



TERANG & MORTLAKE HEALTH SERVICE

Annual Report **2020/21**



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

Page 17 photo provided courtesy of The Standard (Warrnambool) Photographer: Morgan Hancock

Pictured is the 7,118th and final baby born at Terang Hospital prior to the cessation of maternity services on 31st December 2020.

Liv Crawley with proud parents Joel and Jess, midwife Sarah Williams and GP obstetrician Dr Tim Fitzpatrick.

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HEALTH SERVICE PROFILE

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

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

A wide range of health care services are provided from the Terang Campus. In addition to care provided by the General Practitioners, there are specialists in Obstetrics (NB: Terang & Mortlake Health Services ceased provision of Birthing Services from 31st December 2020), Gynaecology, 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 and well-being activities which are of assistance to people with a disability, injured and elderly clients. 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 provides a modern venue for the delivery of broad range of healthcare 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 assistance 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 BROAD RANGE OF PRIMARY CARE, ALLIED HEALTH SERVICES, CHRONIC DISEASE MANAGEMENT, SOCIAL WELFARE AND HEALTH PROMOTION PROGRAMS.

SERVICES PROVIDED

COMMUNITY HEALTH

The Community Health department provides Allied Health and Nursing support services in the following areas:

- Continence Service
- Diabetes Education
- Dietetics
- District Nursing
- Health Promotion
- Immunisation Nurse
- Live Life Well Program
- Mortlake Community Health Centre Outpatients Clinic
- Occupational Therapy
- Physiotherapy
- Podiatry
- Smoking Cessation
- Social work
- Speech Pathology
- Well Womens' Clinic – Breast Screen, Pap Smear Clinic
- Wound Management

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

- Advance Care Planning
- Community education programs and events
- 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

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. The acute wing and Operating Theatre areas are accessed through the administration main entrance in the front of the Health Service building facing Austin Avenue. The Urgent Care Department is accessed at the rear of the building via the main Hospital car park.

- 24-hour Urgent Care
- General Medicine
- Surgical Care
- Palliative Care
- Obstetrics (NB: Provision of Birthing Services ceased from 31st December 2020)
- 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 to 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)
- Early Childhood Playgroup (Mortlake)
- Early Parenting Centre
- Maternal and Child Health Service – Moyne Shire

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

The 2020–2021 year has once again continued to present great challenges in healthcare, both globally and locally, as we strive to protect our communities from the effects of the ongoing COVID-19 pandemic.

A number of state wide lockdowns throughout the year, initiated to curb the spread of infection outbreaks, impacted on the way in which our services were provided to residents, patients and consumers. We would like to commend our staff for continuing to demonstrate resilience, adaptability and resourcefulness during what has been a prolonged period of great change. The past year has presented new challenges including enforced restrictions to visitors in both the acute Hospital ward and residential aged care settings.

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).

In April 2021, our Mount View Aged Care Residents and direct care staff were offered COVID-19 vaccinations through the Barwon South West regional rollout, facilitated through Barwon Health. The rollout was implemented seamlessly and has provided great peace of mind to our Residents, their families and care givers.

In May, the Aged Care Commission conducted a full aged care accreditation survey at our Mount View Residential Aged Care Facility. The survey was overdue, having originally being due in early 2020 when the ramifications of COVID lockdowns became apparent.

The three day survey was conducted utilising the new Aged Care Standards. It was pleasing to note that our Health Service was assessed as meeting all criteria of the Aged Care Standards. Terang & Mortlake Health service will continue to work on streamlining clinical care for all Residents per suggestions made by the surveyors.

Thanks must be afforded to all Residents, family members and staff who proudly shared their experiences and knowledge to the Surveyors during this period.

From a financial viewpoint, it is pleasing to report a net operating surplus before capital and specific items amounting to \$650,000. The comprehensive result for the year amounts to a deficit of \$17,000. It should also be noted that the comprehensive result includes funds provided by the State Government for capital infrastructure and equipment amounting to \$83,000, interest on investments \$21,000, donations and bequests for capital purposes \$20,000 and depreciation on assets amounting to \$1,041,000.

Government grants for capital improvements and equipment purchases 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



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 our retiring Board members Mr Barry Philp, Mr Colin Long and Ms. Carolyn Warneminde.

Barry Philp has served on the Board of Directors since 2012 including five years as Board Chair between 2014 and 2019 and retires after reaching the maximum tenure of appointment. During his nine years on the Board, Barry also served as an active member of the Audit & Compliance sub-committee; Physical Resources, Human Resources & Planning Committee and the Clinical Governance and Quality sub-committee. As Board Chair, Barry presided over the major upgrade redevelopment of our Terang Hospital Acute Ward North Wing and Mount View residential Aged Care facility in 2016.

Colin Long has served on the Board of Directors since 2015 including the past two years as Board Chair. During his six years on the Board, Colin has also served as a member of the Audit & Compliance sub-committee and the Clinical Governance and Quality sub-committee.

As a representative from our Mortlake community, Carolyn Warneminde has served on the Board of Directors since 2018. During her three years on the Board, Carolyn also served as a member of the Physical Resources, Human Resources & Planning Committee and the Clinical Governance and Quality sub-committee.

found in the Financial Overview and of course, the Financial Report encompassing the Financial Statements and notes presents a detailed record of the year's results.

We thank Barry, Colin and Carolyn for their valuable contributions toward the robust governance and future direction of our Health Service and wish them all the very best for their future endeavours.

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 (previously known as the Department of Health & Human Services) and includes executive staff representatives from Cobden Health, Timboon & District Healthcare 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.

The Board of Directors welcomed four new members last July – Ms. Julia Currell, Mr Tony Harrison, Mrs Jane Henderson and Dr Nishant Hurria. Our new appointees collectively bring a diverse range of skill sets and expertise in the fields of clinical governance, human resource management and financial management.

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 Directors 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 2020–2021 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 the Terang & Mortlake Health Service.

During the 2020–2021 year, our Terang Hospital campus treated a total of 558 inpatients resulting in 1,684 patient bed days. Occupancy of our Mount View residential aged care facility was maintained at a very high level, recording 98.43% occupancy throughout the year.

Demand for non-admitted services remained consistent. A total of 1,665 clients presented for treatment at the Terang Hospital Urgent Care department whilst a further 2,653 clients presented to the Outpatients department in Mortlake.

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 5,746 hours of service were provided by Allied Health and Community Health Staff throughout the year to 1,863 clients. Our District Nurses provided 8,280 service hours to 422 individual clients. The Terang Social Centre provided 6,234 hours of service to 180 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 25 new members of staff; 11 in nursing, 6 in hotel services, 1 in administration; 3 allied health practitioners; 1 in maintenance and 3 client services assistants.

Terang & Mortlake Health Service encourages and values a culture of continuous learning. In the past twelve months, we have recruited a new Leisure and Lifestyle trainee to assist with resident activities programs within our Mount View Residential Aged Care facility. The new trainee is also working towards completion of her Certificate IV in Leisure & Lifestyle through South West TAFE. Our apprentice chef is also continuing to work towards his 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 continues to visit 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 continued 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. Johanna Moloney; Dr Stefanie Hammond; Dr Adrian Cameron; Dr. Jamila Perera and Dr. Belinda Bell.

In December 2020, Dr Neil Jackson retired after a remarkable 35 years of service as a General Practitioner to the Terang and Mortlake district communities.

As a passionate supporter of our Health Service, Dr Jackson also made a profound contribution as a long standing member of the Board of Directors between 1988 and 2014 including 7 years as Board Chair between 1997 and 2004.

Thank you Dr Jackson for the amazing care you have provided so many in our community over so many years. We wish you and Jennifer a long and enjoyable retirement.

In February 2021, Registrars Dr Harpreet Dhillon and Dr. Brent Venning resigned from the Terang Medical Clinic to take up alternate positions in Geelong. We wish Harpreet and Brett every success for the future and thank them for their 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 2021, the maturity 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. 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 Health Care (ACSQHC) 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 information resources for our patients, consumers and carers.

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

The Partnering with Consumers Committee has maintained its membership complement of 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, 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 Ari Pugh and Miss Abbey Dixon also participated from Terang College and provided valuable insights from a young person's perspectives on our health service offering.

During the year, we were pleased to welcome Mr Doug Gore to the Partnering with Consumers Committee. Doug is a retired Terang Pharmacist and a current resident of our Mount View residential aged care facility. Doug has already proven himself to be a valuable addition to the committee and has been able to provide a unique quality assessment of our residential aged care services as an end user.

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 (previously 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:

- 2 x new specialist podiatry chairs for the Josie Black Community Health and Mortlake Community Health Centres;
- Laparoscopic Tower Instrument Dishwasher trolley;
- Ultrasound Bladder Scanner;
- 2 x new Air Comfort "Princess" Chairs

for use by our Mount View Aged Care residents;

- 75" UHD Television for our Mount View Aged Care residents lounge room.

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:

- Expansion of our Josie Black Community Health Centre car park
- Construction of a non-clinical consultation room at our Josie Black Community Health Centre;
- Construction of a new staff tea room at our Josie Black Community Health Centre;
- Expansion of our Terang Hospital campus car park to provide an additional 18 parking spaces;
- New disabled access ramp from our Terang Hospital campus car park;
- Construction of a staff shower room within our Mount View residential aged care facility.



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 Community 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. Although the ongoing COVID-19 Coronavirus pandemic has adversely restricted the ability of most groups to run fundraising events, the Ladies Auxiliary was able to run a Jazz Concert afternoon which was well supported by our local community.

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.

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 during all announced periods of home visitor restrictions. We thank all of our volunteers for their support and understanding and look

forward to their return to regular 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. Thirteen active learners took part in the program during the 2020-21 year. Five students graduated successfully in this period gaining their probationary licence. This would not have been possible without our nine dedicated volunteer mentor drivers.

Thanks also go to Tweddle Child and Family Health Service, South West Healthcare, Timboon and District Healthcare 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 2021-22 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 2021.



Ben Dennis
Board Chair

Melissa Mitchell
Acting Chief Executive Officer

Terang
24th August 2021

STATEMENT OF PRIORITIES

STRATEGIC PRIORITIES FOR 2020-2021

For the financial year 2020-21, there have been no individual deliverables that constitutes Statement of Priorities (SoP) Part A. Due to the ongoing COVID-19 pandemic, the Minister for Health provided all health services with the below SoP Part A priorities to be focused on during the pandemic:

KEY PRIORITIES	OUTCOMES
Maintain your robust COVID-19 readiness and response, working with my department to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program	ACHIEVED Our Health Service has been a proactive supporter of the Department of Health's COVID-19 vaccine immunisation program. The vaccination program has been widely promoted within the organisation to all staff and to our community through regular posts on our external social media and website platforms. Our Health Service has also conducted several asymptomatic COVID-19 testing sessions for our staff and, three drive-through testing sessions for our community in response to regional outbreaks.
Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track.	ACHIEVED Our District Nursing program has continued to operate throughout the duration of COVID-19 pandemic lock-down periods. Allied health specialist appointments have been alternatively delivered by telehealth consultations when required. Elective Surgery lists have been rescheduled when required and additional sessions conducted at the earliest opportunity. Our Health Service has also worked closely with South West Healthcare to provide our operating theatre facilities for "catch-up" surgery lists. Our Community Health staff continued to regularly communicate with, and provide 'care packages' to our Social Centre Support Group clients during periods in which they have been unable to attend our Community Health Centres.
As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental health System and the Royal Commission into Aged Care Quality and Safety	IN PROGRESS Terang and Mortlake Health Service has undertaken a review of all key recommendations of the Royal Commission into Victoria's Mental health System and the Royal Commission into Aged Care Quality and Safety. We will continue to work towards implementation of the relevant key recommendations throughout our Health Service operations.
Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.	ACHIEVED Our Health Service continued to work closely with our neighbouring health service partners as an active participant of the Corangamite Health Collaborative (CHC). The primary focus of the CHC committee continues to be on improving the effectiveness of health service delivery in our region and promoting positive health change initiatives. We have been proactive in offering our operating theatre facilities and staff to take part in the regional "Surgical blitz" initiative aimed at reducing elective surgery waiting lists and timeframes. Our Health Service continues to work closely with the South West Healthcare Supply Department and Health Share Victoria to collaborate on group-buy procurement opportunities in order to optimise value.

PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	OUTCOME
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	90%
Percentage of healthcare workers immunised for influenza	90%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No Surveys conducted in 2020-2021

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	2020-2021 ACTUALS
Finance		
Operating result (\$m)	0.02	0.65
Average number of days to paying trade creditors	60 days	40 days
Average number of days to receiving patient fee debtors	60 days	41 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.51
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	127 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

ACTIVITY AND FUNDING

2020-21 ACTIVITY ACHIEVEMENT		UNITS
SMALL RURAL		
Small Rural Acute	436	WIES equivalents
Small Rural Primary Health; HACC Program for Young Persons (PYP) and Commonwealth Home Support Program (CHSP)		
- Nursing	11,126	Service Hours
- Allied Health	3,190	Service Hours
- Counselling/Casework	609	Service Hours
- Dietetics	551	Service Hours
- Occupational Therapy	337	Service Hours
- Physiotherapy	446	Service Hours
- Podiatry	1,407	Service Hours
- Speech Therapy	389	Service Hours
- Planned Activity Group	6,234	Service Hours
Small Rural Residential Care	5,389	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).

This committee reports to the Board of Directors on the overall quality, effectiveness, appropriateness and use of services rendered to patients in the Health Service.

MEDICAL ADVISORY / CREDENTIALS COMMITTEE

This 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 of Directors.

The Medical Advisory / Credentials committee assesses the suitability of applicants requesting appointment to the Health Service as Visiting Medical Practitioners and makes recommendations to the Board of Directors. It also 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

This committee monitors the maintenance of Health Service grounds, buildings and equipment, makes recommendations to the Board of Directors on major and minor works and replacements and, 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

The Clinical Services & Drug Advisory committee develops recommendations and assists in implementing changes as required in policies and procedures. It also monitors areas of concern in medical and nursing organisation and discusses matters pertinent to the managerial aspect of patients and staff.

This committee also 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.

COMMUNITY HEALTH COMMITTEE

The Community Health 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 Partnering with Consumers 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 2021

PRESIDENT

Mr. Colin Long

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

VICE PRESIDENT

Ms. Elizabeth Clarke

First Appointed – 01.07.2015
Physical Resources; Human Resources and
Planning Committee
Clinical Governance and 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

Ms. Julia Currell

First Appointed – 01.07.2020
Clinical Governance and Quality Committee
Medical Advisory Committee

Mr. Benjamin Dennis

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

Mr. Tony Harrison

First Appointed – 01.07.2020
Audit and Compliance Committee
Physical Resources, Human Resources and
Planning Committee

Mrs. Katie Harvey

First Appointed – 01.07.2017
Physical Resources, Human Resources and
Planning Committee
Clinical Governance & Quality Committee

Mrs. Jane Henderson

First Appointed – 01.07.2020
Physical Resources, Human Resources and
Planning Committee
Clinical Governance & Quality Committee

Dr. Nishant Hurria

First Appointed – 01.07.2020

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 COMMUNITY HEALTH

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

NURSE UNIT MANAGERS

Mrs. S.M. Williams,

R.N., R.M., Grad. Dip. FCHN (Parenting Centre) IBCLC, Immunisation Certificate

Ms. J.L. Payne

R.N (Aged Care Nurse Unit Manager)

Mrs. R.E. Barby,

R.N. (District Nursing)

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. 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.

Ms Suzanne Lim,

B.App Sc.(Physiotherapy)

Ms Rachel Keally

B.App Sc.(Occupational therapy)

VISITING MEDICAL STAFF

Dr. J. Altree,

M.B., B.S, F.R.A.C.G.P

Dr. L. Anderson,

M.B., B.S, B. App. Sc.(MedTech), Grad. Dip. Ed. (Sec), Grad. Dip. App. Sc. (Cptr), Grad. Dip. Ed. Stud. (Prof.Dev.), B. Nursing Sci. (Hons), M. Nurs. Prac.

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. A. Cameron,

M.B., B.S, B.Sci. (Hons), Ph.D

Dr. K. Cornell,

M.B., B.S

Dr. H. Dhillon,

M.B., B.S., B. Sci. N.

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. S. Hammond,

M.B., B.S., B. Bio.Med.Sci., Cert. W.H

Dr. J. Moloney,

M.B., B.S, DCH, ACCEM, D.R.A.N.Z.C.O.G, F.R.A.C.G.P.

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.

Dr. S. Nagarajah,

M.B., B.S., F.R.A.C.G.P.

Dr. S. Newbury,

M.B., B.S

Dr. W. Rouse,

M.B., B.S., F.R.A.C.G.P.

Dr. A. Singh,

M.B., B.S.

Dr. B. Venning,

M.B., B.S., M.Sci., B.Sci, Grad. Cert. P.H.

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
(1 July 2020 to 26 September 2020)

The Honourable Martin Foley MP,
Minister for Health,
Minister for Ambulance Services
(26 September 2020 to 30th June 2021)
Minister for Mental Health,
(1 July 2020 to 29 September 2020)
Minister for Equality

The Honourable James Merlino MP,
Minister for Mental Health,
(29 September 2020 to 30th June 2021)

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 Directors 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 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 2020-21 financial year.

MERIT & EQUITY

The Terang & Mortlake Health Service 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 four new reported Work Cover incidents during the 2020-21 financial year.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS			
	2020-21	2019-20	2018-19
The number of reported hazards/incidents for the year per 100 FTE	37.52	16.69	27.03
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	3.12	0.00	0.75
The average cost per WorkCover claim for the year (\$'000)	1.19	0.00	2.20

OCCUPATIONAL VIOLENCE

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

In 2020-2021, there were fourteen reported occupational violence incidents:

OCCUPATIONAL VIOLENCE STATISTICS		2020-21
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 1,000,000 hours worked		Nil
3. Number of occupational violence incidents reported		14
4. Number of occupational violence incidents reported per 100 FTE		18%
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition		50%

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 2020-21 reporting period.

Lost time – is defined as greater than one day.

CONSULTANCIES

In 2020-21, there were no consultancies where the total fees payable to the consultant were \$10,000 or greater.

In 2020-21, there were three (3) consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 202-21 in relation to these consultancies is \$14,799 (excluding GST).

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.

PUBLIC INTEREST DISCLOSURE ACT 2012 (VIC)

Terang and Mortlake Health Service has in place appropriate procedures for disclosures in accordance with the Public Interest Disclosure Act 2012 (formerly known as the Protected Disclosures Act 2012). No public interest disclosures were made under the Act in 2020-21.

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

Details in respect of the items listed below have been retained by the Health Service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information Act 1982 requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial report and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Services and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on the industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which the purposes have been achieved;
- Details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

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 2020-2021 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 2020-2021 is \$414,059 (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)
\$347,424	\$66,635	\$62,452	\$4,183

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	2020/21	2019/20	+/- % CHANGE	2018/19	2017/18	2016/17
Electricity (Mwh)	252	332	-24.20%	393	431	442
LP Gas	6	7	-16.30%	52*	71	58
Natural Gas (gigajoules)	1851	1802	2.70%	22*	0	0
Diesel (litres)	0	0	-	0	0	0
Water (millions litres)	3.92	4.24	-7.50%	3.81	4.29	4.66

*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.



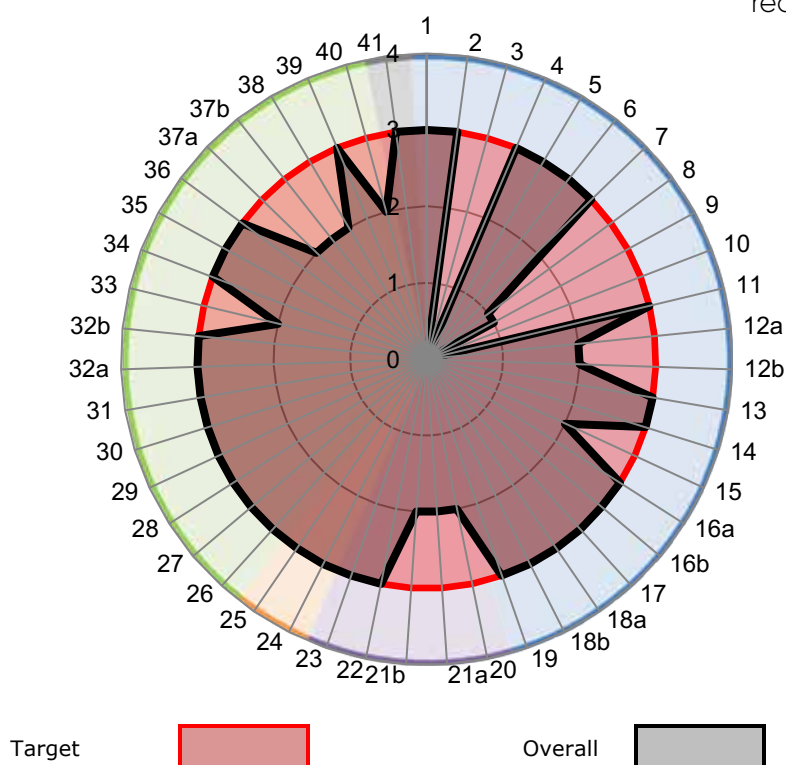
GENDER EQUALITY ACT 2020

Terang & Mortlake Health Service is actively working towards a workforce inclusion initiative as part of its workforce inclusion policy consistent with the *Gender Equality Act 2020*. The Terang & Mortlake Health Service has established a working party to develop a Gender Equity Action Plan for implementation throughout our organisation. The proposed *Gender Equity Action Plan* is anticipated to be presented to the Terang & Mortlake Health Service Board of Directors for endorsement in March 2022.

ASSET MANAGEMENT ACCOUNTABILITY FRAMEWORK (AMAF) MATURITY ASSESSMENT

The following sections summarise Terang & Mortlake Health Service's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury & Finance (DTF) website: (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

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



Legend:

Status	Scale	Compliance
Not Applicable	N/A	Not Applicable
Innocence	0	Non-Comply
Awareness	1	Non-Comply
Developing	2	Non-Comply
Competence	3	Comply
Optimising	4	Comply
Unassessed	U/A	Unassessed

LEADERSHIP AND ACCOUNTABILITY (REQUIREMENTS 1-19)

Terang & Mortlake Health Service has met or exceeded its target maturity level in 15 of the 22 requirements within this category – with two of the requirements being deemed not applicable (these both refer to outsourcing of asset management activities which Terang & Mortlake Health Service does not engage in).

Terang & Mortlake Health Service did not fully comply with the remaining 5 requirements in the areas of documenting allocated asset management responsibility and documenting standard performance testing processes. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Terang & Mortlake Health Service's maturity rating in these areas.

PLANNING (REQUIREMENTS 20-23)

The Terang & Mortlake Health Service has not fully met its target maturity level in this category, due to absence of a documented full asset condition assessment. This is not considered a material non-compliance other documented processes exist. The Victorian Health Building Authority (VHBA) will be undertaking a full asset condition assessment of all TMHS campuses in the second half of 2021. A plan to formally address recommendations from this report is targeted to be completed by 31 March 2022.

ACQUISITION (REQUIREMENTS 24 AND 25)

Terang & Mortlake Health Service has met or exceeded its target maturity level in this category.

OPERATION (REQUIREMENTS 26-40)

Terang & Mortlake Health Service has met or exceeded its target maturity level in 12 of the 17 requirements within this category. Terang & Mortlake Health Service is partially compliant against the remaining 5 requirements. The TMHS Financial Asset Register contains appropriate information for reporting of all assets valued greater than \$1,000. However, our more comprehensive Building and Engineering Information Management System (BEIMS) Asset Register listing all assets (including values < \$1,000) does not currently include notional valuation figures. Terang & Mortlake Health Service is developing a plan to also include a notional valuation assessment of all assets contained in our BEIMS Asset Register.

DISPOSAL (REQUIREMENT 41)

Terang & Mortlake Health Service has met or exceeded its target maturity level in this category.



ATTESTATIONS

FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION – SD 5.1.4

I, Murray Whiting, on behalf of the Responsible Body, certify that the Terang & Mortlake Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Murray Whiting
Treasurer – Board of Directors
Terang & Mortlake Health Service
24th August 2021

DATA INTEGRITY DECLARATION

I, Melissa Mitchell, 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.



Melissa Mitchell
Accountable Officer
Terang & Mortlake Health Service
24th August 2021

CONFLICT OF INTEREST DECLARATION

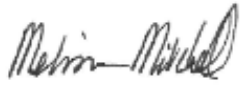
I, Melissa Mitchell, certify that the Terang and Mortlake Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 – *Compliance reporting in health portfolio entities (Revised)* and has implemented a '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.



Melissa Mitchell
Accountable Officer
Terang & Mortlake Health Service
24th August 2021

INTEGRITY, FRAUD AND CORRUPTION

I, Melissa Mitchell, 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.



Melissa Mitchell
Accountable Officer
Terang & Mortlake Health Service
24th August 2021



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 2020-2021 financial year in the following program areas:

- Acute Health
- Aged Care and Home and Community Care (HACC)
- Primary Care and Community Health

The Health Service completed the financial year with an overall deficit of \$17,000 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:

	2020/21	2019/20	2018/19	2017/18	2016/17
*OPERATING RESULT	650	135	289	101	291
Total Revenue	11,855	11,474	11,397	11,056	11,227
Total Expenses	12,069	11,939	11,447	11,308	11,634
Net Result from transactions	-214	-465	-50	-252	-407
Total other economic flows	88	-39	-27	4	29
Net Result	-126	-504	-77	-248	-378
Total Assets	15,896	14,957	14,659	13,316	14,280
Total Liabilities	5,940	4,984	4,159	3,473	4,189
Net assets /Total equity	9,956	9,973	10,500	9,843	10,091

*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

	2020-2021
Net operating result*	650
Capital purpose income	159
Specific income	0
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	(117)
State supply items consumed up to 30 June 2021	(117)
Assets provided free of charge (cash donations and gifts)	21
Assets received free of charge	0
Expenditure for capital purpose	0
Depreciation and amortisation	(1,041)
Impairment of non-financial assets	0
Finance costs – (other)	(3)
Net result from transactions	-214

*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.

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 2020	June Current Month FTE 2021	Average Monthly FTE 2020	Average Monthly FTE 2021
Nursing	39.34	41.32	39.59	39.78
Administration and Clerical	12.26	10.88	12.22	12.21
Hotel and Allied Services	20.39	20.75	21.35	20.89
Ancillary Support (Allied Health)	1.63	2.66	0.98	2.78
Other	1.68	2.16	1.72	2.52
TOTAL	75.30	77.77	75.86	78.18

REVENUE INDICATORS

	Average Collection Day		
	2021	2020	2019
Private	49	71	101
TAC	0	0	0
VWA	0	0	0
Nursing Home	32	33	33

DEBTORS OUTSTANDING AS AT 30TH JUNE 2021

	Current	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/06/2021	Total 30/06/2020	Total 30/06/2019
Private	23,349	12,891	3,929	367	2,802	43,338	62,954	88,124
Residential Aged Care	31,778	-	2,251	-	3,249	37,278	47,433	44,505

SERVICE, ACTIVITY AND EFFICIENCY TARGETS

	2020-21	2019-20	2018-19	2017-18	2016-17
1. ADMITTED PATIENTS					
1.1 Separations					
A. Acute	294	338	407	424	432
B. Non Acute	4	6	3	1	4
C. Same Day	258	244	221	279	468
D. Transitional Care Program	2	6	-	-	-
E. Nursing Home	10	3	6	8	6
1.2 Patient Days					
A. Acute	1,353	1,633	1,753	2,020	1,620
B. Non Acute	54	119	44	41	72
C. Same Day	258	244	221	279	468
D. Transitional Care Program	19	206	-	-	-
E. Nursing Home	5,389	5,447	5,355	5,265	5,278
2. NON ADMITTED PATIENTS					
Emergency Patients - Terang	1,667	2,282	2,680	2,833	2,836
Emergency Patients - Mortlake	2,439	2,749	2,665	2,569	2,306
Terang Social Centre	2,344	3,141	3,422	3,516	3,407
District Nursing Service	12,276	13,506	13,895	13,603	12,383
Allied Health & Primary Care	5,269	4,646	4,664	4,474	4,459
3. OCCUPANCY RATE					
Acute Hospital	33.0%	43.0%	39.5%	45.8%	42.3%
Mt View Nursing Home	98.4%	99.2%	97.8%	96.2%	96.4%

DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REF.
Ministerial Directions		
Report of Operations		
Charter and Purpose		
Charter and Purpose		
FRD 22I	Maintenance of establishment and the relevant Ministers	21
FRD 22I	Purpose, functions, powers and duties	1, 2
FRD 22I	Nature and range of services provided	3
FRD 22I	Activities, programs and achievements for the reporting period	4-11
FRD 22I	Significant changes in key initiatives and expectations for the future	4-11
Management and Structure		
FRD 22I	Organisational structure	18
FRD 22I	Workforce data / employment and conduct principles	20-21
FRD 22I	Occupational Health and Safety	22
Financial Information		
FRD 22I	Summary of the financial results for the year	30
FRD 22I	Significant changes in financial position during the year	n/a
FRD 22I	Operational and budgetary objectives and performance against objectives	13
FRD 22I	Subsequent events	31
FRD 22I	Details of consultancies under \$10,000	22
FRD 22I	Details of consultancies over \$10,000	22
FRD 22I	Disclosure of ICT expenditure	24
Legislation		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	21
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	22
FRD 22I	Application and operation of <i>Public Interest Disclosures Act 2012</i>	23
FRD 22I	Statement on National Competition Policy	23
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	23
FRD 22I	Summary of the entity's environmental performance	24
FRD 22I	Additional information available upon request	23
Other relevant reporting directives		
FRD 25D	<i>Local Jobs First Act 2003</i> disclosures	24
SD 5.1.4	Financial Management Compliance attestation	28
SD 5.2.3	Declaration in report of operations	11

LEGISLATION	REQUIREMENT	PAGE REF.
Attestations		
	Attestation on Data Integrity	28
	Attestation on managing Conflicts of Interest	28
	Attestation on Integrity, fraud and corruption	29
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2020–21	12, 13, 14
	Occupational Violence Reporting	22
	Reporting obligations under the Safe Patient Act 2015	23
	Reporting obligations under the Asset Management Accountability Framework (AMAF)	26, 27
	Reporting obligations under the <i>Gender Equality Act 2020</i>	26

TERANG & MORTLAKE HEALTH SERVICE

FINANCIAL STATEMENTS 2020-21



TERANG & MORTLAKE
HEALTH SERVICE



TERANG & MORTLAKE
HEALTH SERVICE

DECLARATION

Financial Statements

Financial Year ended 30 June 2021

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 2021 and the financial position of Terang and Mortlake Health Service at 30 June 2021.

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 24th August 2021.

Board member



Benjamin Dennis

Chair

Terang

24th August 2021

Accountable Officer



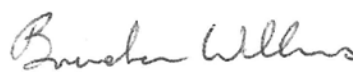
Melissa Mitchell

Chief Executive Officer

Terang

24th August 2021

Chief Finance & Accounting Officer



Brendan Williams

Chief Finance and Accounting Officer

Terang

24th August 2021

Independent Auditor's Report

To the Board of Terang & Mortlake Health Service

Opinion	<p>I have audited the financial report of Terang & Mortlake Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • Balance Sheet as at 30 June 2021 • Comprehensive Operating Statement for the year then ended • Statement of Changes in Equity for the year then ended • Cash Flow Statement for the year then ended • Notes to the Financial Statements, including significant accounting policies • Board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service 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>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
9 September 2021

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

		Total 2021 \$'000	Total 2020 \$'000
Note			
Revenue and income from transactions			
Operating activities	2.1	11,835	11,415
Non-operating activities	2.1	20	59
Total revenue and income from transactions		11,855	11,474
Expenses from transactions			
Employee expenses	3.1	(8,907)	(8,775)
Supplies and consumables	3.1	(591)	(542)
Finance costs	3.1	(3)	(7)
Depreciation and amortisation	3.1	(1,041)	(989)
Other administrative expenses	3.1	(1,039)	(1,104)
Other operating expenses	3.1	(478)	(497)
Total Expenses from transactions		(12,069)	(11,939)
Net result from transactions - net operating balance		(214)	(465)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.4	(1)	5
Net gain/(loss) on financial instruments	3.4	(1)	-
Other gain/(loss) from other economic flows	3.4	90	(44)
Total other economic flows included in net result		88	(39)
Net result for the year		(126)	(504)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	109	-
Total other comprehensive income		109	-
Comprehensive result for the year		(17)	(504)

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

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Total 2021 \$'000	Total 2020 \$'000
Current assets			
Cash and cash equivalents	6.2	6,517	5,254
Receivables and contract assets	5.1	254	378
Inventories	4.3	46	47
Prepaid expenses		69	30
Total current assets		6,886	5,709
Non-current assets			
Receivables and contract assets	5.1	693	613
Property, plant and equipment	4.1 (a)	8,317	8,635
Total non-current assets		9,010	9,248
Total assets		15,896	14,957
Current liabilities			
Payables and contract liabilities	5.2	651	736
Borrowings	6.1	45	23
Employee benefits	3.2	1,975	1,900
Other liabilities	5.3	2,954	2,085
Total current liabilities		5,625	4,744
Non-current liabilities			
Borrowings	6.1	121	31
Employee benefits	3.2	194	209
Total non-current liabilities		315	240
Total liabilities		5,940	4,984
Net assets		9,956	9,973
Equity			
Property, plant and equipment revaluation surplus	4.1(f)	7,212	7,103
Contributed capital	SCE	3,329	3,329
Accumulated surplus/(deficit)	SCE	(585)	(459)
Total equity		9,956	9,973

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total
Total	Note	\$'000	\$'000	\$'000
Balance at 30 June 2019		7,103	3,329	69
Effect of adoption of AASB 15, 16 and 1058		-	-	(24)
Restated Balance at 1 July 2019		7,103	3,329	45
Net result for the year		-	-	(504)
Transfer from/(to) accumulated deficits		-	-	-
Balance at 30 June 2020		7,103	3,329	(459)
Net result for the year		-	-	(126)
Other comprehensive income for the year		109	-	-
Transfer from/(to) accumulated deficits		-	-	-
Balance at 30 June 2021		7,212	3,329	(585)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Total 2021 \$'000	Total 2020 \$'000
Cash Flows from operating activities			
Operating grants from government		9,970	9,397
Capital grants from government - State		83	96
Patient fees received		881	981
Donations and bequests received		1	-
GST received from/(paid to) Australian Taxation Office		(14)	14
Interest and investment income received		20	59
Commercial Income Received		82	87
Other receipts		559	564
Total receipts		11,582	11,198
Employee expenses paid		(8,806)	(8,984)
Payments for supplies and consumables		(387)	(384)
Payments for medical indemnity insurance		(92)	(67)
Payments for repairs and maintenance		(252)	(279)
Finance Costs		(3)	(7)
Other payments		(1,222)	(1,275)
Total payments		(10,762)	(10,996)
Net cash flows from/(used in) operating activities	8.1	820	202
Cash Flows from investing activities			
Purchase of property, plant and equipment		(615)	(530)
Capital donations and bequests received		20	64
Other capital receipts		56	201
Proceeds from disposal of property, plant and equipment		-	5
Proceeds from disposal of investments		-	1,095
Net cash flows from/(used in) investing activities		(539)	835
Cash flows from financing activities			
Proceeds from borrowings		124	-
Repayment of borrowings		(12)	(27)
Receipt of accommodation deposits		870	1,395
Repayment of accommodation deposits		-	(645)
Net cash flows from /(used in) financing activities		982	723
Net increase/(decrease) in cash and cash equivalents held		1,263	1,760
Cash and cash equivalents at beginning of year		5,254	3,494
Cash and cash equivalents at end of year	6.2	6,517	5,254

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 1: Basis of preparation

Structure

1.1 Basis of preparation of the financial statements

1.2 Impact of COVID-19 pandemic

1.3 Abbreviations and terminology used in the financial statements

1.4 Joint arrangements

1.5 Key accounting estimates and judgements

1.6 Accounting standards issued but not yet effective

1.7 Goods and Services Tax (GST)

1.8 Reporting entity

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Terang and Mortlake Health Service for the year ended 30 June 2021. The report provides users with information about Terang and Mortlake Health Service's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1: Basis of preparation of the financial statements

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

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

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

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

Terang and Mortlake Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Terang and Mortlake Health Service's Capital and Specific Purpose Funds include:

- Donation and Fundraising Funds
- Commercial activities.

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

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

The annual financial statements were authorised for issue by the Board of Terang and Mortlake Health Service on 24th August, 2021.

Note 1.2 Impact of COVID-19 pandemic

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

Terang and Mortlake Health Service introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Terang and Mortlake Health Service has revised some measures where appropriate including returning to work onsite, recommencement of surgical activities and opening access for visitors during periods where we are able.

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in Terang and Mortlake Health Service's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Terang and Mortlake Health Service has the following joint arrangements:

- South West Alliance of Rural Health - Joint Operation

Details of the joint arrangements are set out in Note 8.7.

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 1.8 Reporting Entity

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

Its principal address is:

13 Austin Avenue
Terang, Victoria 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2: Funding delivery of our services

Terang and Mortlake 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 grant funding for the provision of outputs. Terang and Mortlake Health Service also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

2.2 Fair value of assets and services received free of charge or for nominal consideration

2.3 Other income

Telling the COVID-19 story

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

Funding provided included:

- COVID-19 operational funding
- Specified funding for Covid-19 Vaccination

The funding received offset reductions in patient fees and other recoveries where services were unable to be provided.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>Terang and Mortlake Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.</p> <p>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Terang and Mortlake Health Service to recognise revenue as or when the health service transfers promised goods or services to customers.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>Terang and Mortlake Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.</p>
Determining time of capital grant income recognition	<p>Terang and Mortlake Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2.1 Revenue and income from transactions

Operating activities

Revenue from contracts with customers

	Total 2021 \$'000	Total 2020 \$'000
Government grants (State) - Operating	109	76
Government grants (Commonwealth) - Operating	1,677	1,492
Patient and resident fees	852	959
Commercial activities ¹	82	87
Total revenue from contracts with customers	2,720	2,614

Other sources of income

Government grants (State) - Operating	8,357	7,855
Government grants (State) - Capital	83	96
Other capital purpose income	56	201
Capital donations	20	-
Assets received free of charge or for nominal consideration	118	64
Other revenue from operating activities (including non-capital donations)	481	585
Total other sources of income	9,115	8,801

Total revenue and income from operating activities

11,835	11,415
---------------	---------------

Non-operating activities

Income from other sources

Capital interest	20	59
Total other sources of income	20	59

Total income from non-operating activities

20	59
-----------	-----------

Total revenue and income from transactions

11,855	11,474
---------------	---------------

1. Commercial activities represent business activities which Terang and Mortlake Health Service enter into to support their operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2.1 Revenue and income from transactions

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Terang and Mortlake Health Service assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 - *Income for not-for-profit entities*, the health service:

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>

Capital grants

Where Terang and Mortlake Health Service receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Terang and Mortlake Health Service's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Commercial activities

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

	Total 2021 \$'000	Total 2020 \$'000
Cash donations and gifts	1	64
Personal protective equipment	117	-
Total fair value of assets and services received free of charge or for nominal consideration	118	64

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

Donations and bequests

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

Personal protective equipment

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

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

Contributions

Terang and Mortlake Health Service may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Terang and Mortlake Health Service obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Terang and Mortlake Health Service recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Terang and Mortlake Health Service recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Terang and Mortlake Health Service as a capital contribution transfer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2.2 Fair value of assets and services received free of charge or for nominal consideration

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Terang and Mortlake Health Service has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Terang and Mortlake Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Terang and Mortlake Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	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 Hospital Circular.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 2.3 Other income

Interest

Total other income

Total 2021 \$'000	Total 2020 \$'000
20	59
20	59

How we recognise other income

Interest Income

Interest revenue is recognised on a time proportionate basis that considers 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 2021

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by the health service 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 Employee benefits in the balance sheet

3.3 Superannuation

3.4 Other economic flows

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

- implement COVID safe practices throughout Terang and Mortlake Health Service including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge.
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional equipment purchased.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	<p>Terang and Mortlake Health Service applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Terang and Mortlake Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Terang and Mortlake Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.1 Expenses from transactions

	Total 2021 \$'000	Total 2020 \$'000
Salaries and wages	7,640	7,397
On-costs	711	667
Agency expenses	176	286
Fee for service medical officer expenses	320	326
Workcover premium	60	99
Total employee expenses	8,907	8,775
Drug supplies	31	36
Medical and surgical supplies (including Prostheses)	267	174
Diagnostic and radiology supplies	42	67
Other supplies and consumables	251	265
Total supplies and consumables	591	542
Finance costs	3	7
Total finance costs	3	7
Other administrative expenses	1,039	1,104
Total other administrative expenses	1,039	1,104
Fuel, light, power and water	134	145
Repairs and maintenance	115	152
Maintenance contracts	137	128
Medical indemnity insurance	92	67
Expenditure for capital purposes	-	5
Total other operating expenses	478	497
Total operating expense	11,018	10,925
Depreciation and amortisation	1,041	989
Total depreciation and amortisation	1,041	989
Bad and doubtful debt expense	10	25
Total other non-operating expenses	10	25
Total non-operating expense	1,051	1,014
Total expenses from transactions	12,069	11,939

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

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
- 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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.2 Employee benefits in the balance sheet

Current provisions

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Long service leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Provisions related to employee benefit on-costs

Unconditional and expected to be settled within 12 months ⁱ

Unconditional and expected to be settled after 12 months ⁱⁱ

Total current employee benefits

Non-current provisions

Conditional long service leave

Provisions related to employee benefit on-costs

Total non-current employee benefits

Total employee benefits

Total 2021 \$'000	Total 2020 \$'000
15	10
15	10
595	577
595	577
221	194
940	914
1,161	1,108
82	91
122	114
204	205
1,975	1,900
173	187
21	22
194	209
2,169	2,109

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.2 Employee benefits in the balance sheet

How we recognise employee benefits

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.

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

On-costs related to employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.2 (a) Employee benefits and related on-costs

Unconditional accrued days off
 Unconditional annual leave entitlements
 Unconditional long service leave entitlements
Total 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

Movement in On-Costs Provision

Carrying amount at start of year
 Additional provisions recognised
 Unwinding of discount and effect of changes in the discount rate
 Amounts incurred during the year
Carrying amount at end of year

Total 2021 \$'000	Total 2020 \$'000
15	10
654	644
1,306	1,246
1,975	1,900
194	209
194	209
2,169	2,109
227	216
79	109
10	(5)
(91)	(93)
225	227

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.3 Superannuation

	Total 2021 \$'000	Total 2020 \$'000	Total 2021 \$'000	Total 2020 \$'000
Defined benefit plans:ⁱ				
Aware Super	21	24	-	-
Defined contribution plans:				
Aware Super	504	496	97	-
Hesta	76	67	-	-
Australian Super	24	15		
Hostplus	18	12		
Other	68	54	-	-
Total	711	668	97	-

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

How we recognise superannuation

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by 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 DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 3.4 Other economic flows included in net result

Net gain/(loss) on disposal of property plant and equipment

Total net gain/(loss) on non-financial assets

Allowance for impairment losses of contractual receivables

Total net gain/(loss) on financial instruments

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 2021 \$'000	Total 2020 \$'000
(1)	5
(1)	5
(1)	-
(1)	-
90	(44)
90	(44)
88	(39)

How we recognise other economic flows

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

- 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 equity instruments from the reserves to retained surplus/(deficit) 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:

- 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 Investments and other financial assets and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 Property, plant & equipment

4.2 Depreciation and amortisation

4.3 Inventories

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	<p>Terang and Mortlake Health Service obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Terang and Mortlake Health Service assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Terang and Mortlake Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Key judgements and estimates (continued)

Key judgements and estimates	Description
Estimating restoration costs at the end of a lease	Where a lease agreement requires Terang and Mortlake Health Service to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	Terang and Mortlake Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Terang and Mortlake Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2021 \$'000	Total 2020 \$'000
Land at fair value - Freehold	1,116	1,007
Total land at fair value	1,116	1,007
Buildings at fair value	7,209	6,926
Less accumulated depreciation	(1,323)	(637)
Total buildings at fair value	5,886	6,289
Property improvements at fair value	60	40
Less accumulated depreciation	(9)	(4)
Total property improvements at fair value	51	36
Works in progress at fair value	43	215
Total land and buildings	7,096	7,547
Plant and equipment at fair value	907	912
Less accumulated depreciation	(754)	(706)
Total plant and equipment at fair value	153	206
Motor vehicles at fair value	496	496
Less accumulated depreciation	(376)	(321)
Total motor vehicles at fair value	120	175
Medical equipment at fair value	1,671	1,407
Less accumulated depreciation	(1,177)	(1,076)
Total medical equipment at fair value	494	331
Computer equipment at fair value	426	422
Less accumulated depreciation	(408)	(373)
Total computer equipment at fair value	18	49
Furniture and fittings at fair value	475	468
Less accumulated depreciation	(320)	(292)
Total furniture and fittings at fair value	155	176
Right of use plant, equipment, furniture, fittings and vehicles at fair value	292	151
Less accumulated depreciation	(11)	-
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	281	151
Total plant, equipment, furniture, fittings and vehicles at fair value	1,221	1,088
Total property, plant and equipment	8,317	8,635

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

	Note	Land \$'000	Buildings & Improvements \$'000	Building works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000
Balance at 1 July 2019		1,007	6,230	578	267	274	395	60
Additions		-	39	333	15	-	24	21
Disposals		-	-	-	-	(14)	-	-
Net transfers between classes		-	696	(696)	-	-	-	-
Depreciation	4.2	-	(640)	-	(76)	(85)	(88)	(32)
Balance at 30 June 2020	4.1 (a)	1,007	6,325	215	206	175	331	49
Additions		-	37	95	17	-	268	4
Disposals		-	-	-	-	-	-	-
Revaluation increments/(decrements)		109	-	-	-	-	-	-
Net Transfers between classes		-	267	(267)	-	-	-	-
Depreciation	4.2	-	(692)	-	(70)	(55)	(105)	(35)
Balance at 30 June 2021	4.1 (a)	1,116	5,937	43	153	120	494	18

	Note	Furniture & Fittings \$'000	Right of use - PE, FF&V \$'000	Total \$'000
Balance at 1 July 2019		144	139	9,094
Additions		57	55	544
Disposals		-	-	(14)
Revaluation increments/(decrements)		-	-	-
Depreciation	4.2	(25)	(43)	(989)
Balance at 30 June 2020	4.1 (a)	176	151	8,635
Additions		7	186	614
Disposals		-	-	-
Revaluation increments/(decrements)		-	-	109
Depreciation	4.2	(28)	(56)	(1,041)
Balance at 30 June 2021	4.1 (a)	155	281	8,317

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

How we recognise property, plant and equipment

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

Initial recognition

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

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

Subsequent measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

An independent valuation of Terang and Mortlake Health Service's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- increase/decrease in fair value of land of 10.8% (\$109,000)
- Buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2021.

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

Impairment

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

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

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	2 to 5 years

Presentation of right-of-use assets

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.

Initial recognition

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

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

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

Terang and Mortlake Health Service's vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (c) Fair value measurement hierarchy for assets

	Note	Total carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Specialised land		1,116	-	-	1,116
Total land at fair value	4.1 (a)	1,116	-	-	1,116
Non-specialised buildings		-	-	-	-
Specialised buildings		5,886	-	-	5,886
Total buildings at fair value	4.1 (a)	5,886	-	-	5,886
Plant and equipment at fair value	4.1 (a)	153	-	-	153
Motor vehicles at fair value	4.1 (a)	120	-	120	-
Medical equipment at Fair Value	4.1 (a)	494	-	-	494
Computer equipment at fair value	4.1 (a)	18	-	-	18
Furniture and fittings at fair value	4.1 (a)	155	-	-	155
Total plant, equipment, furniture, fittings and vehicles at fair value		940	-	120	820
Total property, plant and equipment at fair value		7,942	-	120	7,822

	Note	Total carrying amount 30 June 2020 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Specialised land		1,007	-	-	1,007
Total land at fair value	4.1 (a)	1,007	-	-	1,007
Specialised buildings		6,325	-	-	6,325
Total buildings at fair value	4.1 (a)	6,325	-	-	6,325
Plant and equipment at fair value	4.1 (a)	206	-	-	206
Motor vehicles at fair value	4.1 (a)	175	-	175	-
Medical equipment at Fair Value	4.1 (a)	331	-	-	331
Computer equipment at fair value	4.1 (a)	49	-	-	49
Furniture and fittings at fair value	4.1 (a)	176	-	-	176
Total plant, equipment, furniture, fittings and vehicles at fair value		937	-	175	762
Total Property, Plant and Equipment		8,269	-	175	8,094

ⁱ Classified in accordance with the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

4.1 (d): Reconciliation of level 3 fair value measurement

		Land	Buildings & Improvements	Plant and equipment	Medical equipment	Computer equipment	Furniture & fittings
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total							
Balance at 1 July 2019	4.1 (b)	1,007	6,230	267	395	60	144
Additions/(Disposals)	4.1 (b)	-	40	15	25	21	57
Assets provided free of charge		-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	695	-	-	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-	-
- Depreciation and amortisation	4.2	-	(640)	(76)	(88)	(32)	(25)
- Impairment loss		-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-
- Revaluation		-	-	-	-	-	-
Balance at 30 June 2020	4.1 (c)	1,007	6,325	206	332	49	176
Additions/(Disposals)	4.1 (b)	-	37	17	268	4	7
Assets provided free of charge		-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	267	-	-	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-	-
- Depreciation and Amortisation	4.2	-	(692)	(70)	(105)	(35)	(28)
- Impairment loss		-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-
- Revaluation		109	-	-	-	-	-
Balance at 30 June 2021	4.1 (c)	1,116	5,937	153	495	18	155

ⁱ Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (e) Property, plant and equipment (fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
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

(i) A community service obligation (CSO) of 20 - 30% was applied to Terang and Mortlake Health Service's specialised land.

How we measure fair value

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (e) Property, plant and equipment (fair value determination)

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.

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

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

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (e) Property, plant and equipment (fair value determination)

Specialised land and specialised buildings

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

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

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

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

For 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 effective date of the valuation is 30 June 2019.

Vehicles

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).

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.1 (f) Property, plant and equipment revaluation reserve

	Total 2021 \$'000	Total 2020 \$'000
Balance at the beginning of the reporting period	7,103	7,103
Revaluation increment		
- Land	109	-
Balance at the end of the Reporting Period*	7,212	7,103
* Represented by:		
- Land	1,119	1,010
- Buildings	6,093	6,093
	7,212	7,103

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.2 Depreciation and amortisation

	Total 2021 \$'000	Total 2020 \$'000
Depreciation		
Buildings	692	640
Plant and equipment	70	76
Motor vehicles	55	85
Medical equipment	105	88
Computer equipment	35	32
Furniture and fittings	28	25
Right of use - plant, equipment, furniture, fittings and motor vehicles	56	43
Total depreciation	1,041	989

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under 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 lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

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

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

	2021	2020
Buildings		
- Structure shell building fabric	5 to 36 years	5 to 36 years
- Site engineering services and central plant	8 years	8 years
Central Plant		
- Fit Out	8 years	8 years
- Trunk reticulated building system	8 years	8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 4.3 Inventories

Medical and surgical consumables at cost
Pharmacy supplies at cost
General stores at cost
Total inventories

Total 2021 \$'000	Total 2020 \$'000
28	28
7	7
11	12
46	47

How we recognise 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. Inventories are measured at the lower of cost and net realisable value.

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 and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Terang and Mortlake Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	<p>Where Terang and Mortlake Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Terang and Mortlake Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	Terang and Mortlake Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 5.1 Receivables and contract assets

	Total 2021 \$'000	Total 2020 \$'000
Current receivables and contract assets		
Contractual		
Trade debtors	81	182
Patient fees	80	110
Accrued revenue	-	4
Amounts receivable from governments and agencies	45	48
Total contractual receivables	206	344
Statutory		
GST receivable	48	34
Total statutory receivables	48	34
Total current receivables and contract assets	254	378
Statutory		
Long service leave - Department of Health	693	613
Total statutory receivables	693	613
Total non-current receivables and contract assets	693	613
Total receivables and contract assets	947	991
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	947	991
Provision for impairment	-	-
Contract assets	-	-
Statutory Accrued Revenue	-	-
GST receivable	(48)	(34)
Long service leave - Department of Health	(693)	(613)
Total financial assets	206	344

7.1(a)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 5.1 Receivables and contract assets (continued)

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. 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.

Impairment losses of contractual receivables

Refer to Note 7.1 (a) for Terang and Mortlake Health Service's contractual impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 5.2 Payables and contract liabilities

	Total 2021 \$'000	Total 2020 \$'000
Current payables and contract liabilities		
Contractual		
Trade creditors	242	127
Accrued salaries and wages	61	110
Accrued expenses	252	273
Contract liabilities	50	113
Inter hospital creditors	24	48
Amounts payable to governments and agencies	17	-
Total contractual payables	646	671
Statutory		
Department of Health	5	65
Total statutory payables	5	65
Total current payables and contract liabilities	651	736
Total payables and contract liabilities	651	736
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	651	736
Contract liabilities	(50)	(113)
Department of Health	(5)	(65)
Total financial liabilities	596	558

How we recognise payables and contract liabilities

Payables consist of:

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

The normal credit terms for accounts payable are usually Net 30 days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 5.2 (a) Contract liabilities

Opening balance of contract liabilities

Adjustment for initial adoption of AASB 15

Payments received for performance obligations not yet fulfilled

Revenue recognised for the completion of a performance obligation

Total contract liabilities

* Represented by:

- Current contract liabilities

Total 2021 \$'000	Total 2020 \$'000
113	-
-	24
-	89
(63)	-
50	113
50	113
50	113

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activities conducted by the South West Alliance of Rural Health. The balance of contract liabilities was lower than the previous reporting period due to ongoing utilisation of funding provided.

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

Maturity analysis of payables

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 5.3 Other liabilities

	Total 2021 \$'000	Total 2020 \$'000
Current monies held in trust		
Refundable accommodation deposits	2,954	2,085
Total current monies held in trust	2,954	2,085
Total other liabilities	2,954	2,085
* Represented by:		
- Cash assets	6.2 2,954	2,085
	2,954	2,085

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

Note 6: How we finance our operations

This section provides 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

6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic because the health service's response was funded by Government.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Terang and Mortlake Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>Terang and Mortlake Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>Terang and Mortlake Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Terang and Mortlake Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Terang and Mortlake Health Service is reasonably certain to exercise such options.</p> <p>Terang and Mortlake Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> • If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. • The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 6.1 Borrowings

	Total 2021 \$'000	Total 2020 \$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	6.1 (a) 45	23
Total current borrowings	45	23
Non-current borrowings		
Lease liability ⁽ⁱ⁾	6.1 (a) 121	31
Total non-current borrowings	121	31
Total borrowings	166	54

ⁱ Secured by the assets leased.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

Initial recognition

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

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 6.1 (a) Lease liabilities

Terang and Mortlake Health Service's lease liabilities are summarised below:

Total undiscounted lease liabilities

Less unexpired finance expenses

Net lease liabilities

Total 2021 \$'000	Total 2020 \$'000
169	58
(3)	(4)
166	54

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

Not longer than one year

Longer than one year but not longer than five years

Longer than five years

Minimum future lease liability

Less unexpired finance expenses

Present value of lease liability

Total 2021 \$'000	Total 2020 \$'000
47	26
122	32
-	-
169	58
(3)	(4)
166	54
45	23
121	31
166	54

*** Represented by:**

- Current liabilities

- Non-current liabilities

How we recognise lease liabilities

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

To apply this definition, Terang and Mortlake Health Service ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to 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.

Terang and Mortlake Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	2 to 3 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 6.1 (a) Lease liabilities

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Terang and Mortlake Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 5%.

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.

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 6.2 Cash and Cash Equivalents

	Total 2021 \$'000	Total 2020 \$'000
Cash on hand (excluding monies held in trust)	-	1
Cash at bank (excluding monies held in trust)	252	288
Cash at bank - CBS (excluding monies held in trust)	3,280	2,858
Total cash held for operations	3,532	3,147
Cash at bank - CBS (monies held in trust)	2,985	2,107
Total cash held as monies in trust	2,985	2,107
Total cash and cash equivalents	6,517	5,254

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

There are no capital or operating requirements at 30 June 2021 (2020 \$Nil)

Note 6.4 Non-cash financing and investing activities

	Total 2021 \$'000	Total 2020 \$'000
Acquisition of plant and equipment by means of Leases	99	-
Total non-cash financing and investing activities	99	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

Note 7.1: Financial instruments

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

Note 7.1 (a) Categorisation of financial instruments

		Financial Assets at Amortised Cost	Financial Assets at Fair Value Through Net Result	Financial Assets at Fair Value Through Other Comprehensive Income	Financial Liabilities at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Total						
30 June 2021						
Contractual Financial Assets						
Cash and Cash Equivalents	6.2	6,517	-	-	-	6,517
Receivables and contract assets	5.1	206	-	-	-	206
Total Financial Assetsⁱ		6,723	-	-	-	6,723
Financial Liabilities						
Payables	5.2	-	-	-	596	596
Borrowings	6.1	-	-	-	166	166
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	-	2,954	2,954
Total Financial Liabilitiesⁱ		-	-	-	3,716	3,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.1 (a) Categorisation of financial instruments

		Financial Assets at Fair Value Through Other Comprehensive Income	Financial Assets at Fair Value Through Net Result	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Total						
30 June 2020						
Contractual Financial Assets						
Cash and cash equivalents	6.2	5,254	-	-	-	5,254
Receivables and contract assets	5.1	344	-	-	-	344
Total Financial Assets¹		5,598	-	-	-	5,598
Financial Liabilities						
Payables	5.2	-	-	-	558	558
Borrowings	6.1	-	-	-	54	54
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	-	2,085	2,085
Total Financial Liabilities¹		-	-	-	2,697	2,697

¹ The carrying amount excludes statutory receivables (i.e. GST receivable and DH receivable) and statutory payables (i.e. Revenue in Advance and DH payable).

How we categorise financial instruments**Categories of financial assets**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

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

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

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

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

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

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

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Terang and Mortlake Health Service has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Terang and Mortlake Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.1 (a) Categorisation of financial instruments

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

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a) Credit risk

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

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

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

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

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Terang and Mortlake Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Terang and Mortlake Health Service's credit risk profile in 2020-21.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

Terang and Mortlake Health Service records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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

Contractual receivables at amortised cost

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

Note 7.2 (a) Contractual receivables at amortised cost

Statutory receivables and debt investments at amortised cost

Terang and Mortlake Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2 (b) Liquidity risk

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

Terang and Mortlake Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

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

Terang and Mortlake Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from other financial assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.2 (b) Payables and borrowings maturity analysis

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
Total	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021								
Payables	5.2	596	596	596	-	-	-	-
Borrowings	6.1	166	166	3	10	20	133	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	2,954	2,954	-	-	2,954	-	-
Total Financial Liabilities		3,716	3,716	599	10	2,974	133	-

		Maturity Dates						
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
Total	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020								
Financial Liabilities at amortised cost								
Payables	5.2	558	558	558	-	-	-	-
Borrowings	6.1	54	54	3	8	21	22	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	2,085	2,085	-	-	2,085	-	-
Total Financial Liabilities		2,697	2,697	561	8	2,106	22	-

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

Note 7.2 (c) Market risk

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

Sensitivity disclosure analysis and assumptions

Terang and Mortlake Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Terang and Mortlake Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 0.5% up or down

Interest rate risk

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

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Terang and Mortlake Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Foreign currency risk

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

Terang and Mortlake Health Service has minimal exposure to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 7.3: Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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 executives

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 Equity

8.9 Economic dependency

Telling the COVID-19 story

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

		Total 2021 \$'000	Total 2020 \$'000
	Note		
Net result for the year		(126)	(504)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.4	1	(5)
Depreciation and amortisation of non-current assets	4.2	1,041	989
Other non-cash movements		(76)	(265)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		44	(97)
(Increase)/Decrease in inventories		1	(3)
(Increase)/Decrease in prepaid expenses		(39)	8
Increase/(Decrease) in payables and contract liabilities		(85)	(8)
Increase/(Decrease) in employee benefits		60	111
Increase/(Decrease) in other liabilities		(1)	(24)
Net cash inflow from operating activities		820	202

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.2 Responsible persons

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

	Period
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Boards	
Mrs Elizabeth Clarke	1 Jul 2020 - 30 Jun 2021
Ms Julia Currell	1 Jul 2020 - 30 Jun 2021
Mr Benjamin Dennis	1 Jul 2020 - 30 Jun 2021
Mr Anthony Harrison	1 Jul 2020 - 30 Jun 2021
Mrs Katie Harvey	1 Jul 2020 - 30 Jun 2021
Mrs Jane Henderson	1 Jul 2020 - 30 Jun 2021
Dr Nishant Hurria	1 Jul 2020 - 30 Jun 2021
Mr Colin Long	1 Jul 2020 - 30 Jun 2021
Mr Barry Philp	1 Jul 2020 - 30 Jun 2021
Ms Carolyn Warneminde	1 Jul 2020 - 30 Jun 2021
Mr Murray Whiting	1 Jul 2020 - 30 Jun 2021
Accountable Officers	
Ms Julia Ogdin (Chief Executive Officer)	1 Jul 2020 - 17 May 2021
Mrs Melissa Mitchell	18 May 2021 - 30 June 2021

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band

\$0 - \$9,999

\$10,000 - \$19,999

\$190,000 - \$199,999

Total Numbers

Total 2021 No	Total 2020 No
11	8
1	-
1	1
13	9
Total 2021 \$'000	Total 2020 \$'000
\$250	\$211

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

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

Note 8.3 Remuneration of executives

The number of executive officers, other than Ministers and the Accountable Officer, 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

(including Key Management Personnel disclosed in Note 8.4)

Short-term benefits

Post-employment benefits

Other long-term benefits

Termination benefits

Total remunerationⁱ

Total number of executives

Total annualised employee equivalentⁱⁱ

Total Remuneration	
2021 \$'000	2020 \$'000
375	349
34	30
11	10
-	-
420	389
3	3
2.9	3.0

ⁱ 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.4: Related Parties

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

- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the SWARH Joint Venture Alliance and
- all health services 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 the Terang and Mortlake Health Service and its controlled entities, directly or indirectly.

Key management personnel

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

Entity	KMPs	Position Title
Terang and Mortlake Health Service	Mrs Elizabeth Clarke	Board Chair
Terang and Mortlake Health Service	Ms Julia Currell	Board Member
Terang and Mortlake Health Service	Mr Benjamin Dennis	Board Member
Terang and Mortlake Health Service	Mr Anthony Harrison	Board Member
Terang and Mortlake Health Service	Mrs Katie Harvey	Board Member
Terang and Mortlake Health Service	Mrs Jane Henderson	Board Member
Terang and Mortlake Health Service	Dr Nishant Hurria	Board Member
Terang and Mortlake Health Service	Mr Colin Long	Board Member
Terang and Mortlake Health Service	Mr Barry Philp	Board Member
Terang and Mortlake Health Service	Ms Carolyn Warneminde	Board Member
Terang and Mortlake Health Service	Mr Murray Whiting	Board Member
Terang and Mortlake Health Service	Ms Julia Ogdin	Chief Executive Officer
Terang and Mortlake Health Service	Mrs Melissa Mitchell	Director of Nursing/Acting Chief Executive Officer
Terang and Mortlake Health Service	Mr Brendan Williams	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.

	Total 2021 \$'000	Total 2020 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	599	540
Post-employment Benefits	55	45
Other Long-term Benefits	16	15
Termination Benefits	-	-
Totalⁱⁱ	670	600

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

ⁱⁱ 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 2021

Note 8.4: Related Parties

Significant transactions with government related entities

Terang and Mortlake Health Service received funding from the Department of Health of \$8.43 m (2020: \$7.87 m) and indirect contributions of \$0.89 m (2020: \$0.16 m). Balances outstanding as at 30 June 2021 are \$0.31 m (2020 \$0.65 m)

Expenses incurred by the Terang and Mortlake Health Service in delivering services and outputs are in accordance with HealthShare 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 of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Terang and Mortlake Health Service, there were no related party transactions that involved key management personnel, their close family members or 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 2021 (2020: none).

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

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of the financial statements

Total remuneration of auditors

Total 2021 \$'000	Total 2020 \$'000
10	10
10	10

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2021	2020
		%	%
South West Alliance of Rural Health (SWARH)	Information Technology Services	2.35	2.38

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

	2021 \$'000	2020 \$'000
Current assets		
Cash and cash equivalents	240	207
Receivables	72	153
Inventories	-	1
Prepaid expenses	16	13
Total current assets	328	374
Non-current assets		
Receivables	12	14
Property, plant and equipment	193	137
Total non-current assets	205	151
Total assets	533	525
Current liabilities		
Payables	228	224
Other Liabilities	50	113
Lease Liability	28	23
Employee Provisions	41	41
Total current liabilities	347	401
Non-current liabilities		
Lease Liability	50	31
Employee Provisions	8	8
Total non-current liabilities	58	39
Total liabilities	405	440
Net assets	128	85
Equity		
Accumulated surplus	128	85
Total equity	128	85

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.7 Joint arrangements

Terang and Mortlake Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2021 \$'000	2020 \$'000
Revenue		
Operating Activities	424	462
Non Operating Activities	-	17
Capital Purpose Income	56	23
Total revenue	480	502
Expenses		
Employee Benefits	184	208
Other Expenses from Continuing Operations	209	224
Finance Lease Charges	2	2
Depreciation	44	43
Total expenses	439	477
Revaluation of Long Service Leave	2	(4)
Net result	43	21

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 joint arrangements at balance date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

Note 8.8: Equity

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the 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

Note 8.9: Economic dependency

Terang and Mortlake Health Service is dependent on the Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Terang and Mortlake Health Service.

NOTES

NOTES

OUR
VISION
TO BE A **LEADER**
IN THE **DEVELOPMENT**
OF A **VIBRANT**
HEALTHIER
COMMUNITY.
WE VALUE
COMPASSION AND
RESPONSIVENESS
WE CARE FOR THE **NEEDS OF**
COMMUNITY
AND
EACH
OTHER **EQUITY**
& **FAIRNESS.**
OUR **STRATEGIC**
GOALS MEET
DEMAND &
SUPPORT



TERANG & MORTLAKE
HEALTH SERVICE

Annual Report 2020/21



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