



Annual Report

2022-23

Northern Health

Our Vision

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

Our Values

Safe

We provide safe, trusted care for our patients. We are inclusive and culturally safe, celebrating the diversity of our staff and community.

Kind

We treat everyone with kindness, respect and empathy. We provide patient-centred and compassionate care.

Together

We work together with our staff, patients, consumers and health system partners.

Our Priorities

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



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.

Northern Health celebrates, values, and includes people of all backgrounds, genders, sexualities, cultures, bodies and abilities.



Table of Contents

Our services	1
Our locations	2
From the Board Chair and Chief Executive	3
Our care at a glance	5
A safe, positive patient experience	7
A healthier community	9
An innovative and sustainable future	11
Enabled staff, empowered teams	13
Engaged learners, inspired researchers	15
Aboriginal Support Unit	17
Environmental sustainability	19
Environmental scorecard	20
Northern Health Foundation	29
Volunteer Services	32
Organisational structure	33
Board Directors	34
Corporate governance	37
Statement of Priorities	
• Part A: Department of Health Operational Plan	43
• Part B: Performance Priorities	60
• Part C: Activity and Funding	65
Corporate information	68
Attestations	75
Workforce information	76
Financial results	77
Disclosure Index	79

Our Services

Northern Health is the major provider of acute, maternity, sub-acute, mental health, specialist, community and home-based services in Melbourne's rapidly growing outer north.

Services are provided at our four main campuses: Northern Hospital Epping, Broadmeadows Hospital, Bundoora Centre and Craigieburn Centre. In addition, Mental Health Services are provided at Epping, Broadmeadows, Jacana, Preston, Mill Park and Coburg.

Our emergency department treats over 111,000 patients each year and supports over 103,000 patients in the Victorian Virtual Emergency Department. Northern Health cares for over 114,000 patients admitted to hospital each year (almost 35,000 arriving by ambulance) and assists with the delivery of over 3,200 babies.

The Northern Health catchment includes three of the state's six growth areas: Hume, Whittlesea and Mitchell. The swift development of new suburbs in the north will see our population grow by more than 280,000 people by 2036.

Northern Health cares for a diverse community, born in more than 185 countries, who speak over 107 different languages and follow over 90 different religions or beliefs.

Northern Health has over 8,500 dedicated professional staff and has an annual revenue turnover of over \$1 billion.





From the Board Chair and Chief Executive

During 2022-23, Northern Health celebrated a number of achievements and advancements as part of our commitment to provide outstanding health care to the growing Northern community. Northern Health, with the support of the State Government, continued to invest in new services, infrastructure and staff to meet the growing and diverse needs of our community.

Northern Health is meeting the growing demands of the community with planned expansions of mental health services, community care, a state-wide expansion of the Victorian Virtual Emergency Department (VVED) and through the increase of innovative digital healthcare and home-based services designed to support patients at home. We welcomed an announcement during the year by the Victorian Government for a planned expansion of the emergency department at Epping, along with over 100 inpatient beds.

The growing demand for services requires the support of a dedicated and specialised workforce. Northern Health is one of the largest employers in the North employing around 8,500 people, many of whom live locally. Our values of Safe, Kind and Together underpin the way we work. Our staff have been the driving force behind recent achievements and innovative healthcare solutions, and the workforce continues to evolve and adapt to meet the challenging and changing health care needs of the community.

In the past 12 months, Northern Health has provided over 900,000 care interactions, across many specialties and stages of life.

Following the strain on health services caused by the impact COVID-19 over the past few years, Northern Health has been able to increase non-emergency surgery, performing 20,287 procedures during the year, the highest number since 2020. The non-emergency surgery waitlist is almost back

to where it was pre-COVID which represents a huge achievement and is testament to the hard work and dedication of our staff. During 2022-23, we continued to treat COVID-19 patients and integrate this care into our normal operations. Over the past 12 months, 114,224 patients were admitted; there were 254,397 specialist appointments; and 3,041 babies were born.

Northern Health became a designated Mental Health Service on 1 July 2022, following the recommendations of the Royal Commission into Victoria's mental health system. At this time, we welcomed Northern Area Mental Health Services and North West Area Mental Health Services into Northern Health. On 1 November, services for older adults at the Bundoora Centre also transitioned to Northern Health.

Northern Health is now the third largest mental health care provider in Victoria, treating 2,168 adults and older adults and supporting 207,866 follow-up interactions with mental health patients over the past 12 months. The construction of a new state-of-the-art mental health facility at our Epping campus is to be commissioned in August 2023 and will provide access to immediate mental health treatment in a safe, welcoming and healing environment. The new facility is expected to provide 10,900 days of care to an estimated 655 people each year.

Northern Health remains the busiest emergency department in Victoria with 112,477 physical presentations during the year. The Victorian Virtual Emergency Department (VVED), the first in Australia, became a state-wide service. The VVED allows patients to virtually access emergency care for non-life-threatening conditions, from anywhere in Victoria, 24 hours a day, seven days a week. The service provides clinical assessments, medical advice, treatment and local referrals, reducing pressure on emergency departments and



ambulance services across Victoria. Since it was launched in October 2020, the VVED has seen a total of 142,032 virtual presentations, treating 103,389 patients during 2022-23. The VVED has reduced unnecessary visits to the emergency department by 75 per cent.

Patient safety and quality remains our highest priorities. By building partnerships with other primary care providers, patients can be directed to the right service, rather than presenting to our busy emergency department.

Productive discussions commenced with Kilmore District Health this year about the potential benefits to the community a voluntary amalgamation with Northern Health could bring. Additionally, work is underway to construct a new Craigieburn Hospital. These initiatives have the potential to provide patients in Melbourne's northern region with better access to more services, including day surgery and day procedures, closer to home.

Northern Health expanded its services for women and children by establishing the Women's Health Hub at 230 Cooper Street, Epping. This facility will include an IVF clinic in partnership with the Royal Women's Hospital and a sexual health clinic.

Northern Health continues to look for new and innovative ways to provide quality patient care, and has begun work on digital health pathways for chronic illnesses through the use of technology, connecting patients to specialists and clinicians in hospitals. Building partnerships with technology providers to take advantage of evolving technology will be key to continued expansion of our services.

During the year, we continued to treat and care for more patients at home. Currently, 11 per cent of our patients are receiving care at home through the use of digital technology and home visits. The goal is to increase this support for 15 per cent of acute patients and 20 per cent of sub-acute patients.

Research is an important part of providing innovative, quality healthcare. Northern Health collaborates with university research partners, the University of Melbourne and La Trobe University, and continues to build relationships with other university partners. We thank them for their continued support and look forward to growing our research capabilities.

We acknowledge the passion and dedication of our staff and the outstanding way they have dealt with the challenges of the last few years. Although not all targets were met, we continue to work towards providing the best care possible for our patients and community.

We are fortunate to have a very positive staff culture at Northern Health. A number of staff well-being programs and initiatives were put in place this year to support staff and to help relieve the pressure in busy working environments.

As the Board Chair and Chief Executive of Northern Health, we are proud of the continued commitment, achievements, innovation, and energy displayed by all Northern Health staff. We would also like to acknowledge the high performance of the executive team and to thank them for their leadership.

We thank the Board for their valuable contribution during the year and thank Ms Anna MacLeod as she completes her term as Board Director, and to particularly acknowledge her work as Chair of the Board's Community Advisory Committee and as a member of Quality and Safety Committee.

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 2023.


Jennifer Williams AM
Board Chair
Northern Health
28 September 2023


Siva Sivarajah
Chief Executive
Northern Health
28 September 2023

Our care at a glance

103,389

VVED*
presentations

25,117

Paediatric emergency
presentations

112,477

Emergency
presentations

20,287

Elective surgical
procedures

114,224

Hospital
admissions

34,960

Ambulance
arrivals

254,397

Specialist Clinic
appointments

2,168

Mental Health Adult
/ Aged Admissions

207,866

Mental Health
Community Contacts**

3,041

Babies born

* Victorian Virtual Emergency Department

** Follow-up interactions with Mental Health patients, post discharge



A safe, positive patient experience

Northern Health demonstrates a commitment to safety and reliability by working with our patients, their families and carers to provide a positive patient experience.

We aim to strengthen our quality and safety systems and develop strong relationships with our patients.

Following the successful expansion of the Virtual Emergency Department to the state-wide Victorian Virtual Emergency Department (VVED), additional funding was announced by the Victorian Government. This allowed us to double the number of patients who can access the service, which connects patients with non-life-threatening emergencies to emergency nurses and doctors via video call. As part of this funding, the eligibility criteria for the VVED also expanded, allowing people living in residential aged care facilities and everyone in the COVID-19 Positive Pathway Program to access the VVED.

Ambulance Victoria's triage services also began drawing upon the VVED to improve how Triple Zero calls from aged care facilities are triaged, ultimately providing improved care for patients. The new pathway allows for some aged care residents who do not require an emergency ambulance to instead be connected to the VVED, freeing up valuable space in emergency departments and ambulances for those who require urgent medical care.

The VVED has seen significant growth since its initial launch as the Virtual Emergency Department – a pilot program born at Northern Health during the early days of the pandemic. In early 2023, the service reached a significant milestone of 100,000 presentations since its launch. This milestone

represents a major achievement in virtual care and the role technology plays to provide a safer, more positive, patient-centred experience.

The VVED was announced as the winner of two 2022 Australian Business Awards – winner for digital transformation and winner for service excellence. These awards recognise organisations that demonstrate the core values of business innovation, product innovation, technological achievement and employment engagement.

Another initiative providing virtual care to our community is the Medical Community Virtual Consult (MCVC) service. The brainchild of Dr David Langsford, Head of Medical Obstetrics and Nephrologist at Northern Health, the virtual service allows general practitioners (GPs) to directly access hospital-based specialist expertise to discuss complex patient management within the community. The aim of the service is to foster reliable communication between primary care providers and medical specialists.

Two Priority Primary Care Centres (PPCCs) located in Epping and Craigieburn are providing urgent medical care for people with conditions that require medical attention, but not an emergency response. The GP-led centres treat people with low acuity conditions, such as fractures, burns and mild infections. PPCCs, together with the VVED, are helping to meet the health care needs of our catchment population by providing access to urgent care, closer to home.

Northern Health also hosted a free webinar on urgent medical care in Melbourne's north. Dr Loren Sher, Director of VVED, and Neela Konara, Director of Partnerships, presented the VVED and PPCCs as two alternatives to attending an emergency department for non-life-threatening emergencies. More than 100 members of the local community engaged in the webinar to learn about the importance of these two services.



A healthier community

Northern Health continues to work with our patients, staff and partners to embed the concept of staying well, both in hospital based and community care.

Northern Health provides comprehensive holistic and integrated care that addresses the needs of patients with complex conditions.

Northern Health has undergone considerable change and growth in the last 12 months to better meet the diverse health needs of the community. The mental health disaggregation in July 2022 saw us welcome 800 new members to the Northern Health family.

On 4 July, Northern Health welcomed Northern Area Mental Health Services and North West Area Mental Health Services. We also welcomed the staff of Merv Irvine Nursing Home and McLellan House. Collectively, this makes us the third largest mental health service in Victoria. On 7 November 2022, the Bundoora Aged Persons Mental Health Unit (APMHU) and Assessment and Treatment Services (APATT) transferred to Northern Health.

Northern Health is extremely passionate and committed to their service, their people and their stakeholders. Early next financial year, we will open a new mental health building with 30 beds to provide for the increased demand within our community.

The Targeted Acute Rehabilitation Program (TARP) is an intensive therapy program led by a multi-disciplinary allied health team. TARP aims to address hospital patient flow that is affected by the high demand for subacute hospital beds, long wait lists, therapy delays, staffing pressures and prioritisation strategies, in order to enable greater patient access to rehabilitation-level therapy.

TARP delivers intense subacute therapy to specific medically stable patients. The outcomes of the program include facilitating clinically significant improvement leading to earlier hospital discharge, lower levels of hospital acquired complications,



and a significantly shorter length of stay, allowing more patients to access care.

Premier Disability Care Services is a joint public and private sector initiative which is targeted towards medically stable NDIS patients. Many NDIS patients experience prolonged hospital stays due to challenges accessing specialist disability accommodation (SDA) or need to have their home modified, for example to widen the front door or modify the bathroom, in preparation for discharge. The program's objective is to discharge these patients into transitional housing, which in turn relieves pressure on the hospital system and allows hospital resources to be allocated more efficiently.

Service users experience a much more home-like environment with easy access to community. Premier Disability Care Services has disability support workers and a nurse on site 24-hours

to meet the needs of NDIS recipients. Those discharged from hospital may have high nursing needs, e.g. Diabetic consumers may require help with insulin, wound care or crisis response. The availability of on-site nurses can help prevent unnecessary hospital visits as they can assess patients' requirements directly.

As of 19 June, 21 individuals have successfully completed the program, resulting in a saving of 2078 bed days and over \$2 million for Northern Health. Patients report experiencing improved quality of life and feeling empowered to transition back into everyday living. This is the first joint public/private sector program of its type in Australia.

An innovative and sustainable future

As a trusted provider of value-based health care, Northern Health is focused on reducing inefficiencies to enable treatment of a greater number of patients within current resources.

Northern Health is a recognised leader in healthcare innovation, and ensures patient access and flow is optimised whilst exceeding many performance measures and targets.

Northern Health is in the process of adopting the High Reliability Organisation approach developed by Johns Hopkins Medicine in the United States. We have implemented the Comprehensive Unit-based Safety Program (CUSP) to enhance patient safety through improved teamwork, communication and clinical awareness. Since 2018, CUSP has been implemented in 10 wards, creating networks of improvement and collaboration among various specialties at Northern Health. The localised application of CUSP aims to address safety and cultural issues across the entire organisation.

In 2022-23, Northern Health successfully commissioned new services and facilities, affirming the strong reputation we have in the community. One of these innovations is the Digital Care Pathway (DCP), an electronic version of the specialties care pathway for patients. Northern Health has developed the first Australian DCP specifically designed to guide and assist patients throughout their lung cancer

journey. By regularly surveying patients, they are empowered to voice their concerns and actively participate in healthcare decisions. The data collected enables clinicians to identify patient concerns and tailor their consultations to those specific issues. The DCP initiative facilitates a truly patient-centred model of care. Developed by Dr Katharine See, Chief Outcomes Officer and Director of Respiratory Medicine at Northern Health, the DCP for lung cancer patients is the only program of its kind in Australia. With patients at the heart of everything we do, the DCP fosters strong communication with patients and their families regarding symptoms, general wellbeing, quality of life and the impacts of their care or treatment.

Another innovative service being offered through Northern Health is Electronic Prescribing (ePrescribing), a digital version of a paper prescription, which allows patients to receive prescriptions electronically. During a telehealth consultation, the healthcare provider can send electronic prescriptions to patients or carers via SMS or email. This enables telehealth patients to receive their prescriptions in a more timely and convenient manner.



Northern Health is the first public health service in Australia to launch a digital examination tool to enable better access to specialist assessment care for patients from their own home. TytoCare has developed a small, portable hand-held device that includes a comprehensive exam kit with multiple attachments including a digital stethoscope for heart and lung examinations, a thermometer, and a tongue depressor to examine throat and tonsils. The device is designed to enable a comprehensive medical exam from any location and includes a hand-held, all-in-one toolkit comprising a camera, microphone and screen. The device is easily paired with a

user-friendly app and clinician dashboard to become a complete telehealth platform for sharing exam data and conducting live video exams.

The Northern Health Clinical Leadership, Effectiveness and Outcomes (CLEO) team is currently facilitating a pilot implementation of the device and a digital stethoscope into Hospital in the Home (HITH) to support the Heart Failure Virtual Ward. This makes Northern Health the first public health service in the country to implement this innovative solution.

Enabled staff, empowered teams

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

Throughout the financial year, staff have facilitated education and development opportunities for the community and are empowered to improve the safety of the health service.

Northern Health's Tracey Webster OAM, was awarded the Medal of the Order of Australia in the 2023 King's Birthday Honours. This prestigious honour is in recognition of Ms Webster's many decades of service to nursing and community health. Ms Webster was instrumental in scaling up Northern Health's telehealth service as the Telehealth Project Officer during the pandemic. She also assisted in establishing the first lung cancer pathway for the health service. Currently, she is the Director of the Clinical Leadership, Effectiveness and Outcomes team.

Dr Amanda Baric, Deputy Director, Anaesthesia and Perioperative Medicine, was awarded the Robert Orton Medal, the highest award the Australian

and New Zealand College of Anaesthetists can bestow on its Fellows. This medal was established to recognise distinguished service to anaesthesia, perioperative medicine and pain medicine, above and beyond the clinical setting.

Northern Health's Transcultural and Languages Services (TALS) Department received recognition for their work providing in-house interpreting services for over 100 different languages on more than 50,000 occasions a year. The team was a finalist in the Cultural Diversity in Ageing Excellence Awards, and were winners in the Excellence in Organisational Leadership category.

At Northern Health, our staff use their skills and knowledge to empower and educate international colleagues. Dr Moira Rush, Staff Specialist, shared her considerable expertise by training anaesthetists at the Fiji National University. She is the recipient of the Sereima



Bale Pacific Fellowship and has since gone on to work across the Asia-Pacific region to teach and provide anaesthetic services.

Our staff are leaders in education, demonstrating their commitment to improving the safety of the health service. Julie Loughran, Diabetes Nurse Consultant, was named the Credentialed Diabetes Educator of the Year – Victoria by the Australian Diabetes Educators Association. Ms Loughran works with healthcare practitioners and provides services to people with diabetes to help empower and assist them in dealing with daily self-management.

Dr Alison Giles, Medical Director of Palliative Care and International Medical Graduate (IMG) Supervisor, was awarded the Victorian Clinical Educator of the Year Award for 2022 at the Confederation of Postgraduate Medical Education Councils. Dr Giles has made a significant

contribution to the orientation, training, support and supervision of junior doctors and IMGs. She was also instrumental in providing employment for over 40 IMG doctors.

Outside of the health service, our nurses have demonstrated their commitment to providing care to our local community. Nurses performed CPR on Lloyd Filer, who suffered from a heart attack at a local restaurant. Lloyd was brought into nearby Northern Hospital Epping for further care, where he made a full recovery. The quick-thinking action of our nurses ultimately saved Lloyd's life.

Northern Health acknowledges the contributions of its staff through staff recognition programs. The Quarterly Staff Recognition Awards formally recognise and celebrate the contributions of our staff across categories including Above and Beyond, Clinical Excellence and Rising Star.



Engaged learners, inspired researchers

Northern Health continues to lead the way in virtual healthcare, with telemedicine and other digital solutions focusing on community care.

During Research Week, we celebrated our many inspired researchers at Northern Health who continue to deliver the three pillars of a health system – quality care, education of patients and staff and research. We celebrated Associate Professor Lisa Hui, Professor Natalie Hannan and Professor Stephen Tong, who were each awarded a 2023 Dame Kate Campbell Fellowship by the University of Melbourne, with a number of other staff receiving significant grants and scholarships.

We continue to develop relationships with the National Health and Medical Research Council Centre for Research Excellence in Digital Technology to Transform Chronic Disease Outcomes. We have also generated a number of Medical Research Future Fund (MRFF) grants currently awaiting announcement. Regardless of the outcome, working collaboratively to generate and submit these grants is a rich learning experience which will support the process of future grant submissions, as well as work to strengthen the relationship between hospital researchers and our academic partners.

Other noteworthy research includes a number of clinical trials and literature reviews, as well as our COVID-19 research. Our studies investigating some of the challenges faced by our workforce and the presentation of new models of service delivery demonstrate how the pandemic has created new opportunities for workplace reform.

Education and training are also pivotal to the work of Northern Health. We empower teams

and enable staff by facilitating engagement with the strong learning culture here at Northern Health. This in turn enables us to attract, retain and develop our workforce in a way that best meets the health needs of our diverse northern community.

Northern Health is committed to translating education and research into practice, and was able to increase its multidisciplinary teaching capabilities with the introduction of a new generation SimMan 3G manikin. The manikin was purchased conjunctively by Northern Health, the University of Melbourne and La Trobe University. It provides rich opportunities for base education, simulation and training for both staff and students. The Simulation Centre is also equipped with two older models of electronic SimMen, IV equipment and cameras to provide students and staff with education and training opportunities.

The additional training capacity with the new model has opened up the possibility to create high fidelity education opportunities for our students and staff to enhance the care we provide at Northern Health. The SimMan 3G manikin can be used by medical, nursing or allied health educators for, but not limited to, deteriorating patient scenarios and cardiac arrest resuscitation scenarios.

The evidence of effective research, education and training is corroborated by the safe, quality team-based care that we provide for our community. The continuing process of education and learning ensures a successful and enriching consumer experience.



CELLAVISION 

At Northern Health, we believe that research and education equips our staff with the latest knowledge and best practices to support positive patient experiences and safe, effective care.

Aboriginal Support Unit Narrun Wilip-giin

Northern Health is committed to the principles of its Reconciliation Action Plan: Respect, Equity, Education, Responsiveness and Diversity. The Aboriginal Support Unit, Narrun Wilip-giin (NWG), plays a crucial role in enhancing cultural safety and wellbeing for Northern Health's Aboriginal patients and staff.

Narrun Wilip-giin is a growing, valuable and diverse service that focuses on improving cultural safety as well as the health and wellbeing of Northern Health's Aboriginal patients and staff. Narrun Wilip-giin is a Woiwurrung name meaning "spirit keepers".

Narrun Wilip-giin's objectives include ensuring Aboriginal people have access to all Northern Health services and providing an environment that is culturally sensitive, safe and welcoming to Aboriginal people. Northern Health's cultural capability is bolstered through staff training and professional development. We work closely with local Aboriginal community groups to ensure their concerns are appropriately addressed by identifying service gaps, developing and improving

internal policies, plans and services and facilitating referrals in and out of Northern Health.

During NAIDOC Week 2022, we celebrated and recognised the history, culture and achievements of Aboriginal and Torres Strait Islander people. The theme Get up! Stand up! Show up! celebrated the history of our ancestors by encouraging us to do just that - celebrating many who have driven and led change within our communities and continue to do so.

Northern Health demonstrates a commitment to acknowledging and respecting Aboriginal culture through nurturing a culturally safe and sensitive environment for patients and staff. The past financial year saw the introduction of two significant initiatives, which have been instrumental in engaging with Aboriginal staff and patients, enhancing care, building community partnerships and promoting cultural safety

The Executive Yarning Circles provide a voice to Aboriginal staff and patients while supporting Aboriginal cultural safety and connection to

Narrun Wilip-giin, together with Northern Health, are committed to improving outcomes for Aboriginal health.



country. This project has contributed significantly to improved patient care and engagement and positively impacted decision-making processes at Northern Health.

The introduction of possum-skin wraps has enabled Aboriginal mothers and their babies to connect with their culture and experience spiritual healing. Wrapping a boorai in a possum skin cloak is like being wrapped in culture, bringing a range of emotions for Aboriginal people, and is a powerful reconnection to their identity and ancestors. The boorai possum skin wrap was made with midwives, Aboriginal health workers, and Aboriginal consumers that burnt symbols, painted with ochre and contributed to the art piece to demonstrate welcoming all boorai's onto land.

Both of these initiatives have had positive impacts and been instrumental in enhancing care, providing connection, building community partnerships and promoting cultural safety.

Narrun Wilip-giin, together with Northern Health, are committed to improving outcomes for Aboriginal health.

Environmental Sustainability

Northern Health is committed to improving sustainability within health system infrastructure and performance.

Northern Health's Sustainable Environmental Resources Management Policy demonstrates a commitment to environmental responsibility in accordance with the Victorian Government Climate Change Act 2017.

Our recently approved five year Environmental Management Plan for Northern Health includes an action plan which sets out the framework under which these targets will be delivered.

The Environmental Management Plan contains our environmental goals and sets out our major environmental initiatives, including:

- Installation of solar panels: It is expected that the solar panels will meet approximately four per cent of Northern Health's electricity demand.
- Reduced reliance on natural gas: The replacement of gas with renewable energy will occur progressively over the next seven years.
- Car Fleet converted to hybrid/electric: The motor vehicle fleet will be converted to hybrid or electric and infrastructure for fleet EV charging will be installed at major sites by 2025.
- Virtual healthcare: Northern Health continues to build on our strong Virtual Health offerings. The Virtual Emergency Department saw over 100,000 patients to 30 June 2023.
- Supply Chain: Work continues with HealthShare Victoria (HSV) and other agencies to more accurately record Scope 3 emissions from the Supply Chain and gain commitments from major suppliers in relation to reducing carbon footprint.

- Carbon Emissions: Northern Health has made a commitment to have net zero emissions from Scope 2 by 2025, net zero emissions from Scopes 1 and 2 by 2030 and net zero emissions from scopes 1, 2 and 3 by 2040.

The environmental sustainability initiatives include events and quality improvement programs designed to promote awareness and encourage participation in the delivery of sustainable healthcare.

Waste audits have been conducted to explore waste avoidance and resource recovery education opportunities, with the findings used to develop a series of interventions that aim to increase resource recovery, reduce waste to landfill and minimise clinical waste costs.

The Victorian Government encourages the efficient use of water in relation to building standards and government projects, and Northern Health is committed to encouraging builders of new buildings and occupants of existing buildings to use water more efficiently.

Northern Health places a strong focus on energy efficiency in organisation-wide environmental management systems and processes, including the setting of targets for improving energy efficiency, and using the energy procurement option that delivers the most competitive price.

Northern Health is committed to engaging in the environmental improvements that promote a sustainable future, leading to social and economic improvements in the northern community.

Environmental Scorecard

ELECTRICITY USE	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
EL1 Total electricity consumption segmented by source [MWh]			
Purchased	19,238.45	17,075.02	16,400.68
Self-generated	-	-	-
EL1 Total electricity consumption [MWh]	19,238.45	17,075.02	16,400.68
EL2 On site-electricity generated [MWh] segmented by:			
Consumption behind-the-meter			
Solar Electricity	-	-	-
Total Consumption behind-the-meter [MWh]	-	-	-
Exports			
Solar Electricity	0.00	0.00	0.00
Total Electricity exported [MWh]	0.00	0.00	0.00
EL2 Total On site-electricity generated [MWh]	-	-	-
EL3 On-site installed generation capacity [kW converted to MW] segmented by:			
Cogeneration Plant	1.00	1.00	1.00
Diesel Generator	4.69	4.69	4.69
EL3 Total On-site installed generation capacity [MW]	5.69	5.69	5.69
EL4 Total electricity offsets segmented by offset type [MWh]			
LGCs voluntarily retired on the entity's behalf	0.00	0.00	0.00
GreenPower	0.00	0.00	0.00
Certified climate active carbon neutral electricity purchased	0.00	0.00	0.00
EL4 Total electricity offsets [MWh]	0.00	0.00	0.00

Environmental Scorecard (continued)

STATIONARY ENERGY	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
F1 Total fuels used in buildings and machinery segmented by fuel type [MJ]			
Natural gas	76,844,267.80	87,310,859.40	82,480,493.00
F1 Total fuels used in buildings [MJ]	76,844,267.80	87,310,859.40	82,480,493.00
F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]			
Natural gas	3,959.79	4,499.13	4,250.22
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	3,959.79	4,499.13	4,250.22

TRANSPORTATION ENERGY	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]			
Total energy used in transportation (vehicle fleet) [MJ]	-	-	-
T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category			
	-	-	-
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]			
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	288.00	194.00	190.00
T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)			
Total distance travelled by commercial air travel	-	-	-
T(opt1) Total vehicle travel associated with entity operations [1,000 km]			
Total vehicle travel associated with entity operations [1,000 km]	288.00	194.00	190.00
T(opt2) Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km]			
tonnes CO2-e per 1,000 km	-	-	-

Environmental Scorecard (continued)

TOTAL ENERGY USE	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]			
Total energy usage from stationary fuels (F1) [MJ]	76,844,267.80	87,310,859.40	82,480,493.00
Total energy usage from transport (T1) [MJ]	-	-	-
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	76,844,267.80	87,310,859.40	82,480,493.00
E2 Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	69,258,404.56	61,470,079.34	59,042,447.35
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	13,020,580.06	11,427,287.80	11,176,735.27
Non-renewable (E1 + E2 - E3 Renewable)	133,082,092.29	137,353,650.95	130,346,205.08
E4 Units of Stationary Energy used normalised			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	3,108.71	4,666.53	4,278.26
Energy per unit of LOS [MJ/LOS]	238.24	289.03	291.46
Energy per unit of Separations [MJ/Separations]	703.66	852.16	852.22
Energy per unit of floor space [MJ/m ²]	830.55	1,009.55	953.70

SUSTAINABLE BUILDINGS AND INFRASTRUCTURE	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
B1 Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings			
	-	-	-
B2 Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease Schedule			
	-	-	-
B3 NABERS Energy (National Australian Built Environment Rating system) ratings of newly completed/occupied Entity-owned office buildings and substantial tenancy fit-outs (itemised)			
	-	-	-

Environmental Scorecard (continued)

SUSTAINABLE BUILDINGS AND INFRASTRUCTURE (continued)	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
B4 Environmental performance ratings (eg. NABERS, Green Star, or ISCAIS rating scheme) of newly completed Entity-owned non-office building or infrastructure projects or upgrades with a value over \$1 million			
NABERS Energy	-	-	-
B5 Environmental performance ratings achieved for Entity-owned assets portfolio segmented by rating scheme and building, facility, or infrastructure type, where these ratings have been conducted			
Rating scheme	-	-	-
SUSTAINABLE PROCUREMENT	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
	-	-	-
WATER USE	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
W1 Total units of metered water consumed by water source (kl)			
Potable water [kL]	168,716.14	132,335.71	127,230.12
Total units of water consumed [kl]	168,716.14	132,335.71	127,230.12
W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of Aged Care OBD [kL/Aged Care OBD]	6.83	7.07	6.60
Water per unit of LOS [kL/LOS]	0.52	0.44	0.45
Water per unit of Separations [kL/Separations]	1.54	1.29	1.31
Water per unit of floor space [kL/m2]	1.82	1.53	1.47

Environmental Scorecard (continued)

WASTE AND RECYCLING	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)	-	-	-
General waste	792,787.86	911,309.44	955,424.40
Offsite treatment	-	-	-
Clinical waste - incinerated	11,140.11	20,819.90	14,220.11
Clinical waste - sharps	18,473.05	22,257.40	23,226.91
Clinical waste - treated	306,392.66	484,938.17	374,833.05
Recycling/recovery (disposal)	-	-	-
Cardboard	196,768.04	257,346.58	219,050.32
Commingled	76,459.68	101,170.08	54,014.40
Fluorescent tubes	-	0.00	-
Grease traps	-	-	10,587.75
Organics (food)	-	1,612.80	-
Paper (confidential)	118,813.53	90,419.33	107,716.31
Paper (recycling)	875.52	-	-
PVC	1,656.00	461.00	1,461.00
Sterilization wraps	-	468.00	-
Total units of waste disposed [kg]	1,523,366.45	1,890,802.70	1,760,534.25

Environmental Scorecard (continued)

WASTE AND RECYCLING (continued)	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)	-	-	-
General waste	52.04%	48.20%	54.27%
Offsite treatment	-	-	-
Clinical waste - incinerated	0.73%	1.10%	0.81%
Clinical waste - sharps	1.21%	1.18%	1.32%
Clinical waste - treated	20.11%	25.65%	21.29%
Recycling/recovery (disposal)	-	-	-
Cardboard	12.92%	13.61%	12.44%
Commingled	5.02%	5.35%	3.07%
Fluorescent tubes	-	0.00%	-
Grease traps	-	-	0.60%
Organics (food)	-	0.09%	-
Paper (confidential)	7.80%	4.78%	6.12%
Paper (recycling)	0.06%	-	-
PVC	0.11%	0.02%	0.08%
Sterilization wraps	-	0.02%	-
WR2 Percentage of office sites covered by dedicated collection services for each waste stream			
Printer cartridges	-	-	-
Batteries	-	-	-
e-waste	-	-	-
Soft plastics	-	-	-

Environmental Scorecard (continued)

WASTE AND RECYCLING (continued)	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per patient treated (kg general waste)/PPT	1.21	1.71	1.66
Total waste to offsite treatment per patient treated (kg offsite treatment)/PPT	0.51	0.99	0.72
Total waste recycled and reused per patient treated (kg recycled and reused)/PPT	0.60	0.85	0.68
WR4 Recycling rate [%]			
Weight of recyclable and organic materials [kg]	394,572.77	451,477.79	392,829.78
Weight of total waste [kg]	1,523,366.45	1,890,802.70	1,760,534.25
Recycling rate [%]	25.90%	23.88%	22.31%
WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	1,462.75	1,862.37	1,772.03
GREENHOUSE GAS EMISSIONS	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	3,949.80	4,487.78	4,239.50
Methane	7.68	8.73	8.25
Nitrous Oxide	2.31	2.62	2.47
Total	3,959.79	4,499.13	4,250.22
GHG emissions from stationary fuel (F2) [tonnes CO2-e]	3,959.79	4,499.13	4,250.22
GHG emissions from vehicle fleet (T3) [tonnes CO2-e]	-	-	-
Medical/Refrigerant gases	-	-	-
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	3,959.79	4,499.13	4,250.22

Environmental Scorecard (continued)

GREENHOUSE GAS EMISSIONS	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	13,215.89	12,469.00	12,790.78
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	13,215.89	12,469.00	12,790.78
G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel	-	-	-
Waste emissions	1,462.75	1,862.37	1,772.03
Indirect emissions from Stationary Energy	2,010.13	1,711.52	1,805.78
Indirect emissions from Transport Energy	-	-	-
Paper emissions	-	-	-
Any other Scope 3 emissions	285.78	248.58	209.80
Total scope three greenhouse gas emissions [tonnes CO2e]	3,758.66	3,822.46	3,787.62
G(Opt) Net greenhouse gas emissions (tonnes CO2e)			
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]	20,934.34	20,790.59	20,828.62
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	0.00	0.00	0.00
Any Offsets purchased	0.00	0.00	0.00
Net greenhouse gas emissions [tonnes CO2e]	20,934.34	20,790.59	20,828.62

Environmental Scorecard (continued)

NORMALISATION FACTORS	July 2022 - June 2023	July 2021 - June 2022	July 2020 - June 2021
1000km (Corporate)	-	-	-
1000km (Non-emergency)	-	-	-
Aged Care OBD	24,719.00	18,710.00	19,279.00
ED Departures	201,141.00	109,122.00	177,067.00
FTE	-	-	-
LOS	322,544.00	302,082.00	282,993.00
OBD	347,263.00	320,792.00	302,272.00
PPT	657,610.00	532,372.00	576,122.00
Separations	109,206.00	102,458.00	96,783.00
TotalAreaM2	92,522.00	86,485.00	86,485.00

NOTE: Indicators are not reported where data is unavailable or an indicator is not relevant to the organisation's operations

Northern Health Foundation

Northern Health Foundation, the philanthropic arm of Northern Health, is driven by a shared vision: to create a healthier community for every person, every day.

By funding medical equipment, research and training, and special projects to enhance spaces across Northern Health campuses, the Foundation makes a significant impact on the quality of patient care for those living in the growing northern catchment area.

Northern Health Foundation is governed by a board of diversely skilled directors who volunteer their time to serve the community. The board is led by Chair John Molnar OAM, and Deputy Chair Peter McWilliam. We extend our sincere gratitude to all members of the Northern Health Foundation board for their commitment and dedication to our health service.

The Foundation continues to be affected by post-pandemic factors, as well as economic factors such as high inflation and high interest rates. Notwithstanding these pressures, the Foundation distributed over \$750K to Northern Health in 2022-23, showing positive signs of recovery.

Fundraising highlights

In July 2022, the Northern Health Foundation team embarked on yet another Dry July campaign. Performing well, and securing one of the top spots on the leaderboard, the team delivered an impressive result, raising \$27,000 towards the refurbishment of the Palliative Care Unit gardens at Northern Hospital Epping.

Further adding to the Palliative Care Garden Project was a donation of \$20,000 from Josie Minniti's Fun Group which will be used to fund an undercover gazebo area.

A race day hosted by patron Bev Carman at Kilmore Racing Club in January 2023 raised \$11,000. This donation will fund a water feature to complete the Palliative Care Garden Project, so patients and their families can spend quality time together.

At her annual high tea event, Northern Health patron and board member Trudi Hay raised \$23,000 to fund new chemotherapy chairs, as well as the refurbishment of one of the Palliative Care Unit's smaller courtyards.

The hallways leading to the gardens of the Palliative Care Unit have also undergone a makeover. They now display beautiful canvas artworks funded through staff contributions to the Foundation's Workplace Giving Program.

In May 2023, events made their way back onto the Foundation calendar with a spectacular fundraising gala ball held at the Plaza Ballroom in Melbourne. The event was attended by 320 people and raised \$75,000 for Northern Health's Research Department.

Major appeals

The Foundation's major capital appeal was launched at an event held in April 2022. Fundraising towards an Anorectal Laboratory commenced in July 2022, after a gap in services became apparent. Currently, an estimated 130 patients per year experience obstetric anal sphincter injuries which can occur through the process of natural birth. These patients are being referred to other health services for further medical or surgical treatment.



The Anorectal Physiology Testing Laboratory will make a significant difference to the care which can be delivered locally to these patients. The Foundation is proud to have contributed \$250,000 to the establishment of this specialised service.

Our Patrons

Northern Health Foundation is privileged to have the support of its long-standing patrons, Bev Carman, Josie Minniti OAM, and Trudi Hay. Not only do they raise money in their own right, they work together to ensure the Foundation can complete its projects.

Over the years, our patrons have significantly contributed to the funding of essential equipment for Cancer Services at Northern Health. In 2022-23, they have come together to direct their contributions to ensure patients and families of our Palliative Care Unit have a lovely outdoor area to spend time in.

We take this opportunity to thank our patrons for their consistent and unwavering support.

Volunteer and Community Support

Woven into the tapestry of Northern Health are our volunteers. Supporting staff with everything from wayfinding and administration, to baby cuddling, and providing tea and coffee for patients and visitors, our volunteers make a significant contribution to our health service.

Northern Health is fortunate to have almost 200 volunteers who, between them, contributed over 139,000 hours of volunteering during 2022-23.

Northern Health Foundation is well supported in the northern community by local sporting associations, religious groups, and social clubs. These groups enthusiastically engage in fundraising activities, giving back to the health service in a meaningful way.

Our Bundoora Centre is fortunate to receive proceeds from Busy Fingers Auxiliary, which has recently celebrated its 50th anniversary.

Northern Health is extremely grateful for level of support it receives from the local community.

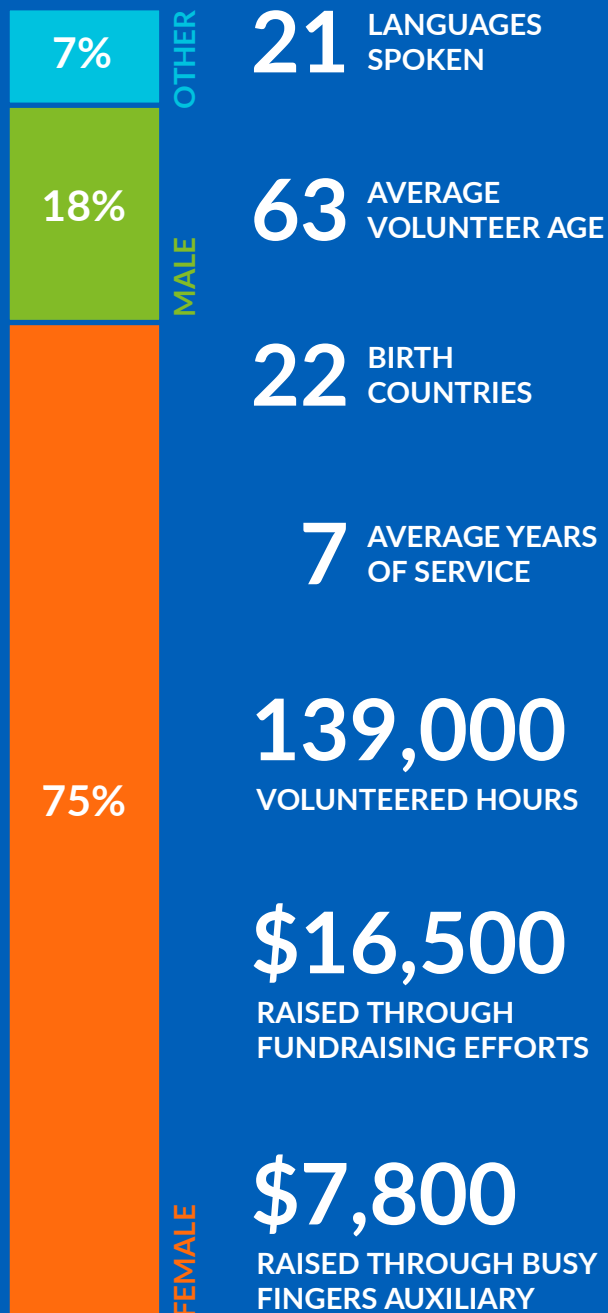
Northern Health Foundation Board Directors

John Molnar OAM – Board Chair
Peter McWilliam – Deputy Chair
Elizabeth Batten
Professor Peter Brooks
Professor Donald Campbell
Peter Copp
Trudi Hay
Koby Jones
Tricia Lee
Tony Raunic
Chris Turner
John Watson

Over the past 12 months, the Volunteer Services team has placed emphasis on three key priority areas: rebuilding, recruiting, and reducing barriers to volunteering.



Snapshot 2022-23:



Volunteer Services

Following the challenges posed by the COVID-19 pandemic, we have successfully re-engaged and recruited numerous new volunteers who have provided invaluable practical support across various areas of the health service.

Our volunteers have told us that volunteering at Northern Health brings them a sense of purpose, facilitates connections within their community, and contributes to their overall health and wellbeing.

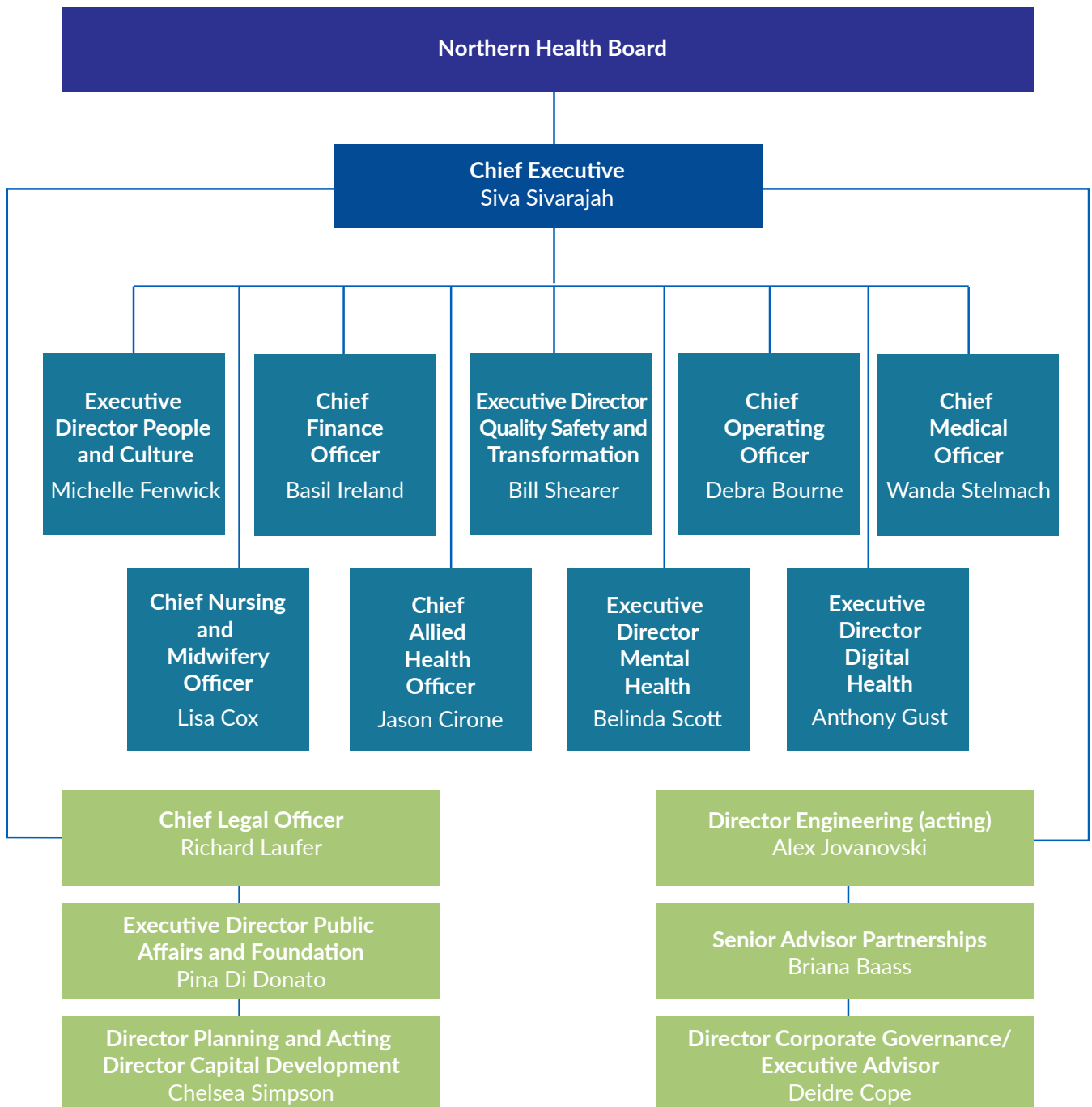
During this year's National Volunteer Week, our focus was on highlighting the impact of volunteering. We achieved this by sharing heart-warming stories that showcased the meaningful interactions our volunteers had with patients and visitors. These stories ranged from friendly chats over a cup of tea to engaging in enjoyable social activities like bingo and card sessions. Additionally, patients greatly appreciated musical performances on the piano or guitar by our volunteers.

Our involvement with local community groups has flourished, fostering strong connections. These groups have been incredibly generous, consistently contributing donations that have greatly benefited both our patients and our fundraising efforts.

A remarkable achievement was celebrated by the Busy Fingers Auxiliary, as they reached an extraordinary 50-year milestone of supporting the Bundoora Centre. Their ongoing commitment has resulted in an impressive fundraising accomplishment of over \$3 million, showcasing their incredible dedication and impact.

The Volunteer Services team has continued to offer support to the work of the Northern Health Foundation by organising fundraising raffles, stalls, and providing assistance during Foundation events.

Organisational Structure



Our Board

Ms Jennifer Williams AM

Board Chair

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

Jennifer is a non-executive director with a number of Board appointments in addition to her Northern Health role. She is Chair of Yooralla and Deputy Chair of the Independent Hospital and Aged Care Pricing Authority and on the board of Barwon Health, as well as on the advisory board of the Victorian Health Building Authority. She has previously completed eight years on the board of La Trobe University.

Jennifer has extensive experience in the health sector and has previously worked as a Chief Executive to several large health care organisations including Austin Health, Alfred Health and as Chief Executive of the Australian Red Cross Blood Service.

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 Your Community Health. He has a long history in the community, vocational education and health sectors.

Phillip is a member of the DJPR Northern Metropolitan Partnerships and is a longstanding Director of QIP, the national quality provider in primary care. He is also a Director of Client Focussed Evaluation Program (CFEP).

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

Phillip's professional career includes a lengthy period working with GPs in the north of

Melbourne and managing the Goulburn Valley Medicare Local in central Victoria. He has served as a local Councilor and Mayor, and was a Victorian Multicultural Commissioner.

Dr Sherene Devanesen

Sherene Devanesen was appointed to the Northern Health Board on 1 July 2021.

She is a medical practitioner with experience in Health Administration and Corporate and Clinical Governance.

Sherene is currently chair of the Royal Victorian Eye and Ear Hospital Board.

Sherene held the position of Chief Executive Officer of Yooralla from January 2014 to February 2021. Prior to that, she was the Chief Executive Officer of Peninsula Health. With over 30 years' experience in the management of health services and medical administration in Victoria, her experience has provided her with a strong reputation in consumer consultation and engagement and in achieving quality outcomes for human and community services.

Mr Domenic Isola

Domenic Isola commenced his career in Local Government in 1996 following a career in institutional banking audit in a leading financial institution. He has expertise in financial management, reporting and audit, extensive management skills and experience in governance and risk as well as strong leadership and public sector experience.

Domenic commenced with Hume City Council in June 1999 and held the positions of Finance Manager and Director City Governance and Information before being appointed to the role

Our Board (continued)

of Chief Executive Officer in August 2007, a position he held for 13 years.

He was previously a co-opted member of the former board of Dianella Community Health and Community Chef. During that time he was a member of the Finance and Audit committees and remains a member of DPV Health.

Domenic has led a number of local initiatives and dealt with a broad range of complex matters in the north, working with a range of stakeholders including government ministers, community health organisations and government agencies. He maintains strong working relationships with community health organisations.

Domenic is a Board Director of Lower Murray Water and member of the Finance and Audit Committee.

Dr Andrea Kattula

Andrea originally trained as an anaesthetist, working in hospitals in Australia and the United States. She transitioned to a career in safety and quality in healthcare, and brings broad experience in successfully establishing clinical governance systems and processes, leading change, engaging clinicians and supporting clinical leadership development.

Alongside medical and anaesthesia qualifications, Andrea has completed a Bachelor of Psychological Science degree and a Master of Quality Improvement in Healthcare. She is a graduate of the Australian Institute of Company Directors (GAICD), an associate fellow of the Australian College of Health Service Managers (ACHSM) and an affiliate of the Governance Institute of Australia (GIA).

Committed to delivering safer health care, Andrea has served in a range of safety and quality roles over the past 20 years. More recently these roles have included chair of the Victorian Consultative

Council on Anaesthetic Mortality and Morbidity (2017-2019), Deputy Chair of the Victorian Perioperative Consultative Council (2019-2022), and member of the Victorian Audit of Surgical Mortality Management Committee (ongoing since 2012). She presently teaches as a Lecturer in the Master of Public Health program for Monash University.

Andrea is also a keen Meals on Wheels volunteer in her local community.

Ms Anna MacLeod

Anna MacLeod was appointed to the Northern Health Board in July 2020.

Anna has extensive experience in health, insurance, risk, governance and regulation working within both the public and private sectors. She is a health lawyer, accredited mediator and registered nurse.

Anna has held many clinical governance and medico-legal roles in major public hospitals as well as senior management roles for key medical indemnity insurers; Victorian Managed Insurance Authority and Avant. She has an interest in people management and development, delivering results through building relationships and the application of strategic influencing skills. She is passionate about patient safety and reducing risks in healthcare.

Anna is also a recipient Victorian Government Women's Board Leadership Scholarship.

Mr Peter McDonald

Peter McDonald was appointed to the Northern Health Board in December 2016 and is Chair of the Finance Committee.

He is an executive with Australian Red Cross Lifeblood and previously worked as CFO at Austin

Our Board (continued)

Health and Alfred Health for 12 years. Prior to that he had a number of senior management roles in Victorian Government departments.

Peter is a Fellow of CPA Australia and a former Council member and Chair of the Finance & Resources Committee at La Trobe University.

Ms Linda Rubinstein

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

Linda is a former trade union official and lawyer with over 30 years board experience, largely related to industry superannuation funds. She worked in a senior role at the ACTU and as the Pro Bono Manager at a national law firm and is a volunteer Community Visitor appointed under the Disability Act 2006.

Mr John Watson

John Watson was appointed to the Northern Health Board in August 2016 and joined the board of the Northern Health Foundation in 2023. John has had a long career in State and Local Government over more than four decades. He has held several 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 Victorian Local Government Grants Commission since 2012 and was Chair of the Panel of Administrators of the Brimbank City Council from 2012 to 2016. He Chairs or sits as an independent member on the Audit and Risk Committees for a number of Victorian local governments, the Municipal Association of Victoria and the Maryborough District Health Service.



Corporate Governance

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.

Mr Domenic Isola was appointed to the Board in July 2022.

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
 - monitoring the performance of the health service to ensure:
 - it operates within its budget
 - auditing and accounting systems accurately reflect the financial position and viability of the health service
- adherence to its financial and business plans, strategic plans and statements of priorities
 - 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 health 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
 - developing arrangements with other relevant agencies and service providers to enable effective and efficient service delivery and continuity of care
 - ensuring the Minister and Secretary are advised about significant board decisions and are informed of issues of public concern or risks to the health service
 - establishing a Finance Committee, an Audit Committee and a Quality and Safety Committee
 - facilitating research and education
 - adopting a code of conduct for staff.

Corporate Governance (continued)

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 related to their involvement in committees and are contacted by the Chief Executive on major issues.

Delegation of functions

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

The Board has approved and regularly 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

Mr John Watson – Director (Chair)
Ms Jennifer Williams AM (Board Chair)
Ms Linda Rubinstein – Director
Dr Sherene Devanesen – Director

The following executive staff attend this Committee:

Mr Siva Sivarajah – Chief Executive

Mr Basil Ireland – Chief Financial Officer
Dr Bill Shearer – Executive Director, Quality and Safety, Transformation
Mr Anthony Gust – Executive Director, Digital Health
Ms Michelle Fenwick – Executive Director, People and Culture

Meetings were also attended by representatives from Northern Health's internal and external auditors. Directors who were not designated members of committees were able to attend and participate in meetings.

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 McDonald – Director (Chair)
Ms Jennifer Williams AM – Board Chair
Mr John Watson – Director
Mr Domenic Isola – Director
Dr Sherene Devanesen – Director
Mr Siva Sivarajah – Chief Executive
Mr Basil Ireland – Chief Financial Officer
Ms Debra Bourne – Chief Operating Officer

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.

Corporate Governance (continued)

Quality and Safety Committee

Dr Andrea Kattula – Director (Chair)
Ms Jennifer Williams AM – Board Chair
Ms Anna MacLeod – Director
Mr Siva Sivarajah – Chief Executive
Dr Bill Shearer – Executive Director, Quality and Safety, Transformation
Associate Professor Wanda Stelmach – Chief Medical Officer
Ms Lisa Cox – Chief Nursing and Midwifery Officer
Associate Professor Jason Cirone – Chief Allied Health Officer
Ms Belinda Scott – Executive Director, Mental Health

The Quality and Safety Committee is responsible to the Board for ensuring that effective and accountable systems are in place to monitor and improve the quality and safety 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 safety and foster innovation.

Remuneration and Appointments Committee

Ms Jennifer Williams AM – Board Chair (Chair)
Mr John Watson – Director
Mr Peter McDonald – Director
Mr Siva Sivarajah – Chief Executive
Ms Michelle Fenwick – Executive Director, People and Culture

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

Community Advisory Committee

Ms Anna MacLeod - Director (Chair)
Mr Phillip Bain – Director
Ms Karen Bryant – Senior Aboriginal Liaison Officer
Ms Maureen Canzano – Consumer representative
Ms Fiona Micelotta – Consumer representative
Ms Nurcihan Ozturk – Consumer representative
Ms Dalal Sleiman – Consumer representative
Ms Jenefer Williams – Consumer representative
Ms Careena Newcastle – Consumer representative
Ms Tania De Carli – Consumer representative
Mr Shane Burke – Consumer representative (until August 2023)
Mr Evan Bichara – Consumer representative
Mr Siva Sivarajah – Chief Executive
Ms Debra Bourne – Chief Operating Officer
Dr Bill Shearer – Executive Director, Quality Safety and Transformation
Ms Pina Di Donato – Executive Director, Public Affairs and Foundation

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

Corporate Governance (continued)

Primary Care and Population Health Advisory Committee

Mr Phillip Bain – Director (Chair)

Ms Jennifer Williams AM – Director (Board Chair)

Mr Domenic Isola – Director

Ms Linda Rubinstein – Director

Ms Amanda Mullins – CEO, Nexus Primary Health

Mr Don Tidbury – CEO, DPV Health

Ms Alex Haynes – CEO, Whittlesea Connect

Ms Dee Gilby – Manager, Prevention and Population Health Regional Public Health, North Emergency Management and Regional Public Health Branch, Department of Health

Ms Anna Bauze – Principal Advisor, Prevention and Population Health Regional Public Health, North Emergency Management and Regional Public Health Branch, Department of Health

Ms Elizabeth Carroll – Coordinator Equity and Health Planning, City of Planning

Ms Sarah O’Leary – North Western Melbourne Primary Care Partnership

Ms Narelle Quinn – Executive Director, Eastern Melbourne Primary Health Network

Ms Carol Wildey – Portfolio Manager, Chronic and Complex Care Eastern Melbourne PHN

Ms Jennifer Gilham – Acting Chief Executive, Kilmore District Health

Mr Sam Ferrier – Coordinator Population Health, City of Hume

Mr Andrew Morrison – Victorian Aboriginal Health Services

Ms Helen Riseborough – CEO, Women’s Health in the North

Dr Christian McGrath – North Eastern Public Health Unit

Mr Peter McWilliam – NORTHLink

Ms Rebecca Sirianni – Coordinator Advocacy, Social Policy and Partnerships, Mitchell Shire

Mr Siva Sivarajah – Chief Executive

Ms Debra Bourne – Chief Operating Officer

Ms Briana Baass – Senior Advisor Partnerships

Ms Belinda Scott – Executive Director, Mental Health

Ms Karen Bryant – Senior Aboriginal Liaison Officer Northern Health

Ms Neela Konara – Director, Partnerships

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

Directors' Attendance for Board and Sub Committee Meetings

1 July 2022 – 30 June 2023

	Board	Finance	Audit and Risk	Quality and Safety	Community Advisory	Primary Care and Population Health Advisory	Remuneration and Appointments	Total
No. of Meetings	11	11	4	6	6	5	1	44
Jennifer Williams AM	11/11	10/11	4/4	5/6	0/0	5/5	1/1	36
John Watson	9/11	11/11	4/4	0/0	0/0	0/0	1/1	25
Peter McDonald	10/11	10/11	1/4	0/0	0/0	0/0	1/1	22
Phillip Bain	11/11	1/0	0/0	4/0	6/6	5/5	0/0	27
Linda Rubinstein	10/11	5/0	4/4	0/0	0/0	4/5	0/0	23
Andrea Kattula	11/11	7/0	4/0	6/6	0/0	1/0	0/0	29
Anna MacLeod	11/11	2/0	1/0	6/6	6/6	0/0	0/0	26
Sherene Devanesen	10/11	10/11	3/4	0/0	0/0	0/0	0/0	23
Domenic Isola	11/11	11/11	0/0	0/0	0/0	5/5	0/0	27

To note: the first number is the number of meetings attended, the second number indicates eligibility or membership of the particular committee. All board members are welcome to attend other committee meetings with the exception of the Community Advisory Committee as the terms of reference indicate only two board members attend these meetings.

Statement of Priorities

The Statement of Priorities are aligned with the Department of Health Operational Plan 2022-23. Northern Health will contribute to the Operational Plan 2022-23 by agreeing to the following priorities:

Part A: Department of Health Operational Plan

Priority 1: Keep people healthy and safe in the community

Maintain COVID-19 readiness	Status	Update
Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.	Complete for 2022-23 financial year	<p>Northern Health has successfully maintained effective responses to changes in demand and peaks/troughs of COVID-19 hospitalisations.</p> <p>A COVID-19 ward activation guideline was developed and amended to reflect Departmental guidance. Policy and procedures were also put in place for patient bed allocation and ward configuration.</p> <p>Northern Health continuously provided COVID-19 updates to staff through "All Staff Updates" email communications. We also regularly participated in daily Ambulance Victoria Chief Operating Officer Department of Health COVID-19 response meetings to assist with COVID-19 response in a timely and effective manner.</p>

Part A: Department of Health Operational Plan

Priority 2: Care closer to home

Delivering more care in the home or virtually	Status	Update
<p>Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has commenced 12 projects as part of the Better at Home program:</p> <ul style="list-style-type: none"> • Hospital in the Home (HITH) expansion • Residential in Reach (RIR) expansion • Heart Failure Virtual Ward • Symptom Urgent Review Clinic as part of Northern Oncology and Haematology (NOAH) • Inflammatory Bowel Disease@Home • Liver@Home • Early Supported Discharge – Stroke • Early Supported Discharge – Vascular • Paediatric HITH • Trial of Void@Home • Maternity in the Home (MITH) and Medical Obstetrics at Home (MOAH) expansion • Pharmacy@Home <p>All projects are on track and patient recruitment has commenced.</p> <p>Northern Health has had a significant measurable increase in hospital type services within patients' homes through home-based and virtual care, having exceeded our annual target by 12 per cent (Total FY Activity: 8,546 NWAUs).</p>

Part A: Department of Health Operational Plan

Priority 3: Keep improving care

Improve quality and safety of care	Status	Update
<p>Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has maintained a close working relationship with Safer Care Victoria in areas of clinical improvement to improve the quality and safety of care. We have provided Northern Health updates on the following at each quarterly performance meeting with the Department of Health:</p> <ul style="list-style-type: none"> • Quality and Safety initiatives with SCV • Investigation of adverse events including Sentinel Events • Hospital Acquired Complications • Low-Value care • Summary reports of recent and validated quality and safety measures reported by Victorian Agency for Health Information (VAHI) to SCV.

Contribute to a responsive and integrated mental health and wellbeing system	Status	Update
<p>Continue to transform Area Mental Health and Wellbeing Services that deliver wellbeing supports and are delivered through partnerships between public health services (or public hospitals) and non-government organisations.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has made great progress in the Year 2 Mental Health (MH) Transformation Plan to improve patient access to MH services:</p> <ul style="list-style-type: none"> • A People & Culture Workforce Strategy has been developed and recruitment remains a focus area. • All internal policies and procedures have been successfully developed, and hours of service for core services have been expanded. A five per cent increase in the uptake of core services has been achieved for Q1-Q3.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
Develop/refine services that will be provided across two aged-based streams: infant, child and youth (0-25), and adult and older adult (26+).	In progress	<ul style="list-style-type: none"> The construction of the new 30-bed adult inpatient mental health unit at Northern Hospital Epping is complete and commissioning will occur mid-August to ensure staff recruitment has been completed. Planning works for the refurbishment of existing MH wards is also progressing well with Engineering and Procurement.
Provide integrated treatment, care and support to people living with mental illness and substance use or addiction.	Complete for 2022-23 financial year	The development and refinement of services that will be provided across two aged-based streams has progressed.
Subject to the passage of the Mental Health and Wellbeing Bill 2022, actively participate in the implementation of new legislative requirements and embed the legislation's rights-based objectives and principles.	In progress	<ul style="list-style-type: none"> Serviced Profiling has been completed. Transition of Aged MH service has taken place. Youth and child state-wide service plan is pending Department of Health endorsement and release.
Work with the department to test (shadow) and implement activity-based funding models initially for bed-based and adult ambulatory mental health and wellbeing services.	In progress	<p>Regarding provision of integrated treatment, care and support to people living with mental illness and substance use or addiction, Northern Health has appointed a dedicated Alcohol and Drug Project Officer to progress this work.</p> <ul style="list-style-type: none"> A current state plan and stakeholder engagement plan was developed. Workshops were carried out and a progress report was submitted to the Department of Health. A future state plan and an implementation plan was endorsed by Executives to move this work forward. Engagement with external stakeholders is in progress.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
Continue towards implementation and routine use of the electronic state-wide mental health and well-being record to underpin best practice mental health care and improve the experience of Victorians with lived experience of mental health as they move between providers.	In progress	<p>Northern Health has made progress in recruiting an Implementation Lead to enable active participation in the implementation of new legislative requirements and embed the legislation's rights-based objectives and principles. An implementation plan is in progress.</p> <p>Northern Health has not been able to commence the work around testing and implementing activity-based funding models in mental health due to the appropriate datasets not being made available by the Department of Health.</p> <p>Northern Health has successfully recruited a dedicated MH 'Health Information Manager' (HIM) who will be defining the audit tools to ensure accurate recording in Client Management Interface (CMI) and to ensure workflows for the new Electronic Medical Records (EMR) include maintenance of recording in CMI. In addition, we have been developing of a proof of concept Application to capture Community Contacts.</p>

Improve Emergency Department access	Status	Update
Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times.	Complete for 2022-23 financial year	<p>Significant work has been undertaken under Timely Emergency Care Collaborative, resulting in a measurable improvement in access to emergency services through improved whole-of-system flow.</p> <p>Three workstreams were developed, each with a different purpose:</p> <ul style="list-style-type: none"> • Operations workstream – gain a clear and collaborative understanding of access and flow issues for planning for the early morning. This workstream was built to solve problems and actively implement actions for the afternoon/evening shifts. The main focus area has been to move the peak of discharges from 12-2 pm to become more levelled out throughout the morning.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
		<p>The PM bed meeting has been refreshed to address next-day discharge planning and updated overcapacity policy.</p> <ul style="list-style-type: none"> • Emergency workstream – included a pilot program where a Virtual Emergency Department Liaison Nurse was based in the physical ED to actively divert appropriate patients to Epping Priority Primary Care Centre, Virtual Consultation in ED or arrange GP follow-up. During the pilot period, the Liaison Nurse successfully diverted 490 patients from the ED to the VVED, and 83 per cent of patients were discharged. • Inpatient workstream – included the implementation of Friday huddles to prepare for weekend discharges. Ward 19 has been piloting weekend huddles to identify early patients for discharge over the weekend. <p>All workstreams continue to test and implement change ideas and have met all key deliverables for the Department of Health.</p>

Pathology reform	Status	Update
Progress with forming shared public pathology entities, established as Companies Limited by Guarantee under Joint Venture Agreements that meet the requirements set out in the Policy Framework for the Shared Pathology Entities and operate consistently with the statutory obligations of the <i>Public Administration Act 2004</i> .	In progress	Northern Health has supported both of these Department of Health initiatives through regular attendance and collaboration at North-East Pathology Network (NEPN) meetings, along with timely responses to data requests by the NEPN Project Office.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
Implement the new integrated Laboratory Information Systems and participate in the adoption of a Health Information Exchange as a priority for the newly formed pathology entity over the next four years.		<p>Northern Health has also partaken in discussions around financial and commercial challenges of the joint venture.</p> <p>The tender for the laboratory information system was released on 29 June 2023, and Northern Health will be involved in the evaluation throughout August and September, together with Austin Health Pathology and Eastern Health Pathology.</p>

Plan update to nutrition and food quality standards	Status	Update
Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.	In progress	<p>The Allied Health Dietetics team have presented on the key elements of the nutrition and quality food standards to the Standard 5 Nutrition and Hydration Sub Clinical Excellence Commission (CIC). These new requirements have been escalated to Standard 5 and Standard 1 via the Nutrition and Hydration CIC Performance, Analysis, Communication, Escalation (PACE) Statement.</p> <p>A paper was prepared and discussed within Allied Health regarding requirement for dietetic food service EFT inclusive of the resource and skillset required to complete a gap analysis and lead subsequent work required for standards compliance. As a result, temporary funding has been granted to integrate and delegate into the Electronic Medical Records.</p> <p>Northern Health is working towards resourcing a team to support food service review and management.</p>

Part A: Department of Health Operational Plan (continued)

Climate Change Commitments	Status	Update
<p>Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has developed a draft Northern Health Environmental Management Plan and Action Plan and supporting Board Policy with the addition of a statement setting out Northern Health's commitment to reduce its carbon footprint and includes proposed targets for Scope 1, 2 and 3 carbon emissions. The Plan was presented to the Northern Health Board and approved to assist with improving our environmental sustainability.</p> <ul style="list-style-type: none"> • The five-year Environmental Management Plan 2023–28 sets out the framework under which these targets will be delivered. As part of the plan, the Northern Health fleet will be changed to 95 per cent hybrid vehicles over time. • Grant funding was allocated for the installation of solar panels at Northern Health sites at Epping, Broadmeadows, Bundoora, Craigieburn and McLellan House. This will reduce carbon dioxide emissions by 1,432 tons. <p>Northern Health has made a commitment to have net zero emissions from Scope 2 by 2025, net zero emissions from Scopes 1 & 2 by 2030 and net zero emissions from Scopes 1, 2 & 3 by 2040.</p>

Part A: Department of Health Operational Plan (continued)

Asset Maintenance and Management	Status	Update
<p>Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.</p>	<p>In progress</p>	<p>As part of the Asset Maintenance review, Northern Health has:</p> <ul style="list-style-type: none"> • Developed an Asset Management Dashboard with Decision Support to compile asset information from three systems: AssetPlus, Cherwell and Poolcar. A bulk upload functionality is also currently being developed with AssetPlus to assist in the easy capture and update of critical asset information. • Completed a physical stock take of moveable medical assets and updated the location of assets within AssetPlus. Assets which were unable to be located during the stock take have been flagged with relevant clinical departments for further investigation and potential disposal. • Improved the capital requisition process with Procurement who are now responsible for raising all capital purchase requisitions. Further updates to the CAP1 form and process are in progress. • Commenced the development of a fleet asset manual for new builds - in progress.

Part A: Department of Health Operational Plan

Priority 4: Improve Aboriginal health and wellbeing

Improve Aboriginal cultural safety	Status	Update
Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.	In progress	Northern Health's Reconciliation Action Plan (RAP) Committee is currently developing a draft version of the second Innovate RAP Progress, having completed consultation with the RAP Working Group and carried out the four pillars planning sessions. Aboriginal art is also being sought through procurement, and EOI process.
Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.	Complete for 2022-23 financial year	The Northern Health Aboriginal Cultural Safety Plan (CSP) has also been developed in consultation with Northern Health Aboriginal Advisory Committee (NHAAC). The CSP has been approved internally and sent to the Department of Health for formal endorsement.
Implement strategies and processes to actively increase Aboriginal employment.	In progress	Northern Health continues to work with Aboriginal Controlled Organisations, including Victorian Aboriginal Health Service (VAHS). We have also commenced collaborations with First People Health and Wellbeing (FPHW), following their relocation to a new site in Thomastown and request for clinical and corporate governance support. Northern Health has provided support regarding learning and development for their agency. A Memorandum of Understanding (MOU) has been developed that will enable the two health services to work collaboratively on Aboriginal cultural safety initiatives.
Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.	Complete for 2022-23 financial year	Northern Health continues to work with Aboriginal Controlled Organisations, including Victorian Aboriginal Health Service (VAHS). We have also commenced collaborations with First People Health and Wellbeing (FPHW), following their relocation to a new site in Thomastown and request for clinical and corporate governance support. Northern Health has provided support regarding learning and development for their agency. A Memorandum of Understanding (MOU) has been developed that will enable the two health services to work collaboratively on Aboriginal cultural safety initiatives.
Develop discharge plans for every Aboriginal patient.	In progress	Northern Health has developed a plan to help implement the Aboriginal Employment Strategy, which will focus on position identification for promotion within the Aboriginal community. This plan also includes the appointment of an Aboriginal Employment Officer. There have also been efforts made to progress with Allied Health and Nursing cadetship programs to assist with increasing Aboriginal employment.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
		<p>To assist with improving patient identification of Aboriginal people presenting for health care at Northern Health, we have established 'asking the question' processes and have undertaken bi-annual audits. The Aboriginal Patient Monitor is currently in use and assisting with monitoring and patient identification. The Aboriginal Scorecard continues to be monitored, updated, and reported on at Executive Clinical Governance Committee and Board Quality & Safety Sub-Committee Meetings.</p> <p>Northern Health successfully recruited a new Emergency Department Aboriginal Liaison Officer (ALO) who has been advocating for and providing support to Aboriginal patients whilst in the ED, along with assisting with internal and external referrals for services.</p> <p>Lastly, Northern Health has commenced planning towards discharge plans for all Aboriginal patients, as part of the RAP consultation, and will be incorporated into the second pillar of the Reconciliation Action Plan.</p> <ul style="list-style-type: none"> • This priority has been included in the draft of the second innovate RAP, specifically Pillar Two: Relationships. • The actions will mostly center around guidelines for discharge plans for Aboriginal patients, with organisation-wide communication to facilitate implementation. • This strategy will assist where Aboriginal patients are seen and discharged, in the absence of support from the Aboriginal Liaison Officers. • Allied Health and Partnerships (AH&P) Division has been working with the Partnerships Director and Deputy Chief Medical Officer to consolidate discharge plans for Aboriginal patients, and a confirmed sharing platform with key external General Practitioners and Aboriginal Community Controlled Health Organisations (ACCHOs).

Part A: Department of Health Operational Plan

Priority 5: Moving from competition to collaboration

Foster and develop local partnerships	Status	Update
<p>Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).</p> <p>Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health continues to participate in the following health service partnerships (HSP) projects, with regular attendance to relevant meetings and input into strategies as appropriate (and where required).</p> <ul style="list-style-type: none"> • Better at Home • Elective Surgery reform • Technical Advisory Group Committee • Chief Executive Health Service Partnerships Committee • Mental Health

Joint service planning	Status	Update
<p>Develop HSP Strategic Service Plans – codesigned by health services and the department – that guide a system approach to future service delivery and consider equity, quality and safety, and value.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has regularly participated in relevant consultations and advocated for the needs of the catchment community during the development of the HSP Strategic Service Plans led by the Department of Health and co-signed by Northern Health.</p> <ul style="list-style-type: none"> • North East Metro (NEM) HSP meetings are progressing and Northern Health has regularly attended all Project Control Group (PCG) meetings to date. • The target of one person from Northern Health across consultations has been met.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
		<ul style="list-style-type: none"> Northern Health continue to have representation at all NEM HSP workshops and PCG. Proposed Strategic Service Directions (PSSDs) were developed by the Department of Health based on analysis and stakeholder workshops across a number of priority areas and Northern Health has been working with the partnership to refine these directions. A final report by the Department of Health is due to be developed and endorsed in late 2023.

Planned Surgery Recovery and Reform Program	Status	Update
<p>Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future initiatives to improve the long-term sustainability of safe and high quality planned surgical services to Victorians.</p>	<p>Complete for 2022-23 financial year</p>	<p>Northern Health has successfully met the elective surgery targets to provide timely access to surgery for patients on the waitlist. This has been obtained through the following strategies:</p> <ul style="list-style-type: none"> Successful commissioning and equipment set up for Theatre 10 Epping Campus. Successful commissioning Rapid Access Hub at Broadmeadows Hospital which is now fully operational. Continued HSP engagement led by Northern Health Elective Surgery Transformation Lead. Progression of planned surgery recovery and reform initiatives continue and on track. Established partnerships with Kilmore District Health (KDH) and Victorian Gut Centre progressing well and delivering on KPIs. Established partnerships with Healthscope Partnership. Establishment of Patient Support Unit to perform routine waitlist validation to ensure timely access to surgery for our patients.

Part A: Department of Health Operational Plan (continued)

Support mental health and wellbeing	Status	Update
Support the implementation of recommendations arising from the Royal Commission into Victoria's Mental Health system, by improving compliance with legislative principles supporting self-determination and self-directed care	In progress	<p>Northern Health has continued to support the work behind the MH transformation plan and the Mental Health and Wellbeing Bill 2022 through the recruitment of an Implementation Lead. An Implementation Plan is in progress.</p> <p>We have also continued progression on Priority 1 of the recommendations of the Royal Commission into Victoria's Mental Health System as it aligns with Northern Health's Mental Health Transformation Plan.</p>
Embed consumer, family, carer and supporter lived experience at all levels, in leadership, governance, service design, delivery, and improvement	In progress	<ul style="list-style-type: none"> Northern Health now has 'Lived Experience' representation across all divisional and local committees 75 per cent of Lived Experience policies and procedures developed and endorsed. The Lived Experience Workforce structure was put in place and aligns with the new EBA. This is now being renegotiated to align within new Mental Health Division structure.
Work towards treatment, care and support being person-centred, rights-based, trauma informed, and recovery orientated, respecting the human rights and dignity of consumers, families, carers and supporters.	In progress	

Part A: Department of Health Operational Plan

Priority 6: Improve workforce wellbeing

Improve workforce wellbeing	Status	Update
Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.	Complete for 2022-23 financial year	<p>Northern Health successfully participated in OVA training</p> <ul style="list-style-type: none"> • An Occupational Health and Safety educator role was employed to carry out a review of Training Needs Analysis (TNA). A new online Module 1 was developed in collaboration with the Learning Management System team. • Over 600 staff trained through In-Service sessions.
Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.	In progress	<p>Northern Health commenced the recruitment of Lead Trainers to assist with the new face-to-face training program that will begin Q2 of 2023-24. SHRFV has continued to implement the family violence legislative reforms including the MARAM Framework and the Information Sharing Schemes into the organisation. Key initiatives included:</p> <ul style="list-style-type: none"> • Alignment of Northern Health policies, procedures, tools and forms to the MARAM Framework. • Family violence training endorsed as mandatory for all staff members and volunteers to complete in accordance with their scope of practice and MARAM responsibilities.
Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	In progress	<ul style="list-style-type: none"> • SHRFV focused on facilitating face-to-face family violence training in the high-risk areas including; Emergency Department, VVED and Antenatal Clinics. • All social workers received MARAM Intermediate Practice training and are providing this service to our high-risk cohort of patients experiencing family violence across the health service. • SHRFV & Antenatal Clinic Working Group re-established to continue to implement and embed MARAM Family Violence Mandatory Screening of all antenatal clinic patients who are at increased risk of experiencing family violence. Dedicated Consultation Time (DCT) also introduced in antenatal clinics.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
		<ul style="list-style-type: none"> SHRFV is working closely with People and Culture to strengthen our Family Violence Workplace Support Program in order to best support our staff members and volunteers experiencing family violence in their personal lives. Family Violence Contact Officers (FVCO) will be established in People and Culture to assist with responding to disclosures of family violence and coordinating workplace safety planning. SHRFV facilitated Family Violence Campaigns to continue to raise awareness of family violence including; Elder Abuse Awareness Day, 16 Days of Activism Against Gender-Based Violence Campaign, LGBT Domestic Violence Awareness Campaign across the sites with various awareness raising activities occurring. <p>Northern Health has continued to prioritise the wellbeing of healthcare workers through implementing a number of local strategies to address key issues. Key initiatives included:</p> <ul style="list-style-type: none"> Northern Health partnered with our Employee Assistance Program provider to implement a new on-site psychologist service that ran as a pilot to assist employees in easily accessing mental health support. This was a successful short-term initiative that ran from April – July 2023. Northern Health launched a new internal platform called My Voice, an in-house survey platform with the goal to amplify employee voices and to better understand employee needs. Collected survey results will support a refreshed Employee Value Proposition to better attract and retain key talent. The first round of My Voice survey data is under review, with Wellbeing measures and recommended actions to be accessed and communicated.

Part A: Department of Health Operational Plan (continued)

Continued	Status	Update
		<p>This will be a bi-annual process in alignment with the annual People Matter Survey.</p> <ul style="list-style-type: none"> • Northern Health has implemented a Speaking up for Safety (SUFS) program which incorporates speaking up for workplace-related bullying. We have partnered with Cognitive Institute to give Northern Health staff a licensed and evidence-based program that will enable our people to feel confident and safe to escalate concerns around patient and staff safety, with the aim of preventing unintended harm. SUFS training continues to be delivered with 'Division Blitz' and virtual sessions now being implemented. • A Peer Support Program has been implemented to provide valuable, confidential support for all Northern Health staff and a key link to further support where appropriate. • Northern Health Recognition program, including staff awards, has continued to be delivered regularly throughout the year. This includes length of service awards given annually and quarterly staff awards. There has been significant increase in the uptake of the nominations received and the attendance of the ceremony. • Other achievements include the celebration of other important cultural days through a new celebration calendar that allows us to be more planned in recognising and celebrating important days to staff. We also celebrated Employee Appreciation Day through a raffle event which received great feedback • The Ceremonial, Cultural and Wellbeing leave procedure was updated to allow flexibility in swapping leave days for other cultural celebrations by staff.

Part B: Performance Priorities

High quality and safe care

Key Performance Measure	Target	Result
Infection prevention and control		
Compliance with the National Hand Hygiene Initiative (NHHI)	85%	88% (Audit period 2 - 1 April to 30 June)
Percentage of healthcare workers immunised for influenza	92%	93%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.797
Healthcare associated infections (HAI's)		
Rate of surgical site infections for selected procedures (aggregate)	No outliers	No outliers
Rate of central line (catheter) associated blood stream infections (CLABSI) in intensive care units, per 1,000 central line days	0	1.6
Rate of healthcare-associated S. aureus bloodstream infections per 10,000 bed days	≤ 0.7	0.5
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay	95%	88.5%
Victorian Healthcare Experience Survey – Percentage of positive patient experience responses – Quarter 1	95%	88%
Victorian Healthcare Experience Survey – Percentage of positive patient experience responses – Quarter 2	95%	88%
Victorian Healthcare Experience Survey – Percentage of positive patient experience responses – Quarter 3	95%	89%

Part B: Performance Priorities (continued)

Key Performance Measure	Target	Result
Maternity and newborn		
Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes)	≤ 1.4%	1.2%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	26.4%

Key Performance Measure	Target	Result
Mental Health		
Patient Experience		
Percentage of mental health consumers who rated their overall experience of care with a service as positive	80%	70.5%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	88.1%
Percentage of families/carers reporting a positive experience of the service	80%	34.2%
Percentage of families/carers who report they were 'always' or 'usually' felt their opinions as a carer were respected	90%	60.3%
Closed Community Cases		
Percentage of closed community cases re-referred within six months: adults and aged persons	< 25%	38.1%
Post-Discharge Follow-up		
Percentage of consumers followed up within seven days of separation – Inpatient (adult)	88%	85%
Percentage of consumers followed up within seven days of separation - Inpatient (older persons)	88%	99%

Part B: Performance Priorities (continued)

Key Performance Measure	Target	Result
Readmission		
Percentage of consumers re-admitted within 28 days of separation - Inpatient (adult)	< 14%	11.3%
Percentage of consumers re-admitted within 28 days of separation - Inpatient (older persons)	< 7%	9%
Seclusion		
Rate of seclusion episodes per 1,000 occupied bed days - Inpatient (adult)	≤ 8	13.07
Rate of seclusion episodes per 1,000 occupied bed days - Inpatient (older persons)	≤ 5	0
Unplanned Readmissions		
Unplanned readmissions to any hospital following a hip replacement	< 6%	Broadmeadows Hospital: 5.7 Northern Hospital Epping: 3.6

Strong Governance, leadership and culture

Key Performance Measure	Target	Result
Organisational culture		
People Matter Survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	62%

Part B: Performance Priorities (continued)

Timely access to care

Key Performance Measure	Target	Result
Elective Surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	77.9%
Number of patients on the elective surgery waiting list	2,940	2,696
Number of patients admitted from the elective surgery waiting list	9,385	9,385
Number of patients (in addition to base) admitted from the elective surgery waiting list	1,675	1,773
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	9.92%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissionsw	≤ 7	4.35
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	72%
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%	61%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	52%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0

Part B: Performance Priorities (continued)

Key Performance Measure	Target	Result
Mental Health		
Percentage of mental health-related emergency department presentations with a length of stay of less than four hours	81%	43%
Percentage of triage episodes requiring an urgent response (triage scale C) where a face-to-face response was provided by the mental health service within eight hours	80%	0%*
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	95%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	85.4%

* From four patients

Effective financial management

Key Performance Measure	Target	Result
Operating result (\$m)	\$0.00	0.48
Average number of days to paying trade creditors	60 days	41 days
Average number of days to receiving patient fee debtors	60 days	59 days
NWAU activity performance to target	100%	99.0%
Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	0.99
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	\$94.32m
Actual number of days available cash, measured on the last day of each month	14 days	16.2 days

Part C: Activity and Funding

Funding Type	Activity Achievement
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	126,427
Acute Admitted	
National Bowel Cancer Screening Program NWAU	197
Acute admitted DVA	179
Acute admitted TAC	297
Acute Non-Admitted	
Home Enteral Nutrition NWAU	40
Home Renal Dialysis NWAU	488
Radiotherapy - Other	295
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute - DVA	81
Transition Care - Bed days	8,133
Transition Care - Home days	13,839
Aged Care	
Residential Aged Care	6,700
HACC	3,178

Part C: Activity and Funding

Funding Type	Activity Achievement
Mental Health and Drug Services	
Mental Health Ambulatory	116,454
Mental Health Inpatient - Available bed days	30,311
Mental Health Residential	17,687
Mental Health Subacute	14,264

Please note:

- Base level funding, related services and activity levels, outlined within the Policy and Funding Guidelines are subject to change throughout the year. Further information about the department's approach to funding and price setting for specific clinical activities, and funding policy changes is also available from: Policy and funding guidelines for health services <www.health.vic.gov.au/policy-and-funding-guidelines-for-health-services>
- Better at Home targets are included in the 'Consolidated Activity Funding' program. Targets for Better at Home do not include target related to 2021-22 funding carried forward

In situations where a change is required to Part C, changes to the agreement will be actioned through an exchange of letters between the department and the health service's Chief Executive Officer.

The Department of Health has advised that the mental health activity targets in the Statement of Priorities 2022-23 did not reflect actual targets due to service disaggregation activities at the time. Therefore reported activity does not match targets.



Corporate information

General Information

Northern Health is a public health service established under the Health Services Act 1988 (Vic).

The responsible Minister is the Minister for Health.

Minister for Health:

The Hon Mary-Anne Thomas

From 1 July 2022 to 30 June 2023.

Northern Health provides a wide range of health care services to the northern growth corridor, a catchment of close to 500,000 people living in Melbourne's middle to outer northern suburbs and the semirural regions beyond the urban fringe.

Northern Health comprises: Broadmeadows Hospital, Bundoora Centre, Craigieburn Centre, and Northern Hospital Epping. Northern Health also deliver mental health services from a number of different sites as part of the Northern Area Mental Health Service (NAMHS) and NorthWest Area Mental Health Service (NWAMHS).

Northern Area Mental Health Service sites include Northern Hospital adult inpatient units (Epping), Northern Community Care Unit (Preston), Northern PARC (Preston), Hotham Street Community Clinic (Preston) and Noogal Clinic (Mill Park).

NorthWest Area Mental Health Service sites include the Broadmeadows Hospital Adult Inpatient Unit, Broadmeadows Community Care Unit (CCU), Broadmeadows Prevention and Recovery Care (PARC), Moreland Community Clinic (Coburg) and Craigieburn Centre.



Corporate Information (continued)

Consultancy fees greater than \$10,000 in individual amount

In 2022-23 Northern Health engaged six consultancies with an individual amount greater than \$10,000. The total expenditure incurred in 2022-23 in relation to these consultancies was \$577,176. This is detailed below.

Consultant	Purpose of Consultancy	Period	Total Project Fee (Exc GST)	Expenditure 2022-23 (Exc GST)
Johnstaff Advisory	Consulting services rendered in relation to clinical services planning for Broadmeadows Hospital.	May 2022 – August 2022	\$179,518	\$179,518
Chrysalis Clinical	Research governance project consultancy.	July 2022 – August 2022	\$32,834	\$32,834
David Caple & Associates	Manual handling review into patient services assistants.	March 2022 – October 2022	\$21,750	\$21,750
Lightfoot Solutions Australia	Data modelling services in relation to improvements to patient flow.	July 2022 – June 2023	\$37,074	\$37,074
Porter Novelli Australia	Communications advisory services in relation to the potential voluntary amalgamation of Kilmore District Health and Northern Health.	March 2023 – June 2023	\$56,000	\$56,000
PricewaterhouseCoopers Australia	Due Diligence services in relation to the potential voluntary amalgamation of Kilmore District Health and Northern Health.	May 2023 – June 2023	\$250,000	\$250,000

Consultancies below \$10,000

In 2022-23 Northern Health engaged five consultancies with an individual amount less than \$10,000. The total value of these consultancies was \$26,990.

Corporate Information (continued)

Occupational Health and Safety

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 Health and Safety Statistics	2020-21	2021-22	2022-23
The number of reported hazards/incidents for the year per 100 FTE	42.9	36.4	24.8
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	2.45	1.45	1.05%
The average cost per WorkCover claim for the year ('000)	\$54,251	\$96,816	\$65,876

Occupational Violence Statistics

Occupational Violence Statistics	2022-23
Workcover accepted claims with an occupational violence cause per 100 FTE	0.07
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.4
Number of occupational violence incidents reported	643
Number of occupational violence incidents reported per 100 FTE	11.6
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	11.5%

Corporate Information (continued)

Definitions of occupational violence

- Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted Workcover claims – accepted Workcover claims that were lodged in 2022-23.
- Lost time – is defined as greater than one day.
- Injury, illness or condition – this includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

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.

However, on 31 December 2021, simultaneous with high staff furlough numbers secondary to the Omicron wave post-Christmas, Northern Health officially notified the Department of Health and ANMF, of the activation of Stage 3 COVID-19 acute care surge workforce delivery models to ensure patient and staff safety. From 31 March 2022, Northern Health ceased the extended team models as part of the acute care surge workforce delivery models directed by Department of Health.

Merit and Equity Principles

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

Gender Equality Act 2020

Northern Health is committed to being a gender equitable employer and service provider, where all staff and consumers, regardless of gender or intersectional characteristics, are recognised, celebrated and supported. To date the following progress has been made:

- Workplace gender audit conducted in December 2021
- Gender Equality Action Plan launched in June 2022
- The Gender Impact Assessment toolkit is being rolled out across the whole organisation
- Governance structures reviewed and strengthened.

Freedom of Information

During the 2022-23 financial year, Northern Health received 1,355 Freedom of Information applications. Of the applications, 859 were personal requests and the remainder were non-personal requests.

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:

- 1,093 granted in full
- 145 granted in part
- 2 denied
- 9 withdrawn
- 13 no documents located
- 93 not finalised.

Corporate Information (continued)

The Freedom of Information Act prescribes that all requests for access to document be in writing and include a \$30.10 application fee or evidence that one qualifies or a waiver of the application fee.

Applications can be made to the Northern Health Freedom of Information Officer, additional information is available at www.nh.org.au

Local Jobs First Act

In the 2022-23 financial year, the Local Jobs First Policy (LJFF) applied to four projects:

- Provision of Transition Care and GEM: Ongoing until 2026
- Patient Entertainment System: Under Implementation
- Radiology Software RIS & PACS: Under Implementation
- Pathology and Imaging Building works: Under Implementation

For the Transition Care and GEM projects, in line with the Local Jobs First Policy requirements, local by nature Local Industry Development Plans (LIDPs) have been prepared outlining the providers employment commitment and achieving an overall local content commitment of 97 per cent and above on the tender. This will be measured on an ongoing annual basis.

The Patient Entertainment System project is committed to an overall ANZ value-added activity of 69 per cent and creation of 2.5 EFT employment during the project implementation phase and retaining 6.44 EFT. This commitment is within industry benchmarks for this type of project. and provides opportunities for 20 small and medium enterprises in its supply chain.

The RIS & PAC project is between two vendors with a 98 per cent local value adding activities for RIS and 88 per cent for PAC which are within the

industry benchmark. Approximately eight small and medium enterprise opportunities will be provided.

The Pathology and imaging project is committed to overall local value-added activity of 91 per cent. This commitment is within industry benchmarks for this type of project. and provides opportunities for 87 small and medium enterprises in its supply chain.

National Competition Policy

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

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

Market testing of services will continue in 2023-24 based on the contract lifecycle, category strategies and operational requirements at Northern Health.

Corporate Information (continued)

Additional information available on request

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

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the entity;
- details of any major external reviews carried out on the entity;
- details of major research and development activities undertaken by the entity;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and

- details of all consultancies and contractors including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement.

Building Act 1993

Northern Health has put in place appropriate internal controls and processes to ensure that it complies with the building and maintenance provisions of the *Building Act 1993*, with all works completed in 2022-23 according to the relevant provisions of the National Construction Code and relevant statutory regulations, compliance with building standards and the Department of Health Fire Risk Management Guidelines.

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

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

Carers and Care Relationships

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

- recognise, promote and value the role of people in care relationships

Corporate Information (continued)

- recognise the different needs of persons in care relationships
- support and recognise that care relationships bring benefits to the persons in the care relationship and to the community.

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

Public Interest Disclosure Act 2012

Under the *Public Interest Disclosure Act 2012*, complaints about certain serious misconduct or corruption involving public health services

in Victoria should be made directly to the Independent Broadbased 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 Department of Health hospital circular on car parking fees and concession benefits can be viewed at www.nh.org.au

Information and Communications Technology (ICT) Expenditure

The total ICT expenditure incurred during 2022-23 is \$33.9 million (excluding GST) with the details shown below:

Business as Usual (BAU) ICT Expenditure (\$000)	Non-Business as Usual (non-BAU) ICT Expenditure (\$000)		
	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$15,775	\$18,151	\$4,962	\$13,188

Attestations

Financial Management Compliance Attestation

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

Jennifer Williams AM - Accountable Officer

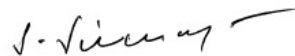


28 September 2023

Data Integrity Declaration

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 - Accountable Officer



28 September 2023

Conflict of Interest Declaration

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

Siva Sivarajah - Accountable Officer



28 September 2023

Integrity, Fraud and Corruption Declaration

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 been reviewed and addressed at during the year.

Siva Sivarajah - Accountable Officer



28 September 2023

Compliance with HealthShare Victoria (HSV) Purchasing Policies

No compliance issues

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

Siva Sivarajah - Accountable Officer



28 September 2023

Workforce Information

Northern Health has grown significantly due to the commencement of new services, and being situated in a growth corridor within the northern region. Northern Health will continue to expand over the coming years to provide a positive and proactive healthcare system to staff, and the community.

The Full Time Equivalent (FTE) head count for Northern Health as at 30 June 2022 and 30 June 2023 is provided below.

Labour Category	June Current Month FTE		Average Monthly FTE	
	2022	2023	2021-22	2022-23
Total	4,104.07	5,342.16	3,935.68	5,021.22
Nursing Services	1,824.37	2,547.62	1,751.27	2,328.42
Administration and Clerical	698.66	816.17	670.01	802.47
Medical Support Services	324.17	386.48	316.50	365.38
Hotel and Allied Services	190.80	229.27	181.03	222.12
Medical Officers	72.01	101.53	70.06	91.75
Hospital Medical Officers	448.65	495.19	439.06	485.42
Sessional Medical Officers	169.57	234.37	148.63	208.41
Ancillary Support Services	375.84	531.53	359.12	517.25

*FTE stands for full-time equivalent position. All employees of Northern Health are correctly classified in the workforce data collections.

Employment and Conduct Principles

Northern Health is committed to ensuring all aspects of employment, including recruitment, selection, promotion, training and retention of employees is fair and transparent.

Embedded in Northern Health's policies and procedures are the principles of merit and equity, with appropriate avenues for grievance and complaint processes.

Northern Health provides a dynamic working environment with a culture of teamwork, diversity, safety and respect, based on strong values and Codes of Conduct.

Financial Results

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

In 2022-23, Northern Health generated a Statement of Priorities (SoP) operating surplus of \$0.5m (2022: \$0.1m). This was achieved in challenging financial circumstances. The result includes supplementary funding from the Department of Health to meet unbudgeted COVID-19 costs.

A high level of self-funded capital expenditure of \$9.0m (2022: \$10.5m) was maintained to ensure that Northern Health is well positioned to drive strong service delivery in coming years.

Self-funded capital expenditure excludes specific major Department of Health funded capital projects such as the Mental Health Ward Block.

Available cash increased to 16.1 days (2022: 13.8 days) due to increases in working capital driven by the growth in employee benefits provisions.

Significant challenges remain ahead in 2023-24 as we transition to a new business-as-usual operating environment following the COVID-19 pandemic. Northern Health will continue to identify and drive efficiency initiatives.

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

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
Operating result (SoP)	483	135	113	98	387
Total revenue	1,202,183	946,952	810,742	712,437	631,227
Total expenses	1,146,538	876,366	740,212	668,461	624,735
Net result from transactions	55,645	70,586	70,530	43,976	6,492
Total other economic flows	(9,251)	4,900	7,224	2,021	(5,273)
Net result	46,394	75,486	77,755	41,955	1,219
Total assets	965,048	822,560	714,935	595,735	547,355
Total liabilities	302,621	242,812	216,595	182,063	161,299
Net assets / Total equity	662,427	579,748	498,340	413,672	386,056

Events occurring after balance date

There are no matters or circumstances that have arisen since the end of the financial year which significantly affect or may affect the operations

of Northern Health, the results of the operations or the state of affairs of Northern Health in the future financial years.

Financial Results (continued)

Reconciliation of net result from transactions and operating result

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
Operating result (SoP)	483	135	112	98	387
Controlled entities operating result	(193)	(43)	345	260	420
Capital purpose income	105,221	117,280	105,268	76,998	34,886
Specific expenses	(1,011)	(158)	(184)	(670)	(780)
Expenditure for capital purpose	(4,378)	(9,063)	(1,423)	(3,131)	(1,279)
Finance costs	(13)	(9)	(6)	(6)	-
Depreciation and amortisation	(44,464)	(37,556)	(33,582)	(29,573)	(27,142)
COVID-19 State Supply Arrangements:					
- Assets received free of charge or for nil consideration under the State Supply	9,244	10,016	11,717	976	-
State supply items consumed up to 30 June	(9,244)	(10,016)	(11,717)	(976)	-
Net result from transactions	55,645	70,586	70,530	43,976	6,492

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 disclosure requirements.

Legislation Requirement	Page Reference
Ministerial Directions	
Report of Operations	
Charter and purpose	
FRD 22 Manner of establishment and the relevant Ministers	40
FRD 22 Purpose, functions, powers and duties	40
FRD 22 Nature and range of services provided	4
FRD 22 Activities, programs and achievements for the reporting period	10-21
FRD 22 Significant changes in key initiatives and expectations for the future	6-7
Management and structure	
FRD 22 Organisational structure	36
FRD 22 Workforce data/employment and conduct principles	79
FRD 22 Occupational Health and Safety	73-74
Financial information	
FRD 22 Summary of financial results for the year	80-81
FRD 22 Significant changes in financial position during the year	80-81, F5
FRD 22 Operational and budgetary objectives and performance against objectives	67
FRD 22 Subsequent events	F5
FRD 22 Details of consultancies under \$10,000	72
FRD 22 Details of consultancies greater than \$10,000	72
FRD 22 Disclosure of ICT expenditure	77
Legislation	
FRD 22 Application and operation of <i>Freedom of Information Act 1982</i>	74
FRD 22 Compliance with building and maintenance provisions of <i>Building Act 1993</i>	76
FRD 22 Application and operation of <i>Public Interest Disclosure Act 2012</i>	77
FRD 22 Statement on National Competition Policy	75
FRD 22 Application and operation of <i>Carers Recognition Act 2012</i>	76-77
FRD 22 Additional information available on request	76
FRD 24 Environmental data reporting	22-31
FRD 25 Local Jobs First 2003 disclosures	75
SD 5.1.4 Financial Management Compliance attestation	78
SD 5.2.3 Declaration in the report of operations	7

Disclosure Index (continued)

Legislation Requirement	Page Reference
Attestations	
Attestation on Data Integrity	78
Attestation on managing Conflicts of Interest	78
Attestation on Integrity, fraud and corruption	78
Compliance with HealthShare Victoria (HSV) Purchasing Policies	78
Other reporting requirements	
Reporting of outcomes from Statement of Priorities 2022-23	45-69
Occupational Violence reporting	73
Gender Equality Act 2020	74
Reporting obligations under the Safe Patient Care Act 2015	74
Reporting of compliance regarding Car Parking Fees (if applicable)	77

Financial Statements

Table of contents

Board members', Accountable Officer's and Chief Financial and Accounting Officer's declaration	F2
Auditor- General's Report	F3
Comprehensive Operating Statement	F4
Balance Sheet	F5
Statement of Changes in Equity	F6
Cash Flow Statement	F7
Notes to the financial statements	F8
Note 1: Basis of preparation	F8
Note 1.1: Basis of preparation of the financial statements	F8
Note 1.2: Impact of COVID-19 pandemic	F8
Note 1.3: Abbreviations and terminology used in the financial statements	F9
Note 1.4: Principles of consolidation	F9
Note 1.5: Key accounting estimates and judgements	F9
Note 1.6: Accounting standards issued but not yet effective	F10
Note 1.7: Goods and Services Tax (GST)	F10
Note 1.8: Reporting entity	F10
Note 1.8: Administrative restructure	F11
Note 2.: Funding delivery of services	F11
Note 2.1: Revenue and Income from transactions	F12
Note 3: Cost of delivering of services	F16
Note 3.1: Expenses from transactions	F17
Note 3.2: Other economic flows	F19
Note 3.3: Employee benefits and related on-costs	F20
Note 3.4: Superannuation	F23
Note 4: Key assets to support service delivery	F24
Note 4.1: Property, plant and equipment	F24
Note 4.2: Right-of-use assets	F27
Note 4.3: Revaluation surplus	F29
Note 4.4: Intangible assets	F29
Note 4.5: Depreciation and amortisation	F30
Note 4.6: Impairment of Assets	F31
Note 5: Other assets and liabilities	F32
Note 5.1: Receivables and Contract Assets	F33
Note 5.2: Payables	F35
Note 5.3: Other liabilities	F36
Note 6: How we finance our operations	F37
Note 6.1: Borrowings	F38
Note 6.2: Cash and cash equivalents	F40
Note 6.3: Commitments for expenditure	F41
Note 7: Risks, contingencies and valuation uncertainties	F42
Note 7.1: Financial instruments	F43
Note 7.2: Financial risk management objectives and policies	F45
Note 7.3: Contingent assets and contingent liabilities	F47
Note 7.4: Fair value determination	F48
Note 8: Other disclosures	F51
Note 8.1: Reconciliation of net result for the year to net cash inflow from operating activities	F51
Note 8.2: Responsible persons disclosures	F51
Note 8.3: Remuneration of executives	F52
Note 8.4: Related parties	F53
Note 8.5: Remuneration of auditors	F55
Note 8.6: Ex-gratia payments	F55
Note 8.7: Events occurring after the balance sheet date	F55
Note 8.8: Controlled entities	F56
Note 8.9: Equity	F56
Note 8.10: Economic dependency	F56

Board members', Accountable Officer's and Chief Financial and Accounting Officer's declaration

We certify that the attached financial statements for Northern Health and the consolidated entity have 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 statements, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of Northern Health and the consolidated entity at 30 June 2023.

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

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



Ms Jennifer Williams
Board Chair
Northern Health

24 August 2023



Mr Siva Sivarajah
Chief Executive
Northern Health

24 August 2023



Mr Basil Ireland
Chief Financial and Accounting Officer
Northern Health

24 August 2023

Independent Auditor's Report

To the Board of Northern Health

<p>Opinion</p>	<p>I have audited the consolidated financial report of Northern Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> consolidated entity and health service balance sheets as at 30 June 2023 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. <p>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 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<p>Basis for Opinion</p>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>APES 110 Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<p>Board's responsibilities for the financial report</p>	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>

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.



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
15 September 2023

Northern Health
Comprehensive Operating Statement
For the Year Ended 30 June 2023

	Note	Parent 2023 \$'000	Parent 2022 \$'000	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Revenue and income from transactions					
Operating activities and other sources of income	2.1	1,185,566	940,171	1,186,375	940,272
Non-operating activities	2.1	15,756	6,673	15,808	6,680
Total revenue and income from transactions		1,201,322	946,844	1,202,183	946,952
Expenses from transactions					
Employee expenses	3.1	(835,736)	(595,673)	(836,179)	(596,188)
Supplies and consumables	3.1	(152,123)	(137,386)	(151,092)	(137,387)
Finance costs	3.1	(14)	(9)	(13)	(9)
Depreciation and amortisation	4.5	(44,456)	(37,549)	(44,464)	(37,556)
Other administrative expenses	3.1	(19,240)	(15,311)	(14,517)	(14,874)
Other operating expenses	3.1	(89,043)	(88,043)	(95,380)	(88,110)
Other non-operating expenses	3.1	(4,892)	(2,243)	(4,892)	(2,243)
Total expenses from transactions		(1,145,504)	(876,214)	(1,146,538)	(876,367)
Net result from transactions - net operating balance		55,818	70,629	55,645	70,586
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.2	(63)	(214)	(63)	(214)
Net gain/(loss) on financial instruments	3.2	1,491	-	1,491	-
Other gains/(losses) from other economic flows	3.2	(10,678)	5,114	(10,678)	5,114
Total other economic flows included in net result		(9,251)	4,900	(9,251)	4,900
Net result for the year		46,567	75,529	46,394	75,486
Other economic flows- other comprehensive income Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	5,917	-	5,944
Changes in the fair value of equity instruments at fair value through other comprehensive income		-	-	(19)	(20)
Total other comprehensive income		-	5,917	(19)	5,924
Comprehensive result for the year		46,567	81,446	46,375	81,410

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

Northern Health
Balance Sheet
As at 30 June 2023

		Parent	Parent	Consolidated	Consolidated
		2023	2022	2023	2022
	Note	\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	6.2	138,144	124,026	139,283	125,060
Receivables	5.1	15,514	13,135	15,514	13,135
Contract assets	5.1(b)	2,283	1,735	2,284	1,736
Inventories		4,501	4,012	4,501	4,012
Investments and other financial assets		-	-	500	500
Prepaid expenses		35,449	23,080	35,449	23,080
Total current assets		195,891	165,987	197,531	167,523
Non-current assets					
Receivables	5.1	58,313	34,050	58,313	34,050
Investments and other financial assets		-	-	476	355
Property, plant and equipment	4.1 (a)	683,643	598,529	684,119	599,012
Right-of-use assets	4.2(a)	24,013	20,464	24,013	20,464
Intangible assets	4.4(a)	595	1,161	595	1,161
Total non-current assets		766,564	654,204	767,516	655,042
Total assets		962,456	820,192	965,048	822,565
Current liabilities					
Payables	5.2	75,763	78,984	76,165	78,975
Contract liabilities	5.2(b)	2,205	2,643	2,205	2,643
Borrowings	6.1	1,405	455	1,404	455
Employee benefit provisions	3.3	171,679	125,556	171,679	125,556
Other liabilities	5.3	12,339	5,732	12,339	5,732
Total current liabilities		263,390	213,371	263,791	213,360
Non-current liabilities					
Borrowings	6.1	5,319	1,524	5,319	1,524
Employee benefit provisions	3.3	25,158	18,690	25,158	18,690
Other liabilities	5.3	8,352	9,238	8,352	9,238
Total non-current liabilities		38,829	29,452	38,829	29,452
Total liabilities		302,219	242,822	302,621	242,812
Net assets		660,236	577,370	662,427	579,752
Equity					
Revaluation surplus	4.3	277,359	277,360	277,528	277,528
Financial assets at fair value through other-comprehensive income revaluation reserve		-	-	(39)	(20)
Restricted specific purpose reserve		536	499	7,492	7,627
Contribution capital		187,504	151,203	187,504	151,203
Accumulated surplus/(deficit)		194,837	148,308	189,942	143,413
Total equity		660,236	577,370	662,427	579,752

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

Northern Health
Statement of Changes in Equity
For the Year Ended 30 June 2023

Consolidated		Property, plant & equipment revaluation surplus	Financial Assets through Other Comprehensive Income Revaluation Reserve	Restricted specific purpose surplus / (deficits)	Contributed capital	Accumulated surplus/ (deficits)	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		271,585	-	7,420	151,203	68,135	498,340
Net result for the year		-	-	207	-	75,279	75,486
Movement in reserves		5,944	(20)	-	-	-	5,924
Return of contributed capital		-	-	-	-	-	-
Balance at 30 June 2022		277,528	(20)	7,627	151,203	143,413	579,752
Net result for the year		-	-	(135)	-	46,529	46,394
Movement in reserves		-	(19)	-	-	-	(19)
Contributed capital*		-	-	-	36,300	-	36,300
Balance at 30 June 2023		277,528	(39)	7,492	187,503	189,942	662,427

Parent		Property, plant & equipment revaluation surplus	Financial Assets through Other Comprehensive Income Revaluation Reserve	Restricted specific purpose surplus / (deficits)	Contributed capital	Accumulated surplus/ (deficits)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		271,443	-	249	151,203	73,029	495,923
Net result for the year		-	-	250	-	75,279	75,529
Movement in reserves		5,917	-	-	-	-	5,917
Return of contributed capital		-	-	-	-	-	-
Balance at 30 June 2022		277,360	-	499	151,203	148,308	577,369
Net result for the year		-	-	37	-	46,429	46,567
Movement in reserves		-	-	-	-	-	-
Contributed capital*		-	-	-	36,300	-	36,300
Balance at 30 June 2023		277,360	-	536	187,503	194,837	660,236

*Transfer of property, plant and equipment resulting from mental health disaggregation to Northern Health via Contributed Capital. Refer to notes 1.9 and 4.1(b). This statement should be read in conjunction with the accompanying notes.

Northern Health
Cash Flow Statement
For the Year Ended 30 June 2023

	Note	Parent 2023 \$'000	Parent 2022 \$'000	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Cash flows from operating activities					
Operating grants from government - State		974,368	771,815	974,368	771,815
Operating grants from government - Commonwealth		50,612	44,411	50,612	44,411
Capital grants from government		23,397	17,480	23,397	17,480
Patient fees received		23,195	15,318	23,195	15,318
Private practice fees received		1,840	2,597	1,840	2,597
Donations and bequests received		16	46	724	420
Pharmaceutical sales received		507	445	507	445
Interest and investment income received		6,862	284	6,913	291
Car park income received		3,374	2,091	3,374	2,091
Other receipts received		32,214	33,935	32,338	34,025
Total receipts		1,116,383	888,422	1,117,267	888,893
Employee expenses		(793,254)	(569,197)	(793,716)	(569,712)
Non-salary labour costs		(20,233)	(11,535)	(20,233)	(11,535)
Payments for supplies and consumables		(151,088)	(134,974)	(151,088)	(134,974)
Payments for repairs and maintenance		(11,494)	(10,731)	(11,495)	(10,732)
Finance costs		(33)	(9)	(33)	(9)
GST paid to ATO		(1,559)	532	(1,559)	533
Other payments		(100,040)	(93,076)	(99,531)	(92,693)
Total payments		(1,077,702)	(818,990)	(1,077,654)	(819,122)
Net cash flows from/(used in) operating activities	8.1	38,680	69,432	39,613	69,770
Cash flows from investing activities					
Proceeds from sale of non-financial assets		17	227	17	227
Purchase of non-financial assets		(29,289)	(25,547)	(29,286)	(25,547)
Purchase of financial assets		-	69	(121)	(306)
Capital donations and bequests received		709	302	-	-
Net cash flows from/(used in) investing activities		(28,562)	(24,949)	(29,390)	(25,626)
Cash flows from financing activities					
Capital contribution		-	-	-	-
Repayment of borrowings		(200)	-	(200)	-
Repayment of accommodation deposits		(1,972)	(350)	(1,972)	(350)
Receipt of accommodation deposits		6,172	-	6,172	-
Net cash flows from/(used in) financing activities		3,999	(350)	3,999	(350)
Net movements from/(used in) cash and cash equivalents		14,118	44,133	14,223	43,795
Cash and cash equivalents at beginning of year		124,026	79,893	125,060	81,266
Cash and cash equivalents at end of year	6.2	138,144	124,026	139,284	125,060

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

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Northern Health and its controlled entities (Northern Health Foundation) for the year ended 30 June 2023. The purpose of the report is to provide users with information about Northern Health's stewardship of resources entrusted to it. This section explains the basis of preparing the financial statements.

Note 1.1. Basis of preparation of the financial statements

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, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of *AASB 101 Presentation of Financial Statements*.

The financial statements also comply with relevant Financial Reporting Directions (FRDs) issued by the Department of Treasury and Finance (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

Northern Health is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic Dependency).

The financial statements are presented in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Northern Health and its controlled entities on 24 August 2023.

Note 1.2 Impact of COVID pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Material financial impacts of the pandemic to Northern Health are disclosed in the explanatory notes. This includes:

- Note 2: Funding delivery of our services
- Note 3: Cost of delivering services.

Note 1.3. Abbreviations and terminology used in financial statements

The following table sets out the common abbreviations used throughout the financial statements:

Reference	Title
AASB	Australian Accounting Standards Board
ATO	Australian Tax Office
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.4. Principles of consolidation

The financial statements include the assets and liabilities of Northern Health and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Northern Health controls the Northern Health Foundation. Details of the controlled entity are set-out in Note 8.8.

The transactions and balances of the parent entity are not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where 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 are presently exercisable are considered.

Northern Health consolidate the results of its controlled entities from the date on which it gains control until the date it ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

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

Note 1.5. Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies and relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.5: Intangible assets
- Note 4.6: Depreciation and amortisation
- Note 4.7: Investment property
- Note 4.9: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 5.7: Other provisions
- Note 6.1(a): Lease liabilities
- Note 6.1(b): PPP lease liabilities
- Note 7.4: Fair value determination

Note 1.6. Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Northern Health and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Northern Health in future periods.

Note 1.7. Goods and Services Tax (GST)

Income, expenses, assets and liabilities are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing and/or financing activities, which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.8. Reporting entity

The financial statements included 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.

Note 1.9. Administration restructure

On 1 July 2022, pursuant to a Victorian Government Gazette, Melbourne Health effected the transfer of certain properties and their attaching rights and obligations to Northern Health. The transfer of these properties were effected as a restructuring of administrative arrangements per FRD 119A and was accounted for as contributed equity.

The net assets transferred totalling \$36.3m were accounted via an increase in contributed equity via comprising of Land \$21.9m, Buildings \$13.1m and Plant and Equipment \$1.3m

In addition to the above transfer, employee leave liability amounting to \$22.3m and the related long service leave receivable amounting to \$3.5m of staff whose employment were transferred to Northern Health from Melbourne Health was recognised through the operating result as they were not included in the Victorian Government Gazette.

Note 2. Funding delivery of services

Impact of COVID-19 on revenue and income

Overall revenue and income recognised increased during the financial year due to a range of factors including the transfer of mental health services from Melbourne Health, which occurred on 1 July 2022, and general growth in operations. Revenue and income recognised to fund the delivery of our services linked directly to COVID-19 decreased during the financial year due to a scaling down of the COVID-19 public health response during the year ended 30 June 2023.

The COVID-19 pandemic impacted Northern Health’s ability to meet its performance with its contracts with customers, in particular DH, for the year ended 30 June 2023. Northern Health received confirmation from DH that there would be no obligation to return funds where performance obligations had not been met.

This resulted in approximately \$34.8m being recognised as income for the year ended (2022: \$131.3m) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Northern Health’s most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Northern Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If the criteria are met, the contract/funding agreement is treated as a contract with a customer, requiring Northern Health to recognise revenue as or when goods or services are delivered to customers. If the criteria are not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Northern Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Northern Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the Northern Health’s progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	Northern Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Assets and services received free of charge are valued at cost.

Note 2.1. Revenue and income from transactions

		Consolidated 2023 \$'000	Consolidated 2022 \$'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) – Operating		577,978	537,481
Government grants (Commonwealth) – Operating		56,064	47,477
Patient and resident fees		23,943	15,985
Private practice fees		2,448	4,656
Commercial activities ¹		5,381	6,559
Other revenue from operating activities		3	67
Total revenue from contracts with customers	2.1(a)	665,817	612,225
Other source of income			
Government grants (State) – Operating		409,748	226,844
Government grants (State) – Capital		83,990	81,374
Other capital purpose income		169	16
Capital donations		10,014	2,900
Assets received free of charge or for nominal consideration ²	2.1(b)	5,473	10,016
Salaries and other recoveries		8,998	5,786
Research and sundry income		1,439	691
Other income from operating activities		726	420
Total other source of income		520,559	328,047
Total revenue and income from operating activities		1,186,375	940,272
Non-operating activities			
Capital interest		5,623	407
Other income from non-operating activities		10,185	6,273
Total other sources of income		15,808	6,680
Total income from non-operating activities		15,808	6,680
Total revenue and income from transactions		1,202,183	946,952

1. Commercial activities represent business activities which Northern Health undertakes to support its operations.

2. Assets received free of charge mainly comprise COVID-19 related PPE received free of charge from the Monash Health state-wide supply centre.

Note 2.1(a): Timing of revenue from contracts with customers

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Northern Health disaggregates revenue by the timing of revenue recognition		
Goods and services transferred to customers		
At a point in time	647,077	599,254
Over time ¹	18,739	12,971
Total revenue from contracts with customers	665,817	612,225

1. Revenue received for patient and resident fees relating to accommodation charges are recognised overtime, to reflect the period accommodation is provided.

Note 2.1. Revenue and income from transactions (continued)

How we recognise revenue and income from operating activities:

Government grants (State) – operating

To recognise revenue, Northern Health assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15: Revenue from Contracts with Customers*.

When both these conditions are satisfied, Northern Health:

- Identifies each performance obligation relating to the revenue;
- Recognises a contract liability for its obligations under the agreement; and
- Recognises revenue as it satisfied its performance obligations, at a point in time or over time as and when services are rendered.

If a contract liability is recognised, Northern Health recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, Northern Health:

- Recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138);
- Recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer); and
- Recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the “customer” is typically a funding body, who is the party that promises funding in exchange for Northern Health’s goods or services. Northern Health funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

This policy applies to each of Northern Health’s revenue streams, with information detailed below relating to Northern Health’s significant revenue streams.

DH grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU) case mix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as ‘case mix’) in accordance with the levels of activity agreed to, with DH in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged.</p> <p>NWAU activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource used for each episode of care in a diagnosis related group (DRG).</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>

Government grants (Commonwealth) - operating

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

Capital grants

Where Northern Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards. Income is recognised progressively as the asset is constructed which aligns with Northern Health’s obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Note 2.1. Revenue and income from transactions (continued)

Private Practice Fee

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities such as carpark, retail and rental revenue are recognised on an accrual basis. Commercial activities revenue is recognised at a point in time upon provision of the goods or services to the customer. Rental income from investment properties is recognised on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the pattern of use of the underlying asset.

Contributions of resources

Northern Health may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when Northern Health obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Northern Health as a capital contribution transfer.

How we recognise revenue and income from non-operating activities

Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

Rental income

Northern Health recognised \$14.4m (2022: \$14.4m) of capital rent in advance from the University of Melbourne and La Trobe University for the Northern Centre for Health, Education and Research (NCHER) as part of a lease arrangement executed on 1 January 2015. The \$14.4m in funding received from the universities is progressively recognised as rental income on a straight-line basis for the 21 years period of the lease ending 31 December 2035.

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Note 2.1(b): Fair value of assets and services received free of charge or for nominal consideration

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Personal protective equipment and other consumables	5,473	10,016
Total fair value of assets and services received free of charge or for nominal consideration	5,473	10,016

Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Northern Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment (PPE)

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential PPE and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by DH, while Monash Health took delivery, and distributed an allocation of the products to Northern Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of DH under this arrangement.

Contributions

Northern Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Northern Health obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Note 2.1. Revenue and income from transactions (continued)

On initial recognition of the asset, Northern Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Northern Health recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Northern Health as a capital contribution transfer.

Voluntary services

Northern Health is supported by volunteers from the community. Northern Health recognises contributions by volunteers in its financial statements, only if the fair value can be reliably measured and the services would have been purchased had they not been donated. Northern Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

DH non-cash contributions

DH makes some payments on behalf of Northern Health as follows:

Non-cash payment	Description
Medical Indemnity Insurance	DH purchases medical indemnity insurance for Northern Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Long Service Leave (LSL) Debtor	LSL revenue is recognised upon finalisation of movements in LSL liability in line with the LSL funding arrangements with the DH.

Note 3 Cost of delivering of services

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

Structure

- Note 3.1. Expenses from transactions
- Note 3.2. Other economic flows
- Note 3.3. Employee benefits and related oncosts
- Note 3.4. Superannuation

Impact of COVID-19 on expenditure

Overall expenses incurred to deliver our services increased during the financial year due to a range of factors including the transfer of mental health services from Melbourne Health, which occurred on 1 July 2022, and general growth in operations. Expenses incurred to deliver our services that were attributable to COVID-19 decreased during the financial year due to reduced activity associated with COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Northern Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Northern Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and LSL entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Northern Health has a conditional right to defer payment beyond 12 months. LSL leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Northern Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> • An inflation rate of 4.35% reflecting the future wage and salary levels; and • Durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 3.37% and 4.35%. <p>All other entitlements are measured at their nominal value.</p>

Note 3.1. Expenses from transactions

Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Salaries and wages	635,100	468,547
On-costs	171,299	110,264
Agency expenses	16,897	8,896
Fee for service office medical expenses	3,411	2,130
WorkCover premium	9,473	6,352
Total employee expenses	836,179	596,188
Drug supplies	39,701	35,841
Medical and surgical supplies (including Protheses)	39,505	39,006
Diagnostic and radiology supplies	44,052	38,255
Other supplies and consumables	27,834	24,284
Total supplies and consumables	151,092	137,387
Finance cost - interest expense	14	9
Total finance costs	14	9
Other administrative expenses	14,517	14,874
Other administrative expenses	14,517	14,874
Fuel, light, power and water	5,855	4,866
Repairs and maintenance	6,913	8,614
Maintenance contracts	6,698	5,663
Domestic services and supplies	20,990	22,648
Medical indemnity insurance	14,384	13,101
Computer and communication	12,431	8,559
Staff training and development	8,687	3,628
Security Costs	9,276	7,506
Patient Transport	4,129	3,125
Shared service costs	1,641	1,335
Expenditure for capital purposes	4,378	9,063
Total other operating expenses	95,380	88,110
Total operating expenses	1,097,182	836,567
Depreciation and amortisation	4.5 44,464	37,556
Total depreciation and amortisation	44,464	37,556
Specific and ex-gratia expenses	1,011	158
Bad and doubtful debts expenses	3,881	2,085
Total other non-operating expenses	4,892	2,243
Total non-operating expenses	49,356	39,799
Total expenses from transactions	1,146,538	876,366

How we recognise expenses from transactions
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);
- On-costs;
- Agency expenses;
- Fee-for-service medical officer expenses; and
- WorkCover premium.

Note 3.1. Expenses from transactions (continued)

Supplies and consumables

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

Finance costs

Finance costs comprise interest on borrowings, with interest expense is recognised in the period in which it is incurred.

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;
- Other administrative expenses; and
- Expenditure for capital purposes, namely expenditure related to the purchase of assets below the capitalisation threshold of \$2,500.

DH 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.

Note 3.2. Other economic flows

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Net gain on disposal of property, plant and equipment	(63)	(214)
Total net gain/(loss) on non-financial assets	(63)	(214)
Net gain/(loss) on financial instruments at fair value		
Gain on repayment of TCV loan	1,491	-
Total Net gain/(loss) on financial instruments	1,491	-
Net gain/(loss) arising from revaluation of long service leave liability	(10,678)	5,114
Total other gains/(losses) from other economic flows	(10,678)	5,114
Total gains/(losses) from other economic flows	(9,251)	4,900

How we recognise other economic flows

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

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

- Revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- Reclassified amounts relating to equity instruments from the reserves to retained surplus / (deficit) due to a disposal or de-recognition of the financial instrument. 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 investment properties;
- 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

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 (refer to Note 7.2 for further details);
- Disposals of financial assets and de-recognition of financial liabilities.

Note 3.3. Employee benefits and related on-costs

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ¹	1,775	1,268
	1,775	1,268
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	55,957	42,306
Unconditional and expected to be settled wholly after 12 months ²	8,931	6,889
	64,888	49,195
<i>Long Service leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	17,987	9,074
Unconditional and expected to be settled wholly after 12 months ²	66,541	52,146
	84,528	61,220
<i>Provision related to employee benefits on-costs</i>		
Unconditional and expected to be settled wholly within 12 months ¹	9,570	6,007
Unconditional and expected to be settled wholly after 12 months ²	10,918	7,866
	20,488	13,873
Total current employee benefits and related on-costs	171,679	125,556
Non-current employee benefits and related on-costs		
Conditional long service leave	21,949	16,438
Provisions related to employee benefits and on-costs	3,208	2,252
Total non-current provisions	25,158	18,690
Total employee benefits and related on-costs	196,837	144,246

¹ The amounts disclosed are nominal amounts.

² The amounts disclosed are discounted to present values.

Note 3.3(a): Consolidated employee benefits and related on-costs

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Unconditional accrued days off	1,775	1,268
Unconditional annual leave entitlements	73,246	54,899
Unconditional long service leave entitlements	96,658	69,389
Total current employee benefits and related on-costs	171,679	125,556
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	25,158	18,690
Total non-current employee benefits and related on-costs	25,158	18,690
Total employee benefits and related on-costs	196,837	144,246
Attributable to:		
Employee benefits	173,140	128,121
Provision for related on-costs	23,697	16,125
Total employee benefits and relates on-costs	196,837	144,246

Note 3.3(b): Provision for related on-costs movement schedule

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Carrying amount at start of year	16,125	12,958
Additional provisions recognised	6,822	1,794
Amounts incurred during the year	808	1,581
Net gain/(loss) arising from revaluation of long service leave liability	(59)	(208)
Carrying amount at end of year	23,696	16,125

How we recognise employee benefits
Provisions

Employee benefits are accrued for employees in respect of accrued days off, annual leave and long service leave, for services rendered to the reporting date as an expense during the period the services are delivered.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

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.

Note 3.3(b): Provision for related on-costs movement schedule (continued)

Long service leave (LSL)

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

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

The components of this LSL liability are measured at:

- Nominal value: If Northern Health expects to wholly settle within 12 months; or
- 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.

Provision for on-costs related to employee benefits

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

Note 3.4. Superannuation

	Paid contributions for the year		Contributions outstanding at 30 June ¹	
	Consolidated 2023 \$'000	Consolidated 2022 \$'000	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Defined benefit plans²				
Aware Super	89	133	3	3
Defined contribution plans				
Aware Super	25,092	18,905	775	621
HESTA	25,113	17,651	854	575
Other	12,043	6,913	416	271
Total superannuation	62,337	43,602	2,049	1,470

¹The contribution outstanding at year end refers to the accrual taken up at year end relating to the last pay period in June 2023.

²The basis for determining the level of contribution is determined by the various actuaries of the defined benefit superannuation plans.

How we recognise superannuation

Employees of Northern Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined contribution superannuation plans

Defined contribution (i.e., accumulation) superannuation plan expenditure is the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred. The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Northern Health are disclosed above.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. 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's 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.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Northern Health.

The name, details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by Northern Health are disclosed above.

Note 4. Key assets to support service delivery

Northern Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Northern Health to be utilised for delivery of those outputs.

Structure

- Note 4.1. Property, plant and equipment
- Note 4.2. Right-of-use assets
- Note 4.3. Revaluation surplus
- Note 4.4. Intangible assets
- Note 4.5. Depreciation and amortisation
- Note 4.6. Impairment of assets

Impact of COVID-19 on key assets

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment	Northern Health obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, Northern Health estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices. Under FRD 103I a formal, independent revaluation occurs every five years with the revaluation performed by the VGV. In each year in between, a fair value assessment of land and buildings is undertaken utilising land and building indices issued by the VGV.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the Northern Health is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Northern Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Northern Health to restore a right-of-use asset to its original condition at the end of a lease, Northern Health estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Northern Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, Northern Health assesses impairment by evaluating the conditions and events specific to it that may be indicative of impairment triggers. Where an indication exists, the Northern Health tests the asset for impairment. Northern Health considers a range of information when performing its assessment, including considering: <ul style="list-style-type: none"> • If an asset's value has declined more than expected based on normal use; • If a significant change in technological, market, economic or legal environment which adversely impacts the way Northern Health uses an asset; • If an asset is obsolete or damaged; • If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life; and • If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the Northern Health applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Property, plant and equipment

Note 4.1 (a): Gross carrying amounts and accumulated depreciation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Land at fair value: Crown	72,679	50,785
Land at fair value: Freehold	3,114	3,114
Total land at fair value	75,793	53,899
Buildings at fair value	644,566	510,023
Less accumulated depreciation	(99,928)	(71,134)
Total buildings at fair value	544,638	438,889
Leasehold improvements at fair value	2,386	-
Less accumulated depreciation	(252)	-
Total leasehold improvements at fair value	2,134	-
Works in progress at cost	18,229	68,825
Total land and buildings	640,793	561,613
Plant and equipment at fair value	4,661	4,068
Less accumulated depreciation	(2,998)	(2,573)
Total plant and equipment at fair value	1,663	1,495
Motor vehicles at fair value	2,603	2,513
Less accumulated depreciation	(2,126)	(1,789)
Total motor vehicles at fair value	477	724
Medical equipment at fair value	75,450	65,641
Less accumulated depreciation	(45,272)	(41,427)
Total medical equipment at fair value	30,178	24,214
Computer equipment at fair value	25,841	21,839
Less accumulated depreciation	(17,346)	(12,366)
Total computer equipment at fair value	8,494	9,473
Furniture and fittings at fair value	5,260	3,919
Less accumulated depreciation	(3,204)	(2,883)
Total furniture and fittings at fair value	2,056	1,036
Cultural assets at fair value	457	457
Less accumulated depreciation	-	-
Total cultural assets at fair value	457	457
Total plant, equipment, furniture, fittings and vehicles at fair value	43,325	37,399
Total property, plant and equipment	684,119	599,012

Note 4.1. Property, plant and equipment (continued)
Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Note	Land \$'000	Buildings \$'000	Building works in progress \$'000	Leasehold Improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture and Fittings \$'000	Cultural assets \$'000	Total \$'000
Balance at 1 July 2021	47,955	423,975	35,870		1,236	928	23,804	3,463	1,098	457	538,788
Additions	-	17,359	66,400	-	531	222	4,036	1,335	130	-	90,014
Disposals	-	-	-	-	-	(35)	(402)	(4)	-	-	(442)
Revaluation increments/(decrements)	5,944	-	-	-	-	-	-	-	-	-	5,944
Net transfers between classes	-	23,608	(33,446)	-	4	-	1,752	8,061	19	-	-
Depreciation	4.5	(26,054)	-	-	(276)	(392)	(4,976)	(3,382)	(211)	-	(35,292)
Balance at 30 June 2022	4.2(a) 53,899	438,888	68,824		1,495	724	24,214	9,473	1,036	457	599,012
Additions	-	60,797	16,930	2,386	36	107	7,541	1,400	707	-	89,903
Asset transfer-in via contributed equity	21,894	13,082	-	-	537	-	386	75	328	-	36,300
Disposals	-	-	-	-	-	-	(80)	-	-	-	(80)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-	-	-
Net transfers between classes	-	60,664	(67,526)	-	22	-	3,738	2,796	307	-	-
Depreciation	4.5	(28,793)	-	(252)	(426)	(355)	(5,620)	(5,249)	(321)	-	(41,016)
Balance at 30 June 2023	4.1(a) 75,793	544,638	18,229	2,134	1,663	477	30,179	8,494	2,056	457	684,119

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Northern Health in the delivery of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

Initial recognition

Items of property, plant and equipment are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Northern Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Northern Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

Note 4.1. Property, plant and equipment (continued)
Revaluation (continued)

As an independent valuation was not undertaken on 30 June 2023. A managerial assessment was performed at 30 June 2023 which indicated an overall:

- Decrease in fair value of land of 2.85% (\$2,458,069); and
- Increase in the fair value of buildings of 8.42% (\$45,545,250).

As the cumulative movement was less than 10% for land and buildings since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the property, plant and equipment revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case 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 property, plant and equipment revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

Note 4.2. Right-of-use assets
Note 4.2(a): Gross carrying amount and accumulated depreciation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Right-of-use concessionary land at fair value	22,241	22,241
Less accumulated depreciation	(4,741)	(3,556)
Total right of use land at fair value	17,500	18,685
Right-of-use buildings at fair value	8,269	2,171
Less accumulated depreciation	(1,965)	(392)
Total buildings at fair value	6,305	1,779
Total right of use concessionary land buildings	23,805	20,464
Right-of-use plant, equipment, furniture, fittings and vehicles at fair value	300	-
Less accumulated depreciation	(92)	-
Total right-of-use plant, equipment, furniture, fittings and vehicles at fair value	208	-
Total right of use assets	24,013	20,464

Note 4.2(b): Reconciliation of carrying amount of each class of asset

	Note	Land \$'000	Buildings \$'000	Right-of-use- PE,FF&V \$'000	Total \$'000
Balance at 1 July 2021		19,877	543	-	20,420
Additions		-	1,564	-	1,564
Disposals		-	(71)	-	(71)
Revaluation increments/(decrements)		-	-	-	-
Net transfers between classes		-	-	-	-
Depreciation	4.5	(1,192)	(257)	-	(1,449)
Balance at 30 June 2022	4.2(a)	18,685	1,779	-	20,464
Additions		-	6,092	300	6,391
Disposals		-	-	-	-
Revaluation increments/(decrements)		-	6	-	6
Net transfers between classes		-	-	-	-
Depreciation	4.5	(1,185)	(1,571)	(92)	(2,848)
Balance at 30 June 2023	4.2(a)	17,500	6,305	208	24,013

Right of Use assets carried at valuation

The Valuer-General Victoria undertook to re-value all of Northern Health right of use assets to determine their fair value. The valuation, which confirms 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 was 30 June 2022.

How we recognise right-of-use assets

Where Northern Health enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Northern Health presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

Right-of-use assets and their respective lease terms include:

Class of right-of-use asset	Lease term
Leased land	13 to 28 years
Leased buildings	4 to 6 years

Initial recognition

When a contract is entered into, Northern Health assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain re-measurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.3 Revaluation surplus

		Consolidated 2023 \$'000	Consolidated 2022 \$'000
	Note		
Balance at the beginning of the reporting period		277,529	271,585
Revaluation increment			
Land	4.1 (b)	-	5,944
Balance at the end of the reporting period		277,529	277,529
Represented by:			
Land		73,828	73,828
Buildings		203,626	203,626
Cultural assets		75	75
Total		277,529	277,529

Note 4.4 Intangible assets
Note 4.4(a): Gross carrying amount and accumulated amortisation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Software	8,511	8,330
Less accumulated depreciation	(8,147)	(7,583)
Total software	365	747
WIP Software	230	414
Total works in progress software	230	414
Total intangible assets¹	595	1,161

¹An intangible asset is an identifiable non-monetary asset without physical substance such as computer software and developed costs.

Note 4.4(b): Reconciliation of carrying amount by class of asset

	Note	Software \$'000	Work in progress \$'000	Total \$'000
Balance at 30 June 2021		1,305	6,273	7,576
Reclassification of prior year additions ¹		-	(6,250)	(6,250)
Restated Balance at 1 July 2021		1,305	23	1,327
Additions		258	391	650
Disposals		-	-	-
Revaluation increments/(decrements)		-	-	-
Net transfers between classes		-	-	-
Depreciation	4.5	(816)	-	(816)
Balance at 30 June 2022	4.4(a)	747	414	1,161
Additions		217	106	324
Disposals		-	(290)	(290)
Revaluation increments/(decrements)		-	-	-
Net transfers between classes		-	-	-
Depreciation	4.5	(600)	-	(600)
Balance at 30 June 2023	4.4(a)	365	230	595

¹Work in progress additions from the prior year have been reclassified to other administrative expenses.

Note 4.4(b): Reconciliation of carrying amount by class of asset (continued)

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial recognition

Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- An intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- The intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Note 4.5 Depreciation and amortisation

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Depreciation		
Property, plant and equipment		
Buildings	29,045	26,054
Plant and equipment	426	276
Motor vehicles	355	392
Medical equipment	5,620	4,976
Computer equipment	5,249	3,382
Furniture and fittings	321	211
Total depreciation- property, plant and equipment	41,016	35,292
Right-of-use assets		
Right-of-use land	1,185	1,192
Right-of-use buildings	1,571	257
Right-of-use plant, equipment, furniture, fittings and motor vehicles	92	-
Total depreciation- right-of-use assets	2,848	1,449
Total depreciation	43,864	36,741
Amortisation		
Software	600	816
Total amortisation	600	816
Total depreciation and amortisation	44,464	37,556

How we recognise depreciation

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease involves the transfer of ownership of the underlying asset or the cost of the right-of-use asset reflects that Northern Health anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

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

Note 4.5 Depreciation and amortisation (continued)

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

	2023	2022
Buildings		
Structure shell building fabric	5 - 53 years	5 - 53 years
Site engineering services and central plant	17 - 33 years	17 - 33 years
Central Plant		
Fit out	2 - 18 years	2 - 18 years
Trunk reticulated building Systems	7 - 23 years	7 - 23 years
Medical equipment	7 - 10 years	7 - 10 years
Computers and communication	3 years	3 years
Furniture and fittings	10 years	10 years
Motor vehicles	4 years	4 years
Non-medical equipment	3 - 10 years	3 - 10 years
Plant and equipment	3 - 10 years	3 - 10 years
Intangible assets	3 years	3 years

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

Note 4.6 Impairment of Assets

How we recognise impairment

At the end of each reporting period, Northern Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Northern Health which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Northern Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Northern Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Northern Health did not record any impairment losses for the year ended 30 June 2023 (2022: nil).

Note 5. Other assets and liabilities

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

Structure

- Note 5.1. Receivables and contract assets
- Note 5.2. Payables and contract liabilities
- Note 5.3. Other liabilities

Impact of COVID-19 on other assets and liabilities

The measurement of other assets and liabilities was not materially impacted by the COVID-19 pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Northern Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>Northern Health applies significant judgement to determine if a sub-lease arrangement, where we are a lessor, meets the definition of an operating lease or finance lease.</p> <p>Northern Health considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> • The lease transfers ownership of the asset to the lessee at the end of the term; • The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term; • The lease term is for the majority of the asset’s useful life; • The present value of lease payments amount to the approximate fair value of the leased asset; and • The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where Northern Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Northern Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	Northern Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied Northern Health assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.
Recognition of other provisions	Other provisions include Northern Health’s obligation to restore leased assets to their original condition at the end of a lease term. Northern Health applies significant judgement and estimate to determine the present value of such restoration costs.

Note 5.1. Receivables

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current Receivables		
Contractual		
Inter hospital debtors	705	2,016
Trade receivables	4,555	2,556
Patient fees	9,961	6,294
Allowance for impairment losses	(5,062)	(3,292)
Amounts receivable from governments and agencies	-	1,764
Total contractual receivables	10,159	9,339
Statutory		
GST Receivable	5,355	3,796
Total statutory receivables	5,355	3,796
Total current receivables	15,514	13,135
Non-current receivables		
Contractual		
Long service leave – Department of Health	58,313	34,050
Total non-contractual receivables	58,313	34,050
Total receivables and contract assets	73,827	47,185
(i) Financial assets classified as receivables (Note 7.1(a))		
Total receivables	73,827	47,185
GST receivable	(5,355)	(3,796)
Total financial assets	68,472	43,389

Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Balance at the beginning of the year	(3,292)	(2,339)
Increase in allowance	(3,740)	(4,155)
Amount written off during the year	1,970	3,202
Balance at the end of the year	(5,062)	(3,292)

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. 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 they are subsequently measured at amortised cost using the effective interest method, less any impairment; and
- **Statutory receivables**, which includes GST input tax credits that are 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.

Note 5.1. Receivables (continued)

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 7.2 (a) for Northern Health's contractual impairment losses.

Note 5.1(b) Contract assets

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Balance at the beginning of the year	1,736	3,423
Add: Additional costs incurred that are recoverable from the customer	897	557
Less: Transfer to trade receivable or cash at bank	(349)	(2,244)
Total contract assets	2,284	1,736
<i>*Represented by</i>		
Current contract assets	2,284	1,736
Total contract assets	2,284	1,736

How we recognise contract assets

Contract assets relate to the Northern Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

Note 5.2. Payables

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current payables		
Contractual		
Trade creditors	8,347	138
Accrued salaries and wages	32,448	28,096
Accrued expenses	25,938	28,369
Deferred capital income	4,982	11,783
Salary packaging	631	464
Superannuation	2,030	1,357
Inter hospital creditors	194	111
Amounts payable to government and agencies	1,300	8,441
Other	293	214
Total contractual payables	76,164	78,975
Total current payables	76,164	78,975
(i) Financial liabilities classified as payables (Note 7.1(a))		
Total payables	76,164	78,975
Deferred grant income	(4,982)	(11,783)
Total financial liabilities	71,182	67,191

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are 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**, which most includes amount payable to the Victorian Government and GST payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Normal credit terms for accounts payable are usually net 30 days. In line with Victorian Government supplier payment policy, credit terms in 2022-23 were net seven days.

Note 5.2 (a) Deferred capital grant revenue

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Opening balance of deferred grant income	11,784	7,667
Grant consideration for capital works received during the year	16,596	21,596
Grant revenue for capital works recognised consistent with the capital works undertaking during the year	(23,397)	(17,480)
Closing balance of deferred grant income	4,982	11,783

How we recognise deferred capital grant revenue

Grant consideration was received from DH to support the requisition and construction of Electronic Medical Record system. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Northern Health meets its obligations. The progressive percentage of costs incurred is used to recognise income as this most closely reflects the percentage of completion of the building works. As a result, Northern Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2 (b) Contract liabilities

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Opening balance of contract liabilities	2,643	4,023
Payment received for performance obligations not yet fulfilled	11,482	9,485
Revenue recognised for the completion of a performance obligation	(11,920)	(10,864)
Total contract liabilities	2,205	2,643
Represented by:		
Current contract liabilities	2,205	2,643
Total contract liabilities	2,205	2,643

How we recognise contract liabilities

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

Maturity analysis of payables

Please refer to Note 7.2(b) for the maturity analysis of payables.

Note 5.3. Other liabilities

Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current		
Patient monies - monies in trust	9	2
Refundable accommodation deposits - monies in trust	6,495	2,295
Other income in advance - current	5,835	3,435
Total current monies held in trust	12,339	5,732
Non-current		
Other income in advance - non current ¹	8,352	9,238
Total non-current monies held in trust	8,352	9,238
Total other liabilities	20,691	14,970
*Represented by the following assets:		
Cash assets	6,530	2,301
Investment and other financial assets	14,161	12,669
Total	20,691	14,970

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

How we recognise other liabilities
Refundable Accommodation Deposit (RAD) /Accommodation bonds

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Northern Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bonds are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.

Note 6. How we finance our operations

This section provides an account of the sources of finance utilised by Northern Health during its operations, along with interest expenses (the cost of borrowings) and other information related to its financing activities. This section includes disclosures of balances that are financial instruments such as borrowings and cash balances. Note 7.1 provides additional, specific financial instrument disclosures.

Structure

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

Impact of COVID-19 on financing arrangements

The level of cash and borrowings required to finance our operations were impacted during the financial year due to COVID-19 pandemic and its impact on our economy and the health of our community.

The following items were impacted:

- Northern Health incurred \$34.7m in unfunded costs due to COVID-19;
- Northern Health was able to recover some of the additional costs from DH through specific purpose COVID-19 funding.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Northern Health applies significant judgement to determine if a contract is or contains a lease by considering: <ul style="list-style-type: none"> • If it has the right-to-use an identified asset; • If it has the right to obtain substantially all economic benefits from the use of the leased asset; and • If it can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Northern Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. Northern Health estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, Northern Health applies the low-value lease exemption. Northern Health also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months, Northern Health applies the short-term lease exemption.
Discount rate applied to future lease payments	Northern Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case Northern Health's lease arrangements, Northern Health uses its incremental borrowing rate, which is the amount we would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leased land and buildings, Northern Health estimated the incremental borrowing rate to be between 2.06% and 5.75%.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Northern Health is reasonably certain to exercise such options. Northern Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), Northern Health is typically reasonably certain to extend (or not terminate) the lease; • If any leasehold improvements are expected to have a significant remaining value, the Northern Health is typically reasonably certain to extend (or not terminate) the lease; and • Northern Health considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1. Borrowings

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Current borrowings		
Lease liability ² 6.1(a)	1,405	455
Total current borrowings	1,405	455
Non-current borrowings		
TCV loan ¹	-	200
Lease liabilities ² 6.1(a)	5,319	1,324
Total non-current borrowings	5,319	1,524
Total borrowings	6,724	1,979

¹The TCV loan is a fixed rate of 2.885%.

²The borrowing rate is between 2.062% and 4.293%.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from TCV and other funds raised through lease liabilities.

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Northern Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

Please refer to Note 7.2(b) for the maturity analysis of borrowings.

Defaults and breaches

During the current and prior year there were no defaults or breaches of any of the loans.

Note 6.1 (a) Lease liabilities

Northern Health's lease liabilities are summarised below:

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Total undiscounted lease liabilities	8,213	1,947
Less unexpected finance expenses	(1,489)	(168)
Net lease liabilities	6,724	1,779

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date.

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Leasing liabilities		
Not later than one year	1,706	516
Later than one year and not later than five years	3,583	1,430
Later than five years	2,925	-
Minimum future lease liability	8,213	1,947
Less unexpired finance charges	(1,489)	(168)
Present value of lease liability	6,724	1,779
Represented by		
Current liabilities	1,405	455
Non-current liabilities	5,319	1,324
Total leasing liabilities	6,724	1,779

Note 6.1 (a) Lease liabilities (continued)

How we recognise lease liabilities

A lease is defined as a contract, or part of a contract, that conveys the right for Northern Health to use an asset for a period of time in exchange for payment.

To apply this definition, Northern Health ensures the contract meets the following criteria:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Northern Health and for which the supplier does not have substantive substitution rights;
- Northern Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Northern Health has the right to direct the use of the identified asset throughout the period of use; and
- Northern Health has the right to take decisions in respect of ‘how and for what purpose’ the asset is used throughout the period of use.

Northern Health’s lease arrangements consist of the following:

Type of asset leased	Lease term
Leased land	13 to 28 years
Leased buildings	4 to 6 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. Low value, short term and variable lease payments are recognised in profit or loss.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Northern Health’s incremental borrowing rate. Our lease liabilities have been discounted by rates between 2.062% and 4.293%.

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

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

Subsequent measurement

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

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

Leases with significantly below market terms and conditions

Northern Health holds lease arrangements which contain significantly below-market terms and conditions, which are principally to enable it to achieve its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

The nature and terms of such lease arrangements, including Northern Health’s dependency on such lease arrangements is described below:

Note 6.1 (a) Lease liabilities (continued)
Leases with significantly below market terms and conditions (continued)

Description of leased asset	Our dependence on lease	Nature and terms of lease
Broadmeadows Hospital campus land	The leased land is used to accommodate the Broadmeadows Hospital buildings. Northern Health's dependence on this lease is considered high given its nature (i.e. land).	There are no lease payments associated with this lease. The current lease commenced in August 2018 has a lease term of 10 years. The lease extension will be negotiated between Northern Health and DH. There are no restrictions placed on the use of the asset other the standard conditions that apply to all land and buildings controlled by Northern Health.
Craigieburn Centre campus land	The leased land is used to accommodate the Craigieburn Centre buildings. Northern Health's dependence on this lease is considered high given its nature (i.e. land).	There are no lease payments associated with this lease. The current lease commenced in April 2017 has a lease term of 20 years. The lease extension will be negotiated between Northern Health and DH. There are no restrictions placed on the use of the asset other the standard conditions that apply to all land and buildings controlled by Northern Health.

Note 6.2. Cash and cash equivalents

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Cash on hand (excluding monies held in trust)	33	29
Cash at bank - CBS (excluding monies held in trust)	132,720	122,730
Total cash held for operations	132,753	122,759
Cash at bank - CBS (monies held in trust)	6,530	2,301
Total cash held as monies in trust	6,530	2,301
Total cash and cash equivalents	139,283	125,060

7.1(a)

How we recognise 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), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet. The cash flow statement includes monies held in trust.

Note 6.3. Commitments for expenditure

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Capital expenditure commitments		
Less than one year	42,207	29,384
Longer than one year but not longer than five years	7,385	541
Five years or more	-	-
Total capital expenditure commitments	49,592	29,925
Operating commitments		
Less than one year	61,139	55,496
Longer than one year and not longer than five years	51,736	23,504
Five years or more	1,135	3,735
Total operating expenditure commitments	114,010	82,735
Non-cancellable short term and low value lease commitments		
Less than one year	571	573
Longer than one year and not longer than five years	1,126	407
Five years or more	147	1,360
Total non-cancellable short term and low value lease commitments	1,844	2,340
Total commitments for expenditure (inclusive of GST)	165,446	115,000
less GST recoverable from the ATO ¹	(15,041)	(10,455)
Total commitments for expenditure (exclusive of GST)	150,405	104,545

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

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

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

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

Short term and low value leases

Northern Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Note 7. Risks, contingencies and valuation uncertainties

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

Structure:

- Note 7.1. Financial instruments
- Note 7.2. Financial risk management objectives and policies
- Note 7.3. Contingent assets and contingent liabilities
- Note 7.4. Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Northern Health has assumed the current use is its highest and best use. Accordingly, characteristics Northern Health’s assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Northern Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Northern Health’s specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets are measured using this approach; • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Northern Health’s specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach; and • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Northern Health does not this use approach to measure fair value. <p>Northern Health selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the Northern Health applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that Northern Health can access at measurement date. Northern Health does not categorise any fair values within this level; • Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Northern Health categorises non-specialised land and right-of-use concessionary land in this level; and • Level 3, where inputs are unobservable. Northern Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

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*.

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

Note 7.1 (a) Categorisation of financial instruments:

Consolidated			Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities at amortised cost	Total
2023	Note	Financial assets at amortised cost \$'000	\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	139,283	-	-	139,283
Receivables	5.1	68,472	-	-	68,472
Contract assets	5.1(b)	2,284	-	-	2,284
Investment and Other financial assets		500	476	-	976
Total Financial Assets		210,540	476	-	211,016
Financial Liabilities					
Payables	5.2	-	-	71,182	71,182
Contract liabilities	5.2(b)	-	-	2,284	2,284
Borrowings	6.1	-	-	6,724	6,723
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	6,495	6,495
Other Financial Liabilities - Monies held in trust	5.3	-	-	9	9
Total Financial Liabilities		-	-	86,614	86,614

Consolidated			Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities at amortised cost	Total
2022	Note	Financial assets at amortised cost \$'000	\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	125,060	-	-	125,060
Receivables	5.1	44,389	-	-	45,125
Contract assets	5.1(b)	1,736	-	-	1,736
Investment and Other financial assets		500	355	-	855
Total Financial Assets		170,685	355	-	171,040
Financial Liabilities					
Payables	5.2	-	-	67,191	67,191
Contract liabilities	5.2(b)	-	-	2,643	2,643
Borrowings	6.1	-	-	1,979	1,979
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	2,295	2,295
Other Financial Liabilities - Monies held in trust	5.3	-	-	2	2
Total Financial Liabilities		-	-	71,110	74,110

How we categorise financial instruments
Categories of financial assets

Financial assets are recognised when Northern Health becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Northern Health commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

Note 7.1. Financial instruments (continued)**Financial assets at amortised cost**

Financial assets are measured at amortised cost 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 solely to collect the contractual cash flows; and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are 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 liabilities

Financial liabilities are recognised when Northern Health becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Northern Health recognises the following liabilities in this category:

- Payables (excluding statutory payables and contract liabilities);
- Borrowings; and
- Other liabilities (including monies held in trust).

Derivative financial instruments

A derivative financial instrument is classified as a held for trading financial asset or financial liability. They are initially recognised at fair value on the date on which a derivative contract is entered.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition, are recognised in the consolidated comprehensive operating statement as another economic flow included in the net result.

De-recognition of financial assets

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

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

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

Note 7.1. Financial instruments (continued)**De-recognition of financial liabilities**

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

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value and amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Northern Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2. Financial risk management objectives and policies

As a whole, Northern Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Northern Health's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. Northern Health manages these financial risks in accordance with its financial risk management policy.

Northern Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Note 7.2 (a) Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Northern Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Northern Health. Credit risk is monitored on a regular basis.

Credit risk associated with Northern Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Victorian Government, Northern Health is exposed to credit risk associated with patient and other debtors.

In addition, Northern Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Northern Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Northern Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result. Except as otherwise detailed in the following page, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Northern Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Northern Health's credit risk profile in 2022-23.

Impairment of financial assets under AASB 9

Northern Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes Northern Health's contractual 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.

Note 7.2. Financial risk management objectives and policies (continued)
Impairment of financial assets under AASB 9 (continued)

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 amount previously written off are credited against the same line item.

Contractual receivables at amortised costs

Northern Health applied AASB 9's 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 rate. Northern Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate on Northern Health's 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 closing loss allowance at the end of the financial year as follows:

2023	Note	Maturity Dates					Total \$'000s
		Current \$'000s	Less than 1 month \$'000s	1-3 Months \$'000s	3 months - 1 Year \$'000s	1-5 Years \$'000s	
Expected loss rate		10.8%	29.2%	31.7%	52.7%	55.8%	
Gross carrying amount of contractual receivables	5.1	7,958	2,906	885	4,320	1,437	17,505
Loss allowance		(856)	(848)	(280)	(2,276)	(802)	(5,062)
2022							
Expected loss rate		23.9%	48.0%	18.5%	33.2%	10.2%	
Gross carrying amount of contractual receivables	5.1	5,918	961	2,313	2,771	640	12,602
Loss allowance		(1,415)	(461)	(428)	(922)	(66)	(3,292)

Note 7.2 (b) Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Northern Health is exposed to liquidity risk mainly through the financial liabilities as disclosed on the face of the balance sheet. Northern Health manages its liquidity risk by:

- Monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- Maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- Holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- Careful maturity planning of its financial obligations based on forecasts of future cash flows.

Northern Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets. 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. The ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

2023	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
Payables	5.2	71,182	71,182	45,502	4,669	21,010	-	-
Borrowings	6.1	6,724	8,213	142	284	1,279	3,583	2,924
Other financial liabilities	5.3	6,504	6,504	6,504	-	-	-	-
Total financial liabilities		84,409	85,899	52,149	4,953	22,290	3,583	2,924
2022								
Payables	5.2	67,190	67,190	1,959	56,465	8,766	-	-
Borrowings	6.1	1,979	1,979	38	76	341	1,524	-
Other financial liabilities	5.3	2,297	2,297	2,297	-	-	-	-
Total financial liabilities		71,466	71,466	4,294	56,541	9,107	1,524	-

Note 7.2. Financial risk management objectives and policies (continued)

Note 7.2 (c) Market risk

Northern Health's exposures to market risk are primarily through interest rate risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

Northern Health's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Northern Health's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months: a change in interest rates of one per cent up or down and changes in the top ASX 200 index of 15 per cent up or down.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Northern Health does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Northern Health has minimal exposure to cash flow interest rate risks through cash and deposits and term deposits.

Note 7.3 Contingent assets and contingent liabilities

Northern Health does not have any contingent assets or liabilities as at 30 June 2023 (2022: nil).

Note 7.4 Fair value determination

How we measure fair value

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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through other comprehensive income;
- Property, plant and equipment; and
- Right-of-use assets.

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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.

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. There have been no transfers between levels during the period.

Northern Health monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Northern Health's independent valuation agency for property, plant and equipment.

Note 7.4 Fair value determination (continued)
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.

Note 7.4(a): Fair value determination of non-financial physical assets

Fair value measurement at 30 June 2023 using:					
	Note	Consolidated carrying amount 30 June 2023 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Non-specialised land		200	-	200	-
Specialised land	4.1(b)	75,593	-	-	75,593
Total land at fair value	4.1(b)	75,793	-	200	75,593
Non-specialised buildings		275	-	275	-
Specialised buildings		544,363	-	296,300	248,063
Total buildings at fair value	4.1(b)	544,638	-	296,575	248,063
Plant and equipment	4.1(b)	1,663	-	-	1,663
Motor vehicles	4.1(b)	477	-	-	477
Medical equipment	4.1(b)	30,178	-	-	30,178
Computer equipment	4.1(b)	8,494	-	-	8,494
Furniture and fittings	4.1(b)	2,056	-	-	2,056
Cultural assets	4.1(b)	457	-	457	-
Total plant, equipment, furniture, fittings and Vehicles at fair value		43,325	-	457	42,868
Right-of-use concessionary land	4.2(b)	17,500	-	17,500	-
Right-of-use buildings	4.2(b)	6,305	-	-	6,305
Right-of-use plant, equipment, furniture, fittings and vehicles	4.2(b)	208	-	-	208
Total right-of-use assets at fair value		24,013	-	17,500	6,513
Total non-financial physical assets at fair value		687,769	-	314,732	373,037

Fair value measurement at 30 June 2022 using:					
	Note	Consolidated carrying amount 30 June 2022 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Non-specialised land		200	-	200	-
Specialised land	4.1(b)	53,699	-	-	53,699
Total of land at fair value	4.1(b)	53,899	-	200	53,699
Non-specialised buildings		283	-	283	-
Specialised buildings		438,606	-	176,874	261,732
Total buildings at fair value	4.1(b)	438,889	-	177,157	261,732
Plant and equipment	4.1(b)	1,495	-	-	1,495
Motor vehicles	4.1(b)	724	-	-	724
Medical equipment	4.1(b)	24,214	-	-	24,214
Computer equipment	4.1(b)	9,473	-	-	9,473
Furniture and fittings	4.1(b)	1,036	-	-	1,036
Cultural assets	4.1(b)	457	-	457	-
Total plant, equipment, furniture, fittings and Vehicles at fair value	4.1(b)	37,399	-	457	36,942
Right-of-use concessionary land	4.2(b)	18,685	-	18,685	-
Right-of-use buildings	4.2(b)	1,779	-	-	1,779
Total right-of-use assets at fair value		20,464	-	18,685	1,779
Total non-financial physical assets at fair value		550,651	-	196,499	354,152

Note 7.4 Fair value determination (continued)**How we measure fair value of non-financial physical assets**

The fair value measurement of non-financial physical assets considers the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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 AASB 13 Fair Value Measurement paragraph 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.

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.

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

Non-specialised land, non-specialised buildings, investment properties 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 and investment properties, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

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

An independent valuation of Northern Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

Vehicles

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

Note 7.4 Fair value determination (continued)
Furniture, fittings, plant and equipment

Furniture, fittings, plant and equipment (including medical equipment, computers and communication equipment) 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 2023.

Reconciliation of level 3 fair value measurement

Consolidated	Note	Buildings	Plant,	Right-of-use	Right-of-use
		\$'000	equipment, furniture, fittings and vehicles \$'000	building \$'000	plant, equipment, furniture, fittings and vehicles \$'000
		Land \$'000			
Balance at 1 July 2021		47,782	283,278	30,531	543
Additions/(Disposals)		-	-	15,648	1,493
<i>Gains/(Losses) recognised in net results</i>		-	-	-	-
-Depreciation and amortisation		-	(21,547)	(9,238)	(257)
<i>Items recognised in other comprehensive income</i>		-	-	-	-
-Revaluation		5,917	-	-	-
Balance at 30 June 2022	7.4(a)	53,699	261,732	36,942	1,779
Additions/(Disposals)		-	-	9,710	6,097
Asset transfer-in- via contributed equity		21,894	8,841	1,325	-
Net transfers between classes		-	-	6,862	-
<i>Gains/(Losses) recognised in net result</i>		-	-	-	-
-Depreciation and amortisation		-	(22,510)	(11,971)	(1,571)
<i>Items recognised in other comprehensive income</i>		-	-	-	-
-Revaluation		-	-	-	-
Balance at 30 June 2023	7.4(a)	75,593	248,062	42,868	6,305

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustment (range of 10 – 25%)
Specialised buildings	Current replacement cost approach	-Cost per square metre -Useful life
Vehicles	Current replacement cost approach	-Cost per square metre -Useful life
Furniture and fittings	Current replacement cost approach	-Cost per square metre -Useful life
Plant and equipment	Current replacement cost approach	-Cost per square metre -Useful life

Note 8. Other disclosures

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

Structure:

- Note 8.1. Reconciliation of net result for the year to net cash flows from operating activities
- Note 8.2. Responsible persons disclosures
- Note 8.3. Remuneration of executives
- 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. Equity
- Note 8.10. Economic dependency

Impact of COVID-19

Our other disclosures were not materially impacted by the COVID-19 pandemic.

Note 8.1. Reconciliation of net result for the year to net cash flows from operating activities

Note	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Net Result for the year	46,394	75,486
Non-cash movements		
Depreciation of non-current assets	4.5 43,864	36,741
Amortisation of non-current assets	4.5 600	816
Net (gain) / loss from other economic flows in net result	3.2 9,251	(4,900)
Government non-cash grants	(65,313)	(62,440)
Movements in assets and liabilities		
(Increase)/Decrease in receivables	(26,642)	6,571
(Increase)/Decrease in contract assets	(549)	(1,736)
(Increase)/Decrease in inventories	(489)	167
(Increase)/Decrease in prepaid expenses	(12,369)	(7,591)
Increase/(Decrease) in payables	(2,810)	10,890
Increase/(Decrease) in contract liabilities	(438)	3,081
Increase/(Decrease) in borrowings	4,745	1,260
Increase/(Decrease) in employee benefits	37,649	10,985
Increase/(Decrease) in other provisions	5,721	439
Net cash flow from operating activities	39,613	69,770

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1 November 2022 and new ministers were sworn in on 5 December 2022.

	Period	
Responsible Minister		
Minister for Health, The Hon. Mary-Anne Thomas MP	01/07/2022 – 30/06/2023	
Minister for Health Infrastructure, The Hon. Mary-Anne Thomas MP	01/07/2022 – 30/06/2023	
Minister for Medical Research, The Hon. Mary-Anne Thomas MP	01/07/2022 – 30/06/2023	
Former Minister for Ambulance Services, The Hon. Mary-Anne Thomas MP	01/07/2022 – 05/12/2023	
Minister for Mental Health, The Hon. Gabrielle Williams MP	01/07/2022 – 30/06/2023	
Minister for Ambulance Services, The Hon. Gabrielle Williams MP	05/12/2022 – 30/06/2023	
Minister for Disability, Ageing and Carers, The Hon. Lizzy Blandthorn MP	05/12/2022 – 30/06/2023	
Former Minister for Disability, Ageing and Carers, The Hon. Colin Brooks MP	01/07/2022 – 05/12/2022	
Governing Board		
Ms Jennifer Williams AM (Chair)	01/07/2022- 30/06/2023	
Mr Phillip Bain	01/07/2022- 30/06/2023	
Dr Sherene Devanesen	01/07/2022- 30/06/2023	
Mr Dominic Isola	01/07/2022- 30/06/2023	
Dr Andrea Kattula	01/07/2022- 30/06/2023	
Ms Anna Macleod	01/07/2022- 30/06/2023	
Mr Peter McDonald	01/07/2022- 30/06/2023	
Ms Linda Rubinstein	01/07/2022- 30/06/2023	
Mr John Watson	01/07/2022- 30/06/2023	
Accountable Officer		
Mr Siva Sivarajah, Chief Executive	01/07/2022- 30/06/2023	
Remuneration of Responsible Persons		
The number of responsible persons are shown in their relevant income bands		
Income band	Consolidated 2023 No.	Consolidated 2022 No.
\$40,000 - \$49,999	8	8
\$80,000 - \$89,999	1	1
\$510,000 - \$529,999	-	1
\$530,000 - \$550,000	1	-
Total numbers	10	10
	2023	2022
	\$'000	\$'000
Total remuneration received or receivable by Responsible Persons from the reporting entity amounted to:	921	881

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 State's Annual Report.

Note 8.3. Remuneration of Executives

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

Remuneration of Executive Officers (Including Key Management Personnel Disclosed in Note 8.4)	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Short term employee benefits	2,713	2,410
Other long-term benefits	84	62
Post-employment benefits	285	241
Total remuneration of Executive Officers¹	3,081	2,713
Total number of executives	9	13.0
Total annualised employee equivalent ²	9	7.6

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.

² The 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 as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contribution) paid or payable on a discrete basis when employment has ceased.

Other long-term benefits

LSL, other LSL benefits or deferred compensation.

Note 8.4. Related parties

Northern Health is a wholly owned and controlled entity of the State of Victoria.

Related parties of Northern Health include:

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

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

Note 8.4. Related parties (continued)

The Board Directors and Executive of Northern Health are deemed to be KMPs. The KMPs during the year were as follows.

KMP	Position
Ms Jennifer Williams AM	Director Northern Health (Chair)
Mr Phillip Bain	Director Northern Health
Dr Sherene Devanesen	Director Northern Health
Mr Dominic Isola	Director Northern Health
Dr Andrea Kattula	Director Northern Health
Ms Anna Macleod	Director Northern Health
Mr Peter McDonald	Director Northern Health
Ms Linda Rubinstein	Director Northern Health
Mr John Watson	Director Northern Health
Mr Siva Sivarajah	Chief Executive
Mr Jason Cirone	Chief Allied Health Officer
Mr Basil Ireland	Chief Financial Officer
Dr Wanda Stelmach	Chief Medical Officer
Ms Lisa Cox	Chief Nursing and Midwifery Officer
Ms Debra Bourne	Chief Nursing and Midwifery Officer
Mr Anthony Gust	Executive Director Digital Health
Ms Belinda Scott	Executive Director Mental Health
Dr Bill Shearer	Executive Director, Quality and Safety
Ms Michelle Fenwick	Executive Director People and Culture

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 in the State's Annual Report.

Compensation - KMPs	Consolidated	Consolidated
	2023	2022
	\$'000	\$'000
Short term employee benefits ¹	3,532	3,197
Other long-term benefits	98	79
Post-employment benefits	371	320
Total compensation - KMPs²	4,002	3,596

¹Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

²KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4. Related parties (continued)

Transactions with KMPs and other related parties

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

There were \$18,556 (2022: \$17,490) in software expenses incurred with Barwon Health of which Jennifer Williams is a Director.

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

There were no related party transactions required to be disclosed for the Northern Health Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Northern Health Foundation Board of Directors in 2023 (2022: Nil).

Transactions with controlled entities

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

Controlled entities related party transactions

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Distribution of funds by the Foundation	799	362
Total distribution of funds by the Foundation	799	362

Note 8.5. Remuneration of auditors

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Victorian Auditor-General's Office		
Audit of financial statements	85	79
Total remuneration of Auditors	85	79

Note 8.6. Ex-gratia payments

Northern Health did not incur any ex-gratia expenses in the year ending 30 June 2023 (2022: Nil).

Note 8.7. Events occurring after the balance sheet date

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

Note 8.8. Controlled entities

The Northern Health's interest in controlled operations is detailed below. The amounts are included in the consolidated financial statements under their respective categories.

Name of entity	Country of incorporation	Ownership Interest %	Equity holding
Northern Health Research, Training and Equipment Foundation Ltd	Australia	100	Limited by guarantee
Northern Health Research, Training and Equipment Trust	Australia	100	100%
		Consolidated	Consolidated
		2023	2022
Net Result for the year		\$'000	\$'000
Northern Health Research, Training and Equipment Foundation Ltd		-	-
Northern Health Research, Training and Equipment Trust		(173)	(43)

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by controlled operations at balance date. Controlled entities contribution to the consolidated result.

Note 8.9. Equity
Contributed capital

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 the 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 at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

The specific restricted purpose reserve 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 8.10. Economic dependency

Northern Health is wholly dependent on the continued financial support of the State Government, and in particular DH. Northern Health was in discussions with DH throughout the 2022-23 financial year as part of the ongoing financial performance review and assessment process. Identified financial issues were escalated and managed and DH ensured that Northern Health's immediate cash needs were met. DH has provided confirmation that it will continue to provide the Northern Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 31 October 2024. On this basis, the financial statements have been prepared on a going concern basis.

Northern Health

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