



TERANG & MORTLAKE HEALTH SERVICE

Annual Report **2022/23**



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

A PROVIDER OF EXCEPTIONAL CARE

WE WILL IMPROVE THE EXPERIENCE OF OUR COMMUNITY BY LISTENING, ENGAGING AND DESIGNING MODELS OF CARE THAT DELIVER THE HIGHEST STANDARDS OF SAFETY AND QUALITY IN A TIMELY WAY

A GREAT PLACE TO WORK

WE WILL CREATE THE ENVIRONMENT TO ATTRACT, RECRUIT, DEVELOP AND RETAIN THE HIGHEST CALIBRE OF TALENT. A CULTURE OF OPEN AND HONEST COMMUNICATION, IN A SUPPORTIVE ENVIRONMENT, WILL ENABLE OUR PEOPLE TO BE THEIR BEST AND TO GROW PROFESSIONALLY

A LEADING RURAL PROVIDER

WE WILL ASSUME OUR ROLE AS A SMALL RURAL PROVIDER OF HEALTH SERVICES THAT ARE APPROPRIATE FOR OUR CATCHMENT POPULATION ACROSS TERANG, MORTLAKE AND SURROUNDING AREAS. WE WILL BE LEADERS IN THE KEY AREAS OF SERVICE ACCESS AND INTEGRATION

A PARTNER TO IMPROVE PEOPLE'S HEALTH

WE WILL WORK IN PARTNERSHIP TO ADDRESS BARRIERS TO HEALTHCARE. PROVIDING INCLUSIVE, CULTURALLY APPROPRIATE, PSYCHOLOGICALLY SAFE AND RESPECTFUL SERVICES

Terang & Mortlake Health Service acknowledges the traditional owners of the lands on which we work, the Kirrae Whurrong people and pay respects to Elders past, present and emerging

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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 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 disabled, 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:

- Diabetes Education
- Dietetics
- District Nursing
- Health Promotion
- 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, Cervical Screening
- 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
- Carer Support groups
- Gentle Exercises
- Presentations to Community groups and other Health Agencies
- Social Support group
- Respite outings for care recipients

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
- 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
- WRAD (Drug and Alcohol)
- Financial Counselling

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

The 2022–2023 year has seen more stability to the delivery of healthcare as we have moved into a recovery phase of the COVID-19 pandemic.

During this period, our staff have continued to serve the community admirably whilst facing the challenges of workforce demands and continuing COVID cases in the community.

The continued 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 well-being' (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*).

The launch of a new 4 year strategic plan in September 2022 has allowed for the vision of Terang & Mortlake Health Service to be considered in light of the recovering COVID landscape.

From a financial viewpoint, it is pleasing to report a net operating surplus before capital and specific items amounting to \$71,000. The comprehensive result for the year amounts to a surplus of \$2,378,000. The health service was fortunate to receive \$130,000 in donations and a generous bequest amounting to \$2,292,000. Depreciation on assets amounted to \$838,000

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



LEADERSHIP & GOVERNANCE

Terang & Mortlake Health Service is fortunate to have a high functioning and effective Board of Directors. The Health Service acknowledges the significant contribution made by our retiring Board Directors Murray Whiting and Katie Harvey.

Murray has served on the Board of Directors since July 2014 and has been the Treasurer for the majority of this period. He has also served as an active member of the Audit & Compliance Committee, Clinical Governance and Quality and Remuneration Committees. Murray's professionalism always shone through during his tenure with a considered approach to all decision making. We thank him for his guidance and vision.

Katie Harvey also leaves the Board of Directors after commencing in July 2017.

Katie's clinical experience as a registered midwife and Maternal & Child Health Nurse was extremely valuable during her time as a Director especially during the period of change when the health service transitioned from offering maternity services. Katie was a member of the Physical, Planning and Human Resource Committee and the Clinical Governance and Quality Committee.

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 through 'Govern With' in order to gauge their knowledge and understanding of governance matters and the maturity of governance systems and processes. Directors have been reporting on their areas of development at monthly Board meetings.

The Board of Directors welcomed three new members last July – Mr. John Parker, Dr. Afaf Hadad and Ms. Claire Dagley. Our new appointees collectively bring a diverse range of skill sets and expertise in the fields of clinical governance and information communications technology.

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 2022-2023 year. The Terang and Mortlake communities have been provided with continued 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. This relationship has looked to create opportunities for increased service delivery from the Mortlake Campus including the instigation of iron infusions from this site.

The Terang Medical Clinic has continued its 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 2022-2023 year, our Terang Hospital campus treated a total of 575 inpatients resulting in 1828 patient bed days. Occupancy of our Mount View residential aged care facility was maintained at a very high level, recording 98% occupancy throughout the year.

Demand for non-admitted services remained consistent. A total of 1,902 clients presented for treatment at the Terang Hospital Urgent Care department whilst a further 924 individual clients presented to the Outpatients department in Mortlake equating to 2,917 occasions of service.

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, Allied Health and Community Health staff recorded 21,023 hours of service. This equates to 2,661 more hours than the previous year. Our District Nurses provided 7,020 service hours to 355 individual clients. The Terang Social Centre provided 13,963 hours of service to 115 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 services, Catering, Administration and Maintenance services staff. Our workforce consisted of over 150 people in the past year and continues to be a major employer in the Terang & Mortlake district.

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 apprentice chef, personal care worker, aged care lifestyle coordination and administration trainees.

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 28 new members of staff; 13 in nursing, 8 in hotel services, 2 in administration; 1 health promotion officer and 4 client services assistants.

Terang & Mortlake Health Service encourages and values a culture of continuous learning.

All Terang & Mortlake Health Service staff are actively encouraged to maintain and enhance their skills and, to participate in 'in-service' education sessions presented throughout the year.

Terang & Mortlake Health Service proactively works with a Workplace Culture and Wellbeing Coach, Lauren Newman. Lauren 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. Lauren has led staff on the process of reviewing the organisational Employee Charter during the past year.

The Terang and Mortlake campuses continued to be well served by the local General Practitioners of the Terang and Mortlake based clinics including Dr. Tim Fitzpatrick, Dr. Jacqueline Altree, Dr. Johanna Moloney, Dr. Stefanie Hammond, Dr. Matthew Grave, Dr. Tejasvy Chollangi, Dr. Alish McLeod, Dr. Jamila Perera and Dr. Belinda Bell.

General Surgeons Dr Duminda Gunawardane and Mr Sam George, and visiting Gynaecologist Dr Kristin Cornell have also provided exceptional service to our communities throughout the year including the expansion of some appropriate procedures.

The Health Service recognised two long standing staff members throughout the year. Brendan Williams concluded his role as Director of Administration and Finance after 11 years of service and Lynda Avery retired from her role as a Registered Nurse after 8 years. Both employees have contributed significant amounts to the community over their careers and we wish them well for their future endeavours.

The Health Service performed very strongly in the Victorian Public Sector Commission's 2022 People Matter Survey receiving acknowledgement as one of the top 7 health services in Victoria under the Senior Leadership domain.

CLINICAL GOVERNANCE, QUALITY & RISK MANAGEMENT

Dr Didir Imran continues to service Terang & Mortlake Health Service as its Director of Medical Services through Southwest Healthcare. 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

Terang & Mortlake Health Service undertook National Standards Accreditation in April 2022 with positive feedback received regarding the culture and commitment of staff at all levels of the organisation.

PARTNERING WITH CONSUMERS COMMITTEE

The Partnering with Consumers Committee was formed in February 2010 and continues to meet throughout the year to assist with the development of information resources for our patients, consumers and carers.

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

The Partnering with Consumers Committee increased its membership to 13 during the past year. Mrs Eve Black has continued to chair the Committee, with membership also including Mrs Judy Blackburn, Mr Ian

Barrand, Mrs Judy Barrand, Mrs Dianne Murphy, Mr Craig Coates, Mrs Susan Keane, Mrs Bernadette McKinnon, Mrs Sue Long, Ms Claudia Morris, and the late Mrs Nell O'Sullivan. Two junior members, Jess Bell and Josh Blain from Terang College also participated when they were able to, providing valuable insights from a young person's perspectives on our health service offering.

During the year, we were saddened to farewell Mrs Nell O'Sullivan who represented our Mount View Aged Care residents on the Partnering with Consumers Committee. Nell was a valued and interested participant and her contribution to this committee will be missed.

The Board of Directors are very appreciative of the critical role undertaken by this 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 we have been able to replace and acquire a number of important capital equipment items during the past year. These include:

- A new procedural table for our Terang Hospital Operating Theatre;
- Furniture for the refurbished staff dining room and informal meeting room at the Josie Black Community Health Centre, including two new dining tables, chairs

- and a coffee table;
- Fujifilm 700 Paediatric Ultraslim Colonoscope;
- Cullinaire Bain Marie Hot Cupboard for the kitchen;
- Lifter chair with scales for Mt View;
- New Lift Recliner chair for Acute;
- Logitech Conference system for Terang Hospital board room;
- Scag Freedom Zero turn ride on mower for our maintenance team;
- New Community Health Centre Bus;
- AED Defibrillator;
- Alaris IV infusion pump.

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

- Replacement of the balustrade on the Mt View balcony with safety glass;
- ICT Infrastructure upgrade across all campuses.



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, 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. Some of their fundraising efforts during the past twelve months included an afternoon of Jazz, a twilight golf, bowls and croquet night and a fashion parade. A sincere thank you is extended to Abbey Lane Linen and Gifts for their work with the fashion parade which was once again an extremely successful event for the auxiliary. We are always very 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 65 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. We thank all our volunteers for their support of our Health Service.

The Corangamite L2P Learner Driver Mentor program assists less advantaged youth in the community to gain their 120 hours of learner practice. Eight active learners took part in the program during the 2022-23 year. Six students graduated successfully in this period gaining

their probationary licence. This would not have been possible without our ten dedicated volunteer mentor drivers. The program currently has a waiting list of 4 learners and 2 volunteers are currently awaiting mentor training.

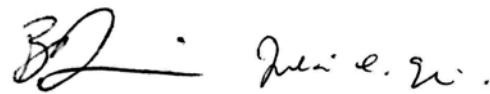
Thanks also go to Tweddle Child and Family Health Service, South West Healthcare, Timboon and District Healthcare Service, Cobden Health, Colac Area Health, the South West Alliance of Rural Health (SWARH), South West Primary Care Partnership, Corangamite and Moyne Shires, South West Institute of TAFE,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

CONCLUSION

The Board of Directors, 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 23/24 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 2023.



Ben Dennis
Board Chair

Julia Ogdin
Chief Executive Officer

Terang
23rd August 2022

STATEMENT OF PRIORITIES

STRATEGIC PRIORITIES FOR 2022-2023

Terang and Mortlake Health Service contributed to the Department of Health Operational Plan 2022-2023 through the following strategic priorities:

KEEP PEOPLE HEALTHY AND SAFE IN THE COMMUNITY:

MAINTAIN COVID-19 READINESS	OUTCOMES
Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.	COMPLETE Maintained COVID-19 safe plans and respiratory protection plans Liaison with Barwon Public Health Unit (BPHU) Supported public by sharing health information via social media platforms Supported community to access safe COVID vaccinations Facilitated COVID vaccinations for aged care residents and staff Community supply of RAT and N95's

CARE CLOSER TO HOME:

DELIVERING MORE CARE IN THE HOME OR VIRTUALLY	OUTCOMES
Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.	IN PROGRESS 76% Increase in Hospital in the Home (HiTH) program from 2021/22 Co-located Hospital Admission Risk Program (HARP) coordinator appointed for complex care coordination in the regional setting

KEEP IMPROVING CARE:

IMPROVE QUALITY AND SAFETY OF CARE	OUTCOMES
Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.	COMPLETE Utilisation of Safer Care Victoria resources, data and clinical networking through the Health services Partnerships and their subsequent communities of practice, ensures Terang & Mortlake Health Service contributes to the region wide implementation of best practice care reforms
PLAN UPDATE TO NUTRITION AND FOOD QUALITY STANDARDS	OUTCOMES
Develop a plan to implement nutrition and quality of food standards in 2022-2023, implemented by December of 2023	COMPLETE Health Service Partnership support to guide the planning process for implementation of nutrition and quality food standards. Working party to meet implementation timeframes

CLIMATE CHANGE COMMITMENTS	OUTCOMES
Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.	IN PROGRESS Worked collaboratively with Regional Environmental Sustainability Project officer to identify and progress efficiencies Commenced process to engage Energy Audits to be undertaken Four energy efficient hybrid vehicles ordered for the organisation
ASSET MAINTENANCE AND MANAGEMENT	OUTCOMES
Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.	IN PROGRESS Continue to implement the recommendations from the Building Services and Fabric Condition Assessment Report Monitor Victorian Health Building Authority recommendations regarding asset management through quarterly forums Strengthening of asset maintenance policies and procedures through regular reviews

IMPROVE ABORIGINAL HEALTH AND WELLBEING:

IMPROVE ABORIGINAL CULTURAL SAFETY	OUTCOMES
Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care. Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations. Implement strategies and processes to actively increase Aboriginal employment. Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments. Develop discharge plans for every Aboriginal patient.	IN PROGRESS Employed a Cultural Safety Officer Sign up and commencement of organisational Reconciliation Action Plan COMPLETE All patients who identify as being Aboriginal are provided with a discharge plan

MOVING FROM COMPETITION TO COLLABORATION:

FOSTER AND DEVELOP LOCAL PARTNERSHIPS	OUTCOMES
Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP). Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.	COMPLETE Worked with Health Service Partnership to ensure continuity of local access to surgical lists in partnership with South West Healthcare Camperdown COMPLETE Streamlining of referrals from South West Healthcare to increase surgical throughput to Terang & Mortlake Health Service COMPLETE Better @ Home – Participation in Hospital In The Home and HARP regional working groups

A STRONGER WORKFORCE:

IMPROVE WORKFORCE WELLBEING	OUTCOMES
Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-2023.	COMPLETE Terang & Mortlake Health Service participated in Occupational Violence and Aggression sector wide training
Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.	COMPLETE Implemented across the health service with staff education, policy development and localised partnership with the Orange Door
Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	COMPLETE Participated in worker health and wellbeing program. Provision of meals funded by Victorian Department of Health and continued by Terang & Mortlake Health Service. Employee Assistance Programme offered online for 24 hour service Welcoming outdoor spaces project completed including outdoor seating for staff wellbeing

PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

Health services should copy the indicators from their health services signed 2022-2023 SoP to ensure the correct suite is reported against. Below tables represent key examples only. Health service leads can assist with this if required.

TABLE 10: QUALITY PERFORMANCE REPORTING

KEY PERFORMANCE MEASURE	TARGET	RESULT
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	97%	85%
Percentage of healthcare workers immunised for influenza	99%	92%
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay	100%	95%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	100%	95%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	100%	95%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	100%	95%

PERCENTAGE OF HEALTHCARE WORKERS IMMUNISED FOR INFLUENZA

Health Care Worker Influenza Immunisation rates achieved for the period April 2022 to August 2022 were 99% for Terang & Mortlake Health Service.

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE MEASURE	TARGET	RESULT
People Matters Survey		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	84%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	RESULT
Finance		
Operating result (\$m)	\$0.00	\$0.07M
Average number of days to pay trade creditors	60 days	38
Average number of days to receive patient fee debtors	60 days	43
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.82
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	0.36
Actual number of days available cash, measured on the last day of each month.	14 days	93.8

ACTIVITY AND FUNDING

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

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

2022-2023 ACTIVITY ACHIEVEMENT UNITS		
SMALL RURAL		
Small Rural Acute	394.4	NWAU equivalents
Small Rural Primary Health; HACC Program for Young Persons (PYP) and Commonwealth Home Support Program (CHSP)		
Community Health Program (CHPD)		
- Nursing	8,011	Service Hours
- Allied Health	3,798	Service Hours
- Social Work	815	Service Hours
- Dietetics	504	Service Hours
- Occupational Therapy	381	Service Hours
- Physiotherapy	405	Service Hours
- Podiatry	1,195	Service Hours
- Speech Therapy	496	Service Hours
- Social Support	10,640	Service Hours
Small Rural Residential Care	5,348	Bed days

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 REMUNERATION & EXECUTIVE COMMITTEE

The Board Remuneration & 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.

The Committee also has responsibility for monitoring the performance and contractual arrangements of the Chief Executive.

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.

PHYSICAL PLANNING & HUMAN RESOURCES 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 & MEDICATION SAFETY COMMITTEE

The Clinical Services & Medication Safety 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 PREVENTION COMMITTEE

The Infection Prevention 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.

The committee 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.

The Committee 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.

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.

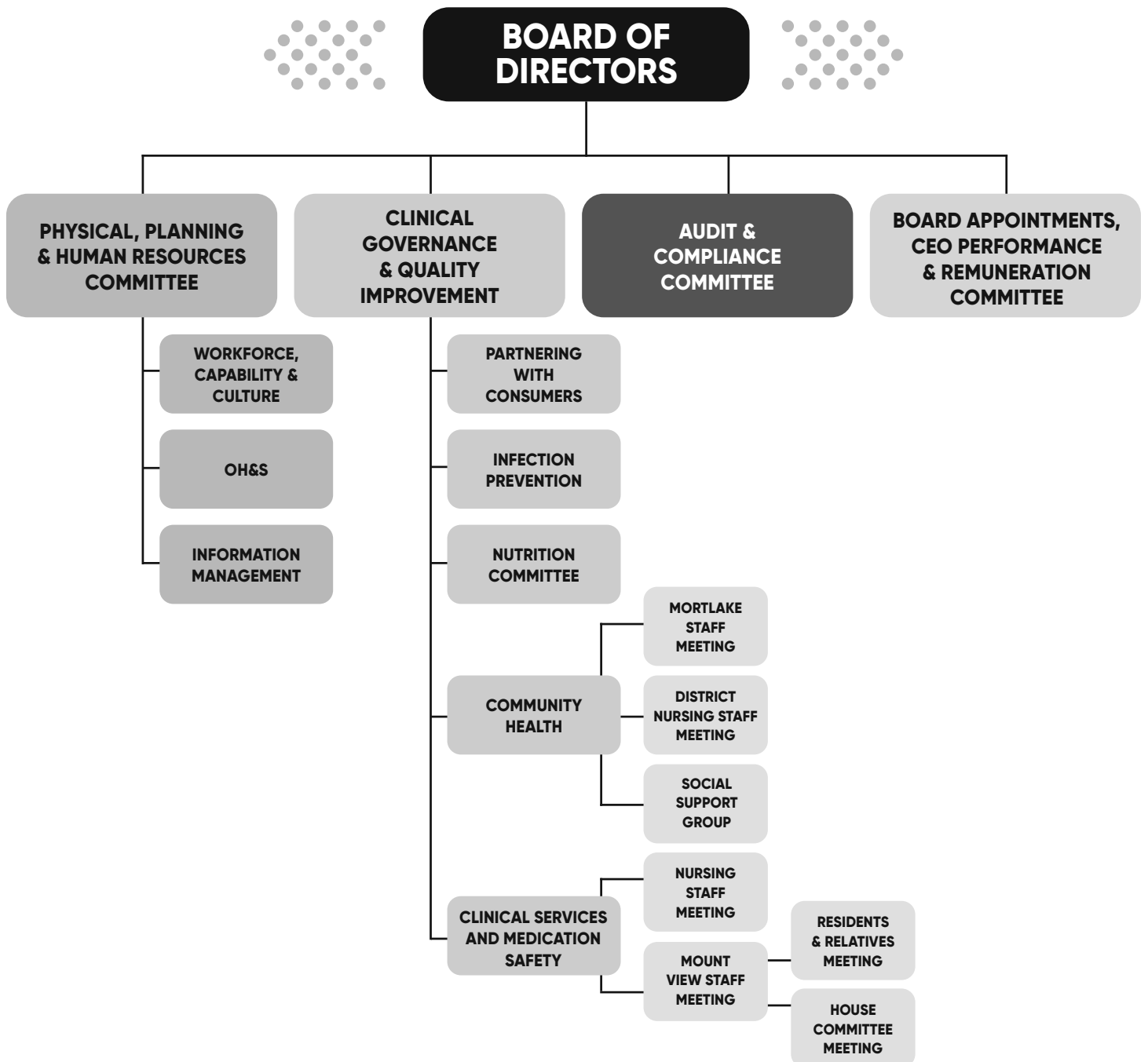
INFORMATION MANAGEMENT COMMITTEE

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 to meet its goals in relation to the provision of high quality care.



TERANG & MORTLAKE HEALTH SERVICE

Committee Structure



OFFICE BEARERS AND COMMITTEE

For the Year ended 30th June 2023

CHAIR

Mr. Benjamin Dennis

First Appointed – 01.07.2019
Audit and Compliance Committee
Physical Resources, Human Resources and Planning Committee
Clinical Governance & Quality Committee

VICE CHAIR

Mrs. Jane Henderson

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

TREASURER

Mr. Murray Whiting

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

COMMITTEE MEMBERS

Dr. Peter Habersberger

First Appointed – 01.07.2021
Physical Resources; Human Resources & Planning Committee
Clinical Governance & Quality Committee
Medical Advisory Committee

Mrs. Katie Harvey

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

Dr. Nishant Hurria

First Appointed – 01.07.2020

Ms. Simone Meade

First Appointed – 01.07.2021
Audit and Compliance Committee
Clinical Governance & Quality Committee
Physical Resources, Human Resources and Planning Committee

Ms. Claire Dagley

First Appointed – 01.07.2022
Clinical Governance & Quality Committee
Physical Resources, Human Resources and Planning Committee

Dr. Afaf Haddad

First Appointed – 01.07.2022
Clinical Governance & Quality Committee
Physical Resources, Human Resources and Planning Committee

Mr. J. Parker

First Appointed – 01.07.2022
Clinical Governance & Quality Committee
Audit & Compliance Committee

INDEPENDENT AUDIT & COMPLIANCE COMMITTEE MEMBERS

Mr. Nigel Bruckner (Chair)

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

Mr. Jacob Alldis

LLB (Honours)
B. Bus. (Commerce)
Grad. Dip. Legal Practice
First Appointed – 24.08.2021

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
National Australia Bank

AUDITOR-GENERAL'S AGENT

RSD Audit

EXECUTIVE STAFF

CHIEF EXECUTIVE OFFICER

Ms. J.C. Ogdin, B. HSc. (Speech Path.), Grad. Cert. Quality Management, MIHM, FCHSM

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)
Resigned 14/04/2023

DIRECTOR OF FINANCE & ADMINISTRATION

Mr. T.F. Pekin, CPA B.Bus (Accounting)
Commenced 13/02/23

STAFF LISTING

NURSE UNIT MANAGERS

Ms. E. Mioduchowski R.N., Grad. Dip. Anaesthetics & Recovery (Acute Ward)
Ms. J.L. Payne R.N (Aged Care Nurse Unit Manager)
Mrs. R.A. McGauchie, 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 SUPERVISOR

Ms. A.S Gee Resigned 29/08/2022
Ms. D.M. Moloney Commenced 01/09/2022

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
Ms. J. Burgoyne, 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

C. Burger, B.App Sc.(Physiotherapy)
R. Mason B.App Sc.(Occupational therapy)

VISITING MEDICAL STAFF

Dr. J. Altree, M.B., B.S, F.R.A.C.G.P
Dr. K. Cornell, M.B., B.S
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. M. Grave, M.B., B.S.
Dr. D. Gunawardana, M.B., B.S.
Dr. S. Hammond, M.B., B.S., B. Bio.Med.Sci., Cert. W.H
Dr. J. Moloney, M.B., B.S, DCH, ACEM, D.R.A.N.Z.C.O.G, F.R.A.C.G.P.
Dr. T. Chollangi, BBiomedSc (Hons), MD, RANZCOG, Dip WH.
Dr. W. Rouse, M.B., B.S., F.R.A.C.G.P.
Dr. A. Singh, M.B., B.S.
Dr. A. McLeod, BBiomedSc., MD
Dr. S. Thazhath, M.B., B.S., MD, FRACP, PhD
Dr. G. Kilminster, M.B., B.S., F.A.N.Z.C.A

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:

The Honourable Mary-Anne Thomas MP

Minister for Health,
(1st July 2022 to 30 June 2023)
Minister for Ambulance Services,
(1st July 2022 to 5 December 2022)

The Honourable Gabrielle Williams MP

Minister for Mental Health,
(1 July 2022 to 30 June 2023)
Minister for Ambulance Services
(5 December 2022 to 30 June 2023)

The Honourable Colin Brooks MP

Minister for Disability, Ageing and Carers
(1 July 2022 to 5 December 2022)

The Honourable Lizzie Blandthorn MP

Minister for Disability, Ageing and Carers
(5 December 2022 to 30 June 2023)

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 the 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 1982

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 5 valid requests for information under the Freedom of Information Act were processed during the 2022–23 financial year.

WORKFORCE DATA

HOSPITALS LABOUR CATEGORY				
	June Current Month FTE 2022	June Current Month FTE 2023	Average Monthly FTE 2022	Average Monthly FTE 2023
Nursing	41.35	45.04	41.80	44.39
Administration and Clerical	11.20	9.87	10.73	10.70
Medical Support	2.61	2.69	2.35	2.33
Hotel and Allied Services	22.30	22.88	21.92	23.02
Ancillary Support (Allied Health)	2.33	2.26	2.44	2.55
TOTAL	79.24	83.00	79.79	82.75

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 4 new reported Work Cover incidents during the 2022-23 financial year.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS			
	2022-23	2021-22	2020-21
The number of reported hazards/incidents for the year per 100 FTE	37.3	75.71	37.52
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	4.8	1.26	3.12
The average cost per WorkCover claim for the year (\$'000)	19.82	8.59	1.19

Four unrelated injuries resulted in a significant increase in WorkCover claims for the year. All injuries were thoroughly investigated and all staff supported to return to work. The 2022-2023 reported hazards/incidents realigned with a more regular reporting result after considerable focus on reporting incidents relating to potential COVID exposures during the 2021-2022 year.

OCCUPATIONAL VIOLENCE

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

In 2022-2023, there were eighteen reported occupational violence incidents:

OCCUPATIONAL VIOLENCE STATISTICS	
	2022-2023
1. Workcover accepted claims with an occupational violence cause per 100 FTE	1.2
2. Number of accepted claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	6.09
3. Number of occupational violence incidents reported	18
4. Number of occupational violence incidents reported per 100 FTE	21.68
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	5.55

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 2022-23 reporting period.

Lost time – is defined as greater than one day.

CONSULTANCIES

In 2022–23, there were zero (0) consultancies where the total fees payable to the consultant were \$10,000 or greater.

In 2022–23, there were four (4) consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022–2023 in relation to these consultancies is \$32,285 (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.

In 2022–23, the following audits and assessments were undertaken to ensure compliance with the Building Act 1993:

- Essential Safety Measures audit review undertaken by Stokes Safety.
- 5 yearly Fire Safety Audit undertaken by Wormald's

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 2022–2023.

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.

LOCAL JOBS FIRST ACT 2003

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

Departments and public sector bodies are required to apply the Local Jobs 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 VIPPP guidelines will continue to apply to MPSG applicable and VIPPP 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 2022–2023 there were no contracts completed by Terang and Mortlake Health Services under this Act.

GENDER EQUALITY ACT 2020

Terang and Mortlake Health service continues to actively work towards our Gender Equality Action Plan 2021–2025 in compliance with the *Gender Equality Act 2020*.

The workforce Capability and Culture Committee has led the identification of strategies to collect missing gender and intersectionality data across the organisation and explored Cultural safety within the organisation. Other activity has included education of the Board of Directors to ensure the understanding of the need to apply an intersectionality lens to strategy and decision making as well as staff education on what gender inequality looks like in the work place and how to address resistance to equality.

Normalising pronouns by adding to badges, email signatures and the TRAK patient management system, as well as removing titles from minutes and official documents are other activities undertaken to support a work place culture that promotes gender equality.

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.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2022-2023 is \$372,058 (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)
\$372,058	\$0	\$360,062	\$11,996

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

Terang and Mortlake Health Service 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, Terang and Mortlake Health Service 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 Terang and Mortlake Health Service team play their part to minimize unnecessary energy waste and actively participate in recycling initiatives.

The health services recognises and appreciates the support of the Barwon South West Regional Environmental Sustainability Manager Kylie McIntyre in working towards our sustainability goals.

ELECTRICITY USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
EL1 Total electricity consumption segmented by source [MWh]			
Purchased	351.70	273.22	252.46
Self-generated	146.83	162.07	147.57
EL1 Total electricity consumption [MWh]	498.53	435.28	400.03
EL2 On site-electricity generated [MWh] segmented by:			
Consumption behind-the-meter			
Solar Electricity	146.83	162.07	147.57
Total Consumption behind-the-meter [MWh]	146.83	162.07	147.57
Exports			
Solar Electricity	0.00	0.00	0.00
Total Electricity exported [MWh]	0.00	0.00	0.00
EL2 Total On site-electricity generated [MWh]	146.83	162.07	147.57
EL3 On-site installed generation capacity [kW converted to MW] segmented by:			
Diesel Generator	0.20	0.20	0.20
Solar System	0.10	0.10	0.08
EL3 Total On-site installed generation capacity [MW]	0.30	0.30	0.28
EL4 Total electricity offsets segmented by offset type [MWh]			
LGCs voluntarily retired on the entity's behalf	0.00	0.00	0.00
GreenPower	0.00	0.00	0.00
RPP (Renewable Power Percentage in the grid)	66.12	50.79	47.79
Certified climate active carbon neutral electricity purchased	0.00	0.00	0.00
EL4 Total electricity offsets [MWh]	66.12	50.79	47.79

STATIONARY ENERGY	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
Natural gas	1,843,405.90	1,991,154.60	1,876,630.60
LPG	182,025.30	180,599.00	201,089.80
F1 Total fuels used in buildings [MJ]	2,025,431.20	2,171,753.60	2,077,720.40

F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]			
Natural gas	94.99	102.60	96.70
LPG	11.03	10.94	12.19
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	106.02	113.55	108.89

TRANSPORTATION ENERGY	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]			
Non-executive fleet - Gasoline	11,357.70		
Petrol	11,357.70		
Non-executive fleet - Diesel	22,083.30		
Diesel	22,083.30		
Total energy used in transportation (vehicle fleet) [MJ]	33,441.00		

T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category			
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T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]	
Non-executive fleet - Gasoline	0.77
Petrol	0.77
Non-executive fleet - Diesel	1.55
Diesel	1.55
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	2.32

T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)	
Total distance travelled by commercial air travel	NA

T(opt1) Total vehicle travel associated with entity operations [1,000 km]	
Total vehicle travel associated with entity operations [1,000 km]	

T(opt2) Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km]	
tonnes CO2-e per 1,000 km	

TOTAL ENERGY USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]			
Total energy usage from stationary fuels (F1) [MJ]	2,025,431.20	2,171,753.60	2,077,720.40
Total energy usage from transport (T1) [MJ]	33,441.00		
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	2,058,872.20	2,171,753.60	2,077,720.40
E2 Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	1,794,695.54	1,567,009.79	1,440,119.66
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	766,603.77	766,281.11	703,302.20
Non-renewable (E1 + E2 - E3 Renewable)	3,086,963.96	2,972,482.28	2,814,537.86
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser			
Energy per unit of Aged Care OBD [MJ/Aged Care OBD]	732.25	722.19	678.86
Energy per unit of LOS [MJ/LOS]	2,374.22	2,328.00	2,079.10
Energy per unit of Separations [MJ/Separations]	6,690.24	6,262.59	6,327.05
Energy per unit of floor space [MJ/m2]	827.23	809.61	761.77
SUSTAINABLE BUILDINGS AND INFRASTRUCTURE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
B1 Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings			
NA			
B2 Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease Schedule			
NA			
B3 NABERS Energy (National Australian Built Environment Rating system) ratings of newly completed/occupied Entity-owned office buildings and substantial tenancy fit-outs (itemised)			
NA			
B4 Environmental performance ratings (eg. NABERS, Green Star, or ISCAIS rating scheme) of newly completed Entity-owned non-office building or infrastructure projects or upgrades with a value over \$1 million			
NABERS Energy			
NA			
B5 Environmental performance ratings achieved for Entity-owned assets portfolio segmented by rating scheme and building, facility, or infrastructure type, where these ratings have been conducted			
NA			

WATER USE	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
W1 Total units of metered water consumed by water source (kl)			
Potable water [kL]	4,327.77	4,330.81	3,771.81
Total units of water consumed [kl]	4,327.77	4,330.81	3,771.81

W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of Aged Care OBD [kL/Aged Care OBD]	0.83	0.84	0.73
Water per unit of LOS [kL/LOS]	2.69	2.70	2.23
Water per unit of Separations [kL/Separations]	7.58	7.25	6.78
Water per unit of floor space [kL/m2]	0.94	0.94	0.82

WASTE AND RECYCLING	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
WR1 Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste	9880.00		
Offsite treatment			
Clinical waste - incinerated	8.00	8.00	18.10
Clinical waste - sharps	130.64	198.32	182.24
Clinical waste - treated	1,417.10	1,807.37	731.55
Recycling/recovery (disposal)			
PVC	684.00	101.00	57.00
Total units of waste disposed [kg]	2,239.74	2,114.69	988.89

WR1 Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	71.14%		
Offsite treatment			
Clinical waste - incinerated	0.36%	0.38%	1.83%
Clinical waste - sharps	5.83%	9.38%	18.43%
Clinical waste - treated	63.27%	85.47%	73.98%
Recycling/recovery (disposal)			
PVC	30.54%	4.78%	5.76%
Total units of waste disposed [kg]	2,239.74	2,114.69	988.89

WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to offsite treatment per PPT [(kg offsite treatment)/PPT]	0.21	0.27	0.13
Total waste recycled and reused per PPT [(kg recycled and reused)/PPT]	0.09	0.01	0.01

WR4 Recycling rate [%]			
Weight of recyclable and organic materials [kg]	684.00	101.00	57.00
Weight of total waste [kg]	2,239.74	2,114.69	988.89
Recycling rate [%]	30.54%	4.78%	5.76%

WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	2.02	2.61	1.20

GREENHOUSE GAS EMISSIONS	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	108.02	113.22	108.56
Methane	0.22	0.24	0.23
Nitrous Oxide	0.10	0.10	0.10
Total	108.34	113.55	108.89
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	106.02	113.55	108.89
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	2.32		
Medical/Refrigerant gases			
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	108.34	113.55	108.89

G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	241.60	199.51	196.89
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	241.60	199.51	196.89

G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel	NA		
Waste emissions (WR5)	2.02	2.61	1.20
Indirect emissions from Stationary Energy	42.18	30.41	30.95
Indirect emissions from Transport Energy	0.58		
Paper emissions			
Any other Scope 3 emissions	7.33	8.13	6.22
Total scope three greenhouse gas emissions [tonnes CO2e]	52.11	41.16	38.37

G(Opt) Net greenhouse gas emissions (tonnes CO ₂ e)			
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO₂e]	402.05	354.23	344.16
Carbon Neutral Electricity	0.00	0.00	0.00
Green Power Electricity	0.00	0.00	0.00
Purchased LGCs	0.00	0.00	0.00
Any Offsets purchased	0.00	0.00	0.00
Net greenhouse gas emissions [tonnes CO₂e]	402.05	354.23	344.16

NORMALISATION FACTORS	Jul-22 to Jun-23	Jul-21 to Jun-22	Jul-20 to Jun-21
1000km (Corporate)			
1000km (Non-emergency)			
Aged Care OBD	5,217.00	5,177.00	5,182.00
ED Departures	0.00	0.00	0.00
FTE	83.00	83.00	83.00
LOS	1,609.00	1,606.00	1,692.00
OBD	6,826.00	6,783.00	6,874.00
PPT	7,397.00	7,380.00	7,430.00
Separations	571.00	597.00	556.00
TotalAreaM2	4,618.00	4,618.00	4,618.00
NOTE: Indicators are not reported where data is unavailable or an indicator is not relevant to the organisation's operations			

*Terang and Mortlake Health Service has commenced collecting environmental data for specific areas in the last 12 months. Longitudinal data will be available in future years.

*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.
- Purchase of 4 hybrid electric vehicles in 2022.

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.

SOCIAL PROCUREMENT

Victoria's Social Procurement Framework (SPF) is a Victorian Government policy that enables Terang & Mortlake Health Service to increase the value of procured goods, services, and construction by pursuing social and sustainable outcomes, in accordance with the SPF.

During the year FY 2022-23, Terang & Mortlake Health Service commenced work on a social procurement strategy which aligns with our strategic goal and strategy, of;

Sustainability

We are committed to creating a strategically, environmentally, structurally and financially sound health service. We will invest in our infrastructure and use our spaces in innovative ways to meet contemporary and future requirements. Our actions will be underpinned by financial discipline. We will focus on minimising waste, maximising efficiency, and achieving value for investment.

Terang & Mortlake Health Service will be using the Department of Health's environmental data management system (EDMS), which uploads social procurement data from the 2023-2024 collection period. The data gap will be addressed and we will be able to report on this indicator in the next financial year.

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*.

ATTESTATIONS

TERANG & MORTLAKE HEALTH SERVICE FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION – SD 5.1.4

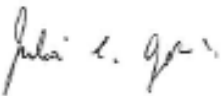
I, John Parker, on behalf of the Responsible Body, certify that the Terang & Mortlake Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



John Parker
Treasurer – Board of Management
Terang & Mortlake Health Service
4th September, 2023

DATA INTEGRITY DECLARATION

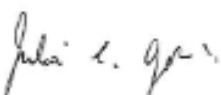
I, Julia Claire Ogden, certify that the Terang & Mortlake Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The Terang & Mortlake Health Service has critically reviewed these controls and processes during the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



Julia Ogden
Accountable Officer
Terang & Mortlake Health Service
4th September, 2023

CONFLICT OF INTEREST DECLARATION

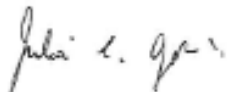
I, Julia Claire Ogden, certify that the Terang and Mortlake Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 – *Compliance reporting in health portfolio entities (Revised)* and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the Victorian Public Sector Commission (VPSC). Declaration of private interests forms have been completed by all executive staff within Terang & Mortlake Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of Interest is a standard agenda item for declaration and documenting at each executive board meeting.



Julia Ogden
Accountable Officer
Terang & Mortlake Health Service
4th September, 2023

INTEGRITY, FRAUD AND CORRUPTION

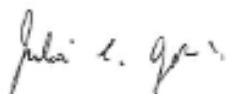
I, Julia Claire Ogdin, certify that the Terang & Mortlake Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at the Terang & Mortlake Health Service during the year.



Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
4th September, 2023

COMPLIANCE WITH HEALTH SHARE VICTORIA (HSV) PURCHASING POLICIES

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



Julia Ogdin
Accountable Officer
Terang & Mortlake Health Service
4th September, 2023

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 2022-2023 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 surplus of \$2,345,000 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:

	2022/23	2020/21	2019/20	2018/19	2017/18
*OPERATING RESULT	71	237	650	135	289
Total Revenue	16,258	12,067	11,855	11,474	11,397
Total Expenses	13,880	12,806	12,069	11,939	11,447
Net Result from transactions	2,378	(739)	(214)	(465)	(50)
Total other economic flows	(33)	35	88	(39)	(27)
Net Result	2,345	(704)	(126)	(504)	(77)
Total Assets	18,496	16,932	15,896	14,957	14,659
Total Liabilities	5,690	6,471	5,940	4,984	4,159
Net assets /Total equity	12,806	10,461	9,956	9,973	10,500

*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

	2022-2023
Net operating result*	71
Capital purpose income	796
Specific income	0
COVID-19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	63
State supply items consumed up to 30 June 2023	(63)
Assets provided free of charge (cash donations and gifts)	2,403
Assets received free of charge	0
Expenditure for capital purpose	(53)
Depreciation and amortisation	(838)
Impairment of non-financial assets	0
Finance costs – (other)	(1)
Net result from transactions	2,378

*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.

REVENUE INDICATORS

	Average Collection Day		
	2023	2022	2021
Private	40	41	49
TAC	0	0	0
VWA	0	0	0
Nursing Home	32	32	32

DEBTORS OUTSTANDING AS AT 30TH JUNE 2023

	Current	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 30/06/2023	Total 30/06/2022	Total 30/06/2021
Private	36,009	12,573	5,605	1,838	3,896	59,921	52,077	43,338
Residential Aged Care	42,455	-	-	-	683	43,238	42,721	37,278

SERVICE, ACTIVITY AND EFFICIENCY TARGETS

	2022-23	2021-22	2020-21	2019-20	2018-19
1. ADMITTED PATIENTS					
1.1 Separations					
A. Acute	255	307	294	338	407
B. Non Acute	3	1	4	6	3
C. Same Day	313	289	258	244	221
D. Transitional Care Program	4	3	2	6	-
E. Nursing Home	10	8	10	3	6
1.2 Patient Days					
A. Acute	1180	1,635	1,353	1,633	1,753
B. Non Acute	83	11	54	119	44
C. Same Day	313	289	258	244	221
D. Transitional Care Program	100	66	19	206	-
E. Nursing Home	5,348	5,399	5,389	5,447	5,355
2. NON ADMITTED PATIENTS					
Emergency Patients - Terang	1,902	2,421	1,667	2,282	2,680
Emergency Patients - Mortlake	2,917	2,600	2,439	2,749	2,665
Terang Social Centre	13,963	2,258	2,344	3,141	3,422
District Nursing Service	9,573	11,654	12,276	13,506	13,895
Allied Health & Primary Care	2,916	4,880	5,269	4,646	4,664
3. OCCUPANCY RATE					
Acute Hospital	35.8%	33.5%	33.0%	43.0%	39.5%
Mt View Nursing Home	97.7%	98.6%	98.4%	99.2%	97.8%

DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REF.
Ministerial Directions		
Report of Operations		
Charter and Purpose		
FRD 22	Maintenance of establishment and the relevant Ministers	23
FRD 22	Purpose, functions, powers and duties	2
FRD 22	Nature and range of services provided	3
FRD 22	Activities, programs and achievements for the reporting period	4-11
FRD 22	Significant changes in key initiatives and expectations for the future	4-11
Management and Structure		
FRD 22	Organisational structure	20
FRD 22	Workforce data / employment and conduct principles	25
FRD 22	Occupational Health and Safety	24
Financial Information		
FRD 22	Summary of the financial results for the year	36
FRD 22	Significant changes in financial position during the year	36-37
FRD 22	Operational and budgetary objectives and performance against objectives	15
	Subsequent events	
FRD 22	Details of consultancies under \$10,000	25
FRD 22	Details of consultancies over \$10,000	25
FRD 22	Disclosure of ICT expenditure	26
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	26
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	25
FRD 22	Application and operation of <i>Public Interest Disclosures Act 2012</i>	25
FRD 22	Statement on National Competition Policy	26
FRD 22	Additional information available on request	26
FRD 24	Environmental data reporting	27-32
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	25
SD 5.1.4	Financial Management Compliance attestation	24
SD 5.2.3	Declaration in report of operations	11
Attestations		
	Attestation on Data Integrity	24
	Attestation on managing Conflicts of Interest	24
	Attestation on Integrity, fraud and corruption	35
	Compliance with HealthShare Victoria (HSV) Purchasing Policies	35

LEGISLATION	REQUIREMENT	PAGE REF.
	Other reporting requirements	
	Reporting of outcomes from Statement of Priorities 2022-2023	12-14
	Occupational Violence Reporting	24
	<i>Gender Equality Act 2020</i>	25
	Reporting obligations under the <i>Safe Patient Act 2015</i>	33
	<i>Carers Recognition Act 2012</i>	

TERANG & MORTLAKE HEALTH SERVICE

FINANCIAL STATEMENTS 2022-23



TERANG & MORTLAKE
HEALTH SERVICE



TERANG & MORTLAKE
HEALTH SERVICE

DECLARATION

Financial Statements Financial Year ended 30 June 2023

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

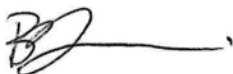
The attached financial statements for Terang and Mortlake Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including 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 2023 and the financial position of Terang and Mortlake Health Service at 30 June 2023.

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 <<insert date>>.

Board member



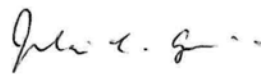
Benjamin Dennis

Chair

Terang

4 /9 /2023

Accountable Officer



Julia Ogden

Chief Executive Officer

Terang

4/9/2023

Chief Finance & Accounting Officer



Timothy Pekin

Chief Finance and Accounting Officer

Terang

4/9/2023

Independent Auditor's Report

To the Board of Terang and Mortlake Health Service

Opinion	<p>I have audited the financial report of Terang and Mortlake Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • 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 2023 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>
Other information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service'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.



MELBOURNE
26 September 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		2023	2022
	Note	\$'000	\$'000
Revenue and income from transactions			
Operating activities	2.1	15,723	11,677
Non-operating activities	2.1	233	23
Share of revenue from joint operations	8.7	302	367
Total revenue and income from transactions		16,258	12,067
Expenses from transactions			
Employee expenses	3.1	(10,428)	(9,241)
Supplies and consumables	3.1	(658)	(686)
Finance costs	3.1	(12)	(20)
Depreciation and amortisation	3.1	(838)	(994)
Other administrative expenses	3.1	(898)	(815)
Other operating expenses	3.1	(735)	(665)
Other non-operating expenses	3.1	(15)	(12)
Share of expenditure from joint operations	8.7	(296)	(373)
Total Expenses from transactions		(13,880)	(12,806)
Net result from transactions - net operating balance		2,378	(739)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	-	(2)
Other gain/(loss) from other economic flows	3.2	(33)	37
Total other economic flows included in net result		(33)	35
Net result for the year		2,345	(704)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	-	1,209
Total other comprehensive income		-	1,209
Comprehensive result for the year		2,345	505

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

BALANCE SHEET

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.2	7,559	6,376
Receivables	5.1	241	193
Inventories		47	45
Prepaid expenses		69	82
Share of assets in joint operations	8.7	328	515
Total current assets		8,244	7,211
Non-current assets			
Receivables	5.1	1,026	800
Property, plant and equipment	4.1 (a)	8,867	8,623
Right of use assets	4.2 (a)	152	143
Share of assets in joint operations	8.7	207	155
Total non-current assets		10,252	9,721
Total assets		18,496	16,932
Current liabilities			
Payables	5.2	373	733
Contract Liabilities	5.3	32	-
Borrowings	6.1	119	68
Employee benefits	3.3	2,288	1,835
Other liabilities	5.4	2,143	3,006
Share of liabilities in joint operations	8.7	354	504
Total current liabilities		5,309	6,146
Non-current liabilities			
Borrowings	6.1	34	75
Employee benefits	3.3	296	208
Share of liabilities in joint operations	8.7	51	42
Total non-current liabilities		381	325
Total liabilities		5,690	6,471
Net assets		12,806	10,461
Equity			
Property, plant and equipment revaluation surplus	4.3	8,421	8,421
Contributed capital	SCE	3,329	3,329
Accumulated surplus/(deficit)	SCE	1,056	(1,289)
Total equity		12,806	10,461

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

CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
Cash Flows from operating activities			
Operating grants from State Government		9,442	8,721
Operating grants from Commonwealth Government		1,909	1,573
Capital grants from government - State		559	70
Patient fees received		867	884
Donations and bequests received		2,292	8
GST collected from Australian Taxation Office		231	163
Interest and investment income received		233	23
Commercial Income Received		92	82
Other receipts		59	421
Total receipts		15,684	11,945
Payments to employees		(9,997)	(9,314)
Payments for supplies and consumables		(796)	(192)
Payments for medical indemnity insurance		(137)	(105)
Payments for repairs and maintenance		(430)	(413)
Finance Costs		(12)	(21)
GST paid to ATO		(236)	(177)
Other payments		(1,070)	(1,160)
Total payments		(12,678)	(11,382)
Net cash flows from/(used in) operating activities	8.1	3,006	563
Cash Flows from investing activities			
Purchase of property, plant and equipment		(1,091)	(343)
Capital donations and bequests received		120	11
Other capital receipts		1	4
Joint Venture Movement		-	(396)
Net cash flows from/(used in) investing activities		(970)	(724)
Cash flows from financing activities			
Proceeds from borrowings		44	-
Repayment of borrowings		(34)	(32)
Receipt of accommodation deposits		200	1,382
Repayment of accommodation deposits		(1,063)	(1,330)
Net cash flows from/(used in) financing activities		(853)	20
Net increase/(decrease) in cash and cash equivalents held		1,183	(141)
Cash and cash equivalents at beginning of year		6,376	6,517
Cash and cash equivalents at end of year	6.2	7,559	6,376

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

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

		Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficit)	Total
Total	Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021		7,212	3,329	(585)	9,956
Net result for the year		-	-	(704)	(704)
Other comprehensive income for the year		1,209	-	-	1,209
Balance at 30 June 2022		8,421	3,329	(1,289)	10,461
Net result for the year		-	-	2,345	2,345
Other comprehensive income for the year		-	-	-	-
Balance at 30 June 2023		8,421	3,329	1,056	12,806

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

For the Financial Year Ended 30 June 2023

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 2023

For the Financial Year Ended 30 June 2023

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 2023. 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.

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.

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 presented in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Terang and Mortlake Health Service on 25th August, 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

For the Financial Year Ended 30 June 2023

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

In the current reporting period, financial impacts of the pandemic were not material to Terang and Mortlake Health Service.

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
NWAO	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

For the Financial Year Ended 30 June 2023

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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 5.4: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

For the Financial Year Ended 30 June 2023

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 beginning 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 beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards - Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards - Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of No-for-profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

For the Financial Year Ended 30 June 2023

Note 1.7 Goods and Services Tax (GST)

Income, expenses, assets and liabilities 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. These GST components are disclosed as operating cash flows.

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

Note 1.8 Reporting Entity

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

Terang and Mortlake Health Service's 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 2023

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

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services during the financial year was 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
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>
Assets and services received free of charge or for nominal consideration	<p>Terang and Mortlake Health Service applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Where a reliable market value exists it is used to calculate the equivalent value of the service being provided. Where no reliable market value exists, the service is not recognised in the financial statements.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 2.1 Revenue and income from transactions

	2023 \$'000	2022 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	-	47
Government grants (Commonwealth) - Operating	1,909	1,573
Patient and resident fees	883	900
Commercial activities ¹	92	82
Total revenue from contracts with customers	2,884	2,602
Other sources of income		
Government grants (State) - Operating	9,718	8,754
Government grants (State) - Capital	559	70
Other capital purpose income	1	1
Capital donations	120	11
Assets received free of charge or for nominal consideration	2,355	153
Other revenue from operating activities (including non-capital donations)	86	86
Total other sources of income	12,839	9,075
Total revenue and income from operating activities	15,723	11,677
Non-operating activities		
Income from other sources		
Capital interest	130	23
Other interest	103	-
Total other sources of income	233	23
Total income from non-operating activities	233	23
Total revenue and income from transactions	15,956	11,700

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 2023

Note 2.1 Revenue and income from transactions (continued)

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

	2023 \$'000	2022 \$'000
Terang and Mortlake Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	2,792	2,520
Over time	92	82
Total revenue from contracts with customers	2,884	2,602

How we recognise revenue and income from operating activities

Government operating grants

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

When both these conditions are satisfied, 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 a point in time or over time as and when services are rendered.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 2.1 Revenue and income from transactions (continued)

This policy applies to each of Terang and Mortlake Health Service's revenue streams, with information detailed below relating to Terang and Mortlake Health Service's significant revenue streams:

Government Grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Residential Aged Care Grants	<p>Funding is provided for the provision of care for aged care residents within facilities at Terang and Mortlake Health Service.</p> <p>The performance obligations include provision of residential accommodation and care from nursing staff and personal care workers.</p> <p>Revenue is recognised at the point in time when the service is provided within the residential aged care facility.</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.

How we recognise revenue and income from non-operating activities

Interest Income

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

	2023 \$'000	2022 \$'000
Cash donations and gifts	2,292	8
Personal protective equipment	63	145
Total fair value of assets and services received free of charge or for nominal consideration	2,355	153

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 of resources

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

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 2023

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

Volunteer Services

Terang and Mortlake Health Service receives volunteer services from members of the community in the following areas:

- delivery of meals on wheels

Terang and Mortlake Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Terang and Mortlake Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its 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 2023

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 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic because its response was limited to implementing COVID safe practices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3: The cost of delivering our services (continued)

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
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>
Measuring employee benefit liabilities	<p>Terang and Mortlake Health Service applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>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, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> • an inflation rate of 4.35%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 22% and 86% • discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.1 Expenses from transactions

		2023	2022
	Note	\$'000	\$'000
Salaries and wages		8,873	7,822
On-costs		856	771
Agency expenses		237	242
Fee for service medical officer expenses		399	348
Workcover premium		63	58
Total employee expenses		10,428	9,241
Drug supplies		35	32
Medical and surgical supplies (including Prostheses)		257	334
Diagnostic and radiology supplies		59	49
Other supplies and consumables		307	271
Total supplies and consumables		658	686
Finance costs		12	20
Total finance costs		12	20
Other administrative expenses		898	815
Total other administrative expenses		898	815
Fuel, light, power and water		168	147
Repairs and maintenance		207	234
Maintenance contracts		223	179
Medical indemnity insurance		137	105
Total other operating expenses		735	665
Total operating expense		12,731	11,427
Depreciation and amortisation	4.4	838	994
Total depreciation and amortisation		838	994
Bad and doubtful debt expense		15	12
Total other non-operating expenses		15	12
Total non-operating expense		853	1,006
Total expenses from transactions		13,584	12,433

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.1 Expenses from transactions (continued)

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:

- 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 2023

Note 3.2 Other economic flows

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

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

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

2023 \$'000	2022 \$'000
-	(2)
-	(2)
(33)	37
(33)	37
(33)	35

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.

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, 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.3 Employee benefits and related on-costs

Current employee benefits and related on-costs

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

2023 \$'000	2022 \$'000
14	15
14	15

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

769	604
769	604

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

225	172
1,020	857
1,245	1,029

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

130	79
130	108
260	187

Total current employee benefits and related on-costs

2,288	1,835
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Non-current provisions and related on-costs

Conditional long service leave

Provisions related to employee benefit on-costs

Total non-current employee benefits and related on-costs

262	184
34	24
296	208

Total employee benefits and related on-costs

2,584	2,043
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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 2023

Note 3.3 (a) Employee benefits and related on-costs

Current employee benefits and related on-costs

Unconditional accrued days off	14
Unconditional annual leave entitlements	872
Unconditional long service leave entitlements	1,402
Total current employee benefits and related on-costs	2,288

Non-current employee benefits and related on-costs

Conditional long service leave entitlements	296
Total non-current employee benefits and related on-costs	296

Total employee benefits and related on-costs

Attributable to:

Employee benefits	2,290
Provision for related on-costs	294
Total employee benefits and related on-costs	2,584

2023 \$'000	2022 \$'000
14	15
872	663
1,402	1,157
2,288	1,835
296	208
296	208
2,584	2,043
2,290	1,832
294	211
2,584	2,043

Note 3.3 (b) Provision for related on-costs movement schedule

Carrying amount at start of year	211
Additional provisions recognised	231
Net gain/(loss) arising from revaluation of long service liability	(4)
Amounts incurred during the year	(144)
Carrying amount at end of year	294

2023 \$'000	2022 \$'000
211	225
231	86
(4)	4
(144)	(104)
294	211

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

How we recognise employee benefits

Employee benefit recognition

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

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are 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.

Provision for on-costs related to employee benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Defined benefit plans:ⁱ				
Aware Super	1	26	-	-
Defined contribution plans:				
Aware Super	544	541	-	107
Hesta	135	91	-	-
Australian Super	50	26	-	-
Hostplus	27	23	-	-
Other	99	64	-	-
Total	856	771	-	107

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

Defined contribution (i.e. accumulation) superannuation plans expenditure 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 2023

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 Right-of-use assets

4.3 Revaluation surplus

4.4 Depreciation and amortisation

4.5 Impairment of assets

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
Estimating useful life of property, plant and equipment	Terang and Mortlake Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
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 2023

Key judgements and estimates (continued)

Key judgements and estimates	Description
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 2023

Note 4.1 Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Land at fair value - Freehold	1,309	1,302
Total land at fair value	1,309	1,302
Buildings at fair value	6,267	6,252
Less accumulated depreciation	(583)	-
Total buildings at fair value	5,684	6,252
Property improvements at fair value	60	60
Less accumulated depreciation	(24)	(16)
Total property improvements at fair value	36	44
Works in progress at fair value	892	192
Total land and buildings	7,921	7,790
Plant and equipment at fair value	1,284	1,259
Less accumulated depreciation	(1,192)	(1,165)
Total plant and equipment at fair value	92	94
Motor vehicles at fair value	637	496
Less accumulated depreciation	(479)	(422)
Total motor vehicles at fair value	158	74
Medical equipment at fair value	1,909	1,786
Less accumulated depreciation	(1,375)	(1,284)
Total medical equipment at fair value	534	502
Computer equipment at fair value	441	429
Less accumulated depreciation	(428)	(421)
Total computer equipment at fair value	13	8
Furniture and fittings at fair value	529	504
Less accumulated depreciation	(380)	(349)
Total furniture and fittings at fair value	149	155
Total plant, equipment, furniture, fittings and vehicles at fair value	946	833
Total property, plant and equipment	8,867	8,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.1 (b) Reconciliations of the carrying amount by class of asset

	Note	Land \$'000	Land Improvements \$'000	Buildings \$'000	Building works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000
Balance at 1 July 2021		1,116	51	5,886	43	153	120	494	18
Additions		-	-	46	149	-	-	115	4
Disposals		-	-	-	-	(1)	-	-	-
Revaluation increments/(decrements)		186	-	1,023	-	-	-	-	-
Depreciation	4.4	-	(5)	(705)	-	(58)	(46)	(107)	(14)
Balance at 30 June 2022	4.1 (a)	1,302	46	6,250	192	94	74	502	8
Additions		7	-	15	700	26	141	123	12
Depreciation	4.4	-	(10)	(581)	-	(28)	(57)	(91)	(7)
Balance at 30 June 2023	4.1 (a)	1,309	36	5,684	892	92	158	534	13

	Note	Furniture & Fittings \$'000	Total \$'000
Balance at 1 July 2021		155	8,036
Additions		29	343
Disposals		-	(1)
Revaluation increments/(decrements)		-	1,209
Depreciation	4.4	(29)	(964)
Balance at 30 June 2022	4.1 (a)	155	8,623
Additions		25	1,049
Depreciation	4.4	(31)	(805)
Balance at 30 June 2023	4.1 (a)	149	8,867

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

Land and Buildings Carried at Valuation

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

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 are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

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. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment performed at 30 June 2023 which indicated an overall:

- increase in fair value of land of 2.31% (\$30,020)
- increase in fair value of buildings of 6.92% (\$393,271).

As the cumulative movement was less than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2023. 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 surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Right of use plant, equipment and vehicles at fair value	226	184
Less accumulated depreciation	(74)	(41)
Total right of use plant, equipment and vehicles at fair value	152	143
Total right of use plant, equipment and vehicles at fair value	152	143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.2(b) Reconciliations of the carrying amount by class of asset

	Note	Right-of-use - PE & Vehicles \$'000	Total \$'000
Balance at 1 July 2021		281	281
Additions		74	74
Net transfers between classes		(182)	(182)
Depreciation	4.4	(30)	(30)
Balance at 30 June 2022	4.2(a)	143	143
Additions		42	42
Depreciation	4.4	(33)	(33)
Balance at 30 June 2023	4.2(a)	152	152

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 and vehicles	2 to 3 years

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.

Subsequent measurement

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.3 Revaluation Surplus

	2023 \$'000	2022 \$'000
Balance at the beginning of the reporting period	8,421	7,212
Revaluation increment		
- Land	4.1 (b) -	186
- Buildings	4.2 (b) -	1,023
Balance at the end of the Reporting Period*	8,421	8,421
* Represented by:		
- Land	1,305	1,305
- Buildings	7,116	7,116
	8,421	8,421

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 4.4 Depreciation

Depreciation

Buildings
Plant and equipment
Motor vehicles
Medical equipment
Computer equipment
Furniture and fittings

Total depreciation - property, plant and equipment

Right-of-use assets

Right of use - plant, equipment and motor vehicles

Total depreciation - right-of-use assets

Total depreciation

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) 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.

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

Buildings
- Structure shell building fabric
- Site engineering services and central plant
Central Plant
- Fit Out
- Trunk reticulated building system
Plant and equipment
Medical equipment
Computers and communication
Furniture and fitting
Motor Vehicles
Land Improvements

2023 \$'000	2022 \$'000
591	710
28	58
57	46
91	107
7	14
31	29
805	964
33	30
33	30
838	994

2023	2022
5 to 36 years	5 to 36 years
8 years	8 years
3 to 20 years	8 years
3 to 20 years	8 years
3 to 15 years	3 to 7 years
3 to 15 years	7 to 10 years
3 to 5 years	2 to 4 years
5 to 20 years	10 to 13 years
5 to 10 years	10 years
8 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 2023

Note 4.5: Impairment of assets

How we recognise impairment

At the end of each reporting period, Terang and Mortlake Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

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

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

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

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

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

Terang and Mortlake Health Service did not record any impairment losses for the year ended 30 June 2023 (2022 Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

5.2 Payables

5.3 Contract liabilities

5.4 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.

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	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. 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.
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 2023

Note 5.1 Receivables

	2023	2022
Note	\$'000	\$'000
Current receivables		
Contractual		
Trade receivables	26	16
Patient fees	112	96
Amounts receivable from governments and agencies	36	19
Total contractual receivables	174	131
Statutory		
GST receivable	67	62
Total statutory receivables	67	62
Total current receivables	241	193
Non-current receivables		
Contractual		
Long service leave - Department of Health	1,026	800
Total contractual receivables	1,026	800
Total non-current receivables	1,026	800
Total receivables	1,267	993
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables	1,267	993
GST receivable	(67)	(62)
Total financial assets classified as receivables	1,200	931

7.1(a)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.1 Receivables (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** includes 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*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.2 Payables

Current payables

Contractual

	Note	2023 \$'000	2022 \$'000
Trade creditors		146	218
Accrued salaries and wages		115	192
Accrued expenses		30	22
Deferred capital grant income	5.2(a)	-	82
Inter hospital creditors		51	61
Amounts payable to governments and agencies		31	158
Total contractual payables		373	733
Total current payables		373	733
Total payables		373	733
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>			
Total payables		373	733
Deferred capital grant income		-	(82)
Total financial liabilities classified as payables	7.1(a)	373	651

How we recognise payables

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** comprises 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 2023

Note 5.2 (a) Deferred capital grant income

Opening balance of deferred capital grant income

Grant consideration for capital works received during the year

Deferred grant revenue recognised as revenue due to completion of capital works

Closing balance of deferred grant income

2023 \$'000	2022 \$'000
82	-
-	82
(82)	-
-	82

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health to support the refurbishment of our aged care facility. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Terang and Mortlake Health Service satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. Terang and Mortlake Health Service has recognised this revenue as the project was completed in 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.3 Contract liabilities

Opening balance of contract liabilities

Grant consideration for sufficiently specific performance obligations received during the year

Revenue recognised for the completion of a performance obligation

Total contract liabilities

* Represented by:

- Current contract liabilities

2023 \$'000	2022 \$'000
-	50
32	-
-	(50)
32	-
32	-
32	-

How we recognise contract liabilities

Contract liabilities include amounts recognised for activity based funding with the Department of Health. Where activity targets are not met, Terang and Mortlake Health Service is required to return excess funding in the following financial year.

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 maturity analysis of payables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 5.4 Other liabilities

	2023	2022
Note	\$'000	\$'000
Current monies held in trust		
Refundable accommodation deposits	2,143	3,006
Total current monies held in trust	2,143	3,006
Total other liabilities	2,143	3,006
* Represented by:		
- Cash assets	6.2 2,143	3,006
	2,143	3,006

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*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.27% and 2.28%.</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 2023

Note 6.1 Borrowings

	2023	2022
Note	\$'000	\$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	119	68
Total current borrowings	119	68
Non-current borrowings		
Lease liability ⁽ⁱ⁾	34	75
Total non-current borrowings	34	75
Total borrowings	153	143

ⁱ Secured by the assets leased.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs.

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 2023

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

2023 \$'000	2022 \$'000
155	146
(2)	(3)
153	143

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
Minimum future lease liability
Less unexpired finance expenses
Present value of lease liability

2023 \$'000	2022 \$'000
120	69
35	77
155	146
(2)	(3)
153	143
119	68
34	75
153	143

*** 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 and vehicles	2 to 3 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 6.1 (a) Lease liabilities (continued)

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 1.27% to 2.28%.

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

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

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the 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 2023

Note 6.2 Cash and Cash Equivalents

	2023 \$'000	2022 \$'000
Cash at bank (excluding monies held in trust)	3	55
Cash at bank - CBS (excluding monies held in trust)	5,413	3,315
Total cash held for operations	5,416	3,370
Cash at bank - CBS (monies held in trust)	2,143	3,006
Total cash held as monies in trust	2,143	3,006
Total cash and cash equivalents	7,559	6,376

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 2023 (2022 \$Nil).

Note 6.4 Non-cash financing and investing activities

	2023 \$'000	2022 \$'000
Acquisition of plant and equipment by means of Leases	42	85
Total non-cash financing and investing activities	42	85

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Terang and Mortlake Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Terang and Mortlake Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Terang and Mortlake Health Service's specialised land, non-specialised land and non-specialised buildings are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Terang and Mortlake Health Service's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Terang and Mortlake Health Service does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Terang and Mortlake Health Service categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Terang and Mortlake Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

	Note	Financial Assets at			Financial Liabilities	
		Amortised Cost	\$'000	at Amortised Cost	Total	\$'000
Total						
30 June 2023						
Contractual Financial Assets						
Cash and Cash Equivalents	6.2		7,559	-		7,559
Receivables	5.1		1,200	-		1,200
Total Financial Assetsⁱ			8,759	-		8,759
Financial Liabilities						
Payables	5.2	-		373		373
Borrowings	6.1	-		153		153
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-		2,143		2,143
Total Financial Liabilitiesⁱ			-	2,669		2,669

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.1 (a) Categorisation of financial instruments (continued)

	Note	Financial Assets at			Total
		Amortised Cost	Financial Liabilities at Amortised Cost	\$'000	
		\$'000	\$'000	\$'000	
Total					
30 June 2022					
Contractual Financial Assets					
Cash and cash equivalents	6.2	6,376	-	6,376	6,376
Receivables	5.1	931	-	931	931
Total Financial Assetsⁱ		7,307	-	7,307	7,307
Financial Liabilities					
Payables	5.2	-	651	651	651
Borrowings	6.1	-	143	143	143
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	-	3,006	3,006	3,006
Total Financial Liabilitiesⁱ		-	3,800	3,800	3,800

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

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 2023

Note 7.1 (a) Categorisation of financial instruments (continued)

Financial assets at amortised cost

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

- the assets are held by 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.1 (a) Categorisation of financial instruments (continued)

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 2023

Note 7.1 (a) Categorisation of financial instruments (continued)

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.

Redclassification 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 and interest rate 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 2022-23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2 (a) Credit risk (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2 (a) Credit risk (continued)

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 2023

Note 7.2 (b) Liquidity risk (continued)

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
	Note						
Total							
30 June 2023							
Financial Liabilities at amortised cost							
Payables	5.2	373	373	-	-	-	-
Borrowings	6.1	153	153	10	20	90	33
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	2,143	2,143	-	-	2,143	-
Total Financial Liabilities		2,669	2,669	383	20	2,233	33

	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
			Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
	Note						
Total							
30 June 2022							
Financial Liabilities at amortised cost							
Payables	5.2	651	651	-	-	-	-
Borrowings	6.1	143	143	3	10	20	110
Other Financial Liabilities - Refundable Accommodation Deposits	5.4	3,006	3,006	-	-	3,006	-
Total Financial Liabilities		3,800	3,800	654	10	3,026	110

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 7.2 (c) Market risk

Terang and Mortlake Health Service's exposures to market risk are primarily through interest rate 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 1.5% 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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 2023

Note 7.4: Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets.

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

Valuation hierarchy

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

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

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. There have been no transfers between levels during the period.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

	Note	Total carrying amount 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Specialised land		1,309	-	-	1,309
Total land at fair value	4.1 (a)	1,309	-	-	1,309
Land improvements		36	-	-	36
Specialised buildings		5,684	-	-	5,684
Total buildings at fair value	4.1 (a)	5,720	-	-	5,720
Plant and equipment	4.1 (a)	92	-	-	92
Motor vehicles	4.1 (a)	158	-	-	158
Medical equipment	4.1 (a)	534	-	-	534
Computer equipment	4.1 (a)	13	-	-	13
Furniture and fittings	4.1 (a)	149	-	-	149
Total plant, equipment, furniture, fittings and vehicles at fair value		946	-	-	946
Right of use Plant, Equipment & Vehicles	4.2 (a)	152	-	-	152
Total right-of-use assets at fair value		152	-	-	152
Total non-financial physical assets at fair value		8,127	-	-	8,127

		Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Specialised land		1,302	-	-	1,302
Total land at fair value	4.1 (a)	1,302	-	-	1,302
Land improvements		44	-	-	44
Specialised buildings		6,252	-	-	6,252
Total buildings at fair value	4.1 (a)	6,296	-	-	6,296
Plant and equipment	4.1 (a)	94	-	-	94
Motor vehicles	4.1 (a)	74	-	-	74
Medical equipment	4.1 (a)	502	-	-	502
Computer equipment	4.1 (a)	8	-	-	8
Furniture and fittings	4.1 (a)	155	-	-	155
Total plant, equipment, furniture, fittings and vehicles at fair value		833	-	-	833
Right of use Plant, Equipment & Vehicles	4.2 (a)	143	-	-	143
Total right-of-use assets at fair value		143	-	-	143
Total non-financial physical assets at fair value		8,574	-	-	8,574

ⁱ Classified in accordance with the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

How we measure fair value of non-financial physical assets

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

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

Terang and Mortlake Health Service has assumed the current use of a non-financial asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised land & non-specialised buildings

Non-specialised land and non-specialised buildings 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.

Specialised land and specialised buildings

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

The market approach is also used for specialised land 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

Vehicles

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

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 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

7.4 (b): Reconciliation of level 3 fair value measurement

	Note	Land \$'000	Buildings & Improvements \$'000	Plant, equipment, vehicles, furniture & fittings \$'000	Right of Use Assets \$'000
Total					
Balance at 1 July 2021		1,116	5,937	820	281
Additions/(Disposals)		-	46	147	74
Net Transfers between classes		-	-	120	(182)
Gains/(Losses) recognised in net result					
- Depreciation and amortisation		-	(710)	(254)	(30)
Items recognised in other comprehensive income					
- Revaluation		186	1,023	-	-
Balance at 30 June 2022	7.4 (a)	1,302	6,296	833	143
Additions/(Disposals)		7	15	327	42
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation		-	(591)	(214)	(33)
Balance at 30 June 2023	7.4 (a)	1,309	5,720	946	152

ⁱ Classified in accordance with the fair value hierarchy, refer Note 7.4.

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	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

		2023	2022
	Note	\$'000	\$'000
Net result for the year		2,345	(704)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	-	2
Depreciation and amortisation of non-current assets	4.4	838	994
Share of net results in associates	8.7	(6)	5
Capital donations and receipts		(121)	(15)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables		(274)	(130)
(Increase)/Decrease in inventories		(2)	-
(Increase)/Decrease in prepaid expenses		13	(25)
Increase/(Decrease) in payables and contract liabilities		(328)	507
Increase/(Decrease) in employee benefits		541	(71)
Net cash inflow from operating activities		3,006	563

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.2 Responsible persons disclosures

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

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

	Period
The Honourable Mary-Anne Thomas MP	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
Governing Boards	
Mr Benjamin Dennis	1 Jul 2022 - 30 Jun 2023
Ms Claire Dagley	1 Jul 2022 - 30 Jun 2023
Mr Anthony Harrison	1 Jul 2022 - 31 Oct 2022
Mrs Katie Harvey	1 Jul 2022 - 30 Jun 2023
Mrs Jane Henderson	1 Jul 2022 - 30 Jun 2023
Dr Nishant Hurria	1 Jul 2022 - 30 Jun 2023
Mr Murray Whiting	1 Jul 2022 - 30 Jun 2023
Ms Simone Meade	1 Jul 2022 - 30 Jun 2023
Mr Peter Habersberger	1 Jul 2022 - 30 Jun 2023
Mr John Parker	1 Jul 2022 - 30 Jun 2023
Ms Afaf Hadad	1 Jul 2022 - 30 Jun 2023
Accountable Officers	
Ms Julia Ogdin (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

\$90,000 - \$99,999

\$120,000 - \$129,999

\$200,000 - \$209,999

Total Numbers

2023 No	2022 No
11	10
-	1
-	1
1	-
12	12
2023 \$'000	2022 \$'000
\$236	\$248

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 State's Annual Financial Report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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

Total remunerationⁱ

Total number of executives

Total annualised employee equivalentⁱⁱ

Total Remuneration	
2023	2022
\$'000	\$'000
411	314
42	29
13	9
466	352
4	3
3.0	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.

Total remuneration payable to executives during the year was higher due to 2022 only including executives appointed partway through the financial year.

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	Mr Benjamin Dennis	Board Chair
Terang and Mortlake Health Service	Mrs Elizabeth Clarke	Board Member
Terang and Mortlake Health Service	Ms Julia Currell	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 Murray Whiting	Board Member
Terang and Mortlake Health Service	Ms Simone Meade	Board Member
Terang and Mortlake Health Service	Dr Peter Habersberger	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
Terang and Mortlake Health Service	Mrs Jane Bourman	Director of Community Health
Terang and Mortlake Health Service	Mr Timothy Pekin	Director of Finance & Administration

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 State's Annual Financial Report.

	2023 \$'000	2022 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	620	531
Post-employment Benefits	64	53
Other Long-term Benefits	18	17
Totalⁱⁱ	702	601

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 2023

Note 8.4: Related Parties (continued)

Significant transactions with government related entities

Terang and Mortlake Health Service received funding from the Department of Health of \$9.93 m (2022: \$8.86 m) and indirect contributions of \$0.34 m (2022: \$0.13 m). Balances outstanding as at 30 June 2023 are \$0.32 m (2022 \$0.16 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 2023 (2022: 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 2023 (2022: none).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of the financial statements

Total remuneration of auditors

2023	2022
\$'000	\$'000
28	28
28	28

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 2023

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023 %	2022 %
South West Alliance of Rural Health (SWARH)	Information Technology Services	1.34	1.86

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:

	2023 \$'000	2022 \$'000
Current assets		
Cash and cash equivalents	236	396
Receivables	80	104
Inventories	-	1
Prepaid expenses	11	14
Total current assets	327	515
Non-current assets		
Receivables	14	16
Property, plant and equipment	193	139
Total non-current assets	207	155
Total assets	534	670
Current liabilities		
Payables	115	179
Other Liabilities	180	243
Lease Liability	22	29
Employee Provisions	36	50
Total current liabilities	353	501
Non-current liabilities		
Other Liabilities	1	3
Lease Liability	43	37
Employee Provisions	8	5
Total non-current liabilities	52	45
Total liabilities	405	546
Net assets	129	124
Equity		
Accumulated surplus	129	124
Total equity	129	124

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Note 8.7 Joint arrangements (continued)

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

	2023 \$'000	2022 \$'000
Revenue and income from transactions		
Operating Activities	259	338
Non Operating Activities	-	26
Capital Purpose Income	42	3
Total revenue and income from transactions	301	367
Expenses from transactions		
Employee Benefits	141	170
Other Expenses from Continuing Operations	121	157
Finance Lease Charges	1	1
Depreciation	33	43
Total expenses from transactions	296	371
Revaluation of Long Service Leave	1	(1)
Net result from transactions	6	(5)

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 2023

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

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 2022/23



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