2013-14

TERANG & MORTLAKE HEALTH SERVICE

ANNUAL REPORT

TERANG & MORTLAKE HEALTH SERVICE

OUR **VISION**

To be a leader in the development of a vibrant, healthier community.

TERANG & MORTLAKE HEALTH SERVICE

WE **VALUE**

Compassion and responsiveness
– We care for the needs of our patients, clients and each other

Equity and fairness
– We make decisions objectively, without favouritism or bias

Ethical behaviour
– We act in an honest, open and confidential way

Accountability
– We use resources efficiently and acting responsibly

Excellence
– We strive for excellence in the delivery of healthcare

Respect
– We respect the rights of the individual

OUR **STRATEGIC GOALS**

Growth
– Services that meet demand and support our community

Governance
– Provide strong leadership to enact change

Culture & leadership
– Build culture to deal with sector changes

Financial
– Build models of sustainability

Innovation in service delivery
– New ways to respond to a new environment

Marketing
– Build awareness in the community

CONTENTS

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 Campus comprises 24 acute beds together with accommodation for 15 nursing home residents.

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

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

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

The former Mortlake District Hospital, which was established in March 1922, has undergone a significant role change following the amalgamation. Bed based services at Mortlake were de-commissioned, effective from 1st November 1994. The Mortlake Community Health Centre now provides a range of primary care, allied health, and chronic disease management and health promotion programs.

SERVICES **PROVIDED**

Primary Care

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

- Arthritis Education and Support Group
- Asthma Education
- Better Hearing Group
- Better Health Self-Management
- Blood Pressure Checks
- Community Health Centre available to community groups
- Community Network Meetings
- Counselling Services
- Diabetes Education
- Dietetics
- ECG Checks
- Health Education and Screening
- Immunisation Nurse Practitioner
- Live Life Well Program
- Massage Therapy / Myotherapy
- Occupational Therapy
- Optometry
- Physiotherapy
- Podiatry
- Positive Mental Health and Stress Programs
- Pre and Post Natal Care
- Speech Pathology
- Well Womens' Clinic – Breast Screen, Pap Smear Clinic

Services are also provided to community members to assist them with maintaining and improving their health.

- Adult Day Centre
- Community education programs and events
- Carers Support Group
- Men's Group - Moyne Shire
- Parenting Programs
- Presentations to Community Groups and other Health Agencies
- Strength Training
- Tai chi
- Therapeutic Touch
- Walking and Exercises Groups
- Yoga

Terang & 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 27 bed Acute Wing, Theatre and Outpatients / Casualty areas. These areas are accessed through the administration area in the front of the Health Service building facing Austin Avenue.

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

Aged Care

Mount View Nursing Home
Mount View is a purpose built 15 bed nursing home. It is considered to be an outstanding example of residential aged care. It is located adjacent the hospital facing Austin Avenue.

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

Other Services and Programs

- Tax Help
- Playgroup
- Equipment Hire
- Early Parenting Centre
- Maternal and Child Health – Moyne Shire
- Planned Activity Groups – Moyne Shire

PRESIDENT, BOARD OF MANAGEMENT & **CHIEF EXECUTIVE OFFICERS REPORT**

The 2013-14 financial year has been another year of significant challenges and achievements for Terang & Mortlake Health Service as we strive to provide quality care to our community. The following information provides a summary of some of the year's highlights as we work toward the achievement of our vision which is *"To be a leader in the development of a vibrant, healthier community"*.

The vision referred to above was developed at our most recent strategic planning Board retreat held in February of this year and is based on the following beliefs and understanding:

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

Further information regarding the Strategic Plan 2014-17 is recorded on page 2 of the Annual report.

From a financial viewpoint it is pleasing to report an operating surplus before capital and specific items amounting to approximately $60,200. The comprehensive result for the year amounts to a small surplus of $121,450.

It should be noted however, that this amount includes funds provided by the State government for capital equipment amounting to approximately $607,000, rental income of $10,700, interest on investments $141,000, donations and bequests $61,000 and depreciation on assets amounting to $753,000.

Government grants for capital equipment and donations and bequests received are not used for funding day to day operations of the organisation but are required by accounting rules to be recorded in the accounts as contributing to the net result for the year.

A summary of the financial result may be found in the Financial Overview and of course the Financial Report encompassing the Financial Statements and notes presents a detailed record of the year's results.

Leadership and Governance

During the year a number of health service staff, together with representatives from health services throughout the Barwon South West region, participated in a series of workshops which ultimately lead to the development of a draft plan titled 'Sustainable Health Services for the Barwon South West Region.'

In the past, development of regional collaborative initiatives and participation at regional, sub-regional and local levels has achieved significant benefits for the community and the participating health services.

In March representatives from the public hospitals and health services throughout the region agreed to participate in the development of a planned, systematic and accountable approach to collaboration as the key to building on those past successes.

The purpose of the plan is to enable the development of effective, efficient and valued collaborations over the coming years and has identified four key collaborative opportunities to progress these being:

- Telehealth, encompassing the three key streams of clinical, education and training and administration;
- Procurement and supply, including the development of a regional supply hub;

- Knowledge management, including accessibility to management and clinical data and;
- Sustainability of the workforce.

The Health Service Board is a keen participant in these planning processes as we believe that collaboration can lead to more efficient and effective planning and delivery of health services and ultimately to better health outcomes for the communities we serve. We look forward to working closely with the service providers and the Department of Health to implement strategies that will improve the accessibility to services for our community.

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

On 1 July 2014 Mr Graham Blain, Mrs Helen Kenna and Mr Barry Philp were reappointed to the Board of Management by the Governor in Council for a further three year term concluding on 30 June 2017. The Board are pleased to be joined by new member, Mr Murray Whiting who was also appointed to a three year term concluding on 30 June 2017.

During the year we farewelled three members of the Board: William (Bill) Whitehead and Doug Parker were first appointed to the Board in July 2010 and tendered their resignations during the year. Adam Box was first appointed to the Board in July 2013 and tendered his resignation after having taken on the position of Education Director for the South Australian Department of Education and Child Development and relocating with his family to Mount Gambier.

We record our appreciation for the dedication and service to Terang & Mortlake Health Service by all of our Board members.

The Health Services Vision, Values and Strategic goals are recorded on page 1 of the report and these provide direction and guidance to the Board of Management in the development of policy and plans and the delivery of services to our community.

Services to patients, residents and clients

In the year in review the demand for services delivered has been strong across the entire range of services provided by Terang & Mortlake Health Service. The demand for hospital beds reduced marginally in comparison to the previous year and we treated a total of 1,020 patients resulting in 3,390 patient bed days. Occupancy of the nursing home remained steady with the beds occupied at 98% throughout the year and the demand for community based services continues to increase and place pressure on the available resources. Demand for non-admitted services remained high, clients presenting for treatment at the Terang Hospital Urgent Care department numbered 2,845 whilst the clients presenting to the Primary Care department in Mortlake numbered 2,062.

The Community Health Centres at Terang & Mortlake were also busy throughout the year, 3,630 hours of service were provided by Allied Health and Primary Care practitioners to 1,368 clients, the District nurses provided 6,152 hours of service to their 424 clients and the Terang Day Centre provided 20,051 hours of service to 123 clients.

Human Resources

Terang & Mortlake Health Service is supported by a highly skilled and dedicated workforce across all areas of operations including Nursing,

Primary Care & Community Health, Cleaning and Domestic, Catering, Administration and Maintenance services staff. We employed over 150 people in the past year and continue to be a major employer in the Terang & Mortlake districts.

Throughout the organisation there is a strong commitment toward the provision of services that are safe and of the highest quality.

During the year we welcomed 17 new members of staff, nine in nursing, two in hotel services, three in primary care services, and three in the administration department.

All staff are encouraged to maintain and enhance their skills and to participate in in-service education sessions presented throughout the year. Our face-to-face mandatory training day was held on 4 days throughout the year and attended by 77 members of staff who participated in a range of sessions and presentations on Infection Control, Occupational Health & Safety, Person Centred Care, Chronic Disease Management, Fire and Emergency Procedures, Quality Improvement, Risk Management, Environmental Management; Cardio Pulmonary Resuscitation (CPR) and No-lift and Manual Handling.

Nursing staff participate in the sub-regional Continuing Nurse Education program which provides education sessions on various topics chosen by the nursing workforce and our Mortlake nursing staff spent 2 days at the South West Healthcare Accident & Emergency Department in Warrnambool to ensure their skills are maintained at a high level.

The Terang and Mortlake campuses continue to be well served by the local General Practitioners of the Terang and Mortlake clinics, by the General Surgeon Mr. Carl Murphy, visiting Physicians from the Warrnambool Physicians Group and by Visiting Obstetricians & Gynaecologists from the Greenwell Specialist Clinic.

Quality Improvement and Risk Management

The Quality Improvement Committee oversees the continuous development and improvement of our quality and risk management plans.

The month of May 2014 turned out to be "accreditation month" for the health service. On 19 & 20 May, two representatives from the Australian Aged Care Quality Agency undertook an accreditation survey of Mount View Nursing Home against the aged care accreditation standards recorded in the Quality of Care Principles 2014 published by the Federal Minister for Social Services. There are four Standards titled Management systems, staffing and organisation development; Health and personal care; Care recipients lifestyle and; Physical environment and safe systems. There are 44 expected outcomes across the four standards and homes are expected to comply with all 44 expected outcomes at all times. Mount View was found to be compliant with all 44 outcomes and has been re-accredited until August 2017.

The following week four surveyors from the Australian Council on Healthcare Standards (ACHS) conducted an Organisation Wide Survey against the 15 EQuIPNational accreditation standards together with a survey against the Community Common Care Standards that are applicable to the services provided from our Community Health Centres in Terang and Mortlake.

The EQuIPNational program was developed to complement the introduction of the Australian Commission on Safety & Quality Health Service Standards which became mandatory for all public health services on 1 January 2013. EQuIPNational allows a comprehensive organisation wide assessment monitoring and reporting of clinical and non-clinical systems & processes.

The National Standards were developed by the Australian Commission on Safety and Quality in Healthcare (ACSQH) and have been adopted by the Health Minister in each State and Territory. The fundamental aim of the National Standards

is to protect individuals from harm and improve the quality of health services delivered throughout the country. The Standards are deigned 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 ten national Standards under the following headings:

1. Governance for safety and quality in health service organisations
2. Partnering with consumers
3. Preventing and controlling healthcare associated infections
4. Medication safety
5. Patient identification and procedure matching
6. Clinical handover
7. Blood and blood products
8. Preventing and managing pressure injuries
9. Recognising and responding to clinical deterioration in acute health care
10. Preventing falls and harm from falls.

EQuIPNational delivers an additional five standards derived from the EQuIP program which complement the NSQHS Standards. These five standards are:

11. Service delivery
12. Provision of care
13. Workforce planning & management
14. Information management
15. Corporate systems & safety

Within the 15 Standards there are 68 criteria and 367 actions. Of the 367 actions 233 are considered Core or Mandatory the remaining 134 are developmental.

Standards:		**NHQHS = 10** **EQuIP = 5**
Criteria:		**NHQHS = 41** **EQuIP = 27**
Actions:	**(209 Core)** **(24 Mandatory)**	**NHQHS = 256** **EQuIP = 111**

In order to pass accreditation organisations are required to be found compliant with the Core & Mandatory actions and be able to demonstrate progress toward compliance with non-core and non-mandatory standards. It is pleasing to report that at the conclusion of the survey we were found to be compliant with all 367 action and have been awarded a further 4 years accreditation.

In conjunction with the Organisation Wide Survey a survey was undertaken by representatives from the ACHS of the Josie Black Community Health Centre and Mortlake Community Health Centre under the Community Care Common Standards. This survey reviewed our HACC funded programs encompassing Allied Health, District Nursing, Personal Care, Volunteer Coordination and Planned Activity Group services. This survey is comprised of three Standards under the titles Effective management, Appropriate access and service delivery and Service user rights & responsibilities. Within the three standards are 18 outcomes and again it is pleasing to advise that we were found compliant with all 18 outcomes.

The results of our accreditation surveys are a credit to the hard working staff, testament to the high levels of safety and quality adopted by staff and a credit to the Board of Management and all staff within the organisation.

Community Advisory Committee

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

Once again a major achievement of the committee was the publication of the 2012-13 Quality of Care Report which was issued in a newspaper format. The Chair of the Committee, Mrs Eve Black and Mrs Susan Keane played a lead role in the development of the report drafting the human interest stories based on community members experience with the

Health Service. We received in excess of 30 overwhelmingly positive responses to our survey which sought to find whether people who received the report found it useful and of interest. The Committee is currently involved in the development of the 2013-14 Quality of Care report which will be distributed throughout the TMHS catchment area toward the end of this year.

Mrs Eve Black continues to represent members of the Community Advisory Committee attending meetings of the Quality Improvement Committee and the monthly meeting of the Board of Management to provide a consumer perspective to the matters discussed. Eve also participates in the delivery of training sessions for staff providing a consumer perspective during discussion surrounding the Person centred care training module.

The Consumer Advisory Committee is made up by 6 members of the community, Mrs Eve Black, Mrs Susan Keane, Mrs Jude O'Brien, Mrs Judy Walters, Mrs Jean Edwards and Mrs Dorothy Selman. The Board is very appreciative of the role undertaken by the committee and looks forward to their on-going input and assistance.

Facilities and Equipment

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

A capital grant provided by the Department of Health in the prior financial year was utilised to develop a Procedure Recovery Unit for people leaving the operating theatre and a waiting room for the Urgent Care Department. Development of the recovery unit involved the relocation of the pharmacy store and conversion of one 2 bed ward and a single bed ward to create a three trolley recovery unit and theatre admissions suite. Development of a waiting room for the Urgent Care department has resulted in improved confidentiality and privacy for Urgent Care patients as others waiting for treatment are now located outside the unit rather than within.

We have again been fortunate to have received substantial capital funding from the Department of Health in the year in review. These funds amounting to $544,000 are allocated to a refurbishment of the acute hospital ward and we anticipate that the works will be completed in the first half of 2015. These works will result in a reduction in the number of shared rooms and an increase in the number of single rooms with dedicated en-suite facilities.

Other funds received from the Department of Health were utilised to purchase two high-low beds and a lifting machine and a CCTV security system for the hospital.

The members of the Terang Hospital Ladies Auxiliary group held a number of successful functions during the year. The auxiliary hosted two in-house music afternoons, both of which sold out well in advance and an open garden weekend. The annual golf, bowls and croquet evening held in February was again a great success with over 60 participants taking part and enjoying the barbeque afterwards. We are extremely grateful for the untiring support of this dedicated band of ladies.

We also received a generous donation from students of Mercy Regional College which was utilised to purchase furniture for the residents of Mount View nursing home.

Community Support

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

During the year the Murray to Moyne Cycle Relay Teams in Terang and Mortlake raised in excess of $23,000. $5,000 of this amount was again provided by the Terang Op Shop and we are extremely grateful for their on-going support.

Funds raised by the Terang relay team were allocated toward the purchase of an Infinity Delta Anaesthetic Monitor for use in the Procedure Recovery Unit. Funds raised by the Mortlake relay team, in excess of $4,000, will be used to acquire new examination lights and equipment for the primary care department together with new outdoor seating for the Ti-Tree day centre.

We extend our sincere appreciation to the 100 plus community volunteers who assist with the delivery of services to clients at Mount View Nursing Home, 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 has continued to grow. This service is reliant on the 60+ volunteers who deliver meals throughout the town and we thank them for, and look forward to, their on-going support.

Thanks also go to Tweddle Child and Family Health Service, South West Healthcare, Timboon and District Health Service, Colac Area Health, the South West Alliance of Rural Health (SWARH), South West Primary Care Partnership for their assistance and support of the joint appointment of our Health promotion officer in partnership with Deakin University, Corangamite and Moyne Shires, the Great South Coast Medicare Local and all other providers of health and health related services that have assisted TMHS throughout the year.

Conclusion

The Board of Management, whilst reflecting on the achievements of the financial year in review, will continue to focus on the long-term strategic goals of the organisation. We look forward to participating in the Rural Sustainable Hospitals Project that will provide new and additional opportunities to work collaboratively with the other agencies and providers throughout the region, and to the on-going implementation of our Strategic Quality Improvement Plan that will assist us to meet the health and well-being needs of the community.

Whilst 2014-15 is shaping up to be another challenging year we are confident that we will continue to build on and improve the services we provide to our community through the adoption of our “What can we do next” attitude.

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 2014.

Graham Blain
Chair

Mark Johnson
Chief Executive Officer

Terang
24th July 2014

STATEMENT OF **PRIORITIES**

Part A: Strategic Priorities for 2013-14

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

In 2013-14 Terang & Mortlake Health Service contributed toward the achievement of these priorities by undertaking the following actions.

Priority	Action	Deliverable	Progress
Developing a system that is responsive to people's needs.	• Implement formal advance care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted.	• Review the Advanced Care Plan policy, evaluate current level of compliance and implement strategies to ensure compliance with NSQHS Standard 12 - Provision of Care.	The Advanced Care Plan policy was reviewed and revised. Members of the Home and Community Care (HACC) discharge planning group undertook an audit of the number of clients with/without an Advanced Care Plan (ACP) and found that only 14% of District Nursing Service clients had an ACP in place. A further audit of 30 hospital inpatient histories of patients aged 60+ years indicated that only 16% had an ACP in place. Acute inpatients & Community Health Centre clients are now provided with ACP information, & encouraged to complete an ACP with assistance from the District Nursing staff. An ACP Information session was held for clients of the Live Life Well (Chronic disease management) program and was attended by 15 people. Presentations on ACP were made to the Mortlake Network Group, Mortlake Probus club and Terang Rotary Club . District Nursing staff are rostered one day per fortnight to assist clients to develop an Advanced Care Plan over a 2 week period. An initial appointment is held to provide information to the client and discuss the process of ACP development. A second appointment is then held to complete the Advanced Care Plan documentation.
	• In partnership with other local providers apply existing service capability frameworks to maximise the use of available resources across the catchment.	• Strengthen the recently established partnership with Deakin University, Corangamite Shire and the SWPCP to implement and achieve the objectives of the Heart of Corangamite and South West Healthy Kids projects.	During the year our partnership with Deakin University was strengthened with the appointment of our second graduate Health Promotion Officer. At the conclusion of Tracey Egan's 12 month graduate appointment in December 2013, Emily Grant was appointed to the role in January 2014 for a 12 month period. The Health Promotion Officer is employed by TMHS 4 days per week and plays a lead role in the delivery of the Heart of Corangamite and South West Healthy Kids projects. Deakin University employs the Health Promotion Officer 1 day per week as an Associate Lecturer in the School of Health Sciences at their Warrnambool campus.

Priority	Action	Deliverable	Progress
			The partnership between TMHS and Deakin provides new graduates with an opportunity to start their career supported by both organisations and by the South West Primary Care Partnership (SWPCP) who arrange mentoring and professional support. During the year the Health Promotion officers were involved in the following: • Development of the Heart of Corangamite Leadership Action Plan • Development of the Heart of Corangamite Nutrition Group Action Plan 2014-2017 • Development of the Heart of Corangamite Physical Activity Group Action Plan 2014-2017 • Implementation of the South West Healthy Kids Healthy Lunch Box Activities, "Swap It" and "Master chef" programs at Mortlake P12 College • Establishment of a Parent focus group to be led by SWPCP Dietician to implement "Healthy lunch box blitz".
Improving every Victorian's health status and experiences.	• Improve thirty-day unplanned readmission rates • Use consumer feedback to improve person and family centred care, and patient experience.	• Develop and implement a post-discharge review process to monitor & improve access to, and coordination of, home based services for patients at risk of readmission. • With assistance from the Consumer Advisory Committee, develop and implement a module on consumer participation/ person centred care to be included in the Mandatory Training program from 2014 onwards.	Post discharge follow-up phone calls commenced in 2013 and are intended to ensure that patients who have had a surgical procedure have been able to access adequate support following their discharge. Over 125 telephone calls have taken place and 98% of those surveyed report that they were highly satisfied with their hospital experience. Concerns were raised by six patients following discharge, these people satisfied having had an opportunity to make comment and voice their concerns via the follow-up phone call process. The Live Life Well Coordinator has commenced a twice weekly review of inpatient admissions to identify potential unplanned readmissions and has a conversation with readmitted patients to determine the reason for readmission and identify potential improvements we might make in order to avoid or reduce un-planned readmissions. The Chair of the Consumer Advisory Committee participated with staff in the development of the 2014 Mandatory Training Program and attends training sessions to assist in the presentation of a training module on aspects of Person Centred Care and diversity.

Priority	Action	Deliverable	Progress
Expanding service, workforce and system capacity.	• Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility.	• Participate in the Moyne cluster of the Allied Health Assistant Implementation Program.	The Director of Primary Healthcare sits on the steering committee of the Moyne cluster undertaking the Allied Health Assistant project. During the year a strategic plan was developed to guide the program, a clinical leadership seminar held for Allied Health Professionals and agreement was reached with the Heywood cluster to pool funding and resources to enable training for Allied Health Assistants. Development of a Model of Care incorporating allied Health Assistants and Allied Health Professionals has commenced. The steering committee is currently working closely with the Great South Coast Health Articulation project team and SWTAFE and have developed a training package to up-skill current AHA's to expand their scope of practice. This is also available to other staff within the cluster who have suitable training such as Enrolled Nurses.
Increasing the system's financial sustainability and productivity.	• Reduce variation in health service administration costs (Mandatory). • Identify opportunities for efficiency and better service delivery (Mandatory).	• Review the Operating budget and identify strategies to reduce administrative expense incorporating regular monitoring & accountability by Department Heads. • To identify and implement collaborative Telehealth opportunities to improve efficiency.	A number of initiatives have taken place during the year to reduce administration expenditure. These include savings in printing & stationery costs following the purchase of iPads for senior staff and Board members and circulation of all committee agendas and minutes emailed via merged pdf rather than hard copy distribution. Other initiatives have included the non-replacement of Administration staff on leave leading to a reduction in salaries & wages. During the year health services throughout the region formed a steering committee named the Barwon Southwest Strengthening Health Services Steering Committee. The TMHS CEO has been appointed to the steering committee. The committee has established a number of projects including a project to aimed toward the establishment of a flexible and responsive telehealth program that offers solutions for a sustainable health and wellbeing system focused on the best interests of consumers and the community. The project is on-going.
Implementing continuous improvements and innovation.	• Develop and implement improvement strategies that optimise access, patient flow, system coordination and the quality and safety of hospital services.	• Complete the Capital Enhancement Works funded under the Rural Capital Support Fund to develop the Procedure Recovery unit to facilitate improved patient experience.	The development of a Procedure Recovery unit adjacent to the theatre and waiting room for the Urgent Care department were completed in November 2013. Three electric trolleys/recliners were delivered in early May and procedure recovery area is fully operational. Feedback from theatre staff, the visiting surgeons and most importantly form patients, has been overwhelmingly positive.

Priority	Action	Deliverable	Progress
Increasing accountability & transparency.	• Prepare for the National Safety & Quality Health Service Standards.	• Develop and implement safety & quality "portfolios" and assign staff to ensure compliance with the NSQHS Standards and other accreditation requirements.	During the year Portfolio Groups were established and tasked with the role of ensuring that TMHS would meet the 15 safety and quality standards encompassed within the EQuIPNational accreditation program. The success of these groups and of all staff within the organisation was evidenced at the conclusion of our Organisation Wide Survey which took place in May and found us to be compliant with all 15 Standards and 367 actions. Following the review we have been awarded accreditation until July 2018.
	• Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance.	• Build capacity within the Consumer Advisory Committee to enable members to participate in the planning, delivery and evaluation of care provided through participation in quarterly (4) Quality Improvement Committee meetings.	The Chair of the Consumer Advisory Committee is a member of the Quality Improvement Committee and attends Board of Management meetings as an observer.
Improving utilisation of e-health and communications technology.	• Maximise the use of health ICT infrastructure.	• Prioritise objectives and commence implementation of the ICT Strategic Plan and in particular the increased utilisation of video conferencing and implementation of digital signage.	During the year the Information and Communication Technology Strategic Plan was adopted by the Board of management. Initiatives completed following adoption of the plan include: • Installation of Samsung HD Television in Terang Campus Boardroom and connected to existing Polycom ASX 6000 video-conferencing unit to enable meeting attendance via teleconference resulting in a reduction in transport costs. • Installation of Digital Signage at the Josie Black Community Health Centre in Terang. Installation of digital signage will be completed in Mortlake in 2014-15. • Renewal program of all PC workstations and laptops. • Upgrade of additional laser printers. • Partial implementation of the BEIMS asset register and preventative maintenance software.

STATEMENT OF **PRIORITIES**

Part B: Service Performance for 2013-14

Financial Performance

Key Performance Indicators	Target	2013-14 Actuals
Operating Result		
Annual operating result ($m)	0.057	0.060
Cash Management		
Creditors (average payments days)	< 60 days	31
Debtors (average collection days)	< 60 days	41

Service Performance

Key Performance Indicators	Target	2013-14 Actuals
Quality and Safety		
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning Standards	Full compliance – 90%	Full compliance – 98%
Health care worker immunisation - influenza	60	65
Submission of data to VICNISS (1) Hospital acquired infection surveillance	Full compliance	Full compliance
Hand Hygiene Program rate	70	89
SAB rate per occupied bed days	<2/10,000	0
Victorian Patient Satisfaction Monitor (OCI) (2)	73	88
Consumer Participation Indicator (3)	75	86
People Matter Survey	30	32
Maternity Services		
Percentage of women with prearranged postnatal home care	100	100

(1) VICNISS is the Victorian Hospital Acquired Infection Surveillance System
(2) The target for the Victorian Patient Satisfaction Monitor is the Overall Care Index (OCI) which comprises six categories
(3) The Consumer Participation Indicator is a category of the Victorian Patient Satisfaction Monitor.

OUR **COMMITTEES**

Principal Committees

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

Board of Management

Responsible for the overall direction of the Health Service including Planning, Staffing, Patient Care, Safety and Financial Management.

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

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

Board Executive Committee

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

Quality Improvement Committee

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

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

Medical Advisory/Credentials Committee

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

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

Physical Resources and Planning Committee

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

Audit and Compliance Committee

Assists the Health Service Board in fulfilling its financial oversight responsibilities in line with the requirements of the Financial Management Compliance framework.

The 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 Committee / Drug Advisory Committee

Develops recommendations and assists in implementing changes as required in policies and procedures. Monitors areas of concern in medical and nursing organisation and discusses matters pertinent to the managerial aspect of patients and staff.

Monitors the Pharmacy Service, formulates and recommends policies, and undertakes surveys to measure compliance in such areas a drug storage, administration and rationalisation. Drug incompatibilities are also monitored.

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

Infection Control Committee

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

Primary Health Care Committee

Facilitates the development of philosophy, goals and objectives in the planning, development, implementation and evaluation of Population Health and Health Promotion Programs.

Promotes an understanding of population health and health promotion philosophy, goals and objectives throughout the organisation.

Provides a forum for health service planning and facilitate networking at a local, regional and state level.

Occupational Health and Safety Committee

Reviews and advises upon existing policies, programmes and practices of Health and Safety Issues and recommends solutions.

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

Develops and initiates Staff Educational Programmes.

Community Advisory Committee

Provides direction and leadership to the integration of consumer, carer and community views toward the planning and delivery of services.

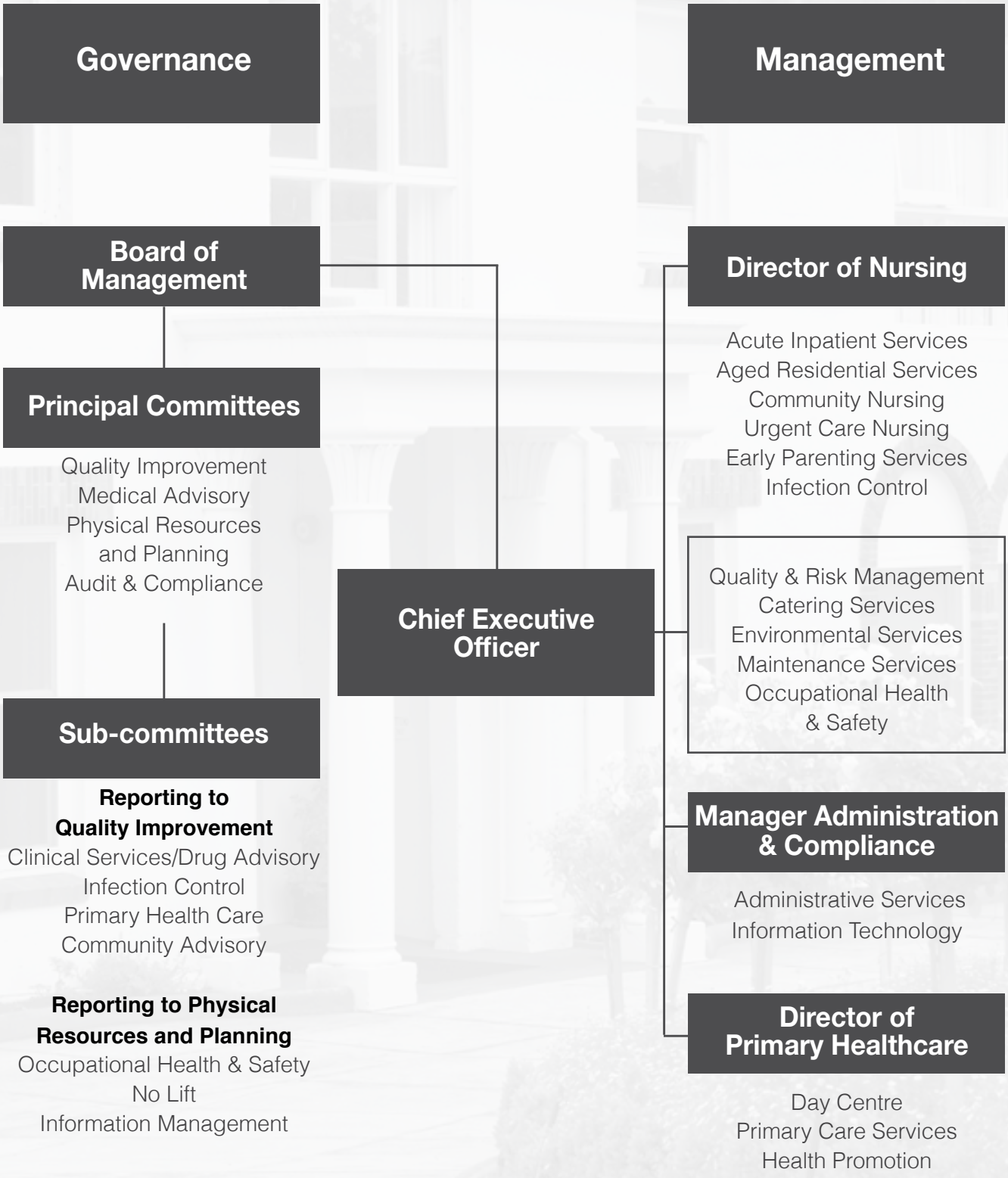
Department Heads Meeting

Provides a forum for fostering communication in relation to issues raised by Departmental Heads.

Information Management Committee

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

ORGANISATIONAL **STRUCTURE**



OFFICE BEARERS **AND COMMITTEE**

For the year ended 30th June, 2014

President

Mr. Graham Blain
First appointed - 1.11.2004
Audit & Compliance Committee
Physical Resources & Planning Committee
Medical Advisory Committee
Quality Improvement Committee

Senior Vice President

Mr. Barry Philp
First Appointed – 1.07.2012
Physical Resources & Planning Committee
Quality Improvement Committee

Junior Vice President

Mr. Geoff Barby
First Appointed – 1.07.2008
Physical Resources & Planning Committee
Audit & Compliance Committee

Treasurer

Mrs. Helen Kenna
B. Arts, Dip. Ed., Grad. Dip. Std Welfare
First Appointed – 1.07.2012
Physical Resources & Planning Committee
Audit & Compliance Committee

Committee Members

Mr. Doug Parker
First Appointed – 1.07.2010
Medical Advisory Committee
Quality Improvement Committee
Retired 30.06.2014

Mr. Charles Whitehead
First Appointed – 1.07.2010
Quality Improvement Committee
Retired 30.06.2014

Mr. David Selman
First Appointed – 1.07.2010
Physical Resources & Planning Committee
Medical Advisory Committee

Mr. Adam Box
First Appointed – 1.07.2013
Audit & Compliance Committee
Retired 30.06.2014

Mr. Craig Coates
First Appointed – 1.07.2013
Quality Improvement Committee

Solicitors

Taits Legal

Bankers

Australia & New Zealand Banking Group Ltd

Auditor-General's Agent

Coffey Hunt & Co
Warrnambool

EXECUTIVE **STAFF**

For the year ended 30th June, 2014

Chief Executive Officer

Mr. M.A. Johnson, B. Bus (Accounting), MPPM, FCPA, GAICD

Director of Nursing

Mrs. J. Fitzgibbon, R.N., B Nursing

Director of Primary Healthcare

Mrs. M. Mitchell, R.N.

Manager, Administration & Compliance

Mr. B.A. Williams, Adv. Dip. Bus (Accounting)

STAFF **LISTING**

For the year ended 30th June, 2014

Unit Manager

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

Mortlake Coordinator

Mrs. K. Nicholson, R.N., B. Nursing, Grad. Dip. Rural, Social Welfare

Maintenance Supervisor

Mr. I. Barrand, Painter and Decorator

Catering Supervisor

Mrs. K. Dwyer, Cert III in Hospitality (Operations) Dip. Business Management Dip. Human Resources

Environmental Services Officer

Mrs. G. Saunders

Quality, Risk & Occupational Health & Safety Coordinator

Mrs. L. Sanderson, Dip. OHS, Dip. HRM, Cert IV Workplace Assessment and Training Cert. IV OHS

Health Information Officer

Ms. Carolyn Crowe, Clinical Coder

Nursing

Mrs. T. Harris, R.N (Nursing Home)

Mrs. R. Barby, R.N. (District Nursing)

Ms. J. O'Brien, R.N., Cert Infection Control (Nursing)

Mrs. M. Symons, R.N., Graduate Certificate of Diabetes Education (Diabetes Educator)

Visiting Allied Health Staff

Ms. T. Thom, B. Nutrition & Dietetics

Ms. D. Clarke, B. App. Sc. (Phys.), M. Physio

Ms. M. Richter-Rundell, B. App. Sc. (Podiatry)

Ms. A. Savvaidis,

Mr. P. McCormack, B. Hsc. Mast. Pod. Prac

Mr. A. Gray, B.A., B. Bus., Grad. Dip. Couns. Psych., Dip. Ed., M.A.P.S.

Mr. J. Hill, B. App. Sc. (Phys.), Hons. M.A.P.A.

Mr. B. Hoekstra, Dip. Physio, M. Physio, B. Psych.

Ms. C. Brown, B. App. Sc. (Speech Pathology)

Ms. M. Richter- Rundell, Dip.Ch (Vic), M.A.Pod.A., Grad. Cert. Diab. Ed

Ms. E. O'Brien, B. App. Sc. (Podiatry)

Ms. E. Adams, B. App. Sc. (Speech Pathology)

Visiting Medical Staff

Dr. N. Bayley, M.B., B.S., F.R.A.C.P.

Dr. C. J. Beaton, M.B., Ch.B. (Edin), F.R.A.N.Z.C.O.G., M.R.C.O.G., M.R.C.G.P.

Dr. A. Brown, M.B., B.S., F.R.A.C.G.P., D.R.A.C.O.G, A.C.R.R.M.

Dr. C. Charnley, M.B., B.S., F.R.A.C.P.

Dr. T.R.C. Fitzpatrick, M.B., B.S., F.R.A.C.G.P., D.R.A.C.O.G., Master. Dip. Family Medicine, Member Sports Medicine Aust.

Dr. N. H. Jackson, M.B., B.S., M.R.C.P. (U.K.), D.R.C.O.G., F.R.A.C.G.P.

Dr. A. Kishantha, M.B., B.S.

Dr. L. Martynova, M.B., B.S.

Dr. S. J. Menzies, M.B., B.S., M. Med. F.R.A.C.G.P., D.R.A.N.Z.C.O.G. (Advanced)

Dr. B. Morphett, M.B., B.S., F.R.A.C.P.

Mr. C. Murphy, M.B., Ch.B., F.R.A.C.S., F.R.C.S (Glasgow), F.R.C.S.I.

Dr. S. Nagarajah, M.B., B.S., F.R.A.C.P.

Dr. E. Uren, M.B, B.S, F.R.A.N.Z.C.O.G.

Dr. B. Shi, M.B., B.S.

Dr. S. Wu, M.B., B.S.

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 Minister
Mr David Davis MLC,
Minister for Health, Minister for Ageing.

Manner of Establishment

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

Declaration of Pecuniary Interest

When pecuniary interests exist, declarations of pecuniary interest have been obtained from relevant members of the Board of Management and Senior Management Staff.

Setting of Fees

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

Requests Lodged Under the Freedom of Information Act

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

A total of 9 valid requests for information under the Freedom of Information Act was processed during the 2013/14 financial year.

Merit & Equity

TMHS is subject to the Equal Opportunity Act 1995.
The Purpose of the Act is:-

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

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

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

Work Place Incidents

Terang & Mortlake Health Service has continued to review and develop policies and procedures in accordance with relevant legislative requirements. There were four (4) new reported Work Cover incidents during the 2013-14 financial year. One was classified as a standard claim and three as minor claims. Between the four claims, 15 days lost time has been recorded. All four employees participated in a 'Return to Work Plan' and have returned to pre-injury hours and duties.

Consultancies

In 2013-14, there was one (1) consultancy where the total fees payable to the consultant was $10,000 or greater. The total expenditure incurred during 2013-14 in relation to this consultancy was $29,752 (excluding GST).

Details of individual consultancies (valued at $10,000 or greater) see TABLE 1 at the bottom of this page.

In 2013-14, there were two (2) consultancies where the total fees payable to the consultants were less than $10,000. Details of individual consultancies can be viewed at www.tmhs.vic.gov.au

TABLE 1

Consultant	Purpose of Consultancy	Start Date	End Date	Total approved fee	Expenditure 2013-14 (excluding GST	Future Expenditure (excluding GST)
Health-e Workforce Solutions	Development of an organisation-wide workforce plan	30/4/14	30/6/14	$29,752	$29,752	$0

Building Act 1993

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

Protected Disclosure Act 2012

Terang and Mortlake Health Service has in place appropriate procedures for disclosures in accordance with the *Protected Disclosures Act 2012*. No protected disclosures were made under the Act in 2013-14.

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.

Comments and Complaints

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

Competitive Neutrality Policy Statement Victoria

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

Statement of Availability of Other Information

The following information, where it relates to Terang and Mortlake Health Service and is relevant to the financial year 2013 / 2014 is available upon request by relevant Ministers, Members of Parliament and the public.

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

Victorian Industry Participation Policy

In October 2003, the Victorian Parliament passed the Victorian Industry Participation Policy Act 2003, which requires public bodies and departments to report on the implementation of the Victorian Industry Participation Policy (VIPP). Departments and public bodies are required to apply VIPP in all tenders over $3 million in metropolitan Melbourne and $1 million in regional Victoria.

Terang and Mortlake Health Service abide by the principles of the Victorian Industry Participation Policy. In 2013/2014 there were no contracts commenced or completed by Terang and Mortlake Health Services under this Act.

Environmental Sustainability Performance

Terang and Mortlake Health Service (TMHS) is genuinely committed to maintaining and improving the health and wellbeing of the people and communities we serve.
To that end, we recognise the need to use our resources wisely and effectively without compromising our standards of care.
We also acknowledge our responsibility to provide a leadership role for environmental sustainability. In this regard, TMHS has developed and implemented an organisation- wide Environmental Management Plan to reduce energy use, conserve water and reduce the volume of waste sent to landfill. It is an expectation that all members of the TMHS team play their part to minimize unnecessary energy waste and actively participate in recycling initiatives.
A comparison of the Health Services' environmental performance over a five year period is as follows:

Utility	2013/14	2012/13	+/- % change	2011/12	2010/11	2009/10
Electricity (kwh)	423,256	524,301	-19%	533,048	414,417	413,301
LP Gas	53,270	54,338	-2%	61,745	110,436	107,886
Diesel (litres)	0	0	-	0	24,240	24,745
Water (KiloLitres)	6,089	6,005	+1%	5,944	5,966	5,701

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

- Replacement of Diesel fired boilers with split system heating/cooling units at both the Terang & Mortlake campuses in early 2011;
- Installation of a solar hot water pre-heating system at Terang Hospital designed to reduce LPG and electricity usage;
- Installation of automatic time clocks for more efficient controls of our heating systems;
- We have a general waste recycling program in place;
- Replacement of Pan-sanitizers with Macerators has reduced water consumption;
- Centralization of internal laundry services in December 2011 with new energy efficient washers and a gas fired commercial dryer will reduce both electricity and water consumption;
- All fixed and hand held shower heads were replaced with variable flow models in May 2013 which reduce water usage from 12.5 litres per minute to less than 9 litres per minute (28% reduction in water use);
- Replacement of six cylinder vehicles with fuel efficient four cylinder models (District Nursing and Fleet vehicles);
- Implementation of Battery recycling in 2010;
- Replacement of disposable Sharps containers with re-usable containers;

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

Attestation on Data Accuracy

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

Attestation on Compliance with Australian/New Zealand Risk Management Standard

I, Mark Johnson, certify that the Terang and Mortlake Health Service has developed and implemented risk management processes consistent with the Australian/New Zealand Risk Management Standard and an internal control system has been implemented which enables the executives to understand, manage and satisfactorily control risk exposures. The risk management processes noted above are presented to the Audit and Compliance Committee who verify this assurance annually and that the risk profile of the Terang and Mortlake Health Service has been critically reviewed on an annual basis.

Attestation on Insurance

I, Mark Johnson, certify that the Terang & Mortlake Health Service has complied with Ministerial Direction 4.5.5.1 – Insurance.

Mark Johnson
Accountable Officer

Terang
24th July 2014

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 2013-14 financial year in the following program areas:

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

The Health Service completed the financial year with an overall surplus of $989,738 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:

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

	2013/14	2012/13	2011/12	2010/11	2009/10
Total Expenses	11,316,507	11,358,116	10,618,600	10,431,021	9,516,766
Total Revenue	11,437,957	11,277,749	10,503,595	10,106,218	9,047,632
Operating Surplus/ (deficit)	121,450	(80,367)	(115,005)	(324,803)	(469,134)
Retained Surplus/ (Accumulated deficit)	903,169	781,719	862,086	977,091	1,301,894
Total Assets	13,115,334	11,107,077	10,164,095	10,175,747	10,548,132
Total Liabilities	2,515,461	2,286,694	2,333,450	2,305,097	2,277,679
Net Assets	10,599,873	8,820,383	7,830,645	7,945,650	8,270,453
Total Equity	10,599,873	8,820,383	7,830,645	7,945,650	8,270,453

Staffing Profile

	June Current Month EFT 2014	EFT YTD 2014 (Average)	June Current Month Head Count	EFT YTD 2013 (Average)
Nursing	38.44	39.85	89	40.93
Administration	11.06	10.19	19	9.99
Environmental	18.90	18.16	40	18.65
Ancillary Support	0.51	0.49	2	0.35
Other	1.42	1.24	3	1.21
TOTAL	70.33	69.93	153	71.13

Revenue Indicators

	Average Collection Days		
	2014	2013	2012
Private	45	58	43
TAC	0	0	0
VWA	0	0	0
Nursing Home	32	32	35

Debtors Outstanding as at 30th June 2014

	Current	Under 30 Days	31 – 60 Days	61-90 Days	Over 90 Days	Total 30/06/2013	Total 30/06/2012	Total 30/06/2011
Private	48,417	5,391	10,058	-	846	64,712	80,359	56,948
Residential Aged Care	26,369	-	-	-	-	26,369	28,725	29,488

SERVICE, ACTIVITY & **EFFICIENCY TARGETS**

	2013-14	2012-13	2011-12	2010-11	2009-10
1. Admitted Patients					
1.1 Separations					
A. Acute	569	656	709	734	710
B. Non Acute	9	8	10	11	10
C. Same Day	442	340	430	449	307
D. Nursing Home	8	7	5	7	8
1.2 Patient Days					
A. Acute	2,531	3,103	3,467	3,543	3,893
B. Non Acute	417	344	400	395	412
C. Same Day	442	340	430	449	307
D. Nursing Home	5,366	5,326	5,444	5,415	5,428
2. Non Admitted Patients					
Emergency Patients - Terang	2,845	3,047	3,445	3,489	3,722
Emergency Patients - Mortlake	2,062	2,194	2,073	2,268	2,418
Terang Day Centre	3,475	3,671	4,043	3,771	4,604
District Nursing Service	12,402	11,963	10,069	9,853	10,559
Allied Health & Primary Care	3,630	4,274	4,872	5,327	5,081
3. Occupancy Rate					
Acute Hospital	38.7%	38.4%	43.5%	44.5%	46.7%
Mt View Nursing Home	98.0%	97.3%	99.2%	98.9%	99.1%

DISCLOSURE **INDEX**

The Annual Report of 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.

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TERANG & MORTLAKE
HEALTH
SERVICE

General Enquiries

(03) 5592 0222 **Terang**
(03) 5558 7000 **Mortlake**
(03) 5592 0300 **Community Health Centre**
(03) 5592 0284 **Early Parenting Centre**

info@tmhs.vic.gov.au
www.tmhs.vic.gov.au

2013-14

TERANG & MORTLAKE HEALTH SERVICE

FINANCIAL **STATEMENTS**

TERANG & MORTLAKE HEALTH SERVICE

TERANG & MORTLAKE HEALTH SERVICE

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

The attached financial statements for Terang & Mortlake Health Service have been prepared in accordance with Standing Direction 4.2 of 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 2014 and the financial position of Terang & Mortlake Health Service at 30 June 2014.

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

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

Mr Geoffrey Barby Board Member	Mr Mark Johnson Accountable Officer	Mr Brendan Williams Chief Finance & Accounting Officer
Terang	Terang	Terang
8 / 8 / 2014	8 / 8 / 2014	8 / 8 / 2014

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Terang and Mortlake Health Service

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Terang and Mortlake Health Service which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Terang and Mortlake Health Service are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Terang and Mortlake Health Service as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Terang and Mortlake Health Service for the year ended 30 June 2014 included both in the Terang and Mortlake Health Service's annual report and on the website. The Board Members of the Terang and Mortlake Health Service are responsible for the integrity of the Terang and Mortlake Health Service's website. I have not been engaged to report on the integrity of the Terang and Mortlake Health Service's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

John Doyle
Auditor-General

MELBOURNE
13 August 2014

Auditing in the Public Interest

COMPREHENSIVE OPERATING STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
Revenue from Operating Activities	2	10,608,537	10,910,925
Revenue from Non-Operating Activities	2	9,306	41,813
Employee Expenses	3	(6,913,798)	(6,823,001)
Non Salary Labour Costs	3	(473,950)	(473,694)
Supplies and Consumables	3	(395,707)	(433,110)
Other Expenses	3	(2,774,205)	(2,758,156)
Net Result Before Capital and Specific Items		60,183	464,777
Capital Purpose Income	2	820,114	325,011
Depreciation	4	(753,407)	(870,155)
Expenditure Using Capital Purpose Income	3	(5,440)	0
NET RESULT FOR THE YEAR		121,450	(80,367)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical asset revaluation surplus	10	1,658,040	1,070,105
COMPREHENSIVE RESULT FOR THE YEAR		**1,779,490**	**989,738**

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

BALANCE SHEET

AS AT 30 JUNE 2014

	Note	2014 $	2013 $
Current Assets			
Cash and Cash Equivalents	5	1,027,834	394,714
Receivables	6	243,229	310,192
Investments and other Financial Assets	7	3,100,000	3,000,000
Inventories	8	38,663	40,103
Other Current Assets	9	40,161	36,428
Total Current Assets		4,449,887	3,781,437
Non-Current Assets			
Receivables	6	332,520	306,294
Property, Plant and Equipment	10	8,332,927	7,019,346
Total Non-Current Assets		8,665,447	7,325,640
TOTAL ASSETS		13,115,334	11,107,077
Current Liabilities			
Payables	11	551,255	356,209
Provisions	12	1,764,301	1,764,766
Other Liabilities	14	651	2,572
Total Current Liabilities		2,316,207	2,123,547
Non-Current Liabilities			
Provisions	12	199,254	163,147
Total Non-Current Liabilities		199,254	163,147
TOTAL LIABILITIES		2,515,461	2,286,694
NET ASSETS		10,599,873	8,820,383
EQUITY			
Property, Plant and Equipment Revaluation Surplus	15(a)	6,367,935	4,709,895
Contributed Capital	15(b)	3,328,769	3,328,769
Accumulated Surplus	15(c)	903,169	781,719
TOTAL EQUITY		10,599,873	8,820,383
Commitments for Expenditure	18		
Contingent Liabilities and Contingent Assets	19		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	Property, Plant and Equipment Revaluation Surplus $	Contributed Capital $	Accumulated Surpluses/ (Deficits) $	Total $
Balance at 1 July 2012		3,639,790	3,328,769	862,086	7,830,645
Net result for the year		0	0	(80,367)	(80,367)
Other comprehensive income for the year		1,070,105	0	0	1,070,105
Balance at 30 June 2013		**4,709,895**	**3,328,769**	**781,719**	**8,820,383**
Net result for the year		0	0	121,450	121,450
Other comprehensive income for the year		1,658,040	0	0	1,658,040
Balance at 30 June 2014		**6,367,935**	**3,328,769**	**903,169**	**10,599,873**

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

TERANG & MORTLAKE HEALTH SERVICE

CASHFLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	Note	2014 $ Inflows / (Outflows)	2013 $ Inflows / (Outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		8,258,818	8,125,380
Patient and Resident Fees Received		788,494	852,066
Donations and Bequests Received		70,743	55,440
GST (Paid to)/received from ATO		727	11,995
Interest Received		129,687	166,120
Other Receipts		181,693	227,961
Total Receipts		***9,430,162***	***9,438,962***
Employee Expenses Paid		(6,610,138)	(6,531,579)
Fee for Service Medical Officers		(473,950)	(473,694)
Payments for Supplies and Consumables		(336,880)	(437,667)
Other Payments		(1,512,393)	(1,453,329)
Total Payments		***(8,933,361)***	***(8,896,269)***
Cash Generated from Operations		**496,801**	**542,693**
Capital Grants from Government		607,017	120,900
NET CASH FLOW FROM /(USED IN) OPERATING ACTIVITIES	16	1,103,818	663,593
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		(100,000)	(250,000)
Purchase of Non-Financial Assets		(475,953)	(296,073)
Proceeds from sale of Non-Financial Assets		67,675	20,364
NET CASH FLOW FROM /(USED IN) INVESTING ACTIVITIES		(508,278)	(525,709)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		595,540	137,884
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		344,284	206,400
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	5	939,824	344,284
Non-cash financing and investing activities	17		

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Terang & Mortlake Health Service for the year ended 30 June 2014. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Terang & Mortlake Health Service on 13th August, 2014.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2014, and the comparative information presented in these financial statements for the year ended 30 June 2013.

The going concern basis was used to prepare the financial statements.

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

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

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;

- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value with changes reflected in the comprehensive operating statement (fair value through profit and loss); and

- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result).

- The fair value of assets other than land is generally based on their depreciated replacement value.

(b) Basis of accounting preparation and measurement (Continued)

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

Consistent with AASB 13 Fair Value Measurement, Terang & Mortlake Health Service determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

Terang & Mortlake Health Service, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(k);
- superannuation expense (refer to Note 1(h)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(l)).

(c) Reporting Entity

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

Its principle address is:
13 Austin Avenue
Terang Vic 3264

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

Objectives and funding

Terang & Mortlake Health Service's overall objective is to provide healthcare services to the community surrounding Terang and Mortlake, as well as improve the quality of life to Victorians.

Terang & Mortlake Health Service is predominantly funded by accrual based grant funding for the provision of outputs.

(d) Principles of consolidation

Associates and joint ventures

Associates and joint ventures are accounted for in accordance with the policy outlined in Note 1(i) Financial Assets.

Jointly controlled assets or operations

Interest in jointly controlled assets or operations are not consolidated by Terang and Mortlake Health Service, but are accounted for in accordance with the policy outlined in Note 1(i) Financial Assets.

Details of the joint venture are set out in note 21.

(e) Scope and presentation of financial statements

Fund Accounting

The Terang & Mortlake Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Terang & Mortlake Health Service's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives.

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health and include Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (HACC) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

Comprehensive operating statement

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital and Specific Items' to enhance the understanding of the financial performance of Terang and Mortlake Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital and Specific Items' is used by the management of Terang and Mortlake Health Service, the Department of Health and the Victorian Government to measure the ongoing operating performance of Health Services.

Capital and specific items, which are excluded from this sub-total comprise:

* Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works and plant and equipment. It also includes donations of plant and equipment (refer note 1 (g)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided;

* Specific income/expense, comprises the following items, where material:
    - Voluntary departure packages
    - Write-down of inventories
    - Non-current asset revaluation increments/decrements
    - Non-current assets lost or found
    - Forgiveness of loans
    - Reversals of provisions
    - Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board);

* Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with note 1 (j);
* Depreciation and amortisation, as described in note 1 (h);
* Assets provided or received free of charge (refer to Note 1 (g); and
* Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

(e) Scope and presentation of financial statements (Continued)

Balance sheet
Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period), are disclosed in the notes where relevant.

Statement of changes in equity
The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash flow statement
Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows* .

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

Rounding
All amounts shown in the financial statements are expressed to the nearest $1 unless otherwise stated.

Minor discrepancies in tables between totals and sum of components are due to rounding.

Comparative Information
There have been no changes to comparative information which require additional disclosure

(f) Change in accounting policies
There have been no changes in accounting policies which have impacted on the presentation of the financial statements.

AASB 13 Fair Value Measurement
AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The health service has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the health service has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of the health service. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012-13, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments Disclosures.

AASB 119 Employee Benefits
In 2013-14, the health service has applied AASB 119 Employee Benefits (Sep 2011, as amended), and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the health service.

(f) Change in accounting policies (Continued)

AASB 119 Employee Benefits (Continued)

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The health service considers the change in classification has not materially altered its measurement of the annual leave provision.

(g) Income from transactions

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

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

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

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

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

Indirect Contributions from the Department of Health

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) - Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2012-13).

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private Practice fees are recognised as revenue at the time invoices are raised.

Revenue from commercial activities

Revenue from commercial activities such as provision of meals to external users is recognised at the time the invoices are raised.

Donations and Other Bequests

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

Interest revenue

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

Sale of investments

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

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

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(h) Expense recognition

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

Cost of goods sold

Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

Employee expenses

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

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

The name and details of the major employee superannuation funds and contributions made by Terang & Mortlake Health Service disclosed in Note 13: Superannuation.

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

(h) Expense recognition (Continued)
Depreciation (Continued)

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

	2014	2013
Buildings		
- Structure Shell Building Fabric	10 to 47 years	10 to 47 years
- Site Engineering Services and Central Plant	10 to 12 years	10 to 12 years
Central Plant		
- Fit Out	5 to 10 years	5 to 10 years
- Trunk Reticulated Building Systems	6 to 7 years	6 to 7 years
Plant and Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture and Fittings	13 years	13 years
Motor Vehicles	10 years	10 years
Intangible Assets	3 years	3 years
Leasehold Improvements	6 to 7 years	6 to 7 years

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

Intangible produced assets with finite lives are depreciated as an expense on a systematic basis over the asset's useful life. useful life.

Grants and Other Transfers
Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies and personal benefit payments made in cash to individuals.

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

Supplies and Consumables
Supplies and service costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expenses when distributed.

Bad and Doubtful Debts
Refer to note 1 (k) *Impairment of financial assets.*

Fair value of assets, services and resources provided free of charge or for nominal consideration
Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at it's carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(i) Other comprehensive income

Other comprehensive income measure the change in volume or value of assets or liabilities that do not result from transactions.

Net Gain / (Loss) on Non-Financial Assets

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

Net gain/(loss) on disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between proceeds and the carrying value of the asset at the time.

Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 1 (k) Assets.

Other gains / (losses) from other comprehensive income

Other gains / (losses) include:

a. the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
b. transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

(j) 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 activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Reclassification of financial instruments at fair value through profit or loss

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

Loans and receivables

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

Loans and receivables category includes cash and deposits (refer to Note 1(i)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Reclassification of available-for-sale financial assets

Available-for sale financial instrument assets that meet the definition of loans and receivables may be classified into the loans and receivables category if there is the intention and ability to hold them for the foreseeable future or until maturity.

(k) Assets

Cash and Cash Equivalents

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

Receivables

Receivables consist of:

- Contractual receivables, which includes of mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables.
- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable; and

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any accumulated impairment.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Investments and other financial assets

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

Investments are classified in the following categories:

- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

The Terang & Mortlake Health Service classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Terang & Mortlake Health Service assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except those measured at fair value through profit and loss are subject to annual review for impairment.

(k) Assets (Continued)

Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The basis used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

Property, plant and equipment

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger / machinery of government are transferred at their carrying amount.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 *Property, plant and equipment* .

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

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

Plant, equipment and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for fair value because of the short lives of the assets concerned.

Revaluations of non-current physical assets

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

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

(k) Assets (Continued)

Revaluations of non-current physical assets (continued)

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

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

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

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

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(h) - 'other comprehensive income'.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite lives (and intangible assets not yet available for use) are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

All other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- investment properties that are measured at fair value;
- non-current physical assets held for sale; and
- assets arising from construction contracts.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an an asset revaluation reserve amount applicable to that same class of asset.

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(l) Liabilities (Continued)

Long Service Leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:
- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as a transaction in the operating statement.

Termination Benefits

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

The health service recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

On-Costs

Provisions for on-costs, such as payroll tax, workers compensation, superannuation are recognised togethet with the provision for employee benefits.

Superannuation Liabilities

The Terang & Mortlake Health Service does not recognise any unfunded defined benefit liability in respect of the superannuation 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.

(m) Equity

Contributed capital

Consistent with *Australian Accounting Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119 *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners, that have been designated as contributed capital are also treated as contributed capital.

Property, plant and equipment revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 18) at their nominal value and are inclusive of the goods and services tax ("GST") payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(o) Contingent assets and contingent liabilities

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

(p) Goods and Services Tax ("GST")

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

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

(q) AASs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2014 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Terang and Mortlake Health Service has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 9 *Financial Instruments*	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: *Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).*	1 January 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 11 *Joint Arrangements*	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 January 2014 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.

(q) AASs issued that are not yet effective (Continued)

Standard / Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 10 *Consolidated Financial Statements*	This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an exposure draft ED 238 *Consolidated Financial Statements - Australian Implementation Guidance for Not-for-Profit Entities* that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.	1 January 2014 (not-for-profit entities)	For the public sector, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change *which entities need to be consolidated.* Ongoing work is being done to monitor and assess the impact of this standard.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.	1 January 2014 (not-for-profit entities)	The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

(r) Category Groups

The Terang & Mortlake Health Service has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients) comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, allied Health, Aged Care Assessment and support services.

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus, Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital's i.e. in rural/remote areas.

Residential Aged Care including Mental Health (RAC incl. Mental Health) referred to in the past as psycho geriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from DH under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses/ Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services, including general and specialist dental care, school dental services and clinical education. Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2014

Note 2: REVENUE	HSA 2014 $	HSA 2013 $	H&CI 2014 $	H&CI 2013 $	TOTAL 2014 $	TOTAL 2013 $
Revenue from Operating Activities						
Government Grants						
- Department of Health	7,212,275	7,104,275	0	0	7,212,275	7,104,275
- State Government - Other	0	0	0	0	0	0
- Commonwealth Government						
- Residential Aged Care Subsidy	925,908	874,727	0	0	925,908	874,727
- Health Network Funding Adjustment	0	70,181	0	0	0	70,181
Total Government Grants	**8,138,183**	**8,049,183**	**0**	**0**	**8,138,183**	**8,049,183**
Indirect Contributions by Department of Health						
- Insurance	13,499	86,530	0	0	13,499	86,530
- Long Service Leave	26,225	172,874	0	0	26,225	172,874
Total Indirect Contributions by Department of Health	**39,724**	**259,404**	**0**	**0**	**39,724**	**259,404**
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	466,446	551,163	0	0	466,446	551,163
- Residential Aged Care (refer note 2b)	304,046	323,551	0	0	304,046	323,551
Total Patient & Resident Fees	**770,492**	**874,714**	**0**	**0**	**770,492**	**874,714**
Catering	13,585	11,071	45,729	57,323	59,314	68,394
Property Income	21,164	20,031	0	10,768	21,164	30,799
Total Commercial Activities and Specific Purpose Funds	**34,749**	**31,102**	**45,729**	**68,091**	**80,478**	**99,193**
Other Operating Revenue - SWARH	0	0	1,494,708	1,553,298	1,494,708	1,553,298
Other Revenue from Operating Activities	73,489	71,832	11,463	3,301	84,952	75,133
Total Revenue from Operating Activities	**9,056,637**	**9,286,235**	**1,551,900**	**1,624,690**	**10,608,537**	**10,910,925**
Revenue from Non-Operating Activities						
Interest and Dividends	100	63	0	246	100	309
Donations (non capital)	2,205	1,000	7,001	2,000	9,206	3,000
Other Revenue from Non-Operating activities	0	0	0	38,504	0	38,504
Total Revenue from Non-Operating Activities	**2,305**	**1,063**	**7,001**	**40,750**	**9,306**	**41,813**
Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	607,017	120,900	0	0	607,017	120,900
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c)	0	0	57	1,684	57	1,684
Capital Interest	0	0	140,829	149,987	140,829	149,987
Property Income	0	0	10,674	0	10,674	0
Donations and Bequests	0	0	61,537	52,440	61,537	52,440
Total Capital Purpose Income	**607,017**	**120,900**	**213,097**	**204,111**	**820,114**	**325,011**
Total Revenue (refer note 2a)	9,665,959	9,408,198	1,771,998	1,869,551	11,437,957	11,277,749

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2014

Note 2a: ANALYSIS OF REVENUE BY SOURCE	Admitted Patients 2014 $	Residential Aged Care 2014 $	Aged Care 2014 $	Primary Health 2014 $	Other 2014 $	TOTAL 2014 $
Revenue from Services Supported by Health Services Agreement						
Government Grants	4,802,003	1,381,680	817,488	1,137,012	0	8,138,183
Indirect Contributions by Department of Health	32,479	3,537	1,854	1,854	0	39,724
Patient and Resident Fees (refer note 2b)	295,520	304,046	105,737	65,189	0	770,492
Donations & Bequests	2,205	0	0	0	0	2,205
Other Revenue from Operating Activities	41,477	14,989	16,658	35,114	0	108,238
Interest & Dividends	46	14	14	26	0	100
Capital Purpose Income (refer note 2)	0	0	0	0	607,017	607,017
Sub-Total Revenue from Services Supported by Health Services Agreement	5,173,730	1,704,266	941,751	1,239,195	607,017	9,665,959
Revenue from Services Supported by Hospital and Community Initiatives						
Catering	0	0	0	0	45,729	45,729
Donations	0	0	0	0	7,001	7,001
South West Alliance of Rural Health	0	0	0	0	1,494,708	1,494,708
Other Income	0	0	0	0	11,463	11,463
Other Activities						
Capital Purpose Income (refer note 2)	0	0	0	0	213,097	213,097
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	0	0	0	0	1,771,998	1,771,998
TOTAL REVENUE	5,173,730	1,704,266	941,751	1,239,195	2,379,015	11,437,957

Indirect Contributions by Department of Health

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

Note 2a: ANALYSIS OF REVENUE BY SOURCE(Continued)	Admitted Patients 2013 $	Residential Aged Care 2013 $	Aged Care 2013 $	Primary Health 2013 $	Other 2013 $	TOTAL 2013 $
Revenue from Services Supported by Health Services Agreement						
Government Grants	4,709,334	1,381,417	851,227	1,107,205	0	8,049,183
Indirect Contributions by Department of Health	212,961	22,669	11,887	11,887	0	259,404
Patient and Resident Fees (refer note 2b)	411,830	323,551	112,808	26,525	0	874,714
Donations & Bequests	0	1,000	0	0	0	1,000
Other Revenue from Operating Activities	27,744	15,515	14,169	45,506	0	102,934
Interest & Dividends	28	17	9	9	0	63
Capital Purpose Income (refer note 2)	0	0	0	0	120,900	120,900
Sub-Total Revenue from Services Supported by Health Services Agreement	5,361,897	1,744,169	990,100	1,191,132	120,900	9,408,198
Revenue from Services Supported by Hospital and Community Initiatives						
Catering	0	0	0	0	57,323	57,323
Banking & Investment Income	0	0	0	0	246	246
Donations	0	0	0	0	2,000	2,000
Property Income	0	0	0	0	10,768	10,768
South West Alliance of Rural Health	0	0	0	0	1,553,298	1,553,298
Other Income	0	0	0	0	41,805	41,805
Other Activities						
Capital Purpose Income (refer note 2)	0	0	0	0	204,111	204,111
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	0	0	0	0	1,869,551	1,869,551
TOTAL REVENUE	5,361,897	1,744,169	990,100	1,191,132	1,990,451	11,277,749

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

NOTE 2b: PATIENT AND RESIDENT FEES

Patient and Resident Fees Raised	2014	2013
Recurrent:	$	$
Acute		
- Inpatients (*)	292,139	408,104
- Outpatients	3,381	3,726
Residential Aged Care		
- Nursing Home	304,046	323,551
Aged Care and Primary Health	105,737	112,808
Primary Care	65,189	26,525
TOTAL RECURRENT	770,492	874,714

(*) Compensable payments paid to hospitals in grants from the Department (such as TAC WIES and DVA throughput) are excluded.

NOTE 2c: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS	2014	2013
	$	$
Proceeds from Disposal of Non Financial Assets		
- Motor Vehicles	67,675	20,364
Total Proceeds from Disposal of Non-Financial Assets	67,675	20,364
Less: Written Down Value of Non Financial Assets Sold		
- Motor Vehicles	(67,618)	(18,680)
Total Written Down Value of Non-Financial Assets Sold	(67,618)	(18,680)
NET GAINS/(LOSSES) ON DISPOSAL OF NON FINANCIAL ASSETS	57	1,684

Note 3: EXPENSES	HSA 2014 $	HSA 2013 $	H&CI 2014 $	H&CI 2013 $	TOTAL 2014 $	TOTAL 2013 $
Employee Expenses						
Salaries and Wages	5,698,208	5,535,299	389,618	412,823	6,087,826	5,948,122
Work Cover Premium	62,272	65,760	0	0	62,272	65,760
Long Service Leave	186,611	254,119	2,893	3,619	189,504	257,738
Superannuation	563,548	540,243	10,648	11,138	574,196	551,381
Total Employee Expenses	6,510,639	6,395,421	403,159	427,580	6,913,798	6,823,001
Non Salary Labour Costs						
Fee for Service Medical Officers	305,300	330,866	0	0	305,300	330,866
Purchased Services	168,650	142,828	0	0	168,650	142,828
Total Non Salary Labour Costs	473,950	473,694	0	0	473,950	473,694
Supplies and Consumables						
Drug Supplies	43,485	45,473	0	0	43,485	45,473
Medical, Surgical Supplies and Prosthesis	148,091	175,056	38	60	148,129	175,116
Pathology Supplies	32,492	36,847	0	0	32,492	36,847
Food Supplies	136,143	142,052	35,458	33,622	171,601	175,674
Total Supplies and Consumables	360,211	399,428	35,496	33,682	395,707	433,110
Other Expenses						
Domestic Services and Supplies	116,175	121,401	3,229	2,658	119,404	124,059
Fuel, Light, Power and Water	147,923	151,798	9,580	9,959	157,503	161,757
Insurance costs funded by Department of Health	91,140	86,530	413	1,179	91,553	87,709
Motor Vehicle Expenses	73,563	74,726	0	433	73,563	75,159
Repairs and Maintenance	145,537	120,389	32,443	22,455	177,980	142,844
Maintenance Contracts	65,385	65,386	443,500	350,198	508,885	415,584
Patient Transport	31,946	41,126	0	0	31,946	41,126
Bad & Doubtful Debts	0	3,975	0	0	0	3,975
Lease Expenses	0	0	158,960	193,901	158,960	193,901
Administrative Expenses	792,966	747,186	648,195	756,856	1,441,161	1,504,042
Audit Fees						
- VAGO - Audit of Financial Statements	13,250	8,000	0	0	13,250	8,000
Total Other Expenses	1,477,885	1,420,517	1,296,320	1,337,639	2,774,205	2,758,156
Expenditure using Capital Purpose Income						
Other Expenses						
Food Supplies	0	0	278	0	278	0
Fuel, Light, Power and Water	0	0	32	0	32	0
Repairs and Maintenance	0	0	1,475	0	1,475	0
Administrative Expenses	0	0	3,655	0	3,655	0
Total Expenditure using Capital Purpose Income	0	0	5,440	0	5,440	0
Depreciation (refer note 4)	0	0	753,407	870,155	753,407	870,155
Total	0	0	753,407	870,155	753,407	870,155
TOTAL EXPENSES	8,822,685	8,689,060	2,493,822	2,669,056	11,316,507	11,358,116

This note relates to expenditure above the net result line only, and does not reconcile to comprehensive result.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2014

Note 3a: ANALYSIS OF EXPENSE BY SOURCE	Admitted Patients 2014 $	Residential Aged Care 2014 $	Aged Care 2014 $	Primary Health 2014 $	Other 2014 $	TOTAL 2014 $
Services Supported by Health Service Agreement						
Employee Expenses	2,982,596	1,727,134	1,053,095	747,814	0	6,510,639
Non Salary Labour Costs	353,191	7,515	44,794	68,450	0	473,950
Supplies and Consumables	225,550	92,102	28,140	14,420	0	360,212
Other Expenses	713,192	313,700	201,811	249,181	0	1,477,884
Total Expenses from Services Supported by Health Services Agreement	4,274,529	2,140,451	1,327,840	1,079,865	0	8,822,685
Services Supported by Hospital and Community Initiatives						
Employee Expenses	0	0	0	0	403,159	403,159
Supplies and Consumables	0	0	0	0	35,496	35,496
Other Expenses	0	0	0	0	1,296,320	1,296,320
Depreciation (refer note 4)	0	0	0	0	753,407	753,407
Total Expenses from Services Supported by Hospital and Community Initiative	0	0	0	0	2,488,382	2,488,382
Expenditure Using Capital Purpose Income						
Supplies and Consumables	0	0	0	0	278	278
Other Expenses	0	0	0	0	5,162	5,162
Total Expenditure Using Capital Purpose Incomce	0	0	0	0	5,440	5,440
TOTAL EXPENSES	4,274,529	2,140,451	1,327,840	1,079,865	2,493,822	11,316,507

	Admitted Patients 2013 $	Residential Aged Care 2013 $	Aged Care 2013 $	Primary Health 2013 $	Other 2013 $	TOTAL 2013 $
Services Supported by Health Service Agreement						
Employee Expenses	3,049,912	1,707,815	963,169	674,525	0	6,395,421
Non Salary Labour Costs	374,587	6,882	37,197	55,028	0	473,694
Supplies and Consumables	275,476	79,397	32,206	12,349	0	399,428
Other Expenses	662,257	314,396	195,296	248,568	0	1,420,517
Sub-Total Expenses from Services Supported by Health Services Agreement	4,362,232	2,108,490	1,227,868	990,470	0	8,689,060
Services Supported by Hospital and Community Initiatives						
Employee Expenses	0	0	0	0	427,580	427,580
Supplies and Consumables	0	0	0	0	33,682	33,682
Other Expenses	0	0	0	0	1,337,639	1,337,639
Depreciation (refer note 4)	0	0	0	0	870,155	870,155
Sub-Total Expense from Services Supported by Hospital and Community Initiatives	0	0	0	0	2,669,056	2,669,056
TOTAL EXPENSES	4,362,232	2,108,490	1,227,868	990,470	2,669,056	11,358,116

NOTE 3b: ANALYSIS OF EXPENSES BY INTERNAL AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES	2014 $	2013 $
Catering Services	175,867	155,064
Community Projects	41,894	40,070
Property Expenses	25,526	16,198
South West Alliance of Rural Health	1,491,688	1,561,046
TOTAL	1,734,975	1,772,378

NOTE 4: DEPRECIATION	2014 $	2013 $
Depreciation		
Buildings	459,848	599,147
Plant and Equipment		
- Plant	219,453	196,946
- Motor Vehicles	71,394	72,857
South West Alliance of Rural Health	2,712	1,205
TOTAL DEPRECIATION	753,407	870,155

NOTE 5: CASH AND CASH EQUIVALENTS

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

	2014 $	2013 $
Cash on Hand	270	270
Cash at Bank	939,554	344,014
Cash at Bank/(Bank Overdraft) - South West Alliance of Rural Health	88,010	50,430
TOTAL CASH AND CASH EQUIVALENTS	1,027,834	394,714
Represented by:		
Cash for Health Service Operations (as per cash flow statement)	939,824	344,284
Cash at Bank - South West Alliance of Rural Health	88,010	50,430
TOTAL	1,027,834	394,714

NOTE 6: RECEIVABLES

	2014 $	2013 $
CURRENT		
Contractual		
Trade Debtors	23,402	27,012
Patient Fees	91,082	109,084
Accrued Investment Income	40,058	28,816
Receivables - South West Alliance of Rural Health	48,742	98,197
Accrued Revenue - Other	0	3,900
Less allowance for Doubtful Debts	0	0
	203,284	267,009
Statutory		
GST Receivable - Health Service	39,945	40,672
Aged Care Funding - Department of Health & Ageing	0	2,511
	39,945	43,183
TOTAL CURRENT RECEIVABLES	243,229	310,192
NON CURRENT		
Statutory		
Long Service Leave - Department of Health	332,520	306,294
TOTAL NON-CURRENT RECEIVABLES	332,520	306,294
TOTAL RECEIVABLES	575,749	616,486
(a) Movement in the allowance for doubtful debts		
Balance at beginning of year	0	0
Increase/(Decrease) in allowance recognised in net result	0	0
Balance at end of year	0	0

(b) Ageing analysis of receivables
Please refer to note 17(b) for the ageing analysis of receivables.

(c) Nature and extent of risk arising from receivables
Please refer to note 17(b) for the nature and extent of credit risk arising from receivables.

NOTE 7: INVESTMENTS AND OTHER FINANCIAL ASSETS

CURRENT	2014 $	2013 $
Term Deposit		
Aust. Dollar Term Deposits > 3 Months	3,100,000	3,000,000
Total Current Other Financial Assets	3,100,000	3,000,000
TOTAL OTHER FINANCIAL ASSETS	3,100,000	3,000,000
Represented by:		
Health Service Investments	3,100,000	3,000,000

(a) Ageing analysis of other financial assets
Please refer to note 17(b) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets
Please refer to note 17(b) for the nature and extent of credit risk arising from other financial assets.

NOTE 8: INVENTORIES	2014 $	2013 $
CURRENT		
Pharmaceuticals - at cost	11,255	12,348
Catering Supplies - at cost	1,734	1,263
Housekeeping Supplies - at cost	2,414	2,036
Medical and Surgical Lines - at cost	18,269	19,141
Administration Stores - at cost	3,439	4,082
South West Alliance of Rural Health - at Cost	1,552	1,233
TOTAL INVENTORIES	38,663	40,103

Inventories held by the Health Service are held for short periods of time with regular turnover. There is no material loss of service potential in inventories held at the end of the year.

NOTE 9: OTHER CURRENT ASSETS	2014 $	2013 $
Prepaid Expenses	26,607	23,580
Prepayments - South West Alliance of Rural Health	13,554	12,848
TOTAL	40,161	36,428

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (a) Gross carrying amount and accumulated depreciation	2014 $	2013 $
Land		
- Land at Fair Value		
Freehold Land	935,000	929,000
Total Land	935,000	929,000
Buildings		
- Buildings at Fair Value	5,952,000	4,582,074
Less Accumulated Depreciation	0	0
	5,952,000	4,582,074
Total Buildings	5,952,000	4,582,074
Plant and Equipment		
- Plant - South West Alliance of Rural Health	13,985	16,084
- Plant and Equipment at Fair Value	2,655,798	2,496,485
Less Accumulated Depreciation	1,527,451	1,307,999
Total Plant and Equipment	1,142,332	1,204,570
Motor Vehicles		
- Motor Vehicles at Fair Value	425,711	458,715
Less Accumulated Depreciation	122,116	155,013
Total Motor Vehicles	303,595	303,702
TOTAL	8,332,927	7,019,346

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	Land	Buildings	Plant & Equipment	Motor Vehicles	Total
	$	$	$	$	$
Balance at 1 July 2012	929,000	4,105,180	1,155,284	341,730	6,531,194
Additions	0	5,936	236,628	53,509	296,073
South West Alliance of Rural Health	0	0	10,809	0	10,809
Revaluation Increment	0	1,070,105	0	0	1,070,105
Disposals	0	0	0	(18,680)	(18,680)
Depreciation	0	(599,147)	(198,151)	(72,857)	(870,155)
Balance at 30 June 2013	929,000	4,582,074	1,204,570	303,702	7,019,346
Additions	0	177,734	159,314	138,905	475,953
South West Alliance of Rural Health	0	0	613	0	613
Revaluation Increment	6,000	1,652,040	0	0	1,658,040
Disposals	0	0	0	(67,618)	(67,618)
Depreciation	0	(459,848)	(222,165)	(71,394)	(753,407)
Balance at 30 June 2014	935,000	5,952,000	1,142,332	303,595	8,332,927

Land and buildings carried at valuation
An independent valuation of the Health Service's property, plant and equipment was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation is 30 June 2014.

(c) Fair value measurement hierarchy for assets as at 30 June 2014

	Carrying amount as at 30 June 2014	**Fair value measurement at end of reporting period using:** Level 1 [(1)]	Level 2 [(1)]	Level 3 [(1)]
Land at fair value				
Specialised land	935,000	0	0	935,000
Total of land at fair value	935,000	0	0	935,000
Buildings at fair value				
Specialised buildings	5,952,000	0	0	5,952,000
Total of building at fair value	5,952,000	0	0	5,952,000
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	303,595	0	303,595	0
- Plant and equipment	1,142,332	0	0	1,142,332
Total of plant, equipment and vehicles at fair value	1,445,927	0	303,595	1,142,332

Note
(i) Classified in accordance with the fair value hierarchy, see Note 1
(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value. However entities should consult with independent valuers in determining whether a market approach is appropriate for vehicles with an active resale market available. If yes, a Level 2 categorisation for such vehicles would be appropriate.

There have been no transfers between levels during the period.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

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

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

There were no changes in valuation techniques throughout the period to 30 June 2014.

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

(d) Reconciliation of Level 3 fair value

2014	Land	Buildings	Plant and equipment
Opening Balance	929,000	4,582,074	1,204,570
Purchases (sales)	0	177,734	159,314
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(459,848)	(222,165)
Subtotal	929,000	4,299,960	1,141,719
Items recognised in other comprehensive income			
- Revaluation	6,000	1,652,040	0
Subtotal	6,000	1,652,040	0
Closing Balance	935,000	5,952,000	1,141,719
Unrealised gains/(losses) on non-financial assets	0	0	0
	935,000	5,952,000	1,141,719

There have been no transfers between levels during the period.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

(e) Description of significant unobservable inputs to Level 3 valuations:

	Valuation technique [(i)]	Significant unobservable inputs [(i)]	Range (weighted average) [(i)]	Sensitivity of fair value measurement to changes in
Specialised land	Market Approach	Community Service Obligation (CSO)	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre	$792 - $2450 ($1,565)	A significant increase or decrease in direct cost per square metre adjustment would result in a signficantly higher or lower fair value
		Useful life of specialised buildings	25 - 60 Years	A significant increase or decrease in the estimated useful life of the asset would result in a signficantly higher or lower valuation
Plant and equipment at fair value	Depreciated Replacement Cost	Cost per Unit	$10 - $40,00 ($2,300)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of P	2-20 Years (7 Years)	A significant increase or decrease in the estimated useful life of the asset would result in a signficantly higher or lower valuation

NOTE 11: PAYABLES	2014 $	2013 $
CURRENT		
Contractual		
Trade Creditors	248,050	190,982
Accrued Expenses	42,252	29,500
Payables - South West Alliance of Rural Health	58,440	57,563
Accrued Audit Fees	8,500	8,000
	357,242	286,045
Statutory		
Amounts payable to Government - PAYG	67,489	61,764
Aged Care Funding - Department of Health & Ageing	18,424	0
Department of Health	108,100	8,400
	194,013	70,164
TOTAL	551,255	356,209

(a) Maturity analysis of payables
Please refer to Note 17(c) for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables
Please refer to note 17(c) for the nature and extent of risks arising payables.

NOTE 12: PROVISIONS	2014 $	2013 $
Current Provisions		
Employee Benefits (i)		
Accrued Wages, ADO & Annual Leave (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	588,642	509,052
- unconditional and expected to be settled after 12 months (iii)	0	0
Long Service Leave (Note 12(a))		
- unconditional and expected to be settled within 12 months (ii)	100,000	100,000
- unconditional and expected to be settled after 12 months (iii)	819,527	942,867
	1,508,169	1,551,919
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (nominal value) (ii)	73,580	73,812
- unconditional and expected to be settled after 12 months (present value) (iii)	114,941	139,035
	188,520	212,848
Total Current Provisions	1,696,689	1,764,767
Non-Current Provisions		
Employee Benefits (i) (Note 12(a))	178,809	144,132
Provisions related to employee benefit on-costs (Note 12(a) and Note 12(b))	20,445	19,015
Total Non-Current Provisions	199,254	163,147
Total Provisions	1,895,943	1,927,914
(a) Employee Benefits and Related On Costs		
Current Employee Benefits		
South West Alliance of Rural Health Entitlements	67,612	84,004
Annual Leave Entitlements	502,530	547,910
Accrued Salaries and Wages	144,017	131,232
Accrued Days Off	15,674	13,304
Unconditional Long Service Leave Entitlements	1,034,468	988,316
Total Current Employee Benefits	1,764,301	1,764,766
Non-Current Employee Benefits		
South West Alliance of Rural Health Entitlements	15,250	12,992
Conditional Long Service Leave Entitlements (ii)	184,004	150,155
Total Non Current Employee Benefits	199,254	163,147
Total Employee Benefits and Related On-Costs	1,963,555	1,927,913
(b) Movements in Provisions		
Movement in Long Service Leave:		
Balance at start of year	1,138,471	1,059,896
Provision made during the year		
- Revaluations	(18,045)	(11,213)
- Expense recognising Employee Service	207,549	268,951
Settlement made during the year	(109,503)	(179,163)
Balance at end of year	1,218,472	1,138,471

Notes:
(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as payroll tax and worker's compensation insurance are not employee benefits and are reflected as a separate provision.
(ii) The amounts disclosed are at nominal values
(iii) The amounts disclosed are at present values

NOTE 13: SUPERANNUATION

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

The Health service does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered terms.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

Fund		Paid Contributions for the year		Outstanding Contributions at Year End	
		2014 $	2013 $	2014 $	2013 $
Defined Benefit Plans:	Health Super	31,764	31,538	0	0
Defined Contribution Plans:	Health Super	512,802	497,774	0	0
	HESTA	29,630	22,069	0	0
Total		574,196	551,381	0	0

NOTE 14: OTHER LIABILITIES

	2014 $	2013 $
Staff Funds Held	651	2,572
TOTAL	651	2,572

NOTE 15: EQUITY

	2014 $	2013 $
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus [1]		
Balance at beginning of the reporting period	4,709,895	3,639,790
- Revaluation increment for land	6,000	0
- Revaluation increment for Buildings	1,652,040	1,070,105
Balance at the end of the reporting period	6,367,935	4,709,895
Represented by:		
- Land	938,215	932,215
- Buildings	5,429,720	3,777,680
	6,367,935	4,709,895
(1) The property, plant & equipment asset revaluation reserve arises on the revaluation of property, plant & equipment.		
Total Surpluses	6,367,935	4,709,895
(b) Contributed Capital		
Balance at the beginning of the reporting period	3,328,769	3,328,769
Capital Contribution received from Victorian Government	0	0
Balance at the end of the reporting period	3,328,769	3,328,769
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	781,719	862,086
Net Result for the Year	121,450	(80,367)
Balance at the end of the reporting period	903,169	781,719
Total Equity at end of financial year	10,599,873	8,820,383

NOTE 16: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2014 $	2013 $
NET RESULT FOR THE PERIOD	121,450	(80,367)
Non-cash movements		
Depreciation (net of SWARH)	750,695	868,950
Non Cash Joint Venture Transactions	(308)	8,953
Provision for Doubtful Debts	0	0
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	(57)	(1,684)
Movements in assets and liabilities		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(8,718)	(96,039)
(Increase)/Decrease in Prepayments	(3,027)	4,369
(Increase)/Decrease in Stores	1,759	(4,557)
Increase/(Decrease) in Payables	194,169	(48,852)
Increase/(Decrease) in Employee Benefits	49,776	13,551
Increase/(Decrease) in Other Liabilities	(1,921)	(731)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1,103,818	663,593

NOTE 17: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Terang & Mortlake Healthcare Service's principal financial instruments comprise of:

- *Cash Assets*
- *Term Deposits*
- *Receivables (excluding statutory receivables)*
- *Payables (excluding statutory payables)*

Details of the significant accounting policies and methods adopted, including 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 are disclosed in note 1 to the financial statements.

The Health Service's main financial risks include credit risk, liquidity risk and interest rate risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The 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 financial risk management committee of the Health Service.

The main purpose in holding financial instruments is to prudentially manage Terang and Mortlake Health Service financial risk within the government policy parameters.

NOTE 17: FINANCIAL INSTRUMENTS (Continued)

Categorisation of financial instruments

2014	Contractual financial assets/liabilities designated at fair value through profit/loss $	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss $	Contractual financial assets - loans and receivables $	Contractual financial assets - available for sale $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets						
Cash and cash equivalents	0	0	1,027,834	0	0	1,027,834
Receivables	0	0	203,284	0	0	203,284
Investments and Receivables	0	0	3,303,284	0	0	3,303,284
Total Financial Assets (i)	0	0	4,534,402	0	0	4,534,402
Financial Liabilities						
Payables	0	0	0	0	357,242	357,242
Total Financial Liabilities(ii)	0	0	0	0	357,242	357,242

Categorisation of financial instruments

2013	Contractual financial assets/liabilities designated at fair value through profit/loss $	Contractual financial assets/liabilities held-for-trading at fair value through profit/loss $	Contractual financial assets - loans and receivables $	Contractual financial assets - available for sale $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets						
Cash and cash equivalents	0	0	394,714	0	0	394,714
Receivables	0	0	267,009	0	0	267,009
Investments and Receivables	0	0	3,267,009	0	0	3,267,009
Total Financial Assets (i)	0	0	3,928,732	0	0	3,928,732
Financial Liabilities						
Payables	0	0	0	0	286,045	286,045
Total Financial Liabilities(ii)	0	0	0	0	286,045	286,045

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payables)

NOTE 17: FINANCIAL INSTRUMENTS (Continued)
(a) Financial Risk Management Objectives and Policies (Continued)

Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss) $'000	Total interest income/ (expense) $'000	Fee income / (expense) $'000	Impairment loss $'000	Total $'000
2014					
Financial Assets					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	140,829	0	0	140,829
Total Financial Assets	0	140,829	0	0	140,829
Financial Liabilities					
At amortised cost (ii)	0	0	0	0	0
Total Financial Liabilities	0	0	0	0	0
2013					
Financial Assets					
Cash and cash equivalents(i)	0	0	0	0	0
Loans and Receivables(i)	0	150,233	0	0	150,233
Total Financial Assets	0	150,233	0	0	150,233
Financial Liabilities					
At amortised cost (ii)	0	0	0	0	0
Total Financial Liabilities	0	0	0	0	0

(i) For cash and cash equivalents, loans or receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

(b) Credit Risk
Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The 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 the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the 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 assets, which are mainly cash at bank. As with the policy for debtors, the 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 the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Terang & Mortlake Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTE 17: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (Continued)

Credit quality of contractual financial assets that are neither past due nor impaired

2014	Financial Institutions (Min BBB credit rating) $	Other $	Total $
Financial Assets			
Cash and Cash Equivalents	1,027,834	0	1,027,834
Loans and Receivables			
- Trade Debtors	0	114,484	114,484
- Other Receivables	0	88,800	88,800
- Term Deposit	3,100,000	0	3,100,000
Total Financial Assets	4,127,834	203,284	4,331,118
2013			
Financial Assets			
Cash and Cash Equivalents	394,714	0	394,714
Loans and Receivables			
- Trade Debtors	0	136,096	136,096
- Other Receivables	0	130,913	130,913
- Term Deposit	3,000,000	0	3,000,000
Total Financial Assets	3,394,714	267,009	3,661,723

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Ageing analysis of financial asset as at 30 June

2014	Carrying Amount $	Not Past due and not impaired $	Past due and not impaired: Less than 1 Month $	1 - 3 Months $	3 Months - 1 Year $	1 - 5 Years $	Impaired Financial Assets $
Financial Assets							
Cash and Cash Equivalents	1,027,834	1,027,834	0	0	0	0	0
Loans and Receivables (i)							
- Trade Debtors	114,484	94,282	5,391	11,272	3,539	0	0
- Other Receivables	88,800	88,800	0	0	0	0	0
- Term Deposit	3,100,000	3,100,000	0	0	0	0	0
Total Financial Assets	4,331,118	4,310,916	5,391	11,272	3,539	0	0
2013							
Financial Assets							
Cash and Cash Equivalents	394,714	394,714	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	136,096	78,715	54,610	505	2,266	0	0
- Other Receivables	130,913	130,913	0	0	0	0	0
- Term Deposit	3,000,000	3,000,000	0	0	0	0	0
Total Financial Assets	3,661,723	3,604,342	54,610	505	2,266	0	0

(i) Ageing analysis of financial assets excludes the types of statutory financial assets (i.e. GST input tax credit).

NOTE 17: FINANCIAL INSTRUMENTS (Continued)
(b) Credit Risk (Continued)

Contractual financial assets that are neither past due or impaired
There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(c) Liquidity Risk
Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Service operates under the Government's fair payments policy of setting financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages its liquidity risk as follows:

- Term Deposits and cash held at financial institutions are managed with variable maturity dates and take into consideration cashflow requirements of the Health Service from month to month.

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

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
	Total Carrying Amount	Nominal Amount	Less than 1 Month	1 - 3 Months	3 Months - 1 Year	1 - 5 Years
2014	$	$	$	$	$	$
Financial Liabilities						
At amortised cost						
Payables (i)	357,242	357,242	357,242	0	0	0
Total Financial Liabilities	357,242	357,242	357,242	0	0	0
2013						
Financial Liabilities						
At amortised cost						
Payables (i)	286,045	286,045	286,045	0	0	0
Total Financial Liabilities	286,045	286,045	286,045	0	0	0

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

(d) Market Risk
Terang and Mortlake Health Service's has insignificant exposure to interest rate, foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below.

Currency Risk
Terang and Mortlake Health Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

NOTE 17: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

Interest Rate Risk
Exposure to interest rate risk is insignificant. Minimisation of risk is achieved by mainly holding fixed rate or non-interest bearing financial instruments. For financial liabilities the Health Service mainly undertake financial liabilities with relatively even maturity profiles.

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.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movements in interest rates on a daily basis.

Other Price Risk
The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Hospital on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate $	Variable Interest Rate $	Non - Interest Bearing $
2014					
Financial Assets					
Cash and Cash Equivalents	2.60	1,027,834	0	1,027,834	0
Loans and Receivables (i)					
- Trade Debtors		114,484	0	0	114,484
- Other Receivables		88,800	0	0	88,800
- Term Deposit	3.70	3,100,000	3,100,000	0	0
Total Financial Assets		4,331,118	3,100,000	1,027,834	203,284
Financial Liabilities					
At amortised cost					
Payables (i)		357,242	0	0	357,242
Total Financial Liabilities		357,242	0	0	357,242
2013					
Financial Assets					
Cash and Cash Equivalents	2.85	394,714	0	394,714	0
Loans and Receivables (i)					
- Trade Debtors		136,096	0	0	136,096
- Other Receivables		130,913	0	0	130,913
- Term Deposit	4.28	3,000,000	3,000,000	0	0
Total Financial Assets		3,661,723	3,000,000	394,714	267,009
Financial Liabilities					
At amortised cost					
Payables (i)		286,045	0	0	286,045
Total Financial Liabilities		286,045	0	0	286,045

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

NOTE 17: FINANCIAL INSTRUMENTS (Continued)
(d) Market Risk (Continued)

Sensitivity Disclosure Analysis
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Terang and Mortlake Health Service believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia).
- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 6%; and
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2.5%.

The following table discloses the impact on net operating result and equity for each category of interest bearing financial instrument held by Terang and Mortlake Health Service at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2014	$	$	$	$	$	$	$	$	$
Financial Assets									
Cash and Cash Equivalents	1,027,834	(10,278)	(10,278)	10,278	10,278	0	0	0	0
Loans and Receivables (i)									
- Trade Debtors	114,484	0	0	0	0	0	0	0	0
- Other Receivables	88,800	0	0	0	0	0	0	0	0
- Term Deposit	3,100,000	0	0	0	0	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables (i)	357,242	0	0	0	0	0	0	0	0
		(10,278)	(10,278)	10,278	10,278	0	0	0	0
2013									
Financial Assets									
Cash and Cash Equivalents	394,714	(3,947)	(3,947)	3,947	3,947	0	0	0	0
Loans and Receivables (i)									
- Trade Debtors	136,096	0	0	0	0	0	0	0	0
- Other Receivables	130,913	0	0	0	0	0	0	0	0
Other Financial Assets									
- Term Deposit	3,000,000	0	0	0	0	0	0	0	0
Financial Liabilities									
At amortised cost									
Payables (i)	286,045	0	0	0	0	0	0	0	0
		(3,947)	(3,947)	3,947	3,947	0	0	0	0

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable)

NOTE 17: FINANCIAL INSTRUMENTS (Continued)

(e) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The financial assets include holdings in unlisted shares. Fair value of these is determined by projecting future cash inflows from expected future dividends and subsequent disposals of the securities.

The Health Service considers that the carrying amount of financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Carrying Amount 2014 $	Fair Value 2014 $	Carrying Amount 2013 $	Fair Value 2013 $
Financial Assets				
Cash and Cash Equivalents	1,027,834	1,027,834	394,714	394,714
Loans and Receivables (i)				
- Trade Debtors	114,484	114,484	136,096	136,096
- Other Receivables	88,800	88,800	130,913	130,913
-Term Deposits	3,100,000	3,100,000	3,000,000	3,000,000
Total Financial Assets	**4,331,118**	**4,331,118**	**3,661,723**	**3,661,723**
Financial Liabilities				
At amortised cost				
Payables (i)	357,242	357,242	286,045	286,045
Total Financial Liabilities	**357,242**	**357,242**	**286,045**	**286,045**

(i) The carrying amount excludes types of statutory financial assets and liabilities (i.e.GST input tax credit and GST payable).

NOTE 18: COMMITMENTS

	2014 $	2013 $
Capital Expenditure Commitments		
Payable:		
Plant and Equipment	0	0
Total capital expenditure commitments	0	0
Plant and Equipment		
Not later than one year	0	0
Total	0	0

NOTE 19: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no known contingent liabilities or contingent assets at the date of this report.

NOTE 20: OPERATING SEGMENTS

	HEALTH SERVICES		RACS		OTHER SERVICES		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$
REVENUE								
External Segment Revenue	9,592,862	9,383,347	1,704,266	1,744,169	0	0	11,297,128	11,127,516
Total Revenue	**9,592,862**	**9,383,347**	**1,704,266**	**1,744,169**	**0**	**0**	**11,297,128**	**11,127,516**
EXPENSES								
External Segment Expenses	(9,176,056)	(9,249,626)	(2,140,451)	(2,108,490)	0	0	(11,316,507)	(11,358,116)
Total Expenses	(9,176,056)	(9,249,626)	(2,140,451)	(2,108,490)	0	0	(11,316,507)	(11,358,116)
Net Result from ordinary activities	416,806	133,721	(436,185)	(364,321)	0	0	(19,379)	(230,600)
Interest Income	0	0	0	0	140,829	150,233	140,829	150,233
Net Result for Year	**416,806**	**133,721**	**(436,185)**	**(364,321)**	**140,829**	**150,233**	**121,450**	**(80,367)**
OTHER INFORMATION								
Segment Assets	7,515,801	5,332,915	1,986,000	1,397,308	0	0	9,501,801	6,730,223
Unallocated Assets	0	0	0	0	3,613,533	4,376,854	3,613,533	4,376,854
Total Assets	**7,515,801**	**5,332,915**	**1,986,000**	**1,397,308**	**3,613,533**	**4,376,854**	**13,115,334**	**11,107,077**
Segment Liabilities	1,971,399	1,879,602	345,366	208,396	0	0	2,316,765	2,087,998
Unallocated Liabilities	0	0	0	0	198,696	198,696	198,696	198,696
Total Liabilities	**0**	**0**	**0**	**0**	**198,696**	**198,696**	**2,515,461**	**2,286,694**
Acquisition of property, plant and equipment and intangible assets	425,097	245,217	50,856	50,856	0		475,953	296,073
Depreciation	(600,294)	(717,042)	(153,113)	(153,113)	0	0	(753,407)	(870,155)
Non cash expenses other than depreciation	13,499	86,530	0	0	0	0	13,499	86,530

The major products/services from which the above segments derive revenue are:

Business Segments	**Services**
Acute	Acute Hospital services
	Aged Care services
	Primary Health services
Residential Aged Care	Nursing Home facilities
	Hostel facilities

Geographical Segment

Terang & Mortlake Health Service operates predominantly in Terang and Mortlake, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Terang and Mortlake, Victoria.

NOTE 21: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest 2014 %	Ownership Interest 2013 %
South West Alliance of Rural Health	Information Systems	4.79	4.80

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

	2014 $	2013 $
Current Assets		
Cash and Cash Equivalents	88,010	50,430
Receivables	48,742	98,197
Inventories	1,552	1,233
Prepayments	13,554	12,848
Total Current Assets	151,858	162,708
Non Current Assets		
Property, Plant and Equipment	13,985	16,084
Total Non Current Assets	13,985	16,084
Total Assets	165,843	178,792
Current Liabilities		
Payables	58,441	57,563
Employee Provisions	67,612	84,004
Total Current Liabilities	126,053	141,567
Non Current Liabilities		
Employee Provisions	15,250	12,992
Total Non Current Liabilities	15,250	12,992
Total Liabilities	141,303	154,559

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

Revenues		
Operating Activities	1,494,708	1,553,298
Total Revenue	1,494,708	1,553,298
Expenses		
Employee Expenses	248,159	273,601
Maintenance Contracts and IT Support	442,281	349,386
Operating Lease Costs	158,960	193,901
Other Expenses	642,288	744,158
Total Operating Expenses	1,491,688	1,561,046
Depreciation	2,712	1,205
Total Non Operating Expenses	2,712	1,205
Total Expenses	1,494,400	1,562,251
Net Result	308	(8,953)

NOTE 22: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable David Davis, MLC, Minister for Health and Ageing	01/07/2013 - 30/06/2014
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	01/07/2013 - 30/06/2014
Governing Boards	
Mr Geoff Barby	01/07/2013 - 30/06/2014
Mr Graham Blain	01/07/2013 - 30/06/2014
Mr Nigel C Bruckner	01/07/2013 - 30/06/2014
Mrs Helen Durant	01/07/2013 - 30/06/2014
Mrs Helen Kenna	01/07/2013 - 30/06/2014
Mr Douglas Parker	01/07/2013 - 30/06/2014
Mr Barry Philp	01/07/2013 - 30/06/2014
Mr David Selman	01/07/2013 - 30/06/2014
Mr William Whitehead	01/07/2013 - 30/06/2014
Accountable Officers	
Mr Mark Johnson	01/07/2013 - 30/06/2014

Remuneration of Responsible Persons

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

	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
Income Band	No.	No.	No.	No.
$0 - $9,999	9	9	9	9
$170,000 - $179,999	0	0	0	0
$180,000 - $189,999	1	1	1	1
	10	10	10	10
Total remuneration for the reporting period for Responsible Persons included above amounted to:	$182,000	$182,000	$182,000	$182,000

Other Transactions of Responsible Persons and their Related Parties

There were no transactions with Responsible Persons or their Related Parties.

NOTE 22a: EXECUTIVE OFFICER REMUNERATION

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
	No.	No.	No.	No.
$100,000 - $109,999	1	1	1	1
$110,000 - $119,999	1	1	1	1
Total	2	2	2	2
Total Remuneration	219,419	219,419	219,419	219,419

No Executive Officers, other than Ministers and Accountable Officers received remuneration in excess of $100,000 during the year.

Note 23: REMUNERATION OF AUDITORS

	2014	2013
Victorian Auditor-General's Office	**$**	**$**
Audit or review of financial statement	13,250	8,000
	13,250	8,000

NOTE 24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

Erratum

Note 22: RESPONSIBLE PERSON DISCLOSURES

Governing Boards

Mr Nigel C Bruckner and Mrs Helen Durant retired from the governing board on 30th June 2013 and have been included in error. This section should read Mr Adam Box and Mr Craig Coates who were appointed to the governing board from 1st July 2013.

TERANG & MORTLAKE
HEALTH
SERVICE

General Enquiries

(03) 5592 0222 **Terang**
(03) 5558 7000 **Mortlake**
(03) 5592 0300 **Community Health Centre**
(03) 5592 0284 **Early Parenting Centre**

info@tmhs.vic.gov.au
www.tmhs.vic.gov.au