

Northern Health

Northern Health

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Modern Slavery Statement

1 July 2020 to 30 June 2021

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Introduction

This Modern Slavery Statement is made pursuant to the Commonwealth Modern Slavery Act 2018 (the Act) by Northern Health and relates to the financial year 1 July 2020 to 30 June 2021.

Overview of Northern Health

Northern Health provides quality health care services to the rapidly expanding communities in the Northern suburbs of Melbourne and is the major provider of acute, maternity, sub-acute and ambulatory specialist services in the region.

Northern Health services a region with high levels of industry, communities with diverse economic circumstances and high numbers of families from a refugee or migrant background. These are some factors which combine to have a significant impact on the health and wellbeing of the population. Northern Health presents a strong philosophy of working within the local community, to address these challenges and deliver excellent inpatient care.

Northern Health's campuses comprise Broadmeadows Hospital, Bundoora Centre, Craigieburn Centre, and Northern Hospital in Epping.

Northern Health provides a range of primary, secondary and some tertiary health care services:

- Emergency and intensive care:
 - 105,000+ patients visit the emergency department each year.
 - 300+ patients present to Emergency on average each day.
 - 60+ paediatric patients are seen on average per day.
 - 90+ ambulance arrivals each day.
- Acute medical, surgical and maternity services:
 - 3,600+ babies are delivered annually.
 - 100,000+ patients treated each year.
 - 330+ surgical procedures performed each week.
- Sub-acute, palliative care and aged care:
 - 3,000+ patients treated each year.
- Specialist clinics and community-based services.
 - 4,300+ specialist outpatient appointments attended on average each week.

Northern Health has a capable, accountable and high performing workforce of approximately 5,500 employees (3,500 FTE).

Structure, Operations and Supply Chain

What we buy

Medical consumable products, implants, medical equipment (including maintenance), pharmaceuticals, food and nutrition, linen services, utilities, agency labour, radiology services, vaccines and pharmaceuticals, PPE, textiles, consultancy services, facility management, IT and marketing.

Who we buy from

A large percentage of Northern Health's spend is on Health Share Victoria (HSV) contracts. A number of non-catalogue purchases are made under Blanket Purchase Agreements managed by Melbourne Health. The remainder of purchases are B2B transactions.

HSV is a state-wide procurement organisation that partners with Victorian public health services to procure best-value goods and services. HSV works in partnership with public health services to understand their requirements, facilitate large-scale collective tenders and manage common-use contracts on behalf of the state. Northern Health purchases the goods and services it needs from the suppliers who are party to HSV collective agreements. As such, it is recognised that HSV has a significant role in health service supply chains.

HSV works with approximately 449 tier-one suppliers and is responsible for more than 65 contracts with a spend value of over \$1.16 billion.

HSV contracts cover a broad range of services, equipment and supplies across a number of categories including ventilators, beds, mattresses, patient trolleys, treatment chairs, hypodermic needles and syringes, gloves, pharmaceutical products, IV fluids, agency labour, catering supplies, laundry and linen services and non-emergency patient transport. A full list of HSV's sourcing categories can be found at <https://www.HSV.org.au/contracts-and-documents/contracts>.

HSV acknowledges the impact that COVID-19 has had on global supply chains, particularly in light of the significant increase in demand for personal protective equipment. HSV will undertake activities to investigate whether supply chains were restructured as a result of the significant procurement challenges faced during the pandemic.

Outside HSV contracts, Northern Health has contracts valued at approximately \$249m. Eighty-two percent of this spend is spread across the top 10, tier-one suppliers. Supplier categories include Medical Specialty Services, Pharmaceuticals & IV Fluids, Clinical Support Services & Supplies and Facilities Management.

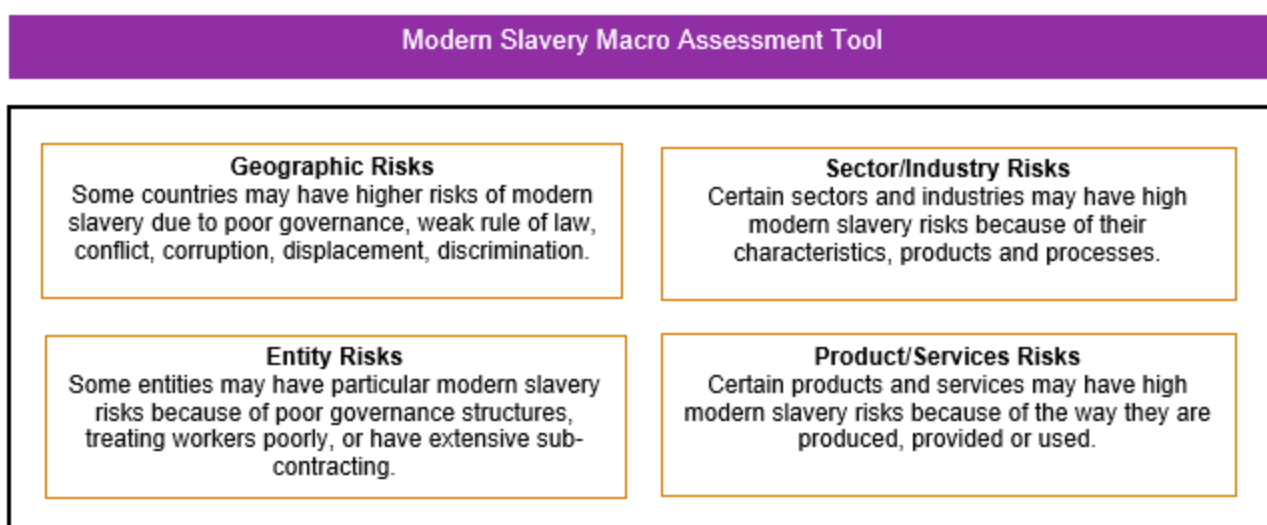
The tier-one suppliers engaged by Northern are based in Australia, United States, Germany, Denmark and Ireland. All of these countries show a low prevalence with high government response to modern slavery on the Global Slavery Index. (<https://www.globallslaveryindex.org/2018/data/maps/#prevalence>)

Modern Slavery Risks for Northern Health

There is growing evidence that demonstrates a high occurrence of modern slavery in the sourcing of raw materials and in production of health care goods, including: gloves; surgical instruments; patient clothing; uniforms and footwear of health care professionals; sheets, towels, and other textiles; and electronic health care equipment. Daily, health services use these goods to ensure the overall health and well-being of Australians. Australia is reliant on these imports from global supply chains for the supply of these essential products to health services.

In assessing suppliers, a modern slavery risk assessment tool (Tool), comprising of macro assessment and micro assessment components was utilised.

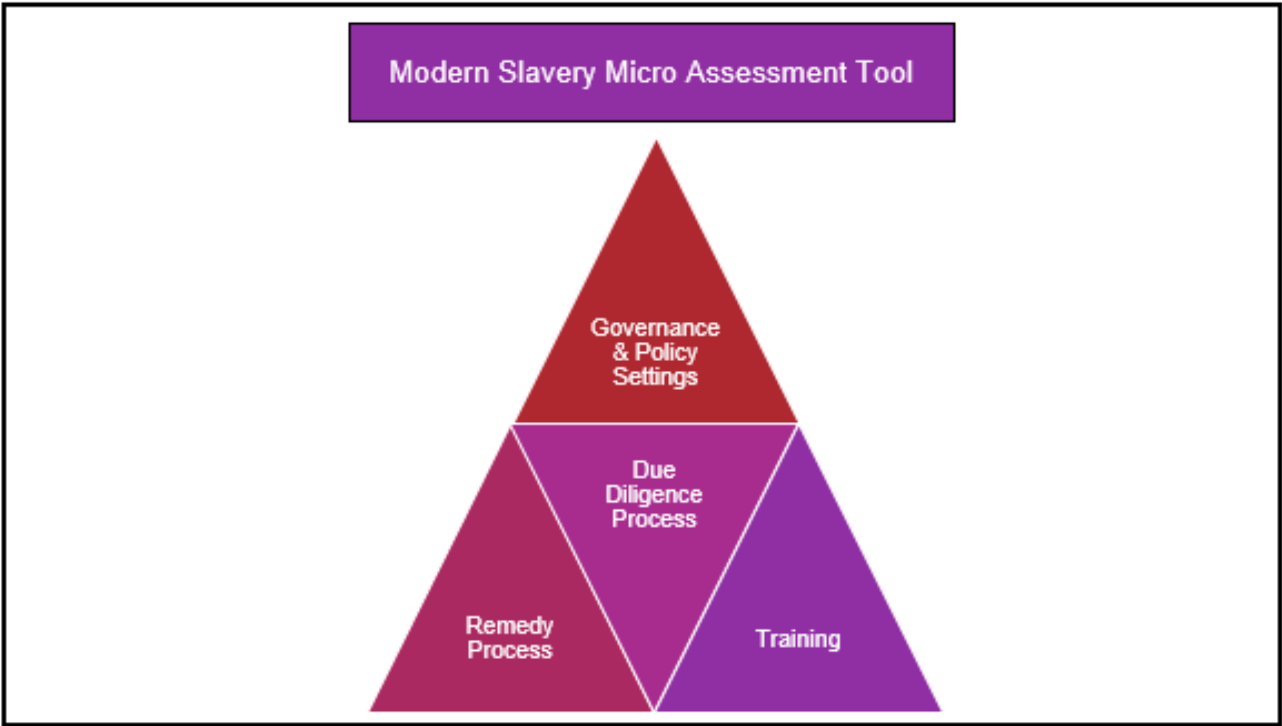
The macro assessment identified modern slavery risks across four categories.



This involved considering whether there is a high prevalence of modern slavery in a particular sector or industry, or associated with a particular good or service, or in the location that the product or service is sourced or produced from. The macro assessment also considered whether the nature of the supply chain model carried a greater risk of modern slavery. This type of assessment provided a general understanding of the scope of modern slavery risks that suppliers may carry.

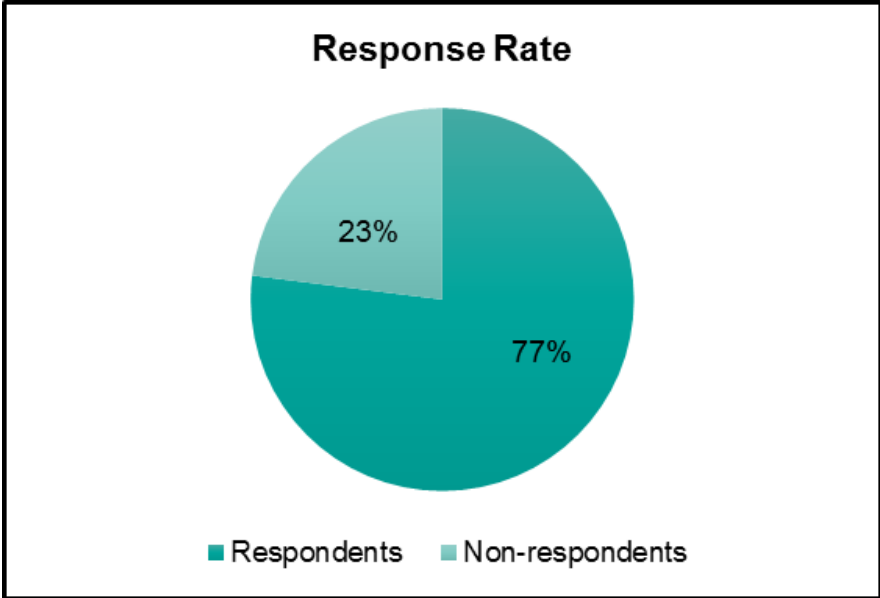
The micro assessment facilitated a detailed analysis by identifying and assessing possible modern slavery risk and in determining what risk mitigation strategies suppliers already had in place and what risks would need to be managed.

Micro assessment involved risk identification across four categories.



Both the macro and micro components included assigned weighting, rating, and risk scales, designed to allocate a modern slavery risk rating to suppliers. Suppliers were allocated one of the following risk ratings: very low, low, medium, high, or very high.

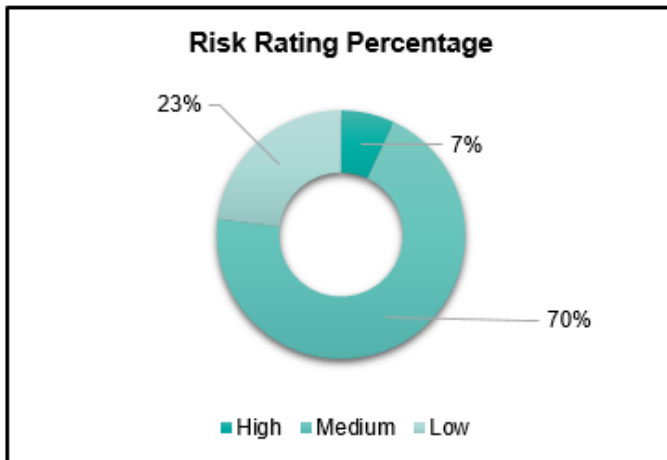
HSV Data and Analytics identified 57 suppliers from Supplier Spend Data for the period FY2021 (July-December) for Northern Health. There were 44 respondents and 13 non-respondents, providing an overall response rate of 77 percent.



Northern Health is liaising with HSV to improve the response rate in future surveys.

Below is the all-inclusive, combined macro and micro assessment outcomes for suppliers, outlining the risk categories in which the suppliers fall.

HSV State-wide Supplier Risk Rating



Risk Category	No. Suppliers
Very High	0
High	3
Medium	31
Low	10

In addition, Northern Health has applied the same risk assessment tool to examine our B2B suppliers. Figure 1 provides an overview of Northern Health’s non salary spend and the risk of Modern Slavery in those categories.

A review of our top 10, tier 1, non-HSV suppliers was undertaken. Below is the outcome of those risk assessments.

Northern Health Supplier Risk Rating

Risk Category	No. Suppliers
Very High	0
High	0
Medium	3
Low	7

As a health service with a largely skilled workforce, Northern Health considers the risk of modern slavery within its direct business operations to be relatively low. In line with a risk-based approach, these risks will continue to be examined in subsequent reporting periods. Northern Health recognises the importance of this activity and will endeavor to assess and monitor suppliers conduct using supplier questionnaires in the FY2021-22 reporting period. Northern Health recognises that the extensive nature of its global supply chains may expose it to modern slavery risks.

Northern Health and HSV also recognises that COVID-19 may have increased modern slavery risks in some supply chains. These risks include:

- Increased global demand due to supply chain shortages, particularly in the category of personal protective equipment;
- Shorter production windows;
- Increased unemployment and fear of loss of income;
- Factory closures; and
- Inability of vulnerable migrant workers to return to home countries.

HSV will continue to assess and address additional risks within healthcare supply chains caused by the COVID-19 pandemic.

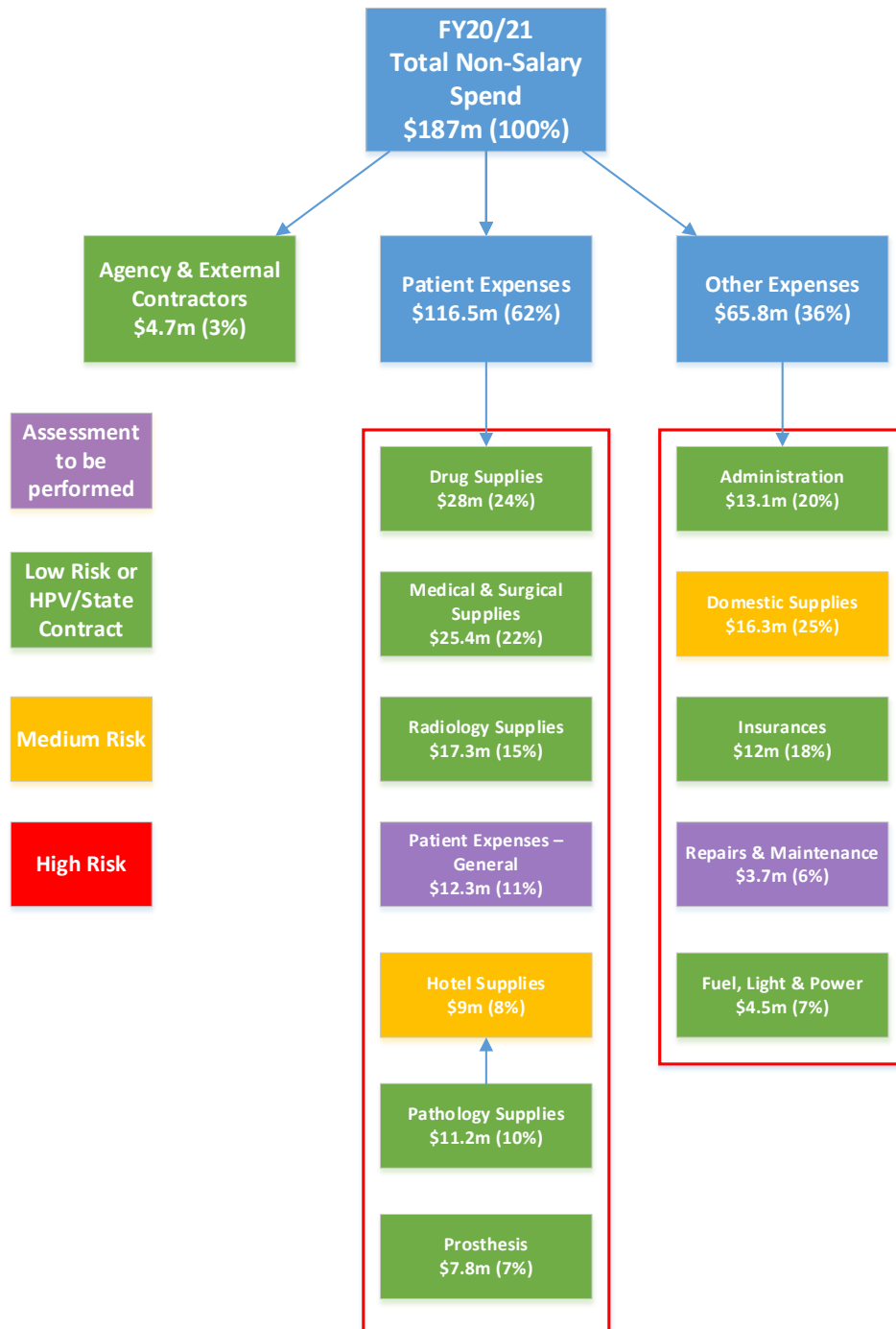


Figure 1: Northern Health's Operations & Supply Chain High Level Risk Assessment

Actions to Assess & Address Modern Slavery Risks

Northern Health began implementing the following actions in the first reporting period to start to address modern slavery risks. The second reporting period has seen the completion of these actions and moves to imbed them in practice:

- **Training:** Procurement personnel have attended Procurement and Supply Australasia (PASA) round table discussions and been involved in the Modern Slavery Community of Learning Workshops facilitated by HSV. A Modern Slavery Factsheet has been published on the Northern Health intranet site to raise awareness throughout the organisation.
- **Procurement Procedures:** Procurement procedures have been updated to include the required due diligence and remediation requirements, including the incorporation of modern slavery risk identification and management in procurement planning processes. A modern slavery risk assessment is now a mandatory part of the procurement process.
- **Modern Slavery Policy:** A Modern Slavery Policy was developed in consultation with the Legal and Organisational Risk, approved by the Audit & Risk Committee and incorporated into Northern Health's Procurement Policy to establish its position on modern slavery. The updates were communicated to the organisation via email.
- **Modern Slavery clause in contracts:** All new contracts entered into by Northern Health include clauses that prohibits conduct or activities that would constitute Modern Slavery and compels suppliers to comply with the Modern Slavery Act. To date there has been no non-compliance reported or detected.

In the next reporting period Northern Health will endeavour to update existing commercial agreements with the relevant clauses, prioritising any high risk suppliers first.

- **Supplier due diligence questionnaire:** Implementation of supplier due diligence questionnaires for tender documentation, to understand the risk of modern slavery in its supply chain and the actions taken (or not taken) by suppliers to respond to those risks. Where a category is rated as having a high risk of modern slavery, a weighting is applied in the evaluation stage of the RFx process.
- **Risk registers:** Inclusion of modern slavery in the organisational risk register for approval at the Executive Clinical Governance Committee in March 2021 and subsequently reported to the Board Audit and Risk Committee; and
- **Risk assessments:** Undertaken risk assessment of large Tier one, non-HSV, non-Government suppliers.

As well as specific modern slavery provisions, suppliers wishing to conduct business with Northern Health must aspire and commit to meet the Supplier Code of Conduct. Under the Supplier Code of Conduct, suppliers are expected to proactively identify, address and – where required by legislation – report on risks of modern slavery practices in their business operations and supply chains.

The significant impact that COVID-19 has had on health procurement and supply chains has meant that HSV and Northern Health have had to postpone planned supplier engagement activities, however these remain an important part of the modern slavery program of work.

Complaints Handling

Northern Health is committed to ethical practices across all areas of the business and encourages reporting of any information regarding misconduct, the existence of an improper state of affairs, illegal activities, unethical behaviour, breaches of legislation, behaviour which is oppressive, discriminatory or grossly negligent, unsafe work practices, serious risks to public health, safety of the environment or any conduct which poses a serious risk to health and safety of any person at the workplace.

Northern Health recognises that complaints are to be treated seriously to ensure compliance with relevant legislation. The investigation process documented in the Northern Health complaints procedure supplements the complaints mechanism for Whistleblowers by dealing with investigations for all complaints not falling within Whistleblower legislation.

Assessing the Effectiveness of Actions

The focus of the second reporting period under the Modern Slavery Act 2018 (Cth) was to undertake supplier risk assessments within HSV Collective Purchasing Agreements. In the third reporting period, Northern Health intends to work collaboratively with HSV to identify mitigation efforts to combat modern slavery risks, and foster collaboration between Northern Health and suppliers to seek to address these risks.

The COVID-19 pandemic has continued to significantly impact Northern Health and has resulted in reduced capacity to implement mechanisms to assess the effectiveness of actions taken to address modern slavery risks. Northern Health recognises the importance of this activity and will endeavour to introduce assessment mechanisms in the FY21-22 reporting period. In the interim, Northern Health has engaged with HSV to understand the effectiveness of the assessments they have conducted.

Consultation with Reporting Entities

Northern Health controls the Northern Health Foundation. Northern Health has not consulted with the Foundation as it undertakes all procurement and supply activities on behalf of the Foundation.

Closing Statement

Northern Health has implemented processes and practices within its business, including its procurement practices and contractual terms, to minimize any potential risk of modern slavery within their own tier-one suppliers.

Future plans to embed and enhance the measures Northern Health has already undertaken supports its commitment to effectively identify and address any potential risk exposure of modern slavery in the business and supply chain. Northern Health recognises there is more to do and is committed to continually improving its approach, partnering with its stakeholders and working to eradicate modern slavery.

This statement was approved by the Board of Northern Health on 26 November 2021.



Ms Jennifer Williams
Board Chair