TERANG & MORTLAKE

HEALTH SERVICE

Annual Report 2018/19

OUR
VISION
TO BE A LEADER
IN THE DEVELOPMENT
OF A VIBRANT
HEALTHIER
COMMUNITY.

WE VALUE
COMPASSION AND
RESPONSIVENESS
WE CARE FOR THE NEEDS OF
COMMUNITY
AND
EACH
OTHER EQUITY
& FAIRNESS.

OUR STRATEGIC
GOALS MEET
DEMAND &
SUPPORT

TERANG & MORTLAKE
HEALTH SERVICE
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HEALTH SERVICE PROFILE

The Terang & Mortlake Health Service was established on 1st November 1994, following the amalgamation of the Terang & District (Norah Cosgrave) Hospital and the Mortlake District Hospital.

THE TERANG HOSPITAL CAMPUS COMPRISES 14 ACUTE BEDS TOGETHER WITH ACCOMMODATION FOR 15 AGED CARE RESIDENTS.

A wide range of health care services are provided from the Terang Campus. In addition to care provided by the General Practitioners, there are specialists in Obstetrics, Geriatrics and General Surgery who visit Terang on a regular basis.

The Terang Social Centre was established in 1985, and provides a focus for a variety of community based services which are of assistance to disabled, injured and elderly patients. Construction of the Josie Black Community Health Centre, at the front of the original Social Centre, was completed in May 2006. The Josie Black Community Health Centre now provides a modern venue for the delivery of services formerly provided at the Terang Hospital and at the Living Well Centre. These include District Nursing Services, Diabetes Education, Health Promotion and Allied Health Services such as Podiatry, Speech Pathology, Dietetics, Occupational Therapy and Physiotherapy.

The Terang and Tweddle Early Parenting day stay program began catering for the parenting needs of the South West in April 2001. The Terang Early Parenting Centre is operated in partnership with Tweddle Child and Family Health Services. The parenting centre provides a Day Program for families with babies and children up to 36 months old: education and help to manage parenting issues including feeding difficulties, unsettled/irritable infants, infant/toddler sleeping problems, uncertainty with parenting issues, challenging toddler behaviour, maternal exhaustion, and postnatal anxiety & depression.

The former Mortlake District Hospital, which was established in March 1922, has undergone a significant role change following the amalgamation. Bed based services at Mortlake were de-commissioned, effective from 1st November 1994.

THE MORTLAKE COMMUNITY HEALTH CENTRE NOW PROVIDES A RANGE OF PRIMARY CARE, ALLIED HEALTH, CHRONIC DISEASE MANAGEMENT AND HEALTH PROMOTION PROGRAMS.

SERVICES PROVIDED

PRIMARY CARE

The Primary Care department provides allied health and medical support services in the following areas.

- Arthritis Education and Support Group
- Blood Pressure Checks
- Josie Black Community Health Centre available to community groups
- Community Network Meetings
- Counselling Services
- Diabetes Education
- Dietetics
- ECG Checks
- Health Education and Screening
- Health Promotion
- Immunisation Nurse Practitioner
- Live Life Well Program
- Mortlake Community Health Centre Outpatients Clinic
- Occupational Therapy
- Physiotherapy
- Podiatry
- Pre and Post Natal Care
- Smoking Cessation
- Speech Pathology
- Well Womens' Clinic – Breast Screen, Pap Smear Clinic

Services are also provided to Community members to assist them with maintaining and improving their health:

- Advanced Care Planning
- Community education programs and events
- Carers Support Group
- Men's Mobility Group
- Parenting Programs
- Planned Activity Group
- Presentations to Community Groups and other Health Agencies
- Respite Outings for care recipients
- Strength Training
- Walking and Exercise Groups
- Yoga

Terang and Mortlake Health Service offers Coordinated Care to assist community members to achieve maximum independence compatible with abilities.

- District Nursing Service
- Community Transport
- Meals on Wheels

ACUTE HOSPITAL CARE

The acute hospital services are provided in our 14 bed Acute Wing, Theatre and Urgent Care departments. These areas are accessed through the administration area in the front of the Health Service building facing Austin Avenue.

- 24 hour Urgent Care
- General Medicine
- Surgical Care
- Palliative Care
- Obstetrics / Gynaecology

AGED CARE

MOUNT VIEW RESIDENTIAL AGED CARE FACILITY

Mount View is a purpose built 15 bed Aged Care facility. It is considered to be an outstanding example of residential aged care. It is located adjacent the hospital facing Austin Avenue.

- Aged Residential Care
- Access to Aged Care Assessment Team, Home Assessments and Domiciliary Assessments

OTHER SERVICES & PROGRAMS

- Tax Help
- Centrelink Access Point (Terang)
- Playgroup (Mortlake)
- Early Parenting Centre
- Maternal and Child Health Service – Moyne Shire
- Planned Activity Groups – Moyne Shire

CHAIRPERSON'S, BOARD OF MANAGEMENT AND CHIEF EXECUTIVE OFFICER'S REPORT

The 2018-19 financial year has been hallmarked by significant investment into an number of infrastructure and facilities projects at Terang & Mortlake Health Service. The completion of these capital works and equipment upgrades further enhances our ability to provide contemporary quality care to our community, both now and into the future.

The following information provides a summary of some of the year's highlights as we work towards embedding our organisation's vision which is *"To be a leader in the development of a vibrant, healthier community".*

The vision referred to above is based on the following beliefs and understanding:

- Terang & Mortlake Health Service (TMHS) is one of a number of organisations that plays a lead role in the community;
- As a leader in the community it is incumbent upon TMHS to foster innovation and challenge the status quo;
- That vibrant communities are characterised as empowered, having greater control over their destiny, a "can-do" attitude of self-belief and strong leadership;
- The healthier community envisaged adopts a social model of health and uses the World Health Organisation definition of health which is more than the absence of disease but 'a state of complete physical, mental and social wellbeing' (W.H.O, 1946).

Wellbeing is defined as 'the condition of being well, contented and satisfied with life. Wellbeing has several components, including physical, mental, social and spiritual' *(Environments for Health, Victorian Government, 2001)*

From a financial viewpoint, it is pleasing to report a net operating surplus before capital and specific items amounting to $289,485. The comprehensive result for the year amounts to a surplus of $657,562 which includes a positive movement in the value of our Land and Buildings Property assets amounting to $735,316 resulting from the mandatory 5 yearly re-valuation reports commissioned for the Valuer-General Victoria. It should also be noted that the comprehensive result includes funds provided by the State government for capital infrastructure and equipment amounting to $390,102, interest on investments $111,691, donations and bequests for capital purposes $193,265 and depreciation on assets amounting to $948,232.

Government grants for capital improvements and equipment and, donations and bequests received are not used for funding day to day operations of the organisation but are required by accounting rules to be recorded in the accounts as contributing to the net result for the year.
A summary of the financial result may be found in the Financial Overview and of course, the Financial Report encompassing the Financial Statements and notes present a detailed record of the year's results.

LEADERSHIP & GOVERNANCE

Terang & Mortlake Health Service is fortunate to have a high functioning and effective Board of Management. The Health Service acknowledges the significant contribution made by retiring Board member Mr Ashley Eccles. Ashley joined the TMHS Board in 2016 and has been instrumental in ensuring that our Board has maintained a keen focus on clinical governance during his tenure. Ashley has also been an active member of the Audit & Compliance and Clinical Governance and Quality Committees during this period.

Terang & Mortlake Health Service has continued to play a leading role in promoting positive health change initiatives in the Corangamite Shire as a key member of the Corangamite Health Collaborative (CHC). This advisory committee has direct participation from the Department of Health & Human Services and includes executive staff representatives from Cobden District Health Service, Timboon & District Health Service, South West Healthcare, and the Corangamite Shire. The primary focus of the CHC committee is to review the effectiveness of health service delivery within the Corangamite Shire and to develop improved service models for residents in our region. Terang & Mortlake Health Service took a lead role on behalf of the Collaborative to successfully lobby for Department of Health & Human Services funding which will enable Wannon Water to install a water fluoridation plant for the township of Camperdown. Fluoridated water supplies will also be made available to the townships of Derrinallum and Lismore as they share the same water supply source. This project will greatly improve oral health outcomes of Corangamite Shire residents into the future. We look forward to the future expansion of this initiative to other townships within the Shire.

The Board of Management is the organisation's major policy making body and assumes overall responsibility for the strategic direction and operation of the Health Service. The Board is responsible for ensuring the service is well managed, provides high quality services that meet the needs of the community, and ensuring that objectives are met. To ensure the Board maintains its ability to undertake its role Board members participate in on-going education programmes. During the year Board members again undertook a self-assessment process to gauge their knowledge and understanding of governance matters and the maturity of governance systems and processes in place using a tool developed by the Australian Centre for Healthcare Governance (ACHG). Following the assessment an action plan has been implemented to further develop knowledge, systems and processes over the next year.

The Board of Management welcomed one new member last July, Ms Carolyn Warneminde of Mortlake. As a former Operating Theatre Registered Nurse, Carolyn's appointment enhances the level of clinical expertise available to the Board and also contributes to the diverse skill set that our Board now possesses.

WE RECORD OUR APPRECIATION FOR THE DEDICATION AND SERVICE PROVIDED TO TERANG & MORTLAKE HEALTH SERVICE BY ALL OF OUR BOARD MEMBERS.

The Health Service's Vision, Values and Strategic goals are recorded on page 1 of this Annual Report. These provide direction and guidance to the Board of Management in the development of policy and plans and the delivery of services to our community.

SERVICES TO PATIENTS, RESIDENTS & CLIENTS

Enhanced access to services has also been a key achievement in the 2018-19 year.

THE TERANG AND MORTLAKE COMMUNITIES HAVE BEEN PROVIDED WITH INCREASED ACCESS TO INTEGRATED SERVICES THROUGH THE EXCELLENT RELATIONSHIP THAT HAS DEVELOPED BETWEEN THE WARRNAMBOOL MEDICAL CLINIC GP'S AND THE MORTLAKE COMMUNITY HEALTH CENTRE STAFF. OCCASIONS OF SERVICE AT OUR MORTLAKE OUTPATIENT CLINIC HAVE CONTINUED TO INCREASE SINCE THE INCEPTION OF THIS GP SERVICE, AS WELL AS CROSS REFERRALS TO OUR RESIDENT ALLIED HEALTH PROVIDERS.

In the year in review the demand for services delivered has continued to be strong across the entire range of services provided by Terang & Mortlake Health Service.
During the 2018-19 year, our Terang Hospital campus treated a total of 631 inpatients resulting in 2,018 patient bed days. Occupancy of our Mount View residential aged care facility was maintained at a consistently high level, recording 97.81% occupancy throughout the year. This result was marginally higher than the 2017-18 occupancy result of 96.16%.

Demand for non-admitted services remained consistent. A total of 2,680 clients presented for treatment at the Terang Hospital Urgent Care department whilst a further 2,665 clients presented to the Outpatients department in Mortlake, 72 presentations higher than for the 2017-18 year.
The demand for community based services continues to increase and place pressure on the available resources.

At our two Community Health Centres based in Terang and Mortlake 5,486 hours of service were provided by Allied Health and Primary Care practitioners throughout the year to 1,627 clients. Our District nurses provided 8,450 service hours to 397 individual clients. The Terang Social Centre provided 18,512 hours of service to 130 clients.

The 2018-19 financial year welcomed 25 babies being born at Terang & Mortlake Health Service. This result is in line with number of births for the 2017-18 year and confirms the ongoing community support for our maternity services.

WE ARE PROUD TO CONTINUE TO PROVIDE A SAFE AND CONTEMPORARY BIRTHING SERVICE FOR LOW RISK BIRTHS, CLOSE TO HOME, FOR LOCAL FAMILIES WITH SUPPORT FROM OUR LOCAL GP OBSTETRICIANS.

Special thanks and acknowledgement must go to Dr. Tim Fitzpatrick who delivered the majority of babies at the health service during this period. Support from Dr's Kishantha, Beaton, Menzies, Masih and Kwon has been highly appreciated and valued.

HUMAN RESOURCES

Terang & Mortlake Health Service is supported by a highly skilled and dedicated workforce across all areas of operations including Nursing, Primary Care & Community Health, Cleaning and Domestic, Catering, Administration and Maintenance services staff. We employed over 150 people in the past year and continue to be a major employer in the Terang & Mortlake districts.

Our Health Service continues to focus on workforce sustainability by encouraging and supporting nursing students throughout the acute ward, Mount View and Community nursing rotations. The active Nurse Graduate program, through the Collaborative Aged Care Graduate Nurse program, continues to offer graduates opportunities to hone their skills in both the acute and residential aged care settings. In addition, Terang & Mortlake Health Service continues to provide pathways and support for young people through the employment of our two apprentice chefs.

THROUGHOUT THE ORGANISATION THERE IS A STRONG COMMITMENT TOWARD THE PROVISION OF SERVICES THAT ARE SAFE AND OF THE HIGHEST QUALITY.

During the year we welcomed 17 new members of staff; 9 in nursing, 3 in hotel services, 1 in maintenance and 3 client services assistants

Terang & Mortlake Health Service encourages and values a culture of continuous learning. In the past twelve months, we have had 3 staff members complete their Certificate IV in Leisure & Lifestyle and one staff member complete a Certificate IV in Sterilisation Services. The two apprentice chefs are continuing to work towards Certificate IV in Commercial Cookery. Terang & Mortlake Health Service is conscious of taking advantage of government funding opportunities to supplement staff upskilling wherever possible. All TMHS staff are actively encouraged to maintain and enhance their skills and, to participate in 'in-service' education sessions presented throughout the year.

In May, Terang & Mortlake Health Service proactively appointed a Workplace Culture and Wellbeing Coach. Lauren Newman visits the health service fortnightly providing staff with opportunities to discuss career advancement opportunities, and access one on one coaching as well as educational 'doorstop' sessions with staff focussing on positive and respectful communications and interactions in the workplace.

The Terang and Mortlake campuses continue to be well served by the local General Practitioners of the Terang and Mortlake based clinics including Dr Neil Jackson, Dr Tim Fitzpatrick, Dr Jacqueline Altree, Dr Dae Kwon, Dr Amsa Kishantha, Dr Jamila Perera and Dr Belinda Bell.

In February 2019, Dr Nicole Turner resigned from the Terang Medical Clinic after almost 5 years of dedicated service to our community. We wish Dr Turner every success for the future as she continues her medical career back in her home city of Adelaide.

General Surgeon Mr. Carl Murphy, General Practitioner Obstetrician Dr John Menzies, visiting Physicians from the Warrnambool Physicians Group and visiting Obstetricians & Gynaecologists from the Greenwell Specialist Clinic have also provided exceptional service to our communities throughout the year. During the past year, we were also fortunate to gain the services of an additional General Practitioner Obstetrician - Dr Dae Kwon.

Terang & Mortlake Health Services has been fortunate to secure surgical services from Mr Duminda Gunawardane and Mr Sam George who are both General Surgeons. Both of our new Surgeons are looking forward to building long term relationships with our community.

In May 2019, Mr. Carl Murphy retired from general surgical practice after serving Terang & Mortlake Health Service for seven years. Carl's commitment to rural health and his patients is acknowledged and appreciated.

CLINICAL GOVERNANCE, QUALITY & RISK MANAGEMENT

In the last two year period, Terang & Mortlake Health Service has participated in a Risk Management Improvement program through the Victorian Managed Insurance Authority (VMIA) with the aim of increasing risk management confidence. On the 1st July 2018, half way through the project, Terang & Mortlake Health Service recorded a risk management maturity percentage of 66.8%. By 30th June 2019, the percentage was 98%, an improvement of 31.2% in 12 months.

Dr Didir Imran continues to service Terang & Mortlake Health Service as its Regional Director of Medical Services through the Polwarth Partnership Alliance. Dr. Imran has been involved in clinical review processes and has offered his expertise at various clinical meetings during the year.

OUR HEALTH SERVICE IS SUBJECT TO A NUMBER OF PERIODIC ACCREDITATION REVIEWS WHICH ENSURE THAT SAFETY AND QUALITY BENCHMARKS ARE ACHIEVED AND THAT THESE FACTORS REMAIN A PARAMOUNT FOCUS.

Ms. Margaret Edgar from the Aged Care Quality and Safety Commission visited Mt View Residential Aged Care Facility on the 19th February 2019 to conduct an unannounced site visit. Ms. Edgar spoke to many of our Consumers, family members and workforce and reported positively on the care provided from Mt View. This feedback provided assistance with preparation transferring over to the new Aged Care Standards which commenced in mid-2019.

Terang and Mortlake Health Service is also required to comply with all aspects of the National Standards for Safety and Quality in Healthcare. These Standards were developed by the Australian Commission on Safety and Quality in Healthcare (ACSQH) and have been adopted by the Health Minister in each State and Territory. The fundamental aim of the National Standards is to protect individuals from harm and improve the quality of health services delivered throughout the country. The Standards are designed to provide a quality assurance mechanism against which health services can be assessed to determine whether relevant systems and processes are in place to meet minimum standards of quality and safety, and a quality improvement tool against which improvement can be measured.

There are eight National Standards under the following headings:

1. Clinical governance
2. Partnering with consumers
3. Preventing and controlling healthcare associated infections
4. Medication safety
5. Comprehensive Care
6. Communicating for safety
7. Blood management
8. Recognising and responding to acute deterioration

PARTNERING WITH CONSUMERS COMMITTEE

The Community Partnership Committee formed in February 2010 continued to meet throughout the year to assist with the development of documentation for patients, consumers and carers.

Once again, a major achievement of the committee was the November 2018 publication of the 2017-18 *Quality Account Report*. Committee members played lead roles in the development of the report drafting the human interest stories based on community members experience with the Health Service. We received 14 overwhelmingly positive responses to our survey which sought to find whether people who received the report found it useful and of interest. The Committee is currently involved in the development of the 2018-19 Quality Account report which will be distributed throughout the TMHS catchment area toward the end of this year.

Mrs Eve Black continues to represent members of the Partnering with Consumers Committee by attending meetings of the Clinical Governance & Quality Committee and the monthly meeting of the Board of Management to provide a consumer perspective to the matters discussed.

Mr Geoff Barby, a member of the Partnering with Consumers Committee has taken on the role of participating in training Staff in Compulsory Training under the topic of Risk Management.

A successful maternity forum was conducted during the year, allowing families who had recently birthed at the health service to provide valuable insights into their experiences. The feedback had been acted on by the health service resulting in patient led improvements.

The Consumer Partnership Committee has increased its membership compliment to 10 during the past year with the addition of three new community members. Mrs Eve Black has continued to Chair the Committee, with membership also including Mrs Judy Blackburn, Mrs Judy Walters, Mrs Jean Edwards, Mr Geoff Barby, Mr Craig Coates and Mrs Julie Kenna, Mrs Susan Keane, Mrs Bernadette McKinnon, Mrs Sue Long and Ms Gemma Dennis. Two junior members, Miss Charlotte Delaney and Miss Sophie Shaw also participated from Terang College and provided valuable insights from a young person's perspectives on our health service offering.

The Board is very appreciative of the critical role undertaken by the committee and looks forward to their on-going input and assistance.

FACILITIES & EQUIPMENT

Maintenance at both the Terang & Mortlake Campus' continue to provide us with an on-going challenge as we strive to provide modern day health care from ageing infrastructure.

Through fundraising activities, and a series of small capital grants provided by the Department of Health & Human Services we have been able to replace and acquire a number of important capital equipment items during the past year. These include:

- Endoscopy Equipment (3 x endoscopes; 2 x gastroscopes & Endostratus Pump)
- New recovery room trolley
- Central Sterilising Equipment Upgrades including new soluscope, reverse osmosis water filtration system, Steam Sterilizer and instrument washer/disinfector
- New ride on mower purchased
- 3 x Natural Gas Hot Water Systems – (Rheem 265 litre)
- Air Conditioner unit
- 10 foldable activity tables for Social Centre
- Kyocera Laser Printer/Fax machine
- Lifting Machine with a 4 point sling hoist

As mentioned earlier in this report, a number of significant capital works and maintenance projects have also been undertaken during the past year. These include:

- Preparing and painting of the façade of the Terang Campus
- Painting of bedrooms, hallways and foyer, new vinyl for bedrooms and new carpet in Mt View Aged Care Facility
- Refurbishment of the Board Room including installation of bi-fold doors and removal of chimney
- Removal of original level 1 bathroom and toilet and refurbishment of the area to create two modern toilet facilities
- Removal of asbestos in Terang Acute passageway, and rooms 2, 3 and 5 ceiling cavities
- Kitchen Corridor fire compliance project including installation of fire separation doors and fire compliant refurbishment of corridor
- Repair and re-asphalting of the Mortlake Community Health Centre Carpark
- Commencement of Mt View Garden project
- Solar panel installation at Josie Black Community Health Centre
- Refurbishment of Room 5 – (Maternity room) including installation of new vinyl, painting of room and repositioning of electrics
- Conversion of Terang Campus to Natural Gas

COMMUNITY SUPPORT

The Health Service is well supported by our community, and we offer our sincere thanks to the members of the Terang Hospital Ladies Auxiliary, service clubs of Terang and Mortlake, the Terang Aged Care Trust, the Terang Op Shop, members of the Murray to Moyne Cycle Relay teams and individual community members who have assisted throughout the year by way of financial and in-kind support through volunteering.

Terang & Mortlake Health Service continues to be supported by the Terang Hospital Ladies Auxiliary group. Once again, successful functions were conducted throughout the year including in-house music afternoon, and the annual golf, bowls and croquet evening held in February. We are extremely grateful for the ongoing support of these ladies whose contributions have assisted the health service purchase several pieces of equipment during the last year.

During the year our Murray to Moyne Cycle Relay Team – the 'Terang Flyers' raised more than $20,200 towards the establishment of a wheelchair accessible sensory garden for Mt View Consumers and visitors to enjoy. Other valued contributions for this project include Mrs Susan Coolahan, the Terang Op Shop and Terang Rotary, all of which have made this project possible.

We extend our sincere appreciation to the 83 community volunteers who assist with the delivery of services to clients at Mount View Aged Care Facility, the Terang and Mortlake Community Health Centres, Terang Day Centre and people living in the community. Our Meals on Wheels service, which provides meals to Terang residents on behalf of the Corangamite Shire 7 days per week continues to be a valued service for many in our community.

THIS SERVICE IS RELIANT ON THE 60+ VOLUNTEERS WHO DELIVER MEALS THROUGHOUT THE TOWN AND WE THANK THEM FOR, AND LOOK FORWARD TO THEIR ON-GOING SUPPORT.

The L2P program assisting less advantaged youth in the community to gain their 120 hours of learner practice has grown over the past 12 month period by 7 taking the total active program participants to 13. Three students graduated successfully in this period gaining their probationary licence. This would not have been possible without the dedicated volunteer mentor drivers who have also grown in number by 3 to 8 in total.

Thanks also go to Tweddle Child and Family Health Service, South West Healthcare, Timboon and District Health Service, Cobden & District Health Service, Colac Area Health, the South West Alliance of Rural Health (SWARH), South West Primary Care Partnership, Corangamite and Moyne Shires, South West Institute of TAFE, the Western Primary Health Network and all other providers of health and health related services that have assisted TMHS throughout the year.

CONCLUSION

The Board of Management, whilst reflecting on the achievements of the financial year in review, will continue to focus on the long-term strategic goals of the organisation. We look forward to continuing to build and consolidate constructive relationships with partner agencies in order to ensure streamlined service access for our community throughout 2019-20.

RESPONSIBLE BODIES DECLARATION

Finally, in accordance with the *Financial Management Act 1994*, we are pleased to present the Report of Operations for the Terang & Mortlake Health Service for the year ending 30 June 2019.

Barry Philp
Chair

Julia Ogdin
Chief Executive Officer

Terang
28th August 2019

STATEMENT OF PRIORITIES

PART A: STRATEGIC PRIORITIES FOR 2018-19

The Victorian Government's priorities and policy directions are outlined in the Victorian Health Priorities Framework 2012-2022.

In 2018-19 Terang and Mortlake Health Service contributed toward the achievement of these priorities by undertaking the following actions.

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
BETTER HEALTH A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**BETTER HEALTH** Reduce state-wide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	• All new staff member position descriptions will include the requirement for participation in the organisational vaccination program. • Vaccination rates to be monitored and reported to the Clinical Governance & Quality Committee quarterly.	• 18 New Staff Members joined TMHS with updated Position Descriptions • Achieved 98.7% Influenza vaccination rate (2019) with results reported through Clinical Governance & Quality Committee meetings **STATUS: COMPLETE**
		• Increase access to colonoscopies identified through the National Bowel Cancer Screening Program to a minimum of 8 procedures per annum.	• 14 National Bowel Cancer Screening colonoscopies completed for the year **STATUS: COMPLETE**

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
BETTER ACCESS Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	**BETTER ACCESS** Plan and invest Unlock innovation Provide easier access Ensure fair access	• Maintain unplanned readmission rate below the state benchmark target of 6.2% by ensuring that support services are in place via strengthened pathways to palliative care.	• Month by month results were as follows: **July** 7.8% **August** 4.08% **September** 3.03% **October** 3.27% **November** 6.6% **December** 0% **January** 2.1% **February** 4.41% **March** 2.2% **April** 5.22% **May** 1.7% **June** 5.4% **Average over 12 month period is 3.6%** • District Nursing Service (DNS), Nurse Unit Manager (NUM), Chronic Disease Management Nurse and Director of Primary Healthcare met in September to plan a strategy. DNS will use Supportive & Palliative Care Indicators Tool to identify deteriorating clients. • DNS NUM & Chronic Disease Manager meet quarterly using the tool to review and measure client status and outcomes. **STATUS: COMPLETE**
		• Ensure post-natal domiciliary visit rate of 100%. • Review any birth related readmissions within 28 days of delivery with input from the Director of Medical Administration to ensure continuous improvement in patient care.	• Q1: achieved 100% • Q2: achieved 100% • Q3: achieved 100% • Q4: achieved 100% • One post-natal readmission for maternal assistance with unsettled baby **STATUS: COMPLETE**
		• Embed monthly family meetings for complex clients in the community to streamline coordination of care including allied health clinicians, led by district nursing.	• 12 meetings conducted throughout the year, averaging one per month. • Allied health and support service referrals generated **STATUS: COMPLETE**
		• Establish a multi-disciplinary discharge planning process.	• Process discussed at Community Planner and Discharge Meeting and adopted into the Community Care / Discharge Planners Terms of Reference. • Occupational Therapy service introduced to the Acute ward and accessed when need identified **STATUS: IN PROGRESS**

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
BETTER CARE Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	**BETTER CARE** Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	• Implement a whole of organisation response to family violence working in partnership with the south-west region working group and utilising the Strengthening Hospitals Response to Family Violence (SHRFV) tool kit. Initially focus on the urgent care centre, maternity services and home visiting services.	• Manager training to respond to staff disclosing family violence conducted September 2018. • TMHS Family Violence Contact Officer appointed. • Manager training undertaken - October 2018 • Education with Non Clinical and Clinical conducted by SHRFV project team. • 31 staff trained - March 2019 • TMHS Family Violence Identify and Respond Policy endorsed by Board of Management **STATUS: COMPLETE**
Specific 2018-19 priorities (mandatory)	**DISABILITY ACTION PLANS** Draft disability action plans are completed in 2018-19.	• Submit a draft disability action plan to the department by 30 June 2019. The draft plan needs to outline the approach to full implementation within three years of publication.	• Disability Action Plan workshop attended by Management, November 2018. • May 2019 – Specialist consultant engaged to review TMHS campus disability access for all 4 sites in order to provide a report and action plan for health service works. • Draft Disability Action Plan submitted to DHHS including actions for better access from disability access audit. **STATUS: COMPLETE**
	VOLUNTEER ENGAGEMENT Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	• Volunteers are supported by a dedicated volunteer co-ordinator in order to strengthen relationships and grow volunteer base. • Target to recruit five new volunteers to community transport and L2P programs.	• 3 L2P drivers recruited and trained • 2 Community Drivers recruited and oriented • 19 new volunteers to the health service overall **STATUS: COMPLETE**

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
	BULLYING AND HARASSMENT Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Review the anti-bullying and harassment policy and procedures to ensure they include the identification of • appropriate behaviour • internal and external support mechanisms • clear processes for reporting, investigation, feedback • Consequences and appeal mechanisms. Deliver three sessions regarding identification of bullying and harassment at staff briefings throughout the year to support the prevention of such behaviours.	• Anti-bullying and Harassment policy and procedures reviewed with changes. Endorsed at Board meeting, September 2018. • Education session regarding bullying & harassment conducted at August 2018 and March 2019 Staff Briefings • Departmental in-services conducted regarding bullying and harassment. • CEO introduced 'Know Better Be Better' anti bullying campaign to TMHS Staff at May 2019 Staff Briefing and posters disseminated to all campuses for display regarding campaign. **STATUS:COMPLETE**
	OCCUPATIONAL VIOLENCE Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.	Establish the new workforce capability and culture committee to work on specific aspects of the 2018 People Matter Survey. Conduct annual occupational violence training with front line staff and report learnings back through Occupational Health and Safety Committee and staff briefings. Reinforcement of occupational violence and aggression training principles at staff briefings.	• Committee established and meeting bi-monthly. • 4 People Matter Survey discussion topics discussed in depth. • New Culture Consultant engaged (May 2019) in order to overview Work Place Culture and staff wellbeing • Monthly updates regarding programme being received by Board of Management • Conducted occupational violence review session and discussion of principles at February Staff Briefing and highlighted improvements to security and procedures around TMHS. • Work Safe conducted Occupational Violence education, November 2018. 10 staff in attendance • Malcolm Agnew, Security Liaison Officer through Victoria Police presented to staff on how to work with aggressive patients May 2019. **STATUS: COMPLETE**

PART B: PERFORMANCE PRIORITIES

The *Victorian Health Services Performance monitoring framework* outlines the Government's approach to overseeing the performance of Victorian health services.

Changes to the key performance measures in 2018-19 strengthen the focus on high quality and safe care, organisational culture, patient experience and access and timeliness in line with Ministerial and departmental priorities.

Further information is available at www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability.

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATORS	TARGET	2018-19 ACTUALS
ACCREDITATION		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
INFECTION PREVENTION AND CONTROL		
Compliance with the Hand Hygiene Australia program	80%	Achieved - 94%
Percentage of healthcare workers immunised for influenza	75%	Achieved - 97%
PATIENT EXPERIENCE		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95% positive experience	Achieved – 100%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75% very positive response	Achieved - 95%
Victorian Healthcare Experience Survey – patients perception of cleanliness	70%	Achieved – 95.5%
Victorian Healthcare Experience Survey – data submission	Full Compliance	Full Compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	Achieved - 97.9%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	Achieved - 100%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care Quarter 2	75%	Achieved - 89.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	Achieved – 94.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	Full Compliance*
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	Achieved - 97.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	Achieved – 95.5%

* Less than 30 responses were received for the period due to the relative size of the Health Service

KEY PERFORMANCE INDICATORS	TARGET	2018-19 ACTUALS
ADVERSE EVENTS		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	
	Achieved - Nil	
MATERNITY AND NEWBORN		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	Achieved – 0%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	Not applicable

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE INDICATORS	TARGET	2018-19 ACTUALS
ORGANISATIONAL CULTURE		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	Achieved - 95%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	Achieved - 97%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	Achieved - 97%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	Achieved - 93%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	Achieved - 94%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	Achieved - 99%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	Achieved - 90%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	Achieved - 97%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	Achieved - 97%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATORS	TARGET	2018-19 ACTUALS
FINANCE		
Operating result ($m)	0.03	0.28
Average number of days to paying trade creditors	60 days	45 days
Average number of days to receiving patient fee debtors	60 days	55 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.71
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	122 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Attained
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	0.25

PART C: ACTIVITY AND FUNDING

The performance and financial framework within which state government-funded organisations operate is described in 'Volume 2: Health operations 2018-19 of the Department of Health and Human Services Policy and funding guidelines 2018.

The Policy and funding guidelines are available at https://www2.health.vic.gov.au/about/policy-and-funding-guidelines

Further information about the Department of Health and Human Services' approach to funding and price setting for specific clinical activities, and funding policy changes is also available at

https://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability/pricing-funding-framework/funding-policy

	2018-19 ACTIVITY ACHIEVEMENT	UNITS
SMALL RURAL		
Small Rural Acute	436	WIES equivalents
Small Rural Primary Health & HACC		
- Nursing	896	Service Hours
- Allied Health	137	Service Hours
- Counselling/Casework	0	Service Hours
- Dietetics	52	Service Hours
- Occupational Therapy	14	Service Hours
- Physiotherapy	12	Service Hours
- Podiatry	60	Service Hours
- Speech Therapy	88	Service Hours
- Planned Activity Group	2,367	Service Hours
Small Rural Residential Care	5,355	Bed days
Health Workforce	2	Number of students

OUR COMMITTEES

PRINCIPAL COMMITTEES

The Principal Committees of the Board of Management oversee major areas of Health Service Management, Performance and Planning. Brief descriptions of each Committee, which are regularly reviewed against their respective terms of reference, are detailed as follows:-

BOARD OF MANAGEMENT

The Board of Management is responsible for the overall direction of the Health Service including planning, staffing, patient care, safety and financial management.

The Board of Management is also responsible for the appointment of the Chief Executive Officer and whilst refraining from intervention in the day-to-day management entrusted to the Chief Executive Officer, the Board must be fully aware of the Health Services performance, needs and problems.

Senior staff are required to observe the Health Services by-laws and are responsible for the implementation and application of the established policies of the Board of Management and its committees.

BOARD EXECUTIVE COMMITTEE

The Board Executive Committee comprises the office bearers of the Board of Management. This Committee is empowered with the authority of the Board to act on its behalf on matters arising between meetings, but all decisions relating to policy must be referred to the next full meeting of the Board of Management.

CLINICAL GOVERNANCE & QUALITY COMMITTEE

The Clinical Governance & Quality Committee is responsible for the co-ordination of the Quality Improvement Plan. Its functions include the assessment and evaluation of the quality services provided by the Health Service including the review of clinical practices or clinical competence of persons providing these services. Due to the sensitivity and confidentiality of this information the Committee has been granted statutory immunity under section 139 of the *Health Service Act 1988* (as amended).

Reports to the Board on the overall quality, effectiveness, appropriateness and use of services rendered to patients in the Health Service.

MEDICAL ADVISORY/ CREDENTIALS COMMITTEE

Advises the Board on matters of a medical nature and provides an effective avenue of communication between the Visiting Medical Practitioners and the Board.

Assesses the suitability of applicants requesting appointment to the Health Service as Visiting Medical Practitioners and makes recommendations to the Board of Management. Delineates the privileges associated with such appointments and takes disciplinary action if necessary. Reviews all appointments every three years.

PHYSICAL RESOURCES; HUMAN RESOURCES & PLANNING COMMITTEE

Monitors the maintenance of Health Service grounds, buildings and equipment, makes recommendations to the Board on major and minor works and replacements, plans for the future delivery of health services based on community need.

AUDIT & COMPLIANCE COMMITTEE

The Audit & Compliance Committee assists the Health Service Board in fulfilling its financial oversight responsibilities in line with the requirements of the Financial Management Compliance framework.

This Committee monitors and oversees the following:

- Financial performance and the financial reporting process, including the annual financial statements.
- The scope of work, performance and independence of both internal and external auditors.
- The engagement and dismissal by management of any internal audit service providers.
- The operation and implementation of the financial risk management framework.
- Matters of accountability and internal control affecting the operations of the agency.
- The agency's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.

SUB-COMMITTEES

CLINICAL SERVICES & DRUG ADVISORY COMMITTEE

Develops recommendations and assists in implementing changes as required in policies and procedures. Monitors areas of concern in medical and nursing organisation and discusses matters pertinent to the managerial aspect of patients and staff.
Monitors the Pharmacy Service, formulates and recommends policies, and undertakes surveys to measure compliance in such areas a drug storage, administration and rationalisation. Drug incompatibilities are also monitored.

All findings are disseminated to relevant Departments and the Quality Improvement Committee, which acts as an advisory committee to the Board of Management.

INFECTION CONTROL COMMITTEE

The Infection Control Committee makes recommendations to the Quality Improvement Committee on matters of policy, relating to the standards of practice regarding Health Service sanitation and medical asepsis in the promotion of a safe environment for patients, staff and visitors to the Health Service.

PRIMARY HEALTH CARE COMMITTEE

The Primary Health Care Committee facilitates the development of philosophy, goals and objectives in the planning, development, implementation and evaluation of Population Health and Health Promotion programs.
This committee also promotes an understanding of population health and health promotion philosophy, goals and objectives throughout the organisation.
Provides a forum for health service planning and facilitate networking at a local, regional and state level.

OCCUPATIONAL HEALTH AND SAFETY COMMITTEE

The Occupational Health and Safety Committee reviews and advises upon existing policies, programmes and practices of Health and Safety Issues and recommends solutions.

It examines and advises upon methods of reporting, recording, investigating and analysing hazardous acts, incidents, environment and work practices. It also considers written reports on incidents, accidents and injuries, formulating corrective and preventative guidelines.

Develops and initiates staff educational programmes.

COMMUNITY ADVISORY COMMITTEE

The Community Advisory Committee provides direction and leadership to the integration of consumer, carer and community views toward the planning and delivery of services.

SENIOR LEADERSHIP COMMITTEE

Provides a forum for fostering communication in relation to issues raised by departmental heads and executive staff members.

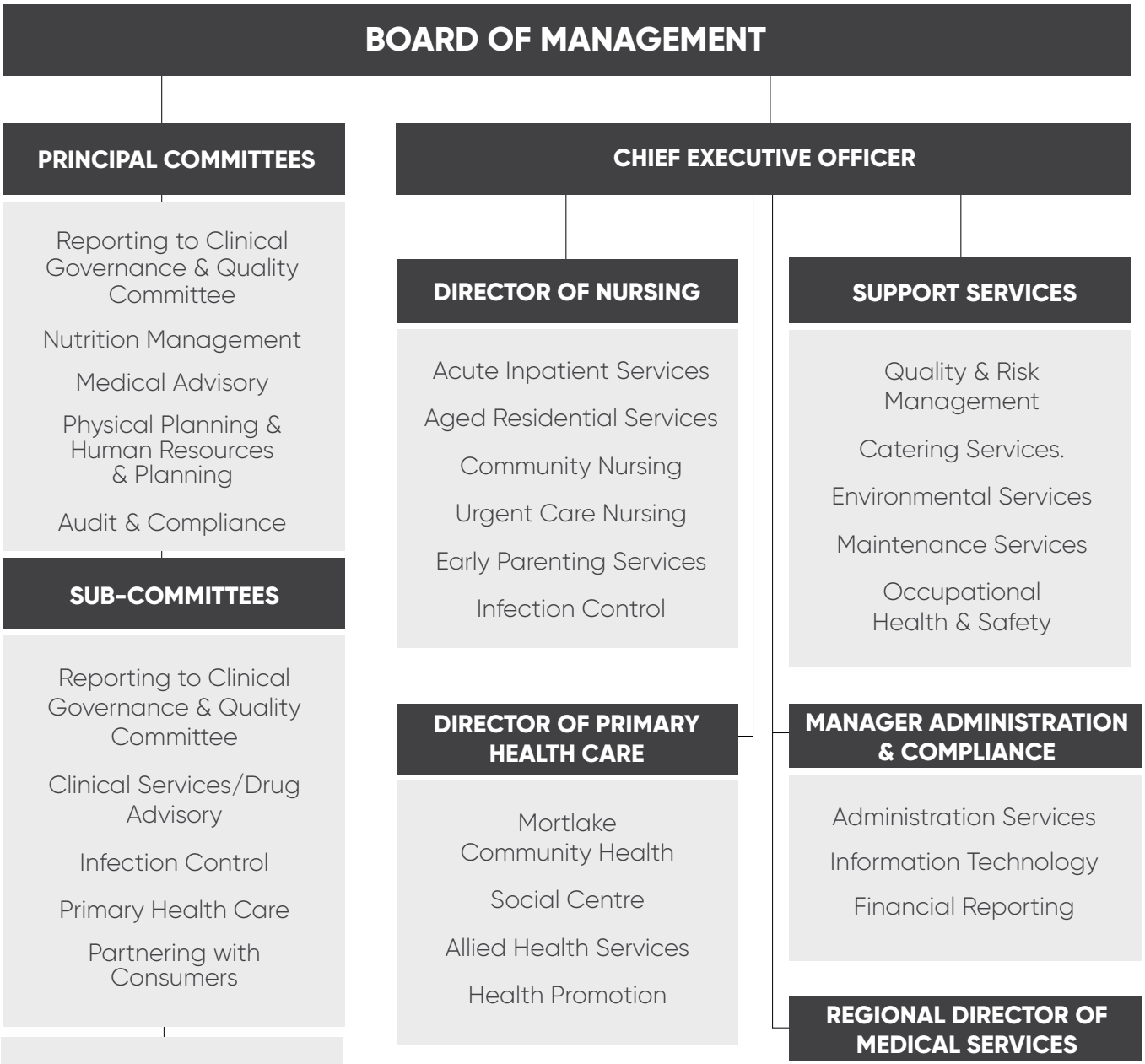
WORKFORCE CAPABILITY AND CULTURE COMMITTEE

The function of this committee is to ensure that the Terang & Mortlake Health Service workforce is capable, skilled and responsive to need supported by a healthy workplace culture.

INFORMATION MANAGEMENT COMMITTEE

The Information Management Committee reviews client information, prior to it being made available for public distribution to ensure it is accurate, relevant and easily understandable. This committee is also responsible for ensuring that information is managed in a way that helps the organisation meet its goals in the provision of high quality care.

ORGANISATIONAL STRUCTURE



OFFICE BEARERS AND COMMITTEE

For the Year ended 30th June 2019

PRESIDENT
Mr Barry Philp
First Appointed – 01.07.2012
Physical Resources; Human Resources & Planning Committee
Clinical Governance & Quality Committee
Medical Advisory Committee

VICE PRESIDENT
Mr. Colin Long
First Appointed – 01.07.2015
Audit & Compliance Committee
Clinical Governance & Quality Committee
Medical Advisory Committee

TREASURER
Mr. Murray Whiting
B. Bus. (Acc.), C.P.A
First Appointed – 01.07.2014
Audit & Compliance Committee
Clinical Governance & Quality Committee

COMMITTEE MEMBERS
Ms. Elizabeth Clarke
First Appointed – 01.07.2015
Physical Resources; Human Resources & Planning Committee
Audit & Compliance Committee
Clinical Governance & Quality Committee

Mr. Ashley Eccles
First Appointed – 01.07.2016
Audit & Compliance Committee
Clinical Governance & Quality Committee
Medical Advisory Committee

Ms. Erin Guiney
First Appointed – 01.07.2016
Clinical Governance & Quality Committee
Medical Advisory Committee

Mrs. Katie Harvey
First Appointed – 01.07.2017
Clinical Governance & Quality Committee

Ms. Carolyn Warneminde
First Appointed – 01.07.2018
Clinical Governance & Quality Committee

INDEPENDENT AUDIT & COMPLIANCE COMMITTEE MEMBERS

Mr. Nigel Bruckner
B. Bus. (Acc.), C.A, F.T.I.A
First Appointed – 01.07.2013

Mr. Ken Davey
F. Inst. of Legal Executives (Vic)
First Appointed – 01.07.2010

Mr. Geoffrey Barby
First Appointed – 01.07.2018
Resigned – 21.03.2019

SOLICITORS
Taits Legal

BANKERS
Australia & New Zealand Banking Group Ltd.

AUDITOR-GENERAL'S AGENT
McLaren Hunt Financial Group

EXECUTIVE STAFF

CHIEF EXECUTIVE OFFICER
Ms. J.C. Ogdin, B. HSc. (Speech Path.), Grad. Cert. Quality Management, MIHM, FHSM

DIRECTOR OF NURSING
Mrs. E.A Houlder, R.N., Cert. Critical Care & Emergency, MBA, Cert IV TAE (resigned 07/10/2018)

Mrs. J. Fitzgibbon, R.N.,B.Nursing (08/10/2018 to 06/01/2019)

Mrs. M.J. Mitchell, R.N. (appointed 07/01/2019)

DIRECTOR OF PRIMARY HEALTH CARE
Mrs. M.J. Mitchell, R.N.

Mrs. M. Symons, R.N., Grad. Cert. Diabetes Education (Diabetes Education), Cert. Leadership

MANAGER, ADMINISTRATION & COMPLIANCE
Mr. B.A. Williams, Adv. Dip. Bus (Accounting)

STAFF LISTING

UNIT MANAGER
Mrs. S.M. Williams, R.N., R.M., Grad. Dip. FCHN (Parenting Centre) IBCLC, Immunisation Certificate

MAINTENANCE SUPERVISOR
Mr. I. Barrand Painter and Decorator (resigned 05/04/2019)

Mr. P. Dunn Cabinet Making & Joinery (appointed 08/04/2019)

CATERING SUPERVISOR
Mrs. K.M. Dwyer Cert III in Hospitality (Operations); Dip Business Management; Dip Human Resources

ENVIRONMENTAL SERVICES OFFICER
Mrs. G.A. Saunders

Mrs. A.S Gee (appointed 03/12/2018)

QUALITY, RISK & SAFETY MANAGER
Mrs. L.G. Sanderson, Dip. OH&S, Dip. HRM, Dip. Quality Auditing; Cert IV Workplace Assessment & Training; Cert. IV OH&S

HEALTH INFORMATION OFFICER
Ms. M. Covey, Clinical Coder

NURSING
Ms. M. Finnigan, R.N (Aged Care Nursing Unit Manager)
Mrs. R.E. Barby, R.N. (District Nursing)
Ms. J. O'Brien R.N., Cert Infection Control (Nursing)
Mrs. M. Symons, R.N., Graduate Certificate of Diabetes Education (Diabetes Educator)

VISITING ALLIED HEALTH STAFF
Mr. C. McLachlan, B. App. Sc. (Phys.)
Ms. J. Reddrop, B. App. Sc. (Phys.)
Ms. Z. Douglas, B. App. Sc. (Phys.),
Ms. J. Morgan, B. App. Sc. (Phys.),
Ms. R. Rundell, B. (Podiatry), M.A. (Podiatry).A.
Mr. A. Gray, B.A., B. Bus., Grad. Dip. Couns. Psych., Dip. Ed., M.A.P.S.
Mr. J. Hill, B. App. Sc. (Phys.), Hons. M.A.P.A.
Mr. B. Hoekstra, Dip. Physio, M. Physio, B. Psych.
Ms. E. Adams, B. App. Sc. (Speech Pathology)

VISITING MEDICAL STAFF
Dr. J. Altree, M.B., B.S, F.R.A.C.G.P
Dr. B. Beaumont, M.B., B.S.
Dr. C. J. Beaton, M.B., Ch.B. (Edin), F.R.A.N.Z.C.O.G., M.R.C.O.G., M.R.C.G.P.
Dr. T.R.C. Fitzpatrick, M.B., B.S., F.R.A.C.G.P., D.R.A.C.O.G., Master. Dip. Family Medicine, Member Sports Medicine Aust.
Dr. D. Gunawardana, M.B., B.S.
Dr. N. H. Jackson, M.B., B.S., M.R.C.P. (U.K.), D.R.C.O.G., F.R.A.C.G.P.
Dr. A. Kishantha, M.B., B.S, F.R.A.C.G.P
Dr. D. Kwon, M.B., B.S.
Dr. E. Masih, M.B., B.S. F.R.A.C.G.P
Dr. S. J. Menzies, M.B., B.S., M. Med. F.R.A.C.G.P., D.R.A.N.Z.C.O.G. (Advanced)
Dr. B. Morphett, M.B., B.S., F.R.A.C.G.P.
Mr. C. Murphy, M.B., Ch.B., F.R.A.C.S., F.R.C.S (Glasgow), F.R.C.S.I.
Dr. S. Nagarajah, M.B., B.S., F.R.A.C.G.P.
Dr. W. Rouse, M.B., B.S., F.R.A.C.G.P.
Dr. A. Singh, M.B., B.S.
Dr. N. Turner, M.B., B.S, D.C.H, F.R.A.C.G.P.

STATUTORY INFORMATION

In accordance with the Directions of the Minister for Finance under the *Financial Management Act 1994* Section 45 and 53Q(4) the following disclosures are made for the Responsible Ministers and the Accountable Officers.

RESPONSIBLE MINISTER

The responsible Ministers during the reporting period were:

CURRENT RESPONSIBLE MINISTERS:

July 2018 to November 2018

The Honourable Jill Hennessy MP,
Minister for Health
Minister for Ambulance Services

Martin Foley MP,
Minister for Housing, Disability and Ageing
Minister for Mental Health,

Jenny Mikakos MP,
Minister for Families and Children,
Minister for Early Childhood Education,
Minister for Youth Affairs

November 2018 to June 2019

Jenny Mikakos MP,
Minister for Health,
Minister for Ambulance Services

Martin Foley MP,
Minister for Mental Health

The Honourable Luke Donnellan MP,
Minister for Child Protection,
Minister for Disability, Ageing and Carers

MANNER OF ESTABLISHMENT

Terang and Mortlake Health Service is an incorporated body under, and regulated by, the Health Services Act 1988

DECLARATION OF PECUNIARY INTEREST

When pecuniary interests exist, declarations of pecuniary interest have been obtained from relevant members of the Board of Management and senior management staff.

SETTING OF FEES

The Health Services charges Acute Care, Community Health, and Home Nursing fees in accordance with Department of Health & Human Services fees directive and Aged Care fees are charged in accordance with those determined by the Commonwealth Department of Health and Ageing.

REQUESTS LODGED UNDER THE FREEDOM OF INFORMATION ACT

Requests for documents in the possession of Terang and Mortlake Health Service are directed to the Chief Executive Officer, the nominated Freedom of Information Officer, and all requests are processed in accordance with the Freedom of Information Act 1982. A legislation fee and associated charges per application may apply.

A total of 1 valid request for information under the Freedom of Information Act were processed during the 2018-19 financial year.

MERIT & EQUITY

TMHS is subject to the Equal Opportunity Act 1995

The Purpose of the Act is:-

- to provide for equal employment opportunity programs in Public Authorities;
- to establish reporting requirements in relation to these programs; and
- to require Public Authorities to observe personnel management principles in employment matters.

The Terang & Mortlake Health Service has adopted principles and procedures to ensure that recruitment, promotion, and advancement will be determined on the basis of fair and open competition between qualified individuals and decisions to recruit/promote/advance will be made solely on the basis of relative ability, knowledge and skills in

relation to the promotion involved.
The Health Service is further committed to ensuring that all employees will receive fair and equitable treatment in all aspects of personnel management regardless of political affiliation, race, colour, religion, national origin, sex, marital status or physical disability.

WORK PLACE INCIDENTS (OCCUPATIONAL HEALTH & SAFETY)

Terang & Mortlake Health Service has continued to review and develop policies and procedures in accordance with relevant legislative requirements. There were no new reported Work Cover incidents during the 2018-19 financial year.

OCCUPATIONAL VIOLENCE

Terang & Mortlake Health Service is committed to preventing and addressing incidences of occupational violence.

In 2018-19, there were no reported occupational violence incidents:

OCCUPATIONAL VIOLENCE STATISTICS	2018-19
1. Workcover accepted claims with an occupational violence cause per 100 FTE	Nil
2. Number of accepted claims with lost time injury with an occupational violence cause per 100,000 hours worked	Nil
3. Number of occupational violence incidents reported	Nil
4. Number of occupational violence incidents reported per 100 FTE	Nil
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

DEFINITIONS

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

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

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

Accepted Workcover claims – accepted workover claims that were lodged during the 2018-19 reporting period.

Lost time – is defined as greater than one day.

CONSULTANCIES

In 2018-19, there were two (2) consultancies where the total fees payable to the consultant were $10,000 or greater. Details of individual consultancies (valued at $10,000 or greater) are detailed in **TABLE 1** at the bottom of this page.

In 2018-19, there were two (2) consultancies where the total fees payable to the consultants were less than $10,000. Details of individual consultancies (valued at less than $10,000) are detailed in **TABLE 2** at the bottom of this page.

TABLE 1 – CONSULTANCIES ($10,000 OR GREATER)

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved fee	Expenditure 2018-19	Future Expenditure (Excluding GST)
Biruu Consulting	Feasibility Study & Business Plan (Mortlake Community Health Centre)	1/7/18	30/4/19	$18,312	$18,312	$0
Health Architects	Architect fees	1/7/18	30/4/19	$48,800	$48,800	$0

TABLE 2 – CONSULTANCIES (LESS THAN $10,000)

Leigh Welling & Associates	Aged Care Funding Instrument Assessment audit	16/5/19	16/5/19	$1,350	$1,350	$0
Lauren Newman	Workplace Coaching	6/5/19	24/6/19	$1,690	$1,690	$13,440

BUILDING ACT 1993

Terang and Mortlake Health Service complies with the Building Act 1993, which encompasses the Building Code of Australia, under the guidelines for publicly owned buildings issued by the Minister for Finance 1994 in all redevelopment and maintenance issues.

PROTECTED DISCLOSURE ACT 2012

Terang and Mortlake Health Service has in place appropriate procedures for disclosures in accordance with the Protected Disclosures Act 2012. No protected disclosures were made under the Act in 2017-18.

CARERS RECOGNITION ACT 2012

The Carers Recognition Act 2012 recognises, promotes and values the role of people in care relationships. Terang and Mortlake Health Service understands the different needs of persons in care relationships and that care relationships bring benefits to the patients, their carers and to the community. Terang and Mortlake Health Service takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of the care relationship principles and this is reflected in our commitment to a model of patient and family centred care and to involving carers in the development and delivery of our services.

SAFE PATIENT CARE ACT 2015

Terang & Mortlake Health Service has no matters to report in relation to its obligations under Section 40 of the safe Patient Care Act 2015.

COMMENTS AND COMPLAINTS

Comments, suggestions and complaints are valued as they provide us with feedback on whether our services are meeting community needs or whether action is required to improve or extend services. Patients/clients are encouraged to discuss issues with the senior staff member on duty. The designated Complaints Officer is Ms. Julia Ogdin, Chief Executive Officer or unresolved complaints may be directed to the Health Services Commissioner on: (03) 8601 5200 or toll free 1800 136 066.

STATEMENT ON NATIONAL COMPETITION POLICY AND COMPETITIVE NEUTRALITY POLICY VICTORIA

Terang and Mortlake Health Service has implemented competitive neutral pricing principles for all new contracts for services provided to the private sector, to ensure a level playing field.

STATEMENT OF AVAILABILITY OF OTHER INFORMATION

The following information, where it relates to Terang and Mortlake Health Service and is relevant to the financial year 2018-19 is available upon request by relevant Ministers, Members of Parliament and the public.

a. A Statement of pecuniary interest has been completed.
b. Details of shares held by senior officers as nominee or held beneficially.
c. Details of publications produced by the department about the activities of the Board and where they can be obtained.
d. Details of changes in prices, fees, charges, rates and levies charged by the board.
e. Details of any major external reviews carried out on the Board.
f. Details of major research and development activities undertaken by the Board that are not otherwise covered either in the report of Operations or in a document that contains the financial report and Report of Operations.
g. Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
h. Details of major promotional, public relations and marketing activities undertaken by the board to develop community awareness of the Board and its services.
i. Details of assessments and measures undertaken to improve the occupational health and safety of employees.
j. General statement on the industrial relations within the Board and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
k. A list of major committees sponsored by the Board, the purposes of each Committee and the extent to which the purposes have been achieved.

LOCAL JOBS FIRST ACT 2003

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Job first policy in all projects valued at $3 million or more in metropolitan Melbourne or for statewide projects, or $1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at $20 million or more.
The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Terang and Mortlake Health Service abide by the principles of the Local Jobs First Act 2003. In 2018-19 there were no contracts completed by Terang and Mortlake Health Services under this Act.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2018-19 is $411,507 (excluding GST) with details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE (EXCLUDING GST)	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE (EXCLUDING GST)	OPERATIONAL EXPENDITURE (EXCLUDING GST)	CAPITAL EXPENDITURE (EXCLUDING GST)
$360,833	$50,674	$49,133	$1,541

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

Terang and Mortlake Health Service (TMHS) is genuinely committed to maintaining and improving the health and wellbeing of the people and communities we serve.
To that end, we recognise the need to use our resources wisely and effectively without compromising our standards of care.

We also acknowledge our responsibility to provide a leadership role for environmental sustainability. In this regard, TMHS has developed and implemented an organisation- wide Environmental Management Plan to reduce energy use, conserve water and reduce the volume of waste sent to landfill. It is an expectation that all members of the TMHS team play their part to minimize unnecessary energy waste and actively participate in recycling initiatives.

A comparison of the Health Services' environmental performance over a five year period is as follows:

UTILITY	2018/19	2017/18	+/- % CHANGE	2016/17	2015/16	2014/15
Electricity (Mwh)	393	431	-8.8%	2014/15	423	432
LP Gas	52*	71	+4.2%	58	56	51
Natural Gas (gigajoules)	22*	0		0	0	0
Diesel (litres)	0	0	-	0	0	0
Water (millions litres)	3.81	4.29	-11.2%	4.66	5.35	5.55

*Terang Hospital campus converted from Bulk LPG to Natural Gas in May 2019. Percentage change on gas usage has been calculated as a combined source figure.

NOTES:

Since 2010, Terang & Mortlake Health Service has implemented a number of initiatives to reduce its carbon footprint and reduce energy costs. These include:

- Replacement of Diesel fired boilers with split system heating/cooling units at both the Terang & Mortlake campuses in early 2011;
- Installation of a solar hot water pre-heating system at Terang Hospital designed to reduce LPG and electricity usage;
- Installation of automatic time clocks for more efficient controls of our heating systems;
- We have a general waste recycling program in place;
- Replacement of Pan-sanitizers with Macerators has reduced water consumption;
- Centralization of internal laundry services in December 2011 with new energy efficient washers and a gas fired commercial dryer will reduce both electricity and water consumption;
- All fixed and hand held shower heads were replaced with variable flow models in May 2013 which reduce water usage from 12.5 litres per minute to less than 9 litres per minute (28% reduction in water use);
- Replacement of six cylinder vehicles with fuel efficient four cylinder models (District Nursing and fleet vehicles);
- Implementation of battery recycling in 2010;
- Replacement of disposable sharps containers with re-usable containers;
- Implementation of PVC plastics recycling in 2016;
- Installation and commissioning of a 10 kilowatt Solar Panel electricity generation inverter system at our Josie Black Community Health Centre in 2018;
- Conversion from bulk LPG to mains Natural Gas at our Terang Hospital in 2019.

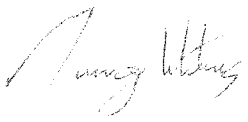
By October 2019, we expect to have completed the installation and commissioning of an 80 kilowatt Solar Panel inverter system at our Terang Hospital campus and a separate 20 kilowatt Solar Panel inverter system at our Mortlake Community Health Centre. Electricity generated by these renewable solar panel systems are expected to replace up to 60% of our total baseload electricity usage drawn from the national grid.

Moving forward, our primary focus will be on a continued awareness program for staff, to educate all team members on the small energy conservation actions they can take, both at work and in their own home that will collectively make a positive impact.

ATTESTATIONS

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Murray Whiting, on behalf of the Responsible Body, certify that the Terang & Mortlake Health Service has complied with the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Murray Whiting
Treasurer – Board of Management
Terang & Mortlake Health Service
20th August 2019

COMPLIANCE WITH HEALTH PURCHASING VICTORIA (HPV) HEALTH PURCHASING POLICIES

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

Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
28th August 2019

DATA INTEGRITY

I, Julia Ogdin, certify that the Terang & Mortlake Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Terang & Mortlake Health Service has critically reviewed these controls and processes during the year.

Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
28th August 2019

CONFLICT OF INTEREST

I, Julia Ogdin, certify that the Terang and Mortlake Health Service 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 Victorian Public Sector Commission (VPSC). Declaration of private interests forms have been completed by all executive staff within Terang & Mortlake Health Service 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.

Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
28th August 2019

INTEGRITY, FRAUD AND CORRUPTION

I, Julia Ogdin, certify that the Terang & Mortlake Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at the Terang & Mortlake Health Service during the year.

Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
28th August 2019

FINANCIAL OVERVIEW

The results outlined in the Financial Statements represent the consolidated accounts of the Agency, including consolidated government funded sector, health service initiatives and capital funds. These accounts have been prepared in accordance with the provisions of the *Financial Management Act 1994*.

As part of the Health Service Agreement process, this agency negotiated service targets for the 2018-19 financial year in the following program areas:

- Acute Health
- Aged Care and HACC
- Primary Care and Community Health

The Health Service completed the financial year with an overall surplus of $657,562 after allowing for capital revenue; changes in physical asset revaluation surplus and depreciation of non-current assets.

A comparison of the Health Services' operating performance over a five year period is as follows:

	2018/19	2017/18	2016/17	2015/16	2014/15
***OPERATING RESULT**	**289,485**	**100,634**	**290,633**	**519,871**	**180,842**
Total Revenue	11,397,333	11,056,649	11,227,177	10,548,256	10,992,304
Total Expenses	11,447,769	11,308,843	11,634,338	10,749,031	11,913,293
Net Result from transactions	**(50,436)**	**(252,194)**	**(407,161)**	**(200,775)**	**79,011**
Total other economic flows	(27,318)	4,278	28,683	(8,559)	0
Net Result	**(77,754)**	**(247,916)**	**(378,478)**	**(209,334)**	**79,011**
Total Assets	14,659,646	13,316,584	14,280,415	14,340,256	13,381,857
Total Liabilities	4,158,928	3,473,428	4,189,343	3,870,706	2,702,973
Net assets /Total equity	**10,500,718**	**9,843,156**	**10,091,072**	**10,469,550**	**10,678,884**

*The Operating Result is the result for which the health service is monitored in its Statement of Priorities.

Reconciliation between the *Net result* from transactions reported in annual financial statements to the *Operating result* as agreed in the Statement of Priorities

	2018-19
Net operating result*	**289,485**
Capital and specific items	
Capital purpose income	694,965
Specific income	0
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(69,195)
Depreciation and amortisation	(948,322)
Impairment of non-financial assets	0
Finance costs	(17,369)
Net result from transactions	**(50,436)**

*The Net operating result is the result for which the health service is monitored in its Statement of Priorities.

There have been no events subsequent to balance date which may have a significant effect on the operations of the entity in subsequent years.

STAFFING PROFILE

Hospitals labour category	June Current Month FTE 2018	June Current Month FTE 2019	Average Monthly FTE 2018	Average Monthly FTE 2019
Nursing	38.32	39.43	38.94	38.39
Administration and Clerical	13.34	12.87	13.91	12.83
Hotel and Allied Services	21.02	21.63	20.55	21.46
Ancillary Support (Allied Health)	1.15	1.95	1.87	1.36
Other	1.81	1.34	1.30	1.50
TOTAL	**76.14**	**77.22**	**76.57**	**75.54**

REVENUE INDICATORS

	Average Collection Day		
	2019	**2018**	**2017**
Private	101	64	87
TAC	0	0	0
VWA	0	0	0
Nursing Home	33	45	29

DEBTORS OUTSTANDING AS AT 30TH JUNE 2019

	Current	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/06/2019	Total 30/06/2018	Total 30/06/2017
Private	68,388	6,140	4,558	6,983	2,055	88,124	71,829	54,696
Residential Aged Care	43,891	614	-	-	-	44,505	54,180	32,024

SERVICE, ACTIVITY AND EFFICIENCY TARGETS

	2018-19	2017-18	2016-17	2015-16	2014-15
1. ADMITTED PATIENTS					
1.1 Separations					
A. Acute	407	424	432	524	551
B. Non Acute	3	1	4	6	6
C. Same Day	221	279	468	482	549
D. Nursing Home	6	8	6	10	7
1.2 Patient Days					
A. Acute	1,753	2,020	1,620	2,480	2,563
B. Non Acute	44	41	72	87	134
C. Same Day	221	279	468	482	549
D. Nursing Home	5,355	5,265	5,278	5,226	5,050
2. NON ADMITTED PATIENTS					
Emergency Patients - Terang	2,680	2,833	2,836	2,939	3,078
Emergency Patients - Mortlake	2,665	2,569	2,306	2,091	1,994
Terang Day Centre	3,422	3,516	3,407	3,524	3,691
District Nursing Service	13,895	13,603	12,383	12,258	13,445
Allied Health & Primary Care	4,664	4,474	4,459	3,599	3,551
3. OCCUPANCY RATE					
Acute Hospital	39.5%	45.8%	42.3%	34.7%	37.1%
Mt View Nursing Home	97.8%	96.2%	96.4%	95.2%	92.2%

DISCLOSURE INDEX

The Annual Report of the Terang and Mortlake Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the organisation's compliance with statutory disclosure requirements.

LEGISLATION	REQUIREMENT	PAGE REF.
Ministerial Directions		
Report of Operations		
Charter and Purpose		
FRD 22H	Maintenance of establishment and the relevant Ministers	25
FRD 22H	Purpose, functions, powers and duties	2
FRD 22H	Nature and range of services provided	3
FRD 22H	Activities, programs and achievements for the reporting period	6, 18, 34
FRD 22H	Significant changes in key initiatives and expectations for the future	3
Management and Structure		
FRD 22H	Organisational structure	22
FRD 22H	Workforce data / employment and conduct principles	25, 33
FRD 22H	Occupational Health and Safety	26
Financial Information		
FRD 22H	Summary of the financial results for the year	32
FRD 22H	Significant changes in financial position during the year	n/a
FRD 22H	Operational and budgetary objectives and performance against objectives	18
FRD 22H	Subsequent events	33
FRD 22H	Details of consultancies under $10,000	26
FRD 22H	Details of consultancies over $10,000	26
FRD 22H	Disclosure of ICT expenditure	28
Legislation		
FRD 22H	Application and operation of *Freedom of Information Act 1982*	25
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	27
FRD 22H	Application and operation of *Protected Disclosure 2012*	27
FRD 22H	Statement on National Competition Policy	27
FRD 22H	Application and operation of *Carers Recognition Act 2012*	27
FRD 22H	Summary of the entity's environmental performance	28
FRD 22H	Additional information available upon request	27
Other relevant reporting directives		
FRD 25D	*Local Jobs First Act 2003* disclosures	28
SD 5.1.4	Financial Management Compliance attestation	30
SD 5.2.3	Declaration in report of operations	11

LEGISLATION REQUIREMENT	PAGE REF.
Attestations	
Attestation on Data Integrity	30
Attestation on managing Conflicts of Interest	31
Attestation on Integrity, fraud and corruption	31
Other reporting requirements	
Reporting of outcomes from Statement of Priorities 2018-19	12-18
Occupational Violence Reporting	26
Reporting of compliance with Health Purchasing Victoria policies	30
Reporting obligations under the Safe Patient Act 2015	27

TERANG & MORTLAKE HEALTH SERVICE

FINANCIAL STATEMENTS 2018–19

TERANG & MORTLAKE
HEALTH SERVICE


TERANG & MORTLAKE
HEALTH SERVICE

DECLARATION

BOARD MEMBER'S, ACCOUNTABLE OFFICERS AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for Terang & Mortlake Health Service 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, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and the financial position of Terang & Mortlake Health Service as at 30 June 2019.

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

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

Mr Colin Long Board Member	Ms Julia Ogdin-Gubbins Accountable Officer	Mr Brendan Williams Chief Finance & Accounting Officer
Terang	Terang	Terang
28 /08/ 2019	28 /08/ 2019	28 /08/ 2019

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Terang & Mortlake Health Service

Opinion	I have audited the financial report of Terang & Mortlake Health Service (the health service) which comprises the: • balance sheet as at 30 June 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service'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'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 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.

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
3 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income from Transactions			
Operating Activities	2.1	11,285,642	10,965,657
Non-operating Activities	2.1	111,691	90,992
Total Income from Transactions		**11,397,333**	**11,056,649**
Expenses from Transactions			
Employee Expenses	3.1	(8,320,605)	(8,148,778)
Supplies and Consumables	3.1	(460,725)	(485,983)
Finance Costs	3.1	(17,369)	(10,272)
Depreciation and Amortisation	3.1	(948,322)	(933,083)
Other Operating Expenses	3.1	(1,700,748)	(1,730,727)
Total Expenses from Transactions		**(11,447,769)**	**(11,308,843)**
Net Result from Transactions - Net Operating Balance		**(50,436)**	**(252,194)**
Other Economic Flows Included in Net Result			
Net gain/(loss) on non-financial assets	3.2	14,384	(1,936)
Other Gain/(Loss) from Other Economic Flows	3.2	(41,702)	6,214
Total Other Economic Flows Included in Net Result		(27,318)	4,278
Net Result for the year		(77,754)	(247,916)
Other Comprehensive Income			
Items that will not be classified to Net Result			
Changes in Property, Plant & Equipment Revaluation Surplus	4.2f	735,316	0
Total Other Comprehensive Income		735,316	0
Comprehensive Result for the year		**657,562**	**(247,916)**

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

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Current Assets			
Cash and Cash Equivalents	6.2	3,494,163	1,403,591
Receivables	5.1	388,996	249,098
Investments and other Financial Assets	4.1	1,095,000	3,043,000
Inventories		44,590	41,486
Other Financial Assets	5.4	37,848	56,569
Total Current Assets		5,060,597	4,793,744
Non-Current Assets			
Receivables	5.1	504,652	409,165
Property, Plant and Equipment	4.2	9,094,397	8,113,675
Total Non-Current Assets		9,599,049	8,522,840
TOTAL ASSETS		14,659,646	13,316,584
Current Liabilities			
Payables	5.3	743,579	924,277
Borrowings	6.1	32,163	89,701
Provisions	3.4	1,796,110	1,645,304
Other Liabilities	5.2	1,335,000	645,000
Total Current Liabilities		3,906,852	3,304,282
Non-Current Liabilities			
Borrowings	6.1	48,919	0
Provisions	3.4	203,157	169,146
Total Non-Current Liabilities		252,076	169,146
TOTAL LIABILITIES		4,158,928	3,473,428
NET ASSETS		10,500,718	9,843,156
EQUITY			
Property, Plant and Equipment Revaluation Surplus		7,103,251	6,367,935
Contributed Capital		3,328,769	3,328,769
Accumulated Surplus		68,698	146,452
TOTAL EQUITY		10,500,718	9,843,156
Commitments for Expenditure	6.3		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surpluses	Total
	$	$	$	$
Balance at 1 July 2017	6,367,935	3,328,769	394,368	10,091,072
Net result for the year	0	0	(247,916)	(247,916)
Balance at 30 June 2018	**6,367,935**	**3,328,769**	**146,452**	**9,843,156**
Net result for the year	0	0	(77,754)	(77,754)
Other comprehensive income for the year	735,316	0	0	735,316
Balance at 30 June 2019	**7,103,251**	**3,328,769**	**68,698**	**10,500,718**

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $ Inflows / (Outflows)	2018 $ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		8,936,732	8,866,324
Capital Grants from Government		390,102	433,177
Patient and Resident Fees Received		854,802	852,984
Donations and Bequests Received		188,691	51,903
GST (Paid to)/received from ATO		(12,296)	16,158
Interest Received		113,359	79,608
Other Receipts		664,852	1,598,329
Total Receipts		***11,136,242***	***11,898,483***
Employee Expenses Paid		(8,139,946)	(8,273,342)
Payments for Supplies and Consumables		(464,252)	(333,668)
Finance Costs		(17,369)	(10,272)
Other Payments		(1,891,011)	(2,671,193)
Total Payments		***(10,512,578)***	***(11,288,475)***
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES	8.1	623,664	610,008
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Investments		1,948,000	452,000
Purchase of Non-Financial Assets		(1,204,281)	(173,750)
Proceeds from sale of Non-Financial Assets		41,808	24,555
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		785,527	302,805
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance leases		(8,619)	(199,523)
Receipt of Accommodation Deposits		690,000	0
NET CASHS FROM/(USED IN) FINANCING ACTIVITIES		681,381	(199,523)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		2,090,572	713,290
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		1,403,591	690,301
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	3,494,163	1,403,591

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

BASIS OF PRESENTATION

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the hospital.

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Terang & Mortlake Health Service (ABN 43 323 722 091) for the year ended 30 June 2019. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994,* and applicable Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB101 *Presentation of Financial Statements.*

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

The Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AAS's.

(b) Reporting Entity

The financial statements includes all the controlled activities of Terang & Mortlake Health Service.

Its principle address is:
13 Austin Avenue
Terang Vic 3264

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

BASIS OF PRESENTATION

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to note 8.8 Economic Dependency).

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

All amounts shown in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

The Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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

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

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);
- Defined benefit superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow.

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

(d) Principles of Consolidation

Intersegment Transactions

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

BASIS OF PRESENTATION
NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
In respect of any interest in joint operations, Terang and Mortlake Health Service recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Terang and Mortlake Health Service is a Member of the Southwest Alliance of Rural Health Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7)

(f) Equity

Contributed Capital
Consistent with the requirements of AASB 1004 *Contributions* , contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Health Service.

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.

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.4 and 5.3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Terang and Mortlake Health Service's overall objective is to provide quality health services that support and enhance the wellbeing of all Victorians. Terang and Mortlake Health Service's is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure
2.1 Income from Transactions

NOTE 2.1: INCOME FROM TRANSACTIONS

	TOTAL 2019 $	TOTAL 2018 $
Government Grants - Operating	8,953,578	8,792,403
Government Grants - Capital	390,102	433,177
Other Capital Purpose Income (including capital donations)	193,265	69,298
Indirect Contributions by Department of Health and Human Services	104,347	64,846
Patient and Resident Fees	861,409	892,272
Commercial Activities	69,453	75,340
Other Revenue from Operating Activities (including non-capital donations)	713,488	638,321
Total Income from Operating Activities	**11,285,642**	**10,965,657**
Capital Interest	111,598	90,864
Other Interest	93	128
Total Income from Non-Operating Activities	**111,691**	**90,992**
Total Income from Transactions	**11,397,333**	**11,056,649**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 2.1: INCOME FROM TRANSACTIONS (CONTINUED)

Revenue Recognition

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

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

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

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

The Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

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

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) - revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular

Patient Fees

Patient fees are recognised as revenue on an accrual basis.

Revenue from commercial activities

Revenue from commercial activities such as provision of meals to external users is recognised on an accrual basis.

Donations and Other Bequests

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

Interest revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

Sale of investments

The profit/loss on the sale of investments is recognised when the investment is realised.

Other Income

Other income includes recoveries, sundry sales and minor facility charges.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 3: THE COST OF DELIVERING SERVICES

This section provides an account of the expenses incurred by Terang and Mortlake Health Services 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

3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.4 Employee benefits in the Balance Sheet
3.5 Superannuation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 3.1: EXPENSES FROM TRANSACTIONS	TOTAL 2019 $	TOTAL 2018 $
Salaries and Wages	7,125,421	6,950,311
On-costs	633,531	640,657
Agency Expenses	154,426	155,260
Fee for Service Medical Officer Expenses	303,714	320,868
Workcover Premium	103,513	81,682
Total Employee Expenses	**8,320,605**	**8,148,778**
Drug Supplies	28,254	36,894
Medical & Surgical Supplies (including Prosthesis)	117,442	142,894
Diagnostic and Radiology Supplies	35,286	29,959
Other Supplies and Consumables	279,743	276,236
Total Supplies and Consumables	**460,725**	**485,983**
Finance Costs	17,369	10,272
Total Finance Costs	**17,369**	**10,272**
Fuel, Light, Power and Water	160,817	188,808
Repairs and Maintenance	162,279	183,781
Maintenance Contracts	88,259	81,506
Medical Indemnity Insurance	88,596	94,556
Other Administration Expenses	1,131,602	1,179,746
Expenditure for Capital Purposes	69,195	2,330
Total Other Operating Expenses	**1,700,748**	**1,730,727**
Depreciation and Amortisation (refer note 4.3)	948,322	933,083
Total Other Non-Operating Expenses	**948,322**	**933,083**
Total Expenses from Transactions	**11,447,769**	**11,308,843**

Note 3.1 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;
- Work cover premium.

Supplies and consumables
Supplies and consumables - Supplies and services costs which 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 include:

- finance charges in respect of finance leases which are recognised in accordance with AASB 117 Leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

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

- Fuel, light and power
- Repairs and maintencance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold).

The Department of Health and Human Services also makes certain payments on behalf of Terang & Mortlake Health Services. 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 for outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 3.2: Other economic flows included in net result

	2019 $	2018 $
Net gain/(loss) on sale of non-financial assets		
Net gain on disposal of property plant and equipment	14,384	(1,936)
Total net gain/(loss) on non-financial assets	14,384	(1,936)
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(41,702)	6,214
Total other gains/(losses) from other economic flows	(41,702)	6,214
Total other gains/(losses) from economic flows	(27,318)	4,278

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 gain/ (losses) of non-financial physical assets (Refer to Note 4.2 Property, Plant and Equipment)
- Net gain/(loss) on disposal of Non-Financial Assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Other gains/(losses) from other economic flows

Other gains/(losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Derecognition of financial liabilities

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

NOTE 3.3: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2019 $	2018 $	2019 $	2018 $
Catering Services	194,576	201,002	40,937	37,340
Community Projects	28,515	120,894	28,515	38,000
TOTAL	223,091	321,896	69,452	75,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET	2019 $	2018 $
Current Provisions		
Employee Benefits (i)		
Accrued ADO & Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	539,562	490,363
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	149,000	155,000
- unconditional and expected to be settled wholly after 12 months (iii)	911,492	822,427
	1,600,054	1,467,790
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled wholly within 12 months (ii)	79,863	83,712
- unconditional and expected to be settled wholly after 12 months (iii)	113,937	93,803
	193,799	177,515
Total Current Provisions	1,793,853	1,645,305
Non-Current Provisions		
Employee Benefits (i)	181,311	151,127
Provisions related to employee benefit on-costs	21,846	18,019
Total Non-Current Provisions	203,157	169,146
Total Provisions	1,997,010	1,814,451

Notes:
(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts
(iii) The amounts disclosed are discounted to present values

(a) Employee Benefits and Related On Costs

Current Employee Benefits		
South West Alliance of Rural Health Entitlements	40,016	37,759
Annual Leave Entitlements	551,146	498,033
Accrued Days Off	11,894	9,907
Unconditional Long Service Leave Entitlements	1,193,054	1,099,605
Total Current Employee Benefits	1,796,110	1,645,304
Non-Current Employee Benefits		
South West Alliance of Rural Health Entitlements	5,744	6,973
Conditional Long Service Leave Entitlements (ii)	197,413	162,173
Total Non Current Employee Benefits	203,157	169,146
Total Employee Benefits and Related On-Costs	1,999,267	1,814,450

(b) Movements in Provisions

Movement in Long Service Leave:		
Balance at start of year	1,261,778	1,261,778
Provision made during the year		
- Revaluations	41,702	(6,214)
- Expense recognising Employee Service	280,075	224,157
Settlement made during the year	(193,088)	(217,943)
Balance at end of year	1,390,467	1,261,778

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (Continued)

Employee Benefit Reecognition

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

Provisions

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

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

Employee benefits

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

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 the health service 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 the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

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 the health service 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 qualifying period.

The components of this current LSL liability are measured at:

- Nominal value – if the health service expects to wholly settle within 12 months; or
- Present value – where the entity does not expect to settle a component of this current liability within 12 months.

Conditional LSL is disclosed as a non-current liability. Any gain or loss followed 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 e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

Termination Benefits

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

On-Costs related to employee expense

Provision for on-costs, such as payroll tax, workers compensation and superannuation are recognised separately from provisions for employee benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 3.5: SUPERANNUATION

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2019 $	2018 $	2019 $	2018 $
Defined Benefit Plans:	Health Super	23,122	35,530	0	0
Defined Contribution Plans:	Health Super/Other	543,082	542,679	0	0
	HESTA	67,327	62,448	0	0
Total		633,531	640,657	0	0

Employees of the Health Service are entitled to receive superannuation benefits and the Health Service contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary.

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

Defined benefit superannuation plans
The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

The Health Services does not recognise any defined benefit liability in respect of the plans because the hospital 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. The Department of Treasury and Finance 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 the Health Service.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

The hospital 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 the hospital to be utilised for delivery of those outputs.

Structure
4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation

NOTE 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS

	Operating Fund		Total	
CURRENT	**2019**	**2018**	**2019**	**2018**
Financial Assets at Amortised Cost	**$**	**$**	**$**	**$**
Aust. Dollar Term Deposits > 3 Months (i)	1,095,000	3,043,000	1,095,000	3,043,000
Total Current Other Financial Assets	1,095,000	3,043,000	1,095,000	3,043,000
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	1,095,000	3,043,000	1,095,000	3,043,000
Represented by:				
Health Service Investments	0	2,398,000	0	2,398,000
Accommodation Bonds (Refundable Entrance Fees)	1,095,000	645,000	1,095,000	645,000
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	1,095,000	3,043,000	1,095,000	3,043,000

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

Note 4.1 Investment Recognition
Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as financial assets at amortised cost.

Terang and Mortlake Health Service classifies its other financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. The Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Terang and Mortlake Health Service investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management.

All financial assets, except those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

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

- the rights to receive cash flows from the asset have expired; or
- the Health Service 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
- the Health Service has transferred its rights to receive cash flows from the asset and either:
  - (a) has transferred substantially all the risks and rewards of the asset; or
  - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Impairment of Financial Assets
At the end of each reporting period, the Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT

(a) Gross carrying amount and accumulated depreciation	**2019 $**	**2018 $**
Land		
- Land at Fair Value		
Freehold Land	1,007,000	935,000
Total Land	1,007,000	935,000
Buildings		
- Buildings Under Construction at Cost	578,446	72,129
	578,446	72,129
- Property Improvements at Fair Value	305,000	17,487
Less Accumulated Depreciation	0	6,313
	305,000	11,174
- Buildings at Fair Value	5,925,000	7,969,958
Less Accumulated Depreciation	0	2,127,026
	5,925,000	5,842,932
Total Buildings	6,808,446	5,926,235
Plant and Equipment		
- Plant and Equipment at Fair Value	3,425,522	3,219,899
Less Accumulated Depreciation	2,559,876	2,343,958
Total Plant and Equipment	865,646	875,941
Motor Vehicles		
- Motor Vehicles at Fair Value	534,284	523,919
Less Accumulated Depreciation	259,788	241,529
Total Motor Vehicles	274,496	282,390
Leased Assets (SWARH)		
- Information Technology	664,320	564,602
Less Accumulated Amortisation	525,511	470,493
Total Leased Assets	138,809	94,109
TOTAL	9,094,397	8,113,675

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

	Land	**Buildings**	**Plant & Equipment**	**Motor Vehicles**	**Leased Assets**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2017	947,923	6,462,817	851,253	340,700	296,806	8,899,499
Additions	0	88,819	165,145	57,763	0	311,727
South West Alliance of Rural Health	0	0	0	0	(137,977)	(137,977)
Transfer between Classes	(11,174)	(61,500)	72,674	0	0	0
Disposals	0	0	0	(26,491)	0	(26,491)
Depreciation	(1,749)	(563,901)	(213,131)	(89,582)	(64,720)	(933,083)
Balance at 30 June 2018	935,000	5,926,235	875,941	282,390	94,109	8,113,675
Additions	0	784,986	221,212	104,010	0	1,110,208
South West Alliance of Rural Health	0	0	0	0	110,943	110,943
Disposals	0	0	(4,701)	(22,722)	0	(27,423)
Revaluation increments/(decrements)	72,000	663,316	0	0	0	735,316
Depreciation	0	(566,091)	(226,806)	(89,182)	(66,243)	(948,322)
Balance at 30 June 2019	1,007,000	6,808,446	865,646	274,496	138,809	9,094,397

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and buildings carried at valuation

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

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
Specialised land	1,007,000	0	0	1,007,000
Total of land at fair value	1,007,000	0	0	1,007,000
Buildings at fair value				
Specialised buildings	6,230,000	0	0	6,230,000
Total of building at fair value	6,230,000	0	0	6,230,000
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	274,496	0	274,496	0
- Plant and equipment	865,646	0	0	865,646
Total of plant, equipment and vehicles at fair value	1,140,142	0	274,496	865,646

Note
(i) Classified in accordance with the fair value hierarchy

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Land at fair value				
Specialised land	935,000	0	0	935,000
Total of land at fair value	935,000	0	0	935,000
Buildings at fair value				
Specialised buildings	5,854,106	0	0	5,854,106
Total of building at fair value	5,854,106	0	0	5,854,106
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	282,390	0	282,390	0
- Plant and equipment	875,941	0	0	875,941
Total of plant, equipment and vehicles at fair value	1,158,331	0	282,390	875,941

Note
(i) Classified in accordance with the fair value hierarchy

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Reconciliation of Level 3 fair value	Land	Buildings	Plant and equipment
Balance at 1 July 2018	935,000	5,926,235	875,941
Purchases (sales)	0	206,540	221,212
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Disposals	0	0	(4,701)
- Depreciation	0	(566,091)	(226,806)
Subtotal	935,000	5,566,684	865,646
Items recognised in other comprehensive income			
- Revaluation	72,000	663,316	0
Subtotal	72,000	663,316	0
Balance at 30 June 2019	1,007,000	6,230,000	865,646

	Land	Buildings	Plant and equipment
Balance at 1 July 2017	947,923	6,462,817	851,253
Purchases (sales)	0	16,690	165,145
Transfers in (out) of Level 3	0	(72,674)	72,674
Gains or losses recognised in net result			
- Disposals	0	0	0
- Depreciation	(1,749)	(563,901)	(213,131)
Subtotal	946,174	5,842,932	875,941
Items recognised in other comprehensive income			
- Revaluation	0	0	0
Subtotal	0	0	0
Balance at 30 June 2018	946,174	5,842,932	875,941

There have been no transfers between levels during the period.

(e) Fair Value Determination

Asset Class	Examples of types assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/Freehold)	- Land subject to restriction as to use and/or sale - Land in areas where there is not an active market	Level 3	Market approach	Community Service Obligation Adjustments
Specialised Buildings	Specialised buildings with limited alternative uses and/or substantial customisation eg. Hospitals	Level 3	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	If there is no active resale market	Level 2	Market approach	n.a.
Plant and equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	- Cost per unit - Useful life

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

(f) Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus	**2019 $**	**2018 $**
Balance at the beginning of the reporting period	6,367,935	6,367,935
Revaluation Increment		
- Land	72,000	0
- Buildings	663,316	0
Balance at the end of the reporting period*	7,103,251	6,367,935
***Represented by:**		
- Land	1,010,215	938,215
- Buildings	6,093,036	5,429,720
	7,103,251	6,367,935

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

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

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

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

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

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

The Valuer-General Victoria (VGV) is Terang and Mortlake Health Service's independent valuation agency.

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

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

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

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

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

Consideration of highest and best use (HBU) for non-financial physical assets
Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.
In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

In accordance with paragraph AASB 13.29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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, the Health Service 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 used for specialised land although 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

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 the health services, 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 the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles
The Health Service 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 value (depreciated cost).

Plant and equipment
Plant and equipment is held at carrying value (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 value.

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 4.3: DEPRECIATION

	2019 $	2018 $
Depreciation		
Buildings	566,091	565,650
Plant and Equipment		
- Plant	226,806	213,131
- Motor Vehicles	89,182	89,582
Leased Assets - South West Alliance of Rural Health	66,243	64,720
TOTAL DEPRECIATION	948,322	933,083

Depreciation
All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). 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 (refer AASB 116 *Property, Plant and Equipment*).

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

	2019	2018
Buildings		
- Structure Shell Building Fabric	10 to 47 years	10 to 47 years
- Site Engineering Services and Central Plant	10 to 12 years	10 to 12 years
Central Plant		
- Fit Out	5 to 10 years	5 to 10 years
- Trunk Reticulated Building Systems	6 to 7 years	6 to 7 years
Plant and Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	2 to 4 years	2 to 4 years
Furniture and Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Leasehold Improvements	6 to 7 years	6 to 7 years

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

NOTE 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the hospital's operations.

Structure
5.1 Receivables
5.2 Other liabilities
5.3 Payables
5.4 Other Non-Financial Assets

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 5.1: RECEIVABLES

	2019 $	2018 $
CURRENT		
Contractual		
Inter Hospital Debtors	12,259	0
Trade Debtors	17,315	10,520
Patient Fees	132,631	126,009
Accrued Revenue	30,685	32,353
Receivables - South West Alliance of Rural Health	146,228	45,142
	339,118	214,024
Statutory		
Accrued Revenue - Department of Health & Human Services	2,508	0
GST Receivable - Health Service	47,370	35,074
	49,878	35,074
TOTAL CURRENT RECEIVABLES	388,996	249,098
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	504,652	409,165
TOTAL NON-CURRENT RECEIVABLES	504,652	409,165
TOTAL RECEIVABLES	893,648	658,263

Receivables consist of:

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

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

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

The Health Service 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.

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result an 'other economic flow'. However when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

Impairment losses of contractural receivables

Refer to Note 7.1(c) Contractural receivables at amortised costs for Terang and Mortlake Health Service's contractural impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 5.2: OTHER LIABILITIES

	2019 $	2018 $
Monies Held in Trust*		
- Accommodation Bonds (Refundable Entrance Fees)	1,335,000	645,000
TOTAL OTHER LIABILITIES	1,335,000	645,000
*** Total Monies Held in Trust**		
Represented by the followings assets:		
Cash at Bank	240,000	0
Investments and other Financial Assets (refer to Note 4.1)	1,095,000	645,000
TOTAL	1,335,000	645,000

NOTE 5.3: PAYABLES

	2019 $	2018 $
CURRENT		
Contractual		
Trade Creditors	108,316	280,837
Accrued Expenses	45,841	60,172
Accrued Salaries and Wages	284,606	262,182
Payables - South West Alliance of Rural Health	116,242	144,184
Inter- hospital creditors	10,148	0
Accrued Audit Fees	9,250	6,000
	574,403	753,375
Statutory		
Amounts payable to Government - PAYG	101,776	86,656
Aged Care Funding - Department of Health & Ageing	0	29,146
Department of Health and Human Services	67,400	55,100
	169,176	170,902
TOTAL	743,579	924,277

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represents liabilities for goods and services provided to the Department prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Maturity analysis of payables
Please refer to Note 7.1(b) for the maturity analysis of payables.

NOTE 5.4: OTHER NON-FINANCIAL ASSETS

	2019 $	2018 $
Prepaid Expenses	26,881	54,582
Prepayments - South West Alliance of Rural Health	10,967	1,987
TOTAL	37,848	56,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 6: HOW WE FINANCE OUR OPERATIONS

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure
6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

NOTE 6.1: BORROWINGS

	2019 $	2018 $
CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	32,163	89,701
TOTAL CURRENT	32,163	89,701
NON CURRENT		
Australian Dollar Borrowings		
- Finance Lease Liability (South West Alliance of Rural Health)	48,919	0
TOTAL NON CURRENT	48,919	0
TOTAL BORROWINGS	81,082	89,701

Finance leases are held by the South West Alliance of Rural Health and are secured by the rights to the leased assets being held by the lessor.

(a) Maturity analysis of borrowings
Please refer to note 7.1(b) for the maturity analysis of borrowings

(b) Defaults and breaches

Finance leases
Entity as lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that the health service will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Finance leases are regarded as a financial accommodation and under Section 30 of the Health Services Act 1988, the Treasurer must declare a registered funded agency to be an approved borrower for the purposes of this section.

Borrowings
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 Health Service has categorised its borrowings as either financial liabilities designated at fair value through the profit or loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 6.2: CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2019	2018
	$	$
Cash on Hand	270	270
Cash at Bank	3,460,283	1,227,001
Cash at Bank - South West Alliance of Rural Health	33,610	176,320
TOTAL CASH AND CASH EQUIVALENTS	3,494,163	1,403,591
Represented by:		
Cash for Health Service Operations	3,254,163	1,403,591
Cash for Monies Held in Trust	240,000	0
TOTAL	3,494,163	1,403,591

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity 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.

NOTE 6.3: COMMITMENTS FOR EXPENDITURE

	2019	2018
Capital Expenditure Commitments	$	$
Less than 1 year	242,167	4,450
Total Capital Expenditure Commitments	242,167	4,450

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note 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 individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure
7.1 Financial instruments

NOTE 7.1: FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies
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 Terang and Mortlake Health Service's'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.*

(a) Categorisation of financial instruments

2019	Financial Assets at Amortised Cost $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	3,494,163	0	3,494,163
Receivables	339,118	0	339,118
Investments	1,095,000	0	1,095,000
Total Financial Assets (i)	4,928,281	0	4,928,281
Financial Liabilities			
Payables	0	574,403	574,403
Borrowings	0	81,082	81,082
Total Financial Liabilities(ii)	0	655,485	655,485

Categorisation of financial instruments

2018	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	1,403,591	0	1,403,591
Receivables	214,024	0	214,024
Investments	3,043,000	0	3,043,000
Total Financial Assets (i)	4,660,615	0	4,660,615
Financial Liabilities			
Payables	0	753,375	753,375
Borrowings	0	89,701	89,701
Total Financial Liabilities(ii)	0	843,076	843,076

(i) The carrying amount excludes statutory receivables (i.e. GST Receivable and DHHS Receivable) and statutory payables (i.e. Revenue in advance and DHHS payable).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

From 1 July 2018, the Health Service applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9

Financial assets at amortised cost
Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:
- the assets are held by the Health Service to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.
The Department recognises the following assets in this category:
- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Categories of financial assets previously under AASB 139
Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

Loans and receivables category includes cash and deposits (refer to Note 6.2), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial liabilities at amortised cost
Initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Health Service recognises the following liabilities in this category:

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets
At the end of each reporting period, the Health Service assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 7.1 (b): Maturity analysis of financial liabilities as at 30 June

The following table discloses the contractual maturity analysis for the Health Service's financial liabilities.

			Maturity Dates			
	Total Carrying Amount	Nominal Amount	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
2019	$	$	$	$	$	$
Financial Liabilities						
At amortised cost						
Payables (i)	574,403	574,403	574,403	0	0	0
Borrowings	81,082	81,082	2,680	8,040	21,443	48,919
Total Financial Liabilities	655,485	655,485	577,083	8,040	21,443	48,919
2018						
Financial Liabilities						
At amortised cost						
Payables (i)	753,375	753,375	753,375	0	0	0
Borrowings	89,701	89,701	7,475	14,950	67,276	0
Total Financial Liabilities	843,076	843,076	760,850	14,950	67,276	0

(i) Maturity analysis of financial liabilities excludes the types of statutory financial liabilities (i.e. GST payable).

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

On this basis, the the Health Service determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

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

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

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]
The Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The Health Service also has investments in:
- Term Deposits at approved deposit institutions

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

From 1 July 2018, the Health Service applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8: OTHER DISCLOSURES

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

8.1 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.2 Responsible persons disclosures
8.3 Remuneration of Executive Officers
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date
8.7 Jointly controlled operations
8.8 Economic Dependency
8.9 AASBs issued that are not yet effective

NOTE 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $	2018 $
NET RESULT FOR THE YEAR	(77,754)	(247,916)
Non-cash movements		
Depreciation	948,322	933,083
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	(14,384)	1,936
Movements in assets and liabilities		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(235,385)	787,307
(Increase)/Decrease in Prepayments	18,721	(3,534)
(Increase)/Decrease in Inventories	(3,104)	524
Increase/(Decrease) in Payables	(199,029)	(718,084)
Increase/(Decrease) in Employee Benefits	186,277	(98,308)
Increase/(Decrease) in Other Liabilities	0	(45,000)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	623,664	610,008

NOTE 8.2: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
Governing Boards	
Mrs Elizabeth Clarke	01/07/2018 - 30/06/2019
Mr Ashley Eccles	01/07/2018 - 30/06/2019
Ms Erin Guiney	01/07/2018 - 30/06/2019
Mrs Katie Harvey	01/07/2018 - 30/06/2019
Mr Colin Long	01/07/2018 - 30/06/2019
Mr Barry Philp	01/07/2018 - 30/06/2019
Ms Carolyn Warneminde	01/07/2018 - 30/06/2019
Mr Murray Whiting	01/07/2018 - 30/06/2019
Accountable Officers	
Ms Julia Ogdin-Gubbins (Chief Executive Officer)	01/07/2018 - 30/06/2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8.2: RESPONSIBLE PERSON DISCLOSURES (Continued)

Remuneration of Responsible Persons
The number of Responsible Persons are shown in their relevant income bands:

	2019	2018
Income Band	**$**	**$**
$0 - $9,999	8	9
$170,000 - $179,999	1	1
Total Numbers	9	10
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	$194,364	$171,216

Amounts relating to Governing Board Members and Accountable Officer are disclosed in the Health Service's financial statements.
Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

NOTE 8.3: REMUNERATION OF EXECUTIVE OFFICERS

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers 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 include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

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

Remuneration of executive officers	**Total Remuneration**	
	2019	**2018**
	$	**$**
Short-term employee benefits	257,902	304,453
Post-employment benefits	22,048	31,707
Other long-term benefits	7,304	9,662
Termination benefits	4,461	0
Total Remuneration	291,715	345,822
Total Number of executives	3	4
Total annualised employee equivalent (AEE)	3	3

Notes:
(i) The total number of executive officers includes persons, other than Ministers and Accountable Officers, who may meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures. The Health Service does not consider any executive officers meet the definition of KMP.
(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8.4: RELATED PARTIES

The hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the hospital include:

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- Jointly Controlled Operation - A member of the Southwest Alliance of Rural Health; 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 the Health Service and its controlled entities, directly or indirectly.

The Board of Directors and the Chief Executive Officer of Terang & Mortlake Health Service are deemed to be KMPs.

Entity	KMPs	Position Title
Terang & Mortlake Health Service	Mr Barry Philp	Chair of the Board
Terang & Mortlake Health Service	Mrs Elizabeth Clarke	Board Member
Terang & Mortlake Health Service	Mr Ashley Eccles	Board Member
Terang & Mortlake Health Service	Ms Erin Guiney	Board Member
Terang & Mortlake Health Service	Mrs Katie Harvey	Board Member
Terang & Mortlake Health Service	Mr Colin Long	Board Member
Terang & Mortlake Health Service	Ms Carolyn Warneminde	Board Member
Terang & Mortlake Health Service	Mr Murray Whiting	Board Member
Terang & Mortlake Health Service	Ms Julia Ogdin-Gubbins	Chief Executive Officer

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

COMPENSATION	2019 $	2018 $
Short term employee benefits	175,499	152,632
Post-employment benefits	14,100	13,932
Other long-term benefits	4,765	4,652
Termination benefits	0	0
Total	**194,364**	**171,216**

(i)KMPs are also reported in Note 8.3 Responsible Persons.

Significant transactions with government-related entities

Terang & Mortlake Health Service received funding from the Department of Health and Human Services of $7,942,712 (2018: $7,792,139).

Expenses incurred by the Health Service in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Health Service to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

Transactions with key management personnel and other related parties

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

Outside of normal citizen type transactions with the Department of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2019.
There were no related party transactions required to be disclosed for Terang & Mortlake Health Service Board of Directors and Accountable Officers in 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Note 8.5: REMUNERATION OF AUDITORS	**2019**	**2018**
	$	**$**
Victorian Auditor-General's Office		
Audit or review of financial statement	9,250	9,000
	9,250	9,000

NOTE 8.6: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no events subsequent to the reporting date which require further disclosure.

NOTE 8.7: JOINTLY CONTROLLED OPERATIONS

Name of Entity	**Principal Activity**	**Ownership Interest 2019**	**Ownership Interest 2018**
		%	%
South West Alliance of Rural Health	Information Systems	2.33	2.39

Terang & Mortlake Health Service's interest in assets employed in the above jointly controlled operations and assets is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset categories:

	2019	**2018**
Current Assets	**$**	**$**
Cash and Cash Equivalents	33,610	176,320
Receivables	146,228	45,142
Inventories	1,591	1,986
Prepayments	10,967	1,987
Total Current Assets	192,396	225,435
Non Current Assets		
Property, Plant and Equipment	138,809	94,109
Total Non Current Assets	138,809	94,109
Total Assets	331,205	319,544
Current Liabilities		
Payables	116,244	144,185
Borrowings	81,082	89,701
Employee Provisions	40,016	37,759
Total Current Liabilities	237,342	271,645
Non Current Liabilities		
Employee Provisions	5,746	6,974
Total Non Current Liabilities	5,746	6,974
Total Liabilities	243,088	278,619

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8.7: JOINTLY CONTROLLED OPERATIONS (Continued)

Terang and Mortlake Health Service's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Revenues		
Operating Activities	542,520	543,247
Non Operating Activities	41,006	3,526
Total Revenue	583,526	546,773
Expenses		
Employee Expenses	194,813	189,046
Maintenance Contracts and IT Support	113,852	121,663
Operating Lease Costs	0	3,863
Other Expenses	149,943	172,258
Total Operating Expenses	458,608	486,830
Capital Purpose Income	0	14,580
Finance Lease Charges	(12,959)	(5,084)
Depreciation	(66,243)	(64,720)
Total Capital & Specific Items	(79,202)	(55,224)
Other Economic Flows included in the result		
Revaluation of Long Service Leave	1,478	128
Net Result	47,194	4,847

The financial results included for SWARH are unaudited at the date of signing the financial statements.

Contingent Liabilities and Capital Commitments
There are no known contingent assets or liabilities for South West Alliance of Rural Health as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8.8: ECONOMIC DEPENDENCY

The Health Service is dependent on the Department of Health and Human Services for the majority of it revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the Health Service.

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Terang and Mortlake Health Service has not and does not intend to adopt these standards early.

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	01-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects are commenced.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	01-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions. The impact on reporting capital funding has potential to result in material change, however this is not able to be quantified prior to receipt of capital grants and commencement of projects.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	01-Jan-19	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. There is no material impact from implementation of this standard due to the lack of existing operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE (Continued)

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	01-Jan-19	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed. No material impact during the period applicable under the election.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective	01-Jan-19	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement. Impact is not able to be quantified until such time as capital grants are received and projects commence.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	This Standard principally amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	01-Jan-20	The standard is not expected to have a significant impact on the public sector. No material impact is expected.

The following accounting pronouncements are also issued but not effective for the 2018-19 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

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OUR VISION

TO BE A LEADER IN THE DEVELOPMENT OF A VIBRANT, HEALTHIER COMMUNITY

WE VALUE

COMPASSION AND RESPONSIVENESS

WE CARE FOR THE NEEDS OF OUR COMMUNITY AND EACH OTHER

EQUITY AND FAIRNESS

WE MAKE DECISIONS OBJECTIVELY, WITHOUT FAVOURITISM OR BIAS

ETHICAL BEHAVIOUR

WE ACT IN A TRANSPARENT YET CONFIDENTIAL WAY

ACCOUNTABILITY

WE USE RESOURCES EFFICIENTLY AND FULFIL OUR ROLES RESPONSIBLY

EXCELLENCE

WE STRIVE FOR EXCELLENCE IN THE DELIVERY OF HEALTHCARE

RESPECT

WE RESPECT THE RIGHTS OF ALL INDIVIDUALS

OUR STRATEGIC GOALS

GROWTH

PROVIDE SERVICES THAT MEET DEMAND AND SUPPORT OUR COMMUNITY

GOVERNANCE

PROVIDE STRONG LEADERSHIP TO ENSURE BEST PRACTICE

CULTURE

PROMOTE A CULTURE THAT SUPPORTS THE ORGANISATIONAL VISION AND VALUES

FINANCIAL

BUILD MODELS OF SUSTAINABILITY

INNOVATION IN SERVICE DELIVERY

BEING RESPONSIVE TO CHANGING LANDSCAPES

MARKETING

STRENGTHEN COMMUNITY AWARENESS AND ENGAGEMENT

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