established at the Northern Centre for Health Education & Research, supported by Northern Pathology Victoria.

Northern Health hosts VSA Simulation Conference

Northern Health, together with Victorian Simulation Alliance (VSA), held the inaugural Simulation Conference in August 2018 at Northern Centre for Health Education & Research.

Under the 'Alliance, Innovation and Inquiry' motto, the conference focused on supporting the simulation community. Over 30 different simulation-related research articles were presented, covering multidisciplinary health topics and focusing on how simulation can be used to enhance patient outcomes.

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

This year the Foundation funded the purchase of medical equipment for oncology, renal unit, maternity and children's wards, ICU, ENT, short stay unit, speech pathology, palliative and aged care in Bundoora.

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 are now in their third year with projects focusing on digital health, cardiology and post-surgical recovery.

Indigenous Stow Family Garden revitalised

The Stow Family Garden was originally established at Northern Hospital by the Stow family in 1998, and has recently been rejuvenated by Stows Waste Management, together with the Northern Health Foundation.

The garden required revitalisation to ensure it could be enjoyed by future generations, and to better reflect the Indigenous communities in the north and across Victoria through incorporating native plants and Aboriginal artwork. Yorta Yorta woman Kahli Luttrell painted the artwork featured in the garden, creating an environment that promotes cultural safety and is welcoming to the Aboriginal community that visit Northern Hospital.

Blue Ribbon Foundation – Remembering Lives by Saving Others

Victoria Police Blue Ribbon Foundation dedicated the Northern Hospital Pediatric Emergency High Acuity Unit in memory of Constable Neil Clinch, who at 22 years of age died in the line of duty. The funding provided Northern Hospital Emergency Department with the opportunity to develop dedicated treatment bays for children who present at our Emergency Department.

Northern Health Patient and Family Accommodation

Our emergency accommodation appeal to provide accommodation to patient families and carers who have travelled significant distances to support their loved-ones has come to a successful conclusion. The three bedroom home in Wollert is now complete and fully equipped and will commence hosting families in August 2019. There is no direct cost to patient families or their support networks. With over 1,000 patients travelling in excess of 100km each year to receive treatment at Northern Hospital we expect the property to be well utilised.

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 receive new treatment chairs, a blanket warmer and privacy screens 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 a group of women who support our Bundoora and Epping campuses.

Events

This year the Foundation held a number of successful fundraising events including the Bev Carman Race Day, Oaks Day, Josie Minniti's Fundraising Dinner Dance, Foundation High Tea, Annual Research Dinner and our Northern Health Annual Dinner. These events raise vital funds to support our research program and the purchase of medical equipment. Thank you to our corporate partners, event sponsors and supporters.

Freemason's Victoria, Freemason's Foundation and Maxxia Join Forces

Freemason's Victoria hosted The Grand Master's Gold and Black Charity Ball at the Melrose Receptions Ballroom on Saturday 10 November, 2019 which hosted over 350 guests from across Victoria and Tasmania. A major raffle was drawn at the event with funds raised being matched by the Freemason's Foundation. The function supported our Paediatric High Dependency Unit within the new ICU opened in March.

Defibrillator Appeal

In June 2019, we launched a major fundraising appeal for 2019 to raise $450,000 to purchase new state-of-the-art defibrillators for all Northern Health services. These upgrades would ensure the best equipment is available to patients requiring emergency resuscitation.

The Campaign will run through to December 2019. With the support of our valued partners and donors, we hope to achieve our fundraising target.

Volunteers and Community

Our team of 350 volunteers, representing 39 cultural backgrounds, have contributed over 42,000 hours to Northern Health in the last 12 months.

Our organisation benefits from our volunteer's diversity, life experiences, local knowledge, energy and enthusiasm.

As the hospital environment is forever evolving, the volunteers play an important part in ensuring new processes and other changes are understood by our visitors.

Our Community Visitor Scheme (CVS) continues supporting our more vulnerable community members. Our CVS volunteers make regular visits to people in an aged care facilities, which helps reduce social isolation and loneliness.

Local tertiary, secondary and primary schools have engaged with our health service this year, carrying out community awareness activities or fulfilling community service components of their curriculum.

We have many community groups that support our volunteer program's fundraising efforts. This year we have welcomed several new local craft groups who have generously donated items to the hospital for the volunteers to sell. Over $10,000 was raised by the volunteers for the Northern Health Foundation.

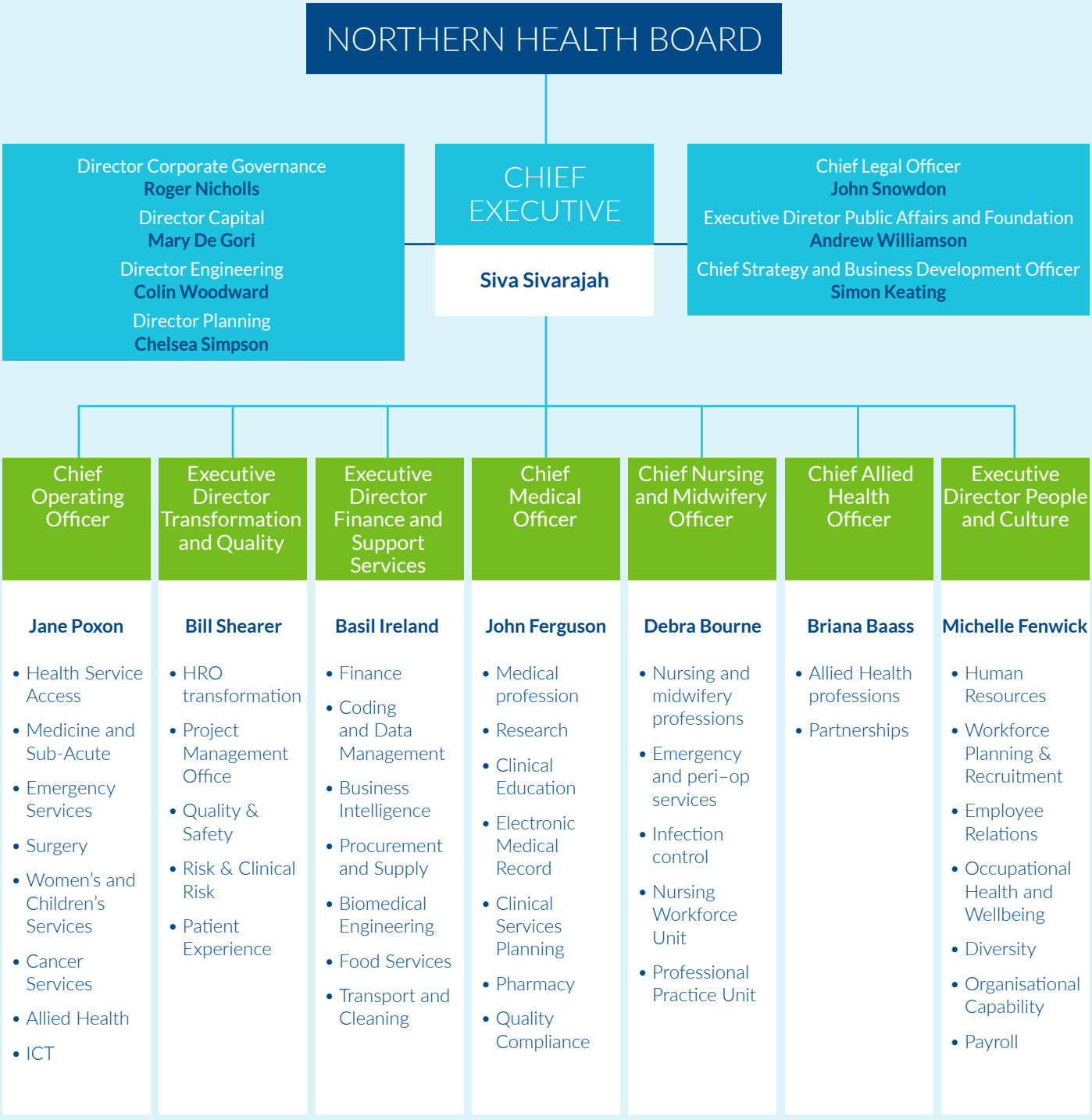
Recognising and celebrating the achievements of our volunteers is very important, and the annual Christmas lunch at Casa D'Abruzzo and National Volunteer Week celebrations were once again well attended.

We had three nominations for the Minister of Health Awards this year, with two of these nominations being short-listed. Nominated volunteers attended the award ceremony in the MCG members lounge, supported by other members of the volunteer team.

We have recently introduced Better Impact, a volunteer management software program to streamline volunteer coordination and our volunteers are gaining confidence in using this digital technology.


Pete
PSA

Organisational Structure



Corporate Governance

Our Board

Ms Jennifer Williams AM
BOARD CHAIR

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

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

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

Mr Phillip Bain

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

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

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

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

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

Ms Juliann Byron

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

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

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

Dr Alison Lilley

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

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

Ms Melba Marginson

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

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

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

Mr Peter McDonald

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

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

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

Mr Peter McWilliam

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

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

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

Ms Paula Shelton

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

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

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

Mr John Watson

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

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

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

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. Jill Hennessy MP Minister for Health (1/7/2018 – 29/11/ 2018)

Hon. Jenny Mikakos MP Minister for Health (29/11/2018 – 30/6/2019)

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.

There were no new appointments and no re-appointments to the Board for 2018-19.

Role of the Board

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

Key aspects of this governance role include:

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

Board meetings and access to management

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

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

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

Delegation of functions

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

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

Board Committees

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

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

Audit and Risk Committee

Ms Juliann Byron – *Director (Chair)*

Ms Jennifer Williams AM – *Board Chair*

Ms Paula Shelton – *Director*

Mr John Watson – *Director*

The following executive staff attend this Committee:

Mr Siva Sivarajah – *Chief Executive*

Mr Basil Ireland – *Chief Financial Officer*

Dr Bill Shearer – *Executive Director, Safety and Quality, High Reliability*

Ms Michelle Fenwick – *Executive Director, People and Culture*

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

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

Finance Committee

Mr Peter McWilliam – *Director (Chair)*

Ms Jennifer Williams AM – *Board Chair*

Ms Juliann Byron – *Director*

Mr Peter McDonald – *Director*

Mr Siva Sivarajah – *Chief Executive*

Mr Basil Ireland – *Chief Financial Officer*

Ms Jane Poxon – *Chief Operating Officer*

Ms Michelle Fenwick – *Executive Director, People and Culture*

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

Quality and Safety Committee

Dr Alison Lilley – *Director (Chair)*

Ms Jennifer Williams AM – *Board Chair*

Ms Paula Shelton – *Director*

Mr Phillip Bain – *Director*

Mr Siva Sivarajah – *Chief Executive*

Dr Bill Shearer – *Executive Director, Quality and Safety, High Reliability*

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 role of the Remuneration and Appointments Committee is to advise and make recommendations to the Board in relation to Chief Executive recruitment, performance and remuneration and to monitor Northern Health's compliance with the Victorian Public Health Services Executive Remuneration Policy.

Patient Experience and Community Advisory Committee

Ms Paula Shelton – *Director (Chair)*

Ms Jennifer Williams AM – *Board Chair*

Ms Melba Marginson – *Director*

Mr Siva Sivarajah – *Chief Executive*

Ms Jane Poxon – *Chief Operating Officer*

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 Jennefer Williams – *Consumer representative*

Mr Bill Beckett – *Consumer representative*

Ms Careena Newcastle – *Consumer representative*

Ms Pushpa Jayakody – *Consumer representative*

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

Primary Care and Population Health Advisory Committee

Mr Peter McWilliam – *Director (Chair)*

Ms Melba Marginson – *Director*

Mr John Watson – *Director*

Mr Phillip Bain – *Director*

Mr Siva Sivarajah – *Chief Executive*

Ms Jane Poxon – *Chief Operating Officer*

Ms Briana Baass – *Chief Allied Health Officer*

Ms Sharryn Beard – *Partnerships Management Officer*

Ms Suzanne Miller – *CEO Nexus Primary Health*

Mr Don Tidbury – *Chief Executive Officer, DPV Health*

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

Mr Neville Kurth – *Manager Community Wellbeing, City of Whittlesea*

Mr John Dermanakis – *Manager, Northern Area Mental Health Service*

Ms Marilyn Harper – *Manager, Northern Region, Bolton Clarke*

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

Ms Melanie Chisholm – *Director Population Health and Commissioning, North Western Melbourne Primary Health Network*

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*

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 2018 – 30 June 2019

	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	12	11	4	9	6	5	1	48
Jennifer Williams AM	12	11	4	9	5	4	1	46
Peter McWilliam	12	11	4	3	0	5	1	36
Alison Lilley	7	0	0	6	0	0	0	13
Juliann Byron	11	10	4	2	0	0	1	28
Melba Marginson	11	1	0	0	5	5	0	22
Paula Shelton	10	0	2	8	5	0	0	25
John Watson	12	1	2	3	0	2	0	20
Peter McDonald	10	8	4	1	0	0	0	23
Phillip Bain	11	1	0	8	0	5	0	25

Statement of Priorities

PRIORITY	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
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.	Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Proactively reduce the number of overweight patients and manage obesity within Northern Health's community by expanding on actions commenced in 2017-18 to promote healthy eating. This will be achieved through utilising the Victorian Government's Healthy Choices policy to guide changes within Northern Health retail food outlets. **Build healthy neighbourhoods** From April-August 2019, Northern Health will carry out an opportunistic influenza vaccination campaign for community members who are unable to access vaccination from alternate sources. **Help people to stay healthy** Commence the "Endo–link" project that will strengthen the Northern Health / General Practice partnership to ensure timely review of surveillance and access to colonoscopy.	Northern Health has developed a new policy and guideline for healthy eating options and communicated this to staff. Negotiation with retail food outlets is underway to promote alignment between food and drink choices and policy standards. **Achieved** Northern Health successfully implemented an influenza vaccination program during the 2019 winter period, with uptake from the community, staff and their families. **Achieved** Northern Health's endoscopy waitlist has recognised a marked reduction. The 'long waiting' patient percentage has reduced to less than 3 per cent.

Statement of Priorities

PRIORITY	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	Plan and invest Unlock innovation Provide easier access Ensure fair access	Finalise a comprehensive Clinical Service Plan for Northern Health that is responsive to the needs of our community and enhances preparedness for future growth within the local population. **Plan and invest** Refresh and update Northern Health's Strategic Plan. This will build upon findings from the Clinical Service Plan and include a review of organisational values. **Provide easier access** Implement a strategy in Specialist Clinics to enable a consistent and transparent system that aligns with our community referrers, inpatient and elective surgery demand. This will be achieved through the introduction of state wide referral criteria for selected conditions, new IT solutions for improved governance of referral management, appointment system, and patient management. This will enhance timely access for our patients. **Ensure fair access** Implement the Northern Health 'No Wrong Door' strategy to ensure community packages are better tailored to patient requirements. **Ensure fair access** Northern Health will create Diversion Clinics for patients with chronic disease, including those patient groups that present more frequently to the Emergency Department in winter.	Northern Health has drafted an updated Clinical Service Plan, which has been informed by extensive consultation with staff, consumers and external stakeholders. Prior to finalisation, the report will be updated with recently released data from DHHS. **Partially Achieved** The new Northern Health Strategic Plan has been drafted, which includes a new vision, values and strategic directions. **Partially achieved** The rollout of new IT solutions for improved governance of referral management, appointment system, and patient management has commenced in Specialist Clinics. State wide referral criteria for select conditions will be introduced once this is released by DHHS. **Achieved** Northern Health utilised 'CarePoint' packages to support complex and frequent presenters to hospital, in association with HARP case management, to provide tailored support packages in the community. The CarePoint program reduced unplanned admissions to hospital for the select patient cohort by 48 per cent and received positive feedback from patients. **Achieved** A reduction in length of stay and admission rate was achieved for respiratory and general medicine patient cohorts over the 2018 winter period. This was also achieved for patients with Low Back Pain. The winter hot clinics (or 'Diversion Clinics') were successful in enabling patients requiring urgent review to access an appointment within a clinically acceptable timeframe.

Statement of Priorities

PRIORITY	STRATEGIES	HEALTH SERVICE DELIVERABLES	OUTCOME
Target zero avoidable harm Health care that focuses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Develop and implement an organisational strategy to reduce falls and harm from falls for Northern Health patients. **Put Quality First** Design and implement a screening tool for delirium in the Emergency Department that leads to a management plan to provide safer care. **Put Quality First** Implement a strategy to reduce the number of identified Hospital Acquired Complications (HACs) and establish a system for ongoing monitoring of progress. **Partner with patients** Partner with consumers to develop an End of Life Care resource for culturally diverse groups and implement education to provide patient-centred end of life care. **Strengthen the workforce** Complete scoping of a shift from a "5 day hospital" to a "6 day hospital" over a period of time. Review the multidisciplinary staffing requirements to facilitate this shift. **Embed Evidence** Implement a number of initiatives from the Choosing Wisely program to support the delivery of evidence-based care to our community. **Ensure Equal Care** Undertake an evaluation of Aboriginal and Torres Strait Islander patient cohorts who fail to attend peri-operative and Specialist Clinics appointments, and who fail to wait in the Emergency Department. Partner with our Koori community to develop culturally sensitive strategies that support a greater number of Aboriginal and Torres Strait Islander patients to receive the health care they need.	Northern Health has developed and implemented an organisational strategy to reduce falls and harm from falls for Northern Health patients. **Partially Achieved** A delirium screening tool for the emergency department has been designed. This will be implemented in Q1 2018-19 as part of the 'ED modified CARE record' roll-out, which aligns with organisational roll-out of a comprehensive 'CARE' record. **Achieved** Northern Health has implemented a strategy to reduce the number of identified Hospital Acquired Complications (HACs) and has established a system for ongoing monitoring of progress. **Achieved** Northern Health has developed and implemented a range of training tools to improve clinical practice in End of Life Care, including online training, and face-to-face training for 'End of Life Care for Culturally Diverse Groups'. **Achieved** Scoping of the multidisciplinary staffing requirements to enable a shift from a "5 day hospital" to a "6 day hospital" has been completed. This work has informed the development of a number of business cases. **Achieved** Northern Health effectively implemented initiatives from the Choosing Wisely program to support the delivery of evidence-based care to our community. This has resulted in a reduced rate of inappropriate ordering of coagulation studies and non-indicated CT Pulmonary Angiogram scans for patients in the emergency department. **Achieved** Northern Health has partnered with its Koori community and key organisations to develop a range of strategies that will support a greater number of Aboriginal and Torres Strait Islander patients to receive the health care they need. The early results of this work have included a 0.7 per cent improvement in 'Fail to attend' rates for Specialist Clinics over the last 12 months.

Statement of Priorities

Specific 2018-19 priorities (mandatory)

PRIORITY	HEALTH SERVICE DELIVERABLE	OUTCOME
Disability Action Plans Draft disability action plans are completed in 2018-19. Note: Guidance on developing disability action plans can be found at https://providers.dhhs.vic.gov.au/disability-action-plans. Queries can be directed to the Office for Disability by phone on 1300 880 043 or by email at ofd@dhhs.vic.gov.au.	Submit a draft disability action plan to the department by 30 June 2019. The draft plan will outline the approach to full implementation within three years of publication.	**Achieved** Northern Health's Disability Action Plan has been completed and a copy provided to DHHS. A number of actions have been implemented in 2018-19.
Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Publish a new series of stories highlighting the dedication of volunteers through the web, social media and television display screens across Northern Health. Engage volunteers in the development of the new vision and values of Northern Health's Strategic Plan 2019-23.	**Achieved** Northern Health has published a series of stories highlighting the dedication of volunteers, including publications in iNews, local newspapers, and social media. More recently, these stories have also been published on new display screens across Northern Health. Volunteers completed surveys and participated in forums to inform the development of the new vision and values for the Northern Health Strategic Plan 2019-24.
Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	In 2018-19, Northern Health will review and evaluate actions taken to progress towards its 'target zero' of bullying and harassment cases. An action plan will be developed against the gaps identified in the 2017 and 2018 People Matter Surveys and targeted responses implemented.	**Achieved** Northern Health has developed a program for 'creating a safe and supportive work environment', addressing bullying and harassment gaps identified in the 2017 and 2018 People Matter Surveys.

Statement of Priorities

Specific 2018-19 priorities (mandatory)

PRIORITY	HEALTH SERVICE DELIVERABLE	OUTCOME
Occupational violence Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training annually. Ensure the department's occupational violence and aggression training principles are implemented.	In 2018-19, Northern Health will build upon work commenced in 2017-18, whereby Management of Clinical Aggression (MOCA) training was implemented. Specifically, Northern Health will train frontline staff working in high risk areas and then extend training to the remaining areas of the organisation.	**Achieved** Northern Health has provided Management of Clinical Aggression training to frontline staff working in the highest risk areas of the organisation and is progressively rolling-out this training to other areas.
Environmental Sustainability Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Northern Health commits to deliver an environmentally sustainable facility as it undertakes construction of additional floors on its South Tower. Construction will include a suite of nominated initiatives to promote environmental sustainability, including building ceiling testing and circadian rhythm lighting which will be complete for level 1 ICU works by January 2019.	**Achieved** Northern Health has incorporated building ceiling testing and circadian rhythm lighting into the construction of its new Intensive Care Unit as part of a commitment to ongoing environmental sustainability.
	Continue our current utilities reduction program to decrease the per unit usage of utilities per square metre of occupied organisational footprint.	Northern Health has continued to implement a utilities reduction program. In 2018-19 this achieved a decrease in the per unit usage of water (4.2 per cent reduction) and gas (0.81 per cent reduction) per square metre of occupied organisational footprint.
	Northern Health has increased its recycling of total waste from 12 per cent in the financial year 2010-11 to 35 per cent in the financial year 2017-18. We are targeting a further increase in the financial year 2018-19.	Northern Health has increased its recycling rate to 36 per cent in 2018-19 on a background of not being able to recycle for 1-2 months due to stockpiling.
	We will publicly disclose our environmental performance against accepted KPIs on an annual basis.	Northern Health has publicly disclosed its environmental performance in its Annual Report. This will continue on an ongoing basis.

Statement of Priorities

Specific 2018-19 priorities (mandatory)

PRIORITY	HEALTH SERVICE DELIVERABLE	OUTCOME
LGBTIQ+ Develop and promulgate service level policies and protocols, in partnership with LGBTIQ+ communities, to avoid discrimination against LGBTIQ+ patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in health care settings. Where relevant, services should offer leading practice approaches to trans and intersex related interventions. *Note: deliverables should be in accordance with the DHHS Rainbow eQuality Guide (see at www2.health.vic.gov.au/about/populations/lgbti-health/rainbow-equality) and the Rainbow Tick Accreditation Guide (see at www.glhv.org.au)*	Finalise an LGBTIQ+ Strategic Plan, which includes community consultation and staff training.	**Achieved** Northern Health has developed an LGBTIQ+ Action Plan. Two key deliverables for this plan were implemented in May 2019; i.e. roll-out of LGBTIQ+-specific training and celebration of the inaugural IDAHOBIT awareness-raising event.

High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	2018-19 ACTUALS
Quality and Safety		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	**Accredited**
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	**Accredited**
Compliance with Cleaning Standards	Full Compliance	**Full Compliance**
Compliance with the Hand Hygiene Australia program	80%	**86%**
Percentage of health care workers immunised for influenza	80%	**87.9%**
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	**84.7%**
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	**92.1%**
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	**90.4%**
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	**69.1%**
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	**71%**
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	**72.2%**
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	**49%**
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	**58.4%**
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	**59.9%**
Health care associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	**No outliers**
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	**One**

VHES Q4 not available at time of publishing.

High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	2018-19 ACTUALS
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	**Two late submissions.** April reports required a one week submission due to changes in DHHS reporting timelines. May report required one week extension as family provided additional information via Safer Care Vic.
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	**Annual rate up to Q3 : 6.3%**
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score < 7 to 5 minutes	≤ 1.4%	**1.2%**
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	**27%**
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%	**100%**
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	**Q3 2018-19: 0.910**

Strong governance, leadership and culture

KEY PERFORMANCE INDICATOR	TARGET	2018-19 ACTUALS
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	**Culture 65% Safety 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%	**90%**
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%	**90%**
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%	**87%**
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%	**81%**
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	**68%**
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%**

Access and Timeliness

KEY PERFORMANCE INDICATOR	TARGET	2018-19 ACTUALS
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	**95%**
Percentage of Triage Category 1 emergency patients seen immediately	100%	**100%**
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	**84%**
Percentage of emergency patients with a length of stay less than four hours	81%	**68%**
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 patients admitted within 30 days	100%	**100%**
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	**97.5%**
5% long waiters	5%	**2.3%**
Number of patients on the elective surgery waiting list	1,340	**1556**
Number of hospital initiated postponements per 100 scheduled admissions	≤ 7 /100	**4.5%**
Number of patients admitted from the elective surgery waiting list – annual total	9,385	**10383**
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	**89.9%**
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	**94%**

Note: As the demand for care continues to grow, Northern Health identifies innovative approaches to improving access to the health services our community needs. We recognise that performance data and consumer feedback help us identify these opportunities for improvement.

Activity and Funding

FUNDING TYPE	ACTIVITY
Acute Admitted	
WIES DVA	315
WIES Private	6346
WIES Public	63350
WIES TAC	308
Acute Non-Admitted	
Home Renal Dialysis	74
Specialist Clinics	129046
Home Enteral Nutrition	498
Radiotherapy Non Admitted Shared Care	227
Aged Care	
HACC	7228
Residential Aged Care	9920
Subacute and Non-Acute Admitted	
Transition Care - Bed days	8563
Transition Care - Home days	14781
Subacute WIES - GEM Private	344
Subacute WIES - GEM Public	1931
Subacute WIES - Palliative Care Private	47
Subacute WIES - Palliative Care Public	356
Subacute WIES - Rehabilitation Private	57
Subacute WIES - Rehabilitation Public	595
Subacute WIES - DVA	32
Subacute Non-Admitted	
Health Independence Program - Public	99654

Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	2018-19 ACTUALS
Finance		
Operating result ($m)	0.1	**0.4**
Average number of days to paying trade creditors	60 days	**45 days**
Average number of days to receiving patient fee debtors	60 days	**42 days**
Public and Private WIES5 activity performance to target	100%	**101%**
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	**0.67**
Number of days of available cash	14 days	**15.9 days**
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June. Variance ≤$250,000	≤$250,000	**$1,520,000**


Rowena
Nurse
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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 semi-rural 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 2018-19 Northern Health engaged eight consultancies with an individual amount greater than 10,000. The total expenditure incurred during 2018-19 in relation to these consultancies was $221,955. This is detailed below:

Consultant	Purpose of Consultancy	Period	Total Project Fee (excl.GST)	Consulting (excl.GST)	Commitments
Healthcare Management Advisors	Service planning for the Northern Health Aged Care and Sub-Acute Service Plan.	January 2019 to December 2019	$75,900	$45,540	$7,590
CERNER Corp	Business case consulting study to produce the following key documents for the implementation of the Electronic Medical Record project: integration and data migration and project management.	January 2019 to December 2019	$57,960		$28,980
Waterman AHW	Advice on upgrading communications infrastructure.	April 2019 to June 19	$22,600	$22,600	
MKM Health	Roadmap for digital health service delivery	October 2018 to March 2019	$24,500	$24,500	
Billiard Leece Partnership	Car park design feasibility study	July 2019 to October 2018	$10,995	$10,995	
J & D Dixon	Support with the Asset Management Accountability Framework.	August 2018	$30,000	$9,000	$10,520

Amounts below $10,000: In 2018-19 Northern Health engaged six consultancies with an individual amount less than $10,000. The total value of these consultancies was $23,825 (excl. GST).

Occupational Health and Safety Claims

- 2018-19: 48
- 2016-17: 38
- 2014-15: 30
- 2012-13: 21
- 2017-18: 44
- 2015-16: 34
- 2013-14: 31
- 2011-12: 25

	2016-17	2017-18	2018-19
Number of reported hazards/incidents for the year per 100 full-time equivalent	964 incidents 2802FTE*100 34.4%	1042 incidents 3047FTE*100 34.19%	954 incidents 3541FTE*100 **26.94%**
Number of 'lost time' standard claims for the year per 100 full-time equivalent	27 claims 2802FTE*100 0.96%	32 claims 3047FTE*100 1.05%	23 claims 3541FTE*100 **0.65%**
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe	$74,583	$90,231	**$63,809**

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

Workcover accepted claims with an occupational violence cause per 100 FTE	0.14
Accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.91
Occupational violence incidents reported	405
Occupational violence incidents reported per 100 FTE	11.43
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	1.2%

Definitions

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

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2018-19

Lost time – is defined as greater than one day.

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.

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.

In January 2019, the Northern Health Stage 2 Inpatient Unit Expansion Early Works was completed and the main works component of the project is currently under construction with completion expected in mid 2021.

National Competition Policy

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

- Patient Transport
- Waste Management
- Car Parking
- Fleet Management
- Supply
- Medical Imaging/Radiology
- Pathology
- Food 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 2019-20 financial year.

Freedom of Information

1167 Freedom of Information applications were received by Northern Health during the 2018-19 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:

1167	applications received
1016	granted in full
74	granted in part
3	denied
13	withdrawn
52	not finalised
9	No document (patient did not attend organisation for requested dates).

Additional Information available on request

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

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

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

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

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

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

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

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

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

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

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

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

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

Merit and Equity Principles

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

Carers and Care Relationships

Northern Health is dedicated to providing the highest quality of care in the safest possible environment for every patient. Northern Health complies with the intent of the *Carers Recognition Act 2012* which seeks to: recognise, promote and value the role of people in care relationships; recognise the different needs of persons in care relationships; and support and recognise that care relationships bring benefits to the persons in the care relationship and to the community.

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

Protected Disclosure Act 2012

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

Car Parking Fees

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

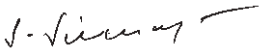
Safe Patient Care Act 2015

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

Attestations

Data Integrity

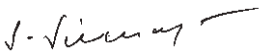
I, Siva Sivarajah certify that Northern Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Northern Health has critically reviewed these controls and processes during the year.



Siva Sivarajah
Chief Executive
Northern Health
22/08/2019

Conflict of Interest

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



Siva Sivarajah
Chief Executive
Northern Health
22/08/2019

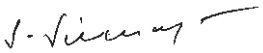
Financial Management Compliance attestation

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

Jennifer Williams AM
Board Chair
Northern Health
22/08/2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

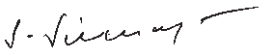
I, Siva Sivarajah certify that Northern Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic)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



Siva Sivarajah
Chief Executive
Northern Health
22/08/2019

Attestation on Integrity, Fraud and Corruption

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



Siva Sivarajah
Chief Executive
Northern Health
22/08/2019

Information and Communications Technology (ICT) Expenditure

The total ICT expenditure incurred during 2018-19 is detailed below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE ($000)	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
7,385	10,246	1,236	9,010

Workforce Information

The Full Time Equivalent (FTE) head count for Northern Health as at 30 June 2018 and 30 June 2019 is provided below:

LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		JUNE YTD FTE*		JUNE HEADCOUNT	
TOTAL	2018 3,191	2019 3,498	2018 3,047	2019 3,327	2018 4,343	2019 4,750
Nursing Services	1,563	1,655	1,488	1,598	2,135	2,285
Administration and Clerical	479	559	463	522	630	727
Medical Support Services	177	243	174	210	216	290
Hotel and Allied Services	152	167	142	157	197	218
Medical Officers	56	58	60	58	57	59
Hospital Medical Officers	354	372	328	359	397	422
Sessional Medical Officers	111	120	97	113	310	315
Ancillary Support Services	299	324	293	311	401	434

Financial Results

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

In the 2018-19 financial year, Northern Health generated an operating surplus (before capital and specific items) of $0.4m. Acute inpatient admissions grew by 4.5 per cent year on year which delivered some productivity benefits.

We increased capital expenditure, excluding specific major DHHS funded capital projects (for example the Inpatient tower Block expansion), from $10.2m in 2017-18 to $16.5m in 2018-19.

Available cash increased from 14.2 days in 2017-18 to 15.9 days in 2018-19 which was achieved through a combination of a strong operating result and an improvement in our working capital.

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

REPORT OF OPERATIONS DISCLOSURE	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Operating Result of the Parent Entity 1	387	1,508	1,553	156	(8,884)
Total revenue	631,227	554,132	505,149	457,182	397,804
Total expenses	624,735	555,409	495,106	452,773	416,471
Net result from transactions	6,492	(1,277)	10,043	4,409	(18,667)
Other economic flows	(5,273)	(1,649)	645	(84)	55
Net result	1,219	(2,926)	10,688	4,325	(18,612)
Total assets	547,355	513,985	464,930	433,050	417,273
Total liabilities	161,299	140,596	130,063	119,833	108,380
Net assets / Total equity	**386,056**	**373,389**	**334,867**	**313,217**	**308,893**

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

Reconciliation between the Net Result from transactions reported in the model to the Operating Result as agreed in the Statement of Priorities

REPORT OF OPERATIONS DISCLOSURE	2019 $'000	2018 $'000	2017 $'000	2016 $'000	2015 $'000
Net operating result *	387	1,508	1,553	156	(8,884)
Controlled entities operating result	420	308	399	80	(3,068)
Capital purpose income	34,886	23,220	32,869	28,228	16,413
Specific expenses	(774)	(779)	(163)	(803)	-
Expenditure for capital purpose	(1,327)	(711)	(781)	(311)	(1,079)
Finance costs	-	(3)	(15)	(27)	(17)
Depreciation and amortisation	(27,138)	(24,820)	(23,819)	(22,925)	(22,032)
Assets provided free of charge	-	-	-	11	-
Net gain/(loss) on non-financial assets	(47)	3	47	(84)	55
Net gain/(loss) on financial instruments	(86)	(1,548)	-	-	-
Other gains/(losses) from other economic flows	(5,274)	(104)	598	-	-
Net result from transactions	**1,219**	**(2,926)**	**10,688**	**4,325**	**(18,612)**

Disclosure index

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Charter and Purpose		
FRD 22H	Manner of establishment and the relevant Ministers	40
FRD 22H	Purpose, functions, powers and duties	40-42
FRD 22H	Nature and range of services provided	5
FRD 22H	Activities, programs and achievements for the reporting period	11-29
FRD 22H	Significant changes in key initiatives and expectations for the future	7-8
Management and structure		
FRD 22H	Organisational structure	35
FRD 22H	Workforce data/ employment and conduct principles	62
FRD 22H	Occupational Health and Safety	58
Financial and other information		
FRD 22H	Summary of the financial results for the year	63
FRD 22H	Significant changes in financial position during the year	F3
FRD 22H	Operational and budgetary objectives and performance against objectives	55
FRD 22H	Subsequent events	F33
FRD 22H	Details of consultancies under $10,000	57
FRD 22H	Details of consultancies over $10,000	57
FRD 22H	Disclosure of ICT expenditure	62
Legislation		
FRD 22H	Application and operation of Freedom of Information Act 1982	59
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	58
FRD 22H	Application and operation of Protected Disclosure 2012	60
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FRD 22H	Application and operation of Carers Recognition Act 2012	60
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LEGISLATION	REQUIREMENT	PAGE REFERENCE
Other relevant reporting directives		
FRD 22H	Financial Management Compliance attestation	61
FRD 22H	Declaration in report of operations	7-8
Attestations		
Attestation on Data Integrity		61
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	Reporting of outcomes from Statement of Priorities 2018–19	44-49
	Occupational Violence reporting	58
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Financial Report 2018-19

Northern Health

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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 2019 and financial position of Northern Health and the consolidated entity at 30 June 2019.

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

22 August 2019

Mr Siva Sivarajah
Chief Executive
Northern Health

22 August 2019

Mr Basil Ireland
Chief Financial and Accounting Officer
Northern Health

22 August 2019

Northern Hospital
185 Cooper Street
Epping Vic 3076

Broadmeadows Hospital
35 Johnstone Street
Broadmeadows Vic 3047

Bundoora Centre
1231 Plenty Road
Bundoora Vic 3083

Craigieburn Centre
274-304 Craigieburn Road
Craigieburn Vic 3064

www.nh.org.au

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 2019 • 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 2019 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.
Other Information	My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

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
26 August 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement
For the Year Ended 30 June 2019

	Note	Parent 2019 $'000	Parent 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
Income from transactions					
Operating activities	2.1	621,510	547,139	621,477	547,108
Non-operating activities	2.1	8,962	6,212	9,750	7,024
Total income from transactions		**630,472**	**553,351**	**631,227**	**554,132**
Expenses from transactions					
Employee expenses	3.1	(436,981)	(382,820)	(437,566)	(383,120)
Supplies and consumables	3.1	(102,150)	(95,041)	(102,150)	(95,041)
Depreciation and amortisation	4.2	(27,138)	(24,820)	(27,142)	(24,820)
Other operating expenses	3.1	(57,387)	(51,461)	(57,097)	(51,634)
Other non-operating expenses	3.1	(780)	(794)	(780)	(794)
Total expenses from transactions		**(624,436)**	**(554,936)**	**(624,735)**	**(555,409)**
Net result from transactions - net operating balance		**6,036**	**(1,585)**	**6,492**	**(1,277)**
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.2	(47)	3	(72)	3
Net gain/(loss) on financial instruments	3.2	84	(1,548)	73	(1,548)
Other gains/(losses) from other economic flows	3.2	(5,274)	(104)	(5,274)	(104)
Total other economic flows included in net result		**(5,237)**	**(1,649)**	**(5,273)**	**(1,649)**
NET RESULT FOR THE YEAR		**799**	**(3,234)**	**1,219**	**(2,926)**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.1.6	11,910	41,448	12,030	41,448
Total other comprehensive income		**11,910**	**41,448**	**12,030**	**41,448**
COMPREHENSIVE RESULT		**12,709**	**38,214**	**13,249**	**38,522**

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

Balance Sheet
As at 30 June 2019

	Note	Parent 2019 $'000	Parent 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets					
Cash and cash equivalents	6.1	46,171	47,014	46,887	47,424
Receivables	5.1	10,142	9,953	10,142	9,960
Inventories		3,509	3,028	3,509	3,028
Investments and other financial assets		-	-	500	500
Prepayments and other assets		1,818	1,566	1,857	1,566
Total current assets		**61,640**	**61,561**	**62,895**	**62,478**
Non-current assets					
Receivables	5.1	19,988	13,786	19,988	13,786
Property, plant and equipment	4.1	463,066	436,509	463,524	436,869
Intangible assets		948	852	948	852
Total non-current assets		**484,002**	**451,147**	**484,460**	**451,507**
Total assets		**545,642**	**512,708**	**547,355**	**513,985**
Current liabilities					
Payables	5.2	40,610	38,103	40,532	38,129
Provisions	3.4	86,549	73,697	86,549	73,697
Other current liabilities	5.3	3,619	3,038	3,619	3,038
Total current liabilities		**130,778**	**114,838**	**130,700**	**114,864**
Non-current liabilities					
Provisions	3.4	18,704	12,951	18,704	12,951
Other non-current liabilities	5.3	11,895	12,781	11,895	12,781
Total non-current liabilities		**30,599**	**25,732**	**30,599**	**25,732**
Total liabilities		**161,377**	**140,570**	**161,299**	**140,596**
NET ASSETS		**384,265**	**372,138**	**386,056**	**373,389**
Equity					
Property, plant and equipment revaluation surplus	4.1.6	264,466	252,556	264,586	252,556
Restricted specific purpose surplus		423	349	6,644	5,827
Contributed capital		161,734	161,634	161,734	161,634
Accumulated deficits/(surplus)		(42,358)	(42,401)	(46,908)	(46,628)
TOTAL EQUITY		**384,265**	**372,138**	**386,056**	**373,389**

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

Statement of Changes in Equity
For the Year Ended 30 June 2019

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 2017		**211,108**	**5,073**	**161,634**	**(42,948)**	**334,867**
Net result for the year		-	-	-	(2,926)	(2,926)
Other comprehensive income for the year		41,448	-	-	-	41,448
Transfers to accumulated surplus/ (deficit)		-	754	-	(754)	-
Balance at 30 June 2018		**252,556**	**5,827**	**161,634**	**(46,628)**	**373,389**
Adjustment for AASB 9	5.1	-	-	-	(682)	(682)
Restated Balance at 30 June 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 to accumulated surplus/ (deficit)		-	817	100	(817)	100
Balance at 30 June 2019		**264,586**	**6,644**	**161,734**	**(46,908)**	**386,056**

Parent

	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 2017		**211,108**	**262**	**161,634**	**(39,080)**	**333,924**
Net result for the year		-	-	-	(3,234)	(3,234)
Other comprehensive income for the year		41,448	-	-	-	41,448
Transfers to accumulated surplus/ (deficit)		-	87	-	(87)	-
Balance at 30 June 2018		**252,556**	**349**	**161,634**	**(42,401)**	**372,138**
Adjustment for AASB 9	5.1	-	-	-	(682)	(682)
Restated Balance at 30 June 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 to accumulated surplus/ (deficit)		-	74	100	(74)	100
Balance at 30 June 2019		**264,466**	**423**	**161,734**	**(42,358)**	**384,265**

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

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.

Cash Flow Statement
For the Year Ended 30 June 2019

	Note	Parent 2019 $'000	Parent 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government		541,082	487,189	541,082	487,189
Capital grants from government		27,538	14,152	27,538	14,152
Patient and resident fees received		21,538	20,325	21,538	20,325
Private practice fees received		3,900	2,095	3,900	2,095
Donations and bequests received		339	363	903	877
GST received from/(paid to) ATO		9,129	10,776	9,119	10,761
Recoupment from private practice for use of hospital facilities		5,308	4,535	5,308	4,535
Interest received		1,434	1,388	1,454	1,410
Other receipts		18,316	16,321	18,461	16,515
Total receipts		**628,584**	**557,144**	**629,303**	**557,859**
Employee expenses paid		(416,530)	(362,093)	(417,114)	(362,393)
Non-salary labour costs		(8,737)	(9,324)	(8,737)	(9,324)
Payments for supplies and consumables		(104,176)	(98,887)	(104,176)	(98,888)
Finance costs		-	(3)	-	(3)
Other payments		(62,084)	(58,522)	(61,892)	(58,569)
Total payments		**(591,527)**	**(528,829)**	**(591,919)**	**(529,177)**
NET CASH INFLOW FROM OPERATING ACTIVITIES	8.1	**37,057**	**28,315**	**37,384**	**28,682**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		-	-	-	(500)
Payments for non-financial assets		(38,536)	(15,609)	(38,557)	(15,969)
Proceeds from sale of non-financial assets		79	141	79	141
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		**(38,457)**	**(15,468)**	**(38,478)**	**(16,328)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed capital		100	-	100	-
Repayment of borrowings		-	(181)	-	(181)
Receipt of accommodation deposits		929	641	929	641
Payment of accommodation deposits		(472)	(546)	(472)	(546)
NET CASH (OUTFLOW) FROM FINANCING ACTIVITIES		**557**	**(86)**	**557**	**(86)**
NET INFLOW / (OUTFLOW) IN CASH AND CASH EQUIVALENTS		**(843)**	**12,761**	**(537)**	**12,268**
Cash and cash equivalents at the beginning of year		47,014	34,253	47,424	35,156
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.1	**46,171**	**47,014**	**46,887**	**47,424**

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

Notes to the financial statements

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 2019. 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; noting that the Northern Health Research, Training and Equipment Trust (the Foundation) complies with the *Australian Charities and Not-for-Profits Commission Act 2012 and Regulations 2013* (ACNC).

Northern Health is a not-for-profit entity and therefore applies the additional AUS 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

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 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

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.

Prior year comparative amounts have been changed to conform with 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).

Goods and Services Tax (GST)

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

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

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

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

d) Principles of consolidation

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 2019.

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.

e) 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.

Financial assets available-for-sale revaluation surplus

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the surplus which relates to that financial asset is effectively realised and is recognised in the Comprehensive Operating Statement. Where a revalued financial asset is impaired that portion of the surplus which relates to that financial asset is recognised in the Comprehensive Operating Statement.

Specific restricted purpose surplus

The Specific Restricted Purpose Surplus is established where Northern Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 2. Funding delivery of our services

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

Structure:

Note 2.1 Income from transactions

Note 2.1. Income from transactions

	Consolidated 2019 $'000	Consolidated 2018 $'000
Government grants - operating	547,260	488,970
Government grants - capital	31,008	17,236
Other capital purpose income	3,164	5,253
Patient and resident fees	21,091	19,890
Commercial activities	9,489	9,508
Other revenue from operating activities	9,465	6,251
Total income from operating activities	**621,477**	**547,108**
Capital interest	429	423
Other revenue from non-operating activities	9,321	6,601
Total Revenue from non-operating activities	**9,750**	**7,024**
TOTAL INCOME FROM TRANSACTIONS	**631,227**	**554,132**

Revenue recognition

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

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

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

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

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

The Department of Health and Human Services (DHHS) 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.

Non-cash contributions from DHHS

DHHS makes the following payments on behalf of Northern Health as follows:

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

Patient and resident fees

Patient and resident fees are recognised as revenue on an accrual basis.

Private practice fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Commercial activities

Revenue from commercial activities such as carpark and retail revenue are recognised on an accrual basis.

Donations and bequests

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

Interest revenue

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.

Other income

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

Fair value of assets and services received free of charge or for nominal consideration

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

Note 3. Cost of delivery of services

This section provides an account of the expenses incurred by Northern Health in delivering 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 2019 $'000	Consolidated 2018 $'000
Salaries and wages		337,288	297,725
Oncosts		86,659	72,970
Non-salary labour costs		8,673	9,331
Workcover premium		4,946	3,094
Total employee expenses		**437,566**	**383,120**
Drug supplies		24,478	24,165
Medical and surgical supplies		29,838	28,953
Diagnostic and radiology supplies		24,929	22,163
Other supplies and consumables		22,905	19,760
Total supplies and consumables		**102,150**	**95,041**
Fuel, light, power and water		4,567	4,247
Repairs and maintenance		5,477	4,369
Maintenance contracts		2,730	3,176
Domestic services and supplies		9,578	8,642
Insurances		9,733	9,443
Computer & communication		4,022	3,525
Staff training & development		3,523	3,269
Security costs		3,729	2,984
Patient transport		2,367	2,190
Shared service costs		2,395	2,369
Other administrative expenses		7,649	6,709
Capital purposes expenditure		1,327	711
Other operating expenses		**57,097**	**51,634**
Depreciation and amortisation	4.2	27,142	24,820
Specific and ex-gratia expenses		780	794
Other non-operating expenses		**27,922**	**25,614**
TOTAL EXPENSES FROM TRANSACTIONS		**624,735**	**555,409**

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

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.

Note 3.2. Other economic flows included in net result

	Consolidated 2019 $'000	Consolidated 2018 $'000
Net gain/(loss) on non financial assets		
Net gain on disposal of property, plant and equipment	(72)	3
Total net gain/(loss) on non financial assets	**(72)**	**3**
Net gain/(loss) on financial instruments		
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	73	(1,548)
Total Net gain/(loss) on financial instruments	**73**	**(1,548)**
Other economic flows		
Revaluation of long service leave	(5,274)	(104)
Total other economic flows	**(5,274)**	**(104)**
TOTAL OTHER ECONOMIC FLOWS RECOGNISED IN NET RESULT	**(5,273)**	**(1,649)**

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions.

Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument in 2018. 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 derecognition of financial liabilities.

Other gains/ (losses) from other economic flows

Other gains/ (losses) includes:

- 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
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

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

	Expense		Revenue	
	Consolidated 2019 $'000	Consolidated 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
Commercial activities				
Allied health and rehabilitation supply store	312	321	253	332
Car park	447	451	3,900	3,761
Private practice and other patient activities	1,109	1,519	1,550	1,687
Property expenses	4,445	4,281	5,989	6,025
Salary packaging	304	304	2,410	2,251
Pathology	-	-	39	-
Other activities				
Fundraising and community support	347	474	1,214	1,144
Research and scholarship	1,112	1,023	999	1,083
Special and restricted purpose funds	634	652	565	479
TOTAL	**8,710**	**9,025**	**16,919**	**16,762**

Note 3.4. Employee benefits in the balance sheet

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current provisions		
Employee benefits [1]		
Annual leave		
Unconditional and expected to be settled within 12 months [2]	26,927	23,892
Unconditional and expected to be settled after 12 months [3]	4,617	3,940
Long service leave		
Unconditional and expected to be settled within 12 months [2]	6,825	6,305
Unconditional and expected to be settled after 12 months [3]	38,524	31,664
Accrued days off [2]	1,021	857
	77,914	**66,658**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [2]	3,716	3,103
Unconditional and expected to be settled after 12 months [3]	4,919	3,936
	8,635	**7,039**
Total current provisions	**86,549**	**73,697**
Non-current provisions		
Long service leave	16,787	11,660
Provisions related to long service leave	1,917	1,291
Total non-current provisions	**18,704**	**12,951**
TOTAL PROVISIONS	**105,253**	**86,648**
Employee benefits and related on-costs		
Current employee benefits and related on-costs		
Unconditional LSL entitlement	50,419	42,050
Annual leave entitlements	35,109	30,790
Accrued days off	1,021	857
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	18,704	12,951
Total employee benefits and related on-costs	**105,253**	**86,648**

Movement in on-costs	Consolidated 2019 $'000	Consolidated 2018 $'000
Balance at start of year	8,330	6,351
Provision made during the year:	1,396	1,548
Revaluations	(2,984)	(2,965)
Settlement made during the year	3,810	3,396
Balance at end of year	**10,552**	**8,330**

[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 LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Northern Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a period of 10 years of continuous service.

The components of this current 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	
	Consolidated 2019 $'000	Consolidated 2018 $'000	Consolidated 2019 $'000	Consolidated 2018 $'000
Defined benefit plans				
First State Super	185	194	22	15
Defined contribution plans				
First State Super	14,813	13,936	1,704	1,682
HESTA	11,374	9,726	1,456	1,244
Other	2,509	1,506	325	213
	28,881	**25,362**	**3,507**	**3,154**

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

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

Defined benefit superannuation plans
The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Northern Health to the superannuation plans in respect of the services of current 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 that are utilised by Northern Health to deliver its services.

Structure

Note 4.1 Property, plant and equipment
Note 4.2 Depreciation and amortisation

Note 4.1. Property, plant and equipment

Initial recognition

Items of property, plant and equipment are 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.

Revaluations 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.

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

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 has assumed 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, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land 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.

For cultural assets, Warren Joel and Art + Environment are Northern Health's independent valuers.

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 2019.

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

4.1.1. Gross carrying amount and accumulated depreciation

	Consolidated 2019 $'000	Consolidated 2018 $'000
Land		
Land at valuation	69,365	-
Land at fair value	-	64,412
Total land	**69,365**	**64,412**
Buildings		
Buildings at valuation	331,361	-
Buildings at fair value	-	415,213
Accumulated depreciation	-	(72,418)
Total buildings	**331,361**	**342,795**
Assets under construction		
Assets under construction at cost	36,775	5,853
Total assets under construction	**36,775**	**5,853**
Medical equipment		
Medical equipment at fair value	50,943	44,900
Accumulated depreciation	(29,947)	(26,069)
Total medical equipment	**20,996**	**18,831**
Plant and equipment		
Plant and equipment at fair value	18,414	16,919
Accumulated depreciation	(13,844)	(12,409)
Total plant and equipment	**4,570**	**4,510**
Cultural assets		
Artworks at valuation	457	468
Total cultural assets	**457**	**468**
TOTAL	**463,524**	**436,869**

Land and Buildings carried at valuation

The Valuer-General Victoria undertook to re-value all of Northern Health's owned and leased 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 2018 DHHS approved a managerial revaluation of land and buildings based on the VGV indices in accordance with FRD103F.

4.1.2. Reconciliations of the carrying amounts of each class of asset

Consolidated	Note	Land $'000	Buildings $'000	Assets under construction $'000	Medical equipment $'000	Plant and equipment $'000	Cultural assets $'000	Total $'000
Balance at 1 July 2017		**58,310**	**319,580**	**2,317**	**16,886**	**4,663**	**468**	**402,224**
Additions		136	5,836	5,646	4,746	1,521	-	17,885
Disposals		-	-	-	(134)	(4)	-	(138)
Revaluation increments/(decrements)		5,966	35,482	-	-	-	-	41,448
Net transfers between classes		-	799	(2,110)	1,199	112	-	-
Depreciation	4.2	-	(18,902)	-	(3,866)	(1,782)	-	(24,550)
Balance at 30 June 2018		**64,412**	**342,795**	**5,853**	**18,831**	**4,510**	**468**	**436,869**
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**

4.1.3. Fair value measurement hierarchy for assets

Consolidated		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June 2019	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	**69,365**	**-**	**1,734**	**67,631**
Buildings				
Non-specialised buildings	359	-	359	-
Specialised buildings	331,002	-	-	331,002
Total buildings	**331,361**	**-**	**359**	**331,002**
Medical equipment				
Medical equipment	20,996	-	-	20,996
Total medical equipment	**20,996**	**-**	**-**	**20,996**
Plant and equipment				
Plant and equipment	4,570	-	-	4,570
Total plant and equipment	**4,570**	**-**	**-**	**4,570**
Cultural Assets				
Artworks	457	-	457	-
Total Cultural Assets	**457**	**-**	**457**	**-**
TOTAL PROPERTY, PLANT AND EQIPMENT	**426,749**	**-**	**2,550**	**424,199**

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

Consolidated		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June 2018	Level 1 [1] $'000	Level 2 [1] $'000	Level 3 [1] $'000
Land				
Non-specialised land	2,946	-	2,946	-
Specialised land	61,466	-	-	61,466
Total land	**64,412**	**-**	**2,946**	**61,466**
Buildings				
Non-specialised buildings	93,371	-	93,371	-
Specialised buildings	249,424	-	-	249,424
Total buildings	**342,795**	**-**	**93,371**	**249,424**
Medical equipment				
Medical equipment	18,831	-	-	18,831
Total Medical equipment	**18,831**	**-**	**-**	**18,831**
Plant and equipment				
Plant and equipment	4,510	-	-	4,510
Total plant and equipment	**4,510**	**-**	**-**	**4,510**
Cultural assets				
Artworks	468	-	468	-
Total cultural assets	**468**	**-**	**468**	**-**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**431,016**	**-**	**96,785**	**334,231**

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

In 2018 there were building additions related to construction that were recognised as level 2 as part of the 2014 VGV revaluation. In 2019 these works were fully completed and were included in the VGV valuation and recognised as level 3. In the prior year there were no transfers between levels.

4.1.4. Reconciliation of level 3 fair value measurement

Consolidated	Land $'000	Buildings $'000	Medical equipment $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2017	**56,772**	**229,842**	**16,886**	**4,663**	**308,163**
Additions / (disposals)	-	-	5,811	1,629	7,440
Transfers in / (out) of level 3	(1,272)	-	-	-	(1,272)
Gains or losses recognised in net result					
Depreciation	-	(15,900)	(3,866)	(1,782)	(21,548)
Subtotal	**(1,272)**	**(15,900)**	**1,945**	**(153)**	**(15,380)**
Items recognised in other comprehensive income					
Revaluation	5,966	35,482	-	-	41,448
Subtotal	**5,966**	**35,482**	**-**	**-**	**41,448**
Balance at 30 June 2018	**61,466**	**249,424**	**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	-	(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**

4.1.5. Fair value determination

Asset class	Valuation approach	Significant inputs (level 3 only)
Non-specialised land	Market approach	Not applicable
Specialised land	Market approach	CSO adjustments (range 10%-25%)
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

4.1.6. Property, plant and equipment revaluation surplus

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Property, plant and equipment revaluation surplus			
Balance at the beginning of the reporting period		252,556	211,108
Revaluation increment			
Land	4.1.2	4,953	5,966
Buildings		7,002	35,482
Cultural assets		75	-
Balance at the end of the reporting period*		**264,586**	**252,556**
Represented by:			
Land		60,885	55,932
Buildings		203,626	196,624
Cultural assets		75	-
		264,586	**252,556**

Note 4.2. Depreciation and amortisation

	Consolidated 2019 $'000	Consolidated 2018 $'000
Depreciation		
Buildings	20,828	18,902
Medical equipment	4,140	3,866
Plant and equipment	1,712	1,782
TOTAL DEPRECIATION	**26,680**	**24,550**
Amortisation		
Intangible Assets	462	270
TOTAL AMORTISATION	**462**	**270**
TOTAL DEPRECIATION & AMORTISATION	**27,142**	**24,820**

Depreciation

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

Amortisation

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

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

	2019	2018
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 assessed for its useful life which is represented above.

Note 5. Other assets and liabilities

This section sets out those 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

	Consolidated 2019 $'000	Consolidated 2018 $'000
CURRENT		
Contractual		
Trade Debtors	1,507	2,183
Patient Fees	4,059	2,681
Accrued Revenue - Other	4,857	3,824
Less: Allowance for impairment losses of contractual receivables		
Trade Debtors	(69)	(69)
Patient Fees	(1,385)	(593)
	8,969	**8,026**
Statutory		
GST Receivable	939	561
DHHS	234	1,373
	1,173	**1,934**
TOTAL CURRENT RECEIVABLES	**10,142**	**9,960**
NON CURRENT		
Statutory		
DHHS - LSL	19,988	13,786
TOTAL NON-CURRENT RECEIVABLES	**19,988**	**13,786**
TOTAL RECEIVABLES	**30,130**	**23,746**

Movement in the allowance for impairment losses of contractual receivables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Balance at beginning of year	662	1,536
Opening retained earnings adjustment on adoption of AASB 9	682	-
Opening Loss Allowance	**1,344**	**1,536**
Amounts written off during the year	(175)	(2,422)
Increase in allowance recognised in net results	285	1,548
Balance at end of year	**1,454**	**662**

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.

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*.

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 a 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 7.1.3 contractual receivables at amortised costs for Northern Health's contractual impairment losses.

Note 5.2. Payables

	Consolidated 2019 $'000	Consolidated 2018 $'000
CURRENT		
Contractual		
Trade creditors	4,071	2,016
Accrued expenses	11,986	14,195
Accrued salaries and wages	6,382	13,518
Salaries and wages related creditors	12,085	5,467
Inter-hospital services	5,240	2,161
Other	635	772
	40,399	**38,129**
Statutory		
DHHS	133	-
	133	**-**
TOTAL CURRENT	**40,532**	**38,129**
TOTAL PAYABLES	**40,532**	**38,129**

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.
- 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.

Maturity analysis of payables

Please refer to Note 7.1.2 for the ageing analysis of payables.

Note 5.3. Other liabilities

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
CURRENT			
Monies held in trust (held in cash)			
Accommodation bonds (refundable)		1,022	563
Income in advance		2,597	2,475
TOTAL CURRENT OTHER LIABILITIES		**3,619**	**3,038**
NON CURRENT			
Income in advance		11,895	12,781
TOTAL NON CURRENT OTHER LIABILITIES		**11,895**	**12,781**
TOTAL OTHER LIABILITIES		**15,514**	**15,819**
Monies held in trust			
Represented by the following assets:			
Cash and cash equivalents	6.1	1,022	563
TOTAL		**1,022**	**563**

Note 6. How we finance our operations

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

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 Cash and cash equivalents
- Note 6.2 Commitments for expenditure

Note 6.1. Cash and cash equivalents

	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash on hand	31	31
Cash at bank	45,834	44,830
Cash at bank - monies held in trust	1,022	2
Short-term deposits	-	2,000
Short-term deposits - monies held in trust	-	561
TOTAL CASH AND CASH EQUIVALENTS	**46,887**	**47,424**

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 (with 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 6.2. Commitments for expenditure

	Consolidated 2019 $'000	Consolidated 2018 $'000
Capital expenditure commitments		
Not later than one year	62,272	39,282
Later than one year and not later than five years	79,952	132,430
TOTAL	**142,224**	**171,712**
Operating commitments		
Not later than one year	45,357	44,202
Later than one year and not later than five years	30,088	40,842
TOTAL	**75,445**	**85,044**
Non-cancellable lease commitments		
Not later than one year	272	265
Later than one year and not later than five years	393	474
TOTAL	**665**	**739**
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)	**218,334**	**257,495**
less GST recoverable from the ATO	(19,849)	(23,409)
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)	**198,485**	**234,086**

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 one and 20 years with renewal terms included in the contracts. Renewals are at the option of Northern Health. There are no restrictions placed upon the lessee by entering into these leases.

Note 7. Risks, contingencies and valuation uncertainties

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

7.1.1. Financial instruments: categorisation

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

Consolidated 2018	Contractual financial assets- loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual financial assets			
Cash and cash equivalents	47,424	-	47,424
Receivables			
Trade debtors	2,114	-	2,114
Other receivables	5,912	-	5,912
Other financial assets	500	-	500
Total financial assets	**55,950**	**-**	**55,950**
Financial liabilities			
Payables	-	38,129	38,129
Other liabilities			
Monies held in trust	-	563	563
Total financial liabilities	**-**	**38,692**	**38,692**

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

As of 1 July 2018, Northern Health has applied AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

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 as fair value through 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.

Categories of financial assets previously under AASB 139
Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). Northern Health recognises the following assets in this category:
- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Financial liabilities at amortised cost are initially recognised 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. Northern Health recognises payables and other liabilities in this category.

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*.

7.1.2. Maturity analysis of financial liabilities as at 30 June

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			
2019	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	40,399	40,399	37,670	2,341	388	-
Other financial liabilities	1,022	1,022	1,022	-	-	-
Total Financial Liabilities	**41,421**	**41,421**	**38,692**	**2,341**	**388**	**-**
2018						
Financial Liabilities						
Payables	38,129	38,129	32,349	4,866	914	-
Other financial liabilities	563	563	563	-	-	-
Total Financial Liabilities	**38,692**	**38,692**	**32,912**	**4,866**	**914**	**-**

7.1.3. Contractual receivables at amortised costs

2019	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate	12%	25%	65%	24%	53%	
Gross carrying amount of contractual receivables						
Patient fees	1,291	696	263	1,227	582	4,059
Trade debtors	964	230	105	177	31	1,507
Accrued income	1,932	919	1,319	687	-	4,857
Loss allowance	**281**	**242**	**248**	**356**	**327**	**1,454**

2018	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate	11%	29%	56%	52%	80%	
Gross carrying amount of contractual receivables						
Patient fees	1,055	490	219	682	235	2,681
Trade debtors	1,605	290	187	96	5	2,183
Accrued income	1,636	676	1,311	201	-	3,824
Loss allowance	**296**	**227**	**228**	**401**	**192**	**1,344**

Impairment of financial assets under AASB 9 – applicable from 1 July 2018

As of 1 July 2018 Northern Health has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment includes contractual and statutory receivables.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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.

Reconciliation of the movement in the loss allowance for contractual receivables

	Consolidated 2018 $'000	Consolidated 2017 $'000
Balance at beginning of the year	662	1,536
Opening retained earnings adjustment on adoption of AASB 9	682	-
Opening Loss Allowance	**1,344**	**1,536**
Increase in provision recognised in the net result	285	1,548
Reversal of provision of receivables written off during the year as uncollectible	(175)	(2,422)
Balance at end of the year	**1,454**	**662**

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

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. No loss allowance was recognised at 30 June 2018 under AASB 139. No additional loss allowance was required upon transition into AASB 9 on 1 July 2018.

Note 7.2. Contingent assets and contingent liabilities

Northern Health does not have any contingent assets or liabilities as at 30 June 2019 (2018: nil).

Note 8. Other disclosures

This section includes additional disclosures required by 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 8.1. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Net Result for the year	1,219	(2,926)
Non-cash movements		
Depreciation and amortisation	27,142	24,820
Revaluation of long service leave	5,274	104
Allowance for impairment losses of contractual receivables	(73)	1,548
Amortisation of prepaid rent	(886)	(886)
Government non-cash grants	(9,672)	(2,608)
Assets received free of charge	(25)	-
Movements included in investing and financing activities		
Net gain on disposal of property, plant and equipment	72	(3)
Contributed capital	(100)	-
Movements in assets and liabilities		
Change in operating assets and liabilities		
(Increase) / decrease in receivables	(6,384)	(2,065)
(Increase) / decrease in other assets	(291)	(164)
(Increase) / decrease in inventories	(481)	(539)
(Decrease) / increase in payables	2,403	13,282
(Decrease) / increase in borrowings	-	-
(Decrease) / increase in employee benefits	18,605	(2,466)
(Decrease) / increase in other liabilities	581	585
NET CASH INFLOW FROM OPERATING ACTIVITIES	**37,384**	**28,682**

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 Jill Hennessy, Minister for Health, Minister for Ambulance Services	1/07/2018 – 29/11/2018
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	29/11/2018 – 30/6/2019
Governing Board	
Ms Jennifer Williams AM (Chair)	1/07/2018 - 30/06/2019
Ms Melba Marginson	1/07/2018 - 30/06/2019
Ms Paula Shelton	1/07/2018 - 30/06/2019
Mr Peter McWilliam	1/07/2018 - 30/06/2019
Dr Alison Lilley	1/07/2018 - 30/06/2019
Mr Phillip Bain	1/07/2018 - 30/06/2019
Ms Juliann Byron	1/07/2018 - 30/06/2019
Mr John Watson	1/07/2018 - 30/06/2019
Mr Peter McDonald	1/07/2018 - 30/06/2019
Accountable Officer	
Mr Siva Sivarajah, Chief Executive	1/07/2018 - 30/06/2019

Income band	2019 No.	2018 No.
$10,000 - $19,999	-	-
$20,000 - $29,999	-	8
$30,000 - $39,999	8	-
$50,000 - $59,999	-	1
$70,000 - $79,999	1	-
$450,000 - $459,999	1	1
Total	10	10

	2019 $'000	2018 $'000
Total remuneration comprising all money, consideration and benefits received or receivable by Responsible Persons from the reporting entity amounted to:	830	697

Ms Paula Shelton's and Ms Melba Marginson's term expired on 30 June 2019.

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.

	Consolidated 2019 $'000	Consolidated 2018 $'000
Short term employee benefits	2,437	2,038
Post-employment benefits	177	143
Other long-term benefits	61	46
Termination benefits	-	-
Total remuneration	2,675	2,227
Total number of executives [1]	11	8
Total annualised employee equivalent [2]	8.5	6.9

[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 elevation of the Chief Strategy and Business Development Officer and Chief Allied Health Officer positions to the executive team.
[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 benefit or deferred compensation.

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

Other factors
Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers retired, resigned or were retrenched in the past year.

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; 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.

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 Alison Lilley	Director Northern Health
Ms Melba Marginson	Director Northern Health
Mr Peter McDonald	Director Northern Health
Mr Peter McWilliam	Director Northern Health and Director Northern Health Foundation
Ms Paula Shelton	Director Northern Health
Mr John Watson	Director Northern Health
Mr Siva Sivarajah	Chief Executive
Ms Jane Poxon	Chief Operating Officer
Ms Jodie Ashworth (until 14 Dec 2018)	Chief Nursing Midwifery Officer
Ms Debra Bourne (from 18 Dec 2018)	Chief Nursing Midwifery Officer
Mr Basil Ireland	Chief Financial Officer
Ms Michelle Fenwick	Executive Director People and Culture
Dr Alison Dwyer (until 8 Feb 2019)	Chief Medical Officer
Mr John Ferguson (from 25 Feb 2019)	Chief Medical Officer
Dr Bill Shearer	Executive Director, High Reliability Office (HRO)
Ms Briana Baass (from 6 Sep 2018)	Chief Allied Health Officer
Mr Simon Keating (from 2 Jul 2018)	Chief Strategy and Business Development Officer
Mr Andrew Williamson	Executive Director, Public Affairs and Foundation
Mr John Molnar	Director Northern Health Foundation
Mr Christopher Turner	Director Northern Health Foundation
Ms Pina Donato	Director Northern Health Foundation
Professor Peter Brooks	Director Northern Health Foundation
Mr Trevor Gorman (until 7 Mar 2019)	Director Northern Health Foundation
Ms Trudi Hay	Director Northern Health Foundation
Mr David Turnbull	Director Northern Health Foundation
Ms Tricia Maclean	Director Northern Health Foundation

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.

	Consolidated 2019 $'000	Consolidated 2018 $'000
Short term employee benefits	3,206	2,683
Post-employment benefits	225	180
Other long-term benefits	75	59
Termination benefits	-	-
Total	**3,506**	**2,922**

Significant Transactions with Government Related Entities

Northern Health received funding from the Department of Health and Human Services of $533.1 m (2018: $488.0 m) and indirect contributions of $6.5m (2018: $2.9 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.

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.

Outside of normal citizen type transactions with Northern Health, there were no 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 2019.

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.

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

Controlled Entities Related Party Transactions

	2019 $'000	2018 $'000
Distribution of funds by the Foundation	391	428
Receivable from Foundation as at 30 June	-	18
Payable to Foundation as at 30 June	77	-

Note 8.5. Remuneration of auditors

	Consolidated 2019 $'000	Consolidated 2018 $'000
Victorian Auditor-General's Office		
Audit of financial statements	81	79
TOTAL	**81**	**79**

Note 8.6. Ex-gratia payments

Northern Health has made the following ex-gratia expenses.

	Consolidated 2019 $'000	Consolidated 2018 $'000
Payment for external specialist treatments	6	-
A one off payment on compassionate grounds for funeral and associated expenses	-	15
Payments associated with employee departure separation arrangements	-	25
TOTAL	**6**	**40**

Note 8.7. Events occurring after the balance sheet date

Management is unaware of events after the Balance Sheet date which may have a material impact on these financial statements.

Note 8.8. Controlled entities

Name of entity	Country of incorporation	Equity holding
Northern Health Research, Training and Equipment Foundation Ltd	Australia	Limited by guarantee
Northern Health Research, Training and Equipment Trust	Australia	N/A

Note 8.9. Economic dependency

Northern Health is wholly dependent on the continued financial support of the State Government and in particular, DHHS.

DHHS has provided confirmation that it will continue to provide Northern Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020. 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 net surplus before capital and specific items of $1.23 million (2018: $2.12 million), adjusted current asset ratio of 0.67 (2018: 0.76) and net cash flow from operating activities of $37.38 million (2018: $28.68 million). Although Northern Health has maintained it's economic sustainability, management is projecting a deterioration in sustainability in 2019/20 based on the budget and discussions with DHHS regarding available funding. As a consequence the Board sought, and received, a letter from DHHS on behalf of the State Government confirming financial support to settle Northern Health's financial obligations as, and when, they fall due.

Northern Health will continue to review its financial and operational performance to identify efficiencies and revenue generating opportunities that provide for effective and efficient service delivery without compromising patient care. Northern Health is implementing a number of business initiatives in the 2019/20 financial year to optimise available financial resources.

Note 8.10. AASBs that are not yet effective

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

- AASB 1059 *Service Concession Arrangements: Grantor*;
- AASB 16 *Leases*;
- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

Northern Health does not have any Service Concession Arrangements.

Leases

AASB 16 *Leases* replaces AASB 117 *Leases,* AASB Interpretation 4 *Determining whether an Arrangement contains a Lease,* AASB Interpretation 115 *Operating Leases-Incentives and* AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases 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).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. The effective date is for annual reporting periods beginning on or after 1 January 2019. Northern Health intends to adopt AASB 16 in 2019/20 financial year when it becomes effective.

Northern Health will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. Northern Health will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below $10,000).

In addition, AASB 2018-8 – *Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities* allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. Northern Health intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost) based on advice from DTF.

Northern Health is continuing to perform an impact assessment of AASB 16 and the potential impact in the initial year of application.

Revenue and Income

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments received in connection with the access to an asset (or other resource) or to enable other parties to perform activities as tax and non-IP licence. It also provides guidance on timing of revenue recognition for non-IP licence payments.
- AASB 1058 *Income of Not-for-Profit Entities,* to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 Contributions.

AASB 15, AASB 1058 and the related guidance will come into effect for not-for-profit entities for annual reporting periods beginning on or after 1 January 2019. The Department intends to adopt these standards in 2019/20 financial year when it becomes effective.

Northern Health will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information. This is based on advice from DTF.

Northern Health is continuing to assess the impact of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application.

Future reporting periods

The table below outlines the accounting pronouncements that have been issued but were not effective for 2018/19, which may result in potential impacts on public sector reporting for future reporting periods.

Standard/Interpretation	*Summary*	*Applicable for annual reporting periods beginning on or after*	*Impact on Financial Statements*
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1 January 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied.
AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors*	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 January 2019	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: • Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058; • IP licenses to be accounted for under AASB 15; and Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019/20 reporting period.

Standard/Interpretation	*Summary*	*Applicable for annual reporting periods beginning on or after*	*Impact on Financial Statements*
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 January 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 January 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.
AASB 2018-8 *Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities*	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 January 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector	1 January 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 *Contributions*. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and

Standard/Interpretation	*Summary*	*Applicable for annual reporting periods beginning on or after*	*Impact on Financial Statements*
	context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.		recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
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	The standard is not expected to have a significant impact on the public sector.

AASB 1059 *Service Concession Arrangements: Grantor*	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1 January 2020
		
		(The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)
			For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:
			• Operator is providing public services using a service concession asset;
			• Operator manages at 'least some' of public services under its own discretion;
			• The State controls / regulates:
			  • what services are to be provided;
			  • to whom; and
			  • at what price
			• State controls any significant residual interest in the asset.
			If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.

AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059*	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

Northern Hospital
185 Cooper Street
Epping Vic 3076
T. (03) 8405 8000

Broadmeadows Hospital
35 Johnstone Street
Broadmeadows Vic 3047
T. (03) 8345 5000

Bundoora Centre
1231 Plenty Road
Bundoora Vic 3083
T. (03) 9495 3100

Craigieburn Centre
274-304 Craigieburn Road
Craigieburn Vic 3064
T. (03) 8338 3000

Northern Health

www.nh.org.au