Northern Health

Annual Report 2020-21

safekindtogether

Northern Health

Our Vision

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

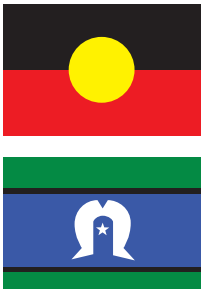
Our Values

Our Priorities

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

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

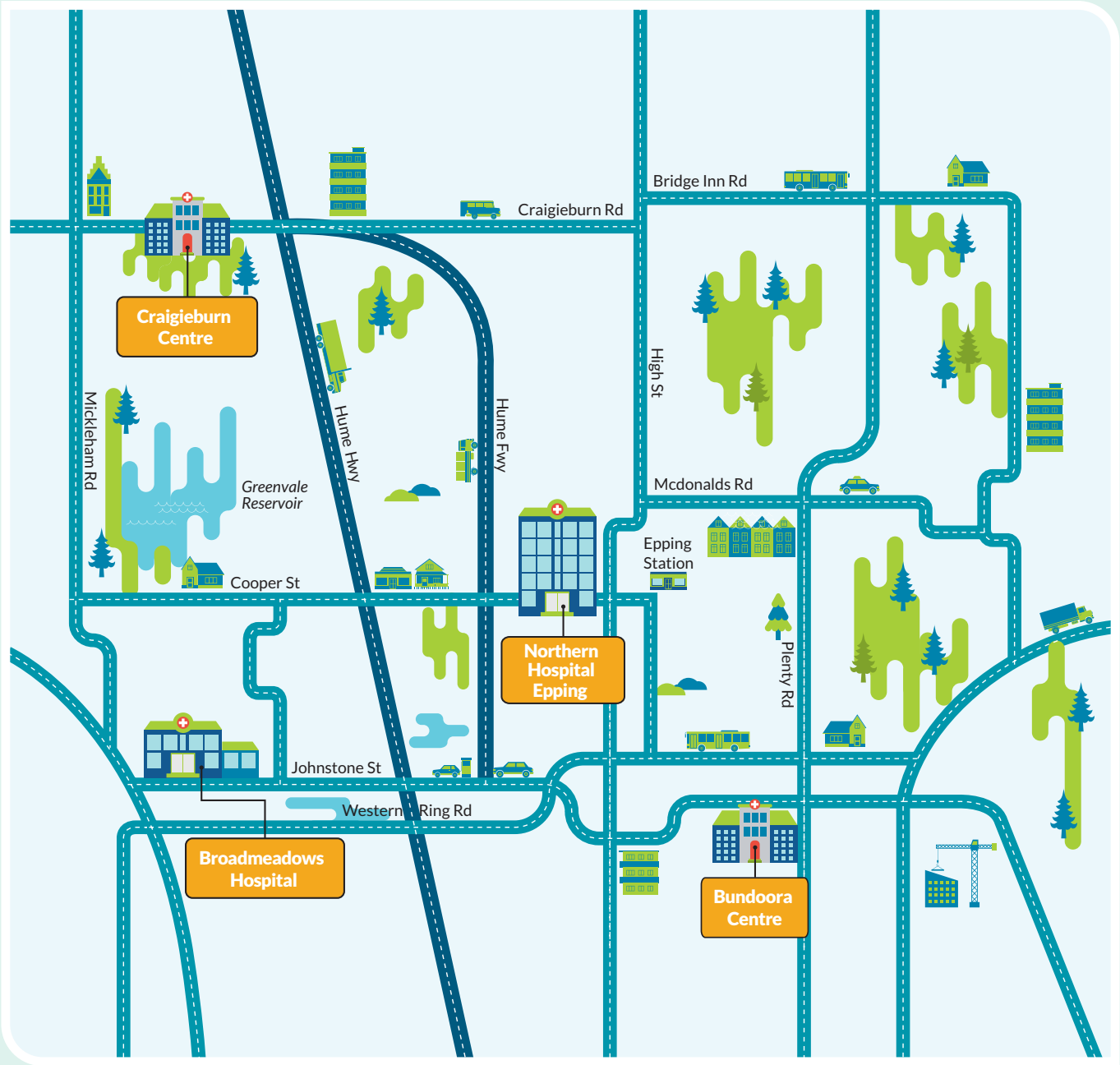
We recognise and value the ongoing contribution of Aboriginal people and communities to our lives and we embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.



Contents

Our Locations	4
Our Services	5
Message from the Chair and Chief Executive	7
Our care at a glance	9
A safe, positive patient experience	10
A healthier community	12
An innovative and sustainable future	15
Enabled staff, empowered teams	16
Engaged learners, inspired researchers	20
Environmental Sustainability	22
Environmental Scorecard	23
Northern Health Foundation	24
Volunteer Services	27
Organisational Structure	28
Corporate Governance	29
Statement of Priorities	36
Supporting Aboriginal Cultural Safety	40
Performance Priorities	42
Activity and Funding	44
Corporate Information	46
Financials	F1

Our Locations



Our Services

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

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

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

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

Northern Health provides a vibrant, fast-paced workplace with more than 5,700 staff and 350 dedicated volunteers, many of whom live in the vicinity of our campuses.


Northern Health
Northern Hospital

Message from the Chair and Chief Executive

The year 2020-21 was another challenging year for Northern Health and around the globe due to the COVID-19 pandemic.

Despite the uncertainty and challenges, our staff showed their resilience, dedication and commitment to our community, and we are incredibly proud and grateful for all their efforts. Staff put their own health, and the health and safety of their families at risk, to help and care for our patients. For this, we honour and thank them.

The first half of the financial year saw us fighting the height of the COVID-19 pandemic here in Victoria. A number of outbreaks affected our northern community and our health service significantly.

Whilst working under immense pressure during this time, Northern Health staff exemplified our values of safe, kind and together in continuing to provide high quality health services for our community.

In early July 2020, many of our staff at Northern Hospital Epping were affected by COVID-19, necessitating a temporary scaling back of Emergency Department capacity. A whole of hospital response enabled essential services to continue.

We are extremely proud of the ongoing efforts of our staff in our COVID-19 response. Their unwavering strength, flexibility and passion in caring for the community continues to drive us.

Our COVID-19 testing clinics at both Northern Hospital Epping and Craigieburn Centre continued throughout the year, supported by expanded testing capacity at Northern Pathology Victoria.

In early 2021, we commenced our COVID-19 staff and community vaccination program at Northern Hospital Epping. In June 2021, we expanded our vaccination program to a large-scale vaccination centre for the community at Plenty Ranges Arts & Convention Centre in South Morang, in partnership with the City of Whittlesea.

In July 2020, our community teams provided a telephone monitoring service to support Northern Health staff and patients in the community who tested positive to COVID-19. This service was re-established in May 2021 in response to outbreaks in our catchment area.

We were also pleased to be chosen as the first health service in Victoria to conduct an N95 mask fit testing pilot program as part of the Respiratory Protection Program, to keep our staff and patients safe.

Our simulation team conducted a range of multidisciplinary simulations across Northern Health for quality improvement, systems testing, training and operational readiness, including key aspects of our COVID-19 response.

In the 2020-21 financial year, Northern Health recorded an operating surplus of $0.1m. This was achieved through the delivery of $14.5m in financial sustainability savings, as well as supplementary funding from the Department of Health to meet unbudgeted COVID-19 and other costs.

While demand for emergency care fluctuated over the year, our Emergency Department at Northern Hospital Epping continued to treat 103,283 patients – more than any other Emergency Department in Victoria. During the year, we admitted 91,713 patients to hospital, conducted 15,030 elective procedures and assisted with the birth of 3,260 babies.

In response to the Royal Commission into Victoria's Mental Health System, we were pleased that the Victorian Government announced 30 new mental health inpatient beds for Northern Hospital Epping.

The Northern Hospital Stage 2 Expansion Project was completed in early 2021, with three new wards opening and preparations for the opening of three new operating theatres, including a hybrid theatre and increased recovery capacity. A major multi-deck carpark project

commenced to relieve pressure on staff car parking needs at Northern Hospital Epping.

We continue to develop innovative approaches to care. In October 2020, our Australian-first, Virtual ED Triage service was established, allowing patients who have a non-life-threatening emergency to talk to our emergency nurses and doctors virtually from the comfort of their homes.

The year 2021 marked the beginning of our Electronic Medical Record (EMR) program journey - to implement a fully integrated digital patient record that will provide our clinicians with a single source of truth for patient information.

Continuing with our digital transformation, Northern Health launched its own Telehealth Hub - a new redesigned and dedicated space where clinicians can use a video call or phone to conduct appointments with patients.

In May 2021, our National Standards Accreditation survey commenced, but was then paused due to a COVID-19 lockdown. We look forward to the survey being completed early in the second half of 2021.

New staff wellbeing programs were introduced to support staff during these challenging times and a staff physiotherapy clinic was established to provide care for staff either injured at work or who have injuries limiting their ability to do their work safely.

COVID-19 has also brought about significant research partnerships, locally and internationally. These studies are broad, including assessing the clinical outcomes of patients with COVID-19, assessing risks for surgical patients, pregnant women and how health consumers interpret health information during a pandemic.

We thank our staff for their commitment to keeping our community safe in an ever changing and challenging environment.

We thank Board Directors, Northern Health Foundation, our supporters, our volunteers, and all our partners who help us to continue to provide excellent care for our community.

We also thank and acknowledge the contribution of Ms Juliann Byron as she completes her service as a Board Director and welcome Dr Sherene Devenesen, an experienced health care executive, to the Board.

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 2021.

Jennifer Williams AM
Board Chair Northern Health

Siva Sivarajah
Chief Executive Northern Health

Our care at a glance

103,283	Emergency Presentations
21,455	Paediatric Emergency Presentations
32,357	Ambulance Arrivals
91,713	Hospital Admissions
3,260	Babies Born
15,030	Elective Surgical Procedures

A safe, positive patient experience

The pandemic required Northern Health to maintain a robust COVID-19 response. Working with the Department of Health, Northern Health moved to a whole of health service response, caring for people with COVID-19 and keeping the community and staff safe.

The health service rapidly established testing clinics at Epping and Craigieburn. Dedicated COVID-19 wards were open for 'suspected' and 'designated' COVID-19 patients. Regular updates, distributed through several communication platforms, kept staff informed of the latest developments.

Staff were also required to complete a Daily Attestation in line with the Chief Health Officer public health advice, outbreaks, exposure sites and travel restrictions.

AUSTRALIAN-FIRST VIRTUAL ED TRIAGE LAUNCHES

This Australian-first service allows patients in a non-life-threatening emergency to virtually talk to our Emergency Department (ED) nurses and doctors from the comfort of their home, and receive medical advice seven days a week.

The novel idea for the service came from Northern Health staff at one of our innovation forums, to help address the issues of physical distancing requirements in waiting rooms, brought on by the pandemic. The new service has helped local GPs and acute care centres manage patients in the community and keep people closer to home.

Our Virtual ED also offers interpreting services for patients who are more comfortable speaking to our medical staff in their own language.

SUCCESSFUL FIT TESTING PROGRAM

Northern Health was chosen by the Department of Health to run a fit testing pilot. The pilot is part of a broader program of work – the Respiratory Protection Program that Northern Health undertook to ensure the optimal protection of our staff from respiratory pathogens such as COVID-19. The program focused on fit testing staff working in high-risk areas such as COVID-19 wards, Emergency Department, Fever Clinic, Residential In-Reach and operating theatres.

PREPARING FOR A NEW ENVIRONMENT

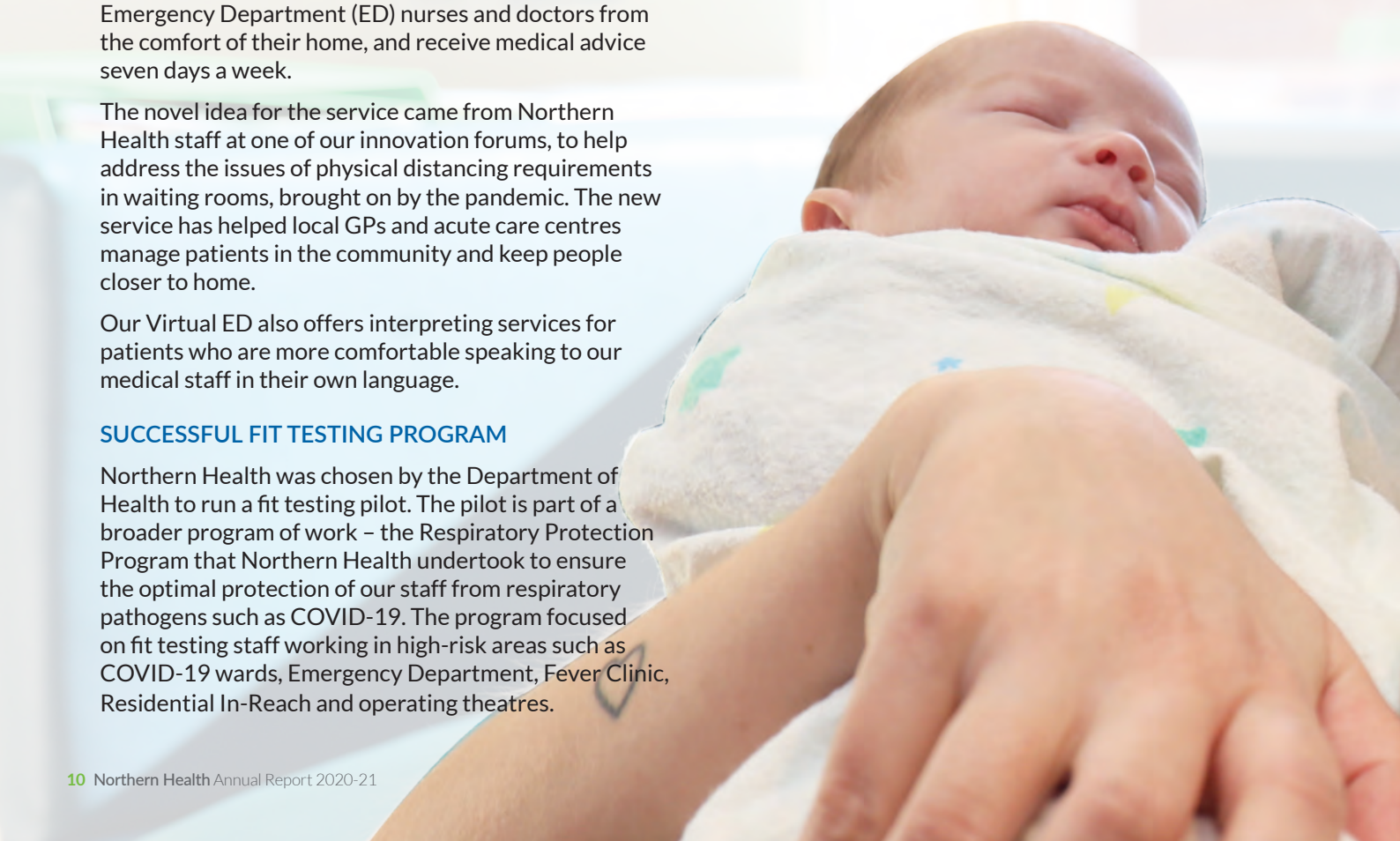
An In-situ Simulation Clinical Community at Northern Health commenced in May 2019, and, to date, has conducted a total of 65 simulations.

Simulations are aimed at providing staff the opportunity to replicate potential real life incidents that our staff may face in a new environment.

The Operational Simulation Project involved a multidisciplinary team and included simulations of all codes and an evacuation of theatre, jointly conducted with police and fire services.

INDIVIDUALISED CARE FOR TWIN PREGNANCIES

A new antenatal clinic, dedicated specifically to caring for twin pregnancies, was established to provide individualised care. Patients receive consistent care from the same clinician during their pregnancy, ultimately leading to favourable outcomes for mother and babies.



SMART GLUCOMETERS BENEFITING NORTHERN HEALTH PATIENTS

Smart wireless glucometers have been rolled out in nine wards at Northern Health as part of the Northern Inpatient Diabetes Service (NIDS). The new glucometers are an electronic system which automatically links patient blood glucose measurements with patient data in the patient management system. When a patient's blood glucose is measured at the bedside, the result is automatically and wirelessly logged for the endocrinology team to review.

The glucose measurements will be automatically uploaded into our Electronic Medical Record (EMR) which means our nursing staff will not need to manually enter data.

NEW PROGRAM TO HELP FAMILIES STAY CONNECTED

The pandemic has made spending time with loved ones challenging, especially for those being cared for in hospitals and aged care facilities. Bundoora Centre created Staying in Touch with Loved Ones – a program using Skype video calls to help families stay connected.

A healthier community

Northern Health participated in the implementation of the state-wide COVID-19 vaccine program rollout. This included promoting community confidence in the program and establishing vaccine clinics.

The vaccine clinic was initially located at Northern Hospital Epping and then relocated and expanded to Plenty Ranges Arts and Convention Centre (PRACC) in South Morang. The vaccine clinic at PRACC is a 20 chair unit with ten surge chairs, ready for increased vaccine availability later in the year.

REACHING OUT TO PATIENTS IN A PANDEMIC

Northern Health established a COVID-19 Community Monitoring Service to support patients in the northern community who had tested positive to COVID-19. Nursing and allied health staff assessed patients for signs of worsening illness. The service also aimed to provide a timely identification of symptoms and to prevent unnecessary hospital admission.

The service demonstrated that telephone monitoring by trained health professionals was effective in the management of patients with mild COVID-19. The success of the service was also published in the Journal of Community Health, which was authored by nine Northern Health staff.

This program was re-established in May 2021 in response to outbreaks in our catchment area.

IMPROVING ACCESS TO CARE FOR CANCER PATIENTS

The NOAH@Home Program provides oncology and haematology patients the opportunity to receive certain chemotherapy or supportive treatments without coming into hospital. The innovative service improves convenience for patients and takes stress off families.

Our Day Oncology nurses are on the road six days a week to administer treatment to patients in the community. The program is planned to expand further to accommodate more cancer patients in the north.

NEW INNOVATIONS FOR EXPECTANT MUMS

The Eve app is a mobile application designed to enhance the pregnancy and parenting experience for mums in the north. It provides them with access to evidence-based information relating to pregnancy, birthing and early parenting.

App users receive weekly updates about how their body and baby are growing. The app is a result of the maternity team looking at ways to improve women's involvement in their own care.

Northern Health also launched virtual childbirth education classes to support expecting mothers and families during the pandemic. The virtual classes include the same content as face-to-face classes.

HELPING OUR INFLAMMATORY BOWEL DISEASE PATIENTS

Northern Health has a world-leading, expert and rapidly growing Inflammatory Bowel Disease (IBD) service, aiming to improve patient's quality of life and achieve disease remission. Our IBD service is the fastest growing service in Australia, with 1,200 new patients forecast by the end of the year.

A pilot IBD Psychology Clinic, run by Northern Health's Psychology Department and Gastroenterology Services, provided psychological therapy to patients diagnosed with Chron's disease or Colitis. Approximately 82 per cent of patients reported that therapy had helped them to self-manage their mental health, physical health and chronic disease.

PHARMACISTS AT PRE-ADMISSION CLINIC

In November 2020, Northern Health trialled a 12-week program to have a pharmacist present in the pre-admission clinics.

A pharmacist in this role reduces the likelihood of surgeries being cancelled due to medications being mismanaged in their perioperative space. It also optimises medication management throughout the admission. This can reduce the length of stay, as medication reconciliation is happening earlier in the patient's admission. A survey pre and post the 12-week trial, showed having a pharmacist at the pre-admission clinic, is beneficial and optimised medication management.

An innovative and sustainable future

During the height of the pandemic and beyond, Northern Health continues to plan and build for the future requirements of the community. Service and capital planning projects and developments have continued throughout 2020 and 2021 with a substantial number of projects completed or underway.

In 2020-21, as part of the Northern Hospital Stage 2 Expansion Project, Northern Health completed development of three new wards and three new operating theatres. In addition, a new Central Sterilising Services Department (CSSD) and a new kitchen opened.

Northern Health is developing a mental health model of care to support 30 new mental health inpatient beds, incorporating the recommendations of the Royal Commission into Victoria's Mental Health System.

Clinical service planning and model of care development for the Craigieburn Community Hospital is completed. We have also completed clinical service planning and drafted the model of care for the new Whittlesea Community Hospital.

Paediatric and Adult Emergency Department Zone clinical service plans and models of care have been developed. We have received funding to undertake Paediatric Emergency Department improvement works. Our organisation-wide clinical service plan has been reviewed following the pandemic.

As part of our Information Communication Technology (ICT) modernisation, a new Data Centre with new servers, storage and connectivity was established at Northern Hospital Epping. A new FollowMe Desktop Service for improved access to clinical and business systems is to be rolled out shortly.

ICT has also provided secure remote access and room audio visual integration, to enable more online access for staff working remotely and from home.

Staff at Northern Hospital Epping can look forward to the completion of a multi-deck car park by the end of 2021, which will relieve pressure on staff car parking needs.

OUR EMR JOURNEY BEGINS

2021 marked the beginning of our Electronic Medical Record (EMR) program. The EMR project will transform the way in which Northern Health provides care into the future. It will be a fully integrated digital patient record that will support high quality care for our patients.

EMR will replace some of our clinical systems and paper, and will become the single source of truth for patient information.

TELEHEALTH HUB LAUNCHES

Northern Health launched its own Telehealth Hub, a new, redesigned and dedicated space where clinicians can use a video call or phone to conduct appointments with patients. The hubs are in line with Northern Health's digital transformation and supporting our COVID-19 response.

VASCULAR TEAM HOSTS FIRST VIRTUAL COMPLEX VENOUS WORKSHOP

The fourth annual Complex Venous Workshop was conducted virtually for the first time. The annual workshops involve procedures on patient cases of complex venous disorders. During the workshop, patients with complex venous conditions are able to receive a second and third opinion from international experts. Northern Hospital Epping is the only hospital in Victoria to host annual Complex Venous Workshops.


Northern Health

Enabled staff, empowered teams

As the largest employer in the northern community, Northern Health has over 5,700 highly skilled clinical and administrative staff across our four sites. Through a process of continuous improvement, we aim to enable staff and empower teams.

COMMUNICATING WITH A MULTILINGUAL AUDIENCE IN A PANDEMIC

Our Transcultural and Language Services (TALS) team is the biggest in-house hospital language service team in Victoria, and they had to quickly adapt to changes in their everyday work due to the pandemic. The major change for the team was the shift from face to face appointments to Telehealth and phone and video appointment.

Staff are currently receiving additional training for the next stage – a video based interpreting service.

Crazy Socks 4 Docs Day

MEDICAL EDUCATION WITH A DIFFERENCE

Orientations are important to anyone entering a new job, especially for our interns, Hospital Medical Officers (HMOs) and Junior Medical Officers (JMOs). This year, our orientation for more than 200 HMOs and registrars was done completely online.

A number of pre-recorded sessions were created that can be used by any JMO who joins our health service throughout the year.

ABORIGINAL AND TORRES STRAIT ISLANDER NURSING AND MIDWIFERY CAREER PATHWAYS

Aboriginal and Torres Strait Islander students now have the opportunity to join our health service and increase their knowledge and skills through a cadetship and scholarships for undergraduate, graduate and postgraduate studies.

They are able to apply their learnings directly, learning firsthand and strengthening their work readiness – giving them much needed exposure to the work environment they will be joining.

NEW PROGRAMS SUPPORTING STAFF WELLBEING

Northern Health's People and Culture wellbeing team launched two initiatives to support staff wellbeing and health during the COVID-19 pandemic – Sleepfit at Home and TREAT (Therapeutic Relaxation and Enhanced Awareness Training).

Sleepfit at Home is an online resource to learn how to sleep better and healthier. The program is especially developed for anyone finding their sleep patterns disrupted during the pandemic and, in some instances, working from home.

TREAT is a unique self-care and self-awareness workplace program that has been shown to significantly reduce burnout in health professionals.

NEW STAFF PHYSIOTHERAPY CLINIC

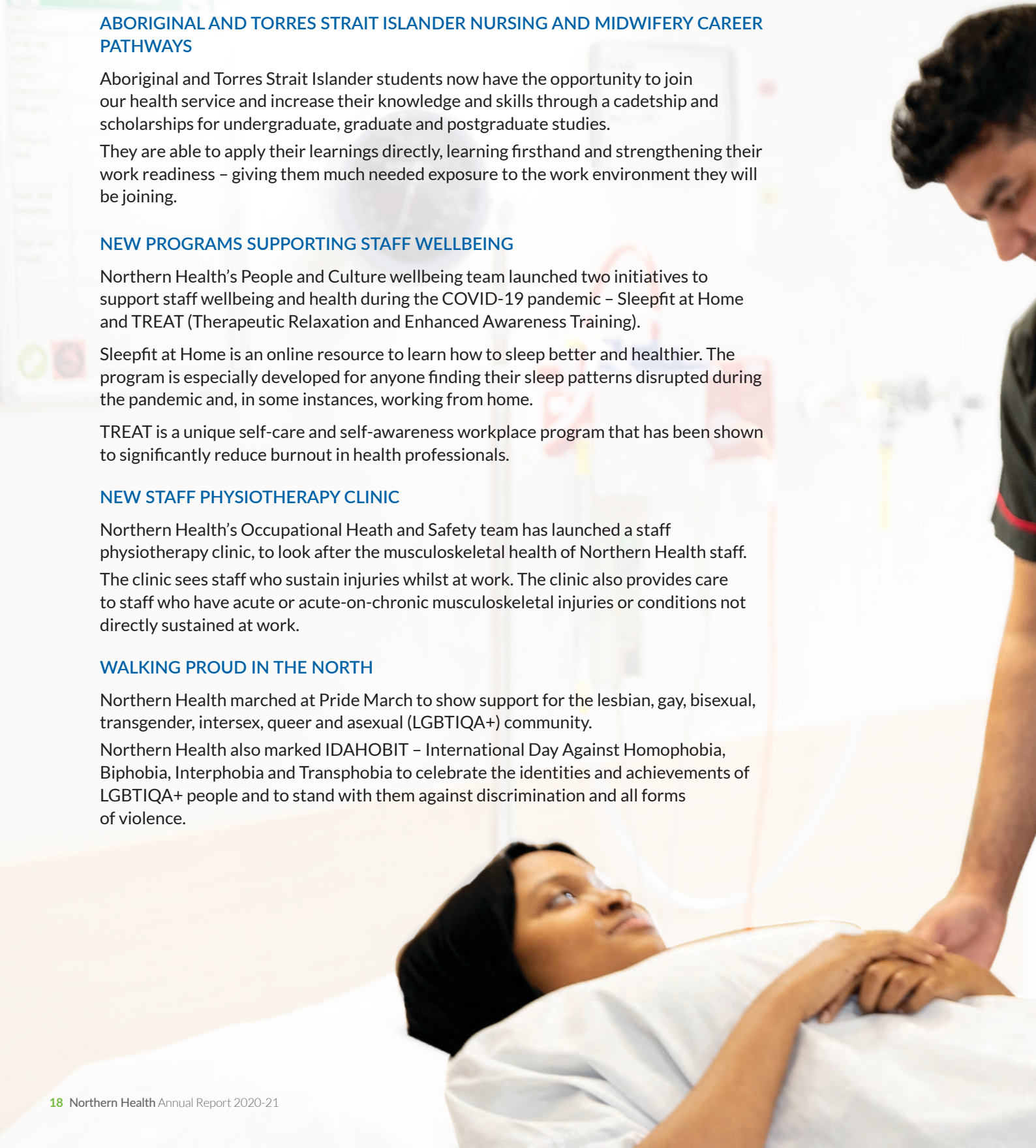
Northern Health's Occupational Heath and Safety team has launched a staff physiotherapy clinic, to look after the musculoskeletal health of Northern Health staff.

The clinic sees staff who sustain injuries whilst at work. The clinic also provides care to staff who have acute or acute-on-chronic musculoskeletal injuries or conditions not directly sustained at work.

WALKING PROUD IN THE NORTH

Northern Health marched at Pride March to show support for the lesbian, gay, bisexual, transgender, intersex, queer and asexual (LGBTIQA+) community.

Northern Health also marked IDAHOBIT – International Day Against Homophobia, Biphobia, Interphobia and Transphobia to celebrate the identities and achievements of LGBTIQA+ people and to stand with them against discrimination and all forms of violence.



RECOGNISNG OUR STAFF: THANK YOU DAY

After a challenging 2020, Northern Health celebrated its own Thank You Day, to show our appreciation to all the hardworking staff at our health service. The Board and Executives thanked staff for their enormous effort and commitment, and staff were presented a gift bag as a token of appreciation.

CONVERSATIONS AROUND MENTAL HEALTH

Crazy Socks 4 Docs Day is dedicated to breaking down the stigma around doctor's mental health. For the second year in a row, doctors and their colleagues wore their craziest socks to encourage conversations around mental health.

Engaged learners, inspired researchers

Research and education is critical to providing a positive patient experience and safe, effective care.

LEARNING AND EDUCATION: HOW WE MOVED ONLINE

When the first COVID-19 wave hit, learning and education was one of many processes that had to quickly adapt to the new reality. The education leads across the organisation were facing the same challenge – how to keep education going.

In response to this, we further expanded our online platforms including video conferencing platforms and our Learning Management System, myLearning.

COVID-19 RESEARCH PARTNERSHIPS

Collaborating with research partners on COVID-19 research is a key focus for Northern Health.

Associate Professor Craig Aboltins, Director of Infectious Diseases, is Northern Health's Principal Investigator for the Australasian COVID-19 Trial (ASCOT), an international, multi-centre randomised clinical trial.

Dr Rebecca Jessup, Allied Health Research Lead, is leading a study seeking to answer how health consumers interpret and apply health information during a pandemic.

Mr Russell Hodgson, Research Lead from the Division of Surgery, is Northern Health's Principal Investigator on two COVID-19 studies. One project is contributing data to a national study to determine the underlying risks of asymptomatic COVID-19 positive patients about to undergo elective surgery.

Dr Darren Lowen, Anaesthetist from the Department of Anaesthetics, is Northern Health's Principal Investigator for intubateCOVID, an international data registry for tracking COVID-19 airway procedures, initiated by the NHS Foundation Trust in the United Kingdom.

Associate Professor Lisa Hui, Maternal Fetal Medicine Specialist, is leading two studies at Northern Health. The first is collecting data from pregnant women with suspected or confirmed COVID-19 infection. Lisa is also Principal Investigator for CoMaND, a multi-centre collaborative maternity and newborn dashboard for use during the COVID-19 pandemic.

NORTHERN HEALTH PHD SCHOLARSHIPS

PhD research candidates, Natali Cvetanovska and Julie Wang, have been awarded PhD scholarships in line with Northern Health Foundation's vision for helping improve the health outcomes for our northern community.

Natali Cvetanovska's research will focus on helping patients at Northern Health improve their understanding of health information and improve their health literacy.

Julie Wang's PhD study is 'Prospective serial evaluation of new bio-markers of Thrombosis in patients with newly diagnosed venous thromboembolism.'

RESEARCH COLLABORATION TO PREVENT PREMATURE BIRTHS

More than 1,800 women and 10 midwives from Northern Health, the Royal Women's Hospital and Bendigo Health are collaborating in a research project with La Trobe University.

The research explores whether caseload midwifery – offering continuity of care from a known midwife to vulnerable women – can help reduce their sustainably higher risk of preterm births. The innovative public health trial aims to prevent babies being born too early.

150TH DONOR RECRUITED TO NCHER REPRODUCTIVE HEALTH BIOBANK

The Northern Centre for Health Education & Research (NCHER) Reproductive Health Biobank is a flagship research project of the Department of Obstetrics and Gynaecology.

The biobank celebrated a major milestone this year, with the 150th donor recruited to this flagship research project.

HEALTH NAVIGATORS HELPING TO PROMOTE COVID-19 VACCINE

Since December 2020, Northern Health has been working with Melbourne Polytechnic to improve understanding of our health system among students enrolled into the English as an Additional Language (EAL) Program.

Students participating in the Health Navigator elective, a partnership program between Melbourne Polytechnic and Northern Health, will be employed to deliver key information on COVID-19 to multicultural communities in the City of Whittlesea.

ICU (T)ERROR ROOM: GETTING IT RIGHT FOR OUR PATIENTS

A Medication (T)Error Room is set up in our Intensive Care Unit (ICU) at Northern Hospital Epping to help improve and reduce medication-related incidents. The room is designed to create a realistic and engaging environment for ICU doctors and nurses. They are invited to identify deliberate medication prescription and administration errors in the room.

IMG OBSERVER PROGRAM: DOORWAY FOR INTERNATIONAL DOCTORS

The International Medical Graduate (IMG) Clinical Observer Program is a highly competitive program that offers international medical graduates the opportunity to spend six weeks at Northern Hospital Epping to orientate to the Australian health system. IMG's are an essential part of our workforce – both junior and senior medical staff and their diversity matches our multicultural community.

Our IMG Program offers multifaceted supports including the observership program, an education program, support groups, mentorship and supervision.

PhD recipients Natali Cvetanovska and Julie Wang

Environmental Sustainability

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

Northern Health is focused on fostering a caring and inclusive culture, with high-quality staff and patient outcomes in an environmentally sustainable manner.

Northern Health recognises that conserving and protecting the environment for future generations is a critical issue. We are focused on the key challenges of climate change, reducing greenhouse gas emissions, energy and water use and resources use such as single-use plastics where it is safe to do so, increasing recycling and promoting sustainable development and procurement outcomes.

Northern Health has been continuing to reduce the environmental impact of our operational activities. Since July last year, Northern Health has achieved 37.5 per cent recycling and has diverted a total of 63,683 kilograms from landfill. This is almost double from the previous year.

After the peak of construction work at Northern Hospital Epping, water usage has reduced considerably in this financial year.

Major upgrades are underway at Northern Hospital Epping including the COGEN and Chiller 2 replacements as well as an additional Cooling Tower installation. This will help reduce operational expenditure in summer.

There is also a project in conjunction with the Victorian Health Building Authority to identify and implement strategies to reduce electrical demand at Broadmeadows Hospital.

A proactive transition towards hybrid vehicles has led to a reduction in our transport CO2 emissions.

Preparing polystyrene boxes for recycling.

Environmental Scorecard

GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	**2018/2019**	**2019/2020**	**2020/2021**
Scope 1	4,494	4,691	4,250
Scope 2	15,141	14,287	15,906
Total	**19,635**	**18,978**	**20,156**
Normalised greenhouse gas emissions	**2018/2019**	**2019/2020**	**2020/2021**
Emissions per unit of floor space (kgCO2e/m2)	222.12	214.69	233.06
Emissions per unit of Separations (kgCO2e/Separations)	184.90	184.06	208.26
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	59.49	60.20	66.67

STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	**2018/2019**	**2019/2020**	**2020/2021**
Electricity	50,942	50,425	58,431
Natural Gas	82,347	86,766	82,480
Total	**133,289**	**137,191**	**140,911**
Normalised stationary energy consumption	**2018/2019**	**2019/2020**	**2020/2021**
Energy per unit of floor space (GJ/m2)	1.51	1.55	1.63
Energy per unit of Separations (GJ/Separations)	1.26	1.33	1.46
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.40	0.44	0.47

WATER			
Total water consumption by type (kL)	**2018/2019**	**2019/2020**	**2020/2021**
Potable Water	178,239	135,053	127,059
Total	**178,239**	**135,053**	**127,059**
Normalised water consumption (Potable + Class A)	**2018/2019**	**2019/2020**	**2020/2021**
Water per unit of floor space (kL/m2)	2.02	1.53	1.47
Water per unit of Separations (kL/Separations)	1.68	1.31	1.31
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.54	0.43	0.42

WASTE AND RECYCLING			
Waste	**2018/2019**	**2019/2020**	**2020/2021**
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,702,974	1,742,245	1,811,959
Total waste to landfill generated (kg clinical waste+kg general waste)	1,312,857	1,362,233	1,410,304
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.42	2.54	2.45
Recycling rate % (kg recycling / (kg general waste+kg recycling))	27.82	26.54	28.88

TRANSPORT			
Tonnes CO2-e corporate transport	250	219	190

Northern Health Foundation

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

Northern Health Foundation Chair, John Molnar, and his fellow Board members, support the strategic direction of the Foundation. While we have many long serving Board members, in the past 12 months we have welcomed new members, whose skills add value to the Board. We sincerely thank all members of our Foundation Board for their invaluable contribution.

WHAT THE FOUNDATION HAS FUNDED

In 2020-21, the Foundation's fundraising capacity was severely impacted by COVID-19. The consistent lockdowns in Victoria, and their subsequent effect on businesses and the public, made it challenging to reach fundraising targets. Notwithstanding these limitations, the Foundation successfully funded projects and equipment essential to patient care. One of our biggest achievements in 2020 was the funding of an Endobronchial Ultrasound (EBUS) Unit for Respiratory Services. This equipment will allow Northern Health to provide comprehensive care to patients diagnosed with lung cancer. The ability to provide a diagnosis earlier will improve patient outcomes and save lives.

In 2020-21, two rounds of funding for small research grants resulted in five projects being conducted during the year. With the support of our corporate partners, our PhD research scholarships continue, with a focus on patient initiated teach back to overcome low literacy and improve recall and retention of health information. A bequest received in 2021 has made a significant difference to the Foundation's overall result for the year. In a year in which the fundraising opportunities of the Foundation were severely impacted, this gift-in-will has enabled us to achieve our targets, resulting in a significant contribution to Northern Health for the financial year.

OUR PATRONS

Northern Health Foundation is extremely grateful for the support of patrons, Josie Minniti OAM, Bev Carman, and Trudi Hay. They continue to support Oncology Services at Northern Health through their individual fundraising efforts. Unfortunately, scheduled annual events could not be held in 2020-21 due to COVID-19, but where possible, events were held virtually. To counteract the loss of income from these events, unique ways of fundraising were sought. Rino Minniti, husband of Josie Minniti, conducted a walk from Northern Hospital Epping to the original PANCH site in Preston. His efforts raised $4,000, which was allocated to equipment for Cancer Services. As a result of Josie Minniti winning the 2020 Westfield Local Hero Award, an additional $10,000 was allocated to the Endobronchial Ultrasound Service (EBUS) campaign.

EVENTS

As mentioned, event income has been the stream most impacted by COVID-19. Despite this, some smaller events were held, and others, such as Trudi Hay's High Tea, were held virtually, making a significant contribution to the overall result for the year. Various events were held within the wider community, with funds being gifted to the Foundation.

NORTHERN HEALTH FOUNDATION RAFFLE

The Northern Health Foundation Major Raffle was drawn in December 2020. The winner of the Toyota Corolla, generously donated by major sponsor, Maxxia, was a Northern Health staff member. The raffle was our most successful to date, with the majority of tickets being sold online, raising an outstanding amount of $76,000.

NORTHERN HEALTH FOUNDATION APPEALS

Northern Health Foundation launched a major appeal in March 2020 to support the purchase of an Endobronchial Ultrasound Service (EBUS). The campaign received instant interest from donors after a heart-felt presentation by Dr Katharine See, Director of Respiratory Medicine at Northern Health, who outlined how the equipment could diagnose lung cancer sooner, significantly improving the outcomes of patients. The Northern Health Foundation Board approved the allocation of funds to this equipment in November 2020.

In April 2021, the Foundation launched its next major appeal. Every year, our Ophthalmology surgical teams perform over 1,400 operations. Our community's need for Ophthalmology Services continues to grow at a rapid pace. Around 11.3 per cent of Australians over the age of 40 suffer from cataracts, a number that will rise as our community ages and our population increases. The purchase of the latest Phacoemulsification Machine and Ophthalmology Microscope will give our patients in the north access to the very best in cataract surgical procedures anywhere in Australia, reducing the need for them to be referred to other health services for care.

VOLUNTEER AND COMMUNITY SUPPORT FOR THE FOUNDATION

Northern Health Foundation is very grateful for the support of its many volunteers. Our volunteers assist in various ways, such as helping with events and other fundraising initiatives. Once again, the impact of COVID-19 has meant that volunteers have not been able to be on site. In order to adapt to this change, volunteers conducted activities from home, such as knitting items for sale in the Foundation Office. Despite the challenges, volunteer fundraising supported the purchase of vital equipment for Northern Health. We thank our volunteers for their commitment and their resilience during this period.

At the peak of the pandemic in 2020, the Foundation received overwhelming support for our staff from the local community, in the way of in-kind donations of food and beverages, and messages of support. Staff were grateful for this acknowledgment.

FOUNDATION BOARD DIRECTORS

Mr John Molnar (Chair)

Ms Pina Di Donato (Deputy Chair)

Professor Peter Brooks

Mr Peter Copp

Ms Trudi Hay

Mr Koby Jones

Ms Tricia Lee

Mr Peter McWilliam

Mr Chris Turner

Dr Wanda Stelmach, at Trudi Hay's Virtual High Tea


WOMINJEKA
WELCOME
COVID-19
VACCINATION
CLINIC
Northern Health
safekindtogether

Volunteer Services

Our volunteer program in the pandemic, evolved from a focus on volunteers providing support to the health service to one where the health service provided ongoing support to our volunteers, to help keep them well at home during lockdowns.

The Volunteer Services Team won Volunteer Victoria's COVID-19 Support and Connection Award 2020 for their innovative engagement with our volunteers throughout the pandemic.

Volunteers have continued to support Northern Health from the safety of their homes, by making phone calls to our lonely and isolated community members through our Community Visitors Scheme and the HOW-R-U Program.

Volunteers are helping with administration tasks from home, making items to sell in the Foundation Office and contributing items for raffles.

Funds raised by the Northern Health Knitting Guild and raffles in the last 12 months have enabled the purchase of a sleeper chair for the Maternity Ward, framing for artwork to brighten up hospital walk-ways and a Sound Ear noise measuring device for the Neonatal Unit.

Our Busy Fingers Gift Shop at Bundoora Centre closed its doors due to COVID-19, but hopes to re-open later this year when it is safe to do so.

We would like to acknowledge the ongoing support from our community craft groups and individuals who donate knitted goods to Northern Health. Thank you to the Whittlesea City Salvo's, Whittlesea Library Craft Group, Lions Club, Bendigo Knitters and the Sunbury Library Knitters.

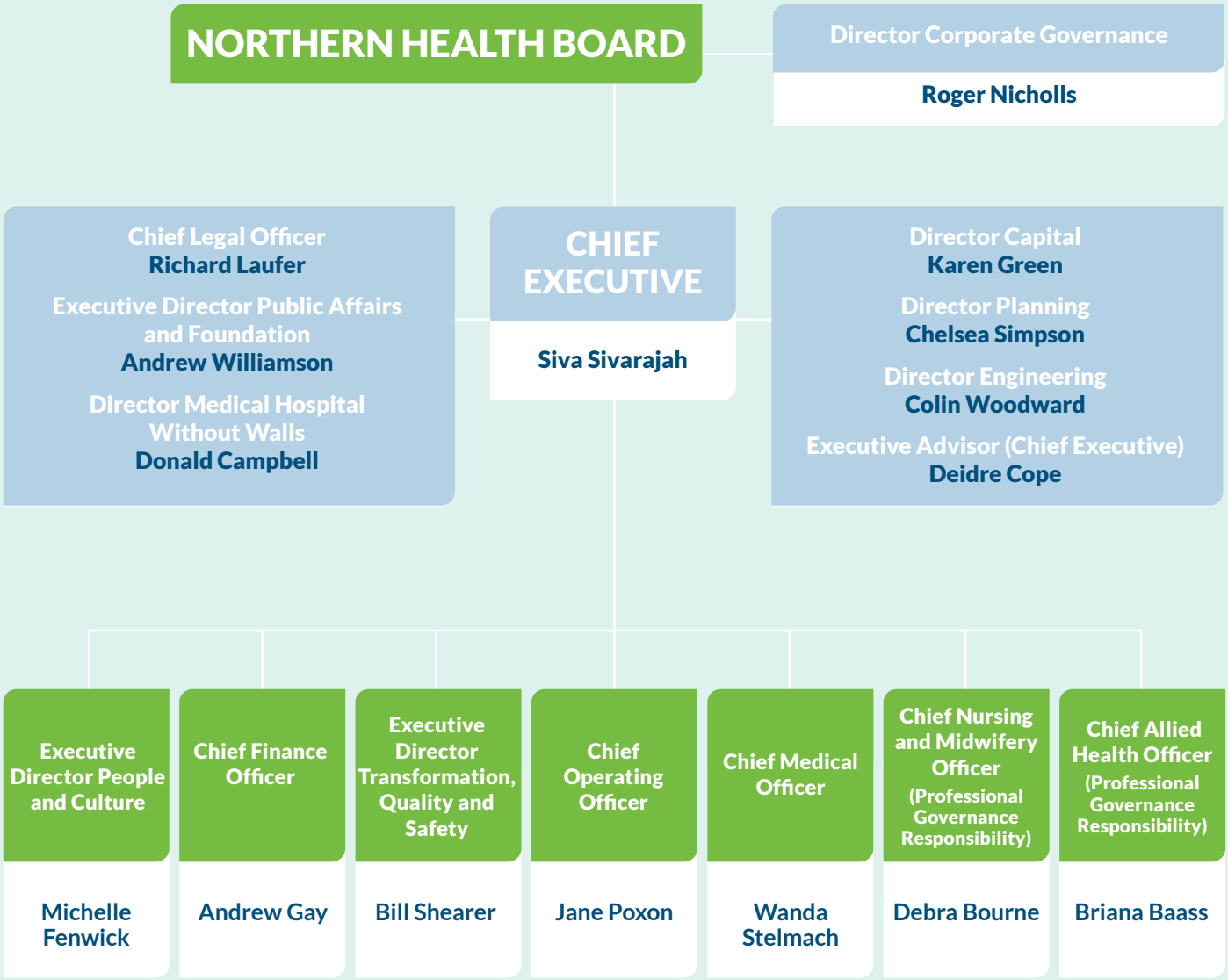
Students from Melbourne Polytechnic have been registered as Northern Health volunteers so that they can experience volunteering at a local health service. The students have been a great help at our COVID-19 Vaccination Clinic at Plenty Ranges Arts and Convention Centre and have enjoyed the experience helping alongside our other volunteers. The students get to practice their English, and get hands-on experience in an Australian health service setting, which can be significantly different from their birth country health care system.

Students from Northside Christian College and St Damian's Primary School, who were regular visitors to our patients at Ian Brand Residential Care prior to COVID-19, have continued to connect with the residents through the delivery of cards and letters.

National Volunteer Week was celebrated in May to recognise our volunteers that had reached milestone anniversary dates. Angela Dolcetta commemorated 25 years of volunteering at Northern Health. Angela has spent one day a week since 1996 volunteering at Bundoora Centre and Ian Brand Residential Care. Angela is well known for bringing in traditional Italian coffee and home-made biscuits, shared over a game of cards or a chat.

Volunteer Angela Dolcetta

Organisational Structure



Corporate Governance

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 Pricing Authority and on the boards of the Australian Medical Research Advisory Board, 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 (five years), Alfred Health (seven years) and as Chief Executive of the Australian Red Cross Blood Service (seven years).

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.

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 Councillor and Mayor, and was a Victorian Multicultural Commissioner.

Ms Juliann Byron

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

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

Dr Andrea Kattula

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

Andrea originally trained as an anaesthetist, working in hospitals in Australia and the United States. Her subsequent career has focused on Safety & Quality in healthcare. She has extensive experience establishing clinical governance systems and processes, leading change, engaging clinicians and supporting clinical leadership development.

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

Ms Anna MacLeod

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

Anna is the current Chief Executive Officer of the Victorian Assisted Reproductive Treatment Authority (VARTA) and 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 and 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 Board Member of Castlemaine Health and recipient of a Victorian Government Women's Board Leadership Scholarship.

Mr Peter McDonald

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

He is an executive with Australian Red Cross Lifeblood and previously worked as CFO at Austin Health and Alfred Health for 12 years. Prior to that he had a number of senior management roles in Victorian Government departments.

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

Mr Peter McWilliam

Peter McWilliam was appointed to the Northern Health Board in October 2013. Peter brings with him extensive skills in business and management derived from 37 years of experience working at RBM and Paramount Plastic Extrusions, one of Australia's largest privately owned plastic manufacturing companies. Peter served as a General Manager and Company Director within the organisation and its subsidiary Paramount Plastics (Aust.) for 30 years.

Peter understands the importance and value of staff in an organisation's success and has many years of experience in implementing training and mentoring programs to maintain organisational viability and assuring quality. As a resident of the northern suburbs, Peter is familiar with its rapid growth and development and the evolving needs of the local community. Since retiring in 2010, Peter has focused on sharing his business acumen and skills to benefit health services in the northern Melbourne area. Peter has been a Board Member of NorthLink for the past eight years, as well as the Northern Health Foundation for the same period and served on Nillumbik Councils Economic Advisory Committee for the past four years.

Ms Linda Rubinstein

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

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

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

Mr John Watson

John Watson was appointed to the Northern Health Board in August 2016. John has had a long career in state and local government over more than four decades. He has held 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 Victoria 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.

MANNER OF ESTABLISHMENT OF NORTHERN HEALTH

Northern Health was established in July 2000 under section 181 of the Health Services Act 1988 (Vic). Northern Health reports to the Victorian Minister for Health, through the Department of Health.

Relevant Ministers

From 1 July 2020 to 26 September 2020
The Hon Jenny Mikakos MP
Minister for Health Minister for Ambulance Services

From 26 September 2020 to 30 June 2021
The Hon Martin Foley MP
Minister for Health Minister for Ambulance Services
Minister for Equality

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.

Ms Anna MacLeod was appointed to the Board in July 2020. Dr Andrea Kattula and Mr Phillip Bain were re-appointed for a further three years from July 2020.

ROLE OF THE BOARD

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

Key aspects of this governance role include:

- Setting the organisation's statement of priorities and strategic plans and monitoring compliance with those statements and plans
- Developing financial and business plans, strategies and budgets to ensure the accountable and efficient provision of health services and long-term financial viability of the health service
- Establishing and maintaining effective systems to ensure that the health services provided, meet the needs of the communities served, and that the views of users and providers of health services are taken into account
- Monitor the performance of the health service to ensure:
  - it operates within its budget
  - 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 & Safety Committee
- Facilitating research and education
- Adopting a code of conduct for staff.

BOARD MEETINGS AND ACCESS TO MANAGEMENT

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

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

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

DELEGATION OF FUNCTIONS

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

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

BOARD COMMITTEES

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

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

Audit and Risk Committee

Ms Juliann Byron – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Mr John Watson – Director

Ms Linda Rubinstein - Director

The following executive staff attend this Committee:

Mr Siva Sivarajah – Chief Executive

Mr Basil Ireland – Chief Financial Officer (to December 2020)

Mr Andrew Gay – Chief Financial Officer (from May 2021)

Dr Bill Shearer – Executive Director Quality and Safety, Transformation

Ms Michelle Fenwick – Executive Director People and Culture

Meetings were also attended by representatives from Northern Health's internal and external auditors. 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 McWilliam – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Ms Juliann Byron – Director

Mr Peter McDonald – Director

Mr Siva Sivarajah – Chief Executive

Mr Basil Ireland – Chief Financial Officer (to December 2020)

Mr Andrew Gay – Chief Financial Officer (from May 2021)

Ms Jane Poxon – 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.

Quality & Safety Committee

Dr Andrea Kattula – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Mr Phillip Bain – Director

Ms Anna MacLeod - Director

Mr Siva Sivarajah – Chief Executive

Dr Bill Shearer – Executive Director Quality and Safety, Transformation

Dr Wanda Stelmach – Chief Medical Officer

Ms Debra Bourne – Chief Nursing and Midwifery Officer

Ms Briana Baass – Chief Allied Health Officer

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

Remuneration and Appointments Committee

Ms Jennifer Williams AM – Board Chair (Chair)

Ms Juliann Byron – Director

Mr Peter McWilliam – Director

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

Community Advisory Committee

Mr Phillip Bain – Director (Chair)

Ms Anna MacLeod – Director

Ms Karen Bryant – Senior Aboriginal Liaison Officer

Ms Maureen Canzano – Consumer representative

Ms Fiona Micelotta – Consumer representative

Ms Nurcihan Ozturk – Consumer representative

Ms Dalal Sleiman – Consumer representative

Ms Jenefer Williams – Consumer representative

Mr Bill Beckett – Consumer representative

Ms Careena Newcastle – Consumer representative

Ms Pushpa Jayakody – Consumer representative

Mr Siva Sivarajah – Chief Executive

Ms Jane Poxon – Chief Operating Officer

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.

Primary Care and Population Health Advisory Committee

Mr Peter McWilliam – Director (Chair)

Mr John Watson – Director

Mr Phillip Bain – Director

Ms Linda Rubinstein – Director

Mr Siva Sivarajah – Chief Executive

Ms Jane Poxon – Chief Operating Officer

Ms Briana Baass – Chief Allied Health Officer

Mr Simon Doyle – Director Partnerships

Ms Karen Bryant – Senior Aboriginal Liaison Officer

Ms Amanda Mullins – CEO Nexus Primary Health

Mr Don Tidbury – Chief Executive Officer, DPV Health

Ms Coleen Howe – Acting Manager Integration and Partnerships, North Division Health, DHHS

Mr Neville Kurth – Manager Community Wellbeing, City of Whittlesea

Mr John Dermanakis – Manager, Northern Area Mental Health Service

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

Ms Janelle Devereux – North Western Melbourne Primary Care Partnership

Ms Narelle Quinn – Manager Integration and Redesign, Eastern Melbourne Primary Health Network

Mr David Naughton – Chief Executive, Kilmore District Health

Mr Sam Ferrier – Coordinator Population Health, City of Hume

Mr Michael Graham – CEO, Victorian Aboriginal Health Services

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

The Primary Care and Population Health Advisory Committee assists the Board with inter-agency planning and the integration of health services in the catchment area – particularly as it relates to the primary care and the acute sector. The Committee also assists the Board in identifying community health needs with a view to establishing innovative programs to improve the accessibility and responsiveness of Northern Health services.

Directors' Attendance for Board and Sub Committee Meetings: 1 July 2020 – 30 June 2021

	Board	Finance Committee	Audit and Risk Committee	Quality and Safety Committee	Community Advisory Community	Primary Care and Population Health Advisory Committee	Remuneration and Appointments Committee	Total
No. of Meetings	**11**	**10**	**5**	**6**	**5**	**4**	**0**	**41**
Jennifer Williams AM	11	10	5	6	3	3	1	39
Peter McWilliam	11	10	5	0	0	4	1	31
Juliann Byron	10	10	5	1	0	0	1	27
John Watson	10	1	5	1	1	4	0	22
Peter McDonald	11	9	5	0	0	0	0	25
Phillip Bain	10	0	1	6	5	4	0	26
Linda Rubinstein	11	3	5	1	0	3	0	23
Andrea Kattula	11	6	4	6	3	1	0	31
Anna MacLeod	11	5	3	6	5	2	0	32

Statement of Priorities

Deliverable	Outcome	Progress Update
Maintain robust COVID-19 readiness and response, working with the Department of Health to rapidly respond to outbreaks, including providing testing to the community and staff where necessary.	- Testing clinics available seven days a week - COVID Safe Plans implemented and regularly reviewed	**Achieved** • Northern Health has appointed a Lead Divisional Director to oversee our COVID-19 response. A Pandemic Response Committee has also been established to oversee, guide and action Northern Health's response to the pandemic. • COVID-19 testing available seven days a week at Epping and Craigieburn with services ramped up as required to meet local demand. • Northern Health COVID Safe Roadmap and COVID Safe Plans developed, implemented and continuously reviewed. Implementation of COVID Safe Roadmap and Plans included: o COVID Safe weekly audits implemented across sites to ensure compliance with COVID Safe practices. o Regular COVID updates distributed to staff via several platforms including an intranet page. o Daily Attestation continuously updated and monitored in line with CHO public health advice, outbreak and exposure sites and travel restrictions. • Successfully passed Department audit review of Ian Brand Residential Care COVID compliance in June 2021. • Established local public health unit in March 2021, to form part of North Eastern Public Health Unit and fully recruited to all positions by June 2021.
Participate in the implementation of the state-wide COVID-19 vaccine immunisation program rollout, including promoting community confidence in the program.	- Northern Health vaccination clinic established - Vaccine program implemented according to national schedule - Northern Health distributes COVID-19 vaccine communication materials	**Achieved** Vaccine program implemented according to national schedule: o Vaccination unit established at Northern Hospital Epping in April 2021. o Vaccination unit expanded and moved to the Plenty Ranges Arts and Convention Centre operating seven days a week from June 2021, vaccinating approximately 1,000 people per day. o 50,000 staff and community vaccinations were administered by Northern Health by the end of June 2021. • Northern Health has communicated widely to staff and the community to promote COVID-19 vaccination uptake on the hospital intranet, website and social media channels.

Statement of Priorities

Deliverable	Outcome	Progress Update
Engage with the community to address the needs of patients, especially vulnerable groups, whose care has been delayed due to the pandemic and provide the necessary "catch- up" care to support them to get back on track.	- Reduction in waiting lists	**In Progress** • Additional funding received for cluster elective surgery for 2020-21 and 2021-22 to catch-up on delayed care due to COVID-19. Maximising available capacity to catch-up including backfilling vacant sessions. There were 7,323 elective surgery admissions in June 2021. • Outpatients Clinics pivoted to telehealth to increase accessibility of services during ongoing COVID-19 lockdowns. Using telehealth ensured that Specialist Clinics were able to sustain their services to patients – 98 per cent of Specialist Clinics attendances were sustained using face to face and telehealth from 1 April 2020 to 31 March 2021. • Northern Health Community Access Unit is currently implementing an evidence based phased readiness wait time strategy for community therapy, with a focus on physiotherapy to reduce waiting times to treatment. • Northern Health established a COVID-19 Positive Care Pathways Program in July 2020, to support people who tested positive for COVID-19. The program targets people living in Northern Health's catchment and, to date, approximately 1,000 people have been admitted into the innovative program. • Northern Health's Disability Liaison Officer has been focussing on engaging with community members with a disability who may require assistance to access COVID-19 vaccination and other information. • Northern Health participated in a partnership initiative which ran an elective health navigation module with 20 students from an English as an Additional Language (EAL) program, to improve their health system literacy and confidence, explore health-related careers and assist them to pursue opportunities in their areas of interest and ability.

Statement of Priorities

Deliverable	Outcome	Progress Update
Respond to the recommendations of the Royal Commission into Victoria's MentalHealth System and Royal Commission into Aged Care Quality and Safety in partnership with the Department of Health.	Recommendations implemented as advised by the Department of Health.	**In progress** **Mental Health** • Northern Health is working with North Western Mental Health, as the approved provider of mental health services, to respond to relevant recommendations from the Royal Commission into Victoria's Mental Health System. This includes: o Establishing a new 30 bed Inpatient Psychiatric Unit at Northern Hospital Epping. o Detailed planning regarding future ED model including development of a Behavioural Assessment Unit (BAU) and Psychiatric Assessment and Planning Unit (PAPU). o Launching the Hospital Outreach Post-suicidal Engagement (HOPE) service at Northern Hospital Epping. • Northern Health is working with Melbourne Health and the Department of Health to support the transfer of governance of the Northern and North Western Area Mental Health Services to Northern Health, following support from the Commission. • Northern Health has engaged a Director of Mental Health to lead our response to the Royal Commission recommendations, and has established a Mental Health Liaison Committee chaired by the Executive Director Transformation, Quality and Safety, to ensure care provided is safe, appropriate and timely. **Aged Care** • Northern Health has reviewed the findings and recommendations from the Royal Commission into Aged Care Quality and Safety and Commonwealth Government response to identify areas to strengthen quality, safety and accessibility of aged care services. • Northern Health will continue to work with the Commonwealth and State Government to implement relevant recommendations. Actions will continue into 2021-22.

Statement of Priorities

Deliverable	Outcome	Progress Update
Develop and foster local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale.	Northern Health continues to partner with local health organisations to plan, resource and deliver collaborative services.	**In Progress** • Northern Health has been an active member of the Northeast Metro Cluster response to COVID-19 and will continue to engage as it evolves to the Northeast Metro Health Service Partnership. • MOU between Northern Health and VAHS (Victorian Aboriginal Health Service) has been signed and Steering Committee established to facilitate collaboration. • MOU between Northern Health and Kangan Institute has been signed. Collaboration on workforce planning and other strategic initiatives has commenced. • MOU between Northern Health and Melbourne Polytechnic has been signed. Collaboration on engaging with recently arrived English as an Additional Language (EAL) students to educate them on the Australian Healthcare system, and supporting them to be Healthcare Navigators in the community. • Primary Care and Population Health Advisory Committee with over 12 external partners continues to meet regularly to collaborate on shared priority areas, chaired by Northern Health's Chief Executive. • Collaboration with Eastern Melbourne Primary Health Network continued during the pandemic, to adapt and deliver an integrated model of care for patients with diabetes. Key features included integration of acute and community health services, colocation and early involvement of allied health professionals.

Supporting Aboriginal Cultural Safety

NARRUN WILIP-GIIN ABORIGINAL SUPPORT UNIT (ASU) *SPIRIT KEEPERS*

Deliverable	Outcome	Progress Update
Develop the Northern Health Reconciliation Action Plan and commence implementation of year one actions.	Plan signed and implementation commenced.	The 2019-21 Northern Health Innovate Reconciliation Action Plan (RAP) has been fully implemented, and its strategies will be consolidated in the 2021-23 Reconciliation Action Plan. In particular the following was achieved: • Established RAP Working Group which actively monitors RAP development and implementation of actions tracking progress and reporting • Established Northern Health Aboriginal Advisory Committee chaired by Executive Director, with Aboriginal community stakeholders • Celebrated and participated in National Reconciliation Week (NRW) by providing opportunities to build and maintain relationships between Aboriginal and Torres Strait Islander people and other Australians • Developed and maintained mutually beneficial relationships with Aboriginal and Torres Strait Islander people, communities and organisations to support positive outcomes. Signed Memorandum of Understanding with the Victorian Aboriginal Health Service • Engaged employees in continuous cultural learning opportunities to increase understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements. Made Aboriginal cultural safety training mandatory for all staff members. • Engaged employees in understanding the significance of Aboriginal and Torres Strait Islander cultural protocols, such as Welcome to Country and Acknowledgement of Country, to ensure there is a shared meaning • Provided opportunities for Aboriginal staff to engage with their culture and communities by celebrating NAIDOC Week • Created a culturally safe and welcoming environment; installed Acknowledgement plaques across all wards and outpatient areas in all our hospitals; commissioned new artwork, opened Smoking Ceremony Garden, installed Wominjeka Welcome signs • Develop and deliver culturally safe services to Aboriginal patients and their families; developed Aboriginal Patient Monitor, and Aboriginal Health Scorecard • Improved communication with Aboriginal and Torres Strait Islander patients • Ensured Aboriginal and Torres Strait patients are correctly and sensitively identified • Investigated opportunities to improve and increase Aboriginal employment outcomes within our workplace; created Aboriginal Employment Coordinator position • Increase Aboriginal consumer membership and participation in relevant committees

Northern Health acknowledges the traditional custodians of this land, the Wurundjeri people, and pays its respects to Elders past, present and future.


Karen
Aboriginal Liaison Officer
Victorian
Aboriginal
Honour Roll
2020
Karen
Bryant
ngurga
warendj

Performance Priorities

TIMELY ACCESS TO CARE

Key performance measure	Target	2020-21 Actuals
Emergency care		
Percentage of patients transferred from ambulance to Emergency Department within 40 minutes	90%	**90%**
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%	**80%**
Percentage of emergency patients with a length of stay in the Emergency Department of less than four hours	81%	**66%**
Number of patients with a length of stay in the Emergency Department greater than 24 hours	0	**0**
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	**100%**
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	-	**84%**
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	**20.6%**
Number of patients on the elective surgery waiting list as at 30 June 2021	2,830	**2,611**
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7 /100	**4.8**
Number of patients admitted from the elective surgery waiting list	7,350	**7,332**
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	**93%**
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	**95%**

Performance Priorities

HIGH QUALITY AND SAFE CARE

Key performance measure	Target	2020-21 Actuals
Maternity and newborn		
Rate of singleton term infants without birth anomalies with Apgar score < seven to five minutes	≤ 1.4%	**1.1%**
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	**22.9%**
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	**100%**
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	**89%**
Percentage of healthcare workers immunised for influenza	93%	**94.4%**

EFFECTIVE FINANCIAL MANAGEMENT

Key performance measure	Target	2020-21 Actuals
Operating result ($m)	Breakeven	**0.1**
Average number of days to pay trade creditors	60 days	**48 days**
Average number of days to receive patient fee debtors	60 days	**48 days**
Public and Private WIES activity performance to target	100%	**91.9%**
Adjusted current asset ratio	0.7 or 3% improvement for health service base target	**0.83**
Actual number of days available cash, measured on the last day of each month	14 days	**10.6 days**

Activity and funding

Funding type	Activity
Acute Admitted	
Acute WIES	62,935.00
WIES DVA	180.98
WIES TAC	163.00
Acute Non-Admitted	
Emergency Services (Presentations inc VED)	103,283
Home Enteral Nutrition	597
Home Renal Dialysis	81
Specialist Clinics WASE	143,265
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	501.95
Subacute WIES - Rehabilitation Private	61.37
Subacute WIES - GEM Public	1,912.15
Subacute WIES - GEM Private	247.82
Subacute WIES - Palliative Care Public	293.53
Subacute WIES - Palliative Care Private	52.31
Subacute WIES - DVA	27.52
Transition Care - Bed days	5,056
Transition Care - Home days	13,749
Subacute Non-Admitted	
Health Independence Program - Public	96,585
Aged Care	
Aged Care Assessment Service	3132
Residential Aged Care	9191
HACC	3294


Kimberly
EMR Solution Architect

Corporate Information

GENERAL INFORMATION

Northern Health was established in July 2000 under the Health Services Act 1988 and under the auspices of the Minister for Health. It provides a wide range of health care services to the northern growth corridor, a catchment of over 395,000 people living in Melbourne's middle to outer northern suburbs and the semirural regions beyond the urban fringe.

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

CONSULTANCIES

Consultancy fees greater than $10,000 in individual amount

In 2020-21, Northern Health engaged nine consultancies with an individual amount greater than $10,000. The total expenditure incurred in 2020-21 in relation to these consultancies was $526,070. This is detailed below.

Consultant	Purpose of Consultancy	Period	Total Project Fee (Excluding GST)	Expenditure 2020-21 (Exc GST)	Future Expenditure (Exc GST)
A2M Consulting	Northern Health multi-deck car park tender, design and administration.	June 2020 - May 2021	44,000	23,000	21,000
	Northern Health Data Centre relocation cost planning and administration.	September 2020 - April 2021	33,000	29,000	
CHW Consulting	Northern Centre for Health and Education & Research (NCHER) ICT advisory, design and coordination.	June 2020 - September 2020	24,500	16,100	8,400
Destravis Australia	Advice on Emergency Department construction safety products and materials.	June 2020 - September 2020	36,285	36,285	
Innovative Thinking	Review of asset management policies, processes and systems.	May 2021 - June 2021	15,000	15,000	
Waterman AHW	Data centre design and development.	April 2020 - February 2021	84,000	32,000	2,000
Clinical Documentation Improvement Australia	Audit of clinical documentation.	May 2021	15,000	15,000	
Merat Architects	NCHER third level fit-out design.	May 2020 - September 2020	166,285	33,605	99,460
Momentum Management Consulting	Consultation and advice on ICT projects implementation.	June 2020 - January 2021	108,000	108,000	

Consultancies below $10,000

In 2020-21, Northern Health engaged seven consultancies with an individual amount less than $10,000. The total value of these consultancies was $26,364.

OCCUPATIONAL HEALTH AND SAFETY CLAIMS

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	**42.90**	**35.40**	**34.20**
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	**2.45**	**1.44**	**1.44**
The average cost per WorkCover claim for the year	**$54,251**	**$130,683**	**$65,584**

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

OCCUPATIONAL VIOLENCE STATISTICS

Occupational violence statistics	2020-21
Workcover accepted claims with an occupational violence cause per 100 FTE	**0.03**
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	**0.16**
Number of occupational violence incidents reported	**873**
Number of occupational violence incidents reported per 100 FTE	**24**
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	**1%**

DEFINITIONS OF OCCUPATIONAL VIOLENCE

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

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

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

Lost time – is defined as greater than one day.

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

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.

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 working towards a workforce inclusion initiative as part of its workforce inclusion policy consistent with the Gender Equality Act 2020. To date the following progress has been made:

- Northern Health Executive team has been formally notified of obligations under the Gender Equality Act 2021 and has endorsed a business case to appoint a dedicated full time resource to lead this initiative (due to commence in August 2021)
- Northern Health representatives have participated in all Gender Equality Act 2021 working groups and participated in all training sessions
- High level project timeline has been established and initial assessment of Northern Health's systems have been conducted to identify where data can be sourced.

FREEDOM OF INFORMATION

During the 2020-21 financial year, Northern Health received 1,007 Freedom of Information applications.

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:

- 888 granted in full
- 75 granted in part
- 2 denied
- 12 withdrawn
- 30 not finalised

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

LOCAL JOBS FIRST ACT 2003

In the 2020-21 financial year, the Local Jobs First – Victorian Industry Participation Policy (VIPP) applied to two projects:

- Northern Hospital multi-deck carpark; date commenced in August 2020.
- Electronic Medical Record; commenced in September 2020.

The multi-deck carpark project has delivered 92 per cent local content, provided opportunities for 93 small-to-medium enterprises and supported the creation of 28 local jobs and 13 apprenticeships. The original EMR contract between Cerner Corporation and the State of Victoria was executed in 2006. Northern Health was unable to obtain Local Jobs First reporting data from either the Cerner Corporation or Department of Health.

Table 1 sets out all the Local Jobs First Projects along with the local content commitments and achievements.

Project	Minimum local content (%)	Local content achieved (%)	Date commenced
Northern Health multi-deck carpark	92%	95%	August 2020

NATIONAL COMPETITION POLICY

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

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

Market testing of services will continue as scheduled and according to the contract cycle, into 2021-22 financial year.

ADDITIONAL INFORMATION AVAILABLE ON REQUEST

FDR 22I section 5.19 requires agencies to provide the following statement:

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

BUILDING ACT 1993

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

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

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

CARERS AND CARE RELATIONSHIPS

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

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

PROTECTED DISCLOSURE ACT 2012

Under the Protected Disclosure Act 2012, complaints about certain serious misconduct or corruption involving public health services in Victoria should be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) in order to remain protected under the Act.

Northern Health encourages individuals to make any disclosures which are protected disclosures within the meaning of the Act with IBAC.

CAR PARKING FEES

Northern Health complies with the 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 2020-21 is detailed below:

Business As Usual (Bau) ICT Expenditure ($000)	Non-Businesss As Usual (Non-Bau) ICT Expenditure		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
10,794	**17,498**	**1,995**	**15,503**

ATTESTATIONS

Financial Management Compliance attestation – SD 5.1.4

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

Jennifer Williams AM, Board Chair 19/08/2021

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, Chief Executive 19/08/2021

Conflict of Interest Declaration

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

Siva Sivarajah, Chief Executive 19/08/2021

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 Northern Health during the year.

Siva Sivarajah, Chief Executive 19/08/2021

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 2020-21, Northern Health generated a Statement of Priorities operating surplus of $0.1m (2020: $0.1m). This was achieved in challenging financial circumstances associated with the COVID-19 pandemic. The result reflects the delivery of $14.5m in financial sustainability savings as well as supplementary funding from the Department of Health to meet unbudgeted COVID-19 costs.

A high level of self-funded capital expenditure of $9.2m (2020: $7.8m) 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 Northern Health Stage 2 Expansion Project.

Available cash declined to 10.6 days (2020: 16.6 days) as Northern Health drew on cash reserves to meet its funding requirements associated with the Electronic Medical Record (EMR) project. Target available cash days are 14.0 days.

Significant challenges remain ahead in 2021-22 as we continue to deal with COVID-19 and the extent of State Government funding. Northern Health will continue to identify and drive sustainability initiatives.

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

	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
Operating result (SoP)	112	98	387	1,508	1,553
Total revenue	810,742	712,437	631,227	554,132	505,149
Total expenses	740,212	668,461	624,735	555,409	495,106
Net result from transactions	**70,530**	**43,976**	**6,492**	**(1,277)**	**10,043**
Total other economic flows	7,224	2,021	(5,273)	(1,649)	645
Net result	**77,755**	**41,955**	**1,219**	**(2,926)**	**10,688**
Total assets	714,935	595,735	547,355	513,985	464,930
Total liabilities	216,595	182,063	161,299	140,596	130,063
Net assets / Total equity	**498,340**	**413,672**	**386,056**	**373,389**	**334,867**

Reconciliation of net result from transactions and operating result

	2021 $000	2020 $000	2019 $000	2018 $000	2017 $000
Operating result (SoP)	**112**	**98**	**387**	**1,508**	**1,553**
Controlled entities operating result	345	260	420	308	399
Capital purpose income	107,850	76,998	34,886	23,220	32,869
Specific expenses	(179)	(679)	(780)	(779)	(163)
Expenditure for capital purpose	(4,010)	(3,126)	(1,279)	(711)	(781)
Finance costs	(6)	-	-	(3)	(15)
Depreciation and amortisation	(33,582)	(29,573)	(27,142)	(24,820)	(23,819)
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	11,720	976			
State supply items consumed up to 30 June 2021	(11,720)	(976)			
Net result from transactions	**70,530**	**41,955**	**1,219**	**(2,926)**	**10,688**

WORKFORCE INFORMATION

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

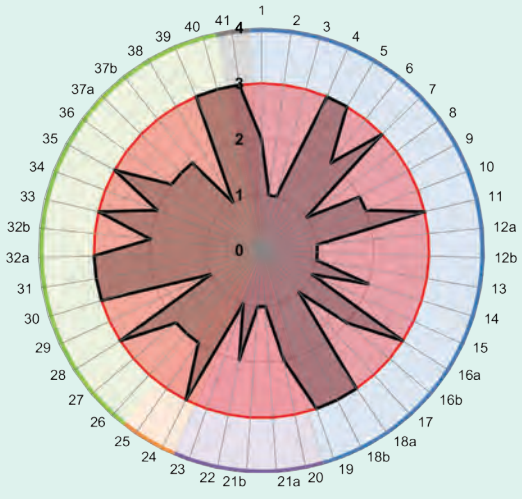
	JUNE current month FTE*		Average Monthly FTE*	
Labour category	**2020**	**2021**	**19/20**	**20/21**
TOTAL	**3,528.66**	**3,763.74**	**3,445.68**	**3,595.97**
Nursing Services	1,648.28	1,732.14	1,608.16	1,650.49
Administration & Clerical	540.86	613.53	533.00	578.13
Medical Support Services	255.45	292.50	250.48	273.44
Hotel & Allied Services	161.50	163.57	166.57	163.22
Medical Officers	67.25	66.08	64.60	66.36
Hospital Medical Officers	385.32	418.34	378.90	399.91
Sessional Medical Officers	128.21	132.74	119.52	130.18
Ancilliary Support Services	341.79	344.84	324.45	334.26

ASSET MANAGEMENT MATURITY ASSESSMENT

Northern Health's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website www.dtf.vic.gov.au.

Northern Health's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Legend	
Status	**Scale**
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	N/A



Northern Health has not identified any material compliance deficiencies with the AMAF.

Our self-assessment indicates that improvement is required in a number of aspects of the AMAF. A significant program of work is underway to increase our compliance with AMAF requirements as we seek to lift asset management maturity across the organisation.

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 Ref
Ministerial Directions Report of Operations		
Charter and purpose		
FDR 22I	Manner of establishment and the relevant Ministers	32
FDR 22I	Purpose, functions, powers and duties	2, 32
FDR 22I	Nature and range of services provided	5
FDR 22I	Activities, programs and achievements for the reporting period	7-27
FDR 22I	Significant changes in key initiatives and expectations for the future	F51
Management and structure		
FDR 22I	Organisational structure	28
FDR 22I	Workforce data/employment and conduct principles	47, 52
FDR 22I	Occupational Health and Safety	47
Financial information		
FDR 22I	Summary of the financial results for the year	51
FDR 22I	Significant changes in financial position during the year	51, F7
FDR 22I	Operational and budgetary objectives and performance against objectives	43
FDR 22I	Subsequent events	58
FDR 22I	Details of consultancies under $10,000	46
FDR 22I	Details of consultancies over $10,000	46
FDR 22I	Disclosure of ICT expenditure	50
Legislation		
FDR 22I	Application and operation of Freedom of Information Act 1982	48
FDR 22I	Compliance with building and maintenance provisions of Building Act 1993	49
FDR 22I	Application and operation of Protected Disclosure 2012	49
FDR 22I	Statement on National Competition Policy	48
FDR 22I	Application and operation of Carers Recognition Act 2012	49
FDR 22I	Summary of the entity's environmental performance	22-23
FDR 22I	Additional information available on request	48, 49
Other relevant reporting directives		
Frd 25d	Local Jobs First Act 2003	48
SD 5.1.4	Financial Management Compliance attestation	50
SD 5.2.3	Declaration in report of operations	7-8

Attestations		
Attestation on Data Integrity		50
Attestation on managing Conflicts of Interest		50
Attestation on Integrity, Fraud and Corruption		50
Other reporting requirements	• Reporting of outcomes from Statement of Priorities 2020-21	36-44
	• Supporting Aboriginal Cultural Safety	40
	• Occupational Violence reporting	47
	• Reporting obligations under the Safe Patient Care Act 2015	47
	• Gender Equality Act	47
	• Reporting of compliance regarding Car Parking Fees	49
	• Asset Management Accountability	52


Seda
Acting Domiciliary Co-Ordinator
Northern Health

Northern Health

Financial Report 2020-21

Table of contents

Board members', Accountable Officer's and Chief Financial and Accounting Officer's declaration		F3
Auditor-General's Report		F4
Comprehensive Operating Statement		F6
Balance Sheet		F7
Statement of Changes in Equity		F8
Cash Flow Statement		F9
Notes to the financial statements		F10
Basis of preparation		F10
Note 1.	Summary of significant accounting policies	F10
Note 2.	Funding delivery of our services	F13
Note 2.1.	Revenue and Income from transactions	F14
Note 3.	Cost of delivery of services	F17
Note 3.1.	Expenses from transactions	F18
Note 3.2.	Other economic flows included in net result	F20
Note 3.3.	Employee benefits in the balance sheet	F21
Note 3.4.	Superannuation	F23
Note 4.	Key assets to support service delivery	F24
Note 4.1.	Property, plant and equipment	F25
Note 4.2.	Intangibles	F33
Note 4.3.	Depreciation and amortisation	F34
Note 5.	Other assets and liabilities	F35
Note 5.1.	Receivables and Contract Assets	F36
Note 5.2.	Payables and Contract Liabilities	F38
Note 5.3.	Other liabilities	F40
Note 6.	How we finance our operations	F41
Note 6.1.	Borrowings	F42
Note 6.2.	Cash and cash equivalents	F45
Note 6.3.	Commitments for expenditure	F46
Note 7.	Risks, contingencies and valuation uncertainties	F47
Note 7.1.	Financial instruments	F48
Note 7.2.	Contingent assets and contingent liabilities	F49
Note 8.	Other disclosures	F52
Note 8.1.	Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities	F53
Note 8.2.	Responsible persons disclosures	F54
Note 8.3.	Executive officer disclosures	F55
Note 8.4.	Related parties	F56
Note 8.5.	Remuneration of auditors	F57
Note 8.6.	Ex-gratia payments	F57
Note 8.7.	Events occurring after the balance sheet date	F58
Note 8.8.	Controlled entities	F58
Note 8.9.	Equity	F58
Note 8.10.	Economic dependency	F59

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2021 and financial position of Northern Health and the consolidated entity at 30 June 2021.

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

26 August 2021

Mr Siva Sivarajah
Chief Executive
Northern Health

26 August 2021

Mr Andrew Gay
Chief Financial and Accounting Officer
Northern Health

26 August 2021

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Northern Health

Opinion	I have audited the consolidated financial report of Northern Health (the health service) and its controlled entities (together the consolidated entity), which comprises the: • consolidated entity and health service balance sheets as at 30 June 2021 • consolidated entity and health service comprehensive operating statements for the year then ended • consolidated entity and health service statements of changes in equity for the year then ended • consolidated entity and health service cash flow statements for the year then ended • notes to the financial statements, including significant accounting policies • board members', accountable officer's and chief financial and accounting officer's declaration. In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
23 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Northern Health
Comprehensive Operating Statement
For the Year Ended 30 June 2021

	Note	Parent 2021 $'000	Parent 2020 $'000	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue and income from transactions					
Operating activities	2.1	800,980	702,775	800,756	702,246
Non-operating activities	2.1	9,274	9,053	9,986	10,191
Total revenue and income from transactions		**810,254**	**711,828**	**810,742**	**712,437**
Expenses from transactions					
Employee expenses	3.1	(520,110)	(472,872)	(520,625)	(473,490)
Supplies and consumables	3.1	(114,133)	(101,389)	(114,133)	(101,389)
Depreciation and amortisation	3.1	(33,574)	(29,566)	(33,582)	(29,573)
Finance costs	3.1	(6)	(6)	(6)	(6)
Other operating expenses	3.1	(57,923)	(52,912)	(59,666)	(53,078)
Other administrative expenses	3.1	(11,472)	(8,794)	(9,351)	(8,353)
Other non-operating expenses	3.1	(2,849)	(2,572)	(2,849)	(2,572)
Total expenses from transactions		**(740,067)**	**(668,111)**	**(740,212)**	**(668,461)**
Net result from transactions - net operating balance		**70,187**	**43,717**	**70,530**	**43,976**
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.2	24	11	24	11
Net gain/(loss) on financial instruments	3.2	(284)	(609)	(284)	(610)
Other gains/(losses) from other economic flows	3.2	7,484	(1,422)	7,484	(1,422)
Total other economic flows included in net result		**7,224**	**2,020**	**7,224**	**2,021**
NET RESULT FOR THE YEAR		**77,411**	**41,697**	**77,755**	**41,955**
Other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.1.(b)	6,977	-	6,999	-
Total other comprehensive income		6,977	-	6,999	-
COMPREHENSIVE RESULT FOR THE YEAR		**84,388**	**41,697**	**84,754**	**41,955**

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

Northern Health
Balance Sheet
As at 30 June 2021

	Note	Parent 2021 $'000	Parent 2020 $'000	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets					
Cash and cash equivalents	6.2	79,892	56,679	81,265	57,767
Receivables and contract assets	5.1	19,705	13,372	19,707	13,374
Inventories		4,179	3,908	4,179	3,908
Investments and other financial assets		-	-	500	500
Prepayments and other assets		15,484	2,451	15,484	2,451
Total current assets		**119,260**	**76,410**	**121,135**	**78,000**
Non-current assets					
Receivables and contract assets	5.1	27,015	22,064	27,015	22,064
Property, plant and equipment	4.1.(a)	558,744	493,288	559,209	493,739
Intangible assets	4.2	7,576	1,932	7,576	1,932
Total non-current assets		**593,335**	**517,284**	**593,800**	**517,735**
Total assets		**712,595**	**593,694**	**714,935**	**595,735**
Current liabilities					
Payables and contract liabilities	5.2	68,159	49,015	68,084	49,007
Borrowings	6.1	193	350	193	350
Provisions	3.3	110,152	95,277	110,152	95,277
Other liabilities	5.3	4,407	4,206	4,407	4,206
Total current liabilities		**182,911**	**148,848**	**182,836**	**148,840**
Non-current liabilities					
Borrowings	6.1	526	534	526	534
Provisions	3.3	23,109	21,679	23,109	21,679
Other liabilities	5.3	10,124	11,010	10,124	11,010
Total non-current liabilities		**33,759**	**33,223**	**33,759**	**33,223**
Total liabilities		**216,670**	**182,071**	**216,595**	**182,063**
NET ASSETS		**495,925**	**411,623**	**498,340**	**413,672**
Equity					
Property, plant and equipment revaluation surplus	4.1.(f)	271,443	264,466	271,585	264,586
Restricted specific purpose surplus		423	423	6,644	6,644
Contributed capital		151,203	151,289	151,203	151,289
Accumulated deficits/(surplus)		72,856	(4,555)	68,908	(8,847)
TOTAL EQUITY		**495,925**	**411,623**	**498,340**	**413,672**

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

Northern Health
Statement of Changes in Equity
For the Year Ended 30 June 2021

Consolidated	Note	Property, plant & equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contributed capital $'000	Accumulated surplus/ (deficits) $'000	Total $'000
Balance at 30 June 2019		264,586	6,644	161,734	(46,908)	386,056
Effect of adoption of AASB 15, 16 and 1058		-	-	-	(3,894)	(3,894)
Restated Balance at July 2019		264,586	6,644	161,734	(50,802)	382,162
Net result for the year		-	-	-	41,955	41,955
Other comprehensive income for the year		-	-	-	-	-
Disposal of land and buildings at nil consideration[1]		-	-	(10,765)	-	(10,765)
Addition to contributed capital		-	-	320	-	320
Balance at 30 June 2020		264,586	6,644	151,289	(8,847)	413,672
Net result for the year		-	-	-	77,755	77,755
Other comprehensive income for the year[2]		6,999	-	-	-	6,999
Return of contributed capital		-	-	(86)	-	(86)
Balance at 30 June 2021		271,585	6,644	151,203	68,908	498,340

Parent	Property, plant & equipment revaluation surplus $'000	Restricted specific purpose surplus $'000	Contributed capital $'000	Accumulated surplus/ (deficits) $'000	Total $'000
Balance at 1 July 2019	264,466	423	161,734	(42,358)	384,265
Effect of adoption of AASB 15, 16 and 1058	-	-	-	(3,894)	(3,894)
Restated Balance at July 2019	264,466	423	161,734	(46,252)	380,371
Net result for the year	-	-	-	41,697	41,697
Other comprehensive income for the year	-	-	-	-	-
Disposal of land and buildings at nil consideration[1]	-	-	(10,765)	-	(10,765)
Addition to contributed capital	-	-	320	-	320
Balance at 30 June 2020	264,466	423	151,289	(4,555)	411,623
Net result for the year	-	-	-	77,411	77,411
Other comprehensive income for the year[2]	6,977	-	-	-	6,977
Return of contributed capital	-	-	(86)	-	(86)
Balance at 30 June 2021	271,443	423	151,203	72,856	495,925

[1]Land and buildings located at Bell Street Preston were transferred to the Department of Health (DH) for nil consideration.
[2]A managerial revaluation of Land and Buildings was conducted under FRD 103I on the guidance of DH and application of current VGV indices.

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

Northern Health
Cash Flow Statement
For the Year Ended 30 June 2021

	Note	Parent 2021 $'000	Parent 2020 $'000	Consolidated 2021 $'000	Consolidated 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating grants from government - State		631,371	556,664	631,371	556,664
Operating grants from government - Commonwealth		40,560	39,321	40,560	39,321
Capital grants from government		23,178	14,152	23,178	14,152
Patient and resident fees received		18,321	15,304	18,321	15,304
Private practice fees received		5,897	7,116	5,897	7,116
Donations and bequests received		681	308	1,157	877
GST received from/(paid to) ATO		(6,521)	10,776	(6,515)	10,761
Recoupment from private practice for use of hospital facilities		4,709	4,535	4,709	4,535
Interest received		293	1,388	306	1,410
Other receipts		29,965	16,323	29,982	16,517
Total receipts		748,454	665,887	748,966	666,657
Employee expenses paid		(488,438)	(469,191)	(488,953)	(469,191)
Non-salary labour costs		(6,287)	(6,880)	(6,288)	(6,880)
Payments for supplies and consumables		(111,062)	(103,985)	(111,113)	(103,989)
Other payments		(68,879)	(61,460)	(68,539)	(61,533)
Total payments		(674,666)	(641,516)	(674,893)	(641,593)
NET CASH INFLOW FROM OPERATING ACTIVITIES	8.1	73,788	24,371	74,073	25,064
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of properties, plant & equipment		(50,980)	(15,609)	(50,980)	(15,930)
Proceeds from sale of properties, plant and equipment		131	141	131	141
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(50,849)	(15,468)	(50,849)	(15,789)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed capital		(86)	320	(86)	320
Repayment of borrowings		200	(180)	200	(180)
Receipt of accommodation deposits		680	1,785	680	1,785
Payment of accommodation deposits		(520)	(320)	(520)	(320)
NET CASH INFLOW FROM FINANCING ACTIVITIES		274	1,605	274	1,605
NET INCREASE IN CASH AND CASH EQUIVALENTS		23,213	10,508	23,498	10,880
Cash and cash equivalents at the beginning of year		56,679	46,171	57,767	46,887
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	79,892	56,679	81,265	57,767

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

Basis of preparation

Note 1. Summary of significant accounting policies

These financial statements represent the audited general purpose financial statements for Northern Health and its controlled entities (Northern Health) for the period ended 30 June 2021. The purpose of the report is to provide users with information about Northern Health's stewardship of resources entrusted to it.

a) Statement of compliance

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

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

b) Reporting entity

The financial statements include all the controlled activities of Northern Health.
Northern Health's principal address is:
185 Cooper Street
Epping, Victoria 3076

A description of the nature of Northern Health's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

c) COVID-19

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Northern Health was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Northern Health operates.

Northern Health introduced a range of measures in both the prior and current year, including

- Introducing restrictions on non-essential visitors,
- Greater utilisation of telehealth services,
- Implementing reduced visitor hours,
- Deferring elective surgery and reducing activity,
- Transferring inpatients to private health facilities,
- Performing COVID-19 testing,
- Administering COVID-19 vaccinations, and
- Implementing work from home arrangements, where appropriate.

As restrictions eased towards the end of the financial year Northern Health has revised some measures where appropriate.

For further details, refer to: Note 2.1: Funding delivery of our services; Note 3.1: Expenses from transactions; and Note 4.2: Property, plant and equipment.

d) General accounting policies

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

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2021, and the comparative information presented in these financial statements for the year ended 30 June 2020.

These financial statements are prepared on a going concern basis (refer to Note 8.10 Economic dependency).

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

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

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

Northern Health operates on a fund accounting basis and maintains three funds: (1) operating funds, (2) specific purpose funds and (3) capital funds.

Note 1. Summary of significant accounting policies (continued)

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

e) Key accounting estimates and judgements

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AABSs that have significant effects on the financial statements and estimates are disclosed in further detail throughout the new policies.

f) Goods and Services Tax (GST)

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

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

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

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

g) Principles of consolidation

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

The consolidated financial statements of Northern Health include all reporting entities controlled by Northern Health as at 30 June 2021.

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

The parent entity is not shown separately in the notes.

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

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

Note 1. Summary of significant accounting policies (continued)

h) 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: Insurance Contracts	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2	Reporting periods on or after 1 January 2021.	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 2. Funding delivery of our services

Northern Health's overall objective is to provide quality health services to the diverse community in Melbourne's rapidly growing outer north. Northern Health is predominantly funded by grant funding for the provision of outputs. Northern Health also receives income from the supply of services.

Impact of COVID-19 on revenue and income

As indicated at Note 1, Northern Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Northern Health incurring lost income as well as direct and indirect COVID-19 costs. Revenue recognised to fund the delivery of our services decreased during the financial year which was partially attributable to the COVID-19 pandemic and its impact on our economy and the health of our community. DH provided funding which was spent due to COVID-19 impacts. Northern Health also received essential personal protective equipment free of charge under the state supply arrangement valued at $11.7m. DH also provided Northern Health with sustainability funding to supports its business-as-usual operations.

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 this criteria is 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 this criteria is 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.

Note 2.1. Revenue and income from transactions

	Consolidated 2021 $'000	Consolidated 2020 $'000
Operating Activities		
Revenue from contracts with customers		
Government grants (State) - operating	487,361	417,408
Government grants (Commonwealth)	40,930	38,162
Patient and resident fees	19,421	20,717
Commercial activities[1]	7,471	8,655
Other revenue from operating activities	12,388	14,558
Total revenue from contracts with customers	567,571	499,500
Other source of income		
Government grants (State) - operating[2]	119,971	132,819
Government grants (State) - capital	97,848	67,559
Other capital purpose income	24	9
Capital donations received	3,626	1,377
Assets received free of charge under the State supply arrangements	11,716	982
Total other source of income	233,185	202,746
Total revenue and income from operating activities	800,756	702,246
Non-operating activities		
Capital interest	664	966
Other revenue from non-operating activities	9,322	9,225
Total income from non-operating activities	9,986	10,191
TOTAL REVENUE AND INCOME FROM TRANSACTIONS	810,742	712,437

Note 2.1. Revenue and income from transactions (continued)

How we recognise revenue and income from transactions:

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

To recognise revenue, Northern Health assesses 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 the time or over time when services are rendered.

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.

The types of government grants recognised under AASB 15: Revenue from Contracts with Customers include:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) case mix	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. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.

Government grants (Commonwealth) - operating

Commonwealth grants revenue (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.

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.

Note 2.1. Revenue and income from transactions (continued)

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

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

Personal protective equipment
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 personal protective equipment (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.

Under a state-wide distribution agreement, Northern Health received Personal Protective Equipment from Monash Health for $11.7m for the period ending 30 June 2021.

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.

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
Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Northern Health did not receive any volunteer services and does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health (DH)
DH makes some payments on behalf of Northern Health as follows:

Non Cash Payment	Description
Medical Indemnity Insurance	DH purchases non-medical indemnity insurance for Northern Health which is paid directly to the Victorian Managed Insurance Authority (VMIA). 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 set-out in the DH Hospital Circular (Issue 04/2017).

How we recognise other income

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

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

Note 2.1. Revenue and income from transactions (continued)

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

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

Rental income

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

Note 3 Cost of delivery 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 included in net result
- Note 3.3. Employee benefits in the balance sheet
- Note 3.4. Superannuation

COVID-19 expenditure

As indicated at Note 1, Northern Health has incurred significant costs in responding to the COVID-19 pandemic. The operating costs that have been recognised for the year ended 30 June 2021 are $66.1m and fall into two broad categories as follows:

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

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	Northern Health applies significant judgment when measuring and classifying its employee benefit liabilities. 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. 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. Northern Health also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if Northern Health does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

Note 3.1. Expenses from transactions

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Salaries and wages		407,071	372,925
On-costs		100,896	87,105
Fee for service office medical expenses		2,166	2,270
Non-salary labour costs		4,713	4,888
WorkCover premium		5,779	6,302
Total employee expenses		520,625	473,490
Drug supplies		28,028	26,352
Medical and surgical supplies (including Prostheses)		36,244	28,349
Diagnostic and radiology supplies		28,521	24,382
Other supplies and consumables		21,340	22,306
Total supplies and consumables		114,133	101,389
Finance cost - interest expense		6	6
Total finance costs		6	6
Fuel, light, power and water		4,454	4,460
Repairs and maintenance		5,864	4,769
Maintenance contracts		4,366	3,840
Domestic services and supplies		16,703	10,583
Insurances		11,187	9,905
Computer and communication		5,312	3,945
Staff training and development		1,688	6,030
Security costs		4,956	3,915
Patient transport		2,387	2,457
Shared service costs		1,326	1,409
Capital purposes expenditure		1,423	1,765
Total other operating expenses		59,666	53,078
Other administrative expenses		9,351	8,353
Total other administrative expenses		9,351	8,353
Total operating expenses		703,781	636,316
Depreciation and amortisation	4.3	33,582	29,573
Total depreciation and amortisation		33,582	29,573
Specific and ex-gratia expenses		184	679
Bad and doubtful debts expenses		2,665	1,893
Total other non-operating expenses		2,849	2,572
Total non-operating expenses		36,431	32,145
TOTAL EXPENSES FROM TRANSACTIONS		740,212	668,461

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.

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.

Note 3.1. Expenses from transactions (continued)

Other operating expenses

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

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

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.

Expenditure for capital purposes

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

Note 3.2. Other economic flows included in net result

	Consolidated 2021 $'000	Consolidated 2020 $'000
Net gain on disposal of property, plant and equipment	24	11
Total net gain/(loss) on non-financial assets	**24**	**11**
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	(284)	(610)
Total Net gain/(loss) on financial instruments	**(284)**	**(610)**
Revaluation of LSL	7,484	(1,422)
Total other economic flows	**7,484**	**(1,422)**
Total gains/(losses) from other economic flows	**7,224**	**(2,021)**

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

- Revaluation of the present value of the LSL liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- Reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or 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 non-financial physical assets (refer to note 4.1 Property plant and equipment);
- Net gain/ (loss) on disposal of non-financial assets; and
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments

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

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

Note 3.3. Employee benefits in the balance sheet

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current provisions		
Annual leave		
Unconditional and expected to be settled wholly within 12 months [1]	36,655	29,906
Unconditional and expected to be settled wholly after 12 months [2]	6,147	5,087
Long service leave		
Unconditional and expected to be settled within 12 months [1]	9,276	6,864
Unconditional and expected to be settled after 12 months [2]	46,099	43,128
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [1]	1,095	1,016
	99,272	86,001
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled wholly within 12 months [2]	4,958	3,969
Unconditional and expected to be settled wholly after 12 months [2]	5,922	5,307
	10,880	9,276
Total current provisions	110,152	95,277
Non-current provisions		
Long service leave	21,031	19,527
Provisions related to employee benefits and on-costs	2,078	2,152
Total non-current provisions	23,109	21,679
TOTAL PROVISIONS	133,261	116,956

[1] The amounts disclosed are nominal amounts.
[2] The amounts disclosed are discounted to present values.

How we recognise employee benefits

Employee benefits recognition

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

Provisions

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

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

Annual leave and accrued days off

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

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

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

Long service leave (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.

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

The components of this LSL liability are measured at:

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

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

Termination benefits

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

On-costs 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.

(a) Employee Benefits and related on-costs

	Consolidated 2021 $'000	Consolidated 2020 $'000
Unconditional accrued days off	1,095	1,016
Unconditional annual leave entitlements	47,760	38,962
Unconditional long service leave entitlements	61,297	55,299
Total current employee benefits and related on-costs	**110,152**	**95,277**
Unconditional long service leave entitlements	23,109	21,679
Total non-current employee benefits and related on-costs	**23,109**	**21,679**
Total employee benefits and related on-costs	**133,261**	**116,956**
Carrying amount at start of year	**116,956**	**105,253**
Additional provision recognised	20,814	17,085
Amounts incurred during the year	(4,509)	(5,382)
Carrying amount at end of year	**133,261**	**116,956**

Note 3.4. Superannuation

	Paid contributions for the year		Contributions outstanding at 30 June[1]	
	Consolidated 2021 $'000	Consolidated 2020 $'000	Consolidated 2021 $'000	Consolidated 2020 $'000
Defined benefit plans[2]				
Aware Super	121	167	16	18
Defined contribution plans				
Aware Super	15,660	15,621	1,818	1,715
HESTA	13,482	12,817	1,668	1,505
Other	4,372	3,640	563	330
	33,635	32,245	4,065	3,568

[1] The contribution outstanding at year end refers to the accrual taken up at year end relating to the last pay period in June 2021.
[2] The 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

The expense relating to defined benefits plans is the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred. 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. 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. Intangible assets
- Note 4.3. Depreciation and amortisation
- Note 4.4. Inventories

Impact of COVID-19

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 pandemic and its impact on our economy and the health of our community. DH provided extensive support for Northern Health to procure the capital assets to respond to the pandemic.

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 and investment properties	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 indices. Under FRD 103I a formal, independent revaluation occurs every five years with the revaluation performed by the Victorian Valuer General (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 and residual value of property, plant and equipment	Northern Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. Northern Health reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
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 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 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: • If an asset's value has declined more than expected based on normal use; and • 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, Northern Health applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1. Property, plant and equipment

a) Gross carrying amounts and accumulated depreciation

	Consolidated 2021 $'000	Consolidated 2020 $'000
Land at fair value - Crown or freehold	47,955	41,042
Right of use concessionary land at cost	22,489	22,489
Accumulated depreciation	(2,612)	(82)
Total land at fair value	**67,832**	**63,449**
Buildings at valuation	326,678	326,678
Accumulated depreciation	(43,108)	(21,554)
	283,570	**305,124**
Buildings at cost	142,378	29,864
Accumulated depreciation	(1,972)	(784)
	140,406	**29,080**
Buildings - right of use	920	915
Accumulated depreciation	(377)	(187)
	543	**728**
Total buildings at fair value	**424,519**	**334,932**
Total land and buildings	**492,351**	**398,381**
Assets under construction at cost	35,870	68,281
Total assets under construction	**35,870**	**68,281**
Medical equipment at fair value	61,001	54,255
Accumulated depreciation	(37,197)	(33,406)
Total medical equipment at fair value	**23,804**	**20,849**
Plant and equipment at fair value	22,885	21,341
Accumulated depreciation	(16,158)	(15,570)
Total plant and equipment at fair value	**6,727**	**5,771**
Cultural assets at fair value	457	457
Total cultural assets at fair value	**457**	**457**
TOTAL PROPERTY, PLANT AND EQUIPMENT	559,209	493,739

Note 4.1. Property, plant and equipment (continued)

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

Consolidated	Note	Land $'000	Right of use - Land $000	Buildings $'000	Right of use - Blds $000	Assets under construction $'000	Medical equipment $'000	Plant and equipment $'000	Cultural assets $'000	Total $'000
Balance at 1 July 2019		**47,124**	**22,489**	**331,361**	**915**	**36,775**	**20,996**	**4,570**	**457**	**464,687**
Additions		-	-	2,299	-	63,506	1,999	1,024	-	68,828
Disposals		(6,082)	-	(4,683)	-	-	(132)	(14)	-	(10,911)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-
Net transfers between classes		-	-	27,565	-	(32,000)	2,200	2,235	-	-
Depreciation	4.3	-	(82)	(22,338)	(187)	-	(4,214)	(2,044)	-	(28,865)
Balance at 30 June 2020		**41,042**	**22,407**	**334,204**	**728**	**68,281**	**20,849**	**5,771**	**457**	**493,739**
Additions		-		50,214		31,088	7,289	2,787	-	91,378
Disposals		(86)		(1)			(168)	(14)		(269)
Revaluation increments/(decrements)		6,999	-		5			-		7,004
Net transfers between classes		-		62,300		(63,499)	444	755	-	-
Depreciation	4.3		(2,530)	(22,742)	(189)		(4,610)	(2,572)		(32,643)
Balance at 30 June 2021		**47,955**	**19,877**	**423,975**	**544**	**35,870**	**23,804**	**6,727**	**457**	**559,209**

How we recognise property, plant and equipment

The VGV re-valued all of Northern Health's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The last effective date of the valuation is 30 June 2019.

Initial recognition

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

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

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) 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 below

Revaluation of non-current physical assets

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

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

Revaluation decrements are recognised in Other Comprehensive Income to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

Note 4.1. Property, plant and equipment (continued)

Revaluation of non-current physical assets (continued)

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

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

A full revaluation of Northern Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H *Non-Financial Physical Assets*. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The last effective date of the valuation for both land and buildings was 30 June 2019.

The VGV indices, which are based on data to March 2021, indicated there was an average increase of 19.2% in the land parcel held by Northern Health, and an increase of 7.5% in buildings. Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2021, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was greater than 10% for land and buildings a managerial revaluation was required.

Impairment

At the end of each financial year, Northern Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Northern Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Northern Health has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

How we recognise right-of-use assets

Where Northern Health enters a contract, which provides 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 under our ownership.

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

Presentation of right-of-use assets

Northern Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

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.

Note 4.1. Property, plant and equipment (continued)

Northern Health holds lease agreements containing significantly below-market terms and conditions, which enable us to achieve our objectives. Northern Health has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Northern Health's dependency on such lease arrangements.

Subsequent measurement

Right-of-use assets arising from non-peppercorn leases are subsequently measured at fair value 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).

Impairment

At the end of each financial year, Northern Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Northern Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Northern Health performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

Note 4.1. Property, plant and equipment (continued)

c) Fair value measurement hierarchy for assets

Consolidated	Note	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using: Level 1 [1] $'000	Level 2 [1] $'000	Level 3 [1] $'000
Non-specialised land		173	-	173	-
Specialised land		47,782	-	-	47,782
Total land at fair value	4.1 (a)	**47,955**	**-**	**173**	**47,782**
Non-specialised buildings		291	-	291	-
Specialised buildings		423,684	-	140,406	283,278
Total buildings at fair value	4.1 (a)	**423,975**	**-**	**140,697**	**283,278**
Medical equipment at fair value		23,804	-	-	23,804
Plant and equipment at fair value		6,727	-	-	6,727
Total plant and equipment at fair value		**30,531**	**-**	**-**	**30,531**
Artwork at fair value		457	-	457	-
Total cultural assets	4.1 (a)	**457**	**-**	**457**	**-**
TOTAL PROPERTY, PLANT AND EQIPMENT AT FAIR VALUE		502,918	-	141,327	361,591

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

Consolidated	Note	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using: Level 1 [1] $'000	Level 2 [1] $'000	Level 3 [1] $'000
Non-specialised land		152	-	152	-
Specialised land		40,890	-	-	40,890
Total land at fair value	4.1 (a)	**41,042**	**-**	**152**	**40,890**
Non-specialised buildings		298	-	298	-
Specialised buildings		333,906	-	29,080	304,826
Total buildings at fair value	4.1 (a)	**334,204**	**-**	**29,378**	**304,826**
Medical equipment at fair value		20,849	-	-	20,849
Plant and equipment at fair value		5,771	-	-	5,771
Total plant and equipment at fair value		**26,620**	**-**	**-**	**26,620**
Artwork at fair value		457	-	457	-
Total cultural assets	4.1 (a)	**457**	**-**	**457**	**-**
TOTAL PROPERTY, PLANT AND EQIPMENT AT FAIR VALUE		402,323	-	29,987	372,336

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

Note 4.1. Property, plant and equipment (continued)

d) Reconciliation of level 3 fair value measurement

Consolidated	Note	Land $'000	Buildings $'000	Medical equipment $'000	Plant and equipment $'000	Total $'000
Balance at 30 June 2019		**67,631**	**331,002**	**20,996**	**4,570**	**424,199**
Additions / (disposals)		(4,500)	(4,630)	3,312	3,245	(2,573)
Recognition of right-of-use assets on initial application AASB 16		(22,241)	-	-	-	(22,241)
Depreciation	4.2	-	(21,546)	(3,459)	(2,044)	(27,049)
Subtotal		**40,890**	**304,826**	**20,849**	**5,771**	**372,336**
Items recognised in other comprehensive income						
Revaluation		-	-	-	-	-
Subtotal		**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2020		**40,890**	**304,826**	**20,849**	**5,771**	**372,336**
Additions / (disposals)		(87)	-	7,565	3,528	11,006
Depreciation	4.2	-	(21,548)	(4,610)	(2,572)	(28,730)
Subtotal		**40,803**	**283,278**	**23,804**	**6,727**	**354,612**
Items recognised in other comprehensive income						
Revaluation		6,979	-	-	-	6,979
Subtotal		**6,979**	**-**	**-**	**-**	**6,979**
Balance at 30 June 2021		**47,782**	**283,278**	**23,804**	**6,727**	**361,591**

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

e) Fair value determination

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

How we measure fair value

Fair value measurement

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

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

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

Note 4.1. Property, plant and equipment (continued)

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

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

In accordance with paragraph AASB 13.29, Northern Health assumes the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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, and cultural assets

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the VGV to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

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

Specialised land and specialised buildings

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

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

Note 4.1. Property, plant and equipment (continued)

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

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

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

An independent valuation of Northern Health's specialised land and specialised buildings was performed by the VGV. The valuation was performed using the market approach adjusted for CSO. The last effective date of the valuation is 30 June 2019.

Plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2021. For all assets measured at fair value, the current use is considered the highest and best use.

f) Property, plant and equipment revaluation surplus

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Property, plant and equipment revaluation surplus			
Balance at the beginning of the reporting period		264,586	264,586
Revaluation increment			
Land	4.1 (b)	6,999	-
Balance at the end of the reporting period		**271,585**	**264,586**
Represented by:			
Land		67,884	60,885
Buildings		203,626	203,626
Cultural assets		75	75
		271,585	**264,586**

Note 4.2. Intangible Assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Developed costs capitalised	7,445	6,227
Less amortisation	(6,768)	(5,988)
TOTAL DEVELOPED COSTS	677	239
Computer Software - work in progress	6,899	1,693
TOTAL INTANGIBLES ASSETS[1]	7,576	1,932

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

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

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.

Impairment

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are testing for impairment whenever an indication of impairment is identified.

Note 4.3. Depreciation and Amortisation

	Consolidated 2021 $'000	Consolidated 2020 $'000
Depreciation		
Right of use - land	2,530	82
Buildings	22,742	22,338
Right of use - buildings	189	187
Medical equipment	4,610	4,214
Plant and equipment	2,572	2,044
TOTAL DEPRECIATION	32,643	28,865
Amortisation		
Intangible Assets	939	708
TOTAL AMORTISATION	939	708
TOTAL DEPRECIATION & AMORTISATION	33,582	29,573

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.

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

	2021	2020
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 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

The measurement of other assets and liabilities were not materially impacted by the COVID-19. DH provided extensive support for Northern Health to procure the capital assets to respond to the 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 the Expected Credit Loss (ECL) impairment model as approach to account for the expected credit loss provision. The ECL impairment model is forward looking and does not require a credit event (i.e. a payment being overdue) to have occurred before credit losses are recognised. The model requires an ECL to be recognised based on the likelihood of the receivable not being collected. Northern Health uses the simplified method to determine the ECL rates each year.
Classifying a sub-lease arrangement as either an operating lease or finance lease	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. Northern Health considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if: • 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. All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	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. 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.
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 and contract assets

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
CURRENT RECEIVABLES AND CONTRACT ASSETS			
Contractual			
Trade debtors		2,458	1,871
Inter-hospital debtors		3,545	3,200
Patient fees		5,284	5,290
Contract assets	5.1(b)	3,423	3,151
Less: Allowance for impairment losses of contractual receivables			
Trade debtors	5.1 (a)	(94)	(72)
Patient fees	5.1 (a)	(2,245)	(1,992)
Total contractual receivables		12,371	11,448
Statutory			
GST Receivable		2,773	1,926
DH - COVID-19		4,563	-
Total statutory receivables		7,336	1,926
TOTAL CURRENT RECEIVABLES AND CONTRACTS ASSETS		19,707	13,374
NON-CURRENT RECEIVABLES AND CONTRACT ASSETS			
Statutory			
LSL - DH		27,015	22,064
TOTAL NON-CURRENT RECEIVABLES AND CONTRACT ASSETS		27,015	22,064
TOTAL RECEIVABLES AND CONTRACT ASSETS		46,722	35,438
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		46,722	35,438
Provision for impairment		2,339	2,064
Contract asset[1]		(3,423)	(3,151)
GST receivable		(2,773)	(1,926)
Debtors - DH		(4,563)	-
LSL - DH		(27,015)	(22,064)
Total financial assets	7.1(a)	11,288	10,361

[1] As at 30 June 2021, Northern Health has contract assets of $3.423m (2020: $3.1551m) which is net of the total allowance for impairment losses of contractual receivables of $2.339m (2020: $2.064m). This is included in the contractual receivable balances presented above.

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Balance at the beginning of the year	2064	1,454
Increase in allowance	2,665	1,893
Amount written off during the year	(9)	-
Reversal of allowance written off during the year as uncollectable	(2,381)	(1,283)
Balance at the end of the year	2,339	2,064

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

Note 5.1. Receivables and contract assets (continued)

- **Statutory receivables,** which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (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 result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

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

Note 5.1(b) Contract assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Balance at the beginning of the year	3,151	2,999
Add: Additional costs incurred that are recoverable from the customer	2,163	3,151
Less: Transfer to trade receivable or cash at bank	(1,891)	(2,999)
Total contract assets	3,423	3,151
**Represented by*		
Current contract assets	3,423	3,151
Non-current contract assets	-	-
	3,423	3,151

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 early next year.

Note 5.2. Payables and contract liabilities

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
CURRENT PAYABLES AND CONTRACT LIABILITIES			
Contractual			
Trade creditors		121	380
Trade creditors - Inter Hospital		-	1
Accrued expenses		22,347	16,963
Accrued expenses - Inter Hospital		2,175	1,504
Accrued salaries and wages		4,154	3,426
DH - capital	5.2(a)	7,667	6,833
Contract liabilities	5.2(b)	4,023	2,806
Salaries and wages related creditors		19,848	14,172
Salaries and wages related creditors - Inter Hospital		154	-
Other		539	693
Total contractual payables		**61,028**	**46,778**
Statutory			
DH - operating		7,056	2,229
Total statutory payables		**7,056**	**2,229**
TOTAL CURRENT PAYABLES AND CONTRACT LIABILITIES		**68,084**	**49,007**

(i) Financial liabilities classified as payables and contracts liabilities (Note 7.1(a))

Total payables and contract liabilities		68,084	49,007
DH - capital		(7,667)	(6,833)
Contract liabilities		(4,023)	(2,806)
DH - operating		(7,056)	(2,229)
Total financial liabilities	7.1(a)	**49,338**	**37,139**

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.

- **Statutory payables**, which most includes amount payable to the Victorian Government and Goods and Services Tax (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.

The normal credit terms for accounts payable are usually net 30 days. In line with the Victorian Government policy, credit terms in 2020-21 were net 7 days.

Note 5.2 (a) Deferred capital grant revenue

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance of deferred grant income	6,833	3,894
Grant consideration for capital works received during the year	20,088	4,320
Grant revenue for capital works recognised consistent with the capital works undertaking during the year	(19,254)	(1,381)
Closing balance of deferred grant income	**7,667**	**6,833**

Note 5.2. Payables and contract liabilities (continued)

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 satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because 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.

Northern Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 22 October 2022.

Note 5.2 (b) Contract liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Opening balance of contract liabilities	2,806	1,586
Payment received for performance obligations not yet fulfilled	8,398	8,217
Revenue recognised for the completion of a performance obligation	(7,181)	(6,997)
Total contract liabilities	4,023	2,806
Represented by:		
Current contract liabilities	4,023	2,806
	4,023	2,806

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of Home Care Package program. The balance of contract liabilities was significantly higher than the previous reporting period due to funding model changed for the Home Care Package program.

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 ageing analysis of payables.

Note 5.3. Other liabilities

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
CURRENT			
Monies held in trust*			
Accommodation bonds (refundable)		2,657	2,492
Unearned income - operating[1]		1,750	1,714
TOTAL CURRENT OTHER LIABILITIES		4,407	4,206
NON-CURRENT			
Unearned income - capital		10,124	11,010
TOTAL NON CURRENT OTHER LIABILITIES		10,124	11,010
TOTAL OTHER LIABILITIES		14,531	15,216
*Represented by the following assets:			
Cash assets	6.2	2,657	2,492
TOTAL		2,657	2,492

[1]As a lessor, Northern Health classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and 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 Bond liabilities

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 bond liabilities 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

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

The following items were impacted:

- Northern Health incurred $57.3m in costs and revenue foregone due to COVID-19;
- Northern Health was able to claim the additional costs and revenue foregone from DH through a quarterly COVID-19 cost acquittal process; and
- There were timing differences between the incursion of the additional costs and revenue foregone and the receipt of compensation funding from DH. Northern Health utilised cash reserves to meet these cash timing differences. Northern Health was also able to utilise cash reserves to fund the capital project payments for the multi-deck car park without having to draw-down on the TCV loan facility.

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 if we: • Have the right-to-use an identified asset; • Have the right to obtain substantially all economic benefits from the use of the leased asset; and • 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.
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: • 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. • Northern Health considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1. Borrowings

		Consolidated 2021 $'000	Consolidated 2020 $'000
Current borrowings			
Lease liability[1]	6.1(a)	193	350
TOTAL CURRENT BORROWINGS		193	350
Non-current borrowings			
Lease liability[1]	6.1(a)	326	534
Treasury Corporation Victoria Loan[2]		200	-
TOTAL NON-CURRENT BORROWINGS		526	534
TOTAL BORROWINGS		719	884

[1]Borrowings are at a fixed rate of 2.12%.
[2]The borrowing rate is 0.265%.

How we recognise borrowings
Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

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 and breaches] of any of the loans.

Note 6.1 (a) Lease Liabilities
Northern Health's lease liabilities are summarised below:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Total undiscounted lease liabilities	537	917
Less unexpected finance expenses	(18)	(33)
Net lease liabilities	519	884

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

	Consolidated 2021 $'000	Consolidated 2020 $'000
Leasing liabilities		
Not later than one year	202	382
Later than one year and not later than five years	335	535
Later than five years	-	-
Minimum future lease liability	537	917
Less unexpired finance charges	(18)	(33)
Present value of lease liability	519	884
Represented by		
Current liabilities	184	350
Non-current liabilities	335	534
	519	884

Note 6.1. Borrowings (continued)
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 liability has been discounted by rates between 1.96% and 2.33%.

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-substance fixed payments.

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

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 the health service to further 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. Borrowings (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 2021 $'000	Consolidated 2020 $'000
Cash on hand (excluding monies held in trust)		31	31
Cash at bank (excluding monies held in trust)		25,906	29,684
Cash at bank - CBS (excluding monies held in trust)		52,671	25,559
Total cash held for operations		78,608	55,274
Cash at bank - CBS (monies held in trust)		2,657	2,493
Total cash held as monies in trust		2,657	2,493
TOTAL CASH AND CASH EQUIVALENTS	7.1(a)	81,265	57,767

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 2021 $'000	Consolidated 2020 $'000
Capital expenditure commitments		
Not later than one year	54,303	81,344
Later than one year and not later than five years	7,829	1,000
Five years or more	-	-
TOTAL CAPITAL EXPENDITURE COMMITMENTS	62,132	82,344
Operating commitments		
Not later than one year	66,349	43,748
Later than one year and not later than five years	34,736	45,362
Five years or more	-	-
TOTAL OPERATING COMMITMENTS	101,085	89,110
Non-cancellable short term and low value lease commitments		
Not later than one year	290	575
Later than one year and not later than five years	998	2,034
Five years or more	-	-
TOTAL NON-CANCELLABLE SHORT TERM AND LOW VALUE LEASE COMMITMENTS	1,288	2,609
TOTAL COMMITMENTS FOR EXPENDITURE (INCLUSIVE OF GST)	164,505	174,063
less GST recoverable from the ATO[1]	(14,955)	(15,824)
TOTAL COMMITMENTS FOR EXPENDITURE (EXCLUSIVE OF GST)	149,550	158,239

[1]Supply 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 7.1. 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*.

Note 7.1 (a) Categorisation of financial instruments:

Consolidated 2021	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	81,265	-	81,265
Receivables and contract assets				
Trade debtors	5.1	2,458	-	2,458
Inter-Hospital debtors	5.1	3,545	-	3,545
Other receivables	5.1	5,284	-	5,284
Investment and Other financial assets		500	-	500
Total Financial Assets		93,052	-	93,052
Financial Liabilities				
Payables	5.2	-	49,338	49,338
Borrowings	6.1	-	719	719
Other Financial Liabilities - Monies held in trust	5.3	-	2,657	2,657
Total Financial Liabilities		-	52,714	52,714

Consolidated 2020	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	57,767	-	57,767
Receivables and contract assets				
Trade debtors	5.1	1,871	-	1,871
Inter-Hospital debtors	5.1	3,200	-	3,200
Other receivables	5.1	5,290	-	5,290
Investment and Other financial assets		500	-	500
Total Financial Assets		68,628	-	68,628
Financial Liabilities				
Payables	5.2	-	37,139	37,139
Borrowings	6.1	-	884	884
Other Financial Liabilities - Monies held in trust	5.3	-	2,492	2,492
Total Financial Liabilities		-	40,515	40,515

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

Note 7.1. Financial instruments (continued)

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.

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.

Note 7.1. Financial instruments (continued)

Derecognition of financial assets

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

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

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

A financial asset is required to be reclassified between fair value between 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, foreign currency 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 measured at fair value and 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.

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

Note 7.2 (a) Credit risk (continued)

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 table, 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 2020-21.

Contractual receivables at amortised cost

Northern Health applies 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 rates. Northern Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Northern Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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 the health service's contractual receivables and its investment in debt instruments. 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.

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.

On this basis, Northern Health determines the closing loss allowance at the end of the financial year as follows:

2021	Note	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate		14.56%	29.17%	11.26%	20.25%	6.29%	
Gross carrying amount of contractual receivables	5.1						
Patient fees		1,850	581	1,004	1,162	687	5,284
Trade debtors		1,819	221	49	344	25	2,458
Inter-hospital debtors		2,624	319	71	496	35	3,545
Contract assets		616	-	1,575	1,232	-	3,423
Loss allowance		(1,006)	(327)	(304)	(655)	(47)	(2,339)

2020	Note	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate		14.43%	27.42%	10.49%	19.23%	5.52%	
Gross carrying amount of contractual receivables	5.1						
Patient fees		1,851	582	1,005	1,164	688	5,290
Trade debtors		1,379	171	28	270	23	1,871
Inter-hospital debtors		2,368	288	64	448	32	3,200
Contract assets		556	13	1,459	1,123	-	3,151
Loss allowance		(888)	(289)	(268)	(578)	(41)	(2,064)

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 and the amounts related to financial guarantees. 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.

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

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.

				Maturity Dates			
2021	Note	Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000
Payables	5.2	49,338	49,338	33,159	16,165	14	-
Borrowings	6.1	719	719	19	57	117	526
Other financial liabilities	5.3	2,657	2,657	2,657	-	-	-
Total financial liabilities		52,714	52,714	35,835	16,222	131	526
2020							
Payables	5.2	37,139	37,139	35,489	1,058	592	-
Borrowings	6.1	884	884	29	86	235	534
Other financial liabilities	5.3	2,492	2,492	2,492	-	-	-
Total financial liabilities		40,515	40,515	38,010	1,144	827	534

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

Note 7.2 (c) Market risk

Northern Health's exposures to market risk are primarily through interest rate risk, foreign currency 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 1% up or down; and

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, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Northern Health has minimal exposure to foreign currency risk.

Note 7.3 Contingent assets and contingent liabilities

Northern Health does not have any contingent assets or liabilities as at 30 June 2021 (2020: nil).

Note 8. Other disclosures

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

Structure

- Note 8.1. Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
- Note 8.2. Responsible persons disclosures
- Note 8.3. Executive officer disclosures
- Note 8.4. Related parties
- Note 8.5. Remuneration of auditors
- Note 8.6. Ex-gratia payments
- Note 8.7. Events occurring after the balance sheet date
- Note 8.8. Controlled entities
- Note 8.9. Equity
- Note 8.10. Economic dependency

Impact of COVID-19

Our other disclosures were not materially impacted by the COVID-19 pandemic and its impact on our economy and the health of our community.

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

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Net Result for the year		77,755	41,955
Non-cash movements			
Depreciation and amortisation	4.3	33,582	29,573
Revaluation of LSL	3.2	(7,484)	1,422
Allowance for impairment losses of contractual receivables	3.2	284	610
Amortisation of prepaid rent		(886)	(886)
Government non-cash grants		(27,295)	(61,084)
Assets received free of charge	2.1	(11,716)	(976)
Movements included in investing and financing activities			
Net gain on disposal of property, plant and equipment	3.2	(24)	(11)
Less cash inflow/(outflow) from investing and financing activities		-	884
Contributed capital		(86)	-
Movements in assets and liabilities			
(Increase) / decrease in receivables		(11,285)	(5,308)
(Increase) / decrease in other assets		(13,033)	(594)
(Increase) / decrease in inventories		(271)	(399)
(Decrease) / increase in payables		19,077	8,473
(Decrease) / increase in borrowings		(165)	-
(Decrease) / increase in employee benefits		16,305	11,703
(Decrease) / increase in other liabilities		(685)	(298)
NET CASH INFLOW FROM OPERATING ACTIVITIES		74,073	25,064

Note 8.2. Responsible persons disclosures

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

	Period
Responsible Minister	
The Honourable Jenny Mikakos, Minister for Health, Minister for Ambulance Services	01/07/2020 – 26/09/2020
The Honourable Jenny Mikakos, Minister for Coordination of Health and Human Services: COVID-19	01/07/2020 – 26/09/2020
The Honourable Martin Foley, Minister for Health, Minister for Ambulance Services	26/09/2020 – 30/06/2021
The Honourable Martin Foley, Minister for Coordination of Health and Human Services: COVID-19	26/09/2020 – 09/11/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2020 – 29/09/2020
The Honourable James Merlino, Minister for Mental Health	29/09/2020 –30/06/2021
The Honourable Luke Donnellan, Minister for Child Protection, Disability, Ageing and carers	01/07/2020 – 30/06/2021
Governing Board	
Ms Jennifer Williams AM (Chair)	01/07/2020 - 30/06/2021
Mr Phillip Bain	01/07/2020 - 30/06/2021
Ms Juliann Byron	01/07/2020 - 30/06/2021
Dr Andrea Kattula	01/07/2020 - 30/06/2021
Ms Anna Macleod	01/07/2020 – 30/06/2021
Mr Peter McDonald	01/07/2020 - 30/06/2021
Mr Peter McWilliam	01/07/2020 - 30/06/2021
Ms Linda Rubinstein	01/07/2020 - 30/06/2021
Mr John Watson	01/07/2020 - 30/06/2021
Accountable Officer	
Mr Siva Sivarajah, Chief Executive	01/07/2020 - 30/06/2021

Remuneration of Responsible Persons The number of responsible persons are shown in their relevant income bands **Income band**	Consolidated 2021 No.	Consolidated 2020 No.
$30,000 - $39,999	8	8
$70,000 - $79,999	1	1
$450,000 - $459,999	1	1
Total numbers	10	10

	2021 $'000	2020 $'000
Total remuneration received or receivable by Responsible Persons from the reporting entity amounted to:	898	896

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

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

Note 8.3. Executive officer disclosures

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

Remuneration of Executive Officers (Including Key Management Personal Disclosed in Note 8.4)	Consolidated 2021 $'000	Consolidated 2020 $'000
Short term employee benefits	2,099	2,203
Other long-term benefits	118	48
Post-employment benefits	265	158
Termination benefits	-	-
TOTAL RENUMERATION OF EXECUTIVE OFFICERS[1]	2,482	2,409
Total number of executives [2]	10	8
Total annualised employee equivalent[3]	7.0	7.0

[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 total number of executives increased in the current year due to the resignation of the Chief Financial Officer which resulted in the Finance Director of Northern Health being temporarily appointed to that position and then a subsequent successor being appointed.
[3] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

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

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

Other long-term benefits
LSL, other LSL benefit or deferred compensation.

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

Note 8.4. Related parties

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

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

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

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

Note 8.4. Related parties (continued)

KMPs during the year were:

KMP	Position
Ms Jennifer Williams AM	Director Northern Health (Chair)
Mr Phillip Bain	Director Northern Health
Ms Juliann Byron	Director Northern Health
Dr Andrea Kattula	Director Northern Health
Ms Anna Macleod	Director Northern Health
Mr Peter McDonald	Director Northern Health
Mr Peter McWilliam	Director Northern Health and Director Northern Health Foundation
Ms Linda Rubinstein	Director Northern Health
Mr John Watson	Director Northern Health
Mr Siva Sivarajah	Chief Executive
Ms Briana Baass	Chief Allied Health Officer
Ms Debra Bourne	Chief Nursing and Midwifery Officer
Ms Michelle Fenwick	Executive Director People and Culture
Dr John Ferguson (until 09 Oct 2020)	Chief Medical Officer
Dr Wanda Stelmach (from 12 Oct 2020)	Chief Medical Officer
Mr Basil Ireland (until 15 Jan 2021)	Chief Financial Officer
Mr Andrew Gay (from 27 Apr 2021)	Chief Financial Officer
Mr Rick Garotti (16 Jan 2021 – 26 Apr 2021)	Acting Chief Financial Officer
Ms Jane Poxon	Chief Operating Officer
Dr Bill Shearer	Executive Director, Quality and Safety
Mr Andrew Williamson	Executive Director, Public Affairs and Foundation
Mr John Molnar	Director Northern Health Foundation (Chair)
Professor Peter Brooks	Director Northern Health Foundation
Mr Peter Copp	Director Northern Health Foundation
Ms Pina Donato	Director Northern Health Foundation
Ms Trudi Hay	Director Northern Health Foundation
Mr Koby Jones	Director Northern Health Foundation
Ms Tricia Lee	Director Northern Health Foundation
Mr Christopher Turner	Director Northern Health Foundation

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

Compensation - KMPs	Consolidated 2021 $'000	Consolidated 2020 $'000
Short term employee benefits[1]	2,931	3,035
Other long-term benefits	124	60
Post-employment benefits	325	211
TOTAL COMPENSATION - KMPs[2]	3,380	3,305

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

Significant transactions with government related entities

Northern Health received funding from DH of $649.7 m (2020: $621.0 m) and indirect contributions of $58.2 m (2020: $60.2 m).
Expenses incurred by Northern Health in delivering services and outputs are in accordance with Health Share Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian health service providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the VMIA.

Note 8.4. Related parties (continued)

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

Transactions with KMPs and other related parties

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

There was $19,223 (2020: $19,000) in software expenses incurred with Barwon Health of which Jennifer Williams is a Director.

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

There were no material related party transactions required to be disclosed for the Northern Health Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: 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 2021 (2020: none).

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 2021 $'000	Consolidated 2020 $'000
Distribution of funds by the Foundation	646	533
TOTAL DISTRIBUTION OF FUNDS BY THE FOUNDATION	646	533

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

Note 8.5. Remuneration of auditors

	Consolidated 2021 $'000	Consolidated 2020 $'000
Victorian Auditor-General's Office		
Audit of financial statements	79	76
TOTAL REMUNERATION OF AUDITORS	79	76

Note 8.6. Ex-gratia payments

Northern Health has made the following ex-gratia expenses.

	Consolidated 2021 $'000	Consolidated 2020 $'000
Payment for external specialist treatments	-	3
TOTAL EX-GRATIA EXPENSES	-	3

Note 8.7. Events occurring after the balance sheet date

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

Note 8.8. Controlled entities

The Northern Health's interest in controlled operations are 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%

Net Result for the year	Consolidated 2021 $'000	Consolidated 2020 $'000
Northern Health Research, Training and Equipment Foundation Ltd	-	-
Northern Health Research, Training and Equipment Trust	345	260

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 2020-21 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. The Department of Health 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 September 2022. On that basis, the financial statements have been prepared on a going concern basis.

The financial position of Northern Health has continued to remain robust. Northern Health delivered a net surplus from transactions of $70.53 million (2020: $43.98 million) and net cash flow from operating activities of $74.07 million (2020: $25.06 million).

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


Northern Health
Myla Nguyen
Interpreter

Northern Health

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

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

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

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

www.nh.org.au

safekindtogether