



# TERANG & MORTLAKE HEALTH SERVICE

*Annual Report* 2019/20

# 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

# CONTENTS

2019/2020

2	HEALTH SERVICE PROFILE	26	EXECUTIVE STAFF
3	SERVICES PROVIDED	26	STAFF LISTING
4	PRESIDENT, BOARD OF MANAGEMENT & CEO REPORT	27	STATUTORY INFORMATION
12	STATEMENT OF PRIORITIES PART A	32	ATTESTATIONS
18	STATEMENT OF PRIORITIES PART B	34	FINANCIAL OVERVIEW
20	STATEMENT OF PRIORITIES PART C	36	SERVICE, ACTIVITY & EFFICIENCY TARGETS
21	OUR COMMITTEES	37	DISCLOSURE INDEX
22	SUB-COMMITTEES	39	FINANCIAL REPORT
24	ORGANISATIONAL STRUCTURE		
25	OFFICE BEARERS & COMMITTEE		



# 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
- 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:**

- Advance 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 services are accessed at our Austin Avenue campus.

- 24 hour Urgent Care (Located at the rear of hospital main carpark)
- 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 DIRECTORS AND CHIEF EXECUTIVE OFFICER'S REPORT

The 2019-2020 financial year has been hallmarked by significant, unprecedented and unforeseen events both locally and globally which has affected Terang & Mortlake Health Service and the health sector generally.

On 30th September 2019 health services across the Barwon South West region and Gippsland were impacted by a severe cyber-attack, rendering electronic communication systems and online patient management systems useless. Despite alternative paper-based systems being quickly implemented so as to continue safe patient care, and business continuity plans being enabled, the ongoing impacts of the attack have continued to be felt by the health service with alternative ways of working needing to be enacted.

In March 2020, Terang & Mortlake Health Service hosted two surveyors from the Australian Council of Health Care Standards to undertake, over two and a half days a review of services against the National Standards. I am pleased to report that the health service was commended on its safety and quality systems and the processes embedded allowing for full governance oversight to the Board of Directors. No formal recommendations for improvement were received.

April 2020 brought the reality of the COVID-19 pandemic and led to proactive regional service planning across the Barwon South West service area. Terang & Mortlake Health Service staff undertook significant infection control training and contributed to a regional 'surge' plan in order to map patient flow across our region. In May, over 250 staff, Residents and community members participated in the statewide 'blitz' designed to inform the state government and health authorities of asymptomatic COVID-19 carriers.

A number of services were impacted significantly during this period including our ability to conduct face to face Social Support groups and allowing face to face

visiting in the Mt View Residential Aged Care Service. Despite these obstacles, staff and the community rose to the challenge of continuing to provide personal and client centred services in creative ways, wherever practicable.

These unforeseen circumstances have impacted both the health service and community alike in the 2019-20 reporting year. From a financial perspective, Terang & Mortlake Health Service is one of the few health services in the state able to record a modest surplus despite unbudgeted costs.

The resilience of staff and the community have indeed epitomised the values of Terang & Mortlake Health Service and has embodied the organisation's vision

## **"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 \$135,280. The comprehensive result for the year amounts to a deficit of \$504,241. It should also be noted that the comprehensive result includes funds provided by the State Government for capital infrastructure and equipment amounting to \$96,101, insurance proceeds of \$178,390 to replace our storm damaged maintenance workshop, interest on investments \$58,707, donations and bequests for capital purposes \$63,952 and depreciation on assets

amounting to \$988,747.

Government grants for capital improvements and equipment, insurance payouts for unexpected events and, donations and bequests received are not used for funding the 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 Directors. The Health Service acknowledges the significant contribution made by retiring Board member Ms Erin Guiney who has relocated outside of the local area for employment reasons. Erin joined the TMHS Board in 2016 and has made a positive contribution towards ensuring that our Board has maintained a keen focus on clinical governance during her tenure. Erin has also been an active member of the Clinical Governance and Quality Sub-Committee 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.

The Board of Directors 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 an independent 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.

### **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 again been a key achievement in the 2019–2020 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 General Practitioner'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.

### **THE TERANG MEDICAL CLINIC AND CIVIC MEDICAL CLINIC GENERAL PRACTITIONERS HAVE CONTINUED THEIR LONG HISTORY OF PROVIDING AN EXCEPTIONAL LEVEL OF CARE AND ACCESSIBILITY TO OUR LOCAL COMMUNITIES AND OUR HEALTH SERVICE.**

In the year in review the demand for services delivered has continued to be sound across the entire range of services provided by Terang & Mortlake Health Service.

During the 2019–2020 year, our Terang Hospital campus treated a total of 594

inpatients resulting in 2,202 patient bed days. Occupancy of our Mount View residential aged care facility was maintained at an exceptionally high level, recording 99.22% occupancy throughout the year. This result represents our highest occupancy percentage on record.

Demand for non-admitted services remained consistent. A total of 2,282 clients presented for treatment at the Terang Hospital Urgent Care department whilst a further 2,749 clients presented to the Outpatients department in Mortlake – 84 presentations higher than for the 2018–19 year.

The demand for community-based services continues to increase with effective programs in place that allow our community members to receive appropriate ongoing care services in their own home, rather than a prolonged stay in the acute hospital setting. At our two Community Health Centres based in Terang and Mortlake 4,953 hours of service were provided by Allied Health and Primary Care practitioners throughout the year to 1,487 clients. Our District Nurses provided 8,589 service hours to 425 individual clients. The Terang Social Centre provided 12,808 hours of service to 172 clients.





## 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. We congratulate Michael Pearson who successfully completed his apprenticeship during the year and has been retained on staff as a member of our catering services team.

### **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 18 new members of staff; 9 in nursing, 3 in hotel services, 2 in administration; 2 allied health practitioners; 1 in maintenance and 1 client services assistant.

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 2019, 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. Linda Anderson, Dr. Harpreet Dhillon, Dr. Brent Venning, Dr. Jamila Perera and Dr. Belinda Bell.

In February 2020, Dr Dae Kwon resigned from the Terang Medical Clinic to take up an alternate position in Warrnambool. We wish Dr Kwon every success for the future and thank him for his commitment to rural health and service to our community.

General Surgeons Dr Duminda Gunawardane and Mr Sam George, 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, Terang & Mortlake Health Services has been fortunate to also secure gynaecological and obstetric surgical services from Dr Kristin Cornell and Dr Samuel Newbury. Both of our new Surgeons are looking forward to building long term relationships with our community.

## CLINICAL GOVERNANCE, QUALITY & RISK MANAGEMENT

In the last three-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, halfway through the project, Terang & Mortlake Health Service recorded a risk management maturity percentage of 66.8%. By 30th June 2020, the percentage was 94.9%, an improvement of 28.1%.

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 and medical practitioner credentialing 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.**

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 Partnering with Consumers Committee (formerly known as the Consumer Advisory Committee) was formed in February 2010 and 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 2019 publication of the 2018-19 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. 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 facilitating a Risk Management training session for staff as part of our compulsory face-to-face training days.

The Partnering with Consumers Committee has increased its membership to 11 during the past year with the addition of one new community member. 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, Mrs Julie Kenna, Mrs Susan Keane, Mrs Bernadette McKinnon, Mrs Sue Long, Ms Gemma Dennis and Ms Claudia Morris. Two junior members, Miss Emily Buckland and Miss Kara Gee also participated from Terang College and provided valuable insights from a young person's perspectives on our health service offering.

Thank you to Mrs Judy Walters and Mrs Jean Edwards who have resigned from the Committee this year after considerable lengths of service.

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:**

- Laparoscopy Equipment (1 x laparoscopic tower, various attachments, sterilising unit)
- New dining tables, chairs, fold away activity table and buffet for Mt View Aged Care Facility
- New activity tables and chairs for Josie Black Community Health Centre
- New office desk chairs for Mortlake Community Health Centre and Josie Black Community Health Centre

**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:**

- Refurbished bathroom facilities at Mt View Aged Care Facility between rooms 6 & 7;
- Installation of overhead tracking units in rooms 6,7,10 & 11 at Mt View Aged Care Facility;
- Updated facility signage for Urgent Care Centre and directional signage for acute car park;
- Development of our Mount View Aged Care facility secure, sensory garden;
- 80Kw Solar panel installation at our Terang Hospital campus;
- 20Kw Solar Panel installation at our Mortlake Community Health Centre;
- Construction of our new 31m x 9m maintenance shed.



## 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 \$22,800 towards the purchase of our new Laparoscopic Surgery Tower and instruments. Other valued contributions for this project include, the Terang Op Shop; the Rotary Club of Terang; Terang & District Racing Club and Australian Thoroughbred Bloodstock, all of which have made this project possible.

It is very heartening to note that all sponsors of our 'Terang Flyers' Murray to Moyne Cycle relay team stood by their financial commitments despite cancellation of the 2020 event due to COVID-19 Coronavirus pandemic.

We extend our sincere appreciation to the 76 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 50+ volunteers who deliver meals throughout the town as part of our Meals on Wheels service. As a result of the active CoVid-19 Coronavirus pandemic and our concerns for the safety and wellbeing of our volunteer base, we have elected to use our own staff to deliver meals since late March. We thank all of our volunteers for their support and understanding and look forward to their return to active service in the not too distant future.

The Corangamite L2P Learner Driver Mentor program assists less advantaged youth in the community to gain their 120 hours of learner practice. Ten active learners took part in the program during the 2019-2020 year. Four students graduated successfully in this period gaining their probationary licence. This would not have been possible without our eight dedicated volunteer mentor drivers.

Thanks also go to Tweddle Child and Family Health Service, South West Healthcare, Timboon and District Health Service, Cobden Health, 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 the forthcoming 2020-2021 year.

## 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 2020.



Colin Long  
Chair



Julia Ogdin  
Chief Executive Officer

Terang  
15th September 2020

# STATEMENT OF PRIORITIES

## PART A: STRATEGIC PRIORITIES FOR 2019-2020

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

In 2019-2020 Terang and Mortlake Health Service contributed toward the achievement of these priorities by undertaking the following actions.

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
<b>BETTER HEALTH</b>  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	<b>BETTER HEALTH</b>  Reduce state-wide risks  Build healthy neighbourhoods  Help people to stay healthy  Target health gaps	Embed the Achievement Program with particular focus on Mental Health and Wellbeing into the Terang & Mortlake Health Service (TMHS) workforce.	The TMHS <i>Mental Health &amp; Wellbeing Plan</i> was presented and endorsed at the February 2020 Board of Directors meeting.  The TMHS Occupational Health & Safety committee have been involved in the development and actioning of the <i>Mental Health &amp; Wellbeing Plan</i> through quarterly reporting.  TMHS were successful in satisfying all areas of the Achievement Program's Mental Health and Wellbeing assessment.  <b>STATUS: COMPLETE</b>
		Development of a brochure titled <i>Finding Reliable Health Information</i> to facilitate access to credible health information sources for our communities	<i>Finding Reliable Health Information</i> brochure developed and endorsed by the TMHS Partnering with Consumers committee and Board of Directors for public display and distribution at our Community Health Centres  <b>STATUS: COMPLETE</b>
		Partner with Warrnambool Medical Clinic GP's to deliver women's preventative health services from our Mortlake Community Health Centre campus	Women's health clinics are established and currently operating on a six (6) weekly basis  <b>STATUS: COMPLETE</b>



GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
<b>BETTER ACCESS</b>  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	<b>BETTER ACCESS</b>  Plan and invest  Unlock innovation  Provide easier access  Ensure fair access	Collaborate with South West Healthcare discharge planners to identify systems and processes to improve the safe and timely transfer of rural patients back to their local community	<p>Correspondence sent to the Director of Medical Services at South West Healthcare (SWH) requesting that they consider working in partnership with TMHS to establish an effective 'step down' model of care thus enabling TMHS catchment residents to receive appropriate care in their local community.</p> <p>Work has commenced on developing a regional 'Step down model of care' through the Gateway Leadership Program. Program deliverable is being established in partnership with SWH, TMHS, Moyne Health Services and Timboon &amp; District Health Service</p> <p><b>STATUS: COMPLETE</b></p>
		Implement the Western Primary Health Network's Telehealth Project into urgent care services to enable after-hours access to specialist medical services and contribute to the project evaluation	<p>Increased utilisation of My Emergency Dr Telehealth program influenced by increased staff confidence and positive consumer feedback. Print media story conducted with a consumer to highlight benefits of the service (Dec 2019);</p> <p>Terang Medical Clinic secured three (3) new GP Registrars for 2020 which greatly reduced the instances of 'on-call' unavailability on weekends. This takes total General Practitioner (GP) coverage to 6 in Terang and 2 in Mortlake.</p> <p>GP's agreed at TMHS Clinical Services and Drug Advisory committee meeting in June 2020 to My Emergency Dr Telehealth app is a preferred option for Category 4 &amp; 5 Urgent Care presentations after hours. Where patient's provide consent, nursing staff are now using My Emergency Dr telehealth app for Category 4 &amp; 5 presentations to Urgent Care after hours instead of calling in the 'on-call' GP's</p> <p><b>STATUS: COMPLETE</b></p>

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
<b>BETTER CARE</b>  Target zero avoidable harm  Healthcare that focusses on outcomes  Patients and carers are active partners in care  Care fits together around people's needs	<b>BETTER CARE</b>  Put quality first  Join up care  Partner with patients  Strengthen the workforce  Embed evidence  Ensure equal care	Implement medication reviews in Mount View Residential Aged Care Service to reduce avoidable harm through:  <ul style="list-style-type: none"> <li>Quarterly review by GP's;</li> <li>Half yearly reviews by contracted Pharmacist;</li> <li>Introduce a Pharmacist led medication review process for those RACS consumers prescribed with five or more medications on discharge</li> </ul>	As at the end of June 2020, 100% of Mount View Residential Aged Care service consumers had their medications reviewed quarterly (three monthly) by their GP.  Planned six monthly medication review by contracted Pharmacist was undertaken in November 2019, but planned May 2020 review by contracted Pharmacist has been unable to be conducted due to COVID-19 access restrictions.  <b>STATUS: COMPLETE</b>
<b>Specific priorities for 2019-2020 (mandatory)</b>	<b>SUPPORTING THE MENTAL HEALTH SYSTEM</b>  Improve service access to mental health treatment to address the physical and mental health needs of consumers	In conjunction with South West Healthcare Camperdown's Mental Health Services Unit, develop and implement a referral pathway for consumers presenting to TMHS Community Health Centres with mental health concerns.	Referral pathway "A guide for Consumers, Carers and the Community" has been sourced from South West Healthcare Mental Health services and was endorsed for public distribution at the TMHS Primary Health Care Committee Meeting (February 2020)  A successful recruitment campaign has seen the addition of a qualified Social Worker to the allied health suite of services. Collaborative partnership opportunities have been identified and developed with SWH mental health and complex care coordination teams.  <b>STATUS: COMPLETE</b>
	<b>ADDRESSING OCCUPATIONAL VIOLENCE</b>  Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.	Implement the department's (DHHS) security training principles to address identified security risks  Implement an occupational violence training program for Acute and Community Health staff reporting the training outcomes quarterly through the TMHS Occupational Health & Safety Committee meeting.	Occupational Violence & Aggression (OVA) education facilitated by TMHS Workplace Culture Coach were undertaken with acute and Community Health Centre staff throughout the year with attendance in the range of 10-15 staff at each session.  Online training module focusing on OVA launched for acute nursing staff. Training refreshers on the correct usage of duress alarms have been conducted in the acute ward setting.  Dynamic Appraisal of Situational Aggression (DASA) training has been conducted in order to monitor behavioural changes of patients / residents within the residential aged care and acute settings.  Training feedback evaluations have been obtained from participants and discussed at quarterly TMHS OH&S committee meetings.  <b>STATUS: COMPLETE</b>

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
	<p><b>ADDRESSING BULLYING AND HARASSMENT</b></p> <p>Actively promote positive workplace behaviours and encourage reporting and action on all reports.</p>	<p>Implement the department's (DHHS) Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.</p> <p>Present a quarterly analysis to the Board of Management identifying all instances of organisational bullying and harassment data collected through Contact Officers, internal counselling, Workforce Culture coaching and formal incident reporting systems.</p>	<p>Workplace Culture &amp; Wellbeing Coach has conducted education regarding Bullying &amp; Harassment in the Residential Aged Care facility &amp; the Acute Ward (November 2019). Community Health Centre staff education was conducted in October 2019.</p> <p>A Quarterly analysis report on Bullying and Harassment allegations/ incidents is presented at TMHS Board of Directors meetings; one incident was tabled for noting in October 2019.</p> <p>Know Better, Be Better Employee Pledge was developed by the TMHS Workplace Capability &amp; Culture committee and endorsed by the Board of Directors. This pledge is signed by all staff as part of their annual Personal Development Plan review conducted over April/May 2020</p> <p>New Bullying and Harassment online education modules have been added to SOLLE, specific to managers and employees.</p> <p><b>STATUS: COMPLETE</b></p>
	<p><b>SUPPORTING VULNERABLE PATIENTS</b></p> <p>Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.</p>	<p>Establish a Primary Care Huddle to effectively identify and coordinate the care needs of discharged acute patients and community based clients</p> <p>Implement and promote the Genders, Bodies and Relationships (GB&amp;R) Passport system organisation wide to support respectful communication and achieve inclusive services</p>	<p>Established Primary Care Huddles have generated 47 referrals for the six months to 30th June 2020)</p> <p>Genders, Bodies and Relationships (GB&amp;R) Passports have been received and distributed to community members. Passports are available at both Community Health Centres and have been promoted via Facebook, local newspapers and Brophy Youth Services. Education of staff regarding purpose, use and access of GB&amp;R Passport system was conducted in February 2020. Installation of gender-neutral toilet signage at all public facilities</p> <p>Diversity presentation added to the 2020-2022 compulsory education sessions exploring the special needs of forgotten Australians, LGBTIQ community and unconscious bias</p> <p><b>STATUS: COMPLETE</b></p>

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
	<p><b>SUPPORTING ABORIGINAL CULTURAL SAFETY</b></p> <p>Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.</p>	<p>In partnership with South West Healthcare Aboriginal Liaison Officer, conduct site audits of all facilities at TMHS campuses to improve cultural safety for Aboriginal and Torres Strait Islander consumers</p>	<p>Tanya McDonald &amp; Emily Falla from the SWH Aboriginal Liaison Unit presented at the September 2019 staff briefing regarding Cultural Safety.</p> <p>A site audit of the Terang Hospital acute ward was conducted by Tanya McDonald in November.</p> <p>CEO, Julia Ogden attended the SWH Reconciliation Action Plan (RAP) meeting in November 2019.</p> <p>Acknowledgement of Country recognition plaques have been installed at each Health Service site.</p> <p>Acknowledgement of Country statements are displayed in all TMHS Meeting rooms All TMHS meeting agendas include an Acknowledgement of Country statement Victorian Aboriginal Community Services Association Limited (VACSAL) Cultural Awareness training conducted in February 2020. 18 TMHS staff in attendance. Offered also to partner agencies, Timboon &amp; District Health Service and SWH with an additional uptake of 6 attendees.</p> <p><b>STATUS: COMPLETE</b></p>
	<p><b>ADDRESSING FAMILY VIOLENCE</b></p> <p>Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.</p>	<p>Conduct Strengthening Health Response to Family Violence training throughout Terang &amp; Mortlake Health Service to target a minimum of 70% staff participation</p>	<p>Family Violence specialist, Abbey Newman gave a guest speaker presentation at the TMHS 2018-19 Annual General Meeting (November 2019)</p> <p>Strengthening Health Response to Family Violence (SHRFV) Clinical Champion training completed by three key staff in June 2020. Staff comprised our Social Worker, Family Violence Contact Officer and an Administration Officer</p> <p>Two senior staff completed the Royal Women's Hospital online Workplace Support Manager training</p> <p>E-Learning packages: A Shared Understanding (Non-Clinical); Identify and Respond (Clinical) and Workplace Support Manager Training modules have been added to the TMHS SOLLE e-learning platform;</p> <p>Further face-to-face training dates are currently being confirmed for late 2020 (ie: face-to-face training suspended due to COVID-19 pandemic restrictions)</p> <p><b>STATUS: IN PROGRESS</b></p>

GOALS	STRATEGIES	DELIVERABLE	OUTCOMES
	<p><b>IMPLEMENTING DISABILITY ACTION PLANS</b></p> <p>Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.</p>	<p>Implement three recommendations from the organisational 2019 Disability Access Audit to improve consumer access to facilities and services.</p>	<p>Installation of vision strips on sliding entrance doors at all three campuses of the Health Service – October 2019</p> <p>Engagement of contractors to commence works on reconfiguration of the reception desk and pathway at the Terang Hospital Campus – (Jan-Feb 2020). Work on the reception desk was completed in March 2020. Local landscaper engaged to plan and complete appropriately graded footpath from acute hospital</p> <p>Installation of bathroom signage inclusive of braille at all campuses</p> <p><b>STATUS: COMPLETE</b></p>
	<p><b>SUPPORTING ENVIRONMENTAL SUSTAINABILITY</b></p> <p>Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.</p>	<p>Implement the use of paper pill cups organisation wide to reduce the amount of plastic waste going to landfill.</p>	<p>Paper pill cups were introduced in our Residential Aged Care facility and Terang Hospital acute ward in August 2019.</p> <p>Solar energy installations totalling 110kW have been commissioned at the Terang Hospital (80kW), Josie Black Community Health Centre (10kW) and Mortlake Community Health Centre sites (20kW). It is envisaged that energy generated from these panels will replace 60% of baseload usage drawn from the electric grid.</p> <p>Installation of two 5000 gallon poly plastic water tanks at the Terang Hospital site to capture run off from the new maintenance workshop roof. Harvested water is being fed into our emergency sprinkler system supply.</p> <p><b>STATUS: COMPLETE</b></p>

## 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](http://www2.health.vic.gov.au/hospitals-and-health-services/funding-performance-accountability)

### HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE INDICATORS	TARGET	2019-20 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 - 90.4%
Percentage of healthcare workers immunised for influenza	75%	Achieved - 98%
PATIENT EXPERIENCE		
Victorian Healthcare Experience Survey – data submission	Full Compliance	Full Compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	n/a*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	Achieved - 97%
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%	n/a*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	Full Compliance*
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	Achieved - 93.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	Achieved - 96.3%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	Achieved - 96.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	Achieved - 91.2%

\* Result suppressed due to less than 30 responses received for the period.



KEY PERFORMANCE INDICATORS	TARGET	2019-20 ACTUALS
ADVERSE EVENTS		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved – 100%
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	2019-20 ACTUALS
ORGANISATIONAL CULTURE		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	Achieved – 96%
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 – 100%
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 – 94%
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 – 95%
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 – 97%
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 – 93%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	Achieved – 99%
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 – 96%

## EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE INDICATORS	TARGET	2019-20 ACTUALS
FINANCE		
Operating result (\$m)	0.01	0.14
Average number of days to paying trade creditors	60 days	27 days
Average number of days to receiving patient fee debtors	60 days	46 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.56
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	107 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

## 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>

	2019-20 ACTIVITY ACHIEVEMENT	UNITS
SMALL RURAL		
Small Rural Acute	422	WIES equivalents
Small Rural Primary Health & HACC		
- Nursing	2947	Service Hours
- Allied Health	0	Service Hours
- Counselling/Casework	0	Service Hours
- Dietetics	142	Service Hours
- Occupational Therapy	0	Service Hours
- Physiotherapy	234	Service Hours
- Podiatry	176	Service Hours
- Speech Therapy	266	Service Hours
Small Rural Residential Care	5,447	Bed days
Health Workforce	2	Number of students

# OUR COMMITTEES

## PRINCIPAL COMMITTEES

The Principal Committees of the Board of Directors 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 DIRECTORS

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

The Board of Directors 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 Directors and its committees.

### BOARD EXECUTIVE COMMITTEE

The Board Executive Committee comprises the office bearers of the Board of Directors. 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 Directors.

## 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 Directors. 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 as 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 Directors.

## 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 programs.

## PARTNERING WITH CONSUMERS 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

The 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 2020

## **PRESIDENT**

### **Mr. Colin Long**

First Appointed – 01.07.2015  
Audit & Compliance Committee  
Clinical Governance & Quality Committee  
Medical Advisory Committee

## **VICE PRESIDENT**

### **Ms. Elizabeth Clarke**

First Appointed – 01.07.2015  
Physical Resources; Human Resources & Planning Committee  
Audit & Compliance Committee  
Clinical Governance & Quality 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**

### **Mr. Benjamin Dennis**

First Appointed – 01.07.2019  
Physical Resources, Human Resources and Planning Committee  
Audit and Compliance Committee

### **Ms. Erin Guiney**

First Appointed – 01.07.2016 (Resigned: 01.10.2019)  
Clinical Governance & Quality Committee  
Medical Advisory Committee

### **Mrs. Katie Harvey**

First Appointed – 01.07.2017  
Clinical Governance & Quality Committee

### **Mr. Barry Philp**

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

## **SOLICITORS**

Taits Legal

## **BANKERS**

Australia & New Zealand Banking Group Ltd  
Westpac Banking Corporation

## **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. M.J. Mitchell**, R.N.

## DIRECTOR OF PRIMARY HEALTH CARE

**Mrs. J.E. Bourman**, R.N. Grad Cert Ng (Cont. Nurse Adv.)

## 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. P.M. Dunn**

Cabinet Making & Joinery

## CATERING SUPERVISOR

**Mrs. K.M. Dwyer**

Cert III in Hospitality (Operations); Dip Business Management; Dip Human Resources

## ENVIRONMENTAL SERVICES OFFICER

**Mrs. A.S. Gee**

## 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) – (Resigned 10.01.2020)

**Ms. J.L. Payne**

R.N (Aged Care Nurse Unit Manager) – (Appointed 16.12.2019)

**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

**Ms. Rebecca Rundell**,

B. (Podiatry), M.A. (Podiatry).A.

**Mr. Bore Hoekstra**,

Dip. Physio, M. Physio, B. Psych.

**Ms. Jessica Pietsch** B. App. Sc. (Nutrition and Dietetics)

**Ms. Nikky Jewell** B. App. Sc. (Occupational Therapy)

**Ms. Aashna Vazirani**, B. App. Sc. (Speech Pathology)

**Ms. Cassie Brown**, B. App. Sc. (Speech Pathology)

**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. 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.

**Mr. S. George**, M.B., B.S.

**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. 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. Morphet**, 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:

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 0 valid requests for information under the Freedom of Information Act were processed during the 2019-2020 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 2019–2020 financial year.

## OCCUPATIONAL VIOLENCE

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

**In 2019–2020, there were no reported occupational violence incidents:**

OCCUPATIONAL VIOLENCE STATISTICS 2019–20	
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 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 2019–2020 reporting period.

**Lost time** – is defined as greater than one day.

## CONSULTANCIES

In 2019–2020, there was one (1) consultancy 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 2019–2020, there was one (1) consultancy 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 2019–20	Future Expenditure (Excluding GST)
Lauren Newman	Workplace Coaching	6/5/19	ongoing	\$12,245	\$12,245	\$12,430

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

Leading Age Services Australia (LASA) Commonwealth Government Residential Aged Care Service Accreditation review gap analysis audit	16/3/20	20/3/20	\$6,524	\$6,524	\$0
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## **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 2019–2020.

## **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 2019–20 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 state-wide 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 2019–2020 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 2019–2020 is \$418,791 (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)
\$361,812	\$56,979	\$55,811	\$1,168

## 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	2019/20	2018/19	+/- % CHANGE	2017/18	2016/17	2015/16
Electricity (Mwh)	332	393	-15.5%	431	442	423
LP Gas	7*	52*	-86.5%	71	58	56
Natural Gas (gigajoules)	1802*	22*	+780.1%	0	0	0
Diesel (litres)	0	0	-	0	0	0
Water (millions litres)	4.24	3.81	+11.3%	4.29	4.66	5.35

\*Terang Hospital campus converted from Bulk LPG to Natural Gas in May 2019.



## 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 handheld 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.

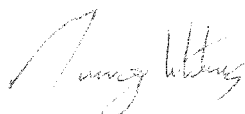
In January 2020, we completed the installation and commissioning of an 80-kilowatt Solar Panel inverter system at our Terang Hospital campus and a separate 20 kilowatt Solar Panel inverter system at our Mortlake Community Health Centre. Over time, electricity generated by these renewable solar panel systems is 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  
15th September 2020

## 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  
15th September 2020

## 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  
15th September 2020

## 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  
15th September 2020

## 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  
15th September 2020

# 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 2019-2020 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:**

	2019/20	2018/19	2017/18	2016/17	2015/16
<b>*OPERATING RESULT</b>	<b>135,280</b>	<b>289,485</b>	<b>100,634</b>	<b>290,633</b>	<b>519,871</b>
Total Revenue	11,473,288	11,397,333	11,056,649	11,227,177	10,543,575
Total Expenses	11,938,150	11,447,769	11,308,843	11,634,338	10,749,031
<b>Net Result from transactions</b>	<b>(464,862)</b>	<b>(50,436)</b>	<b>(252,194)</b>	<b>(407,161)</b>	<b>(205,546)</b>
Total other economic flows	(39,379)	(27,318)	4,278	28,683	(3,878)
<b>Net Result</b>	<b>(504,241)</b>	<b>(77,754)</b>	<b>(247,916)</b>	<b>(378,478)</b>	<b>(209,334)</b>
Total Assets	14,957,351	14,659,646	13,316,584	14,280,415	14,340,256
Total Liabilities	4,984,548	4,158,928	3,473,428	4,189,343	3,870,706
<b>Net assets /Total equity</b>	<b>9,972,803</b>	<b>10,500,718</b>	<b>9,843,156</b>	<b>10,091,072</b>	<b>10,469,550</b>

\*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**

	2019-2020
<b>Net operating result*</b>	<b>135,280</b>
Capital and specific items	
Capital purpose income	356,026
Specific income	0
Assets provided free of charge (cash donations and gifts)	63,952
Assets received free of charge	0
Expenditure for capital purpose	(24,807)
Depreciation and amortisation	(988,747)
Impairment of non-financial assets	0
Finance costs – other	(6,566)
<b>Net result from transactions</b>	<b>(464,862)</b>

\*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 2019	June Current Month FTE 2020	Average Monthly FTE 2019	Average Monthly FTE 2020
Nursing	39.43	39.34	38.39	39.59
Administration and Clerical	12.87	12.26	12.83	12.22
Hotel and Allied Services	21.63	20.39	21.46	21.35
Ancillary Support (Allied Health)	1.95	1.63	1.36	0.98
Other	1.34	1.68	1.50	1.72
<b>TOTAL</b>	<b>77.22</b>	<b>75.30</b>	<b>75.54</b>	<b>75.86</b>

## REVENUE INDICATORS

	Average Collection Day		
	2020	2019	2018
Private	71	101	64
TAC	0	0	0
VWA	0	0	0
Nursing Home	33	33	45

## DEBTORS OUTSTANDING AS AT 30TH JUNE 2019

	Current	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/06/2020	Total 30/06/2019	Total 30/06/2018
Private	41,555	13,267	6,814	1,222	95	62,954	88,124	71,829
Residential Aged Care	47,433	-	-	-	-	47,433	44,505	54,180

# SERVICE, ACTIVITY AND EFFICIENCY TARGETS

	2019-20	2018-19	2017-18	2016-17	2015-16
<b>1. ADMITTED PATIENTS</b>					
<b>1.1 Separations</b>					
A. Acute	338	407	424	432	524
B. Non Acute	6	3	1	4	6
C. Same Day	244	221	279	468	482
D. Transitional Care Program	6	-	-	-	-
E. Nursing Home	3	6	8	6	10
<b>1.2 Patient Days</b>					
A. Acute	1,633	1,753	2,020	1,620	2,480
B. Non Acute	119	44	41	72	87
C. Same Day	244	221	279	468	482
D. Transitional Care Program	206	-	-	-	-
E. Nursing Home	5,447	5,355	5,265	5,278	5,226
<b>2. NON ADMITTED PATIENTS</b>					
Emergency Patients - Terang	2,282	2,680	2,833	2,836	2,939
Emergency Patients - Mortlake	2,749	2,665	2,569	2,306	2,091
Terang Social Centre	3,141	3,422	3,516	3,407	3,524
District Nursing Service	13,506	13,895	13,603	12,383	12,258
Allied Health & Primary Care	4,953	4,664	4,474	4,459	3,599
<b>3. OCCUPANCY RATE</b>					
Acute Hospital	43.0%	39.5%	45.8%	42.3%	34.7%
Mt View Nursing Home	99.2%	97.8%	96.2%	96.4%	95.2%

# 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.
<b>Ministerial Directions</b>		
	<b>Report of Operations</b>	2019/20
<b>Charter and Purpose</b>		
FRD 22H	Maintenance of establishment and the relevant Ministers	27
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, 20, 36
FRD 22H	Significant changes in key initiatives and expectations for the future	3
<b>Management and Structure</b>		
FRD 22H	Organisational structure	24
FRD 22H	Workforce data / employment and conduct principles	27, 35
FRD 22H	Occupational Health and Safety	28
<b>Financial Information</b>		
FRD 22H	Summary of the financial results for the year	34
FRD 22H	Significant changes in financial position during the year	n/a
FRD 22H	Operational and budgetary objectives and performance against objectives	20
FRD 22H	Subsequent events	35
FRD 22H	Details of consultancies under \$10,000	28
FRD 22H	Details of consultancies over \$10,000	28
FRD 22H	Disclosure of ICT expenditure	30
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	27
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	29
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	29
FRD 22H	Statement on National Competition Policy	29
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	29
FRD 22H	Summary of the entity's environmental performance	30
FRD 22H	Additional information available upon request	29
<b>Other relevant reporting directives</b>		
FRD 25D	<i>Local Jobs First Act 2003</i> disclosures	30
SD 5.1.4	Financial Management Compliance attestation	32
SD 5.2.3	Declaration in report of operations	11



LEGISLATION    REQUIREMENT		PAGE REF.
<b>Attestations</b>		
	Attestation on Data Integrity	32
	Attestation on managing Conflicts of Interest	33
	Attestation on Integrity, fraud and corruption	33
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2019-20	12-20
	Occupational Violence Reporting	28
	Reporting of compliance with Health Purchasing Victoria policies	32
	Reporting obligations under the Safe Patient Act 2015	29

TERANG & MORTLAKE HEALTH SERVICE

# FINANCIAL STATEMENTS 2019–20



TERANG & MORTLAKE  
HEALTH SERVICE



TERANG & MORTLAKE  
**HEALTH SERVICE**

# DECLARATION

## Financial Statements

Financial Year ended 30 June 2020

## Board member's, accountable officer's, and chief finance & accounting officer's declaration

The attached financial statements for Terang and 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 2020 and the financial position of Terang and Mortlake Health Service at 30 June 2020.

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


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

Member of Responsible Body



Mr. Colin Long  
Chair  
Terang  
15/09/2020

Accountable Officer



Ms. Julia Ogdin Gubbins  
Chief Executive Officer  
Terang  
15/09/2020

Chief Finance and Accountable Officer



Mr Brendan Williams  
Chief Finance and Accounting Officer  
Terang  
15/09/2020

# Independent Auditor's Report

## To the Board of Terang & Mortlake Health Service

<b>Opinion</b>	<p>I have audited the financial report of Terang &amp; Mortlake Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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**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.

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MELBOURNE  
22 September 2020

Travis Derricott  
*as delegate for the Auditor-General of Victoria*

# COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

		<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
<b>Income from Transactions</b>			
Operating activities	2.1	11,414,581	11,285,642
Non-operating activities	2.1	58,707	111,691
<b>Total Income from Transactions</b>		<b>11,473,288</b>	<b>11,397,333</b>
<b>Expenses from Transactions</b>			
Employee expenses	3.1	(8,774,833)	(8,320,596)
Supplies and consumables	3.1	(541,602)	(460,728)
Finance costs	3.1	(6,566)	(13,984)
Depreciation and amortisation	4.3	(988,747)	(948,322)
Other administrative expenses	3.1	(1,104,185)	(1,117,191)
Other operating expenses	3.1	(497,410)	(569,149)
Other non-operating expenses	3.1	(24,807)	(17,799)
<b>Total Expenses from Transactions</b>		<b>(11,938,150)</b>	<b>(11,447,769)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(464,862)</b>	<b>(50,436)</b>
<b>Other Economic Flows included in Net Result</b>			
Net Gain/(Loss) on sale of non-financial assets	3.2	4,678	14,384
Other Gain/(Loss) from other economic flows	3.2	(44,057)	(41,702)
<b>Total Other Economic Flows included in Net Result</b>		<b>(39,379)</b>	<b>(27,318)</b>
<b>Net Result for the year</b>		<b>(504,241)</b>	<b>(77,754)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in property, plant and equipment revaluation surplus	4.2(b)	-	735,316
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>735,316</b>
<b>Comprehensive Result for the Year</b>		<b>(504,241)</b>	<b>657,562</b>

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



## BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Total 2020 \$	Total 2019 \$
<b>Current Assets</b>			
Cash and cash Equivalents	6.2	5,253,654	3,494,163
Receivables	5.1	377,816	388,997
Inventories	4.4	47,320	44,590
Other financial assets	4.1	-	1,095,000
Other Assets		30,414	37,848
<b>Total Current Assets</b>		<b>5,709,204</b>	<b>5,060,598</b>
<b>Non-Current Assets</b>			
Receivables	5.1	612,790	504,652
Property, plant and equipment	4.2 (a)	8,635,357	9,094,396
<b>Total Non-Current Assets</b>		<b>9,248,147</b>	<b>9,599,048</b>
<b>TOTAL ASSETS</b>		<b>14,957,351</b>	<b>14,659,646</b>
<b>Current Liabilities</b>			
Payables	5.2	735,510	743,579
Borrowings	6.1	23,126	32,163
Provisions	3.4	1,901,013	1,796,110
Other liabilities	5.3	2,085,000	1,335,000
<b>Total Current Liabilities</b>		<b>4,744,649</b>	<b>3,906,852</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	30,702	48,919
Provisions	3.4	209,197	203,157
<b>Total Non-Current Liabilities</b>		<b>239,899</b>	<b>252,076</b>
<b>TOTAL LIABILITIES</b>		<b>4,984,548</b>	<b>4,158,928</b>
<b>NET ASSETS</b>		<b>9,972,803</b>	<b>10,500,718</b>
<b>EQUITY</b>			
Property, plant and equipment revaluation surplus	4.2(f)	7,103,251	7,103,251
Contributed capital	SCE	3,328,769	3,328,769
Accumulated deficits	SCE	(459,217)	68,698
<b>TOTAL EQUITY</b>		<b>9,972,803</b>	<b>10,500,718</b>

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

<b>Total</b>		<b>Property, Plant and Equipment Revaluation Surplus</b>	<b>Contributed Capital</b>	<b>Accumulated Deficits</b>	<b>Total</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>		<b>6,367,935</b>	<b>3,328,769</b>	<b>146,452</b>	<b>9,843,156</b>
Net result for the year		-	-	(77,754)	(77,754)
Other comprehensive income for the year		735,316	-	-	735,316
<b>Balance at 30 June 2019</b>		<b>7,103,251</b>	<b>3,328,769</b>	<b>68,698</b>	<b>10,500,718</b>
<b>Effect of adoption of AASB 15, 16 and 1058</b>	<b>8.9</b>	-	-	(23,674)	<b>(23,674)</b>
<b>Restated balance at 30 June 2019</b>		<b>7,103,251</b>	<b>3,328,769</b>	<b>45,024</b>	<b>10,477,044</b>
Net result for the year		-	-	(504,241)	(504,241)
<b>Balance at 30 June 2020</b>		<b>7,103,251</b>	<b>3,328,769</b>	<b>(459,217)</b>	<b>9,972,803</b>

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

# CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Total 2020 \$	Total 2019 \$
<b>Cash Flows from Operating Activities</b>			
Operating grants from government		9,396,896	8,936,732
Capital grants from government - State		96,101	390,102
Patient fees received		981,095	854,802
Donations and bequests received		-	188,691
GST received from/(paid to) ATO		13,542	(12,296)
Interest and investment income received		58,707	113,359
Commercial Income Received		87,452	69,453
Other Receipts		564,017	595,399
<b>Total Receipts</b>		<b>11,197,810</b>	<b>11,136,242</b>
Employee expenses paid		(8,983,908)	(8,139,946)
Payments for supplies and consumables		(384,172)	(464,252)
Payments for medical indemnity insurance		(67,284)	(88,596)
Payments for repairs and Maintenance		(279,165)	(250,537)
Finance Costs		(6,566)	(17,369)
Other payments		(1,275,249)	(1,551,878)
<b>Total Payments</b>		<b>(10,996,344)</b>	<b>(10,512,578)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>	8.1	<b>201,466</b>	<b>623,664</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from Disposal of investments		1,095,000	1,948,000
Purchase of non-financial assets		(529,708)	(1,204,281)
Capital Donations and Bequests Received		63,952	-
Other Capital Receipts		201,357	-
Proceeds from disposal of non-financial assets		4,678	41,808
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>835,279</b>	<b>785,527</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(27,254)	(8,619)
Receipt of accommodation deposits		1,395,000	690,000
Repayment of accommodation deposits		(645,000)	-
<b>Net Cash Flows from /(used in) Financing Activities</b>		<b>722,746</b>	<b>681,381</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>1,759,491</b>	<b>2,090,572</b>
Cash and cash equivalents at beginning of year		<b>3,494,163</b>	<b>1,403,591</b>
<b>Cash and Cash Equivalents at End of Year</b>	6.2	<b>5,253,654</b>	<b>3,494,163</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Basis of preparation

These financial statements are 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.

## Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Terang and Mortlake Health Service for the year ended 30 June 2020. The report provides users with information about Terang and Mortlake Health Service's stewardship of resources entrusted to it.

### (a) Statement of Compliance

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

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

Terang and Mortlake Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

### (b) Reporting Entity

The financial statements include all the controlled activities of Terang and Mortlake Health Service.

Its principal address is:

13 Austin Revenue

Terang VIC 3264

A description of the nature of Terang and 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.

### (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 have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

Comparative information for 2019 has been modified where alignment with the current year allocations is required to report consistently from year to year.

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 Terang and Mortlake 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 Terang and Mortlake 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## ***(c) Basis of Accounting Preparation and Measurement***

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 other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment), 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).

## ***Covid-19***

The global health pandemic Covid-19, has impacted Australia and the World in a significant manner. Victoria was originally declared a State of Emergency and subsequently moved to a State of Disaster prior to signing these financial statements. The impact on communities and businesses has been varied, with Government policies put in place to provide support to those who are most in need. State Government entities have also been instructed to provide 100% rent relief to tenants and to ensure trade creditor payments are made more regularly, with a target of net 5 days from invoice.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government have recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Private Patient Revenue due to fewer patients presenting for hospitalisation.
- Recoveries from clinicians for use of hospital facilities as they have not been able to provide them.
- Recoveries from clients for services normally provided directly, but are no longer able to be provided.
- Activity based funding areas where there is no dispensation or reduced dispensation made available by the provider.
- Specific costs incurred in the prevention and/or treatment of Covid-19.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.2 Property, Plant and Equipment.

The following account balances have been considered by Management but we remain satisfied that Covid-19 has not required a change to the judgement and/or assumptions in the disclosure of any balances.

- Fair value of receivable balances,
- Fair value of non-financial assets,
- Impairment of non-financial assets,
- Superannuation Defined benefit assets and liabilities,
- Going concern.

## **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 separately in the operating cash flow.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## ***(d) 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 South West 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 Jointly Controlled Operations)

## ***(e) 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 Terang and Mortlake 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note: 2 Funding delivery of our services

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

### Structure

2.1 Income from Transactions

### Note 2.1: Income from Transactions

	Total 2020 \$	Total 2019 \$
Government grants (state) - Operating <sup>1</sup>	7,930,519	7,552,610
Government grants (Commonwealth) - Operating	1,491,545	1,505,315
Government grants (State) - Capital	96,101	390,102
Other capital purpose income	201,357	-
Patient and resident fees	958,847	861,409
Commercial activities <sup>2</sup>	87,452	69,453
Assets received free of charge or for nominal consideration	63,952	193,265
Other revenue from operating activities (including non-capital donations)	584,808	713,488
<b>Total Income from Operating Activities</b>	<b>11,414,581</b>	<b>11,285,642</b>
Capital interest	58,568	111,598
Other interest	139	93
<b>Total Income from Non-Operating Activities</b>	<b>58,707</b>	<b>111,691</b>
<b>Total Income from Transactions</b>	<b>11,473,288</b>	<b>11,397,333</b>

<sup>1</sup>. Government Grants (State) - Operating includes \$0.02m of funding support for COVID-19 impact on health service operations.

<sup>2</sup>. Commercial activities represent business activities which health services enter into to support their operations.

### Revenue Recognition

#### Impact of COVID-19 on revenue and income

As indicated at Note 1, Terang and Mortlake Health Service's response to the pandemic included introduction of restrictions for entry and reduced activity. This resulted in Terang and Mortlake Health Service incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided funding which was spent due to COVID-19 impacts on Terang and Mortlake Health Service. Terang and Mortlake Health Service also received essential personal protective equipment free of charge under the state supply arrangement.

### Government Grants

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Terang and Mortlake Health Service has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Terang and Mortlake Health Service recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 2.1: Income from Transactions

### *Performance obligations*

The types of government grants recognised under AASB15 *Revenue from Contracts with Customers* includes:

- Activity based funding with identifiable targets,
- Grants requiring acquittal of services and/or expenditure

For activity based funding, revenue is recognised as target levels are met. These performance obligations have been selected as they align with the terms and conditions of the funding provided. For this type of funding, there is minimal judgement required, as performance is measured in accordance with DHHS Policy and Funding Guidelines.

For grants requiring acquittal of services and/or expenditure, revenue is recognised in accordance with the funding agreement. Terang and Mortlake Health Service exercises judgement over whether performance obligations are met, which includes assessment of total expenditure incurred and whether key performance indicators have been met.

### **Previous accounting policy for 30 June 2019**

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Terang and Mortlake Health Service without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Terang and Mortlake Health Service recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Terang and Mortlake Health Service recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

### *Patient and Resident Fees*

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Terang and Mortlake Health Service provides accommodation. This is calculated on a daily basis and invoiced monthly.

### *Commercial activities*

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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

	2020 \$	2019 \$
Cash donations and gifts	63,952	192,665
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>63,952</b>	<b>192,665</b>

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Terang and Mortlake Health Service operates with minimal volunteer services and does not consider a reliable fair value can be determined.

### 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 long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

### Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Terang and Mortlake Health Service recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

## 2.1 (c) Other non operating income

	2020 \$	2019 \$
Capital interest	58,568	111,598
Other interest	139	93
<b>Total other income</b>	<b>58,707</b>	<b>111,691</b>

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

### Interest Income

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the hospital 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 expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

### Note 3.1: Expenses from Transactions

	Total 2020 \$	Total 2019 \$
Salaries and wages	7,397,624	7,125,412
On-costs	666,506	633,531
Agency expenses	286,184	154,426
Fee for service medical officer expenses	325,883	303,714
Workcover premium	98,636	103,513
<b>Total Employee Expenses</b>	<b>8,774,833</b>	<b>8,320,596</b>
Drug supplies	35,526	28,254
Medical and surgical supplies (including Prostheses)	174,331	150,277
Diagnostic and radiology supplies	67,013	35,286
Other supplies and consumables	264,732	246,911
<b>Total Supplies and Consumables</b>	<b>541,602</b>	<b>460,728</b>
Finance costs	6,566	13,984
<b>Total Finance Costs</b>	<b>6,566</b>	<b>13,984</b>
Other administrative expenses	1,104,185	1,117,191
<b>Total Other Administrative Expenses</b>	<b>1,104,185</b>	<b>1,117,191</b>
Fuel, light, power and water	146,417	160,817
Repairs and maintenance	151,519	162,283
Maintenance contracts	127,646	88,258
Medical indemnity insurance	67,284	88,596
Expenditure for capital purposes	4,544	69,195
<b>Total Other Operating Expenses</b>	<b>497,410</b>	<b>569,149</b>
<b>Total Operating Expense</b>	<b>10,924,596</b>	<b>10,481,648</b>
Depreciation and amortisation (refer Note 4.3)	988,747	948,322
<b>Total Depreciation and Amortisation</b>	<b>988,747</b>	<b>948,322</b>
Bad and doubtful debt expense	24,807	17,799
<b>Total Other Non-Operating Expenses</b>	<b>24,807</b>	<b>17,799</b>
<b>Total Non-Operating Expense</b>	<b>1,013,554</b>	<b>966,121</b>
<b>Total Expenses from Transactions</b>	<b>11,938,150</b>	<b>11,447,769</b>

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

### Impact of Covid-19 on expenses

As indicated at Note 1(c), Terang and Mortlake Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional medical supplies, maintenance of salary levels for casual and part-time employees, acquisition of minor equipment for testing purposes and redeployment of staff where activities have been impacted by shutdowns.

Terang and Mortlake Health Service has had no patient admissions relating directly to Covid-19, therefore the impact on the Health Service has been in preventative and preparatory costs only.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3.1: Expenses from Transactions

### *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 consumable costs 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:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

### *Other Operating Expenses*

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

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

### *Non-operating expenses*

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

### *Operating lease payments*

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3.2: Other economic flows included in net result

### Net gain/(loss) on non-financial assets

Net gain on disposal of property plant and equipment

### **Total Net Gain/(Loss) on Non-Financial Assets**

### Other gains/(losses) from other economic flows

Net gain/(loss) arising from revaluation of long service liability

### **Total other Gains/(Losses) from Other Economic Flows**

### **Total Gains/(Losses) From Other Economic Flows**

Total 2020 \$	Total 2019 \$
4,678	14,384
<b>4,678</b>	<b>14,384</b>
(44,057)	(41,702)
<b>(44,057)</b>	<b>(41,702)</b>
<b>(39,379)</b>	<b>(27,318)</b>

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

### Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 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.

### Net gain/ (loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Financial Instruments; and
- disposals of financial assets and derecognition of financial liabilities.

### 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.

## Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Total 2020 \$	Total 2019 \$	Total 2020 \$	Total 2019 \$
<b>Commercial Activities</b>				
Cafeteria	204,485	194,576	51,988	40,938
Property	-	-	13,464	-
<b>Total Commercial Activities</b>	<b>204,485</b>	<b>194,576</b>	<b>65,452</b>	<b>40,938</b>
<b>Other Activities</b>				
Fundraising and community support	29,482	28,515	22,000	28,515
<b>Total Other Activities</b>	<b>29,482</b>	<b>28,515</b>	<b>22,000</b>	<b>28,515</b>
<b>TOTAL</b>	<b>233,967</b>	<b>223,091</b>	<b>87,452</b>	<b>69,453</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3.4: Employee Benefits in the Balance Sheet

	Total 2020 \$	Total 2019 \$
<b>CURRENT PROVISIONS</b>		
Employee Benefits <sup>i</sup>		
<i>Accrued days off</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	10,240	11,894
<i>Annual leave</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	577,382	529,924
<i>Long service leave</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	194,000	149,000
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	913,822	911,492
	<b>1,695,444</b>	<b>1,602,310</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	91,341	79,863
Unconditional and expected to be settled after 12 months <sup>iii</sup>	114,228	113,937
	<b>205,569</b>	<b>193,800</b>
<b>TOTAL CURRENT PROVISIONS</b>	<b>1,901,013</b>	<b>1,796,110</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional long service leave	186,805	181,311
Provisions related to employee benefit on-costs	22,392	21,846
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>209,197</b>	<b>203,157</b>
<b>TOTAL PROVISIONS</b>	<b>2,110,210</b>	<b>1,999,267</b>

<sup>i</sup> Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

<sup>ii</sup> The amounts disclosed are nominal amounts.

<sup>iii</sup> The amounts disclosed are discounted to present values.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3.4: Employee Benefits in the Balance Sheet

### (a) Employee Benefits and Related On-Costs

#### Current Employee Benefits and Related On-Costs

Unconditional long service leave entitlements  
Annual leave entitlements  
Accrued days off

#### Total Current Employee Benefits and Related On-Costs

#### Non-Current Employee Benefits and Related On-Costs

Conditional long service leave entitlements

#### Total Non-Current Employee Benefits and Related On-Costs

#### TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS

Total 2020	Total 2019
\$	\$
1,246,300	1,193,054
644,473	591,162
10,240	11,894
<b>1,901,013</b>	<b>1,796,110</b>
209,197	203,157
<b>209,197</b>	<b>203,157</b>
<b>2,110,210</b>	<b>1,999,267</b>

### (b) Movement in On-Costs Provision

#### Balance at start of year

Additional provisions recognised  
Unwinding of discount and effect of changes in the discount rate  
Reduction due to transfer out

#### Balance at end of year

Total 2020	Total 2019
\$	\$
<b>215,646</b>	<b>195,534</b>
109,663	122,983
(4,846)	(4,587)
(92,502)	(98,284)
<b>227,961</b>	<b>215,646</b>

#### Employee Benefit Recognition

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

#### 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 3.4: Employee Benefits in the Balance Sheet

### *Annual Leave and Accrued Days Off*

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Terang and Mortlake 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 annual leave and accrued days off are measured at:

Nominal value – if Terang and Mortlake Health Service expects to wholly settle within 12 months; or

Present value – if Terang and Mortlake Health Service does not expect to wholly settle within 12 months.

### *Long Service Leave*

The liability for long service leave (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 Terang and Mortlake 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 Terang and Mortlake Health Service expects to wholly settle within 12 months; or
- Present value – if Terang and Mortlake Health Service does not expect to wholly settle 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 Benefits*

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

## Note 3.5: Superannuation

### **Defined Benefit Plans:<sup>i</sup>**

First State Super

### **Defined Contribution Plans:**

First State Super

Hesta

Other

**Total**

Paid Contribution for the		Contribution Outstanding	
Total 2020 \$	Total 2019 \$	Total 2020 \$	Total 2019 \$
23,665	23,122	-	-
495,537	543,082	-	-
66,727	67,327	-	-
80,577	-	-	-
<b>666,506</b>	<b>633,531</b>	<b>-</b>	<b>-</b>

<sup>i</sup> The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## **Note 3.5: Superannuation**

### ***Defined Benefit Superannuation Plans***

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Terang and Mortlake Health Service to the superannuation plans in respect of the services of current Terang and Mortlake Health Service's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Terang and Mortlake Health Service does not recognise any unfunded defined benefit liability in respect of the plans because the health service 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 Terang and Mortlake 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 Service are disclosed above.

### ***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 contribution superannuation plans are expensed when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 4: Key Assets to support service delivery

Terang and Mortlake Health Service 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 Terang and Mortlake Health Service 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
- 4.4 Inventories

## Note 4.1: Other Financial Assets

### CURRENT

Term deposits > 3 months

### TOTAL CURRENT

### TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS

### Represented by:

Health service investments

### TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS

Operating Fund		Total	
2020	2019	2020	2019
\$	\$	\$	\$
-	1,095,000	-	1,095,000
-	1,095,000	-	1,095,000
-	1,095,000	-	1,095,000
-	1,095,000	-	1,095,000
-	1,095,000	-	1,095,000
-	1,095,000	-	1,095,000

### 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.

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

Terang and Mortlake Health Service's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except for 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
- Terang and Mortlake Health Service has transferred its rights to receive cash flows from the asset and either:
  - Has transferred substantially all the risks and rewards of the asset; or
  - Has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

### Impairment of Financial Assets

At the end of each reporting period, Terang and Mortlake 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 2020

## Note 4.2: Property, plant and equipment

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

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.

### Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement

Terang and Mortlake Health Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

**Subsequent measurement:** Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

### Right-of-use asset – Subsequent measurement

Terang and Mortlake Health Service depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

### Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs 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 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 de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, Terang and 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 2020

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

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

### *Identifying unobservable inputs (level 3) fair value measurements*

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

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

### *Consideration of highest and best use (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 accordance with AASB 13 Fair Value Measurement paragraph 29, Terang and Mortlake Health Service has assumed 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.

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

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

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

An independent valuation of Terang and Mortlake 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## **Note 4.2: Property, plant and equipment (Continued)**

### ***Motor Vehicles***

The Terang and Mortlake 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 amount (depreciated cost).

### ***Plant and Equipment***

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

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 2020

## Note 4.2: Property, Plant and Equipment

### (a) Gross carrying amount and accumulated depreciation

	Total 2020 \$	Total 2019 \$
Land - Freehold	1,007,000	1,007,000
<b>TOTAL LAND AT FAIR VALUE</b>	<b>1,007,000</b>	<b>1,007,000</b>
Buildings at cost	695,629	-
Less accumulated depreciation	(19,808)	-
<b>Sub-totals Buildings at Cost</b>	<b>675,821</b>	<b>-</b>
Buildings at fair value	6,230,000	6,230,000
Less accumulated depreciation	(616,621)	-
<b>Sub-totals Buildings at Fair Value</b>	<b>5,613,379</b>	<b>6,230,000</b>
Property improvements at cost	40,015	-
Less accumulated depreciation	(3,614)	-
<b>Sub-totals Leasehold Improvements at Cost</b>	<b>36,401</b>	<b>-</b>
Building work in progress at cost	215,477	578,446
<b>TOTAL BUILDINGS</b>	<b>6,541,078</b>	<b>6,808,446</b>
Plant and equipment at fair value	911,859	922,866
Less accumulated depreciation	(706,200)	(656,148)
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>205,659</b>	<b>266,718</b>
Motor vehicles at fair value	496,329	534,284
Less accumulated depreciation	(321,470)	(259,788)
<b>TOTAL MOTOR VEHICLES</b>	<b>174,859</b>	<b>274,496</b>
Medical equipment at fair value	1,407,308	1,382,780
Less Accumulated Depreciation	(1,075,697)	(988,270)
<b>TOTAL MEDICAL EQUIPMENT</b>	<b>331,611</b>	<b>394,510</b>
Computers and communication equipment at fair value	421,878	401,305
Less accumulated depreciation	(373,276)	(341,276)
<b>TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT</b>	<b>48,602</b>	<b>60,029</b>
Furniture and fittings at fair value	468,068	411,445
Less accumulated depreciation	(292,266)	(267,057)
<b>TOTAL FURNITURE AND FITTINGS</b>	<b>175,802</b>	<b>144,388</b>
Right of use- plant, equipment, furniture and fittings and vehicles	150,746	138,809
Less accumulated depreciation	-	-
<b>TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES</b>	<b>150,746</b>	<b>138,809</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>8,635,357</b>	<b>9,094,396</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 4.2: Property, Plant and Equipment (Continued)****(b) Reconciliations of the carrying amounts of each class of asset**

Total	Note	Land	Buildings	Plant & equipment	Motor vehicles	Medical Equipment	Computers & Communication Equipment	Furniture & Fittings	Right of use - PPE, F&V	Assets under construction	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>		<b>935,000</b>	<b>5,854,107</b>	<b>338,948</b>	<b>282,389</b>	<b>295,194</b>	<b>87,259</b>	<b>154,539</b>	<b>94,109</b>	<b>72,128</b>	<b>8,113,673</b>
Additions		-	-	15,175	104,009	188,213	1,541	16,285	110,943	506,318	1,221,152
Disposals		-	-	-	(22,722)	(4,701)	-	-	-	-	(27,423)
Revaluation increments/(decrements)		72,000	663,316	-	-	-	-	-	-	-	735,316
Depreciation	4.3	-	(566,091)	(87,403)	(89,182)	(84,196)	(28,771)	(26,436)	(66,243)	-	(948,322)
<b>Balance at 30 June 2019</b>		<b>1,007,000</b>	<b>6,230,000</b>	<b>266,720</b>	<b>274,494</b>	<b>394,510</b>	<b>60,029</b>	<b>144,388</b>	<b>138,809</b>	<b>578,446</b>	<b>9,094,396</b>
Additions	4.2 (a)	-	40,014	14,539	-	24,527	20,574	56,624	55,180	332,660	544,118
Disposals		-	-	-	(14,410)	-	-	-	-	-	(14,410)
Net Transfers between classes		-	695,629	-	-	-	-	-	-	(695,629)	-
Depreciation	4.3	-	(640,042)	(75,600)	(85,225)	(87,426)	(32,001)	(25,210)	(43,243)	-	(988,747)
<b>Balance at 30 June 2020</b>	4.2 (a)	<b>1,007,000</b>	<b>6,325,601</b>	<b>205,659</b>	<b>174,859</b>	<b>331,611</b>	<b>48,602</b>	<b>175,802</b>	<b>150,746</b>	<b>215,477</b>	<b>8,635,357</b>

**Land and Buildings and Leased Assets Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of Terang and Mortlake Health Services 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 was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, Terang and Mortlake Health Service's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate negative movement of (5)% across all land parcels and a 3% increase in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of Covid-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings, no managerial revaluation was required.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Terang and Mortlake Health Service  
Notes to the Financial Statements  
for the financial year ended 30 June 2020

## Note 4.2: Property, Plant and Equipment (Continued)

### (c) Fair value measurement hierarchy for assets

#### Balance at 30 June 2020

- Specialised land

#### Total Land at Fair Value

- Specialised buildings

#### Total Building at Fair Value

Plant and equipment at fair value

Motor vehicles at fair value

Medical equipment at Fair Value

Computers and communication equipment at fair value

Furniture and fittings at fair value

#### Total Other Plant and Equipment at Fair Value

#### Total Property, Plant and Equipment

	Total Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
	\$	\$	\$	\$
	1,007,000	-	-	1,007,000
	<b>1,007,000</b>	-	-	<b>1,007,000</b>
	6,325,601	-	-	6,325,601
	<b>6,325,601</b>	-	-	<b>6,325,601</b>
	205,659	-	-	205,659
	174,859	-	174,859	-
	331,611	-	-	331,611
	48,602	-	-	48,602
	175,802	-	-	175,802
	<b>936,533</b>	-	<b>174,859</b>	<b>761,674</b>
	<b>8,269,134</b>	-	<b>174,859</b>	<b>8,094,275</b>

Note

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

4.2 (a)

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 4.2: Property, Plant and Equipment (Continued)**

	Total Carrying Amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
	\$	\$	\$	\$
<b>Balance at 30 June 2019</b>	1,007,000	-	-	1,007,000
- Specialised land				
<b>Total Land at Fair Value</b>	<b>1,007,000</b>	-	-	<b>1,007,000</b>
- Specialised buildings	6,230,000	-	-	6,230,000
<b>Total Building at Fair Value</b>	<b>6,230,000</b>	-	-	<b>6,230,000</b>
Plant and equipment at fair value	266,718	-	-	266,718
Motor vehicles at fair value	274,496	-	274,496	-
Medical equipment at Fair Value	394,510	-	-	394,510
Computers and communication equipment at fair value	60,029	-	-	60,029
Furniture and fittings at fair value	144,388	-	-	144,388
Leased Assets	138,809	-	138,809	-
<b>Total other plant and equipment at fair value</b>	<b>1,278,950</b>	-	<b>413,305</b>	<b>865,645</b>
<b>Total Property, Plant and Equipment</b>	<b>8,515,950</b>	-	<b>413,305</b>	<b>8,102,645</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

ii There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Terang and Mortlake Health Service  
Notes to the Financial Statements  
for the financial year ended 30 June 2020

**Note 4.2: Property, Plant and Equipment (Continued)****(d) Reconciliation of Level 3 Fair Value <sup>i</sup>**

	<b>Note</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant &amp; Equipment</b>	<b>Medical Equipment</b>	<b>Computers &amp; Comm</b>	<b>Furniture &amp; Fittings</b>
<b>Total</b>		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2018</b>	4.2 (b)	935,000	5,854,107	338,948	295,194	87,259	154,539
Additions/(Disposals)	4.2 (b)	-	278,668	15,175	183,512	1,541	16,285
Gains/(Losses) recognised in net result							
- Depreciation and amortisation	4.3	-	(566,091)	(87,403)	(84,196)	(28,771)	(26,436)
Items recognised in other comprehensive income							
- Revaluation	4.2 (c)	72,000	663,316	-	-	-	-
<b>Balance at 30 June 2019</b>	4.2 (c)	<b>1,007,000</b>	<b>6,230,000</b>	<b>266,720</b>	<b>394,510</b>	<b>60,029</b>	<b>144,388</b>
Additions/(Disposals)	4.2 (b)	-	40,014	14,539	24,527	20,574	56,624
Net Transfers between classes	4.2 (b)	-	695,629	-	-	-	-
Gains/(Losses) recognised in net result							
- Depreciation and Amortisation	4.3	-	(640,042)	(75,600)	(87,426)	(32,001)	(25,210)
<b>Balance at 30 June 2020</b>	4.2 (c)	<b>1,007,000</b>	<b>6,325,601</b>	<b>205,659</b>	<b>331,611</b>	<b>48,602</b>	<b>175,802</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 4.2: Property, Plant and Equipment (Continued)**

Note 4.2 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only) <sup>(c)</sup>
Specialised land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments <sup>(a)</sup>
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

<sup>a</sup> A community Service Obligation (CSO) of 20 - 30% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.**Note 4.2 (f): Property, Plant and Equipment Revaluation Surplus****Property, Plant and Equipment Revaluation Surplus**

Balance at the beginning of the reporting period

**Revaluation Increment**

- Land
- Buildings

**Balance at the end of the Reporting Period \*****\* Represented by:**

- Land
- Buildings

Total 2020 \$	Total 2019 \$
7,103,251	6,367,935
-	72,000
-	663,316
<b>7,103,251</b>	<b>7,103,251</b>
1,010,215	1,010,215
6,093,036	6,093,036
<b>7,103,251</b>	<b>7,103,251</b>

Note

4.2 (b)  
4.2 (b)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 4.3: Depreciation****Depreciation**

Buildings	
Plant and equipment	
Motor vehicles	
Medical equipment	
Computers and communication equipment	
Furniture and fittings	
Right of use assets	
- Right of use plant, equipment and vehicles	
<b>Total Depreciation</b>	

	<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
	640,042	566,091
	75,600	87,403
	85,225	89,182
	87,426	84,196
	32,001	28,771
	25,210	26,436
	43,243	66,243
	<b>988,747</b>	<b>948,322</b>
	<b>988,747</b>	<b>948,322</b>

**Total Depreciation****Depreciation**

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

Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Terang and Mortlake Health Service obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

**Note 4.3 (a): useful life of non-current assets**

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

	<b>2020</b>	<b>2019</b>
Buildings		
- Structure shell building fabric	5 to 36 years	10 to 47 years
- Site engineering services and central plant	8 years	10 to 12 years
Central Plant		
- Fit out	8 years	5 to 10 years
- Trunk reticulated building system	8 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 fitting	10 to 13 years	10 to 13 years
Motor vehicles	10 years	10 years
Land Improvements	6 to 7 years	6 to 7 years

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

The change in remaining useful life for Buildings and central plant, was a result of revaluation of land and buildings completed in 2019. The Valuer is required to reassess the estimated useful life based on the current building conditions. The change in remaining useful life has resulted in an increase in depreciation expense of \$0.74M for buildings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 4.4: Inventories

Medical and surgical consumables at cost  
Pharmacy supplies at cost  
General stores at cost  
**Total Inventories**

<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
27,774	23,437
7,439	9,589
12,107	11,564
<b>47,320</b>	<b>44,590</b>

### *Inventories*

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

## Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Terang and Mortlake Health Service's operations.

Structure

5.1 Receivables and contract assets

5.2 Payables

5.3 Other liabilities

## Note 5.1: Receivables

### **CURRENT**

#### **Contractual**

Trade Debtors  
Patient Fees  
Accrued Revenue  
Amounts receivable from governments and agencies  
Inter Hospital Debtors

#### **Sub-Total Contractual Receivables**

#### **Statutory**

Accrued Revenue - Department of Health and Human Services  
GST Receivable

#### **Sub-Total Statutory Receivables**

#### **TOTAL CURRENT RECEIVABLES**

### **NON-CURRENT**

#### **Statutory**

Long service leave - Department of Health and Human Services

#### **Sub-Total Statutory Receivables**

#### **TOTAL NON-CURRENT RECEIVABLES**

#### **TOTAL RECEIVABLES**

<b>Total 2020 \$</b>	<b>Total 2019 \$</b>
181,444	165,799
110,383	132,631
4,355	30,686
17,627	10,003
179	-
<b>313,988</b>	<b>339,119</b>
30,000	2,508
33,828	47,370
<b>63,828</b>	<b>49,878</b>
<b>377,816</b>	<b>388,997</b>
612,790	504,652
<b>612,790</b>	<b>504,652</b>
<b>612,790</b>	<b>504,652</b>
<b>990,606</b>	<b>893,649</b>

### *Receivables recognition*

Receivables consist of:

**Contractual 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 5.1: Receivables (Continued)

**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*.

Terang and Mortlake 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.

## Note 5.2: Payables

### CURRENT

#### Contractual

Trade creditors

Accrued salaries and wages

Accrued expenses

Contract Liabilities - income received in advance

Inter- hospital creditors

5.2(b)

#### Statutory

Department of Health and Human Services

Australian Taxation Office

### TOTAL CURRENT PAYABLES

### TOTAL PAYABLES

Total 2020 \$	Total 2019 \$
127,249	101,035
110,421	284,606
272,341	171,333
113,062	-
47,637	17,429
<b>670,710</b>	<b>574,403</b>
64,800	67,400
-	101,776
<b>64,800</b>	<b>169,176</b>
<b>735,510</b>	<b>743,579</b>
<b>735,510</b>	<b>743,579</b>

#### Payables recognition

Payables consist of:

- contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Terang and Mortlake Health Service 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.

The normal credit terms for accounts payable are usually Nett 60 days.

## Note 5.2 (b) Contract liabilities

Opening balance brought forward from 30 June 2019 adjusted for AASB 15

Add: Payments received for performance obligations yet to be completed during the period

### Total contract liabilities

#### Represented by

Current contract liabilities

2020 \$'000
23,674
89,388
<b>113,062</b>
<b>113,062</b>

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes. Invoices are raised once the goods and services are delivered/provided.

#### Maturity analysis of payables

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 5.3: Other liabilities

### CURRENT

Monies held in trust\*: Refundable accommodation deposits

### Total Current

### Total Other Liabilities

(List major items within each category)

Total 2020 \$	Total 2019 \$
2,085,000	1,335,000
<b>2,085,000</b>	<b>1,335,000</b>
<b>2,085,000</b>	<b>1,335,000</b>

### \* Total Monies Held in Trust Represented by the Following Assets:

Cash assets

Investment and other financial assets

### TOTAL

2,085,000	240,000
-	1,095,000
<b>2,085,000</b>	<b>1,335,000</b>

### Refundable Accommodation Deposit ("RAD")/Accommodation Bond liabilities

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

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 6: How we finance our operations

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

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

#### CURRENT

Lease liability <sup>(i)</sup>

**Total Current Borrowings**

#### NON CURRENT

Lease liability <sup>(i)</sup>

**Total Non Current Borrowings**

**Total Borrowings**

Total 2020 \$	Total 2019 \$
23,126	32,163
<b>23,126</b>	<b>32,163</b>
30,702	48,919
<b>30,702</b>	<b>48,919</b>
<b>53,828</b>	<b>81,082</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

#### Maturity Analysis of Borrowings

Please refer to Note 7.1(b) for the ageing analysis of borrowings.

#### Defaults and Breaches

During the current and prior year, there were no defaults and breaches of any of the borrowings.

#### Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$	2019 \$	2020 \$	2019 \$
Not later than one year	25,517	34,554	25,517	34,554
Later than 1 year and not later than 5 years	33,202	53,810	31,940	50,578
Later than 5 years	-	-	-	-
Minimum lease payments	<b>58,719</b>	<b>88,364</b>	<b>57,457</b>	<b>85,132</b>
Less future finance charges	(4,891)	(7,282)	(3,629)	(4,050)
<b>TOTAL</b>	<b>53,828</b>	<b>81,082</b>	<b>53,828</b>	<b>81,082</b>
Included in the financial statements as:				
Current borrowings - lease liability	23,126	32,163	23,126	32,163
Non-current borrowings - lease liability	30,702	48,919	30,702	48,919
<b>TOTAL</b>	<b>53,828</b>	<b>81,082</b>	<b>53,828</b>	<b>81,082</b>

The weighted average interest rate implicit in the finance lease is 6% (2019: 6%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 6.1: Borrowings (Continued)

### Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

### Terang and Mortlake Health Service's leasing activities

Terang and Mortlake Health Service has entered into leases related to information technology equipment via the South West Alliance or Rural Health joint venture arrangement.

For any new contracts entered into on or after 1 July 2019, Terang and Mortlake Health Service considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Terang and Mortlake Health Service assesses whether the contract meets three key evaluations which are whether:

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### Separation of lease and non-lease components

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

### Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

#### Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Terang and Mortlake Health Services incremental borrowing rate.

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

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

#### Lease Liability – subsequent measurement

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

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

### Short-term leases and leases of low value assets

Terang and Mortlake Health Service has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

### Below market/Peppercorn lease

Terang and Mortlake Health Service has no material below market/peppercorn leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Terang and Mortlake Health Service to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

### Presentation of right-of-use assets and lease liabilities

Terang and Mortlake Health Service presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 6.1: Borrowings (Continued)

### Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Terang and Mortlake Health Service determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Terang and Mortlake Health Service as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the 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 consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Terang and Mortlake Health Services balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

The impact of initialising applying AASB15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities to Terang and Mortlake Health Service's grant revenue is described in Note 8.13. Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB and AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

**Operating lease payments up until 30 June 2019** (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

### *Entity as lessee*

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 assets are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. 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 leases are recognised as an expense in the period in which they are incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 6.2: Cash and Cash Equivalents

Cash on hand (excluding monies held in trust)  
 Cash at Bank (excluding monies held in trust)  
 Cash at Bank (monies held in trust)  
 Cash at Bank - CBS (excluding monies held in trust)  
 Cash at Bank - CBS (monies held in trust)

### TOTAL CASH AND CASH EQUIVALENTS

#### Cash and Cash Equivalents

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

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

Total	Total
2020	2019
\$	\$
270	270
288,454	182,795
-	-
2,857,931	3,071,098
2,106,999	240,000
<b>5,253,654</b>	<b>3,494,163</b>

## Note 6.3 : Commitments for expenditure

### Capital Expenditure Commitments

Less than 1 year  
 Longer than 1 year but not longer than 5 years  
 5 years or more

### Total Capital Expenditure Commitments

### Total Commitments for Expenditure (inclusive of GST)

Less GST recoverable from the Australian Tax Office

### TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)

2020	2019
\$	\$
-	242,167
-	-
-	-
<b>-</b>	<b>242,167</b>
<b>-</b>	<b>242,167</b>
-	-
<b>-</b>	<b>242,167</b>

Future finance lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

### Commitments

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 7: Risks, contingencies and valuation uncertainties**

Terang and Mortlake Health Service 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 health service is related mainly to fair value determination.

**Structure**

7.1 Financial Instruments

7.2 Contingent Assets and Contingent Liabilities

**Note 7.1 (a): Financial Instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Terang and Mortlake Health Service'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**

	Note	Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
<b>Total 2020</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	5,253,654	-	5,253,654
Receivables - Trade Debtors	5.1	181,444	-	181,444
Other Receivables	5.1	132,544	-	132,544
<b>Total Financial Assets<sup>i</sup></b>		<b>5,567,642</b>	<b>-</b>	<b>5,567,642</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	557,648	557,648
Borrowings	6.1	-	53,828	53,828
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	2,085,000	2,085,000
Other Financial Liabilities	5.3	-	-	-
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>2,696,476</b>	<b>2,696,476</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

### Note 7.1 (a): Financial Instruments

(a) Categorisation of financial instruments

	Note	Financial Assets at Amortised Cost \$	Financial Liabilities at Amortised Cost \$	Total \$
<b>Total 2019</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	3,494,163	-	3,494,163
Receivables - Trade Debtors	5.1	165,799	-	165,799
Other Receivables	5.1	173,320	-	173,320
Investments and Other Financial Assets - Term Deposits	4.1	1,095,000	-	1,095,000
<b>Total Financial Assets<sup>i</sup></b>		<b>4,928,282</b>	<b>-</b>	<b>4,928,282</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	574,403	574,403
Borrowings	6.1	-	81,082	81,082
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,335,000	1,335,000
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>1,990,485</b>	<b>1,990,485</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

### Categories of financial assets under AASB 9 Financial Impairments

#### 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 Terang and Mortlake 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.

Terang and Mortlake Health Service recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Terang and Mortlake Health Service's own credit risk. In this case, the portion of the change attributable to changes in Terang and Mortlake Health Service's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Terang and Mortlake Health Service recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

**Financial liabilities at amortised cost** are 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. Terang and Mortlake Health Service recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

**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  
 Terang and Mortlake 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

Terang and Mortlake Health Service has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

**Reclassification of financial instruments:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Terang and Mortlake Health Service's business model for managing its financial assets has changes such that its previous model would no longer apply.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

**Note 7.1 (b): Payables and Borrowings Maturity Analysis**

The following table discloses the contractual maturity analysis for Terang and Mortlake Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

**Maturity analysis of Financial Liabilities as at 30 June**

Maturity analysis of financial liabilities as at 30 June								
	Note	Carrying Amount \$	Nominal Amount \$	Maturity Dates				
				Less than 1 Month \$	1-3 Months \$	3 months - 1 Year \$	1-5 Years \$	Over 5 years \$
2020								
Financial Liabilities at amortised cost								
	5.2	557,648	557,648	-	-	-	-	-
	6.1	53,828	53,828	2,680	8,040	21,443	21,665	-
	5.3	2,085,000	2,085,000	-	-	2,085,000	-	-
Total Financial Liabilities		2,696,476	2,696,476	560,328	8,040	2,106,443	21,665	-
2019								
Financial Liabilities at amortised cost								
	5.2	574,403	574,403	-	-	-	-	-
	6.1	81,082	81,082	2,680	8,040	21,443	48,919	-
	5.3	1,335,000	1,335,000	-	-	1,335,000	-	-
Total Financial Liabilities		1,990,485	1,990,485	577,083	8,040	1,356,443	48,919	-

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

**Note 7.2: Contingent assets and contingent liabilities**

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## 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 Flow from Operating Activities
- 8.2 Responsible persons disclosure
- 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 Correction of prior period error and revision of estimates
- 8.10 AASBs Issued that are not yet Effective

## Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities

	Note	Total 2020 \$	Total 2019 \$
<b>Net Result for the Year</b>	<b>OS</b>	(504,241)	(77,754)
<b>Non-Cash Movements:</b>			
Depreciation and amortisation	4.3	988,747	948,322
<b>Movements included in Investing and Financing Activities:</b>			
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets		(4,678)	(14,384)
Less cash inflow/outflow from investing and financing activities		(265,309)	-
<b>Movements in Assets and Liabilities:</b>			
<i>Change in Operating Assets and Liabilities</i>			
(Increase)/Decrease in Receivables	5.1	(96,957)	(235,385)
(Increase)/Decrease in Prepayments		7,434	18,721
Increase/(Decrease) in Payables	5.2	(8,069)	(199,029)
Increase/(Decrease) in Other Liabilities		(23,674)	-
(Increase)/Decrease in Inventories		(2,730)	(3,104)
(Increase)/Decrease in employee benefits		110,943	186,277
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>201,466</b>	<b>623,664</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.2: Responsible Persons

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.

### Responsible Ministers:

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance  
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

### Governing Boards

Mr Colin Long  
Mrs Elizabeth Clarke  
Mr Benjamin Dennis  
Ms Erin Guiney  
Mrs Katie Harvey  
Mr Barry Philp  
Ms Carolyn Warnemünde  
Mr Murray Whiting

01/07/2019 - 30/06/2020  
01/07/2019 - 30/06/2020  
01/07/2019 - 30/06/2020  
01/07/2019 - 30/09/2019  
01/07/2019 - 30/06/2020  
01/07/2019 - 30/06/2020  
01/07/2019 - 30/06/2020  
01/07/2019 - 30/06/2020

### Accountable Officers

Ms Julia Ogdin Gubbins (Chief Executive Officer)

01/07/2019 - 30/06/2020

### Remuneration of Responsible Persons

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

### Income Band

\$0,000 - \$9,999  
\$170,000 - \$179,999  
\$190,000 - \$199,999

### Total Numbers

Total 2020 No.	Total 2019 No.
8	8
-	1
1	-
9	9

### Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

2020 \$	2019 \$
\$210,828	\$194,364

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Terang and Mortlake Health Services' financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.3: Remuneration of Executives

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

### Remuneration of Executive Officers

Short-term Benefits  
Post-employment Benefits  
Other Long-term Benefits  
Termination Benefits  
**Total Remuneration<sup>i</sup>**

Total Number of Executives

Total Annualised Employee Equivalent<sup>ii</sup>

Total Remuneration	
2020	2019
\$	\$
348,878	257,902
30,227	22,048
9,676	7,304
-	4,461
<b>388,781</b>	<b>291,715</b>
3	3
3.0	3.0

<sup>i</sup> The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Terang and Mortlake Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

#### **Short-term Employee Benefits**

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

#### **Post-employment Benefits**

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

#### **Other Long-term Benefits**

Long service leave, other long-service benefit or deferred compensation.

#### **Termination Benefits**

Termination of employment payments, such as severance packages.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.4: Related Parties

Terang and Mortlake Health Services is a wholly owned and controlled entity of the State of Victoria. Related parties of the Terang and Mortlake Health Service include:

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of a regional Information Technology Joint Venture; and
- All hospitals and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Terang and Mortlake Health Services, directly or indirectly.

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

### KMPs

Mr Colin Long  
Mrs Elizabeth Clarke  
Mr Benjamin Dennis  
Ms Erin Guiney  
Mrs Katie Harvey  
Mr Barry Philp  
Ms Carolyn Warnemünde  
Mr Murray Whiting  
Ms Julia Ogdin Gubbins (CEO)  
Ms Jane Bourman  
Ms Melissa Mitchell  
Mr Brendan Williams

### Position Title

Chair of the Board  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Board Member  
Chief Executive Officer  
Director of Primary Healthcare  
Director of Nursing  
Manager - Administration & Compliance

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

### Compensation - KMPs

Short-term Employee Benefits <sup>i</sup>  
Post-employment Benefits  
Other Long-term Benefits  
Termination Benefits  
**Total <sup>ii</sup>**

Total 2020 \$	Total 2019 \$
539,962	433,401
45,103	36,148
14,544	12,069
-	4,461
<b>599,609</b>	<b>486,079</b>

Prior year compensation for KMP's did not include executive officers as they were not previously recognised as holding a position that satisfied a Key Management Personnel role.

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

<sup>ii</sup> KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.4: Related Parties (Continued)

### *Significant Transactions with Government Related Entities*

The Terang and Mortlake Health Service received funding from the Department of Health and Human Services of \$7,865,663 (2019: \$7,933,852) and indirect contributions of \$160,957 (2019: \$8,861). Balances payable (refundable) at year end are \$64,800 (2019 \$67,400)

Expenses incurred by the Terang and Mortlake 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 the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require the Terang and Mortlake Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

### *Transactions with KMPs and Other Related Parties*

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

Outside of normal citizen type transactions with the Terang and Mortlake Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the Terang and Mortlake Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2020.

## Note 8.5: Remuneration of Auditors

### **Victorian Auditor-General's Office**

Audit of the Financial Statements

### **TOTAL REMUNERATION OF AUDITORS**

Total 2020 \$	Total 2019 \$
9,600	9,250
<b>9,600</b>	<b>9,250</b>

## Note 8.6: Events Occurring after the Balance Sheet Date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Terang and Mortlake Health Services and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

The Covid-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Terang and Mortlake Health Service at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Terang and Mortlake Health Service, its operations, its future results and financial position. The state of emergency in Victoria was extended on 4 September 2020 until 16 March 2021 and the state of disaster remains in place.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
South West Alliance of Rural Health (SWARH)	Provision of Information Systems	2.38	2.33

Terang and Mortlake Health Services interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2020 \$ *	2019 \$ *
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	206,877	33,610
Receivables	153,311	146,228
Inventories	1,105	1,591
Prepayments	12,824	10,967
<b>TOTAL CURRENT ASSETS</b>	<b>374,117</b>	<b>192,396</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	13,587	-
Property, Plant and Equipment	137,158	138,809
<b>TOTAL NON-CURRENT ASSETS</b>	<b>150,745</b>	<b>138,809</b>
<b>TOTAL ASSETS</b>	<b>524,862</b>	<b>331,205</b>
<b>CURRENT LIABILITIES</b>		
Payables	224,384	116,244
Borrowings	23,126	81,082
Other Liabilities	113,062	-
Employee Provisions	40,655	40,016
<b>TOTAL CURRENT LIABILITIES</b>	<b>401,227</b>	<b>237,342</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	30,703	-
Provisions	7,670	5,746
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>38,373</b>	<b>5,746</b>
<b>TOTAL LIABILITIES</b>	<b>439,600</b>	<b>243,088</b>
<b>NET ASSETS</b>	<b>85,262</b>	<b>88,117</b>
<b>EQUITY</b>		
Accumulated Surpluses	85,262	88,117
<b>TOTAL EQUITY</b>	<b>85,262</b>	<b>88,117</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.7: Jointly Controlled Operations (Continued)

Terang and Mortlake Health Services interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 \$ *	2019 \$ *
<b>REVENUE</b>		
Operating Activities	462,088	542,520
Non Operating Activities	17,031	41,006
Capital Purpose Income	22,966	-
<b>TOTAL REVENUE</b>	<b>502,085</b>	<b>583,526</b>
<b>EXPENSES</b>		
Employee Benefits	207,637	194,813
Maintenance Contracts and IT Support	224,154	113,852
Other Expenses	-	149,943
Finance Lease Charges	2,391	12,959
Depreciation	43,243	66,243
<b>TOTAL EXPENSES</b>	<b>477,425</b>	<b>537,810</b>
Revaluation of Long Service Leave	(3,842)	1,478
<b>NET RESULT</b>	<b>20,818</b>	<b>47,194</b>

\* Figures obtained from the unaudited South West Alliance of Rural Health Joint Venture annual report.

### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

## Note 8.8: Economic Dependency

Terang and Mortlake Health Service is dependent on the Department of Health and Human Services for the majority of its 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 Terang and Mortlake Health Service.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

### Changes in accounting policy

#### Leases

The adoption of AASB16 Leases did not have any impact on Terang and Mortlake Health Service financial statements.

The impact from adoption of AASB15 Revenue from Contracts with Customers and AASB 1058 Income of Non-for-profit Entities is described as follows.

#### Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Terang and Mortlake Health Service has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Terang and Mortlake Health Service applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Terang and Mortlake Health Service has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

#### Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Terang and Mortlake Health Service has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Terang and Mortlake Health Service applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

#### Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income of Not-for-Profit Entities*; and
- AASB 16 *Leases*.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance sheet	Notes	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment		9,094,397	-	9,094,397
Total non-financial assets		587,090	-	587,090
Total Assets		14,659,646	-	14,659,646
Payables and Contract Liabilities		4,077,846	23,674	4,101,520
Borrowings		81,082	-	81,082
Total Liabilities		4,158,928	23,674	4,182,602
Accumulated surplus/(deficit)		68,698	(23,674)	45,024
Physical Revaluation Surplus		7,103,251	-	7,103,251
Other items in equity		3,328,769	-	3,328,769
Total Equity		10,500,718	(23,674)	10,477,044



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors (Continued)

### Statement of changes in equity – changes for AASB 1058 and AASB 15 adoption

For the financial year ended 30 June 2020 (\$)

Notes	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficit)	Total
<b>Balance at 1 July 2018</b>	6,367,935	3,328,769	146,452	9,843,156
Net result for the year	-	-	(77,754)	(77,754)
Other comprehensive income for the year	735,316	-	-	735,316
<b>Balance at 30 June 2019</b>	<b>7,103,251</b>	<b>3,328,769</b>	<b>68,698</b>	<b>10,500,718</b>
<b>Change in accounting policy (due to AASB 15, 1058)</b>	-	-	<b>(23,674)</b>	<b>(23,674)</b>
<b>Restated balance at 1 July 2019</b>	7,103,251	3,328,769	45,024	10,477,044
<b>Net result for the year</b>	-	-	<b>(504,241)</b>	<b>(504,241)</b>
<b>Balance at 30 June 2020</b>	<b>7,103,251</b>	<b>3,328,769</b>	<b>(459,217)</b>	<b>9,972,803</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

## Note 8.10: AASBs Issued that are not yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Terang and Mortlake Health Services of their applicability and early adoption where applicable.

As at 30 June 2020, 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.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . 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.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.

# NOTES

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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**  
**COMMUNITY**  
AND  
EACH  
OTHER **EQUITY**  
& **FAIRNESS.**  
OUR **STRATEGIC**  
**GOALS MEET**  
DEMAND &  
**SUPPORT**



TERANG & MORTLAKE  
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