



Northern Health

ANNUAL REPORT 2021-22

safekindtogether ^{NH}



Our Vision

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

Our Values

- **Safe** - We provide safe, trusted care for our patients. We are inclusive and culturally safe, celebrating the diversity of our staff and community.
- **Kind** - We treat everyone with kindness, respect and empathy. We provide patient-centred and compassionate care.
- **Together** - We work together with our staff, patients, consumers and health system partners.

Our Priorities

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

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

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

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



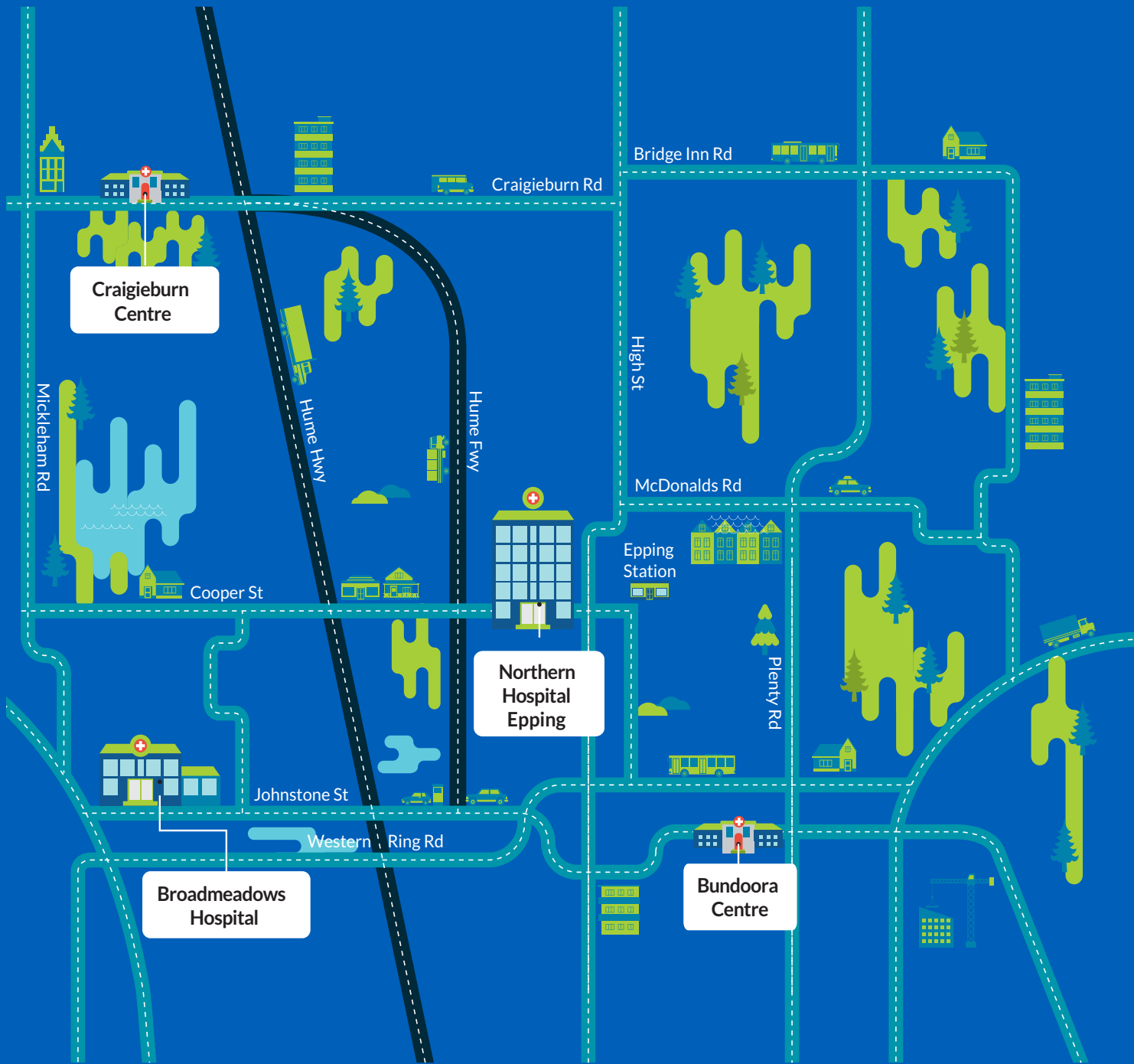


Photo: Steve Agius, Administration Support, COVID-19 Positive Pathways Program, Andrea Clarke, Community Compliance Leader, Community Therapy Services, and Nicky Tully, Clinical Coordinator, Community Therapy Service, Hospital Without Walls.

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Our Locations



Our Services

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

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

- Emergency and intensive care
- Acute medical, surgical and maternity services
- Sub-acute, palliative care and aged care services
- 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 growth is driving us to think innovatively about the needs of the population and what the health system of the future might need to look like to meet those needs.

Northern Health provides a vibrant, fast-paced workplace of more than 6,300 staff and over 300 dedicated volunteers, many of whom live in the vicinity of our campuses.



Message from

Board Chair and Chief Executive

After what was another challenging year in healthcare, 2021-22 also presented many new opportunities, providing a platform for the future growth of our health service.

Never before has there been a time where the resources and resilience of health services have been tested to such an extent. During this time, our staff came together to protect our patients, our community and their colleagues.

Our values of 'safe, kind and together' guided and supported our staff to continue to inform behaviours and practices.

With each wave of COVID-19, our workforce was tested and demonstrated commitment to their patients. Teams worked together to cover significant staff shortages, and to ensure standards of care were maintained at all times. Northern Health became more agile, innovative, and adaptive to the constantly changing environment.

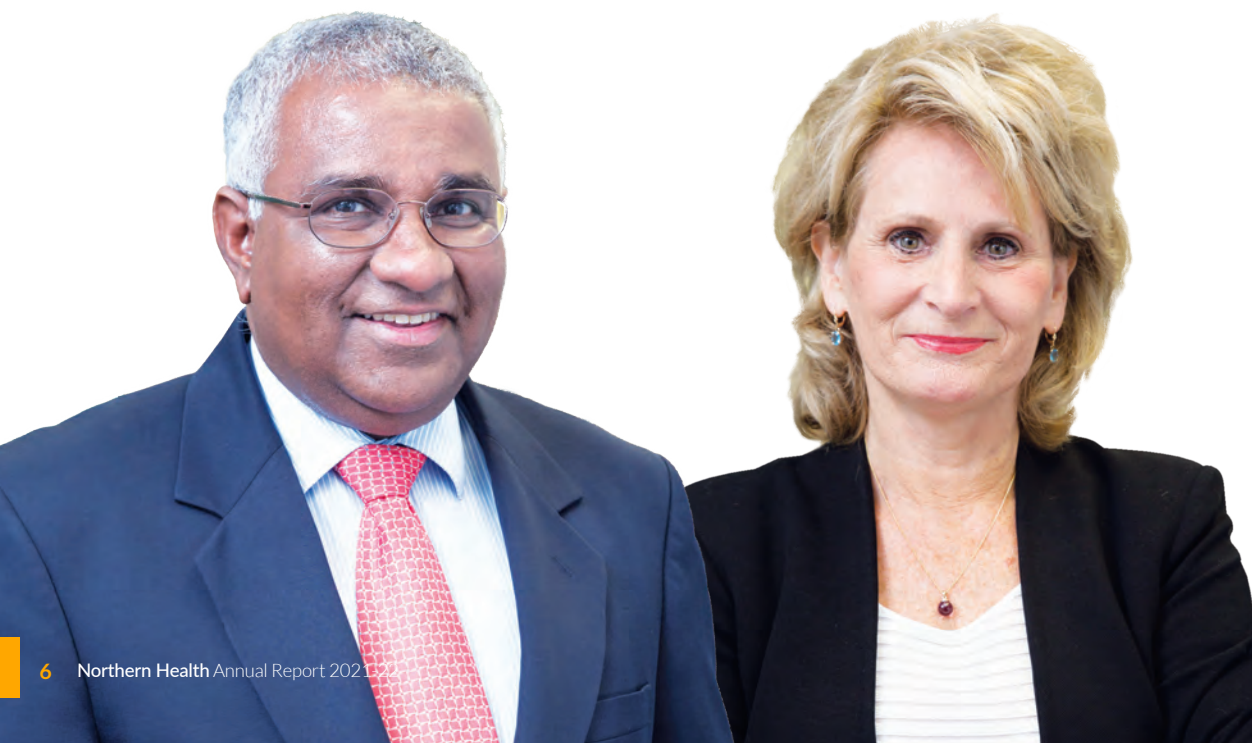
Following a postponement due to COVID-19 lockdowns, the National Standards Accreditation survey recommenced. In October 2021, Northern Health received formal notification that all actions within the National Safety and Quality Health Service Standards had been met. Northern Health was commended on its progress towards becoming a 'High Reliability Organisation', and received positive feedback in relation to the engagement of staff, and their commitment to quality and safety.

Along with other health services in metropolitan Melbourne and regional Victoria, Northern Health declared a Pandemic Code Brown on 19 January 2022. This enabled the health service to provide a well-coordinated response, prepare for a surge in patients, share the load, and manage patient flow.

We are extremely proud of our workforce, and thank each and every one of our staff for the work and the leadership they demonstrated, during challenging and difficult circumstances.

Our frontline staff worked together during the peak of the pandemic to protect our community in numerous ways, including our COVID-19 testing clinics at Northern Hospital Epping and Craigieburn Centre. These clinics facilitated the testing of over 300,000 community members, and were well supported by the expanded testing capacity of Northern Pathology Victoria.

Over the past 12 months, the COVID-19 Positive Pathways program supported members of the community who tested positive to COVID-19. Approximately 127,000 patients were monitored remotely through the program. In addition, the COMET (COVID-19 Oximetry Monitoring and Early Treatment) program was able to provide timely and advanced medical intervention for at-risk patients.



After the implementation of a successful Virtual Emergency Department pilot program, in February 2022, the Victorian Government announced funding for the program to be extended state-wide. Partnering with Ambulance Victoria, local GPs and other healthcare professionals, the Victorian Virtual Emergency Department (VVED) was established to provide pathways for patients to access emergency care for non-life-threatening conditions, without having to physically attend the Emergency Department. The VVED has also been able to ease pressure on Emergency Departments. This initiative is part of Northern Health's strategic goal of using digital technology to enable a healthier community.

Demand for emergency care remained strong over the year. With a total of 110,888 patients being treated, our Emergency Department at Northern Hospital Epping continues to be the busiest in the state. In addition, the VVED saw 35,575 virtual emergency presentations. Over the year, 97,317 patients were admitted to hospital, 14,181 elective procedures were conducted, and 3,303 babies were born in our care.

In 2021-22, Northern Health generated an operating surplus of \$0.1m. This was achieved despite the challenging financial circumstances associated with the COVID-19 pandemic. The result includes substantial supplementary funding support from the Department of Health to meet unbudgeted COVID-19 costs.

Over the past year, there were a number of capital projects completed or initiated. A new Main Ward Block at Northern Hospital Epping was completed (Stage 2 Expansion), and building works commenced on a multi-deck carpark, which was completed in January 2022. The carpark has relieved the pressure for staff car parking access.

Construction of a new 30-bed mental health facility commenced in 2021, and is due for completion in the second half of 2022. This new facility will enable us to meet the growing demands for mental health services in the north. On 1 July 2022, as a result of recommendations from the Royal Commission into Victoria's Mental Health System, Northern Health became a designated mental health service.

In 2022, the Victorian Government approved funding for the provision of a 12-bed modular Emergency Department facility to be based at Northern Hospital Epping. In the initial opening phase, this facility will provide additional capacity for short stay patients referred from the Emergency Department, which will assist in responding to COVID-19, as well as the demands of the winter season.

Our Electronic Medical Record (EMR) program commenced in 2021. The EMR will provide a fully integrated digital patient record that will become the single source of truth for our clinicians. In the remaining quarters of 2022, system testing will commence, in preparation for the EMR to go live in 2023.

The impact of the COVID-19 pandemic is expected to continue for some time yet. As we progress towards a new way of working, the health and wellbeing of our staff continues to be a high priority, with new initiatives being developed and implemented to support our workforce. We will continue to work with our teams to ensure we build on the lessons learned from the pandemic, and to provide safe patient care and a safe workplace for our staff.

Once again, we pay tribute to our staff for their unwavering commitment throughout 2021-22, and congratulate them on the exciting initiatives being planned and implemented.

We take this opportunity to thank Board Directors, Northern Health Foundation, our supporters, our volunteers, and our partners who help us to continue to care for our community.

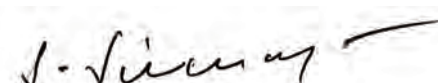
We also thank and acknowledge the significant contribution of Peter McWilliam, as he completed his nine-year term as Board Director.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Northern Health for the year ending 30 June 2022.



Jennifer Williams AM
Board Chair Northern Health
Melbourne

13 September 2022



Siva Sivarajah
Chief Executive Northern Health
Melbourne

13 September 2022

Our care at a glance



110,888

EMERGENCY
PRESENTATIONS



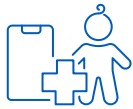
35,575

VIRTUAL EMERGENCY
PRESENTATIONS



3,303

BABIES
BORN



23,263

PAEDIATRIC EMERGENCY
PRESENTATIONS



14,181

ELECTIVE SURGICAL
PROCEDURES



97,317

HOSPITAL
ADMISSIONS



35,695

AMBULANCE
ARRIVALS



A safe, positive patient experience

We are committed to safety and reliability, and working with patients, their families and carers to provide a positive patient experience. We aim to strengthen our quality and safety systems, and develop strong relationships with patients.

Virtual ED expands to Victorian Virtual Emergency Department (VVED)

Patients from designated areas across Victoria are connecting to this Australian-first service, which triages patients with non-life-threatening conditions virtually.

The VVED is available 24 hours a day, seven days a week, and is helping more ambulances to get back on the road sooner, and relieve pressure on Emergency Department staff. The VVED is working closely with Ambulance Victoria to deliver this innovative service.

Initially a pilot program born at Northern Health during the early days of the pandemic, the VVED has supported more than 35,000 presentations.

Men's Health Physiotherapy Clinic

Northern Health's Men's Health Physiotherapy Clinic is helping men with chronic pelvic pain syndrome (CPPS) and chronic prostatitis (CP). The idea for a dedicated clinic for men came from a Men's Health Physiotherapist who wanted to make men's health services more accessible.

The clinic focuses on male pelvic pain, with an aim to provide appropriate care to patients diagnosed with non-organic CPPS and CP.

Keeping families connected

Northern Health developed a number of ways to help families remain informed and connected to loved ones staying in hospital. Patients could receive personal letters and photos from family members, as a way of staying in touch with each other, while visitor restrictions were in place during the pandemic.

Caring for more patients in their own homes

More patients in the north are now receiving care in the comfort of their own homes, with our Hospital in the

Home (HITH) program expanding from 50 to 70 beds. This expansion was in response to the pandemic and the preference of many patients to be treated at home.

The additional beds mean an increase in the capability and complexity of patients that can be managed, with more nursing, medical, allied health, and administrative support available.

COVID-19 Psychosocial Response Team

Northern Health social workers, psychologists, and pastoral care workers have come together to establish a service that provides a range of psychosocial and bereavement supports for COVID-19 inpatients and family members. The COVID-19 Psychosocial Response Team helps people manage high levels of stress, anxiety, bereavement and grief brought on by COVID-19. The team also assists with concerns regarding lack of food, accommodation and finances. Up to three months of



psychological therapy, social work support and pastoral care is available to patients and their families.

Safe pregnancy journey for refugee women

The Happy Mothers Group is helping Assyrian/Chaldean pregnant refugee women and their families' have a safer pregnancy, birth and parenting experience. Women receive advice on pregnancy, informed decision-making strategies, practical preparation for labour and birth and navigating the hospital maternity health system. Guidance is also provided on breastfeeding, postnatal care and recovery, early childhood behaviour, growth and development, and child health.

COVID-19 ready on Ward 22

Ward 22 at Northern Hospital Epping was fitted as a dedicated 28-bed pandemic ward to keep staff and patients safe. The ward was purpose-built with full

negative pressure, up-to-date equipment, and highly trained staff wearing COVID-19 personal protective equipment.

Inaugural Gender Equality Action Plan

Northern Health released its first Gender Equality Action Plan, to outline an approach to strengthening gender equality across the health service. The plan forms part of Northern Health's response to the Gender Equality Act 2020 (Vic), and outlines a range of objectives and strategies intended to achieve gender equality in the workplace.

Photo: Ambulance Victoria's Amanda Thornton, Dr Loren Sher, Director VVED, and Hayley Gray, Nurse Unit Manager VVED.



A healthier community

We work with our patients, staff and our partners to embed the concept of 'Staying Well' in hospital-based and community care. We aim to improve the quality of our patient's lives and address the needs of all patients with complex needs.

Treating COVID-19 patients in the community

To help treat patients with COVID-19 in the northern community, a Sotrovimab Clinic was established at Northern Hospital Epping. In the clinic, staff administered Sotrovimab, a novel monoclonal antibody treatment, to patients who were unwell with COVID-19. The treatment can reduce the risk of severe illness and hospital admission by more than 80 per cent.

Supporting people during a pandemic

Northern Health has a support program in place for people who test positive to COVID-19 in our catchment area. The COVID-19 Positive Pathways program provides best practice for COVID-19 positive patients, and ensures other health care needs are met whilst in the program.

The service also assists in preventing unnecessary hospital admissions of mild COVID-19 cases, and ensures isolation protocols are followed to limit community spread. Staff from across the health service assist with the program.

World-first Silver Service

A world-first service offering home delivery of self-injectable Inflammatory Bowel Disease (IBD) medication to patients' homes, is offered to patients of Northern Health's IBD Clinic. Through the Subcutaneous Biologic Delivery (SILVER) Service, medication is ordered and dispensed within the pharmacy, before a Pharmacy Technician delivers medication to patients' homes.

Northern Health is the first health service in the world with a dedicated IBD Pharmacy Technician.

Detecting lung cancer earlier

The Endobronchial Ultrasound Service (EBUS) is helping detect, diagnose and stage lung cancer at a faster rate. This service is new to Northern Health and provides patients with better access to localised care and treatment for lung cancer.

Funds to support this service were raised by Northern Health Foundation.

Targeting rehab patients

The Targeted Acute Rehabilitation Program (TARP) provides intensive rehabilitation in an acute setting for patients flagged for the Geriatric Evaluation Management Program (GEM) or rehab. The aim of the program is to discharge patients directly to their home.

Initially running as a trial in 2018 for 20 weeks, the program reduced the sub-acute waitlist, and there were significant functional improvements in patient outcomes. The program is currently operating as a longer trial until February 2023, with the view of it becoming a permanent fixture at Northern Health.

Allied Health COVID-19 navigators

The Allied Health COVID-19 Navigators Program assists with the discharge of COVID-19 positive patients at Northern Hospital Epping. Navigators work in the Emergency Department and COVID-19 wards. They work closely with the disciplinary team to facilitate safe patient discharges.

One year anniversary of vaccination program

Northern Health's initial vaccination rollout began at Northern Hospital Epping, when healthcare workers were prioritised to receive their vaccines. As more people became eligible for their vaccine, Northern Health began operating a public vaccination hub at the Plenty Ranges Arts and Convention Centre (PRACC) in South Morang, to assist in vaccinating as many community members as possible.

Northern Health provided over 340,000 vaccines to the community before closing its doors in April 2022.





An innovative and sustainable future

We are working towards a future that enables innovation, and is focused on sustainability. Service and capital planning projects and developments have continued throughout 2021 and 2022, with innovation and sustainability at the forefront.

New perioperative portal launches

The perioperative portal helps Northern Health communicate more effectively with patients in the lead up to surgery. It allows patients to complete their health questionnaire electronically, and provides reminders for their medications and clinical appointments. Also provided is information on what to expect when arriving at hospital and what patients can do to be at their best health for their surgery.

Handy Sandy keeping everything dandy

Sandy the LeoScrub, is a robotic floor scrubber bringing cleaning efficiencies to the health service. Northern Health is the first health service in Australia to have Sandy implemented into hospital operations. With the addition of Sandy, hospital cleaners are able to focus on other jobs, while Sandy scrubs the floors.

Sandy uses 70 per cent less water than other cleaning robots, while achieving the same high cleaning results. The robot leaves behind much drier floors than current solutions due to stronger water extraction.

New operating theatres open

Three new state of the art operating theatres, including one hybrid theatre, became operational at Northern Hospital Epping. Each theatre is equipped with the latest technology, including fluid warmers. Video conferencing is also available in theatres for teaching purposes. The new theatres will help reduce emergency and elective surgery wait times and improve theatre flow.

A new theatre recovery area, with dedicated paediatric bays, also opened, and is set up to receive 19 patients.

Selective internal radiation therapy

One of the latest and highly specialised cancer treatment options available, known as Selective Internal

Radiation Therapy, was successfully performed at Northern Health. The complex procedure involved the combined Radiology and Nuclear Medicine teams, supported by specialist nurses and technicians working closely together to plan and administer the treatment.

Only a small number of hospitals in Australia offer this treatment.

h-trak live at Broadmeadows Hospital

h-trak is a fully integrated system in a handheld device that records prostheses and procedure codes in real time. h-trak improves ordering, tracking, and management of stock by removing manual processes.

The system also reduces the amount of paperwork used by staff.

Analgesic stewardship pilot program on the way

The analgesic stewardship pilot program looks at safer ways to prescribe and administer opioids, and other analgesics, within the hospital. In particular, it looks at peri-surgical patients and how strong analgesics are prescribed before and after surgery. The program highlights the importance of safer and more effective analgesic use, as well as greater continuity of care through improvements in both patient education, and information provided to primary health providers on discharge.



Sandy the LeoScrub.

Enabled staff, empowered teams

Our staff have the skills, knowledge, motivation and opportunity to make a difference to our patients and each other. By providing education and development opportunities, staff are empowered to improve the safety of the health service.

Accreditation success

Northern Health received formal notification from the Australian Council on Healthcare Standards that all actions within the National Safety and Quality Health Service Standards were met. Assessors reported that staff were well informed and engaged on governance, their processes, outcomes, and readily discussed their current improvement work.

Northern Health was acknowledged for the progress it has made since the last assessment, and the commencement of its strategic journey towards a 'High Reliability Organisation'.

Barbados dreaming

Nina Yhap received post-fellowship training at Northern Health to become the first ever vascular and endovascular surgeon in Barbados. For two years, she worked and trained with Northern Health's Vascular Surgery Unit. Nina has since moved back to her home country, with new knowledge and skills acquired at Northern Health, to set up a vascular service in Barbados.

Bicultural workers in the community

Northern Health's COVID-19 Positive Pathways program recruited a team of bicultural workers to better engage with Arabic, Assyrian and Chaldean isolating at home with COVID-19. This was in response to high rates of COVID-19 amongst first-generation migrants in Melbourne's north.

ED clerks: The glue that holds it all together

The pandemic brought about a time of change and growth for our Emergency Department (ED) clerks. With a large focus on customer service, ED clerks supported patients and families, assisted doctors and

nurses, handled phone calls, as well as admissions, discharges and transfers, during the pandemic.

Clerks assisted with patient self-registration in the ED, and the introduction of the Virtual ED in October 2020.

Delivering surgical education to junior medical staff

Dr Chiu Kang started his career at Northern Health as a medical student in 2006, and after graduation, returned as an intern. Now, he is a Surgical Education Consultant helping junior doctors progress in their careers.

His role includes looking after surgical education needs for anyone from intern to registrar level. He is entrusted with the responsibility of planning, implementing and delivering surgical education to all junior medical staff.

Working together to beat COVID-19

Jacqui Harper, nurse unit manager of one of our COVID Wards at Northern Hospital Epping, spoke at the Victorian Premier's COVID-19 media conference to highlight the importance of being fully vaccinated against COVID-19.

Jacqui also commended the dedication and professional work that nurses, doctors, allied health and support staff demonstrated, and their unwavering commitment to keeping our patients and community safe.

Dr Stefan Herodotou awarded the Medal of the Order of Australia

This prestigious honour is in recognition of Stefan's many decades of service to medicine, and to the Cypriot community of Australia. He began working at the Preston and Northcote Community Hospital (PANCH) in 1981, and recently celebrated an incredible 40 years of service at Northern Health.

Throughout his career as an emergency physician, Stefan has been highly respected and valued by his colleagues and patients, not only in the Emergency Department, but across the whole health service.

Our award winning staff

Dr Jasmina Kevric, a trainee surgeon, won the prestigious Junior Doctor of the Year Award at the

Australian Medical Association (AMA) Victoria Awards. This award recognises the contribution Jasmina has made to the medical profession and to the community, and supports the work of its members and the broader medical profession.

Dr Amanda Baric, Anaesthetist, was awarded the highest state of honour of Mongolia, the Order of the Polar Star, in recognition of her work in Mongolia's healthcare sector. Amanda first visited Mongolia in 2006, to help deliver training and initiate conversations about anaesthesia advancement in Mongolia. Since then, an Emergencies in Anaesthesia course was first delivered in Mongolia, by Northern Health doctors, and from this initiative, the specialty of emergency medicine emerged in Mongolia.

Tya Fry, Occupational Therapist at Northern Health, was announced as the Indigenous Allied Health Professional of the Year at the Annual National Indigenous Allied Health Awards. This award

recognised Tya's commitment, dedication and contribution to improving the health and wellbeing of Aboriginal and Torres Strait Islander peoples, families and communities.

Toxicologist and Emergency Physician, Dr Joe Rotella, was awarded the title of Associate Professor (Clinical) from the Department of Clinical Care at the University of Melbourne's Medical School. Associate Professor Rotella is the first Emergency Physician at Northern Health's Department of Emergency Medicine to receive this accolade. In his work at Northern Hospital Epping's Emergency Department, he is responsible for the Substance Dependence, Psychiatry/Mental Health, Envenomation, Clinical Toxicology, Recreational Substances (SPECTRE) Unit, providing care for patients with problems relating to toxicology, substance abuse, mental health and trauma.

Photo: Shrikanth Rangarajan, Vascular Surgeon, and Nina Yhap, first Vascular and Endovascular Surgeon in Barbados.



Engaged learners, inspired researchers

We strive to underpin the clinical care we deliver, with education and research. Our staff are equipped with the latest knowledge and best practices to support positive patient experiences and safe, effective care.

Northern Health researchers have played major roles in trials of a variety of treatments for COVID-19 and COVID-19 related symptoms. There have also been therapeutic interventions studies on communicating with some of our linguistically and culturally diverse populations, resulting in new ways of delivering care to achieve better patient outcomes.

Research carried out at Northern Health, both before and during the pandemic, in the area of virtual health, has resulted in Northern Health being able to deliver more services outside of the hospital. This has, once again, emphasised the importance of listening and learning from our patients, and from the community.

Of note is the increasing volume of projects being conducted with our academic partners; Melbourne, La Trobe, RMIT, and Swinburne universities.

Increasingly, Northern Health researchers are being recognised at national and international meetings, such as Associate Professor Lisa Hui winning top prize at the Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) Annual Scientific Meeting.

We can also take pride in that, in 2021, Northern Health researchers published 225 journal articles.

A new honour for Wanda Stelmach

Chief Medical Officer Wanda Stelmach was granted a clinical appointment as Associate Professor to the University of Melbourne. This was in recognition of her work with the university as a teacher and examiner of undergraduate medical students at the Northern Health, University of Melbourne Medical School since 1998, and prior to that, at Preston & Northcote Community Hospital (PANCH).

Family Planning Clinic team receives grant

Northern Health Family Planning Clinic at

Broadmeadows Hospital received the University of Melbourne's Department of Obstetrics and Gynaecology Innovation Grant to co-design women's reproductive health services. The team was awarded \$250,000 for their research proposal, 'Partnering with the community to co-design a comprehensive sexual and reproductive health service in Melbourne's north (Phase 1)'. In January 2022, the clinic received a further \$50,000 for a research grant.

The clinic is the only fully publicly-funded service of its kind in the northern metropolitan region, with more than 200 women using the service each year.

World-leading research into COVID-19 treatment

A simple heparin-based nasal spray is being tested in a trial as a potential treatment for COVID-19. Professor Don Campbell, Director of Hospital Without Walls Program, is pioneering the trial, which uses the spray in household members as both early treatment where a person has COVID-19, and post exposure prophylaxis for household family members.

Northern Health haematology in top 5 Australian research

Two of Northern Health's presentations at the 2021 Annual Scientific Meeting of the International Society on Thrombosis and Haemostasis were recognised in the Top 5 Australian Research by The Limbic.

Dr Brandon Lui, a Northern Health resident, was a participant at the conference, presenting research on the last 10 years of patients presenting to Northern Hospital Epping with clots. His research looked at the management of pulmonary embolisms and deep vein thrombosis. The presentation by Dr Yin Lim, Head of Diagnostic Haematology and Thrombosis Research Lead, on global coagulation assays was also recognised.

Associate Professor Natalie Hannan wins National Health Medical Research Council ideas grant

Associate Professor Natalie Hannan received funding for her project, 'Improving the pipeline for translation of therapies for serious complications of pregnancy.' Associate Professor Natalie, along with Associate



Photo: Chief Medical Officer Associate Professor Wanda Stelmach.

Professor Lisa Hui, lead the Northern Centre for Health Education & Research (NCHER) Biobank at Northern Hospital Epping, where part of the project will be conducted.

The project paves the way for the development of therapies that are currently limited for pregnant women who present with preeclampsia or foetal growth restriction - two dangerous complications of pregnancy.

Eleanor Johnson selected for MacHSR Future Leaders Fellowship program

Eleanor Johnson, Research Midwife at Northern Health, and Lactation Consultant at Western Health, is one of nine clinicians who will be joining the MacHSR Future Leaders Fellowship program in its inaugural year, for her work on the research project 'partnering with consumers to co-design comprehensive abortion care in Melbourne's North'.

The Melbourne Academic Centre for Health (MACH) is one of 10 Translational Centres of Excellence designated by the National Health and Medical Research Council (NHMRC) across Australia.

Eleanor was recognised earlier this year at Research Week 2022, by Northern Health with the Rising Star in Research Award for her work in Women's and Children's Research.

This was on top of the team at Northern Health Family Planning Clinic receiving the University of Melbourne's Department of Obstetrics and Gynaecology Innovation Grant and a further \$50,000 research grant from The Victorian Nursing and Midwifery Trust. The second is a grant awarded to health services to undertake research that aims to advance nursing and midwifery practice and improve patient outcomes.

The multidisciplinary research team consists of Kate Chaouki, Family Planning Clinic Coordinator and Midwife, and Eleanor as Research Midwife. Kate and Eleanor are supported by Associate Professor Cathy Vaughan, Head of Gender and Women's Health Unit in the Centre for Health Equity at Melbourne School of Population and Global Health, Associate Professor Lisa Hui, Women's and Children's Research Lead and MFM Specialist, and Dr Jeanie Henderson, Gynaecologist and Family Planning Clinic Medical Lead.

Research Week 2022

Research Week, a time when we celebrate our many inspired researchers at Northern Health, was celebrated in March 2022.

The week commenced with Professor John Prins speaking on 'Healthcare workforce issues of today and the future – how can universities help?'

This was followed by Associate Professor Lisa Hui, talking about how research is contributing to understanding the consequences of COVID-19. Sarah Hassan, Clinical Honorary Researcher, explained the value of audit in establishing the state of play and identifying further research questions that will ultimately optimise compliance with surgical antimicrobial prophylaxis in open reduction internal fixation procedures. We also learnt of the role our research can play in helping to improve allergy testing from Rebekah De Losa, Respiratory Scientist.

The oral presentation award went to Associate Professor Lisa Hui, with Rebekah De Losa and Sarah Hassan also receiving awards. People's choice winners were Belinda Baines, Podiatrist, (Best Oral Presentation) and Octavia Nakos, medical student at Northern Health (Best Poster).

Our highlighted division this year was Diagnostic and Cancer Services, with a session hosted by Associate Professor Prahlad Ho.

Professor Anthony Russell, speaking at a virtual Grand Round, presented data showing how empowering

individuals, and their General Practitioners, can improve outcomes, reduce hospital stay, and cost to the health system.

Our awardee for the Rising Star in Research Award went to Eleanor Johnson, Research Midwife at Northern Health, and Lactation Consultant at Western Health. The Researcher of the Year award was presented to Associate Professor Lisa Hui.

Inspired Researcher: Sanjeevan Muruganandan

Dr Sanjeevan Muruganandan, supported by the Northern Health Respiratory Department, was successful in his application for a grant from the HCF Research Foundation. The grant will help expand the Specialised Ambulatory Pleural Service (SAPS), which is the first of its kind in Victoria.

Dr Muruganandan, Northern Health Lung Specialist and Pleural Lead, along with Kirstin Tirant, Pleural Clinical Nurse Consultant, aim to improve access to evidence-based and minimally invasive management options for pleural diseases.

Dr Muruganandan's application titled, 'Digital Health to Extend Victoria's First Specialised Ambulatory Pleural Service: A Proof-of-Concept Feasibility Study,' represents a paradigm shift within the Victorian health system, towards a specialised, but ultimately person-centred, approach to Malignant Pleural Effusion (MPE) management.

Photo: Eleanor Johnson, Research Midwife, and Kate Chaouki, Family Planning Clinic Coordinator and Midwife.



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 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.

The Main Ward Block at Northern Hospital Epping opened in March 2021, and increased the organisation's floorspace by approximately 20 per cent.

Engineering and Building Services are sourcing 99KW solar panels, to be installed across Northern Hospital Epping, Broadmeadows Hospital and Bundoora Centre. This will result in a power saving of four per cent, approximately between \$20,000 and \$23,000 a year for each site.



Environmental Scorecard

Greenhouse Gas Emissions			
Total greenhouse gas emissions (tonnes CO2e)	2019-20	2020-21	2021-22
Scope 1	4,691	4,250	4,809
Scope 2	14,287	15,906	15,393
Total	18,978	20,156	20,202
Normalised greenhouse gas emissions	2019-20	2020-21	2021-22
Emissions per unit of floor space (kgCO2e/m2)	214.69	233.06	187.87
Emissions per unit of Separations (kgCO2e/Separations)	184.06	208.26	202.50
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	60.20	66.67	81.77
Stationary Energy			
Total stationary energy purchased by energy type (GJ)	2019-20	2020-21	2021-22
Electricity	50,425	58,431	57,424
Natural Gas	86,766	82,480	84,240
Total	137,191	140,911	141,664
Normalised stationary energy consumption	2019-20	2020-21	2021-22
Energy per unit of floor space (GJ/m2)	1.55	1.63	1.32
Energy per unit of Separations (GJ/Separations)	1.33	1.46	1.42
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.44	0.47	0.57
Water			
Total water consumption by type (kL)	2019-20	2020-21	2021-22
Potable Water	135,053	127,059	127,455
Total	135,053	127,059	127,455
Normalised water consumption (Potable + Class A)	2019-20	2020-21	2021-22
Water per unit of floor space (kL/m2)	1.53	1.47	1.19
Water per unit of Separations (kL/Separations)	1.31	1.31	1.28
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.43	0.42	0.52
Waste And Recycling			
Waste	2019-20	2020-21	2021-22
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	1,742,245	1,811,959	2,168,897
Total waste to landfill generated (kg clinical waste+kg general waste)	1,362,233	1,410,304	1,604,785
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.54	2.45	2.34
Recycling rate % (kg recycling / (kg general waste+kg recycling))	26.54	28.88	38
Transport			
Tonnes CO2-e corporate transport	219.818	219	194

Northern Health Foundation

As the charity arm of Northern Health, Northern Health Foundation shares the vision and values of our health service. Its purpose is to raise funds for important medical equipment, research and training, and to raise awareness and increase community engagement.

The Foundation works with corporate partners, trusts and foundations, local businesses, community partners, and regular donors to achieve its fundraising targets.

The Board of Northern Health Foundation, led by Board Chair, John Molnar OAM, is comprised of a group of diversely skilled individuals who dedicate their time to making a difference to the northern community. We thank them for their unwavering commitment, and for sharing our vision for a healthier community.

Fundraising highlights

The events of the past year have changed the fundraising landscape significantly. Despite the challenges it has presented, we are pleased to report that the Foundation's commitments to Northern Health have been met.

Fundraising highlights include fitting out of the ICU courtyard, sourcing \$160,000 worth of equipment for Maternity Services, receiving \$44,000 from our Foundation patrons, and being the beneficiary of over \$20,000 from community group donations. This is in addition to successful direct mail campaigns and grant submissions to trusts and foundations.

The Dry July 2021 campaign saw much enthusiasm among the Northern Health team. Collectively, the team

raised \$31,199, which enabled the purchase of a second car for the NOAH@Home Program. This additional car means that even more of our oncology and haematology patients can have their therapies administered in the comfort of their own homes. This service has now been extended to cover a greater geographical area.

In 2021, supporters of the Foundation gave kindly to Northern Health's Caring for Kids program at La Trobe Hospital. This program cared for children whose parents were in hospital with COVID-19. With the very generous support of the community, children in our care were treated with games and toys, which managed to put smiles on their faces despite the uncertainty they were experiencing.

Northern Health Foundation appeals

In April 2021, the Foundation announced it would be fundraising for the purchase of essential ophthalmology equipment for Broadmeadows Hospital. As elective surgeries were postponed, and waiting lists increased as a result of the pandemic, the need for this equipment became even greater. The purchase of the latest Phacoemulsification Machine and Ophthalmology Microscope will enhance the quality of surgery and outcomes for our cataract patients. The equipment also facilitates more surgeries to be performed each year, enabling clinicians to get through waiting lists quicker.

The Foundation is pleased to commit to the purchase of ophthalmology equipment.

Fundraising efforts for 2022-23 will focus on the establishment of a Colorectal Laboratory at Northern Hospital Epping, and the refurbishment of Palliative Care Unit gardens.



Our Patrons

Northern Health Foundation is privileged to enjoy the support of its patrons, Bev Carman, Trudi Hay and Josie Minniti OAM. Over the years, our patrons have funded much-needed medical equipment and programs for Cancer Services at Northern Health. Our patrons are passionate fundraisers who go above and beyond to ensure they are making a difference to the causes that have touched their own lives. We are extremely grateful for their commitment to making the cancer journey more comfortable for our patients.

Despite limitations presented by the pandemic, our patrons collectively held very successful events. Trudi Hay's High Tea was held virtually for the second consecutive year. A total of \$15,000 was raised and allocated to the purchase of a Bladder Scanner and workstation for the Day Oncology Unit. Bev Carman held a successful Race Day at Kilmore Racing Club, raising \$7,000 towards a blanket warmer for the Day Oncology Unit. After postponing her event a number of times, Josie Minniti's 25th Anniversary Dinner Dance was held in March 2022, raising an amazing \$20,000 to be put towards the refurbishment of gardens in the Palliative Care Unit at Northern Hospital Epping. We sincerely thank our patrons for their continued support.

Events

With various waves of COVID-19 to contend with, the number of face-to-face events for 2021-22 were limited. The yearly Annual Dinner, initially scheduled for May 2022, was postponed as a result. Focus shifted to other means of fundraising, such as direct mail campaigns and community raffles.

Northern Health raffles

In 2022, as part of its strategy to maximise passive income, Northern Health Foundation registered to participate in the Play for Purpose Raffle. Play for Purpose is an online charitable lottery held periodically throughout the year. Northern Health Foundation joined many well-known Australian charities including The Good Friday Appeal, Blue Ribbon Foundation, and Breast Cancer Network Australia, who are also partners in the raffle. The competition is conducted by 50-50 Foundation.

Whilst this raffle is not a substitute for a dedicated major raffle, the ease of which it can be set up and managed makes it a viable option for earning passive income in the short-term. Two raffles were run in Q1 and Q2 of 2022, raising a half-yearly total of \$26,557.

Volunteer and community support for the Foundation

For yet another year, the impacts of COVID-19 have limited the ability of volunteers to be present at our sites. However, this did not diminish the contribution volunteers have made to the Foundation. Volunteers have carried out tasks in their homes, in a COVID-safe environment. The Foundation has benefitted from the sale of handmade knitted items, and assistance with various other activities. Volunteers also held a sausage sizzle at the local Bunnings Warehouse store, which helped to fund an important piece of medical equipment.

Northern Health Foundation is extremely grateful for the hard work and dedication of Northern Health volunteers. We commend them on their commitment, and look forward to having them back at our sites, in person.

Current Northern Health Foundation Board Directors

John Molnar OAM – Board Chair

Peter McWilliam – Deputy Chair

Elizabeth Batten

Professor Peter Brooks

Peter Copp

Trudi Hay

Koby Jones

Tricia Lee

Tony Raunic

Chris Turner

Volunteer Services

Our dedicated Volunteer Services Team have once again provided strong ongoing support and connection for Northern Health volunteers throughout the last year, despite on-site volunteering roles being impacted by the COVID-Peak status of the health service.

The resilience of our volunteers has been demonstrated by adapting to the changing needs of the health service. Our volunteers have appreciated being included in Northern Health's response to COVID-19. Volunteers prepared over 50,000 pathology bags for the testing clinics, prepared Rapid Antigen Test (RAT) kits for distribution, and assisted at the COVID-19 vaccination hub in South Morang.

The power of partnerships to achieve great outcomes was highlighted when Northern Health's Volunteer program was selected as a finalist in Volunteer Victoria's State Awards. This nomination reinforced our commitment to working in partnership with our local community to provide meaningful volunteering experiences.

Reward and recognition are integral components of our volunteer program. This year, 38 volunteers received service awards, including Kerry Wall, who has dedicated 40 years to Northern Health.

This year, we also celebrated a 30 year milestone with our Community Visitors Scheme (CVS) Program. Our volunteers have provided friendship and social support to residents across 30 aged care facilities during this time.

After 34 years of service, we farewelled Volunteer Coordinator, Christine McGowan, who has been a much-loved member of the Volunteer Services Team. Christine's warmth, humour, genuine caring nature and desire to make a difference will be missed by all.

Volunteers are slowly returning to on-site volunteering, and supporting wards with administration tasks, and providing wayfinding assistance to visitors. Volunteers are also assisting in the community, supporting us by making items that enhance patient care, and items that can be sold by the Foundation. We are extremely grateful for their ongoing support.

Together, through volunteering, we are changing communities for the better.



Northern Health
VOLUNTEER

Brian Hoctor
Volunteer Driver

Organisational Structure



Corporate Governance

Our Board

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 board of Barwon Health as well as on the Advisory Board of the Victorian Health Building Authority. She 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).

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 Quality Innovation Performance (QIP), the national quality provider in primary care. He is also a Director of Client Focussed Evaluation Program (CFEP).

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

Phillip's professional career includes a lengthy period working with GPs in the north of Melbourne and managing the Goulburn Valley Medicare Local in central Victoria. He has served as a local Councilor and Mayor, and was a Victorian Multicultural Commissioner.

Sherene Devanesen

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

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

Sherene is currently Chair of the Royal Victorian Eye and Ear Hospital Board and is a member of the Northern Territory Health Governance and Assurance Committee.

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

Andrea Kattula

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

Andrea originally trained as an anaesthetist, working in hospitals in Australia and the United States. Her subsequent career has focused on Safety and Quality in healthcare. 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 the Deputy Chair of the Victorian Perioperative Consultative Council and chairs its Anaesthesia Subcommittee. She has concurrent roles including as a Lecturer at 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.

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 recipient of the Victorian Government Women's Board Leadership Scholarship.

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 La Trobe University Council, as well as a Fellow of CPA Australia.

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 nine years, as well as the Northern Health Foundation for the same period and served as a volunteer on Nillumbik Councils Economic Advisory Committee for the past four years.

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 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.

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. John is also a Board Member of the Metropolitan Waste and Resource Recovery Group.

Manner of Establishment of Northern Health

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

The responsible Minister is the Minister for Health.

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP

Minister for Health, Minister for Ambulance Services

Minister for Equality

From 27 June 2022 to 30 June 2022

The Hon Mary-Anne Thomas MP

Minister for Health, Minister for Ambulance Services

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 Minister for Health for a term of up to three years. A director of the Board must not serve more than nine consecutive years.

Dr Sherene Devanesen was appointed to the Board in July 2021.

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 for Health and Secretary of the Department of Health 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 related to their involvement in committees and are contacted by the Chief Executive on major issues.

Delegation of functions

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

The Board has approved and 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

Mr John Watson – Director (Chair)

Ms Jennifer Williams AM – Board Chair

Mr Peter McWilliam – Director

Ms Linda Rubinstein – Director

Dr Sherene Devanesen - Director

The following executive staff attend this Committee:

Mr Siva Sivarajah – Chief Executive

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

Mr Hari Iyer and Ms Elizabeth Petrou – Acting Chief Financial Officer (December 2021 – June 2022)

Dr Bill Shearer – Executive Director Quality and Safety, Transformation

Mr Anthony Gust – Executive Director Digital Health

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

Mr John Watson – Director

Mr Peter McDonald – Director

Dr Sherene Devanesen – Director

Mr Siva Sivarajah – Chief Executive

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

Mr Hari Iyer and Ms Elizabeth Petrou – Acting Chief Financial Officer (December 2021 – June 2022)

Mr Basil Ireland – Chief Financial Officer (from June 2022)

Ms Debra Bourne – Chief Operating Officer

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

Quality and 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 Lisa Cox – Chief Nursing and Midwifery Officer

Ms Briana Baass – Chief Allied Health Officer (up to January 2022)

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)

Mr John Watson – 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 Tania De Carli – Consumer representative

Mr Shane Burke – Consumer representative

Mr Evan Bichara – Consumer representative

Mr Siva Sivarajah – Chief Executive

Ms Debra Bourne – 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 Phillip Bain – Director

Ms Linda Rubinstein - Director

Mr Siva Sivarajah – Chief Executive

Ms Debra Bourne – Chief Operating Officer

Ms Briana Baass – Chief Allied Health Officer (up to January 2022) Senior Advisor 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 – Manager Population Health and Community Wellbeing, North East Melbourne Area, North Division, Department of Families Fairness and Housing

Ms Dee Gilby - Manager of Population Health & Community wellbeing for the Hume Moreland Area

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

Mr John Dermanakis – Manager, Northern Area Mental Health Service

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

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

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

Ms Charlene Quinn - Portfolio Manager, Eastern Melbourne PHN

Ms Jennifer Gilham – Acting Chief Executive, Kilmore District Health

Mr Sam Ferrier – Coordinator Population Health, City of Hume

Mr Michael Graham – CEO, Victorian Aboriginal Health Services

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

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 2021 – 30 June 2022

	Board	Finance Committee	Audit and Risk Committee	Quality and Safety Committee	Community Advisory Committee	Primary Care and Population Health Advisory Committee	Remuneration and Appointments Committee	Total
No. of Meetings	11	11	4	6	5	5	1	43
Jennifer Williams AM	11	11	4	6	0	5	1	38
Phillip Bain	10	0	0	4	4	5	0	23
Sherene Devanesen	11	10	3	2	0	1	0	27
Andrea Kattula	11	7	4	6	0	1	0	29
Anna MacLeod	11	7	4	6	5	0	0	33
Peter McDonald	11	10	3	0	0	0	0	24
Peter McWilliam	11	11	3	0	0	5	1	31
Linda Rubinstein	11	4	4	0	0	5	0	24
John Watson	11	9	3	0	0	1	1	25



Statement of Priorities

DELIVERABLE	OUTCOME	PROGRESS UPDATE
<p>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 and if required.</p> <p>This includes preparing to participate in, and assist with, the implementation of the state-wide COVID-19 vaccine immunisation program rollout, ensure the local community's confidence in the program.</p>	<ul style="list-style-type: none"> • Testing clinics available seven days a week • COVID-19 Roadmap implemented • Northern Health vaccination clinic established • Vaccine program implemented according to national schedule. Northern Health distributes COVID-19 vaccine communication materials • High vaccination uptake in the community 	<p>Achieved</p> <p>Northern Health commenced providing community COVID-19 testing in July 2020. Originating at Northern Hospital Epping, a drive-through service was established and remained the only operational COVID-19 testing site for Northern Health until 26 June 2022. Additional testing sites were commissioned throughout the pandemic in Broadmeadows, Oak Park, Glenroy, (walk-in facilities) and Craigieburn (drive-through) to rapidly respond to peak COVID-19 waves, and service surrounding local government areas. Craigieburn drive-through testing site was decommissioned in January 2022.</p> <p>Northern Health's COVID-19 Roadmap is continuously reviewed, and provides direction to staff on organisational processes for managing COVID-19 outbreaks.</p> <p>Northern Health has been providing COVID-19 vaccinations since March 2021.</p> <p>In early 2022, Northern Health also opened a paediatric vaccination clinic for children aged 5 to 11 years old.</p> <p>Since the rollout began, Northern Health has provided over 350,000 vaccines to our community (YTD June 2022).</p> <p>High second dose vaccination rates across the City of Whittlesea (93 per cent) and Hume City Council (>95 per cent).</p>
<p>Engage with the community to address the needs of patients, especially vulnerable Victorians, whose care have been delayed due to the pandemic, and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with the Northeast Health Service Partnership to:</p> <ul style="list-style-type: none"> - Implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference. - Improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority. 	<ul style="list-style-type: none"> • In-home and virtual models of care implemented • Patients who have waited longer than clinically recommended for treatment have their needs assessed as a priority • Reduction in elective surgery waiting lists 	<p>In progress</p> <p>Hospital in The Home (HITH) has been expanded to 70 beds. Heart Failure Nurse practitioner commenced in January in HITH for heart failure virtual ward.</p> <p>While Northern Health's elective surgery waitlist saw an incline during COVID-19, we have seen a 14 per cent reduction in the waitlist since February 2022. The elective surgery waitlist for patients waiting longer than clinically recommended times was also reduced by 35 per cent between February and June 2022.</p> <p>Northern Health continues to work both internally through additional capacity, and with private hospital partners to manage elective surgery volume. Northern Health continues to maintain a strong partnership with Kilmore District Health to increase capacity for elective surgery.</p> <p>Northern Health is working with the Department of Health to finalise elective surgery targets for each quarter of 2022-23. Clear plans have been developed to meet targets over the next 12 months.</p>

Statement of Priorities

DELIVERABLE	OUTCOME	PROGRESS UPDATE
<p>Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into the organization, and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure the delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees</p>	<ul style="list-style-type: none"> • A minimum of one per cent of the workforce from Aboriginal and/or Torres Strait Islander background • Implementation/outcomes of Reconciliation Action Plan 	<p>Achieved</p> <p>Northern Health currently has one per cent of the workforce who identify as Aboriginal and/or Torres Strait Islander, as confirmed by the 2019 and 2021 People Matter Survey. An external review has informed the development of an Aboriginal and Torres Strait Islander Recruitment Strategy, which increases the target from one per cent to two per cent. Implementation of the Recruitment Strategy is underway and was delayed due to COVID-19.</p> <p>Northern Health is in the process of drafting its next Reconciliation Action Plan. Consultation and engagement with key stakeholders has commenced to inform the plan update.</p>
<p>Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed blockage to enable improved whole of hospital system flow</p>	<ul style="list-style-type: none"> • Improved ambulance transfers (target 90 per cent <=40 minutes) • Virtual ED expansion 	<p>In progress</p> <p>Ambulance Victoria offload performance fluctuated throughout the year, despite constant focus and targeted improvements, including improved process of direct offload to SSU/resus/admission pod. On average, 75 per cent of Ambulance arrivals were offloaded within 40 minutes in 2021-22.</p> <p>Northern Health has expanded the Virtual ED to become the Victorian Virtual Emergency Department (VVED). The service has virtually triaged 35,575 presentations in 2021-22 (as at June). Of these patients, approximately 40 per cent were calls from Ambulance Victoria paramedics; contributing to less unnecessary Ambulance transfers.</p> <p>Strategies to reduce bed blockage to enable whole of hospital system flow included:</p> <ul style="list-style-type: none"> - Improved process of accessing Carps logger for transfer patient to ward. - Long-stayer round modified to include virtual review of long stay patients. - Acute to Community Coordination Team continued to focus on supporting long stay patients to be ready for discharge with appropriate community-based supports. - Expansion of Hospital in the Home (HITH), Maternity in the Home (MITH), and Northern Oncology and Hematology (NOAH) at Home services to provide more acute care in the community. - Private partnership for sub-acute beds to reduce sub-acute waitlist.

Statement of Priorities

DELIVERABLE	OUTCOME	PROGRESS UPDATE
<p>Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole of system approach as an active participant in the Northeast Health Service Partnership and through the partnerships engagement with the Regional Mental Health and Wellbeing Boards</p>	<ul style="list-style-type: none"> • System reforms implemented as advised by the Department of Health. • Preparation for transfer of mental health service governance to Northern Health • Successful commissioning of new inpatient psychiatric ward - Participation in the Northeast Health Service Partnership (NEHSP) 	<p>In progress</p> <p>Transformation Plan under development against eight key department priority areas in collaboration with NorthWestern Mental Health (NWMH), due 1 July 2022.</p> <p>Progress against the transition of mental health governance to Northern Health is well progressed. Six working groups are meeting regularly to complete key tasks prior to changeover.</p> <p>A new 30-bed adult inpatient mental health unit is under construction at Northern Hospital Epping, due for practical completion by the end of 2022.</p> <p>Northern Health is an active participant in the Northeast Health Service Partnership Mental Health sub-group.</p>
<p>Actively collaborate on the development and delivery of priorities within the Northeast Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the partnership, and be collectively accountable for delivering against partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines</p>	<ul style="list-style-type: none"> • Active participation in the Northeast Health Service Partnership • Implementation of state-wide and local priority initiatives 	<p>In progress</p> <p>Northern Health has played a key role in COVID-19 streaming and load levelling since December 2021. The partnership with the NEHSP resulted in Northern Health being nominated as a Tier 1 streaming health service (along with Eastern Health and Austin Health).</p> <p>Northern Health is also actively participating in elective surgery and Better at Home partnership initiatives through the Northeast Health Service Partnership. This includes the rollout of the Victorian Virtual Emergency Department (VVED), Hospital in the Home (HITH) expansion and the COVID-19 Pathways program to provide more care at home.</p>



Christine Nicolaidis
Operations Manager - HIS

Supporting Aboriginal Cultural Safety

NARRUN WILIP-GIIN (ABORIGINAL SUPPORT UNIT)



Narrun Wilip-giin and Djirra presented Aboriginal Women's Health Workshops

In Northern Health's inaugural Reconciliation Action Plan, feedback from the Aboriginal community were requests to improve access to services and health promotion.

In response, Narrun Wilip-giin, Aboriginal Support Unit, partnered with Djirra - an organisation that provides support for Aboriginal people experiencing family violence, or have in the past - to deliver five Aboriginal women's health and wellbeing workshop programs.

The workshops were held from December 2020 to September 2021.

Participants reported that they found the topics informative and important to their needs. Nearly 80 per cent of respondents reported that the program speakers encouraged them to reach out and attend one or more health checks.

This project brought about several positive and unanticipated outcomes, including extending our reach beyond the Northern Health catchment area, opening up registrations for women from across all of Melbourne.

Photo: Stephanie Thompson and Sherrilyn Ballard, Aboriginal Support Unit.



Aboriginal Art and Acknowledgement plaque installations

At the entrance of the Main Ward Block at Northern Hospital Epping, is a series of artworks by Anny Bargo, aka Antoinette Braybrook. The series, known as Dragonfly Dreaming, brings colour and drama to the foyer.

Anny serves as the Chief Executive Officer of Djirra, and was born, and has lived, in Victoria on Wurundjeri country all of her life.

Northern Health has installed Acknowledgement plaques of the Traditional Owners of the land on which Northern Health is situated, the Wurundjeri peoples

of the Kulin Nation. To create a culturally safe and welcoming environment for Aboriginal and Torres Strait Islander patients and families, Wathaurong Glass Acknowledgement plaques are located at all of four Northern Health entrances, including a Womenjeka welcome sign.

Across Northern Hospital Epping, all wards have selected their own Acknowledgement plaques as a symbol of welcoming Aboriginal and Torres Strait Islander patients onto their wards.

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



Performance Priorities

TIMELY ACCESS TO CARE

Key performance measure	Target	Result
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	73%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	61%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	54%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Number of patients on the elective surgery waiting list as at 30 June 2022	3,653	3,441
Number of patients admitted from the elective surgery waiting list	5,892	6,556
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	72%
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	36%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7	4
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%	92%

Data is accurate at time of writing.

Performance Priorities

HIGH QUALITY AND SAFE CARE

Key performance measure	Target	Result
Maternity and newborn		
Rate of singleton term infants without birth anomalies with Apgar score <seven to five minutes	≤ 1.4%	1.2%
Rate of severe foetal growth restrictions (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	25%
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	85%	90%
Percentage of healthcare workers immunised for influenza	92%	92%
Patient experience		
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 1	95%	81%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 2	95%	84%
Victorian Healthcare Experience Survey - percentage of positive patient experience responses - Quarter 3	95%	83%
Percentage of mental health consumers reporting a 'very good' or 'excellent' experience of care in the last three months or less	80%	N/A*
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	N/A*
Healthcare associated infections (HAI's)		
Rate of patients with surgical site infection	No outliers	No outliers
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	0.9 (per 1,000 central-line days)
Rate of patients with SAB per 10,000 occupied bed days	≤ 1	0.7 (per 10,000 occupied bed days)
Unplanned readmissions		
Unplanned readmissions to any hospital following a hip replacement	≤ 6%	N/A**
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	> 0.645	0.559

Data is accurate at time of writing.

*Fewer than 30 responses were received, hence not reported.

**Number of separations is below the threshold for reporting of annual results.

Performance Priorities

STRONG GOVERNANCE, LEADERSHP AND CULTURE

Key performance measure	Target	Result
Organisational culture People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	63%

EFFECTIVE FINANCIAL MANAGEMENT

Key performance measure	Target	Result
Operating result (\$m)	\$0.00	0.14
Average number of days to pay trade creditors	60 days	56 days
Average number of days to receive patient fee debtors	60 days	62 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.1
Number of days of available cash	14 days	14 days
Variance between forecast and actual net result transactions (NRFT)	Variance ≤ \$250,000	Not achieved

Data is accurate at time of writing.

Activity and funding

Funding Type	2021-22 Activity achievement
Consolidated Activity Funding Acute admitted, subacute admitted, emergency services, non-admitted NWAU	107,808
Acute Admitted National Bowel Cancer Screening Program NWAU Acute admitted DVA Acute admitted TAC	460 91 205
Acute Non-Admitted Home Enteral Nutrition NWAU Home Renal Dialysis NWAU Radiotherapy - Other Specialist Clinics	35 484 305 40,366
Subacute/Non-Acute, Admitted & Non-admitted Subacute NWAU - DVA Transition Care - Bed days Transition Care - Home days	90 7,152 13,981
Aged Care Residential Aged Care HACC	8,898 2,767

Data is accurate at time of writing.



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 2021-22, Northern Health engaged 10 consultancies with an individual amount greater than \$10,000. The total expenditure incurred in 2021-22 in relation to these consultancies was \$383,609. This is detailed below.

Consultant	Purpose of Consultancy	Period	Total Project Fee (Excluding GST)	Expenditure 2021-22 (Exc GST)
A2M Consulting	Contract administration services for the multi-deck carpark.	June 2021 – January 2022	44,000	21,000
Architecture & Access	Disability access review.	April 2022 – June 2022	17,200	17,200
Chrysalis Clinical	Research governance review.	July 2021 to June 2022	66,416	66,416
David Caple & Associates	Patient manual handling review.	July 2021	32,000	32,000
Ernst & Young	Development of a digital strategy.	January 2022 – June 2022	92,000	92,000
Innovative Thinking	Consultation and advice on asset management.	August 2021 – October 2021	25,000	25,000
Momentum Management Consulting	Consultation and advice on ICT projects implementation.	August 2021 – April 2022	37,400	37,400
Tambla Business Services	Payroll gap analysis.	July 2021 – October 2021	38,240	38,240
UT Consulting	Consultation and advice on the Patient Entertainment System tender.	October 2021 to June 2022	12,500	7,500
WISE Workplace	Workplace behaviour services including investigation, quality reviews and reporting.	July 2021 – November 2021	18,853	18,853

Consultancies below \$10,000

In 2021-22, Northern Health engaged eight consultancies with an individual amount less than \$10,000. The total value of these consultancies was \$23,912.

Occupational Health and Safety Claims

Occupational Health and Safety Statistics	2021-22	2020-21	2019-20
The number of reported hazards/incidents for the year per 100 FTE	36.4	42.9	35.4
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.45	2.45	1.44
The average cost per WorkCover claim for the year	\$96,816	\$54,251	\$130,683

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	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0.07
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.39
Number of occupational violence incidents reported	861
Number of occupational violence incidents reported per 100 FTE	21.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	2.4%

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 2021-22.

Lost time – is defined as greater than one day.

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

Safe Patient Care Act 2015

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

However, on 31 December 2021, simultaneous with high staff furlough numbers secondary to the Omicron wave post-Christmas, Northern Health officially notified

the Department of Health and ANMF, of the activation of Stage 3 COVID-19 acute care surge workforce delivery models to ensure patient and staff safety.

From 31 March 2022, Northern Health ceased the extended team models as part of the acute care surge workforce delivery models directed by Department of Health.

Merit and Equity Principles

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

Gender Equality Act 2020

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

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

Freedom of Information

During the 2021-22 financial year, Northern Health received 1,185 Freedom of Information applications. Of the applications, 761 were personal requests and the remainder were non-personal requests.

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

Northern Health provides a report on all Freedom of Information requests, to the Office of the Victorian Information Commissioner. The applications were processed as follows:

- 1,030 granted in full
- 112 granted in part
- 2 denied
- 5 withdrawn
- 20 no documents located
- 16 not finalised

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

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

Local Jobs First Act

In the 2021-22 financial year, the Local Jobs First – Victorian Industry Participation Policy (VIPP) applied to four projects:

- Northern Hospital multi-deck carpark; Completed in Dec 2021.
- The Food Services contract commenced in May 2022.
- The Cleaning Service contract commenced in May 2022.
- Electronic Medical Record; commenced in September 2020.

The multi-deck carpark project has delivered 95 per cent local content, provided opportunities for 135 small-to-medium enterprises and supported the creation of eight local jobs and eight apprenticeships (including traineeships and cadetships).

The Food Services contract is planned to use 100 per cent local content and use 1,050 small-to-medium suppliers.

The Cleaning Services contract is planned to use 97 per cent local content. As a limited contestability contract information on small-to-medium suppliers is not reportable.

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 /completed
Northern Health Multi-deck carpark	92%	95%	Dec 2021 complete
Food Services	100%	n/a	May 2022 commence
Cleaning Services	97%	n/a	May 2022 commence

National Competition Policy

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

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

Market testing of services will continue as scheduled and according to the contract cycle, into the 2022-23 financial year.

Additional information available on request

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

- A statement that declarations of pecuniary interests have been fully completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the entity;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the entity and details of time lost through accidents and disputes;
- 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:
 - I. consultants/contractors engaged;
 - II. services provided and
 - III. expenditure committed to for each engagement

Building Act 1993

Northern Health has put in place appropriate internal controls and processes to ensure that it complies with the building and maintenance provisions of the Building Act 1993, with all works completed in 2021-22 according to the relevant provisions of the National Construction Code and relevant statutory regulations, compliance with building standards and the Department of Health Fire Risk Management Guidelines.

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

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

Carers and Care Relationships

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

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

Public Interest Disclosure Act 2012

Under the Public Interest Disclosure Act 2012, complaints about certain serious misconduct or corruption involving public health services in Victoria should be made directly to the Independent 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

Business As Usual (Bau) ICT Expenditure (\$000)	Non-Business As Usual (Non-Bau) ICT Expenditure (\$000)		
Total (excluding GST)	Total = Operational expenditure and Capital expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
14,138	15,498	2,636	12,861

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

13/09/2022

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

13/09/2022

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

13/09/2022

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

13/09/2022

Workforce Information

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

The Full Time Equivalent (FTE) head count for Northern Health as at 30 June 2021 and 30 June 2022 is provided below.

Labour category	JUNE current month FTE		Average Monthly FTE	
	2021	2022	2020-21	2021-22
TOTAL	3,531.66	3,785.14	3,609.18	3,934.68
Nursing Services	1,649.28	1,737.77	1,654.13	1,751.05
Administration & Clerical	541.83	624.64	586.36	669.90
Medical Support Services	256.48	293.38	273.62	347.92
Hotel & Allied Services	161.50	163.57	163.22	182.79
Medical Officers	67.25	66.44	66.43	70.09
Hospital Medical Officers	385.32	419.59	400.36	438.98
Sessional Medical Officers	128.21	133.54	130.36	148.55
Ancillary Support Services	341.79	346.21	334.71	325.40

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

Employment and Conduct Principles

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

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

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

Financial Results

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

In 2021-22, Northern Health generated a Statement of Priorities operating surplus of \$0.1m (2021: \$0.1m). This was achieved in challenging financial circumstances associated with the COVID-19 pandemic. The result includes substantial supplementary funding from the Department of Health to meet unbudgeted COVID-19 costs.

A high level of self-funded capital expenditure of \$10.5m (2021: \$9.2m) was maintained to ensure that Northern Health is well positioned to drive strong service delivery in coming years. Self-funded capital expenditure excludes specific major Department of Health funded capital projects such as the Mental Health Ward Block.

Available cash increased to 13.8 days (2021: 10.6 days) due to increases in working capital driven largely by the growth in employee benefits provisions.

Significant challenges remain ahead in 2022-23 as we continue to grapple with COVID-19. Northern Health will continue to identify and drive efficiency initiatives.

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

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

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Operating result (SoP)	135	113	98	387	1,508
Total revenue	946,952	810,742	712,437	631,227	554,132
Total expenses	876,366	740,212	668,461	624,735	555,409
Net result from transactions	70,586	70,530	43,976	6,492	(1,277)
Total other economic flows	4,900	7,224	2,021	(5,273)	(1,649)
Net result	75,486	77,755	41,955	1,219	(2,926)
Total assets	822,560	714,935	595,735	547,355	513,985
Total liabilities	242,812	216,595	182,063	161,299	140,596
Net assets / Total equity	579,748	498,340	413,672	386,056	373,389

Reconciliation of net result from transactions and operating result

	2022 \$000
Operating result (SoP)	135
Capital purpose income	117,280
Specific income	(158)
Expenditure for capital purpose	(9,063)
Finance costs	(9)
Depreciation and amortisation	(37,556)
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	10,016
State supply items consumed up to 30 June 2022	(10,016)
Net result from transactions	70,586

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.

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Northern Health

Financial Report 2021-22

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

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, the Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of Northern Health and the consolidated entity at 30 June 2022.

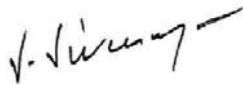
At the time of signing we are not aware of any circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

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



Ms Jennifer Williams
Board Chair
Northern Health

25 August 2022



Mr Siva Sivarajah
Chief Executive
Northern Health

25 August 2022



Mr Basil Ireland
Chief Financial and Accounting Officer
Northern Health

25 August 2022

Independent Auditor's Report

To the Board of Northern Health

Opinion	<p>I have audited the consolidated financial report of Northern Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and health service balance sheets as at 30 June 2022 • consolidated entity and health service comprehensive operating statements for the year then ended • consolidated entity and health service statements of changes in equity for the year then ended • consolidated entity and health service cash flow statements for the year then ended • notes to the financial statements, including significant accounting policies • board members', accountable officer's and chief financial and accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other Information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
13 September 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Northern Health
Comprehensive Operating Statement
For the Year Ended 30 June 2022

	Note	Parent 2022 \$'000	Parent 2021 \$'000	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Revenue and income from transactions					
Operating activities and other sources of income	2.1	940,171	804,505	940,272	804,981
Non-operating activities	2.1	6,673	5,749	6,680	5,762
Total revenue and income from transactions		946,844	810,254	946,952	810,742
Expenses from transactions					
Employee expenses	3.1	(595,673)	(520,110)	(596,188)	(520,625)
Supplies and consumables	3.1	(137,386)	(114,133)	(137,387)	(114,133)
Finance costs	3.1	(9)	(6)	(9)	(6)
Depreciation and amortisation	4.5	(37,549)	(33,574)	(37,556)	(33,582)
Other administrative expenses	3.1	(15,311)	(9,278)	(14,874)	(9,351)
Other operating expenses	3.1	(88,043)	(60,115)	(88,110)	(59,666)
Other non-operating expenses	3.1	(2,243)	(2,849)	(2,243)	(2,849)
Total expenses from transactions		(876,214)	(740,067)	(876,367)	(740,212)
Net result from transactions - net operating balance		70,629	70,187	70,586	70,530
Other economic flows included in net result					
Net gain/(loss) on non-financial assets	3.2	(214)	24	(214)	24
Net gain/(loss) on financial instruments	3.2	-	(284)	-	(284)
Other gains/(losses) from other economic flows	3.2	5,114	7,484	5,114	7,484
Total other economic flows included in net result		4,900	7,224	4,900	7,224
Net result for the year		75,529	77,411	75,486	77,755
Other economic flows- other comprehensive income					
Items that will not be reclassified to net result					
Changes in property, plant and equipment revaluation surplus	4.1(b)	5,917	6,977	5,944	6,999
Changes in the fair value of equity instruments at fair value through other comprehensive income		-	-	(20)	-
Total other comprehensive income		5,917	6,977	5,924	6,999
Comprehensive result for the year		81,446	84,388	81,410	84,754

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

Northern Health
Balance Sheet
As at 30 June 2022

	Note	Parent 2022 \$'000	Parent 2021 \$'000	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current assets					
Cash and cash equivalents	6.2	124,026	79,892	125,060	81,265
Receivables and contract assets	5.1	14,870	19,705	14,871	19,707
Inventories		4,012	4,179	4,012	4,179
Investments and other financial assets		-	-	855	500
Prepaid expenses		23,075	15,484	23,075	15,484
Total current assets		165,983	119,260	167,873	121,135
Non-current assets					
Receivables and contract assets	5.1	34,050	27,015	34,050	27,015
Property, plant and equipment	4.1 (a)	598,529	538,324	599,012	538,788
Right-of-use assets	4.2(a)	20,464	20,420	20,464	20,420
Intangible assets	4.4(a)	1,161	7,576	1,161	7,576
Total non-current assets		654,204	593,335	654,687	593,800
Total assets		820,187	712,595	822,560	714,935
Current liabilities					
Payables and contract liabilities	5.2	81,621	68,159	81,616	68,084
Borrowings	6.1	455	193	455	193
Employee benefit provisions	3.3	125,556	110,152	125,556	110,152
Other liabilities	5.3	5,732	4,407	5,732	4,407
Total current liabilities		213,365	182,911	213,360	182,836
Non-current liabilities					
Borrowings	6.1	1,524	526	1,524	526
Employee benefit provisions	3.3	18,690	23,109	18,690	23,109
Other liabilities	5.3	9,238	10,124	9,238	10,124
Total non-current liabilities		29,452	33,759	29,452	33,759
Total liabilities		242,817	216,670	242,812	216,595
Net assets		577,370	495,925	579,748	498,340
Equity					
Revaluation surplus	4.3	277,360	271,443	277,528	271,585
Financial assets at fair value through other-comprehensive income revaluation reserve		-	-	(20)	-
Restricted specific purpose reserve		423	423	6,644	6,644
Contribution capital		151,203	151,203	151,203	151,203
Accumulated deficits/(surplus)		148,384	72,856	144,393	68,908
Total equity		577,370	495,925	579,748	498,340

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

Northern Health
Statement of Changes in Equity
For the Year Ended 30 June 2022

Consolidated		Property, plant & equipment revaluation surplus \$'000	Financial Assets through Other Comprehensive Income Revaluation Reserve \$000	Restricted specific purpose surplus \$'000	Contributed capital \$'000	Accumulated surplus/ (deficits) \$'000	Total \$'000
	Note						
Balance at 1 July 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		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
Net result for the year		-	-	-	-	75,486	75,486
Other comprehensive income for the year		5,944	(20)	-	-	-	5,924
Balance at 30 June 2022		277,528	(20)	6,644	151,203	144,393	579,748
<hr/>							
Parent		Property, plant & equipment revaluation surplus \$'000	Financial Assets through Other Comprehensive Income Revaluation Reserve \$000	Restricted specific purpose surplus \$'000	Contributed capital \$'000	Accumulated surplus/ (deficits) \$'000	Total \$'000
Balance at 1 July 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		6,977	-	-	-	-	6,977
Return of contributed capital		-	-	-	(86)	-	(86)
Balance at 30 June 2021		271,443	-	423	151,203	72,856	495,925
Net result for the year		-	-	-	-	75,529	75,529
Other comprehensive income for the year		5,917	-	-	-	-	5,917
Balance at 30 June 2022		277,360	-	423	151,203	148,384	577,370

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

Northern Health
Cash Flow Statement
For the Year Ended 30 June 2022

	Note	Parent 2022 \$'000	Parent 2021 \$'000	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Cash flows from operating activities					
Operating grants from government - State		771,815	631,371	771,815	631,371
Operating grants from government - Commonwealth		44,411	40,560	44,411	40,560
Capital grants from government		17,480	23,178	17,480	23,178
Patient fees received		15,318	18,321	15,318	18,321
Private practice fees received		2,597	5,897	2,597	5,897
Donations and bequests received		46	681	420	1,157
Pharmaceutical sales received		445	383	445	383
Interest and investment income received		284	293	291	306
Car park income received		2,091	2,947	2,091	2,947
Other receipts received		33,935	31,344	34,025	31,362
Total receipts		888,422	754,975	888,893	755,482
Employee expenses		(569,197)	(488,438)	(569,712)	(488,953)
Non-salary labour costs		(11,535)	(6,287)	(11,535)	(6,288)
Payments for supplies and consumables		(134,974)	(111,062)	(134,974)	(111,113)
Payments for repairs and maintenance		(10,731)	(7,917)	(10,732)	(7,917)
Finance costs		(9)	(6)	(9)	(6)
GST paid to ATO		532	(6,521)	533	(6,515)
Other payments		(93,076)	(60,957)	(92,693)	(60,617)
Total payments		(818,990)	(681,187)	(819,122)	(681,408)
Net cash flows from/(used in) operating activities	8.1	69,432	73,788	69,770	74,073
Cash flows from investing activities					
Proceeds from sale of non-financial assets		227	131	227	131
Purchase of non-financial assets		(25,547)	(50,980)	(25,547)	(50,980)
Purchase of financial assets		69	-	(306)	-
Capital donations and bequests received		302	-	-	-
Net cash flows from/(used in) investing activities		(24,949)	(50,849)	(25,626)	(50,849)
Cash flows from financing activities					
Capital contribution		-	(86)	-	(86)
Repayment of borrowings		-	200	-	200
Repayment of accommodation deposits		(350)	(520)	(350)	(520)
Receipt of accommodation deposits		-	680	-	680
Net cash flows from/(used in) financing activities		(350)	274	(350)	274
Net movements from/(used in) cash and cash equivalents		44,133	23,213	43,795	23,498
Cash and cash equivalents at beginning of year		79,893	56,679	81,266	57,767
Cash and cash equivalents at end of year	6.2	124,026	79,892	125,060	81,265

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

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Northern Health and its controlled entities (Northern Health Foundation) for the year ended 30 June 2022. The purpose of the report is to provide users with information about Northern Health's stewardship of resources entrusted to it. This section explains the basis of preparing the financial statements.

Note 1.1. Basis of preparation of the financial statements

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

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

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

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

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

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

The financial statements are presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Northern Health and its controlled entities on 18 August 2022.

Note 1.2 Impact of COVID pandemic

The pandemic continues to create economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Northern Health at the reporting date. Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on Northern Health, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Northern Health has:

- Maintained restrictions on non-essential visitors;
- Utilised telehealth services;
- Deferred elective surgery and reduced activity;
- Transferred inpatients to private health facilities;
- Performed COVID-19 testing;
- Established and operated vaccine clinics;
- Changed infection control practices; and
- Implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Northern Health, they are disclosed in the explanatory notes, namely:

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

Note 1.3. Abbreviations and terminology used in financial statements

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

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

Note 1.4. Principles of consolidation

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

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

An entity is considered to be a controlled entity where Northern Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

The parent entity is not disclosed separately in the notes to the financial statements.

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

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

Note 1.5. Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6. Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: 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 2022.	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 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7. Goods and Services Tax (GST)

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

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

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

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

Note 1.8. Reporting entity

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

Its principal address is:
185 Cooper Street
Epping, Victoria, 3076

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

Note 2. Funding delivery of services

Impact of COVID-19 on revenue and income

Revenue recognised to fund the delivery of services increased during the financial year, which was partially attributable to the ongoing COVID-19 pandemic.

Activity based funding decreased as the level of activity agreed to in the Statement of Priorities could not be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by additional funding provided by the DH to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs, including:

- Increased staffing costs to service the vaccination hubs and the in-house contact tracing unit;
- Pathology testing costs due to COVID-19 tests;
- Increased personal protective equipment costs; and
- Costs related to the expansion of emergency services.

Funding provided included:

- COVID-19 and state repurposed grants;
- Local public health unit funding; and
- Sustainability funding.

For the year ended 30 June 2022, the COVID-19 pandemic impacted Northern Health’s ability to meet its performance with its contracts with customers, in particular DH. Northern Health received confirmation from DH that there would be no obligation to return funds where performance obligations had not been met.

This resulted in approximately \$32.5m being recognised as income for the year ended (2021: \$25.1m) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Northern Health’s most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Northern Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If 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 2022 \$'000	Consolidated 2021 \$'000
Operating Activities			
Revenue from contracts with customers			
Government grants (State) – Operating ¹		369,387	394,287
Government grants (Commonwealth)- Operating		47,477	40,930
Patient and resident fees		15,985	19,421
Private practice fees		4,656	10,805
Commercial activities ²		6,559	7,470
Other revenue from operating activities		67	1,583
Total revenue from contracts with customers	2.1(a)	444,131	474,496
Other source of income			
Government grants (State) – Operating ³		394,938	235,334
Government grants (State) – Capital		81,374	75,760
Other capital purpose income		16	24
Capital donations		2,900	3,590
Assets received free of charge or for nominal consideration ⁴		10,016	11,716
Salaries and other recoveries		5,786	2,624
Research and sundry income		691	443
Other income from operating activities		420	993
Total other source of income		496,141	330,484
Total revenue and income from operating activities		940,272	804,981
Non-operating activities			
Capital interest		407	664
Other income from non-operating activities		6,273	5,098
Total other sources of income		6,680	5,762
Total income from non-operating activities		6,680	5,762
Total revenue and income from transactions		946,952	810,742

¹ Activity based government (state)-operating grants of \$93m have been reclassified in the 2021 comparatives from revenue from contract with customers to other sources of income.

² Commercial activities represent business activities which Northern Health undertakes to support its operations.

³ Government Grant (State) – Operating Income includes DH funding of \$138.1m (2021: \$61.5m) for COVID-19.

⁴ This mainly comprise COVID-19 related PPE received free or charge from the Monash Health state-wide supply centre.

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

		Consolidated 2022 \$'000	Consolidated 2021 \$'000
Northern Health disaggregates revenue by the timing of revenue recognition			
Goods and services transferred to customers			
At a point in time		439,475	463,691
Over time ¹		4,656	10,805
		-	-
Total revenue from contracts with customers		444,131	474,496

¹ Revenue received for patient and resident fee, private practice fee, commercial activities and other revenue from operating activities are recognised when the goods or service have been delivered or provided to the customers.

Note 2.1. Revenue and income from transactions (continued)

How we recognise revenue and income from operating activities:

Government grants (State) – operating

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

When both these conditions are satisfied, Northern Health:

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

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

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

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

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

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

DH grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) case mix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as ‘case mix’) in accordance with the levels of activity agreed to, with DH in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged. WIES activity</p> <p>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 (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
ABF paid as NWAU	<p>NWAU funding commenced 1 July 2021 and superseded WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>

Government grants (Commonwealth) - operating

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

Note 2.1. Revenue and income from transactions (continued)**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.

How we recognise revenue and income from non-operating activities**Interest Income**

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

Rental income

Northern Health recognised \$14.4m (2021: \$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 2.1(b): Fair value of assets and services received free of charge or for nominal consideration

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Personal protective equipment and other consumables	10,016	11,717
Total fair value of assets and services received free of charge or for nominal consideration	10,016	11,717

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

Personal protective equipment (PPE)

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

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

Note 2.1. Revenue and income from transactions (continued)

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

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

DH non-cash contributions

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

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

Note 3 Cost of delivering of services

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

Structure

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

COVID-19 expenditure

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 pandemic.

Costs were incurred to deliver the following additional services:

- Establish facilities within Northern Health for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases;
- Implement COVID safe practices throughout Northern Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge;
- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs;
- Establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables; and
- Establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables; and
- Implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases.

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
Classifying employee benefit liabilities	<p>Northern Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Northern Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and LSL entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Northern Health has a conditional right to defer payment beyond 12 months. LSL leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Northern Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>Northern Health applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>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, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Note 3.1. Expenses from transactions

Note	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Salaries and wages	468,547	407,071
On-costs	110,264	100,896
Agency expenses	8,896	4,713
Fee for service office medical expenses	2,130	2,166
WorkCover premium	6,352	5,779
Total employee expenses	596,188	520,625
Drug supplies	35,841	28,028
Medical and surgical supplies (including Prostheses)	39,006	36,244
Diagnostic and radiology supplies	38,255	28,521
Other supplies and consumables	24,284	21,340
Total supplies and consumables	137,387	114,133
Finance cost - interest expense	9	6
Total finance costs	9	6
Other administrative expenses	14,874	9,351
Other administrative expenses	14,874	9,351
Fuel, light, power and water	4,866	4,454
Repairs and maintenance	8,614	5,864
Maintenance contracts	5,663	4,366
Domestic services and supplies	22,648	16,703
Medical indemnity insurance	13,101	11,187
Computer and communication	8,559	5,312
Staff training and development	3,628	1,688
Security Costs	7,506	4,956
Patient Transport	3,125	2,387
Shared service costs	1,335	1,326
Expenditure for capital purposes	9,063	1,423
Total other operating expenses	88,110	59,666
Total operating expenses	836,567	703,781
Depreciation and amortisation	4.5 37,556	33,582
Total depreciation and amortisation	37,556	33,582
Specific and ex-gratia expenses	158	184
Bad and doubtful debts expenses	2,085	2,665
Total other non-operating expenses	2,243	2,849
Total non-operating expenses	39,799	36,431
Total expenses from transactions	876,366	740,212

How we recognise expenses from transactions
Expense recognition

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

Employee expenses

Employee expenses include:

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

Note 3.1. Expenses from transactions (continued)

Supplies and consumables

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

Finance costs

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

Other operating expenses

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

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

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

Non-operating expenses

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

Note 3.2. Other economic flows

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Net gain on disposal of property, plant and equipment	(214)	24
Total net gain/(loss) on non-financial assets	(214)	24
Net gain/(loss) on financial instruments at fair value		
Allowance for impairment losses of contractual receivables	-	(284)
Total Net gain/(loss) on financial instruments	-	(284)
Net gain/(loss) arising from revaluation of long service leave liability	5,114	7,484
Total other gains/(losses) from other economic flows	5,114	7,484
Total gains/(losses) from other economic flows	4,900	7,224

How we recognise other economic flows

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

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

- Revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- Reclassified amounts relating to equity instruments from the reserves to retained surplus / (deficit) due to a disposal or de-recognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain / (loss) on non-financial assets

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

- Revaluation gains/ (losses) of investment properties;
- Net gain/ (loss) on disposal of non-financial assets; and
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain / (loss) on financial instruments

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

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.2 for further details);
- Disposals of financial assets and de-recognition of financial liabilities.

Note 3.3. Employee benefits and related on-costs

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ¹	1,268	1,095
	1,268	1,095
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	42,306	36,655
Unconditional and expected to be settled wholly after 12 months ²	6,889	6,147
	49,195	42,802
<i>Long Service leave</i>		
Unconditional and expected to be settled wholly within 12 months ¹	9,074	9,276
Unconditional and expected to be settled wholly after 12 months ²	52,146	46,099
	61,220	55,375
<i>Provision related to employee benefits on-costs</i>		
Unconditional and expected to be settled wholly within 12 months ¹	6,007	4,958
Unconditional and expected to be settled wholly after 12 months ²	7,866	5,922
	13,873	10,880
Total current employee benefits and related on-costs	125,556	110,152
Non-current employee benefits and related on-costs		
Conditional long service leave	16,438	21,031
Provisions related to employee benefits and on-costs	2,252	2,078
Total non-current provisions	18,690	23,109
Total employee benefits and related on-costs	144,246	133,261

¹ The amounts disclosed are nominal amounts.

² The amounts disclosed are discounted to present values.

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Unconditional accrued days off	1,268	1,095
Unconditional annual leave entitlements	54,899	47,760
Unconditional long service leave entitlements	69,389	61,297
Total current employee benefits and related on-costs	125,556	110,152
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	18,690	23,109
Total non-current employee benefits and related on-costs	18,690	23,109
Total employee benefits and related on-costs	144,246	133,261
Attributable to:		
Employee benefits	128,121	120,303
Provision for related on-costs	16,125	12,958
Total employee benefits and relates on-costs	144,246	133,261

Note 3.3. Employee benefits and related on-costs (continued)
Note 3.3(b): Provision for related on-costs movement schedule

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Carrying amount at start of year	12,958	11,428
Additional provisions recognised	1,794	1,282
Amounts incurred during the year	1,581	(1,012)
Net gain/(loss) arising from revaluation of long service leave liability	(208)	1,260
Carrying amount at end of year	16,125	12,958

How we recognise employee benefits
Provisions

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

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

Annual leave and accrued days off

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

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

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

Long service leave (LSL)

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

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

The components of this LSL liability are measured at:

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

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4. Superannuation

	Paid contributions for the year		Contributions outstanding at 30 June ¹	
	Consolidated	Consolidated	Consolidated	Consolidated
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans²				
Aware Super	133	121	3	16
Defined contribution plans				
Aware Super	18,905	15,660	621	1,818
HESTA	17,651	13,482	575	1,668
Other	6,913	4,372	271	563
Total superannuation	43,602	33,635	1,470	4,065

¹The contribution outstanding at year end refers to the accrual taken up at year end relating to the last pay period in June 2022.

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

How we recognise superannuation

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

Defined contribution superannuation plans

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. Key assets to support service delivery

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

Structure

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

Impact of COVID-19

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

Note 4.1: Property, plant and equipment

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Land at fair value: Crown	50,785	45,882
Land at fair value: Freehold	3,114	2,073
Total land at fair value	53,899	47,955
Buildings at fair value	510,023	469,055
Less accumulated depreciation	(71,134)	(45,080)
Total buildings at fair value	438,889	423,975
Works in progress at costs	68,825	35,870
Total land and buildings	561,613	507,800
Plant and equipment at fair value	4,068	3,534
Less accumulated depreciation	(2,573)	(2,298)
Total plant and equipment at fair value	1,495	1,236
Motor vehicles at fair value	2,513	2,508
Less accumulated depreciation	(1,789)	(1,579)
Total motor vehicles at fair value	724	929
Medical equipment at fair value	65,641	61,001
Less accumulated depreciation	(41,427)	(37,197)
Total medical equipment at fair value	24,214	23,804
Computer equipment at fair value	21,839	13,073
Less accumulated depreciation	(12,366)	(9,610)
Total computer equipment at fair value	9,473	3,463
Furniture and fittings at fair value	3,919	3,770
Less accumulated depreciation	(2,883)	(2,671)
Total furniture and fittings at fair value	1,036	1,099
Cultural assets at fair value	457	457
Less accumulated depreciation	-	-
Total cultural assets at fair value	457	457
Total plant, equipment, furniture, fittings and vehicles at fair value	37,399	30,988
Total property, plant and equipment	599,012	538,788

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

	Note	Land \$'000	Buildings \$'000	Building works in progress \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture and Fittings \$'000	Cultural assets \$'000	Total \$'000
Balance at 1 July 2020		41,042	334,204	68,281	1,377	1,075	20,849	2,436	883	457	470,605
Additions		-	50,214	31,088	145	264	7,287	2,030	350	-	91,378
Disposals		(86)	-	-	(7)	-	(168)	(7)	-	-	(266)
Revaluation increments/(decrements)		6,999	-	-	-	-	-	-	-	-	6,999
Net transfers between classes		-	62,300	(63,499)	3	24	444	673	55	-	-
Depreciation	4.5	-	(22,742)	-	(282)	(435)	(4,610)	(1,668)	(187)	-	(29,924)
Balance at 30 June 2021	4.2(a)	47,955	423,975	35,870	1,236	928	23,804	3,463	1,098	457	538,788
Additions		-	17,359	66,400	531	222	4,036	1,335	130	-	90,014
Disposals		-	-	-	-	(35)	(402)	(4)	-	-	(442)
Revaluation increments/(decrements)		5,944	-	-	-	-	-	-	-	-	5,944
Net transfers between classes		-	23,608	(33,446)	4	-	1,752	8,061	19	-	-
Depreciation	4.5	-	(26,054)	-	(276)	(392)	(4,976)	(3,382)	(211)	-	(35,292)
Balance at 30 June 2022	4.1(a)	53,899	438,888	68,824	1,495	724	24,214	9,473	1,036	457	599,012

How we recognise property, plant and equipment

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

Initial recognition

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

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

Subsequent measurement

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

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

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

Revaluation

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

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

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

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

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the property, plant and equipment revaluation surplus in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

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

In compliance with FRD 103I, management conducted an annual assessment of the fair value of land and buildings for the year ended 30 June 2022. Management obtained VGV indices from the Department of Treasury and Finance to facilitate this assessment. The VGV indices, which were based on data to December 2021, indicated there was an increase of 5.4% in the value of buildings held by the Northern Health and an increase of 17% in the value of land since the last valuation as at 30 June 2021. Management regards the VGV indices to be a reliable and relevant data set to form the basis of its assessments.

A managerial revaluation of buildings was not required as the movement in VGV building indices of 5.4% since the last valuation as at 30 June 2019 which was lower than revaluation threshold at which a managerial revaluation should be undertaken.

An interim independent valuation of land was performed by the VGV in April 2022. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for land was 30 June 2022.

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Right-of-use concessionary land at fair value	22,241	22,489
Less accumulated depreciation	(3,556)	(2,612)
Total right of use land at fair value	18,685	19,877
Right-of-use buildings at fair value	2,171	920
Less accumulated depreciation	(392)	(377)
Total buildings at fair value	1,779	543
Total right of use concessionary land buildings	20,464	20,420
Total right of use assets	20,464	20,420

Note 4.2. Right-of-use assets (continued)
Note 4.2(b): Reconciliation of carrying amount of each class of asset

	Note	Land \$'000	Buildings \$000	Total \$'000
Balance at 1 July 2020		22,407	728	23,135
Additions		-	-	-
Disposals		-	-	-
Revaluation increments/(decrements)		-	5	5
Net transfers between classes		-	-	-
Depreciation	4.5	(2,530)	(190)	(2,720)
Balance at 30 June 2021	4.2(a)	19,877	543	20,420
Additions		-	1,564	1,564
Disposals		-	(71)	(71)
Revaluation increments/(decrements)		-	-	-
Net transfers between classes		-	-	-
Depreciation	4.5	(1,192)	(257)	(1,449)
Balance at 30 June 2022	4.2(a)	18,685	1,779	20,464

Right of Use Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Northern Health right of use assets to determine their fair value. The valuation, which confirms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022.

How we recognise right-of-use assets

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

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

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

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

Initial recognition

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

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

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

Subsequent measurement

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

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

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

Note 4.3 Revaluation surplus

		Consolidated 2022 \$'000	Consolidated 2021 \$'000
	Note		
Balance at the beginning of the reporting period		271,585	264,586
Revaluation increment		-	
Land	4.1 (b)	5,944	6,999
Balance at the end of the reporting period		277,529	271,585
Represented by:			
Land		73,828	67,884
Buildings		203,626	203,626
Cultural assets		75	75
Total		277,529	271,585

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

		Consolidated 2022 \$'000	Consolidated 2021 \$'000
Software		8,330	8,072
Less accumulated depreciation		(7,583)	(6,767)
Total software		747	1,305
WIP Software		414	6,273
Total works in progress software		414	6,273
Total intangible assets¹		1,161	7,576

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

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

	Note	Software \$'000	Work in progress \$'000	Total \$'000
Balance at 1 July 2020		1,617	316	1,933
Additions		627	5,957	6,584
Disposals		-	-	-
Revaluation increments/(decrements)		-	-	-
Net transfers between classes		-	-	-
Depreciation	4.5	(939)	-	(939)
Balance at 30 June 2021	4.4(a)	1,305	6,273	7,576
Reclassification of prior year additions ¹			(6,250)	(6,250)
Restated Balance at 30 June 2021		1,305	23	1,327
Additions		258	391	650
Disposals		-	-	-
Revaluation increments/(decrements)		-	-	-
Net transfers between classes		-	-	-
Depreciation	4.5	(816)	-	(816)
Balance at 30 June 2022	4.4(a)	747	414	1,161

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

Note 4.4 Intangible assets (continued)

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

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

Subsequent measurement

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

Note 4.5 Depreciation and amortisation

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Depreciation		
Property, plant and equipment		
Buildings	26,054	22,742
Plant and equipment	276	282
Motor vehicles	392	435
Medical equipment	4,976	4,610
Computer equipment	3,382	1,668
Furniture and fittings	211	187
Total depreciation- property, plant and equipment	35,292	29,924
Right-of-use assets		
Right-of-use land	1,192	2,530
Right-of-use buildings	257	189
Total depreciation- right-of-use assets	1,449	2,719
Total depreciation	36,741	32,643
Amortisation		
Software	816	939
Total amortisation	816	939
Total depreciation and amortisation	37,556	33,582

How we recognise depreciation

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

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

How we recognise amortisation

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

Note 4.5 Depreciation and amortisation (continued)

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

	2022	2021
Buildings		
Structure shell building fabric	5 - 53 years	5 - 53 years
Site engineering services and central plant	17 - 33 years	17 - 33 years
Central Plant		
Fit out	2 - 18 years	2 - 18 years
Trunk reticulated building Systems	7 - 23 years	7 - 23 years
Medical equipment	7 - 10 years	7 - 10 years
Computers and communication	3 years	3 years
Furniture and fittings	10 years	10 years
Motor vehicles	4 years	4 years
Non-medical equipment	3 - 10 years	3 - 10 years
Plant and equipment	3 - 10 years	3 - 10 years
Intangible assets	3 years	3 years

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

Note 4.6 Impairment of Assets

How we recognise impairment

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

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

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

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

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

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

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

Northern Health did not record any impairment losses for the year ended 30 June 2022 (2021: nil).

Note 5. Other assets and liabilities

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

Structure

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

Impact of COVID-19

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 5.1. Receivables and contract assets

Note	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current Receivables and Contract Assets		
Contractual		
	2,016	3,545
	2,556	2,458
	6,294	5,284
5.1(a)	(3,292)	(2,339)
5.1 (b)	1,736	3,423
	1,764	4,563
Total contractual receivables	11,074	16,934
Statutory		
	3,796	2,773
Total statutory receivables	3,796	2,773
Total current receivables and contracts assets	14,871	19,707
Non-current receivables and contract assets		
Contractual		
	34,050	27,015
Total non-contractual receivables and contract assets	34,050	27,015
Total receivables and contract assets	48,921	46,722
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))		
	48,921	46,722
	(3,796)	(2,771)
Total financial assets	45,125	43,949

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Balance at the beginning of the year	(2,339)	(2,064)
Increase in allowance	(4,155)	(2,665)
Amount written off during the year	3,202	9
Reversal of allowance written off during the year as uncollectable	-	2,381
Balance at the end of the year	(3,292)	(2,339)

How we recognise receivables

Receivables consist of:

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

Note 5.1. Receivables and contract assets (continued)

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

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

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

Impairment losses of contractual receivables

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

Note 5.1(b) Contract assets

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Balance at the beginning of the year	3,423	3,151
Add: Additional costs incurred that are recoverable from the customer	557	2,163
Less: Transfer to trade receivable or cash at bank	(2,244)	(1,891)
Total contract assets	1,736	3,423
<i>*Represented by</i>		
Current contract assets	1,736	3,423
Non-current contract assets	-	-
Total contract assets	1,736	3,423

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 in the 2022-23 financial year.

Note 5.2. Payables and contract liabilities

Note	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current payables and contract liabilities		
Contractual		
Trade creditors	138	121
Accrued salaries and wages	28,096	22,380
Accrued expenses	28,369	24,520
Deferred capital income	5.2(a) 11,783	7,667
Contract liabilities	5.2(b) 2,643	4,023
Salary packaging	464	457
Superannuation	1,357	1,166
Inter hospital creditors	111	154
Amounts payable to government and agencies	8,441	7,056
Other	214	539
Total contractual payables	81,616	68,083
Total current payables and contract liabilities	81,616	68,083

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

Total payables and contract liabilities	81,616	68,084
Deferred grant income	(11,783)	(7,667)
Contract liabilities	(2,643)	(4,023)
Total financial liabilities	7.1(a) 67,190	56,394

How we recognise payables and contract liabilities

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Northern Health prior to the end of the financial year that are unpaid; and
- **Statutory payables**, which most includes amount payable to the Victorian Government and GST payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Normal credit terms for accounts payable are usually net 30 days. In line with Victorian Government supplier payment policy, credit terms in 2021-22 were net seven days.

Note 5.2 (a) Deferred capital grant revenue

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Opening balance of deferred grant income	7,667	6,833
Grant consideration for capital works received during the year	21,596	20,088
Grant revenue for capital works recognised consistent with the capital works undertaking during the year	(17,480)	(19,254)
Closing balance of deferred grant income	11,783	7,667

How we recognise deferred capital grant revenue

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

Note 5.2 (b) Contract liabilities

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Opening balance of contract liabilities	4,023	2,806
Payment received for performance obligations not yet fulfilled	9,485	8,398
Revenue recognised for the completion of a performance obligation	(10,864)	(7,181)
Total contract liabilities	2,643	4,023
Represented by:		
Current contract liabilities	2,643	4,023
Total contract liabilities	2,643	4,023

How we recognise contract liabilities

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

Maturity analysis of payables

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

Note 5.3. Other liabilities

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current		
Patient monies - monies in trust	2	12
Refundable accommodation deposits - monies in trust	2,295	2,645
Other income in advance - current	3,435	1,750
Total current monies held in trust	5,732	4,407
Non-current		
Other income in advance - non current ¹	9,238	10,124
Total non-current monies held in trust	9,238	10,124
Total other liabilities	14,970	14,531
*Represented by the following assets:		
Cash assets	2,301	2,657
Investment and other financial assets	12,669	11,873
Total	14,970	14,531

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

How we recognise other liabilities

Refundable Accommodation Deposit (RAD) /Accommodation bonds

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

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

Note 6. How we finance our operations

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

Structure

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

Impact of COVID-19

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 \$141.9m 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 also utilised cash reserves to fund the capital project payments for the multi-deck car park without having to draw-down on the Treasury Corporation Victoria (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: <ul style="list-style-type: none"> • If it has the right-to-use an identified asset; • If it has the right to obtain substantially all economic benefits from the use of the leased asset; and • If it can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Northern Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. Northern Health estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, Northern Health applies the low-value lease exemption. Northern Health also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months, Northern Health applies the short-term lease exemption.
Discount rate applied to future lease payments	Northern Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case Northern Health’s lease arrangements, Northern Health uses its incremental borrowing rate, which is the amount we would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Northern Health is reasonably certain to exercise such options. Northern Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), Northern Health is typically reasonably certain to extend (or not terminate) the lease; • If any leasehold improvements are expected to have a significant remaining value, the Northern Health is typically reasonably certain to extend (or not terminate) the lease; and • Northern Health considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1. Borrowings

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Current borrowings		
Lease liability ² 6.1(a)	455	193
Total current borrowings	455	193
Non-current borrowings		
TCV loan ¹	200	200
Lease liabilities ² 6.1(a)	1,324	326
Total non-current borrowings	1,524	526
Total borrowings	1,979	719

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

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

How we recognise borrowings

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

Initial recognition

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

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

During the current and prior year, there were [no defaults and breaches] of any of the loans.

Note 6.1 (a) Lease liabilities

Northern Health's lease liabilities are summarised below:

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Total undiscounted lease liabilities	1,947	537
Less unexpected finance expenses	(168)	(18)
Net lease liabilities	1,779	519

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Leasing liabilities		
Not later than one year	516	202
Later than one year and not later than five years	1,430	335
Later than five years	-	-
Minimum future lease liability	1,947	537
Less unexpired finance charges	(168)	(18)
Present value of lease liability	1,779	519
Represented by		
Current liabilities	455	184
Non-current liabilities	1,324	335
Total leasing liabilities	1,779	519

Note 6.1 (a) Lease liabilities (continued)

How we recognise lease liabilities

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

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

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

Northern Health's lease arrangements consist of the following:

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

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

Separation of lease and non-lease components

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

Initial measurement

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

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

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

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-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 it to achieve its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

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

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

Description of leased asset	Our dependence on lease	Nature and terms of lease
Broadmeadows Hospital campus land	<p>The leased land is used to accommodate the Broadmeadows Hospital buildings.</p> <p>Northern Health's dependence on this lease is considered high given its nature (i.e. land).</p>	<p>There are no lease payments associated with this lease.</p> <p>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.</p> <p>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.</p>
Craigieburn Centre campus land	<p>The leased land is used to accommodate the Craigieburn Centre buildings.</p> <p>Northern Health's dependence on this lease is considered high given its nature (i.e. land).</p>	<p>There are no lease payments associated with this lease.</p> <p>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.</p> <p>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.</p>

Note 6.2. Cash and cash equivalents

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Cash on hand (excluding monies held in trust)	29	31
Cash at bank (excluding monies held in trust)	-	25,906
Cash at bank - CBS (excluding monies held in trust)	122,730	52,671
Total cash held for operations	122,759	78,608
Cash at bank - CBS (monies held in trust)	2,301	2,657
Total cash held as monies in trust	2,301	2,657
Total cash and cash equivalents	125,060	81,265

7.1(a)

How we recognise cash and cash equivalents

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

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

Note 6.3. Commitments for expenditure

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Capital expenditure commitments		
Less than one year	29,384	54,303
Longer than one year but not longer than five years	541	7,829
Five years or more	-	-
Total capital expenditure commitments	29,925	62,132
Operating commitments		
Less than one year	55,496	66,349
Longer than one year and not longer than five years	23,504	34,736
Five years or more	3,735	-
Total operating expenditure commitments	82,735	101,085
Non-cancellable short term and low value lease commitments		
Less than one year	573	290
Longer than one year and not longer than five years	407	998
Five years or more	1,360	-
Total non-cancellable short term and low value lease commitments	2,340	1,288
Total commitments for expenditure (inclusive of GST)	115,000	164,505
less GST recoverable from the ATO ¹	(10,455)	(14,955)
Total commitments for expenditure (exclusive of GST)	104,545	149,550

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

How we disclose our commitments

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

Expenditure commitments

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

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

Short term and low value leases

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

Note 7. Risks, contingencies and valuation uncertainties

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

Structure:

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 7.1. Financial instruments

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

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

Note 7.1 (a) Categorisation of financial instruments:

Consolidated			Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities at amortised cost	Total
2022	Note	Financial assets at amortised cost \$'000	\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	125,060	-	-	125,060
Receivables and contract assets	5.1	45,125	-	-	45,125
Investment and Other financial assets		500	355	-	855
Total Financial Assets		170,685	355	-	171,040
Financial Liabilities					
Payables	5.2	-	-	67,190	67,190
Borrowings	6.1	-	-	1,979	1,979
Other Financial Liabilities - Refundable Accommodation	5.3	-	-	2,295	2,295
Deposits		-	-	-	-
Other Financial Liabilities - Monies held in trust	5.3	-	-	2	2
Total Financial Liabilities		-	-	71,467	71,467

Consolidated			Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities at amortised cost	Total
2021	Note	Financial assets at amortised cost \$'000	\$'000	\$'000	\$'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	81,265	-	-	81,265
Receivables and contract assets	5.1	43,949	-	-	43,949
Investment and Other financial assets		500	-	-	500
Total Financial Assets		125,714	-	-	125,714
Financial Liabilities					
Payables	5.2	-	-	56,394	56,394
Borrowings	6.1	-	-	719	719
Other Financial Liabilities - Refundable Accommodation	5.3	-	-	2,645	2,645
Deposits		-	-	-	-
Other Financial Liabilities - Monies held in trust	5.3	-	-	12	12
Total Financial Liabilities		-	-	59,771	59,771

How we categorise financial instruments

Categories of financial assets

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

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

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

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

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

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

- The assets are held by Northern Health solely to collect the contractual cash flows; and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

Northern Health recognises the following assets in this category:

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

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Northern Health recognises the following liabilities in this category:

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

Derivative financial instruments

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

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

De-recognition of financial assets

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

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

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

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

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Note 7.2. Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a) Credit risk

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

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

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

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

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

There has been no material change to Northern Health's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

Northern Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes Northern Health's contractual receivables. Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

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

Contractual receivables at amortised costs

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

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

2022		Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Note	Current					
Expected loss rate		23.9%	48.0%	18.5%	33.2%	10.2%
Gross carrying amount of contractual receivables	5.1	5,918	961	2,313	2,771	640
Loss allowance		(1,415)	(461)	(428)	(922)	(66)
2021						
Note	Current	Less than 1 month	1-3 Months	3 months - 1 Year	1-5 Years	Total
Expected loss rate		14.6%	29.2%	11.3%	20.3%	6.3%
Gross carrying amount of contractual receivables	5.1	6,908	1,122	2,700	3,235	748
Loss allowance		(1,006)	(327)	(304)	(655)	(47)

Note 7.2 (b) Liquidity risk

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

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

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

Northern Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets. The following table discloses the contractual maturity analysis for Northern Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements. The ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

		Maturity Dates					
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	
2022							
Payables	5.2	67,190	67,190	1,959	56,465	8,766	-
Borrowings	6.1	1,979	1,979	38	76	341	1,524
Other financial liabilities	5.3	2,297	2,297	2,297	-	-	-
Total financial liabilities	5.3	71,466	71,466	4,294	56,541	9,107	1,524
2021							
Payables	5.2	56,394	56,394	37,901	18,477	16	-
Borrowings	6.1	719	719	19	57	117	526
Other financial liabilities	5.3	2,657	2,657	2,657	-	-	-
Total financial liabilities		59,770	59,770	40,577	18,534	133	526

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

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

Sensitivity disclosure analysis and assumptions

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

Interest rate risk

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

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

Note 7.3 Contingent assets and contingent liabilities

Northern Health does not have any contingent assets or liabilities as at 30 June 2022 (2021: nil).

Note 7.4 Fair value determination**How we measure fair value**

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

The following assets and liabilities are carried at fair value:

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

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

Valuation hierarchy

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

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

Northern Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

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

Note 7.4 Fair value determination (continued)
Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

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

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

Fair value measurement at 30 June 2021 using:					
	Note	Consolidated carrying amount 30 June 2021 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Non-specialised land		173	-	173	-
Specialised land	4.1(b)	47,782	-	-	47,782
Total of land at fair value	4.1(b)	47,955	-	173	47,782
Non-specialised buildings		291	-	291	-
Specialised buildings		423,684	-	140,405	283,279
Total buildings at fair value	4.1(b)	423,975	-	140,696	283,279
Plant and equipment	4.1(b)	1,236	-	-	1,236
Motor vehicles	4.1(b)	929	-	-	929
Medical equipment	4.1(b)	23,804	-	-	23,804
Computer equipment	4.1(b)	3,463	-	-	3,463
Furniture and fittings	4.1(b)	1,099	-	-	1,099
Cultural assets	4.1(b)	457	-	457	-
Total of plant, equipment and vehicles at fair value	4.1(b)	30,988	-	457	30,531
Right-of-use concessionary land	4.2(b)	19,877	-	19,877	-
Right-of-use buildings	4.2(b)	543	-	-	543
Total right-of-use assets at fair value		20,420	-	19,877	543
Total non-financial physical assets at fair value		523,338	-	161,203	362,135

Note 7.4 Fair value determination (continued)

How we measure fair value of non-financial physical assets

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

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Northern Health has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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

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

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

Specialised land and specialised buildings

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

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

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

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

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

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

Vehicles

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

Reconciliation of level 3 fair value measurement

	Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use building \$'000
Consolidated					
Balance at 1 July 2020		40,890	304,826	26,620	728
Additions/(Disposals)		(87)	-	11,093	5
<i>Gains/(Losses) recognised in net results</i>		-	-	-	-
-Depreciation and amortisation		-	(21,548)	(7,182)	(190)
<i>Items recognised in other comprehensive income</i>					
-Revaluation		6,979	-	-	-
Balance at 30 June 2021	7.4(a)	47,782	283,278	30,531	543
Additions/(Disposals)		-	-	15,648	1,493
<i>Gains/(Losses) recognised in net result</i>		-	-	-	-
-Depreciation and amortisation		-	(21,547)	(9,238)	(257)
<i>Items recognised in other comprehensive income</i>					
-Revaluation		5,917	-	-	-
Balance at 30 June 2022	7.4(a)	53,699	261,732	36,942	1,779

Fair value determination of level 3 fair value measurement

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

Note 8. Other disclosures

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

Structure:

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

Impact of COVID-19

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

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

Note	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Net Result for the year	75,486	77,755
Non-cash movements		
Depreciation of non-current assets	4.5 36,741	32,643
Amortisation of non-current assets	4.5 816	939
Net (gain) / loss from other economic flows in net result	3.2 (4,900)	(7,224)
Government non-cash grants	(62,440)	(39,897)
Contributed capital	-	(86)
Movements in assets and liabilities		
(Increase)/Decrease in receivables and contract assets	4,836	(11,285)
(Increase)/Decrease in inventories	167	(271)
(Increase)/Decrease in prepaid expenses	(7,591)	(13,033)
Increase/(Decrease) in payables and contract liabilities	13,971	19,077
Increase/(Decrease) in borrowings	1,260	(165)
Increase/(Decrease) in employee benefits	10,985	16,305
Increase/(Decrease) in other provisions	439	(685)
Net cash flow from operating activities	69,770	74,073

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	
Minister for Health, The Hon. Mary-Anne Thomas MP	27/06/2022 – 30/06/2022
Minister for Ambulance Services, The Hon. Mary-Anne Thomas MP	27/06/2022 – 30/06/2022
Minister for Mental Health, The Hon. Gabrielle Williams MP	27/06/2022 – 30/06/2022
Minister for Disability, Ageing and Carers, The Hon. Colin Brooks MP	27/06/2022 – 30/06/2022
Former Minister for Health, The Hon. Martin Foley MP	01/07/2021 - 27/06/2022
Former Minister for Ambulance Services, The Hon. Martin Foley MP	01/07/2021 - 27/06/2022
Former Minister for Mental Health, The Hon. James Merlino MP	01/07/2021 - 27/06/2022
Former Minister for Disability, Ageing and Carers, The Hon. Luke Donnellan MP	01/07/2021 - 11/10/2021
Former Minister for Disability, Ageing and Carers, The Hon. James Merlino MP	11/10/2021 – 06/12/2021
Former Minister for Disability, Ageing and Carers, The Hon. Anthony Carbines MP	06/12/2021 – 27/06/2022
Governing Board	
Ms Jennifer Williams AM (Chair)	01/07/2021 - 30/06/2022
Mr Phillip Bain	01/07/2021 - 30/06/2022
Dr Sherene Devanesen	01/07/2021 - 30/06/2022
Dr Andrea Kattula	01/07/2021 - 30/06/2022
Ms Anna Macleod	01/07/2021 - 30/06/2022
Mr Peter McDonald	01/07/2021 - 30/06/2022
Mr Peter McWilliam	01/07/2021 - 30/06/2022
Ms Linda Rubinstein	01/07/2021 - 30/06/2022
Mr John Watson	01/07/2021 - 30/06/2022
Accountable Officer	
Mr Siva Sivarajah, Chief Executive	01/07/2021 - 30/06/2022
Remuneration of Responsible Persons	
The number of responsible persons are shown in their relevant income bands	
Income band	
\$40,000 - \$49,999	8
\$80,000 - \$89,999	1
\$510,000 - \$519,999	-
\$520,000 - \$529,999	1
Total numbers	10
	10
	2022
	2021
	\$'000
	\$'000
Total remuneration received or receivable by Responsible Persons from the reporting entity amounted to:	938
	929

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

Amounts relating to Responsible Ministers are reported within the State's Annual Report.

Note 8.3. Remuneration of Executives

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

Remuneration of Executive Officers (Including Key Management Personal Disclosed in Note 8.4)	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Short term employee benefits	2,410	2,099
Other long-term benefits	62	118
Post-employment benefits	241	265
Total remuneration of Executive Officers¹	2,713	2,482
Total number of executives ²	13.0	10
Total annualised employee equivalent ³	7.6	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 creation of the Executive Director Mental Health and Executive Director Digital Health positions as well as the resignation of the Chief Financial Officer which resulted in the Director Business Support and Director Payroll and Remuneration of Northern Health being temporarily appointed to this position and then a subsequent successor being appointed.

³ The annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-term employee benefits

Salaries and wages, annual leave or sick leave as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits

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

Other long-term benefits

LSL, other LSL benefits or deferred compensation.

Note 8.4. Related parties

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

Related parties of Northern Health include:

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

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

Note 8.4. Related parties (continued)

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

KMP	Position
Ms Jennifer Williams AM	Director Northern Health (Chair)
Mr Phillip Bain	Director Northern Health
Dr Sherene Devanesen	Director Northern Health
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 (until 14 Jan 2022)
Mr Basil Ireland	Chief Financial Officer (from 14 Jun 2022)
Mr Hari Iyer	Acting Chief Financial Officer (22 Jan 2022 – 13 Jun 2022)
Ms Elizabeth Petrou	Acting Chief Financial Officer (22 Jan 2022 – 13 Jun 2022)
Mr Andrew Gay	Chief Financial Officer (until 21 Jan 2022)
Dr Wanda Stelmach	Chief Medical Officer
Ms Lisa Cox	Chief Nursing and Midwifery Officer (from 24 Jul 2021)
Ms Debra Bourne	Chief Nursing and Midwifery Officer (until 23 Jul 2021) and Chief Operating Officer (from 24 Jul 2021)
Ms Jane Poxon	Chief Operating Officer (until 23 Jul 2021)
Mr Anthony Gust	Executive Director Digital Health (from 26 Jul 2021)
Ms Belinda Scott	Executive Director Mental Health (from 1 April 2022)
Dr Bill Shearer	Executive Director, Quality and Safety
Ms Michelle Fenwick	Executive Director People and Culture

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported in the State's Annual Report.

Compensation - KMPs	Consolidated	Consolidated
	2022	2021
	\$'000	\$'000
Short term employee benefits ¹	3,249	2,931
Other long-term benefits	77	124
Post-employment benefits	325	325
Total compensation - KMPs²	3,651	3,380

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

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

Note 8.4. Related parties (continued)

Transactions with KMPs and other related parties

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

There were \$17,490 (2021: \$19,223) in software expenses incurred with Barwon Health of which Jennifer Williams is a Director.

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

There were no related party transactions required to be disclosed for the Northern Health Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: 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 2022 (2021: Nil).

Transactions with controlled entities

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

Controlled entities related party transactions

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Distribution of funds by the Foundation	362	646
Total distribution of funds by the Foundation	362	646

Note 8.5. Remuneration of auditors

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Victorian Auditor-General's Office		
Audit of financial statements	79	79
Total remuneration of Auditors	79	79

Note 8.6. Ex-gratia payments

Northern Health did not incur any ex-gratia expenses in the year (2021: Nil).

Note 8.7. Events occurring after the balance sheet date

A new Mental Health Program has commenced at Northern Health on 4 July 2022. This is a disaggregation from Melbourne Health and follows recommendations from the Royal Commission into Victoria's Mental Health system tabled in March 2021. On 4 July 2022, the Northern Area Mental Health Service, the North West Area Mental Health Service, the Merv Irvine Nursing Home and McLellan House were formally transferred to Northern Health along with the respective staff, assets and liabilities. Collectively, this will make Northern Health the third largest mental health services provider in Victoria.

As part of the transition, Northern Health had received an estimated \$36.8m in buildings and property, plant and equipment, \$12.4m in staff LSL liabilities and \$7.1m in staff annual leave liabilities. The assumed increase in the DH LSL Debtor is \$9.9m.

Northern Health draw down \$22.8m of its forward loan with the TCV on 1 July 2022.

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

Note 8.8. Controlled entities

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

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

	Consolidated 2022 \$'000	Consolidated 2021 \$'000
Net Result for the year		
Northern Health Research, Training and Equipment Foundation Ltd	-	-
Northern Health Research, Training and Equipment Trust	(43)	345

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 2021-22 financial year as part of the ongoing financial performance review and assessment process. Identified financial issues were escalated and managed and DH ensured that Northern Health's immediate cash needs were met. DH has provided confirmation that it will continue to provide the Northern Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to 31 October 2022. On this basis, the financial statements have been prepared on a going concern basis.



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