



DENTAL HEALTH SERVICES VICTORIA  
Annual Report 2011



dental health  
services victoria  
oral health for better health

## Who we are

Dental Health Services Victoria (DHSV) was established in 1996 and is the leading public oral health agency in Victoria. We are funded by the State Government to provide dental services through The Royal Dental Hospital of Melbourne (RDHM) and purchase oral health services from 58 community health agencies located at 85 sites across Victoria.

## Our vision

Oral health for better health

## Our mission

To lead improvement in oral health for all Victorians, particularly vulnerable groups and those most in need.

## Our values

**Respect** - we treat everyone in an open and courteous manner.

**Integrity** - we behave fairly and honestly and can be trusted.

**Teamwork** - we work as a team and in partnership with our patients and the community.

**Excellence** - we set best practice standards in all that we do.

## Our goals

Embed oral health into general health

Lead prevention of oral disease

Help people most at risk of poor oral health

Gather evidence from the population to inform best practice

Find new and innovative ways to improve oral health

### RESPONSIBLE BODIES DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Dental Health Services Victoria for the year ending 30 June 2011.



Mick Ellis  
Chair, Board of Directors  
Dental Health Services Victoria  
Carlton  
17 August 2011

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# Dental Health Services Victoria 2010-11 Highlights

Treated **349,373** patients, 14,380 more than in previous year – a 4.3% increase

Treated **5,071** patients with special needs, 421 more than in previous year – an increase of 9.1%

Reduced number of people on public dental waiting list by **10.8%**

**8.4% increase** in the number of clinicians working in community dental clinics

Reduced the statewide average waiting time for non-urgent general dental care from **18.6 months** to **16.6 months**

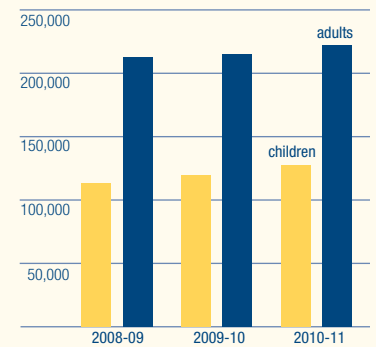
**90.4%** of category 1 emergency patients offered care within 24 hours – up from 86.9% in 09-10

Reduced the average statewide recall interval from **14.9 months** to **11.7 months** for high risk children, and **29.4 months** to **24.2 months** for low risk children

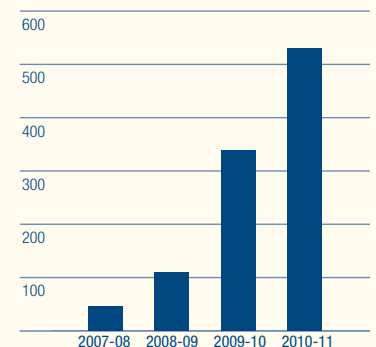
Supported the establishment of two new dental clinics in Melton and Morwell and added an additional 10 teaching chairs to the clinic in Bendigo.

Treated **531** patients identifying as Aboriginal and Torres Strait Islander at RDHM, **192** more than in previous year – an increase of 56.6%.

Total individuals treated statewide



Total patients treated at RDHM identifying as Aboriginal and Torres Strait Islander



# Year in review:

## Report from Board Chair and Chief Executive Officer

Oral health is an integral part of general health. It is fundamental to overall wellbeing and quality of life. In 2010-11, Dental Health Services Victoria (DHSV) embraced the challenge to more effectively respond to the needs of the Victorian community. We saw a record number of patients and significantly reduced waiting times for public dental services across the State.

We provided high quality care to 349,373 patients over 12 months across all community dental clinics and The Royal Dental Hospital of Melbourne (RDHM) – 14,380 more than last year (a 4.3% increase).

It is a credit to our hard-working and committed staff that we managed a record demand for our services while maintaining our commitment to high quality patient care and service excellence. To pay tribute to the often unacknowledged work being done by public oral healthcare professionals in Victoria, we launched the inaugural Public Oral Healthcare Awards. The awards were established in 2010 to mark the 120th anniversary of The Royal Dental Hospital of Melbourne (RDHM) – the beginning of public dentistry in Victoria. From the impressive field of nominees, three worthy award winners were selected – Professor Hanny Calache, Dr Sajeev Koshy and dental assistant Ms Pearl Dias. We look forward to continuing to recognise extraordinary contributions to the public dental sector each year.

Our sustained focus on reducing statewide waiting times resulted in the number of people waiting for public dental care reducing by 10.8% with an equivalent reduction in waiting time.

We also saw an increase in the number of category 1 emergency patients being offered care within 24 hours – up from 86.9% in 2009-10 to 90.4% in 2010-11.

2011 was a year of new beginnings for DHSV. Under the guidance of our new Chief Executive Officer, Dr Deborah Cole, we implemented a streamlined organisational structure. Tim Hogan joined DHSV as our new Chief Financial Officer and Professor Mike Morgan was appointed to the newly created role of Executive Director Oral Health Leadership.

The Minister for Health, The Hon David Davis endorsed our *2010-13 Strategic Plan* which focuses on four key areas - **leadership, access, intelligence and workforce**. The plan will guide us towards achieving our key goals:

- to embed oral health into general health
- lead prevention of oral disease

- help people most at risk of poor oral health
- gather evidence from the population to inform best practice
- find new and innovative ways to improve oral health.

With a focussed strategic plan and committed staff, we will take the necessary steps towards building capacity in the sector to lead improvements in access and demand management. We recognise the significant challenge we face to increase the number of people accessing public oral health care and are committed to closing the service gap and further reducing waiting times.

### Providing services in partnership with community health agencies

The partnerships we have with the 58 community health agencies across the State are highly valued. Their commitment to improving the oral health of the Victorian community has resulted in a significant increase in the number of patients treated in community dental clinics.

Over the last 12 months, 295,277 patients were treated in community dental clinics across Victoria, 11,994 more than the previous year. This 4.2% increase can be attributed to 19 dental clinics in 23 agencies extending their hours of operation and an 8.4% increase in the number of clinicians working in rural and regional clinics.

The capacity of the public dental sector was also increased by:

- commissioning two new dental clinics – a 12-chair clinic in Melton and a six-chair clinic in Morwell
- expanding the public dental clinic at Bendigo with the addition of 10 chairs to support clinical training
- commissioning a four-chair dental clinic at Ararat, an additional six chairs at Wodonga and four chairs at Mildura.

Old dental chairs were replaced at Prahran (three chairs), Kensington (two chairs) and Ballarat (six chairs) and construction commenced of a new four-chair relocatable clinic at Swan Hill District Health.

DHSV supported the development of regional oral health plans for Barwon Southwest, Grampians, Loddon Mallee, Gippsland and Hume as well as the three metropolitan regions – Southern, North and West, and Eastern - and provided funding to assist the appointment of project/program managers to implement the recommendations from the plans.

We demonstrated our commitment to improving the oral health of Victoria's children (0 – 17 years) by implementing a number of initiatives aimed at reducing child recall intervals. We employed additional staff to assist agencies to improve recall processes and established a call centre to contact parents and book appointment times for children at community dental agencies and RDHM. Over the year, these initiatives reduced the statewide high risk recall interval from 14.9 months to 11.7 months and the low risk recall interval from 29.4 months to 24.2 months.

In August 2010, we launched a new extranet for community dental agencies that facilitated more streamlined communication between DHSV and agency staff.

To simplify public dental funding and improve the quality and consistency of data used for planning and decision-making, we worked in collaboration with the Department of Health to implement new funding and accountability arrangements that took effect on 1 July 2011.

### **Providing services through The Royal Dental Hospital of Melbourne**

DHSV continued to provide high quality dental services through RDHM treating 54,096 patients over 12 months – 2,386 more than the previous year (a 4.6% increase).

A total of 19,503 patients received emergency care at RDHM in 2010-11 (a 6.9% increase). Of those patients, 92.4% classified as category 1 were treated within 24 hours – well above the agreed RDHM target.

To reduce waiting times for surgery, our Oral and Maxillofacial Surgery Department treated patients outside normal working hours, resulting in the number of patients treated increasing by 7.1% from 4,506 in 2009-10 to 4,828 in 2010-11. Due to ongoing service improvement initiatives, the average waiting time for all specialist treatment reduced from 6.8 months to 5.5 months and the number of special needs patients treated at RDHM increased by 9.1%.

As part of the Business Improvement Program, we initiated a Patient Flow Project at RDHM. The project analysed business performance to identify and support initiatives to improve the experiences of both staff and patients at the hospital.

Throughout the year, our Aboriginal Community Development Worker and Aboriginal Liaison Officer continued to implement initiatives to make the hospital a more welcoming environment for Aboriginal and Torres Strait Islander patients. Our staff undertook cultural awareness training and worked with the Victorian Aboriginal Health Service to improve the support offered to patients referred to RDHM for treatment. In 2010-11, the number of patients identifying as Aboriginal and Torres Strait Islander at RDHM grew from 339 in 2009-10 to 531 in 2010-11 – an increase of 56.6%.

### **Developing the oral health workforce**

DHSV finalised implementation of the *Oral Health Workforce Strategy 2008-2010* under the guidance of our Workforce Advisory Group, comprising representatives from the Department of Health, oral health education sector and professional associations.

We concluded the pilot educational program to expand the dental therapist scope of practice to adults aged 26 years and over and received endorsement from the Dental Practice Board of Victoria. All 10 pilot program participants successfully completed the program and commenced working within their endorsed expanded scope of practice.

DHSV supported students to successfully complete their studies and facilitated employment in the public oral health sector through two scholarship programs - the Oral Health Therapy Undergraduate Scholarship Program, supported by funding from the Department of Health, and the Graduate Certificate in Clinical Dentistry Scholarship Program for overseas-trained dentists. Scholarship recipients, on completion of their course and registration with the Dental Board of Australia, were contracted to work in public dental clinics throughout Victoria.

# Year in review continued

Our popular oral health promotion program, *Smiles 4 Miles*, reached approximately 24,000 children in 467 kindergartens and long day care centres.

DHSV continued to provide a statewide Continuing Professional Development program for oral health clinicians. Program content was developed in collaboration with the Clinical Leadership Council to ensure contemporary content and evidence-based learning.

## Oral health promotion

Guided by the *DHSV Integrated Oral Health Promotion Plan 2010-2011*, we increased capacity for oral health promotion through a range of partnership activities, including the revision of the *TEETH* manual - an oral health promotion resource for maternal and child health nurses. Our partnership with the Better Health Channel continued, with DHSV updating 21 fact sheets related to oral health, as did our partnership with the Australian parenting website, Raising Children Network.

We continued to work closely with RMIT University to ensure the graduation of the first cohort of students of the *Cert IV Dental Assisting (Oral Health Promotion)* course in November 2010.

Our popular oral health promotion program, *Smiles 4 Miles*, reached approximately 24,000 children in 467 kindergartens and long day care centres facilitated by 30 local coordinating sites, including primary care partnerships, local councils and health services.

In partnership with the Global Child Oral Health Taskforce, we distributed more than 14,300 toothbrush and paste packs to children in low income communities through partnerships including neighbourhood renewal programs, Aboriginal health services and *Kids – Go for your life*.

The DHSV Aboriginal Oral Health Reference Group, established in 2010, developed our *Aboriginal Oral Health Plan 2010-13* and we were delighted to award internationally acclaimed Aboriginal photographer and artist, Wayne Quilliam, with our Smile of the Year Award 2010.

To integrate oral health messages with general health, DHSV collaborated with both Diabetes Australia and the National

Heart Foundation in conference sessions. Health professionals studying diabetes education at Mayfield Education Centre received comprehensive information about the relationship of oral health to diabetes. A highlight of the year was the announcement of Dr Andre Priede as the recipient of a Gwen Scott Professional Development Grant that assisted him to attend the New York Academy of Sciences conference titled *Diabetes and Oral Disease: Implications for Health Professionals*.

DHSV also worked to integrate oral health with Victoria's health promotion priorities. Excellent progress was made in the implementation of the *Food and Drink Guidelines for Victorian Public Hospitals* at RDHM and DHSV continued to support patients and staff to quit smoking. Our submission to the *Tobacco Plain Packaging Bill 2011* can be found on our website.

A partnership with Nutrition Australia resulted in a healthy fundraising manual suitable for children's services, *Fundraising ideas for healthy kids! 2011*.

To enhance oral health awareness and literacy across the Victorian population, DHSV supported 11 public oral health agencies to provide a specific model of care for pension-level Support Residential Services (SRS) residents.

To improve understanding of oral health literacy and its implications for improving oral health, we developed a discussion paper on the topic and plan to develop an oral health literacy partnership group in 2011.

With the assistance of Department of Health funding, DHSV commenced the *Healthy Mothers, Healthy Babies* project, to improve the care of eligible pregnant women at Victoria's public oral health services.

By expanding and improving the oral health information and advice available on our website, we increased the number of unique visitors to the site by 40%.

In the next year, we will develop a new five year oral health promotion strategy for Victoria. We invite and welcome your involvement.

## Research and Innovation

Guided by our *Research and Innovation Strategy 2008-13*, we continued to embrace the need for innovation and embed a culture of evidence-based clinical practice across the organisation.

Our translational research centre, *The Australian Population Health Improvement Research Strategy – Oral Health (APHIRST-OH)*, aimed to increase the quantity and quality of public health improvement research aimed at upstream interventions. In 2010-11, *APHIRST-OH* launched a seminar series that brought together academics, policy makers and health professionals to explore the underlying factors that that impact oral health.

The Victorian Health Minister, the Hon David Davis, launched the inaugural DHSV Research and Innovation Grants Showcase on 27 May 2011. The event showcased 10 research projects funded by DHSV to improve the oral health of the population.

We continued to advocate for a minimal intervention dentistry (MID) approach to clinical caries management in the public sector. An MID National Partnership Working Group meeting took place in April 2011 to review a clinical guideline for *Caries Management of Children and Adolescents* and to plan a two-day workshop to showcase the national MID activities that were implemented over the last two years.

The Clinicians' Oral Health Channel (COHC) was developed to provide all DHSV and agency staff with access to evidence-based information. The COHC offers direct online access to four international dental journals subscribed to by DHSV.

## Financial performance

DHSV achieved an operating deficit of \$0.6 million for the year. Our net entity result was a deficit of \$6.9 million. This result incorporates a depreciation and amortisation charge of \$4.8 million, and expenditure on capital projects for and on behalf of community health agencies of \$2.9 million. A detailed set of financial statements is included in the back cover of this report.

## Acknowledgement and thanks

In November 2010, we farewelled Chief Executive Felix Pintado. During his time at DHSV, Felix showed tremendous drive and application in building DHSV into the well regarded and robust organisation we are today. At the end of June 2011, we also said goodbye to three of our esteemed Board members - Ms Anne Lyon, Dr Brian Stagoll and Ms Helen O'Kane. They will be remembered for their dedication and contribution to the Board and committees on which they served.

We would like to thank our committee members who concluded their terms in 2010-11, in particular Dr John Harcourt, an inaugural member of our Human Research Ethics Committee, and Peter Martin and Jan Curry who served on our Community Advisory Committee for nine year terms. Your guidance and long term contribution to DHSV has been greatly appreciated.

In April 2011, we were saddened by the passing of a well-respected member of our Quality Committee, Brenda Gabe. Brenda will be fondly remembered for her passion, enthusiasm and commitment to quality improvement and advocacy for people with disability.

Our impressive performance in 2010-11 would not have been possible without the support of the Department of Health, the strong governance of our Board, the focussed leadership of our Executive Team, the guidance of our committee members and the dedication of our hard-working and skilled staff at DHSV, RDHM and the 58 community agencies across Victoria. Thank you to everyone for your contribution to improving the oral health of Victorians in need.



Mick Ellis  
Chair, Board of Directors



Deborah Cole  
Chief Executive Officer

# Roles and services

## Manner of establishment and relevant Minister

Dental Health Services Victoria (DHSV) was established in 1996 to improve the planning, integration, coordination and management of Victoria's public dental services.

Responsible to the Victorian Minister for Health, DHSV became a metropolitan public health service in July 2000 and today employs 592 staff.

DHSV was established under the *Health Services Act 1988*. The responsible Ministers for Health during the reporting period were the Hon Daniel Andrews MP who was succeeded by the Hon David Davis who became the Victorian Minister for Health on 2 December 2010.

## Objectives, functions, powers and duties

As the leading public oral health agency in Victoria, DHSV is committed to ensuring that public oral health services are sustainable, efficient, effective and of a sufficiently high quality to improve the oral health status of Victorians, particularly those who are vulnerable and most in need.

DHSV has a statewide leadership role in:

- educating, recruiting and retaining the oral health workforce
- setting the agenda for oral health promotion
- ensuring the quality of oral health services, including clinical leadership
- advocating for oral health through a range of partnerships
- supporting and encouraging innovation and research in oral health.

DHSV has lead responsibility for:

- purchasing community dental services
- planning the best distribution of purchased services
- providing general, emergency and specialist services through The Royal Dental Hospital of Melbourne.

## Nature and range of services

DHSV provides clinical dental services through The Royal Dental Hospital of Melbourne (RDHM) in Carlton and purchases clinical and health promotion services on behalf of the State Government from 58 community health agencies throughout Victoria.

The following groups are eligible for public dental services:

- children and young people:
  - » all children aged 0 – 12 years
  - » young people aged 13 – 17 years who are healthcare or pensioner concession card holders or dependants of concession cardholders
  - » all children and young people up to 18 years of age in residential care provided by the Children Youth and Families division of the Department of Human Services
  - » all youth justice clients in custodial care, up to 18 years of age.
- people aged 18 years and over, who are health care or pensioner concession cardholders or dependants of concession cardholders
- refugees and asylum seekers.

Priority access to dental services is available to:

- Aboriginal and Torres Strait Islander people
- children and young people
- homeless people and people at risk of homelessness
- pregnant women
- refugees and asylum seekers
- registered clients of mental health and disability services, supported by a letter of recommendation from their case manager or staff of special developmental schools
- youth justice clients up to 18 years of age in custodial care.

Emergency, specialist and general dental care is provided (see Summary of Services), with referrals for particular specialist services made from community health agencies to RDHM.

RDHM is Victoria's leading dental teaching facility. The hospital works in partnership with the Melbourne Dental School of The University of Melbourne and the School of Health Sciences of RMIT University, to educate Victoria's future oral health professionals. The hospital also has close links with the rural oral health teaching program of La Trobe University.

In addition to delivering clinical services, DHSV plays the leading role in Victoria in the development, implementation and evaluation of targeted oral health promotion programs. These programs are designed to reduce the need for dental services and improve oral and overall health in the community.



## Summary of services

|   |  |
|---|--|
| <b>Emergency care</b>                             | Emergency dental care is available to healthcare and pensioner concession cardholders at RDHM and community dental clinics. Emergency care is also available to the general public at RDHM.  |
| <b>General care</b>                               | General dental care, including fillings, dentures and preventative care, is available to current healthcare and pensioner concession cardholders through RDHM and community dental clinics across Victoria.  |
| <b>Specialist care</b>                            | Patients may be referred to RDHM for specialist dental care including orthodontics, oral and maxillofacial surgery, endodontics, periodontics, prosthodontics, paediatric dentistry and oral medicine. An Integrated Special Needs Dentistry Unit is available at RDHM for people with intellectual or physical disabilities and we have two dental vans that deliver general dental care to children at special needs schools.  |
| <b>Oral health promotion</b>                      | Integrated health promotion programs deliver benefits for the community by promoting wellbeing, strengthening community capacity and minimising the burden of disease. Our statewide health promotion program supports key policy objectives, including prevention of oral disease, delivery of services to those in highest need and building capacity to improve oral health outcomes.   |
| <b>Education</b>                                  | The teaching clinics at RDHM support The University of Melbourne's education of dentists, specialists, oral health therapists and hygienists and RMIT University's education programs for dental assistants and technicians. RDHM provides bridging programs for overseas-trained clinicians seeking registration in Australia and offers scholarships to oral health graduates and overseas-trained clinicians to build workforce capacity. DHSV also works closely with La Trobe University to support its rural oral health teaching program. |
| <b>Purchased services</b>                         | DHSV purchases oral health services from 58 community health agencies. Through a population health approach, DHSV ensures there is a fair and equitable distribution of public money used in the most effective and efficient way to improve public oral health. DHSV has developed policies and procedures to ensure that defined levels of agency support are provided.  |
| <b>Continuous improvement</b>                     | The DHSV Health Intelligence Team is responsible for data analysis, knowledge management, business improvement and service development. The team supports statewide planning, implementing, monitoring and reviewing of the continuous improvement functions in collaboration with management and staff. The DHSV Infection Control Consultant provides high level advice and guidance to DHSV management, staff and agencies on infection control issues.   |
| <b>Information communication technology (ICT)</b> | The DHSV ICT Team is responsible for developing and maintaining patient management system solutions and associated centralised infrastructure to support the clinical and administrative activities at 85 sites across Victoria. The team also supports the broader ICT service needs of RDHM and DHSV corporate functions.  |

# Governance

## Board of Directors

The functions of the Board of a public health service are prescribed by the *Health Services (Governance and Accountability) Act 2004*.

The Governor in Council, on the Minister for Health's recommendation, appoints the DHSV Board of Directors. Members reflect a mix of qualifications, skills and experience, particularly in the areas of oral health, community welfare, finance and business.

We recognise the service and contribution of Board Directors, Ms Anne Lyon, Dr Brian Stagoll and Ms Helen O'Kane whose terms on the Board concluded on 30 June 2011.

On 1 July 2011, three new Board Directors, Mr Cameron Clark, Mrs Helene Bender OAM and Dr Pam Dalgliesh were appointed for three year terms.

### Mr Mick Ellis (Chair)

*BEcon, BEd*

*Chair:* Executive Performance and Remuneration Committee  
*Member:* Finance Committee

Appointed to the Board in July 2006, and Chair since July 2009, Mr Ellis has extensive experience in the health and human service industry and is currently a partner in Highview Consultants, specialising in strategic management and human resource support.

### Ms Kathy Bell

*BA (Hons), GradCertHealthEcons, MPH*

*Chair:* Population Health Committee  
*Member:* Finance Committee, Quality Committee

Appointed to the Board in July 2009, Ms Bell has extensive experience in public health policy and management, including in Aboriginal health and remote health. She is currently CEO of the Heart Foundation (Victoria).

### Ms Kellie-Ann Jolly

*Grad Dip App Sci (Oral Health Therapy), MHSc (Health Promotion)*

*Chair:* Community Advisory Committee  
*Member:* Research Advisory Panel

A director since July 2004, Ms Jolly has an oral health background partnered with substantial experience in public health and health promotion portfolios at State and community levels. She is the Director,

Cardiovascular Health Programs for the Heart Foundation (Victoria). Ms Jolly is also the interim Chair of the Victoria Walks Inc Association.

*Reappointed 1 July 2010*

### Ms Anne Lyon

*BEd, Diploma of Nursing Education (Midwifery), MA Public Policy and Management (Monash)*

*Chair:* Human Research Ethics Committee, Research Advisory Panel  
*Member:* Population Health Committee, Quality Committee

Appointed to the Board in July 2008, Ms Lyon has extensive experience across a number of sectors including aged care, disability and community health. She held the position of Chief Executive Officer of Knox Community Health Service until September 2008. Ms Lyon is currently a Board Member of Women's Legal Service Victoria.

*Term concluded 30 June 2011*

### Dr John Miller AO

*BA BCom (Melb), PhD (Monash), FCPA, FAICD*

*Member:* Audit Committee, Quality Committee, Research Advisory Panel

Appointed to the Board in July 2010, Dr Miller was previously head of the management schools at Monash and Swinburne. He was senior partner in two international accounting firms and is an honorary life member of CPA Australia and the Australian Institute of Company Directors. He is a Director of charitable trusts involved with disability and the environment. John is a Board Member of City West Water and Lake Mountain. His community service has been recognised with the Order of Australia and the Australian Centenary Medal.

*Appointed 1 July 2010*

### Mr Tony Monley

*MBA (Accounting) (Monash University), Grad Dip Commercial Data Processing (RMIT University), BCom (University of Western Australia)*

*Member:* Finance Committee, Population Health Committee

Appointed to the Board in July 2010, Mr Monley is a qualified accountant with over

30 years experience in the energy industry. He has spent the bulk of his career with the BP Group in various finance and operational roles around Australia and South East Asia in all segments of the oil industry. Tony is currently the Finance Change and Internal Control Manager for Origin Energy. He is also a member of Rotary Club of Templestowe Inc.  
*Appointed 1 July 2010*

### Ms Helen O'Kane

*BBA (University of Melbourne), BEco (LaTrobe)*

*Chair:* Finance Committee  
*Member:* Audit Committee, Executive Performance & Remuneration Committee

Appointed to the Board in July 2008, Ms O'Kane is the Practice Manager for Melbourne legal firm Barbour Arnold and Cousins. She has extensive executive management experience in both public and private sectors and in 2000, became the first national lay board chair of LCM Health Care Ltd.

*Term concluded 30 June 2011*

### Mr Kevin Quigley

*FCA, FAHSFMA, Exec Cert Public Policy (Monash)*

*Chair:* Audit Committee  
*Member:* Executive Performance and Remuneration Committee; Community Advisory Committee

Appointed to the Board in July 2009, Mr Quigley is a member of a number of not-for-profit boards and committees. He is a former Deputy President of the Library Board of Victoria, President of the Melbourne Athenaeum and a member of the Council of the University of Ballarat. He also chairs or serves on a number of Audit Committees.

### Dr Brian Stagoll

*MB BS FRANZCP*

*Chair:* Quality Committee  
*Member:* Human Research Ethics Committee, Community Advisory Committee

A director since July 2003, Dr Stagoll is a psychiatrist in private practice. He has broad experience in public health and is a Board Member of North Yarra Community Health Centre.

*Term concluded 30 June 2011*

## Board meetings

The Board requires all members to devote sufficient time to the work of the Board and to endeavour to attend meetings.

In addition to the Annual General Meeting, the Board met 12 times during 2010-11. One of these meetings was a half-day strategic planning session and 11 were Board meetings. Attendance at Board meetings was as follows:

| DIRECTOR             | ELIGIBLE | ATTENDED |
|----------------------|----------|----------|
| Mr Mick Ellis, Chair | 11       | 11       |
| Ms Kathy Bell        | 11       | 11       |
| Ms Kellie-Ann Jolly  | 11       | 10       |
| Ms Anne Lyon         | 11       | 11       |
| Dr John Miller AO    | 11       | 11       |
| Mr Tony Monley       | 11       | 10       |
| Ms Helen O'Kane      | 11       | 10       |
| Mr Kevin Quigley     | 11       | 10       |
| Dr Brian Stagoll     | 11       | 7        |

## Board committees

The following committees provided advice to the Dental Health Services Victoria Board of Directors during the 2010-11 financial year:

### Audit and Risk Committee

The role of the Audit and Risk Committee is to ensure that we produce accurate, timely and relevant reports on the financial operations of DHSV. The committee also ensures that sufficient resources are allocated to identifying and managing organisational risk.

*Chair:* Mr Kevin Quigley

*Members:* Dr John Miller, Ms Helen O'Kane, Ms Ruth Owens (Independent), Mr Peter Robertson (Independent)

### Community Advisory Committee

The Community Advisory Committee (CAC) provides advice to the DHSV Board on structures, processes and priorities to ensure effective community consultation and participation in service planning and delivery.

*Chair:* Ms Kellie-Ann Jolly

*Members:* Mr Kevin Quigley, Dr Brian Stagoll, Mr Savas Augoustakis, Ms Janet Curry (*resigned June 2011*), Ms Sharon Harris, Ms Christine Ingram, Mr Peter Martin (*resigned June 2011*),

Ms Roxanne Maule (*appointed April 2011*), Mr Geoffrey Edgar Dye (*appointed April 2011*), Mr Sam Caldera (*appointed April 2011*), Mr Greg Loughnan (*resigned October 2010*).

### Executive Performance and Remuneration Committee

The Executive Performance and Remuneration Committee monitors Executive and senior staff recruitment, remuneration and performance.

*Chair:* Mr Mick Ellis

*Members:* Ms Helen O'Kane, Mr Kevin Quigley

### Finance Committee

The Finance Committee advises the Board on matters relating to financial strategies and performance as well as capital management.

*Chair:* Ms Helen O'Kane

*Members:* Ms Kathy Bell, Mr Mick Ellis, Mr Tony Monley

### Human Research Ethics Committee

The Human Research Ethics Committee protects the welfare and rights of participants involved in research. The committee reviews research proposals and monitors the way in which research is conducted at DHSV.

*Chair:* Ms Anne Lyon

*Members:* Dr Brian Stagoll, Dr Menaka Abuzar, Reverend James Brady, Dr John Harcourt (*resigned November 2010*), Ms Kavitha Chandra-Shekeran, Mr Mark Gussy (*appointed March 2011*), Dr Rodrigo Marino, Mr Peter Martin, Ms Sarah Nieuwenhuysen, Ms Paula Foran

### Population Health Committee

The role of the Population Health Committee is to provide advice and recommendations to the Board on health issues affecting the population served by DHSV.

*Chair:* Ms Kathy Bell (*appointed to Chair in August 2010*)

*Members:* Ms Anne Lyon (*appointed August 2010*), Mr Tony Monley (*appointed August 2010*), Ms Leigh Rhode, Dr John Rogers (*appointed August 2010*), Ms Rosie Rowe, Prof Marc Tennant, Mr Matt Sharp (*resigned August 2010*), Prof Elizabeth Waters, Ms Helen Watt, Ms Tracey Wilson

## Quality Committee

The Quality Committee ensures that quality monitoring activities are systematically performed at DHSV and that quality standards are maintained.

*Chair:* Dr Brian Stagoll

*Members:* Ms Anne Lyon, Ms Kathy Bell, Dr John Miller, Ms Janet Curry (*appointed June 2011*), Mr Savas Augoustakis, Ms Brenda Gabe (*until April 2011*)

## Research Advisory Panel

The Research Advisory Panel assesses research and innovation proposals and provides advice to the Board on the conduct, scope and evaluation of research projects and initiatives funded by DHSV.

*Chair:* Ms Anne Lyon

*Members:* Ms Kellie-Ann Jolly, Dr John Miller, Prof Anthony Blinkhorn, Dr Elise Davis, Dr Marie Misso (*resigned June 2011*), Prof Louise Kloot, Prof Peter Wilson, Prof Marc Tennant (*appointed August 2010*)

## Compensation arrangements

The Board reviews the compensation arrangements of the Chief Executive and other senior executives annually via its Executive Performance and Remuneration Committee to ensure compliance with the Government Sector Executive Remuneration Panel guidelines. The remuneration of Board Directors is determined by government policy.

## Managing risk

The Board retained the services of Protiviti Independent Risk Consulting in 2010-11 as internal auditors and facilitators of the DHSV Risk Management process. Protiviti consultants facilitated an evaluation of the organisation's risk in April 2011 as part of our ongoing commitment to risk management.

## Consultancies

Consultancies costing more than \$100,000: Nil

Consultancies costing less than \$100,000: 16, at a total cost of \$226,030.

# Attestations

## Attestation on Data Integrity

I, Deborah Cole, certify that Dental Health Services Victoria has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Dental Health Services Victoria has critically reviewed these controls and processes during the year.

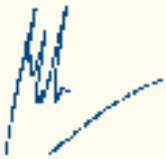


Deborah Cole  
Chief Executive Officer  
Dental Health Services Victoria

Carlton  
17 August 2011

## Attestation on Compliance with Australian/ New Zealand Risk Management Standard

I, Mick Ellis, certify that Dental Health Services Victoria has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard* and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures. The Board of Directors verifies this assurance and that the risk profile of Dental Health Services Victoria has been critically reviewed within the last 12 months.



Mick Ellis  
Chair, Board of Directors  
Dental Health Services Victoria

Carlton  
17 August 2011

# Compliance

## Compliance with *Building Act 1993*

DHSV buildings are maintained to meet the provisions of the *Building Act 1993* and the Minister for Finance Guidelines Building Act 1993-Standards for Publicly-Owned Buildings, November 1994.

## Purchasing and tendering

DHSV complies with the principles of the Operating Model of Health Purchasing Victoria and uses the Victorian Government Purchasing Board Guidelines in tendering and managing contracts.

## Competitive neutrality

DHSV applies competitively neutral pricing principles to all of its identified business units in accordance with the requirements of the Government policy statement, *Competitive Neutrality Policy Victoria* and subsequent reforms.

## Probity

DHSV has undertaken public tender for contracts as required by the Victoria Government Public Service guidelines and has detailed supplier evaluation and relationship management processes in place.

## Code of Conduct

DHSV has a comprehensive Code of Conduct, which is consistent with guidelines issued by the State Services Authority. The Code of Conduct is available to all employees and is an integral part of the induction and orientation program. All employees are expected to behave in a manner consistent with the requirements of the Code of Conduct.

## Freedom of information

The Victorian *Freedom of Information (FOI) Act 1982* provides members of the public the right to apply for access to information held by DHSV.

|   |          |
|---|----------|
| Total no. of requests:                    | 56       |
| Personal requests:                        | 45       |
| Other requests:                           | 11       |
| Access granted in full:                   | 56       |
| Access partially granted:                 | 0        |
| Requests withdrawn or not proceeded with: | 0        |
| Application fees collected:               | \$591.40 |
| Application fees waived:                  | \$747.00 |
| Charges collected:                        | \$128.20 |
| Charges waived:                           | \$681.20 |

There were a further 416 requests received for copies of documents that were provided outside the FOI process. These requests consisted of written authorities to copy documents to facilitate ongoing patient care at another health facility.

## Occupational health and safety

The DHSV Occupational Health and Safety Coordinator provides advice to managers and staff on risk management, health and

safety legislation and ways to provide safe workplaces for DHSV staff. Consultation on OHS issues is strong through the OHS Representatives Committee and a Building OHS Committee comprising of representatives of building tenants. All DHSV work areas have been assigned designated work groups (DWGs) in accordance with the relevant legislation. Each DWG has a designated OHS representative who provides detailed training on the DWGs responsibilities. A risk assessment program is in place to manage day to day hazards and risks. DHSV strives for continuous improvement through regular OHS evaluations processes.

Workcover claims continued to be managed in a proactive manner contributing to insurance premium costs being held to \$129,342.47 for 2010-11, a reduction of 32% from 2009-10. Premium costs are forecast to rise around 15% to \$148,743.84 for the 2011-12 financial year\*.

(\*Indicative figures only, premium statements are sent by our WorkCover insurer in August 2011 confirming the premium amount for the 2011-12 financial year)

## Disability Action Plan

DHSV continued to implement the DHSV *Disability Action Plan (DAP) 2010-2013*. The *DAP* is approved by the Australian Human Rights Commission and it's implementation is monitored regularly by the DHSV Community Advisory Committee (CAC). The *DAP* addresses the four outcome areas identified by the *Victorian Disability Act*:

- reducing barriers to persons with a disability accessing goods, services and facilities
- reducing barriers to persons with a disability obtaining and maintaining employment
- promoting inclusion and participation in the community of persons with a disability
- achieving tangible changes in attitudes and practices which discriminate against persons with a disability.

In 2010-11, DHSV increased its capacity to respond to the needs of people with disability via several projects, including the introduction of "Diversity Champions", a group of DHSV employees who are responsible for leading initiatives to benefit patients with disabilities. DHSV also recruited two new members to the CAC who have extensive experience working with and advocating for people with disabilities.

## Compliance with *Whistleblower Protection Act 2001*

DHSV complies with the application and operation of the *Whistleblowers Protection Act 2001* and encourages staff members and members of the public to disclose any conduct they believe to be inappropriate or corrupt.

A Protected Disclosure Coordinator (Manager Employee Services) receives the disclosures or requests for information. Alternatively, staff or members of the public may contact the Victoria Ombudsman Office directly. Information relating to the *Whistleblowers Protection Act* is provided to new staff members on commencement. There were no reports of claims under the Act in 2010-11.

# Strategic performance

The *Statement of Priorities* is the key accountability agreement between DHSV and the Minister for Health. The tables below report on the performance of DHSV in each area of the *Statement of Priorities*.

## Part A: Statewide priorities for 2010-11

| STRATEGIC PRIORITY                         | DELIVERABLES  | DUE DATE       | OUTCOME   |
|--|---|----------------|---|
| 1. Planning                                | 1. Take lead role to support completion of regional oral health plans for Barwon Southwest, Grampians and Loddon Mallee rural regions.  | June 2011      | Supported the development of regional oral health plans for: <ul style="list-style-type: none"> <li>• <b>Barwon Southwest:</b> plan completed in January 2011.</li> <li>• <b>Grampians:</b> plan completed in March 2011.</li> <li>• <b>Loddon Mallee:</b> final plan submitted for review by Department of Health.</li> </ul> Provided funding to assist rural regions with the appointment of project/program managers to implement the recommendations included the plans.                   |
|  | 2. Support development and completion of regional oral health plans for Southern, North and West, and Eastern metro regions.  | June 2011      | Supported the development of regional oral health plans for: <ul style="list-style-type: none"> <li>• <b>North and West:</b> plan completed in May 2011.</li> <li>• <b>Eastern:</b> collated and reviewed stakeholder feedback.</li> <li>• <b>Southern:</b> shortlisted consultants to develop the plan in June 2011.</li> </ul> Provided funding to assist metropolitan regions with the appointment of project managers to implement the recommendations included in the plans when complete. |
| 2. Workforce                               | 3. Develop <i>Workforce Strategy 2010-2013</i> and explore development of DHSV statewide recruitment function.  | December 2010  | Commenced development of an oral health workforce action plan under the guidance of the Workforce Advisory Committee. The <i>Workforce Strategy 2010-13</i> is scheduled for completion upon recruitment of an Executive Director Workforce in 2011-12. Appointed a Manager Workforce Planning and Recruitment to lead statewide recruitment initiatives.   |
|  | 4. Identify and secure accredited providers for bridging program and provide support for dental therapists in the public sector to undertake the program.   | June 2011      | Identified a range of formal educational opportunities that will enable graduate dental therapists to provide treatment to adults aged 26 years and over.   |
|  | 5. Support the development of a bridging program for practising dental therapists with diploma qualifications.  | June 2011      | Provided financial support to the University of Melbourne to develop a proposal for a Graduate Diploma Oral Health Therapy that will include educational preparation of practicing dental therapists to treat patients 26 years and over.   |
|  | 6. Liaise with Victorian Aboriginal Community Controlled Health Organisation (VACCHO) to explore feasibility of an Indigenous Scholarship Program for those undertaking oral health tertiary education. | December 2010  | Liaised with VACCHO, The University of Melbourne (UoM) Centre for Indigenous Studies and the UoM Scholarships Officer and Faculty of Dental Science to develop the concept for an Indigenous Scholarship Program. The concept was completed in December 2010.   |
| 3. Health promotion and disease prevention | 7. Revise statewide <i>Oral Health Promotion Plan (framework) 2008-2012</i> to strengthen integration of oral health promotion in existing health promotion initiatives.                                | September 2010 | Developed a revised <i>Oral Health Promotion Plan (framework) 2008-12</i> to be finalised in the 2011-12 year in collaboration with the Department of Health.   |
|  | 8. Convene regional oral health forums for agencies to showcase and promote service innovations and research.   | December 2010  | Launched the inaugural DHSV Research and Innovation Grants Showcase on 27 May 2011. The event was launched by the Minister for Health, the Hon David Davis and showcased 10 research projects funded by DHSV to improve the oral health of the population.  |

| STRATEGIC PRIORITY                        | DELIVERABLES  | DUE DATE      | OUTCOME  |
|---|---|---------------|--|
| 4. At-risk groups                         | 9. Undertake a pilot project and evaluation of a self-management program for high risk patients on wait lists.  | November 2010 | Participated in a pilot project led by a consortium of community health services in the Central Bayside and Bentleigh Bayside areas. The final report was received in April 2011 and its findings will inform our oral health literacy plan.   |
|   | 10. Undertake a project to improve oral health of vulnerable pregnant women aligned to the <i>Healthy Mothers Health Babies</i> program.  | June 2011     | Completed a project plan and received ethics approval to undertake a project to improve the oral health of vulnerable pregnant women. A steering group and internal project group was established and a clinical guideline was completed for the management of pregnant patients.  |
|   | 11. Develop a capacity-building project, supported by the Victorian Refugee Health Network, for public oral health clinicians in the management of refugees.  | March 2011    | In November 2010, we signed the <i>Oral Health Sector Capacity Building Agreement</i> with Foundation House. A project manager was appointed to develop and implement the 18 month project and a project proposal and timeline were completed in March 2011.   |
| 5. Funding, accountability and evaluation | 12. Develop model for improved coordination of voucher management.  | December 2010 | Developed and implemented an improved process for coordinated release of vouchers to agencies with available funds.  |
|   | 13. Contribute to the development and implementation of the new oral health funding model.  | June 2011     | Worked in collaboration with the Department of Health to implement new funding and accountability arrangements that took effect on 1 July 2011. A revised patient management system, Titanium version 14, went live on 4 July 2011.  |
| 6. Service development                    | 14. Deliver Department-funded capital works, in addition to Annual Provisions: <ul style="list-style-type: none"> <li>• New 4-chair relocatable clinic at Craigieburn</li> <li>• Relocate dental clinic at Northeast Health Wangaratta</li> <li>• Provide 21 digital x-ray units at Whitehorse, Knox, Darebin, Bendigo and Western Region</li> <li>• Replace dental chairs that are more than 15 years old at Ballarat Health Service, Southern Health (Cardinia Casey), Goulburn Valley Health, RDHM Specialist Clinic</li> <li>• New four-chair clinic at Swan Hill</li> <li>• New public dental chairs at Cobram.</li> </ul> | June 2011     | Completed Department-funded capital works as follows: <ul style="list-style-type: none"> <li>• Contracted a builder to construct a relocatable dental clinic at Craigieburn in December 2010 and commenced project planning.</li> <li>• Commenced project to consolidate a two-chair towable and two-chair fixed clinic at Northeast Wangaratta in September 2010.</li> <li>• Installed 43 digital x-ray units at 15 agency sites.</li> <li>• Replaced old dental chairs at Prahran (three chairs), Kensington (two chairs) and Ballarat (six chairs).</li> <li>• Commenced construction of a new four-chair relocatable clinic at Swan Hill District Health.</li> <li>• Established dental chairs at Cobram.</li> </ul> |

# Strategic performance continued

## Part A: The Royal Dental Hospital of Melbourne priorities for 2010-11

| STRATEGIC PRIORITY | DELIVERABLES   | DUE DATE      | OUTCOME  |
|--------------------|--|---------------|--|
|                    | 15. Develop, with The Royal Children's Hospital and primary care partnerships, an oral health risk identification project for children led by general practitioners. | February 2011 | Liaised with The Royal Australian College of General Practitioners with the aim of promoting oral health CPD programs to general practitioners and practice nurses. Commenced development of an oral health webpage for general practitioners.   |
|                    | 16. Commence implementing the Victorian government <i>Food and Drink Guidelines for Victoria Public Hospitals</i> at RDHM.   | June 2011     | Completed baseline assessment of food available onsite at RDHM. Promoted healthy food and drink options at onsite café. Introduced a new vending machine at RDHM to provide healthier snack choices for staff, patients and visitors.  |
|                    | 17. Review RDHM referral and discharge practices to agencies and private practitioners.  | October 2010  | Completed review of RDHM referral acknowledgement and patient discharge practices and convened a working group to develop and action recommendations as part of RDHM Patient Flow Project.<br>The program analysed business performance to identify and support initiatives to improve the experiences of both staff and patients at the hospital. |



## Part B : Performance priorities

### Financial Performance

| OPERATING RESULT OUTCOME      | 2010-11 ACTUAL  |
|-------------------------------|-----------------|
| Annual operating result (\$m) | (\$0.6 million) |

### Service performance

| ACTIVITY  |           | 2010-11 TARGET   | 2010-11 ACTUAL   |
|---|-----------|------------------|--|
| Total number of individuals treated:                                      | Agencies  | 279,290          | 295,277  |
|   | RDHM      | 51,710           | 54,096   |
|   | Statewide | 331,000          | 349,373  |
| QUALITY AND SAFETY  |           | 2010-11 TARGET   | 2010-11 ACTUAL   |
| Health service accreditation  | Agencies  | Fully accredited | 57 agencies fully accredited, 1 agency currently working towards accreditation |
|   | RDHM      | Fully accredited | Fully accredited   |
|   | Statewide | n/a              | n/a  |
| Cleaning standards (%)  | Agencies  | n/a              | n/a  |
|   | RDHM      | 90%              | 95.8%  |
|   | Statewide | n/a              | n/a  |
| Hand Hygiene Program compliance (%)                                       | Agencies  | n/a              | n/a  |
|   | RDHM      | 100%             | 100%   |
|   | Statewide | n/a              | n/a  |
| Healthcare worker immunisation rate (%)                                   | Agencies  | n/a              | n/a  |
|   | RDHM      | 60%              | 50%*   |
|   | Statewide | n/a              | n/a  |
| Number of hospital initiated postponements per 100 scheduled appointments | Agencies  | n/a              | n/a  |
|   | RDHM      | 3                | 3.3  |
|   | Statewide | n/a              | n/a  |
| Ratio of emergency to general courses of dental care                      | Agencies  | 49:51            | 39:61  |
|   | RDHM      | 72:28            | 63:37  |
|   | Statewide | 53:47            | 41:59  |

\* Figure as at September 2010, estimated figure as at 30 June 2011 is 63%

# Strategic performance continued

## Part B : Performance priorities continued

### Access performance

| EMERGENCY CARE   |           | 2010-11 TARGET | 2010-11 ACTUAL |
|--|-----------|----------------|----------------|
| Percentage of dental emergency triage category 1 clients treated within 24 hours                                 | Agencies  | 85%            | 89.5%          |
|  | RDHM      | 85%            | 92.4%          |
|  | Statewide | 85%            | 90.4%          |
| Percentage of dental emergency triage category 2 clients treated within 7 days                                   | Agencies  | 80%            | 84.9%          |
|  | RDHM      | 80%            | 77.9%          |
|  | Statewide | 80%            | 84.5%          |
| Percentage of dental emergency triage category 3 clients treated within 14 days                                  | Agencies  | 75%            | 86.8%          |
|  | RDHM      | 75%            | 86.6%          |
|  | Statewide | 75%            | 86.8%          |
| GENERAL AND DENTURE CARE   |           | 2010-11 TARGET | 2010-11 ACTUAL |
| Percentage of high caries risk eligible clients 0 – 17 years recalled within 12 months                           | Agencies  | n/a            | n/a            |
|  | RDHM      | n/a            | n/a            |
|  | Statewide | 100%           | 66.4%          |
| Percentage of low caries risk eligible clients aged 0-17 years recalled within 24 months                         | Agencies  | n/a            | n/a            |
|  | RDHM      | n/a            | n/a            |
|  | Statewide | 100%           | 64.8%          |
| Percentage of prosthodontics, endodontics and orthodontics specialist services patients treated within 15 months | Agencies  | n/a            | n/a            |
|  | RDHM      | 100%           | 92.1%          |
|  | Statewide | n/a            | n/a            |
| Percentage of other dental specialist services patients treated within six months                                | Agencies  | n/a            | n/a            |
|  | RDHM      | 100%           | 71.6%          |
|  | Statewide | n/a            | n/a            |
| Waiting time for general dental care (months)  | Agencies  | n/a            | n/a            |
|  | RDHM      | n/a            | n/a            |
|  | Statewide | 23 months      | 16.6 months    |
| Waiting time for denture care (months)   | Agencies  | n/a            | n/a            |
|  | RDHM      | n/a            | n/a            |
|  | Statewide | 22 months      | 17.1 months    |
| Waiting time for priority denture care (months)  | Agencies  | n/a            | n/a            |
|  | RDHM      | n/a            | n/a            |
|  | Statewide | 3 months       | 1.4 months     |

## Part C: Activity and funding

### Funded activities

| ACTIVITY                                  | MEASURE DESCRIPTION   |
|---|---|
| Service system resourcing and development | Continuous provision and enhancement of the administration function required to meet the strategic priorities set out in the <i>Strategic Plan 2010-13</i> .  |
| Annual provision/minor works              | 64 submissions were approved for minor works to maintain Victoria's public oral health infrastructure [as per Principle Three: Technology to Benefit People, <i>Improving Victoria's Oral Health (2007)</i> ].  |
| Oral health promotion                     | <p><i>Smiles 4 Miles</i> program reached 24,000 children in 467 kindergartens and long day care centres with 30 local coordinating sites, including primary care partnerships, local councils and health services.</p> <p>Revised the <i>TEETH</i> manual for maternal and child health nurses.</p> <p>Updated 21 oral health fact sheets in collaboration with the Better Health Channel.</p> <p>Worked with RMIT University to ensure graduation of first cohort of students completing the <i>Certificate IV Dental Assisting (Oral Health Promotion)</i>.</p> <p>Distributed 14,300 toothbrush and paste packs to children in low income communities in partnership with the Global Child Oral Health Taskforce.</p> <p>Developed <i>Aboriginal Oral Health Plan 2010-13</i> with the Aboriginal Oral Health Reference Group.</p> <p>Supported 11 community dental agencies to provide a specific model of care for pension-level Supported Residential Services (SRS) residents.</p> <p>Participated in the 'Where the Heart Is' community festival for homeless people or people at risk of homelessness in Melbourne, providing free oral health checks and distributing free oral health packs.</p> <p>Commenced the <i>Healthy Mothers, Healthy Babies</i> project to improve the care of eligible pregnant women at Victoria's public oral health services.</p> |
| RDHM dental care                          | <p>The Royal Dental Hospital of Melbourne treated a total of 54,096 patients in 2010-11 – a 4.6% increase compared to 2009-10. Patients were treated in the following departments:</p> <p>Primary Care: 24,153</p> <p>Special Needs: 5,071</p> <p>Undergraduate Teaching Clinic: 8,641</p> <p>Specialist Services: 16,231</p>   |
| Workforce, resourcing and development     | <p>Concluded pilot educational program to expand dental therapist scope of practice to adults aged 26 years and over.</p> <p>Supported two scholarship programs - the Oral Health Therapy Undergraduate Scholarship Program and the Graduate Certificate in Clinical Dentistry Scholarship Program for overseas-trained dentists.</p> <p>Provided RDHM Dental Internship Program and traineeship program for dental assistants.</p> <p>Provided statewide CPD program for oral health professionals.</p> <p>Supported professional development of DHSV and RDHM staff (e.g. attendance at seminars and conferences).</p> <p>Provided work experience program for secondary and tertiary students.</p>   |
| Community dental care                     | <p>Community dental clinics treated a total of 295,277 patients across Victoria — a 4.2% increase compared to 2009-10.</p> <p>19 dental clinics in 23 agencies extended their hours of operation and the number of clinicians working in community dental clinics increased by 8.4%.</p>  |
| Dental services purchasing                | <p>Provided mentoring for graduate clinicians working in community dental agencies.</p> <p>Assisted with relocation of clinicians to rural and regional clinics.</p>  |

# Strategic performance continued

## Part C: Activity and funding

| ACTIVITY                           | MEASURE DESCRIPTION   |
|------------------------------------|---|
| Clinical leadership and governance | <p>Launched the Clinicians' Oral Health Channel to provide all agency and DHSV staff with access to online dental journals.</p> <p>Advocated for a Minimal Intervention Dentistry (MID) approach to caries management in the public sector.</p> <p>Developed and updated clinical guidelines under the guidance of the Clinical Leadership Council (CLC).</p>   |
| Capital planning and development   | <p>Established two new dental clinics – a 12-chair clinic in Melton and a six-chair clinic in Morwell.</p> <p>Expanded the dental clinic in Bendigo with the addition of 10 chairs to support clinical training.</p> <p>Commissioned a four-chair dental clinic at Ararat, an additional six chairs at Wodonga and four chairs at Mildura.</p> <p>Commenced construction of a new four-chair relocatable clinic at Swan Hill District Health.</p> <p>Installed 43 digital x-ray units at 15 agency sites.</p> <p>Replaced old dental chairs at Prahran (three chairs), Kensington (two chairs) and Ballarat Health Services (six chairs).</p>   |
| Regional service system support    | <p>Supported the development of regional oral health plans for Barwon Southwest, Grampians, Loddon Mallee, Gippsland and Hume as well as the three metropolitan regions – Southern, North and West, and Eastern.</p> <p>Provided funding to assist the appointment of project/program managers to implement the recommendations included the regional oral health plans.</p> <p>Employed additional staff to assist and educate agencies to improve recall processes and established a call centre to book appointments and reduce child recall intervals.</p> <p>Launched a new extranet for community dental clinics in August 2010.</p>  |
| Data management and IT             | <p>Completed statewide upgrade of Titanium to version 12.</p> <p>Implemented the new Victorian Health Incident Management System (VHIMS) tool.</p> <p>Upgraded all Titanium database servers delivering improved performance for Titanium users.</p> <p>Implemented Titanium test environment which significantly improved testing outcomes for the Titanium 14 implementation.</p> <p>Increased the number of Citrix servers in the Titanium Citrix farm based on load testing outcomes and recommendations.</p> <p>Completed upgrade of VMWare (virtualisation software) server environment resulting in performance improvements, higher availability and continuity, and a reduction in power consumption at the Data Centre of approximately 25%.</p> <p>Implemented the Cherwell Service Desk application to support the recording and management of incidents and service requests under the new Titanium Service Agreement.</p> <p>Implemented Titanium 14 as part of the Dental Health Program Funding and Accountability Reform project to prepare for the go live date on 4 July 2011.</p> |
| Acute health services              | <p>Provided patient services, including patient transport.</p> <p>Two patients receiving treatment in the Day Surgery Unit were transported offsite via ambulance and 12 patients/visitors required immediate resuscitation (Code Blue).</p>  |

# Financial overview

The DHSV operating result for the financial year was a deficit of \$0.574 million. The net entity result was a deficit of \$6.9 million.

- Total revenue increased by \$11.7 million – an 8.7% increase on the previous year.
- Total expenditure increased by \$16.8 million – a 12.4% increase on the previous year.
- Total equity decreased by \$4.8 million, reflecting the impact of the net entity result of \$6.9 million and the positive revaluation of land by \$2.1 million.

Operational revenue and expenditure were increased during 2010-11 as a result of increased funding received from the Department of Health to support student placements. The incremental amount received was \$7.1 million.

The key operational and financial objectives of DHSV are documented in the *Statement of Priorities 2010-11*.

DHSV surpassed the target of number of individuals treated by 5.5% and performed well against other key performance indicators.

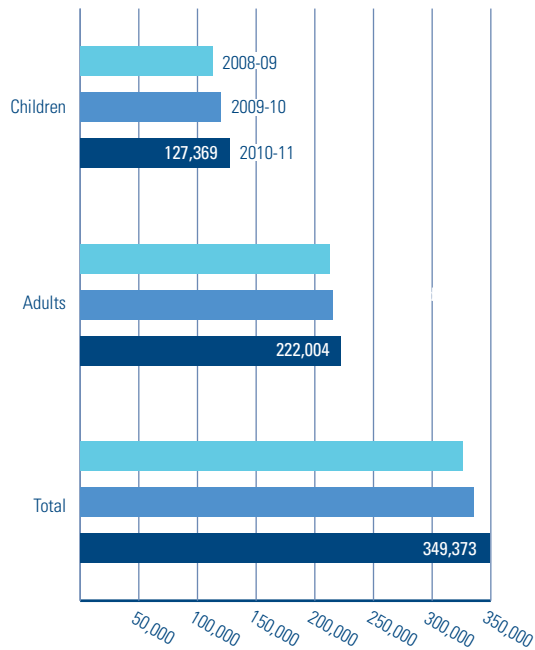
The detailed financial statements are available in the back cover of this report.

## Summary of financial results

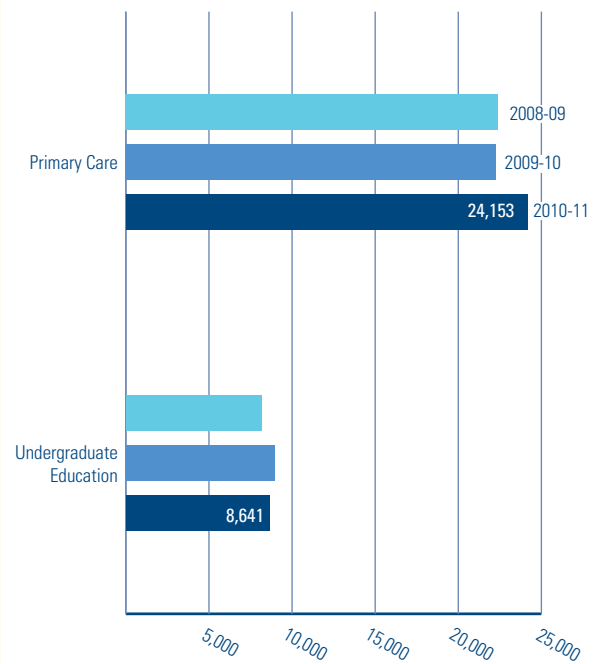
|  | 2011<br>\$000 | 2010<br>\$000 | 2009<br>\$000 | 2008<br>\$000 | 2007<br>\$000 |
|--|---------------|---------------|---------------|---------------|---------------|
| Total revenue  | 146,564       | 134,822       | 135,640       | 124,439       | 122,578       |
| Total expenses   | 153,464       | 136,599       | 135,626       | 133,505       | 122,861       |
| Net result for the year (including capital and specific items) | (6,900)       | (1,777)       | 14            | (9,066)       | (283)         |
| Retained surplus/ (accumulated deficit)                        | (9,606)       | (2,706)       | (929)         | (943)         | 8,483         |
| Total assets   | 112,673       | 113,081       | 112,688       | 84,487        | 90,224        |
| Total liabilities  | 23,839        | 19,482        | 17,402        | 21,597        | 22,530        |
| Net assets   | 88,834        | 93,599        | 95,286        | 62,890        | 67,694        |
| <b>Total equity</b>  | <b>88,834</b> | <b>93,599</b> | <b>95,286</b> | <b>62,890</b> | <b>67,694</b> |

# Statistics at a glance

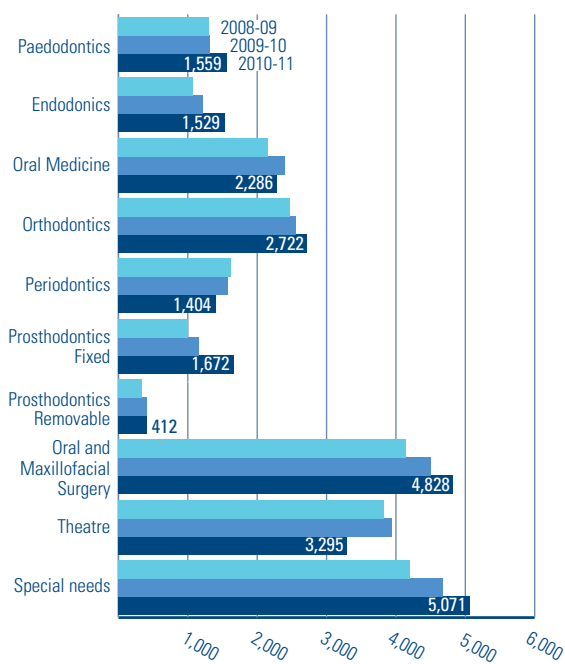
TOTAL INDIVIDUALS TREATED STATEWIDE



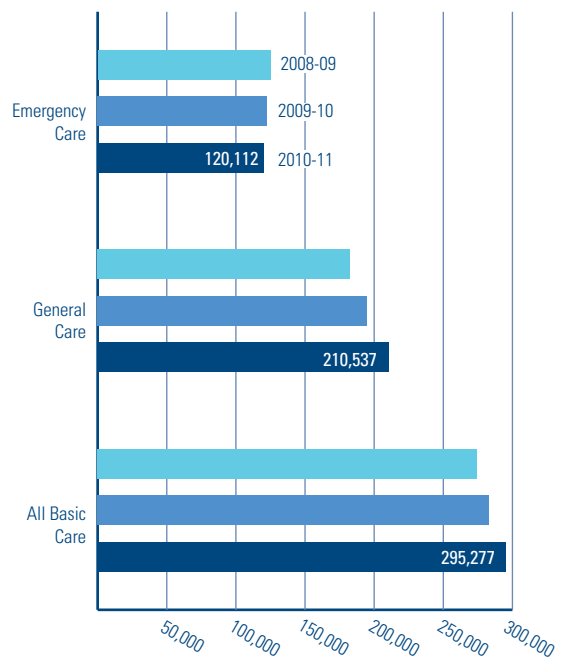
INDIVIDUALS TREATED AT THE ROYAL DENTAL HOSPITAL MELBOURNE  
GENERAL DENTAL SERVICES



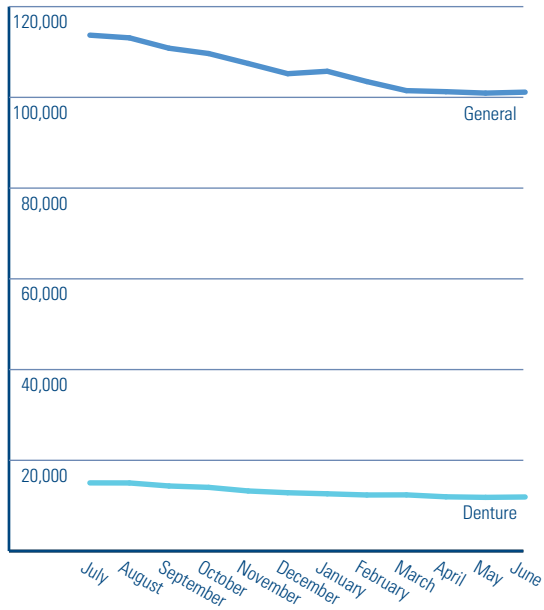
INDIVIDUALS TREATED AT THE ROYAL DENTAL HOSPITAL MELBOURNE  
SPECIALIST DENTAL SERVICES



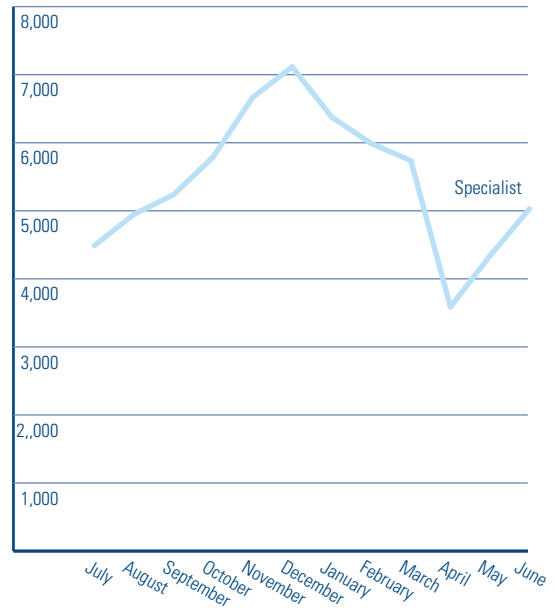
INDIVIDUALS TREATED IN  
COMMUNITY HEALTH AGENCIES



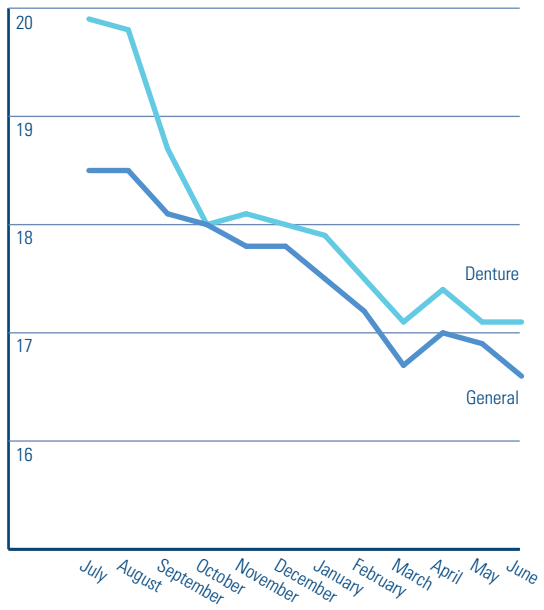
**STATEWIDE WAITING LIST 2010-11  
GENERAL AND DENTURE PATIENTS (NUMBER WAITING)**



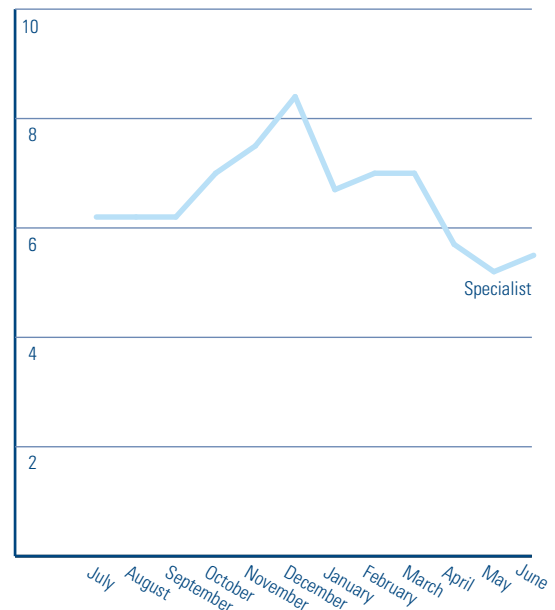
**STATEWIDE WAITING LIST 2010-11  
SPECIALIST PATIENTS (NUMBER WAITING)**



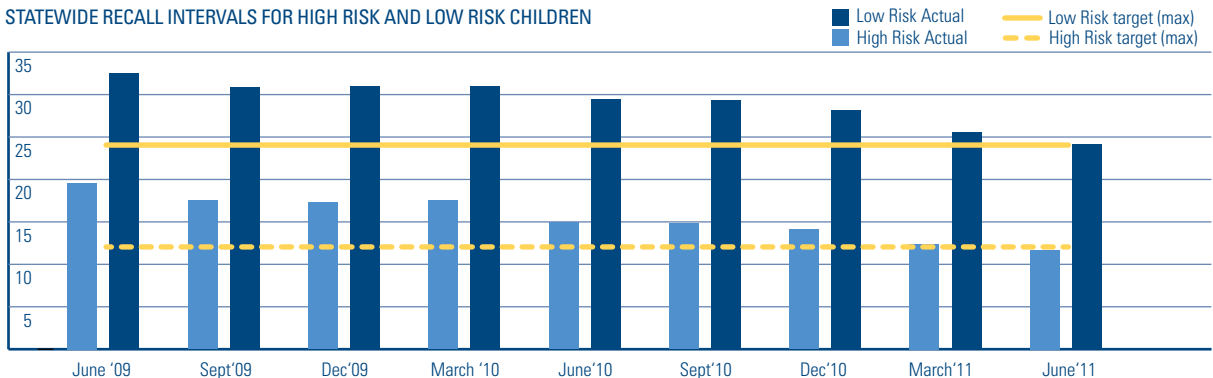
**STATEWIDE WAITING LIST 2010-11  
GENERAL AND DENTURE PATIENTS (AVERAGE MONTHS WAITED)**



**STATEWIDE WAITING LIST 2010-11  
SPECIALIST PATIENTS (AVERAGE MONTHS WAITED)**



**STATEWIDE RECALL INTERVALS FOR HIGH RISK AND LOW RISK CHILDREN**



# Management and organisational structure

## Executive team

### **Dr Deborah Cole** *Chief Executive Officer*

*BDS, GradDipHealthAdmin, MBA, GradCertLead&CathCulture, FAICD, FAIM*

Deborah has substantial experience in managing major public healthcare organisations. She has held CEO positions at Calvary Health Care and Yarra City Council as well as senior executive positions at Mercy Health and St Vincent's Health. Deborah was Director of The Royal Dental Hospital of Melbourne from 1995-1999 and previously held senior positions at the South Australian Dental Service.

*Appointed February 2011*

### **Mr Mark Sullivan** *Chief Operating Officer*

*GDHA, Cert Purchasing/Planning, AFACHSE*

Appointed as Chief Operating Officer in June 2008, Mark is responsible for purchasing services and administering funding for statewide public oral health services as well as overseeing the operation of The Royal Dental Hospital of Melbourne. He has particular expertise in project management, continuous improvement and customer service. He has held senior executive positions in regional and specialist hospitals.

### **Mr Tim Hogan** *Chief Financial Officer*

*BBus, FCPA, FCIS*

Tim has significant financial and operational expertise in the public health sector. He was Director of Finance at Mercy Health prior to joining DHSV and has held senior management positions at Western Health and Southern Health. Tim is responsible for developing clear strategies and accountabilities across the portfolios of finance, data and compliance, and information communication technology (ICT).

*Appointed May 2011*

### **Ms Deidre Mackechnie** *Executive Director Workforce*

*RN, ORC, BAppSci, Grad Dip Bus Mgt (HR), MEd*

Appointed in June 2008, Deidre has a clinical background with substantial experience in organisational and workforce development, culture and change management, human resources and nursing. Deidre is responsible for the employee services, workforce recruitment and workforce development portfolios.

### **Professor Mike Morgan** *Executive Director Oral Health Leadership*

*BDS (Otago), MDSc, Grad Dip Epidemiol, PhD (Melb) FICD*

Mike teaches at The University of Melbourne where he is Deputy Head of School and holds the Colgate Chair of Population Oral Health. Mike is a member of the Australian Dental Council Executive, Chair of the Australian Dental Council Accreditation Committee and was recently appointed to the Board of VicHealth. Mike is responsible for the clinical leadership, clinical education, research and innovation, and health promotion portfolios at DHSV.

*Appointed April 2011*

We thank the following members of the Executive team who resigned from DHSV in the 2010-11 year.

### **Mr Felix Pintado** *Chief Executive*

*FACHSE, CHE, FAIM, MAICD, MHA, GDHSM, DipEd, BTheol*

Felix was Chief Executive of DHSV from February 2008 to November 2010. He is currently Chief Executive of Royal Freemasons Ltd.

*Resigned November 2010*

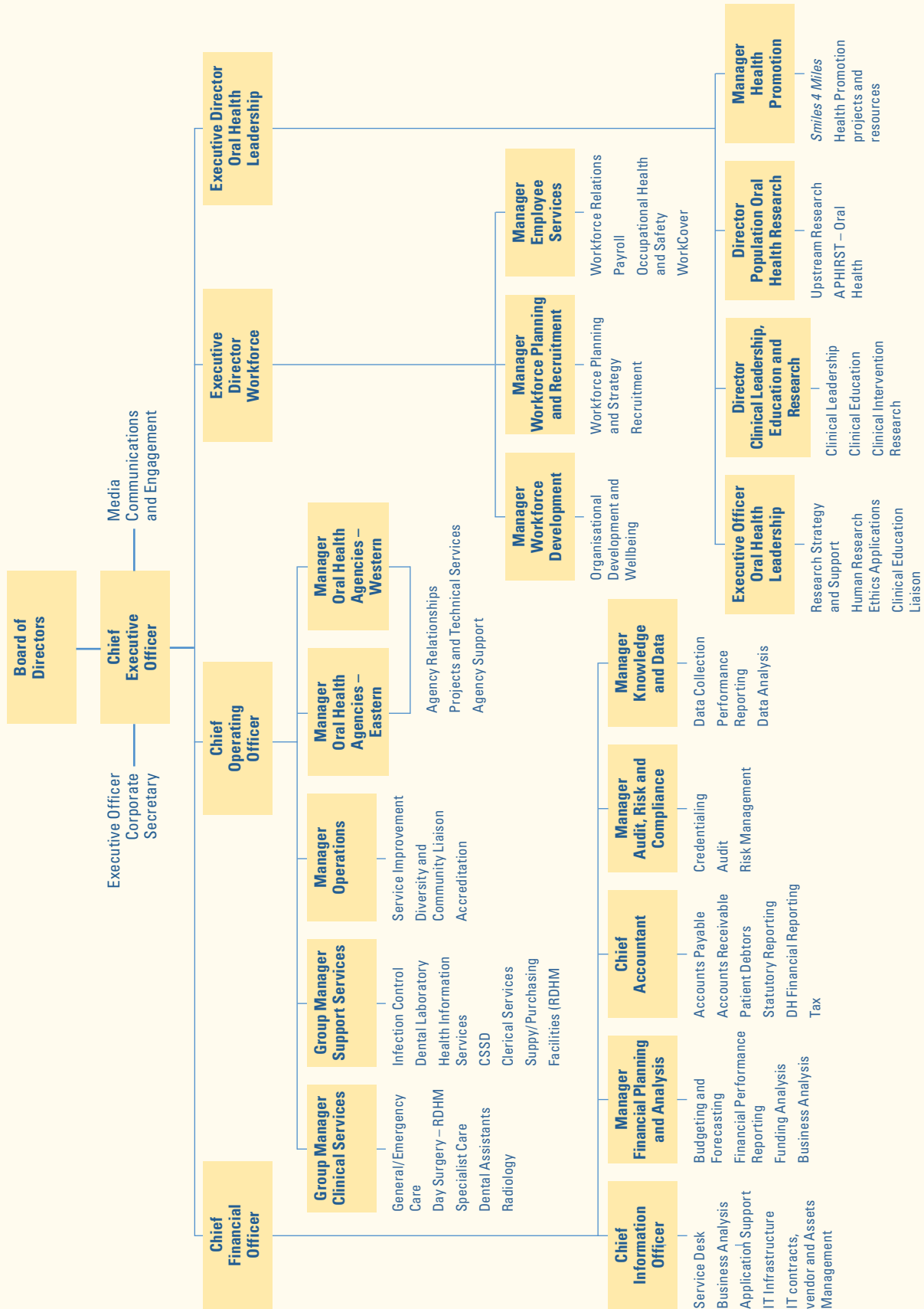
### **Ms Deborah Sullivan** *Chief Finance Officer*

*BEc, CPA, MBA*

Deborah joined DHSV in April 2006 as General Manager Finance and Corporate Services before assuming the role of Chief Finance Officer in 2008. She is currently Chief Finance Officer at the Peter MacCallum Cancer Centre.

*Resigned September 2010*





As at 30 June 2011

# Workforce statistics

## DHSV staff numbers as at 30 June 2011

| NUMBER OF INDIVIDUALS |            |            |            |
|-----------------------|------------|------------|------------|
|                       | WOMEN      | MEN        | TOTAL      |
| Full-time             | 148        | 76         | 224        |
| Part-time             | 210        | 75         | 285        |
| Casual                | 55         | 28         | 83         |
| <b>Total</b>          | <b>413</b> | <b>179</b> | <b>592</b> |

| LABOUR CATEGORY                           | JUNE<br>CURRENT MONTH FTE* |               | JUNE<br>YTD FTE* |               |
|---|----------------------------|---------------|------------------|---------------|
|   | 2011                       | 2010          | 2011             | 2010          |
| <b>NURSING</b>                            |                            |               |                  |               |
| Registered nurses                         | 19.05                      | 18.73         | 18.89            | 19.13         |
| <b>ADMINISTRATION AND CLERICAL</b>        |                            |               |                  |               |
| Admin, clerical, management               | 152.75                     | 139.35        | 145.09           | 140.07        |
| <b>MEDICAL SUPPORT</b>                    |                            |               |                  |               |
| CSSD techs/ radiologists                  | 22.15                      | 24.56         | 23.08            | 23.00         |
| <b>HOTEL AND ALLIED SERVICES</b>          |                            |               |                  |               |
| Other (e.g. storemen, drivers, orderlies) | 12.54                      | 11.08         | 11.41            | 11.61         |
| <b>MEDICAL OFFICERS</b>                   |                            |               |                  |               |
| Anaesthetists                             | 4.16                       | 4.44          | 4.36             | 4.42          |
| <b>ANCILLARY STAFF (ALLIED HEALTH)</b>    |                            |               |                  |               |
| Speech therapists                         | 0.0                        | 0.23          | 0.18             | 0.23          |
| <b>SPECIALIST DENTISTS</b>                | 12.16                      | 11.37         | 11.66            | 11.05         |
| <b>DENTISTS</b>                           | 39.86                      | 39.27         | 40.46            | 37.52         |
| <b>DENTAL THERAPISTS</b>                  | 4.01                       | 1.23          | 1.79             | 1.59          |
| <b>DENTAL HYGIENISTS</b>                  | 0.31                       | 0.32          | 0.18             | 0.19          |
| <b>DENTAL ASSISTANTS</b>                  | 103.24                     | 99.11         | 99.22            | 97.22         |
| <b>DENTAL TECHNICIANS</b>                 | 15.49                      | 13.82         | 15.08            | 14.02         |
| <b>TOTAL</b>                              | <b>385.72</b>              | <b>363.51</b> | <b>371.40</b>    | <b>360.05</b> |

\*FTE – Full time equivalent

### Application of employment and conduct principles

DHSV aims to attract and retain skilled employees with a commitment to making a contribution to improving oral health in Victoria.

As an organisation, we are committed to creating work environments where all employees are treated with respect, where diversity is appreciated for the value it brings to our service, and where individuals are recognised for their achievements and contributions.

Our policies and practices aim to ensure that decisions on staff selection, promotion and training opportunities are based on the principles of merit and equity.

# Statement of availability of other information (FRD 22B Appendix)

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by Dental Health Services Victoria and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- 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 Dental Health Services Victoria (DHSV) and where they can be obtained.
- d) Details of changes in prices, fees, charges, rates and levies charged by DHSV.
- e) Details of any major external reviews carried out on DHSV.
- f) Details of major research and development activities undertaken by DHSV that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements 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 entity to develop community awareness of DHSV and its services.
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- j) General statement on industrial relations within DHSV 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 DHSV, the purposes of each committee and the extent to which the purposes have been achieved.

# Community health agencies

DHSV-purchased services by region, community health agency and dental clinic

| AGENCY                                    | CLINIC                             |
|---|------------------------------------|
| <b>BARWON REGION</b>                      |                                    |
| Barwon Health                             | Belmont                            |
|   | Corio                              |
|   | Newcomb                            |
|   | Wathaurong Aboriginal Co-operative |
| Bellarine Community Health Ltd            | Point Lonsdale                     |
| Colac Area Health                         | Colac                              |
| Western District Health Service           | Hamilton                           |
| Portland District Health                  | Portland                           |
| South West Healthcare                     | Warrnambool                        |
| <b>GRAMPIANS REGION</b>                   |                                    |
| Ballarat Health Services                  | Ballarat                           |
|   | Wendouree                          |
|   | Sebastopol mobile van              |
| East Grampians Health Service             | Ararat                             |
| East Wimmera Health Service               | St Arnaud                          |
| Edenhope and District Memorial Hospital   | Edenhope                           |
| Hepburn Health Service                    | Creswick                           |
|   | Daylesford                         |
| West Wimmera Health Service               | Nhill                              |
| Wimmera Health Care Group                 | Horsham Base Hospital              |
|   | Horsham Van                        |
|   | Dimboola                           |
| <b>LODDON MALLEE REGION</b>               |                                    |
| Boort District Health                     | Boort                              |
| Bendigo Health Care Group                 | Bendigo                            |
| Echuca Regional Health                    | Echuca                             |
| Mallee Track Health and Community Service | Mallee Track                       |
| Maryborough District Health Service       | Maryborough                        |
| Sunraysia Community Health Services Ltd   | Mildura                            |
| Swan Hill District Health                 | Swan Hill                          |
| <b>HUME REGION</b>                        |                                    |
| Northeast Health Wangaratta               | Wangaratta                         |
|   | Benalla                            |
| Goulburn Valley Health                    | Shepparton                         |
|   | Cobram                             |
| Rumbalara Aboriginal Co-operative Ltd     | Mooroopna                          |
| Seymour District Memorial Hospital        | Seymour                            |
| Albury Wodonga Health                     | Wodonga                            |
| <b>GIPPSLAND REGION</b>                   |                                    |
| Bairnsdale Regional Health Service        | Bairnsdale                         |
| Bass Coast Regional Health                | Wonthaggi                          |
| Central Gippsland Health Service          | Sale                               |
| Omeo District Health                      | Omeo                               |
| Orbost Regional Health                    | Orbost                             |
| Latrobe Community Health Service          | Churchill                          |
|   | Moe                                |
|   | Morwell                            |
|   | Warragul                           |

| AGENCY   | CLINIC                            |
|--|-----------------------------------|
| Gippsland and East Gippsland Aboriginal Co-operative Ltd | Bairnsdale                        |
| <b>WESTERN METRO REGION</b>                              |                                   |
| Doutta Galla Community Health Service                    | Kensington                        |
|  | Niddrie                           |
| ISIS Primary Care Ltd                                    | Brimbank                          |
|  | Wyndham                           |
|  | Hobsons Bay                       |
| Djerriwarrh Health Services                              | Melton                            |
| Western Region Health Centre Ltd                         | Geelong Rd Footscray              |
|  | Paisley St Footscray              |
| The Royal Children's Hospital                            | Parkville                         |
| <b>NORTHERN METRO REGION</b>                             |                                   |
| Banyule Community Health                                 | West Heidelberg                   |
| Darebin Community Health Service                         | East Preston                      |
|  | Northcote                         |
|  | PANCH Health Services - Dental    |
| Dianella Community Health Inc                            | Broadmeadows                      |
| Nillumbik Community Health Service Ltd                   | Eltham                            |
| Merri Community Health Services Ltd                      | Brunswick                         |
| North Richmond Community Health Ltd                      | Nth Richmond                      |
|  | Fitzroy                           |
|  | Robinvale Aboriginal Co-operative |
| Plenty Valley Community Health Inc                       | Whittlesea                        |
|  | Epping                            |
| Sunbury Community Health Centre Inc                      | Sunbury                           |
| Victorian Aboriginal Health Service Co-operative Ltd     | Fitzroy                           |
| Victorian Foundation for the Survivors of Torture        | Brunswick                         |
| <b>EASTERN METRO REGION</b>                              |                                   |
| Inner East Community Health Service                      | Ashburton                         |
| Knox Community Health Service Ltd                        | Ferntree Gully                    |
| EACH Ltd   | Ringwood East                     |
|  | Outer East mobile van             |
| MonashLink Community Health Service Ltd                  | Clayton                           |
| Ranges Community Health Services                         | Lilydale                          |
| Whitehorse Community Health Service Ltd                  | Box Hill                          |
| <b>SOUTHERN METRO REGION</b>                             |                                   |
| Bentleigh-Bayside Community Health Service Inc           | Bentleigh East                    |
| Central Bayside Community Health Services Ltd            | Parkdale                          |
| Inner South Community Health Service Ltd                 | Prahran                           |
|  | South Melbourne                   |
| Peninsula Health   | Frankston                         |
|  | Hastings                          |
|  | Rosebud                           |
| Southern Health  | Berwick                           |
|  | Cranbourne                        |
|  | Thomas St Dandenong               |
|  | David St Dandenong                |
|  | Springvale                        |
|  | Kingston                          |
|  | Pakenham                          |

# Disclosure index

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

| LEGISLATION                   | REQUIREMENT  | PAGE      |
|-------------------------------|--|-----------|
| <b>Ministerial Directions</b> |  |           |
| <b>Report of Operations</b>   |  |           |
|                               | <b>Charter and purpose</b>   |           |
| FRD 22B                       | Manner of establishment and the relevant Ministers   | 6         |
| FRD 22B                       | Objectives, functions, powers and duties   | 6         |
| FRD 22B                       | Nature and range of services provided  | 6         |
|                               | <b>Management and structure</b>  |           |
| FRD 22B                       | Organisational structure   | 23        |
|                               | <b>Financial and other information</b>   |           |
| FRD 10                        | Disclosure index   | 28        |
| FRD 11                        | Disclosure of ex-gratia payments   | n/a       |
| FRD 15B                       | Executive officer disclosures  | F1        |
| FRD 21A                       | Responsible person and executive officer disclosures   | F61, F62  |
| FRD 22B                       | Application and operation of <i>Freedom of Information Act 1982</i>                                      | 11        |
| FRD 22B                       | Application and operation of <i>Whistleblowers Protection Act 2001</i>                                   | 11        |
| FRD 22B                       | Compliance with building and maintenance provisions of <i>Building Act 1993</i>                          | 11        |
| FRD 22B                       | Details of consultancies over \$100,000  | 9         |
| FRD 22B                       | Details of consultancies under \$100,000   | 9         |
| FRD 22B                       | Major changes or factors affecting performance   | 19        |
| FRD 22B                       | Occupational health and safety   | 11        |
| FRD 22B                       | Operational and budgetary objectives and performance against objectives                                  | 12        |
| FRD 22B                       | Significant changes in financial position during the year  | 19        |
| FRD 22B                       | Statement of availability of other information   | 25        |
| FRD 22B                       | Statement on National Competition Policy   | 11        |
| FRD 22B                       | Subsequent events  | F63       |
| FRD 22B                       | Summary of the financial results for the year  | 19        |
| FRD 22B                       | Workforce Data Disclosures including a statement on the application of employment and conduct principles | 24        |
| FRD 25                        | Victorian Industry Participation Policy disclosures  | n/a       |
| SD 4.2(j)                     | Sign-off requirements  | inside FC |
| SD 3.4.13                     | Attestation on Data Integrity  | 10        |
| SD 4.5.5                      | Attestation on Compliance with Australian/New Zealand Risk Management Standard                           | 10        |
| <b>FINANCIAL STATEMENTS</b>   |  |           |
|                               | <b>Financial statements required under Part 7 of the FMA</b>   |           |
| SD 4.2(a)                     | Statement of changes in equity   | F6        |
| SD 4.2(a)                     | Operating statement  | F4        |
| SD 4.2(a)                     | Balance sheet  | F5        |
| SD 4.2(a)                     | Cash flow statement  | F7        |
|                               | <b>Other requirements under Standing Directions 4.2</b>  |           |
| SD 4.2(a)                     | Compliance with Australian accounting standards and other authoritative pronouncements                   | F9        |
| SD 4.2(c)                     | Accountable officer's declaration  | F1        |
| SD 4.2(c)                     | Compliance with Ministerial Directions   | F9        |
| SD 4.2(d)                     | Rounding of amounts  | F24       |
| <b>Legislation</b>            |  |           |
|                               | <i>Freedom of Information Act 1982</i>   | 11        |
|                               | <i>Whistleblowers Protection Act 2001</i>  | 11        |
|                               | <i>Victorian Industry Participation Policy Act 2003</i>  | n/a       |
|                               | <i>Building Act 1993</i>   | 11        |
|                               | <i>Financial Management Act 1994</i>   | F1, F9    |

# FINANCIAL STATEMENTS

## Dental Health Services Victoria

### Board member's, Accountable Officer's and Chief Finance & Accounting Officer's declaration

We certify that the attached financial statements for Dental Health Services Victoria have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting 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 notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of Dental Health Services Victoria at 30 June 2011.

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

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



Mick Ellis  
Board Chair

Carlton  
17 August 2011



Deborah Cole  
Chief Executive Officer

Carlton  
17 August 2011



Tim Hogan  
Chief Financial Officer

Carlton  
17 August 2011



## INDEPENDENT AUDITOR'S REPORT

### To the Board Members, Dental Health Services Victoria

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2011 of Dental Health Services Victoria which comprises the 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 Dental Health Services Victoria are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, 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 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.

#### *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.

# VAGO

Victorian Auditor-General's Office

## Independent Auditor's Report (continued)

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of Dental Health Services Victoria as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, 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 Dental Health Services Victoria for the year ended 30 June 2011 included both in Dental Health Services Victoria's annual report and on the website. The Board Members of Dental Health Services Victoria are responsible for the integrity of Dental Health Services Victoria's website. I have not been engaged to report on the integrity of Dental Health Services Victoria'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.

MELBOURNE  
17 August 2011



D D R Pearson  
Auditor-General

DENTAL HEALTH SERVICES VICTORIA  
**FINANCIAL STATEMENTS**

Comprehensive operating statement  
 For the year ended 30 June 2011

|  | Note | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|--|------|-------------------------|-------------------------|
| Revenue from Operating Activities                                | 2    | 143,311                 | 129,870                 |
| Revenue from Non-operating Activities                            | 2    | 1,776                   | 1,327                   |
| Employee Benefits  | 3    | (29,808)                | (28,311)                |
| Non Salary Labour Costs  | 3    | (499)                   | (338)                   |
| Supplies & Consumables   | 3    | (4,787)                 | (4,694)                 |
| Other Expenses from Continuing Operations                        | 3    | (110,567)               | (95,270)                |
| <b>Net Result Before Capital &amp; Specific Items</b>            |      | <b>(574)</b>            | <b>2,584</b>            |
| Capital Purpose Income   | 2    | 1,017                   | 1,345                   |
| Specific Income  | 2d   | 460                     | 2,280                   |
| Depreciation and Amortisation                                    | 4    | (4,768)                 | (5,290)                 |
| Specific Expense   | 3c   | (2,873)                 | (2,422)                 |
| Expenditure using Capital Purpose Income                         | 3    | (162)                   | (274)                   |
| <b>NET RESULT FOR THE YEAR</b>                                   |      | <b>(6,900)</b>          | <b>(1,777)</b>          |
| <b>Other comprehensive income</b>                                |      |                         |                         |
| Net fair value gains on Available for Sale Financial Investments |      | 67                      | 90                      |
| Net fair value revaluation on Non Financial Assets               |      | 2,068                   | -                       |
| <b>COMPREHENSIVE RESULT FOR THE YEAR</b>                         |      | <b>(4,765)</b>          | <b>(1,687)</b>          |

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

# DENTAL HEALTH SERVICES VICTORIA

## Balance sheet

As at 30 June 2011

|  | Note | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|--|------|-------------------------|-------------------------|
| <b>Current Assets</b>                                  |      |                         |                         |
| Cash and Cash Equivalents                              | 5    | 3,380                   | 5,249                   |
| Receivables  | 6    | 3,767                   | 2,283                   |
| Investments and Other Financial Assets                 | 7    | 18,000                  | 17,000                  |
| Inventories  | 8    | 1,068                   | 737                     |
| Other Current Assets                                   | 9    | 388                     | 542                     |
| <b>Total Current Assets</b>                            |      | <b>26,603</b>           | <b>25,811</b>           |
| <b>Non-Current Assets</b>                              |      |                         |                         |
| Receivables  | 6    | 197                     | 138                     |
| Investments and Other Financial Assets                 | 7    | 1,875                   | 1,808                   |
| Property, Plant & Equipment                            | 10   | 83,677                  | 85,128                  |
| Intangible Assets                                      | 11   | 321                     | 196                     |
| <b>Total Non-Current Assets</b>                        |      | <b>86,070</b>           | <b>87,270</b>           |
| <b>TOTAL ASSETS</b>                                    |      | <b>112,673</b>          | <b>113,081</b>          |
| <b>Current Liabilities</b>                             |      |                         |                         |
| Payables   | 12   | 16,298                  | 12,349                  |
| Provisions   | 13   | 5,950                   | 5,723                   |
| Other Liabilities                                      | 14   | 678                     | 664                     |
| <b>Total Current Liabilities</b>                       |      | <b>22,926</b>           | <b>18,736</b>           |
| <b>Non-Current Liabilities</b>                         |      |                         |                         |
| Provisions   | 13   | 913                     | 746                     |
| <b>Total Non-Current Liabilities</b>                   |      | <b>913</b>              | <b>746</b>              |
| <b>TOTAL LIABILITIES</b>                               |      | <b>23,839</b>           | <b>19,482</b>           |
| <b>NET ASSETS</b>                                      |      | <b>88,834</b>           | <b>93,599</b>           |
| <b>EQUITY</b>  |      |                         |                         |
| Property, Plant & Equipment Revaluation Surplus        | 15a  | 43,537                  | 41,469                  |
| Financial Asset Available for Sale Revaluation Deficit | 15a  | (125)                   | (192)                   |
| General Purpose Surplus                                | 15a  | 512                     | 512                     |
| Contributed Capital                                    | 15b  | 54,516                  | 54,516                  |
| Accumulated Deficits                                   | 15c  | (9,606)                 | (2,706)                 |
| <b>TOTAL EQUITY</b>                                    | 15d  | <b>88,834</b>           | <b>93,599</b>           |
| Contingent Assets and Contingent Liabilities           | 20   |                         |                         |
| Commitments for Expenditure                            | 19   |                         |                         |

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

**DENTAL HEALTH SERVICES VICTORIA**  
**Statement of changes in Equity**  
**For the year ended 30 June 2011**

| <b>Total</b>                            |             | <b>Property, Plant<br/>&amp; Equipment<br/>Revaluation<br/>Surplus<br/>\$'000</b> | <b>Financial Asset<br/>Available for Sale<br/>Revaluation<br/>Deficit<br/>\$'000</b> | <b>General<br/>Purpose<br/>Surplus<br/>\$'000</b> | <b>Contributions<br/>by Owners<br/>\$'000</b> | <b>Accumulated<br/>Deficits<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|-------------|---|--|---|---|--|-------------------------|
|   | <b>Note</b> |   |  |   |   |  |                         |
| <b>Balance as at 1 July 2009</b>        |             | 41,469  | (282)  | 512   | 54,516  | (929)                                      | 95,286                  |
| Net result for the year                 |             | -   | -  | -   | -   | (1,777)                                    | (1,777)                 |
| Other comprehensive income for the year | 15a         | -   | 90   | -   | -   | -  | 90                      |
| <b>Balance at 30 June 2010</b>          |             | 41,469  | (192)  | 512   | 54,516  | (2,706)                                    | 93,599                  |
| Net result for the year                 |             | -   | -  | -   | -   | (6,900)                                    | (6,900)                 |
| Other comprehensive income for the year | 15a         | 2,068   | 67   | -   | -   | -  | 2,135                   |
| <b>Balance at 30 June 2011</b>          |             | 43,537  | (125)  | 512   | 54,516  | (9,606)                                    | 88,834                  |

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

# DENTAL HEALTH SERVICES VICTORIA

## Cash flow statement

For the year ended 30 June 2011

|   | Note      | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|---|-----------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |           |                         |                         |
| Operating Grants from Government                    |           | 129,449                 | 117,498                 |
| Patient Fees Received                               |           | 3,245                   | 3,095                   |
| Donations & Bequests Received                       |           | -                       | 15                      |
| GST Received from ATO                               |           | 10,656                  | 9,267                   |
| Interest Received                                   |           | 1,548                   | 1,288                   |
| Other Receipts                                      |           | 9,473                   | 8,807                   |
| Employee Expenses Paid                              |           | (29,414)                | (28,053)                |
| Non Salary Labour Costs                             |           | (509)                   | (338)                   |
| Payments for Supplies & Consumables                 |           | (4,777)                 | (4,694)                 |
| Other Payments                                      |           | (120,643)               | (102,257)               |
| <b>Cash Generated from Operations</b>               |           | <b>(972)</b>            | <b>4,628</b>            |
| Capital Grants from Government                      |           | 1,489                   | 3,481                   |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>    | <b>16</b> | <b>517</b>              | <b>8,109</b>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |           |                         |                         |
| Purchase of Non-Financial Assets                    |           | (1,611)                 | (3,387)                 |
| Proceeds from Sale of Non-Financial Assets          |           | 225                     | 378                     |
| Purchase of Investments                             |           | (1,000)                 | (17,000)                |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>   |           | <b>(2,386)</b>          | <b>(20,009)</b>         |
| <b>NET DECREASE IN CASH HELD</b>                    |           | <b>(1,869)</b>          | <b>(11,900)</b>         |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR  |           | <b>5,249</b>            | <b>17,149</b>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b> | <b>5</b>  | <b>3,380</b>            | <b>5,249</b>            |

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

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

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# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Summary of Significant Accounting Policies

#### (a) Statement of compliance

These financial statements are a general purpose financial report which have been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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.

Dental Health Services Victoria (DHSV) is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AASs.

The annual financial statements were authorised for issue by the Board of Dental Health Services Victoria on 17 August 2011.

#### (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 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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

The presentation currency of DHSV is the Australian dollar, which has also been identified as the functional currency of DHSV.

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 the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation 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 through profit or loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

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

Historical cost is based on the fair values of the consideration given in exchange for assets.

In the application of AAS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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 made by management in the application of AAS that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, are disclosed throughout the notes to the financial statements.

#### (c) Reporting Entity

The financial statements include all the controlled activities of DHSV.

Its principal address is:

The Royal Dental Hospital of Melbourne  
720 Swanston Street  
CARLTON Victoria 3053

A description of the nature of DHSVs operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

#### (d) Scope and presentation of financial statements

##### Fund Accounting

DHSV operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. DHSVs Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising 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 are also funded from other sources such as patients, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by DHSVs own activities or local initiatives and/or the Commonwealth.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

##### Comprehensive operating statement

The Comprehensive operating statement includes the subtotal entitled 'Net result Before Capital & Specific Items' to enhance the understanding of the financial performance of DHSV. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, 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 & Specific Items' is used by the management of DHSV, the Department of Health and the Victorian Government to measure the ongoing performance of Health Services in operating hospital 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, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (e)). 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:
  - Write-down of inventories
  - Non-current asset revaluation increments/decrements
  - Reversals of provisions
  - Funding/Purchase of capital items for Agencies
- 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 (g) and (h)
- Depreciation and amortisation, as described in Note 1 (f)
- Assets provided or received free of charge (refer to Note 1 (e) and (f))
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or does not 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.

##### Balance sheet

Assets and liabilities are categorised either as current or non-current.

##### Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity 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

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

##### 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*.

##### Comparative Information

Where necessary, the previous year's figures have been reclassified to facilitate comparisons.

#### (e) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to DHSV and the income can be reliably measured. 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 DHSV gains control of the underlying assets irrespective of whether conditions are imposed on DHSV'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 14/2009.

##### Patient 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.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2011

#### **Note 1: Statement of Significant Accounting Policies (continued)**

##### **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 the specific restricted purpose reserve.

##### **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 gain/loss on the sale of investments is recognised when the investment is realised.

##### **Resources Provided and Received Free of Charge or for Nominal Consideration**

Resources provided or 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.

#### **(f) 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;
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans;
- Workcover premium; and
- Departure packages.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

##### **Defined contribution plans**

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

##### **Defined benefit plans**

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by DHSV to the superannuation plans in respect of the services of current DHSV 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 DHSV are entitled to receive superannuation benefits and DHSV contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) 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 DHSV are as follows:

| Fund  | Contributions Paid or Payable |              |
|---|-------------------------------|--------------|
|   | for the year                  |              |
|   | 2011                          | 2010         |
|   | \$'000                        | \$'000       |
| <b>Defined benefit plans:</b>               |                               |              |
| Health Super                                | 92                            | 95           |
| State Superannuation Fund - revised and new | 111                           | 119          |
| <b>Defined contribution plans:</b>          |                               |              |
| Health Super                                | 2,004                         | 1,886        |
| VicSuper                                    | -                             | -            |
| Other                                       | 169                           | 154          |
| <b>Total</b>                                | <b>2,376</b>                  | <b>2,254</b> |

##### **Depreciation**

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. 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.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land 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.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

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

|   | 2011           | 2010           |
|---|----------------|----------------|
| Buildings                                     |                |                |
| - Structure Shell Building Fabric             | 45 to 60 years | 45 to 60 years |
| - Site Engineering Services and Central Plant | 20 to 30 years | 20 to 30 years |
| Central Plant                                 |                |                |
| - Fit Out                                     | 20 to 30 years | 20 to 30 years |
| - Trunk Reticulated Building Systems          | 30 to 40 years | 30 to 40 years |
| Plant & Equipment                             | 5 to 10 years  | 5 to 10 years  |
| Medical Equipment                             | 5 to 10 years  | 5 to 10 years  |
| Computers & Communication                     | 3 years        | 3 years        |
| Furniture & Fittings                          | 10 years       | 10 years       |
| Motor Vehicles                                | 10 years       | 10 years       |

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

#### Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, DHSV tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- Annually; and
- whenever there is an indication that the intangible asset may be impaired.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a 3-5 year period (2010: 3-5 years).

#### Resources Provided and Received Free of Charge or for Nominal Consideration

Resources provided or 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

**Note 1: Statement of Significant Accounting Policies (continued)**

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.

**(g) Financial assets**

**Cash and Cash Equivalents**

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

**Receivables**

Receivables consist of:

- Statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- Contractual receivables, which mainly includes debtors in relation to goods and services, and accrued investment income.

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 an impairment loss has occurred. Bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

A provision for doubtful receivables is made 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.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2011

#### **Note 1: Statement of Significant Accounting Policies (continued)**

Investments are classified in the following categories:

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

DHSV 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.

DHSV 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 or loss are subject to annual review for impairment.

#### **Loans and Receivables**

Trade receivables, loans, term deposits with maturity greater than three months and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three months are also measured at amortised cost, using the effective interest method, less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

#### **Available-for-sale financial assets**

Other financial assets held by DHSV are classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 17.

#### **Impairment of Financial Assets**

At the end of each reporting period DHSV assesses whether there is objective evidence that a financial asset or group of financial asset is impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off and allowance for doubtful receivables are recognised as expenses in the net result.



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2011 for its portfolio of financial assets, DHSV relied on the valuation provided by the issuer as at 30 June 2011. DHSV determined that the valuation was reasonable given the circumstances applicable to the investment.

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

#### Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets.

#### Revaluations of Financial Instruments at Fair Value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

#### (h) Non-Financial Assets

##### 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.

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.

The bases 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. Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

date of acquisition.

#### 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.***

***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 constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply.

***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 103D *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 credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

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 are normally not transferred to accumulated funds on derecognition of the relevant asset.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Statement of Significant Accounting Policies (continued)

In accordance with FRD 103D, DHSVs non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

#### **Intangible Assets**

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs Incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to DHSV.

#### **Other non-financial assets**

##### ***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 at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

##### ***Impairment of Non-Financial Assets***

Apart from intangible assets with indefinite useful lives, all other assets are assessed annually for indications of impairment, except for:

- inventories; and
- financial assets.

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 asset revaluation surplus amount applicable to that same class of asset.

If there is an indication that there has been a change 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 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.

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Statement of Significant Accounting Policies (continued)

#### (i) Liabilities

##### Payables

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to DHSV prior to the end of the financial year that are unpaid, and arise when DHSV becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days.

##### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

##### Employee Benefits

###### *Wages and Salaries, Annual Leave and Accrued Days Off*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

###### *Long Service Leave*

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

**Current Liability - unconditional LSL** (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where DHSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value - component that DHSV does not expect to settle within 12 months; and
- nominal value - component that DHSV expects to settle within 12 months.

**Non-Current Liability - conditional LSL** (representing less than 10 years of continuous service 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. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

#### **Termination Benefits**

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

#### **On-Costs**

Employee benefit on-costs, such as workers compensation, superannuation are recognised together with provisions for employee benefits.

#### **Superannuation liabilities**

DHSV does not recognise any unfunded defined benefit liability in respect of the superannuation plans because DHSV 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 administers and discloses the State's defined benefit liabilities in its financial statements.

#### **(j) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

##### **Finance Leases**

###### ***Entity as lessor***

DHSV does not hold any finance lease arrangements with other parties.

###### ***Entity as lessee***

DHSV does not hold any finance lease arrangements with other parties.

##### **Operating Leases**

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

#### **(k) 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 or distributions that have been designated as contributed capital are also treated as contributed capital.

##### **Property, Plant & Equipment Revaluation Surplus**

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

##### **Financial Asset Available-for-Sale Revaluation Surplus**

The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the comprehensive operating statement.

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2011

#### **Note 1: Statement of Significant Accounting Policies (continued)**

##### **General Reserves**

A specific purpose internal reserve was established for research and innovation to support strategic research projects, seed grants, innovation awards, and postgraduate scholarships.

##### **(l) Goods and Services Tax**

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 it 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 an operating cash flow.

##### **(m) Rounding Of Amounts**

All amounts shown in the financial statements are expressed to the nearest \$1,000 unless otherwise stated.

Figures in the financial statements may not equal due to rounding.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

##### (n) New Accounting Standards and Interpretations

Certain new Australian accounting standards and interpretations have been published that are not mandatory for the 30 June 2011 reporting period.

As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2011. DHSV has not and does not intend to adopt these standards early.

| Standard/<br>Interpretation                                       | Summary   | Applicable<br>for annual<br>reporting<br>periods<br>Beginning<br>on | Impact on DHSVs<br>Financial<br>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). | Beginning<br>1 Jan 2013   | Detail of impact is still being assessed.   |
| AASB 124 Related party disclosures (Dec 2009)                     | Government related entities have been granted partial exemption with certain disclosure requirements.   | Beginning<br>1 Jan 2011   | Preliminary assessment suggests that impact is insignificant. However, the Health Service* is still assessing the detailed impact and whether to early adopt. |
| AASB 1053 Application of Tiers of Australian Accounting Standards | This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. changes.   | Beginning<br>1 Jul 2013   | The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector                             |



# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Statement of Significant Accounting Policies (continued)

| Standard/<br>Interpretation  | Summary  | Applicable<br>for annual<br>reporting<br>periods<br>Beginning<br>on | Impact on DHSVs<br>Financial<br>Statements   |
|--|--|---|--|
|  |  |   | entities and has not decided if RDRs will be implemented to the Victorian Public Sector.   |
| AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12] | This Standard gives effect to consequential changes arising from the issuance of AASB 9.   | Beginning 1 Jan 2013  | Detail of impact is still being assessed.  |
| AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]   | This standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs. | Beginning 1 Jan 2011  | The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.  |
| AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]   | Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.   | Beginning 1 Jan 2011  | Expected to have no significant impact.  |
| AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements   | This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.  | Beginning 1 Jul 2013  | Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements. |

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Statement of Significant Accounting Policies (continued)

| Standard/<br>Interpretation  | Summary  | Applicable<br>for annual<br>reporting<br>periods<br>Beginning<br>on | Impact on DHSVs<br>Financial<br>Statements   |
|--|--|---|--|
| AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]   | This Standard makes numerous improvements designed to enhance the clarity of standards.  | Beginning<br>1 Jan 2011   | No significant impact on the financial statements.   |
| AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]   | This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB. | Beginning<br>1 Jan 2011   | Expected to have no significant impact.  |
| AASB 2010-1 Amendments to Australian Accounting Standards - Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters (AASB 1 & AASB 7)  | This amendment provides limited exemptions from the requirements of adhering to AASB 1 and AASB 7 that arise from AASB 2009-2.   | Beginning<br>1 Jan 2011   | No significant impact on the financial statements.   |
| AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]   | This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.   | Beginning<br>1 Jul 2011   | This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.             |
| AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] | These amendments are in relation to the introduction of AASB 9.  | Beginning<br>1 Jan 2013   | This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still |

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 1: Statement of Significant Accounting Policies (continued)

| Standard/<br>Interpretation  | Summary   | Applicable<br>for annual<br>reporting<br>periods<br>Beginning<br>on | Impact on DHSVs<br>Financial<br>Statements                                   |
|--|---|---|--|
|  |   |   | being assessed.  |
| AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]   | This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 Investment Property.   | Beginning 1 Jan 2012  | This amendment provides additional clarification through practical guidance. |
| AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]  | This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. | Beginning 1 Jul 2011  | Amendment unlikely to impact on public sector entities.                      |
| AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113] | This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.   | Beginning 1 Jul 2011  | This amendment will have no significant impact on public sector bodies.      |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 1: Statement of Significant Accounting Policies (continued)

| Standard/<br>Interpretation  | Summary   | Applicable<br>for annual<br>reporting<br>periods<br>Beginning<br>on | Impact on DHSVs<br>Financial<br>Statements  |
|--|---|---|---|
| AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054] | The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. | Beginning 1 Jul 2013  | The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.                     |
| AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]                     | This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.   | Beginning 1 Jul 2012  | This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur. |

\* The department decides which entities it applies to and what the impact will be for them.

#### (o) Category Groups

DHSV has used the following category groups for reporting purposes for the current and previous financial years.

**Other Services excluded from Australian Health Care Agreement (AHCA) ( Other)** comprises revenue/expenditure for Dental Health services including general and specialist dental care, school dental services and clinical education. Health and Community Initiatives also falls in this category group.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 2: Revenue

|   | HSA<br>2011<br>\$'000 | HSA<br>2010<br>\$'000 | H&CI<br>2011<br>\$'000 | H&CI<br>2010<br>\$'000 | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>Revenue from Operating Activities</b>                            |                       |                       |                        |                        |                         |                         |
| Government Grants   |                       |                       |                        |                        |                         |                         |
| - Department of Health  | 129,376               | 117,498               | -                      | -                      | 129,376                 | 117,498                 |
| - Department of Human Services                                      | 73                    | -                     | -                      | -                      | 73                      | -                       |
| <b>Total Government Grants</b>                                      | <b>129,449</b>        | <b>117,498</b>        | <b>-</b>               | <b>-</b>               | <b>129,449</b>          | <b>117,498</b>          |
| Indirect Contributions by Department of Health                      |                       |                       |                        |                        |                         |                         |
| - Insurance   | 660                   | 503                   | -                      | -                      | 660                     | 503                     |
| - Long Service Leave  | 59                    | (25)                  | -                      | -                      | 59                      | (25)                    |
| <b>Total Indirect Contributions by Department of Health</b>         | <b>719</b>            | <b>478</b>            | <b>-</b>               | <b>-</b>               | <b>719</b>              | <b>478</b>              |
| Patient Fees  |                       |                       |                        |                        |                         |                         |
| Patient Fees (refer note 2b)  | 3,361                 | 3,146                 | -                      | -                      | 3,361                   | 3,146                   |
| <b>Total Patient Fees</b>   | <b>3,361</b>          | <b>3,146</b>          | <b>-</b>               | <b>-</b>               | <b>3,361</b>            | <b>3,146</b>            |
| Business Units & Specific Purpose Funds                             |                       |                       |                        |                        |                         |                         |
| - Technical Support   | -                     | -                     | 4,722                  | 4,431                  | 4,722                   | 4,431                   |
| - Overseas Dentists Training Programme                              | -                     | -                     | 856                    | 974                    | 856                     | 974                     |
| - Executive CPD   | -                     | -                     | 111                    | -                      | 111                     | -                       |
| - Car Park  | -                     | -                     | 1                      | -                      | 1                       | -                       |
| - Property Income   | -                     | -                     | 173                    | 186                    | 173                     | 186                     |
| <b>Total Business Units &amp; Specific Purpose Funds</b>            | <b>-</b>              | <b>-</b>              | <b>5,863</b>           | <b>5,591</b>           | <b>5,863</b>            | <b>5,591</b>            |
| Donations and Bequests  | -                     | 15                    | -                      | -                      | -                       | 15                      |
| Other Revenue from Operating Activities                             | 3,919                 | 3,142                 | -                      | -                      | 3,919                   | 3,142                   |
| <b>Sub-Total Revenue from Operating Activities</b>                  | <b>137,448</b>        | <b>124,279</b>        | <b>5,863</b>           | <b>5,591</b>           | <b>143,311</b>          | <b>129,870</b>          |
| <b>Revenue from Non-Operating Activities</b>                        |                       |                       |                        |                        |                         |                         |
| Interest  | 1,776                 | 1,327                 | -                      | -                      | 1,776                   | 1,327                   |
| <b>Sub-Total Revenue from Non-Operating Activities</b>              | <b>1,776</b>          | <b>1,327</b>          | <b>-</b>               | <b>-</b>               | <b>1,776</b>            | <b>1,327</b>            |
| <b>Revenue from Capital Purpose Income</b>                          |                       |                       |                        |                        |                         |                         |
| State Government Capital Grants                                     |                       |                       |                        |                        |                         |                         |
| - Targeted Capital Works and Equipment                              | -                     | 150                   | -                      | -                      | -                       | 150                     |
| - Other   | 1,029                 | 1,169                 | -                      | -                      | 1,029                   | 1,169                   |
| Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c) | -                     | -                     | (12)                   | 26                     | (12)                    | 26                      |
| <b>Sub-Total Revenue from Capital Purpose Income</b>                | <b>1,029</b>          | <b>1,319</b>          | <b>(12)</b>            | <b>26</b>              | <b>1,017</b>            | <b>1,345</b>            |
| Specific Income (refer note 2d)                                     | 460                   | 2,280                 | -                      | -                      | 460                     | 2,280                   |
| <b>Total Revenue (refer to note 2a)</b>                             | <b>140,713</b>        | <b>129,205</b>        | <b>5,851</b>           | <b>5,617</b>           | <b>146,564</b>          | <b>134,822</b>          |

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of DHSV. These amounts have been brought 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.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 2a: Analysis of Revenue by Source

|  | <b>Total (Other)</b> | <b>Total (Other)</b> |
|--|----------------------|----------------------|
|  | <b>2011</b>          | <b>2010</b>          |
|  | <b>\$'000</b>        | <b>\$'000</b>        |
| <b>Revenue from Services Supported by Health Services Agreement</b>                    |                      |                      |
| Government Grants  | 129,449              | 117,498              |
| Indirect contributions by Department of Health   | 719                  | 478                  |
| Patient Fees (refer note 2b)   | 3,361                | 3,146                |
| Donations & Bequests (non capital)   | -                    | 15                   |
| Other Revenue from Operating Activities  | 3,919                | 3,142                |
| Interest   | 1,776                | 1,327                |
| Capital Purpose Income (refer note 2)  | 1,029                | 1,319                |
| Specific Income (refer note 2d)  | 460                  | 2,280                |
| <b>Sub-Total Revenue from Services Supported by Health Services Agreement</b>          | <b>140,713</b>       | <b>129,205</b>       |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>           |                      |                      |
| Business Units & Specific Purpose Funds  | 5,863                | 5,591                |
| Capital Purpose Income (refer note 2)  | (12)                 | 26                   |
| <b>Sub-Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>5,851</b>         | <b>5,617</b>         |
| <b>Total Revenue</b>   | <b>146,564</b>       | <b>134,822</b>       |

#### Indirect contributions by Department of Health:

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

**DENTAL HEALTH SERVICES VICTORIA**

**Notes to the Financial Statements**

30 June 2011

**Note 2b: Patient Fees**

|                            | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|----------------------------|----------------------------------|----------------------------------|
| <b>Patient Fees Raised</b> |                                  |                                  |
| <b>Recurrent:</b>          |                                  |                                  |
| Other (Dental Outpatients) | 3,361                            | 3,146                            |
| <b>Total Recurrent</b>     | <b>3,361</b>                     | <b>3,146</b>                     |

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2011

**Note 2c: Net Gain on Disposal of Non-Financial Assets**

|   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| <b>Proceeds from Disposals of Non-Current Assets</b>        |                                  |                                  |
| Motor Vehicles  | 223                              | 370                              |
| Medical Equipment   | -                                | 8                                |
| Computer & Communication                                    | 2                                | -                                |
| <b>Total Proceeds from Disposal of Non-Current Assets</b>   | <b>225</b>                       | <b>378</b>                       |
| <b>Less: Written Down Value of Non-Current Assets Sold</b>  |                                  |                                  |
| Motor Vehicles  | 237                              | 352                              |
| <b>Total Written Down Value of Non-Current Assets Sold</b>  | <b>237</b>                       | <b>352</b>                       |
| <b>Net gains/(losses) on Disposal of Non-Current Assets</b> | <b>(12)</b>                      | <b>26</b>                        |



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 2d: Specific Income

|  | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>Specific Income</b>   |                         |                         |
| Funding Received from Department of Health to Purchase Dental<br>Equipment on Behalf of External Dental Agencies | 460                     | 2,162                   |
| Reversal of WorkCover provisions from prior year   | -                       | 118                     |
| <b>TOTAL</b>   | <b>460</b>              | <b>2,280</b>            |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 3: Expenses

|   | HSA<br>2011<br>\$'000 | HSA<br>2010<br>\$'000 | Non HSA<br>2011<br>\$'000 | Non HSA<br>2010<br>\$'000 | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
|---|-----------------------|-----------------------|---------------------------|---------------------------|-------------------------|-------------------------|
| <b>Employee Benefits</b>                                    |                       |                       |                           |                           |                         |                         |
| Salaries & Wages  | 25,528                | 24,320                | 651                       | 454                       | 26,179                  | 24,774                  |
| WorkCover Premium   | 388                   | 386                   | 7                         | 4                         | 395                     | 390                     |
| Departure Packages  | 93                    | 248                   | -                         | -                         | 93                      | 248                     |
| Long Service Leave  | 754                   | 636                   | 11                        | 9                         | 765                     | 645                     |
| Superannuation  | 2,334                 | 2,227                 | 42                        | 27                        | 2,376                   | 2,254                   |
| <b>Total Employee Benefits</b>                              | <b>29,097</b>         | <b>27,817</b>         | <b>711</b>                | <b>494</b>                | <b>29,808</b>           | <b>28,311</b>           |
| <b>Non Salary Labour Costs</b>                              |                       |                       |                           |                           |                         |                         |
| Fees for Visiting Medical Officers                          | 28                    | 25                    | -                         | -                         | 28                      | 25                      |
| Agency Costs - Nursing                                      | 30                    | 69                    | -                         | -                         | 30                      | 69                      |
| Agency Costs - Other  | 402                   | 222                   | 39                        | 22                        | 441                     | 244                     |
| <b>Total Non Salary Labour Costs</b>                        | <b>460</b>            | <b>316</b>            | <b>39</b>                 | <b>22</b>                 | <b>499</b>              | <b>338</b>              |
| <b>Supplies and Consumables</b>                             |                       |                       |                           |                           |                         |                         |
| Drug Supplies   | 551                   | 533                   | -                         | -                         | 551                     | 533                     |
| Medical & Surgical Supplies                                 | 4,144                 | 4,066                 | 92                        | 95                        | 4,236                   | 4,161                   |
| <b>Total Supplies and Consumables</b>                       | <b>4,695</b>          | <b>4,599</b>          | <b>92</b>                 | <b>95</b>                 | <b>4,787</b>            | <b>4,694</b>            |
| <b>Other Expenses from Continuing Operations</b>            |                       |                       |                           |                           |                         |                         |
| Domestic Services & Supplies                                | 1,209                 | 1,107                 | -                         | -                         | 1,209                   | 1,107                   |
| Fuel, Light, Power and Water                                | 457                   | 447                   | -                         | -                         | 457                     | 447                     |
| Insurance costs funded by Department of Health              | 660                   | 503                   | -                         | -                         | 660                     | 503                     |
| Motor Vehicle Expenses                                      | 197                   | 239                   | -                         | -                         | 197                     | 239                     |
| Repairs & Maintenance                                       | 353                   | 423                   | 5                         | -                         | 358                     | 423                     |
| Maintenance Contracts                                       | 242                   | 279                   | -                         | -                         | 242                     | 279                     |
| Patient Transport   | 12                    | 6                     | -                         | -                         | 12                      | 6                       |
| Bad & Doubtful Debts  | 224                   | 252                   | -                         | -                         | 224                     | 252                     |
| Lease Expenses  | 123                   | 256                   | 11                        | 6                         | 134                     | 262                     |
| Other Administrative Expenses                               | 7,695                 | 4,916                 | 4,281                     | 3,926                     | 11,976                  | 8,842                   |
| Transfer Payments:  |                       |                       |                           |                           |                         |                         |
| - Output Funding for Dental Services (DH Agencies)          | 77,093                | 69,342                | -                         | -                         | 77,093                  | 69,342                  |
| - Victorian Denture Scheme ( Private Practitioners)         | 9,282                 | 6,481                 | -                         | -                         | 9,282                   | 6,481                   |
| - Victorian General Dental Scheme ( Private Practitioners)  | 3,019                 | 2,144                 | -                         | -                         | 3,019                   | 2,144                   |
| - Victorian Emergency Dental Scheme (Private Practitioners) | 5,564                 | 4,813                 | -                         | -                         | 5,564                   | 4,813                   |
| - School Dental Services (Private Practitioners)            | 11                    | 15                    | -                         | -                         | 11                      | 15                      |
| Audit Fees  |                       |                       |                           |                           |                         |                         |
| - VAGO - Audit of Financial Statements                      | 24                    | 27                    | -                         | -                         | 24                      | 27                      |
| - Other   | 105                   | 88                    | -                         | -                         | 105                     | 88                      |
| <b>Total Other Expenses from Continuing Operations</b>      | <b>106,270</b>        | <b>91,338</b>         | <b>4,297</b>              | <b>3,932</b>              | <b>110,567</b>          | <b>95,270</b>           |
| <b>Expenditure using Capital Purpose Income</b>             |                       |                       |                           |                           |                         |                         |
| Other Expenses  | 162                   | 274                   | -                         | -                         | 162                     | 274                     |
| <b>Total Expenditure using Capital Purpose Income</b>       | <b>162</b>            | <b>274</b>            | <b>-</b>                  | <b>-</b>                  | <b>162</b>              | <b>274</b>              |
| Depreciation and Amortisation                               | -                     | -                     | 4,768                     | 5,290                     | 4,768                   | 5,290                   |
| Specific Expense (refer note 3c)                            | -                     | -                     | 2,873                     | 2,422                     | 2,873                   | 2,422                   |
| <b>Total</b>  | <b>-</b>              | <b>-</b>              | <b>7,641</b>              | <b>7,712</b>              | <b>7,641</b>            | <b>7,712</b>            |
| <b>Total Expenses</b>                                       | <b>140,684</b>        | <b>124,344</b>        | <b>12,780</b>             | <b>12,255</b>             | <b>153,464</b>          | <b>136,599</b>          |

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

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 3a: Analysis of Expenses by Source

|   | <b>Total(Other)<br/>2011<br/>\$'000</b> | <b>Total(Other)<br/>2010<br/>\$'000</b> |
|---|---|---|
| <b>Services Supported by Health Services Agreement</b>  |   |   |
| Employee Benefits   | 29,097                                  | 27,817                                  |
| Non Salary Labour Costs   | 460                                     | 316                                     |
| Supplies & Consumables  | 4,695                                   | 4,599                                   |
| Other Expenses from Continuing Operations   | 106,270                                 | 91,338                                  |
| <b>Sub-Total Expenses from Services Supported by Health Services Agreement</b>  | <b>140,522</b>                          | <b>124,070</b>                          |
| <b>Services Supported by Hospital and Community Initiatives</b>   |   |   |
| Employee Benefits   | 711                                     | 494                                     |
| Non Salary Labour Costs   | 39                                      | 22                                      |
| Supplies & Consumables  | 92                                      | 95                                      |
| Other Expenses from Continuing Operations   | 4,297                                   | 3,932                                   |
| <b>Sub-Total Expenses from Services Supported by Hospital and Community Initiatives</b>                                 | <b>5,139</b>                            | <b>4,543</b>                            |
| <b>Expenditures using Capital Purpose Income</b>  |   |   |
| Other Expenses  | 162                                     | 274                                     |
| <b>Sub-Total Expenditure using Capital Purpose Income</b>   | <b>162</b>                              | <b>274</b>                              |
| Depreciation and Amortisation (refer note 4)  | 4,768                                   | 5,290                                   |
| Specific Expenses (refer note 3c)   | 2,873                                   | 2,422                                   |
| <b>Sub-Total Expenses from Services Supported by Health Service Agreement and by Hospital and Community Initiatives</b> | <b>7,641</b>                            | <b>7,712</b>                            |
| <b>Total Expenses</b>   | <b>153,464</b>                          | <b>136,599</b>                          |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

|                                    | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|------------------------------------|----------------------------------|----------------------------------|
| Technical Support                  | 4,107                            | 3,961                            |
| Overseas Dentists Training Program | 676                              | 582                              |
| Research and Innovation            | 245                              | -                                |
| Executive CPD                      | 111                              | -                                |
| <b>TOTAL</b>                       | <b>5,139</b>                     | <b>4,543</b>                     |

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2011

**Note 3c: Specific Expense**

|   | <b>Total</b>  | <b>Total</b>  |
|---|---------------|---------------|
|   | <b>2011</b>   | <b>2010</b>   |
|   | <b>\$'000</b> | <b>\$'000</b> |
| <b>Specific Expense</b>   |               |               |
| Amounts Paid for the Purchase of Dental Equipment on Behalf of External Dental Agencies | 2,873         | 2,422         |
| <b>TOTAL</b>  | <b>2,873</b>  | <b>2,422</b>  |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 4: Depreciation and Amortisation

|  | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| <b>Depreciation</b>                          |                                  |                                  |
| Buildings                                    | 3,195                            | 3,100                            |
| Plant & Equipment                            | 14                               | 14                               |
| Medical Equipment                            | 620                              | 400                              |
| Computers and Communication                  | 433                              | 699                              |
| Furniture and Fittings                       | 7                                | 21                               |
| Motor Vehicles                               | 345                              | 290                              |
| <b>Total Depreciation</b>                    | <b>4,614</b>                     | <b>4,524</b>                     |
| <b>Amortisation</b>                          |                                  |                                  |
| Intangible Assets                            | 154                              | 766                              |
| <b>Total Depreciation &amp; Amortisation</b> | <b>4,768</b>                     | <b>5,290</b>                     |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### 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.

|                     | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|---------------------|----------------------------------|----------------------------------|
| Cash on Hand        | 5                                | 6                                |
| Cash at Bank        | 3,375                            | 335                              |
| Short-Term Deposit* | -                                | 4,908                            |
| <b>TOTAL</b>        | <b>3,380</b>                     | <b>5,249</b>                     |

#### Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)

|              |              |
|--------------|--------------|
| <b>3,380</b> | <b>5,249</b> |
|--------------|--------------|

\*Include term deposits with original maturity period of 3 months or less.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 6: Receivables

|   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| <b>CURRENT</b>                            |                                  |                                  |
| <b>Contractual</b>                        |                                  |                                  |
| Inter-Hospital Debtors                    | 160                              | 138                              |
| Trade Debtors                             | 1,157                            | 892                              |
| Patient Fees                              | 659                              | 580                              |
| Accrued Investment Income                 | 354                              | 126                              |
| Accrued Revenue - Cost Recovery           | 592                              | 519                              |
| Less Provision for Doubtful Debts         |                                  |                                  |
| Trade Debtors                             | (38)                             | (33)                             |
| Patient Fees                              | (183)                            | (162)                            |
|   | <u>2,701</u>                     | <u>2,060</u>                     |
| <b>Statutory</b>                          |                                  |                                  |
| GST Receivable                            | 1,066                            | 223                              |
|   | <u>1,066</u>                     | <u>223</u>                       |
| <b>TOTAL CURRENT RECEIVABLES</b>          | <b><u>3,767</u></b>              | <b><u>2,283</u></b>              |
| <b>NON CURRENT</b>                        |                                  |                                  |
| <b>Statutory</b>                          |                                  |                                  |
| Long Service Leave - Department of Health | 197                              | 138                              |
| <b>TOTAL NON-CURRENT RECEIVABLES</b>      | <b><u>197</u></b>                | <b><u>138</u></b>                |
| <b>TOTAL RECEIVABLES</b>                  | <b><u>3,964</u></b>              | <b><u>2,421</u></b>              |

#### (a) Movement in the Allowance for doubtful debts

|  | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| Balance at beginning of year                   | 195                              | 179                              |
| Amounts written off during the year            | (198)                            | (236)                            |
| Increase in allowance recognised in net result | 224                              | 252                              |
| <b>Balance at end of year</b>                  | <b><u>221</u></b>                | <b><u>195</u></b>                |

#### (b) Ageing analysis of receivables

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



# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 7: Investments and Other Financial Assets

|                                       | Operating Fund          |                         |
|---------------------------------------|-------------------------|-------------------------|
|                                       | Total<br>2011<br>\$'000 | Total<br>2010<br>\$'000 |
| <b>CURRENT</b>                        |                         |                         |
| <i>Term Deposit</i>                   |                         |                         |
| Australian Dollar Term Deposits*      | 18,000                  | 17,000                  |
| <b>Total Current</b>                  | <u>18,000</u>           | <u>17,000</u>           |
| <b>NON CURRENT</b>                    |                         |                         |
| <i>Debt Securities</i>                |                         |                         |
| Asset Management Fund (ANZ Asprit II) | 1,875                   | 1,808                   |
| <b>Total Non Current</b>              | <u>1,875</u>            | <u>1,808</u>            |
| <b>TOTAL</b>                          | <u>19,875</u>           | <u>18,808</u>           |
| <b>Represented by:</b>                |                         |                         |
| Health Service Investments            | <u>19,875</u>           | <u>18,808</u>           |

#### (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

\*Include term deposits with original maturity period of more than 3 months but less than 1 year.

DHSV historically held a \$5M investment in a CDO. In the financial year 2007/08 and 2008/09, the accounts reflected the impaired state of the investment of \$2.27M and \$2.73M, respectively. In effect, writing down the value of the investment held to nil.

As at June 2011, the arranger of the initial investment (Bank of America) valued the CDO at \$0.7M. This has been noted as the indicative value of the outstanding coupons. Noting the level of default occurring on the CDO and the lack of a clear secondary market, the value of the CDO in the annual accounts remains as nil.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 8: Inventories

|                                   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|-----------------------------------|----------------------------------|----------------------------------|
| <b>CURRENT</b>                    |                                  |                                  |
| <b>Medical and Surgical Lines</b> |                                  |                                  |
| At Cost                           | 439                              | 547                              |
| Total Medical and Surgical Lines  | 439                              | 547                              |
| <b>Engineering Stores</b>         |                                  |                                  |
| At Cost                           | 629                              | 194                              |
| Loss of Service Potential         | -                                | (4)                              |
| Total Engineering Stores          | 629                              | 190                              |
| <b>TOTAL INVENTORIES</b>          | <b>1,068</b>                     | <b>737</b>                       |

#### Note 9: Other Assets

|                         | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|-------------------------|----------------------------------|----------------------------------|
| <b>CURRENT</b>          |                                  |                                  |
| Prepayments             | 49                               | 229                              |
| Minor Works in Progress | 339                              | 313                              |
| <b>TOTAL</b>            | <b>388</b>                       | <b>542</b>                       |

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2011

**Note 10: Property, Plant & Equipment**

|   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| <b>Land</b>                               |                                  |                                  |
| Land at Fair Value                        | 17,733                           | 15,665                           |
| <b>Total Land</b>                         | <b>17,733</b>                    | <b>15,665</b>                    |
| <b>Buildings</b>                          |                                  |                                  |
| Buildings at Fair Value                   | 66,353                           | 66,306                           |
| Less Accumulated Depreciation             | 6,335                            | 3,140                            |
| <b>Total Buildings</b>                    | <b>60,018</b>                    | <b>63,166</b>                    |
| <b>Plant and Equipment</b>                |                                  |                                  |
| Plant and Equipment at Fair Value         | 95                               | 95                               |
| Less Accumulated Depreciation             | 27                               | 14                               |
| <b>Total Plant and Equipment</b>          | <b>68</b>                        | <b>81</b>                        |
| <b>Medical Equipment</b>                  |                                  |                                  |
| Medical Equipment at Fair value           | 3,333                            | 2,998                            |
| Less Accumulated Depreciation             | 1,037                            | 416                              |
| <b>Total Medical Equipment</b>            | <b>2,296</b>                     | <b>2,582</b>                     |
| <b>Computers and Communication</b>        |                                  |                                  |
| Computers and Communication at Fair value | 2,322                            | 1,627                            |
| Less Accumulated Depreciation             | 1,476                            | 1,044                            |
| <b>Total Computers and Communications</b> | <b>846</b>                       | <b>583</b>                       |
| <b>Furniture and Fittings</b>             |                                  |                                  |
| Furniture and Fittings at Fair Value      | 72                               | 54                               |
| Less Accumulated Depreciation             | 30                               | 24                               |
| <b>Total Furniture &amp; Fittings</b>     | <b>42</b>                        | <b>30</b>                        |
| <b>Motor Vehicles</b>                     |                                  |                                  |
| Motor Vehicles at Fair Value              | 3,306                            | 3,357                            |
| Less Accumulated Depreciation             | 632                              | 336                              |
| <b>Total Motor Vehicles</b>               | <b>2,674</b>                     | <b>3,021</b>                     |
| <b>TOTAL</b>                              | <b>83,677</b>                    | <b>85,128</b>                    |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 10: Property, Plant & Equipment (Continued)

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

|  | Land          | Buildings     | Plant &<br>Equipment | Medical<br>Equipment | Computers &<br>Commnctns | Furniture &<br>Fittings | Motor<br>Vehicles | Total         |
|--|---------------|---------------|----------------------|----------------------|--------------------------|-------------------------|-------------------|---------------|
|  | \$000         | \$000         | \$000                | \$000                | \$000                    | \$000                   | \$000             | \$000         |
| <b>Balance at 1 July 2009</b>          | 15,665        | 64,839        | 95                   | 2,202                | 1,037                    | 51                      | 2,728             | 86,617        |
| Additions                              | -             | 1,427         | -                    | 780                  | 245                      | -                       | 935               | 3,387         |
| Disposals                              | -             | -             | -                    | -                    | -                        | -                       | (352)             | (352)         |
| Depreciation and Amortisation (note 4) | -             | (3,100)       | (14)                 | (400)                | (699)                    | (21)                    | (290)             | (4,524)       |
| <b>Balance at 1 July 2010</b>          | <b>15,665</b> | <b>63,166</b> | <b>81</b>            | <b>2,582</b>         | <b>583</b>               | <b>30</b>               | <b>3,021</b>      | <b>85,128</b> |
| Additions                              | -             | 47            | 1                    | 334                  | 696                      | 19                      | 235               | 1,332         |
| Disposals                              | -             | -             | -                    | -                    | -                        | -                       | (237)             | (237)         |
| Revaluation increments                 | 2,068         | -             | -                    | -                    | -                        | -                       | -                 | 2,068         |
| Depreciation and Amortisation (note 4) | -             | (3,195)       | (14)                 | (620)                | (433)                    | (7)                     | (345)             | (4,614)       |
| <b>Balance at 30 June 2011</b>         | <b>17,733</b> | <b>60,018</b> | <b>68</b>            | <b>2,296</b>         | <b>846</b>               | <b>42</b>               | <b>2,674</b>      | <b>83,677</b> |

#### Land and buildings carried at valuation

An independent valuation of DHSVs property, plant and equipment was performed by the *Valuer-General Victoria* (VGV) on 30 June 2009 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.

On 30 June 2011, a management revaluation was conducted for land as the compounded increase in the VGV indexation factors for Victoria was more than 10%. As a result, land value increased by \$2,068k.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 11: Intangible Assets

|                                 | <u>Total</u><br><u>2011</u><br><u>\$'000</u> | <u>Total</u><br><u>2010</u><br><u>\$'000</u> |
|---------------------------------|--|--|
| Software                        | 2,675  | 2,396  |
| Less Accumulated Amortisation   | 2,354  | 2,200  |
| <b>Total Written Down Value</b> | <b><u>321</u></b>                            | <b><u>196</u></b>                            |

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

|                                | <u>Total</u><br><u>\$'000</u> |
|--------------------------------|-------------------------------|
| <b>Balance at 1 July 2009</b>  | <b>962</b>                    |
| Amortisation (note 4)          | (766)                         |
| <b>Balance at 1 July 2010</b>  | <b>196</b>                    |
| Additions                      | 279                           |
| Amortisation (note 4)          | (154)                         |
| <b>Balance at 30 June 2011</b> | <b><u>321</u></b>             |

# DENTAL HEALTH SERVICES VICTORIA

## Notes to the Financial Statements

30 June 2011

### Note 12: Payables

|                      | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|----------------------|----------------------------------|----------------------------------|
| <b>CURRENT</b>       |                                  |                                  |
| <b>Contractual</b>   |                                  |                                  |
| Trade Creditors      | 11,315                           | 10,250                           |
| Accrued Expenses     | 4,903                            | 1,979                            |
| Salary Packaging     | 80                               | 57                               |
|                      | <u>16,298</u>                    | <u>12,286</u>                    |
| <b>Statutory</b>     |                                  |                                  |
| GST Payable          | -                                | 63                               |
|                      | <u>-</u>                         | <u>63</u>                        |
| <b>TOTAL CURRENT</b> | <u><b>16,298</b></u>             | <u><b>12,349</b></u>             |

#### (a) Maturity analysis of payables

Please refer to Note 17(c) for the ageing analysis of contractual payables

#### (b) Nature and extent of risk arising from payables

Please refer to Note 17(c) for the nature and extent of risks arising from contractual payables

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 13: Provisions

|   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|---|----------------------------------|----------------------------------|
| <b>Current Provisions</b>                                   |                                  |                                  |
| Employee Benefits   |                                  |                                  |
| - Unconditional and expected to be settled within 12 months | 2,009                            | 1,960                            |
| - Unconditional and expected to be settled after 12 months  | 3,401                            | 3,233                            |
|   | <u>5,410</u>                     | <u>5,193</u>                     |
| Provisions related to Employee Benefit On-Costs             |                                  |                                  |
| - Unconditional and expected to be settled within 12 months | 219                              | 214                              |
| - Unconditional and expected to be settled after 12 months  | 321                              | 316                              |
|   | <u>540</u>                       | <u>530</u>                       |
| <b>Total Current Provisions</b>                             | <b><u>5,950</u></b>              | <b><u>5,723</u></b>              |
| <b>Non-Current Provisions</b>                               |                                  |                                  |
| Employee Benefits   | 829                              | 678                              |
| Provisions related to Employee Benefit On-Costs             | 84                               | 68                               |
|   | <u>913</u>                       | <u>746</u>                       |
| <b>Total Non-Current Provisions</b>                         | <b><u>913</u></b>                | <b><u>746</u></b>                |
| <b>Total Provisions</b>                                     | <b><u>6,863</u></b>              | <b><u>6,469</u></b>              |
| <b>(a) Employee Benefits and Related On-Costs</b>           |                                  |                                  |
| <b>Current Employee Benefits and related on-costs</b>       |                                  |                                  |
| Unconditional LSL Entitlements                              | 3,274                            | 3,239                            |
| Annual Leave Entitlements                                   | 1,659                            | 1,586                            |
| Accrued Wages and Salaries                                  | 911                              | 778                              |
| Accrued Days Off  | 107                              | 120                              |
| <b>Non-Current Employee Benefits and related on-costs</b>   |                                  |                                  |
| Conditional Long Service Leave Entitlements                 | 912                              | 746                              |
| <b>Total Employee Benefits and Related On-Costs</b>         | <b><u>6,863</u></b>              | <b><u>6,469</u></b>              |
| <b>(b) Movements in provisions</b>                          |                                  |                                  |
| <b>Movement in Long Service Leave:</b>                      |                                  |                                  |
| <b>Balance at start of year</b>                             | 3,985                            | 3,714                            |
| Provision made during the year                              |                                  |                                  |
| - Revaluations  | (18)                             | (68)                             |
| - Expense recognising employee service                      | 783                              | 713                              |
| Settlement made during the year                             | (564)                            | (374)                            |
| <b>Balance at end of year</b>                               | <b><u>4,186</u></b>              | <b><u>3,985</u></b>              |

**DENTAL HEALTH SERVICES VICTORIA**  
**Notes to the Financial Statements**  
30 June 2011

**Note 14: Other Liabilities**

|                   | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|-------------------|----------------------------------|----------------------------------|
| <b>CURRENT</b>    |                                  |                                  |
| Income in Advance | 678                              | 664                              |
| <b>TOTAL</b>      | <b>678</b>                       | <b>664</b>                       |



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 15: Reserves

|  | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| <b>(a) Reserves</b>  |                                  |                                  |
| <b>Property, Plant &amp; Equipment Revaluation Surplus<sup>1</sup></b>   |                                  |                                  |
| Balance at the beginning of the reporting period   | 41,469                           | 41,469                           |
| Revaluation Increment/(Decrements)   |                                  |                                  |
| - Land   | 2,068                            | -                                |
| <b>Balance at the end of reporting period*</b>   | <b>43,537</b>                    | <b>41,469</b>                    |
| *Represented by:   |                                  |                                  |
| - Land   | 17,563                           | 15,495                           |
| - Buildings  | 25,574                           | 25,574                           |
| - Medical Equipment  | 331                              | 331                              |
| - Motor Vehicles   | 69                               | 69                               |
| Total  | <b>43,537</b>                    | <b>41,469</b>                    |
| <b>General Purpose Surplus</b>   |                                  |                                  |
| Balance at the beginning of the reporting period   | 512                              | 512                              |
| Balance at the end of the reporting period   | <b>512</b>                       | <b>512</b>                       |
| <b>Financial Assets Available-for-Sale Revaluation Deficit<sup>2</sup></b>   |                                  |                                  |
| Balance at the beginning of the reporting period   | (192)                            | (282)                            |
| Valuation gain recognised  | 67                               | 90                               |
| Balance at the end of the reporting period   | <b>(125)</b>                     | <b>(192)</b>                     |
| <b>Total Reserves</b>  | <b>43,924</b>                    | <b>41,789</b>                    |
| <br>   |                                  |                                  |
| (1) The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.  |                                  |                                  |
| (2) The financial assets available-for-sale revaluation deficit arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and effectively realised, is recognised in the net result. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in net result. |                                  |                                  |
| <b>(b) Contributed Capital</b>   |                                  |                                  |
| Balance at the beginning of the reporting period   | 54,516                           | 54,516                           |
| Balance at the end of the reporting period   | <b>54,516</b>                    | <b>54,516</b>                    |
| <b>(c) Accumulated Deficits</b>  |                                  |                                  |
| Balance at the beginning of the reporting period   | (2,706)                          | (929)                            |
| Net Result for the Year  | (6,900)                          | (1,777)                          |
| Balance at the end of the reporting period   | <b>(9,606)</b>                   | <b>(2,706)</b>                   |
| <b>(d) Total Equity at end of financial year</b>   | <b>88,834</b>                    | <b>93,599</b>                    |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow from Operating Activities

|  | <b>Total<br/>2011<br/>\$'000</b> | <b>Total<br/>2010<br/>\$'000</b> |
|--|----------------------------------|----------------------------------|
| <b>Net Result for the Year</b>                   | (6,900)                          | (1,777)                          |
| Depreciation & Amortisation                      | 4,768                            | 5,290                            |
| Provision for Doubtful Receivables               | 224                              | 252                              |
| Change in Inventories                            | (331)                            | 194                              |
| Net (Gain)/Loss from Sale of Plant and Equipment | 12                               | (26)                             |
| Change in Operating Assets & Liabilities         |                                  |                                  |
| Increase in Receivables                          | (1,767)                          | (267)                            |
| Decrease in Other Assets                         | 154                              | 2,363                            |
| Increase in Payables                             | 3,949                            | 1,717                            |
| Increase in Employee Benefits                    | 394                              | 258                              |
| Increase in Other Liabilities                    | 14                               | 105                              |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> | <b>517</b>                       | <b>8,109</b>                     |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 17: Financial Instruments

##### (a) Financial Risk Management Objectives and Policies

DHSVs principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Investments in Asset Managed Fund
- 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 main purpose in holding financial instruments is to prudentially manage DHSV financial risks within the government policy parameters.

##### Categorisation of financial instruments

|                                    | Carrying<br>Amount<br>2011<br>\$'000 | Carrying<br>Amount<br>2010<br>\$'000 |
|------------------------------------|--------------------------------------|--------------------------------------|
| <b>Financial Assets</b>            |                                      |                                      |
| Cash and cash equivalents          | 3,380                                | 5,249                                |
| Other financial assets             |                                      |                                      |
| Term deposits                      | 18,000                               | 17,000                               |
| Loans and Receivables              | 2,701                                | 2,060                                |
| Available for sale                 | 1,875                                | 1,808                                |
| <b>Total Financial Assets</b>      | <b>25,956</b>                        | <b>26,117</b>                        |
| <b>Financial Liabilities</b>       |                                      |                                      |
| At amortised cost                  | 16,976                               | 12,950                               |
| <b>Total Financial Liabilities</b> | <b>16,976</b>                        | <b>12,950</b>                        |

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2011

**Note 17: Financial Instruments (Continued)****Net holding gain on financial instruments by category**

|                                    | <b>Net holding<br/>gain<br/>2011<br/>\$'000</b> | <b>Net holding<br/>gain<br/>2010<br/>\$'000</b> |
|------------------------------------|---|---|
| <b>Financial Assets</b>            |   |   |
| Cash and deposits                  | 1,776   | 1,327   |
| Receivables                        | -   | -   |
| Available for sale                 | 67  | 90  |
| <b>Total Financial Assets</b>      | <b>1,843</b>                                    | <b>1,417</b>                                    |
| <b>Financial Liabilities</b>       |   |   |
| At amortised cost                  | -   | -   |
| <b>Total Financial Liabilities</b> | <b>-</b>  | <b>-</b>  |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 17: Financial Instruments (continued)

##### (b) Credit Risk

Credit risk arises from the contractual financial assets of DHSV, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. DHSVs exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to DHSV. Credit risk is measured a fair value and is monitored on a regular basis.

Credit risk associated with DHSVs contractual financial assets is minimal because the main debtor is the Victorian Government.

In addition, DHSV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest rates, except for cash assets, which are mainly cash at bank. DHSVs 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 DHSV will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, and debts which are more than 60 days overdue.

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 DHSVs maximum exposure to credit risk .

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

|                                   | Financial Institutions<br>(AAA or AA<br>credit rating)<br>\$'000 | Government agencies<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|-----------------------------------|--|-------------------------------|-----------------|-----------------|
| <b>2011</b>                       |  |                               |                 |                 |
| <b>Financial Assets</b>           |  |                               |                 |                 |
| Cash and Cash Equivalents         | 3,380  | -                             | -               | 3,380           |
| Receivables                       |  |                               |                 |                 |
| - Trade debtors                   | -  | 1,242                         | 37              | 1,279           |
| - Other receivables               | 354  | 592                           | 476             | 1,422           |
| Other financial assets            |  |                               |                 |                 |
| - Term Deposits                   | 18,000   | -                             | -               | 18,000          |
| - Debt securities (ANZ Asprit II) | 1,875  | -                             | -               | 1,875           |
| <b>Total Financial Assets</b>     | <b>23,609</b>  | <b>1,834</b>                  | <b>513</b>      | <b>25,956</b>   |
| <b>2010</b>                       |  |                               |                 |                 |
| <b>Financial Assets</b>           |  |                               |                 |                 |
| Cash and Cash Equivalents         | 5,249  | -                             | -               | 5,249           |
| Receivables                       |  |                               |                 |                 |
| - Trade debtors                   | -  | 991                           | 6               | 997             |
| - Other receivables               | 126  | 519                           | 418             | 1,063           |
| Other financial assets            |  |                               |                 |                 |
| - Term Deposits                   | 17,000   | -                             | -               | 17,000          |
| - Debt securities (ANZ Asprit II) | 1,808  | -                             | -               | 1,808           |
| <b>Total Financial Assets</b>     | <b>24,183</b>  | <b>1,510</b>                  | <b>424</b>      | <b>26,117</b>   |

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

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 17: Financial Instruments (continued)

##### (b) Credit Risk (continued)

##### Ageing analysis of Financial Assets as at 30 June

|                                   | Carrying<br>Amount | Not Past Due<br>and Not<br>Impaired | Less than<br>1 Month | Past Due But Not Impaired<br>1 - 3<br>Months | 3 months<br>1 Year | 1 - 5<br>Years | Impaired<br>Financial<br>Assets |
|-----------------------------------|--------------------|-------------------------------------|----------------------|--|--------------------|----------------|---------------------------------|
|                                   | \$'000             | \$'000                              | \$'000               | \$'000                                       | \$'000             | \$'000         | \$'000                          |
| <b>2011</b>                       |                    |                                     |                      |  |                    |                |                                 |
| <b>Financial Assets</b>           |                    |                                     |                      |  |                    |                |                                 |
| Cash and Cash Equivalents         | 3,380              | 3,380                               | -                    | -  | -                  | -              | -                               |
| Receivables                       |                    |                                     |                      |  |                    |                |                                 |
| - Trade debtors                   | 1,279              | 501                                 | 575                  | 166  | 37                 | -              | -                               |
| - Other receivables               | 1,422              | 1,160                               | 108                  | 96   | 58                 | -              | -                               |
| Other financial assets            |                    |                                     |                      |  |                    |                |                                 |
| - Term Deposits                   | 18,000             | 18,000                              | -                    | -  | -                  | -              | -                               |
| - Debt securities (ANZ Asprit II) | 1,875              | 1,875                               | -                    | -  | -                  | -              | -                               |
| <b>Total Financial Assets</b>     | <b>25,956</b>      | <b>24,916</b>                       | <b>683</b>           | <b>262</b>                                   | <b>95</b>          | <b>-</b>       | <b>-</b>                        |
| <b>2010</b>                       |                    |                                     |                      |  |                    |                |                                 |
| <b>Financial Assets</b>           |                    |                                     |                      |  |                    |                |                                 |
| Cash and Cash Equivalents         | 5,249              | 5,249                               | -                    | -  | -                  | -              | -                               |
| Receivables                       |                    |                                     |                      |  |                    |                |                                 |
| - Trade debtors                   | 997                | 574                                 | 311                  | 26   | 86                 | -              | -                               |
| - Other receivables               | 1,063              | 687                                 | 137                  | 111  | 128                | -              | -                               |
| Other financial assets            |                    |                                     |                      |  |                    |                |                                 |
| - Term Deposits                   | 17,000             | 17,000                              | -                    | -  | -                  | -              | -                               |
| - Debt securities (ANZ Asprit II) | 1,808              | 1,808                               | -                    | -  | -                  | -              | -                               |
| <b>Total Financial Assets</b>     | <b>26,117</b>      | <b>25,318</b>                       | <b>448</b>           | <b>137</b>                                   | <b>214</b>         | <b>-</b>       | <b>-</b>                        |

There are no material financial assets which are individually determined to be impaired. Currently, DHSV does not hold any collateral as security nor credit enhancements relating to any of 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 the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 17: Financial Instruments (continued)

##### (c) Liquidity Risk

Liquidity risk is the risk that DHSV would be unable to meet its financial obligations as and when they fall due.

DHSVs maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. DHSV manages its liquidity risk as follows:

DHSVs objective is to meet its financial obligations when they fall due. To achieve this objective, DHSV invests in short term investments with maturity dates of less than one (1) year. Each month, at least \$2M of short term investment matures. Cash flows are prepared in order to meet financial obligations.

The following table discloses the contractual maturity analysis of DHSVs 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

|                                    | Carrying Amount<br>\$'000 | Contractual Cash Flows<br>\$'000 | Maturity Dates              |                        |                             |                       |
|------------------------------------|---------------------------|----------------------------------|-----------------------------|------------------------|-----------------------------|-----------------------|
|                                    |                           |                                  | Less than 1 Month<br>\$'000 | 1 - 3 Months<br>\$'000 | 3 months - 1 Year<br>\$'000 | 1 - 5 Years<br>\$'000 |
| <b>2011</b>                        |                           |                                  |                             |                        |                             |                       |
| <b>Financial Liabilities</b>       |                           |                                  |                             |                        |                             |                       |
| Payables                           | 16,298                    | 16,298                           | 16,298                      | -                      | -                           | -                     |
| Other Liabilities                  | 678                       | 678                              | 678                         | -                      | -                           | -                     |
| <b>Total Financial Liabilities</b> | <b>16,976</b>             | <b>16,976</b>                    | <b>16,976</b>               | <b>-</b>               | <b>-</b>                    | <b>-</b>              |
| <b>2010</b>                        |                           |                                  |                             |                        |                             |                       |
| <b>Financial Liabilities</b>       |                           |                                  |                             |                        |                             |                       |
| Payables                           | 12,286                    | 12,286                           | 12,286                      | -                      | -                           | -                     |
| Other Liabilities                  | 664                       | 664                              | 664                         | -                      | -                           | -                     |
| <b>Total Financial Liabilities</b> | <b>12,950</b>             | <b>12,950</b>                    | <b>12,950</b>               | <b>-</b>               | <b>-</b>                    | <b>-</b>              |

##### (d) Market Risk

DHSVs exposures to market risk are primarily through interest rate risk with only insignificant exposures to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

###### **Currency Risk**

DHSV 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.

###### **Interest Rate Risk**

DHSVs financial liabilities are non interest bearing as they are made up of purchases of supplies and consumables.

###### **Other Price Risk**

DHSV does not have any exposure to other price risks.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 17: Financial Instruments (continued)

##### (d) Market Risk (continued)

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

|                              | Weighted<br>Average<br>Effective<br>Interest<br>Rates (%) | Carrying<br>Amount<br>\$'000 | Fixed<br>Interest<br>Rate<br>\$'000 | Variable<br>Interest<br>Rate<br>\$'000 | Non<br>Interest<br>Bearing<br>\$'000 |
|------------------------------|---|------------------------------|-------------------------------------|--|--------------------------------------|
| <b>2011</b>                  |   |                              |                                     |  |                                      |
| <b>Financial Assets</b>      |   |                              |                                     |  |                                      |
| Cash and Cash Equivalents    | 5.16  | 3,380                        | -                                   | 3,375                                  | 5                                    |
| Receivables                  |   |                              |                                     |  |                                      |
| - Trade debtors              | -   | 1,279                        | -                                   | -                                      | 1,279                                |
| - Other receivables          | -   | 1,422                        | -                                   | -                                      | 1,422                                |
| Other financial assets       |   |                              |                                     |  |                                      |
| - Term Deposits              | 6.13  | 18,000                       | -                                   | 18,000                                 | -                                    |
| - Debt securities            | -   | 1,875                        | -                                   | -                                      | 1,875                                |
|                              |   | <b>25,956</b>                | <b>-</b>                            | <b>21,375</b>                          | <b>4,581</b>                         |
| <b>Financial Liabilities</b> |   |                              |                                     |  |                                      |
| Payables                     | -   | 16,298                       | -                                   | -                                      | 16,298                               |
| Other Financial Liabilities  |   |                              |                                     |  |                                      |
| - Income in advance          | -   | 678                          | -                                   | -                                      | 678                                  |
|                              |   | <b>16,976</b>                | <b>-</b>                            | <b>-</b>                               | <b>16,976</b>                        |
| <b>2010</b>                  |   |                              |                                     |  |                                      |
| Cash and Cash Equivalents    | 3.52  | 5,249                        | -                                   | 5,243                                  | 6                                    |
| Receivables                  |   |                              |                                     |  |                                      |
| - Trade debtors              | -   | 997                          | -                                   | -                                      | 997                                  |
| - Other receivables          | -   | 1,063                        | -                                   | -                                      | 1,063                                |
| Other financial assets       |   |                              |                                     |  |                                      |
| - Term Deposits              | 5.12  | 17,000                       | -                                   | 17,000                                 | -                                    |
| - Debt securities            | -   | 1,808                        | -                                   | -                                      | 1,808                                |
|                              |   | <b>26,117</b>                | <b>-</b>                            | <b>22,243</b>                          | <b>3,874</b>                         |
| <b>Financial Liabilities</b> |   |                              |                                     |  |                                      |
| Payables                     | -   | 12,286                       | -                                   | -                                      | 12,286                               |
| Other Financial Liabilities  |   |                              |                                     |  |                                      |
| - Income in advance          | -   | 664                          | -                                   | -                                      | 664                                  |
|                              |   | <b>12,950</b>                | <b>-</b>                            | <b>-</b>                               | <b>12,950</b>                        |



## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### 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 following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of +1% and -1% in marked interest rates (AUD) from year-end rates of 6%;
- A parallel shift of +1% and -1% in inflation rate from year end rates of 2%

The following table discloses the impact on net operating result and equity for each category of financial instrument held by DHSV 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 \$'000      | Equity \$'000 | Profit \$'000 | Equity \$'000 | Profit \$'000    | Equity \$'000 | Profit \$'000 | Equity \$'000 |
| <b>2011</b>                  | <b>\$'000</b>   |                    |               |               |               |                  |               |               |               |
| <b>Financial Assets</b>      |                 |                    |               |               |               |                  |               |               |               |
| Cash and Cash Equivalents    | 3,380           | (34)               | (34)          | 34            | 34            | -                | -             | -             | -             |
| Receivables                  |                 |                    |               |               |               |                  |               |               |               |
| - Trade debtors              | 1,279           | -                  | -             | -             | -             | -                | -             | -             | -             |
| - Other receivables          | 1,422           | -                  | -             | -             | -             | -                | -             | -             | -             |
| Other Financial Assets       |                 |                    |               |               |               |                  |               |               |               |
| - Term Deposits              | 18,000          | (180)              | (180)         | 180           | 180           | -                | -             | -             | -             |
| - Debt securities            | 1,875           | -                  | -             | -             | -             | -                | -             | -             | -             |
| <b>Financial Liabilities</b> |                 |                    |               |               |               |                  |               |               |               |
| Payables                     | 16,298          | -                  | -             | -             | -             | -                | -             | -             | -             |
| Other Financial Liabilities  |                 |                    |               |               |               |                  |               |               |               |
| - Income in Advance          | 678             | -                  | -             | -             | -             | -                | -             | -             | -             |
|                              |                 | (214)              | (214)         | 214           | 214           | -                | -             | -             | -             |
| <b>2010</b>                  |                 |                    |               |               |               |                  |               |               |               |
| <b>Financial Assets</b>      |                 |                    |               |               |               |                  |               |               |               |
| Cash and Cash Equivalents    | 5,249           | (52)               | (52)          | 52            | 52            | -                | -             | -             | -             |
| Receivables                  |                 |                    |               |               |               |                  |               |               |               |
| - Trade debtors              | 997             | -                  | -             | -             | -             | -                | -             | -             | -             |
| - Other receivables          | 1,063           | -                  | -             | -             | -             | -                | -             | -             | -             |
| Other Financial Assets       |                 |                    |               |               |               |                  |               |               |               |
| - Term Deposits              | 17,000          | (170)              | (170)         | 170           | 170           | -                | -             | -             | -             |
| - Debt securities            | 1,808           | -                  | -             | -             | -             | -                | -             | -             | -             |
| <b>Financial Liabilities</b> |                 |                    |               |               |               |                  |               |               |               |
| Payables                     | 12,286          | -                  | -             | -             | -             | -                | -             | -             | -             |
| Other Financial Liabilities  |                 |                    |               |               |               |                  |               |               |               |
| - Income in Advance          | 664             | -                  | -             | -             | -             | -                | -             | -             | -             |
|                              |                 | (222)              | (222)         | 222           | 222           | -                | -             | -             | -             |

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### 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.

DHSV considers that the carrying amount of financial instrument assets and liabilities recorded in the 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<br>Amount<br>2011<br>\$'000 | Fair<br>Value<br>2011<br>\$'000 | Carrying<br>Amount<br>2010<br>\$'000 | Fair<br>Value<br>2010<br>\$'000 |
|------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>            |                                      |                                 |                                      |                                 |
| Cash and Cash Equivalents          | 3,380                                | 3,380                           | 5,249                                | 5,249                           |
| Receivables                        |                                      |                                 |                                      |                                 |
| - Trade debtors                    | 1,279                                | 1,279                           | 997                                  | 997                             |
| - Other receivables                | 1,422                                | 1,422                           | 1,063                                | 1,063                           |
| Other Financial Assets             |                                      |                                 |                                      |                                 |
| - Term Deposits                    | 18,000                               | 18,000                          | 17,000                               | 17,000                          |
| - Debt securities                  | 1,875                                | 1,875                           | 1,808                                | 1,808                           |
| <b>Total Financial Assets</b>      | <b>25,956</b>                        | <b>25,956</b>                   | <b>26,117</b>                        | <b>26,117</b>                   |
| <b>Financial Liabilities</b>       |                                      |                                 |                                      |                                 |
| Payables                           | 16,298                               | 16,298                          | 12,286                               | 12,286                          |
| Other Financial Liabilities        |                                      |                                 |                                      |                                 |
| - Income in Advance                | 678                                  | 678                             | 664                                  | 664                             |
| <b>Total Financial Liabilities</b> | <b>16,976</b>                        | <b>16,976</b>                   | <b>12,950</b>                        | <b>12,950</b>                   |

**DENTAL HEALTH SERVICES VICTORIA****Notes to the Financial Statements**

30 June 2011

**Note 17: Financial Instruments (continued)****(e) Fair Value (continued)****Financial assets measured at fair value**

|  | Carrying<br>Amount as at<br>30 June<br>\$'000 | Fair value measurement at end of<br>reporting period using |                    |                   |
|--|---|--|--------------------|-------------------|
|  |   | Level 1*<br>\$'000   | Level 2*<br>\$'000 | Level 3<br>\$'000 |
| <b>2011</b>                                |   |  |                    |                   |
| <b>Available for sale financial assets</b> |   |  |                    |                   |
| Debt securities                            | 1,875   | -  | 1,875              | -                 |
| <b>Total Financial Assets</b>              | <b>1,875</b>                                  | <b>-</b>   | <b>1,875</b>       | <b>-</b>          |
| <b>2010</b>                                |   |  |                    |                   |
| <b>Available for sale financial assets</b> |   |  |                    |                   |
| Debt securities                            | 1,808   | -  | 1,808              | -                 |
| <b>Total Financial Assets</b>              | <b>1,808</b>                                  | <b>-</b>   | <b>1,808</b>       | <b>-</b>          |

\*There is no significant transfer between level 1 and level 2

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 18a: Responsible Persons Disclosures

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

|  | Period           |                  |
|--|------------------|------------------|
|  | 01-July-2010     | 02-December-2010 |
| <b>Responsible Ministers:</b>                                  |                  |                  |
| The Honourable Daniel Andrews, MLA, Minister for Health        | 01-July-2010     | 02-December-2010 |
| The Honourable David Davis, MP, Minister for Health and Ageing | 02-December-2010 | 30-June-2011     |
| <b>Governing Boards</b>  |                  |                  |
| Mr. Michael Ellis (Chair)                                      | 01-July-2010     | 30-June-2011     |
| Dr. Brian Stagoll  | 01-July-2010     | 30-June-2011     |
| Ms. Kellie Ann Jolly   | 01-July-2010     | 30-June-2011     |
| Dr. John Miller  | 01-July-2010     | 30-June-2011     |
| Mr Kevin Quigley   | 01-July-2010     | 30-June-2011     |
| Ms. Helen O'Kane   | 01-July-2010     | 30-June-2011     |
| Ms. Anne Lyon  | 01-July-2010     | 30-June-2011     |
| Ms Kathryn Bell  | 01-July-2010     | 30-June-2011     |
| Mr. Anthony Monley   | 01-July-2010     | 30-June-2011     |
| <b>Accountable Officers</b>                                    |                  |                  |
| Mr. Felix Pintado  | 01-July-2009     | 26-November-2010 |
| Mr. Mark Sullivan  | 27-November-2010 | 13-February-2011 |
| Dr. Deborah Cole   | 14-February-2011 | 30-June-2011     |

#### Remuneration of Responsible Persons

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

| Income Band           | 2011      | 2010      |
|-----------------------|-----------|-----------|
|                       | No.       | No.       |
| \$0 - \$9,999         | -         | 1         |
| \$20,000 - \$29,999   | 8         | 7         |
| \$50,000 - \$59,999   | 2         | 1         |
| \$110,000 - \$119,999 | 1         | -         |
| \$190,000 - \$199,999 | 1         | -         |
| \$340,000 - \$349,999 | -         | 1         |
| <b>Total Numbers</b>  | <b>12</b> | <b>10</b> |

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

|    |         |    |         |
|----|---------|----|---------|
| \$ | 638,438 | \$ | 601,516 |
|----|---------|----|---------|

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

#### Other Transactions of Responsible Persons and their related Parties.

There were no other transactions with Responsible Persons and their Related Parties.

## DENTAL HEALTH SERVICES VICTORIA

### Notes to the Financial Statements

30 June 2011

#### Note 18b: Executive Officer Disclosures

##### Executive Officers' Remuneration

The numbers of executive officers other than the 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 included bonus, long-service leave, and redundancy payments.

|                           | Total Remuneration |                   | Base Remuneration |                   |
|---------------------------|--------------------|-------------------|-------------------|-------------------|
|                           | 2011               | 2010              | 2011              | 2010              |
|                           | No.                | No.               | No.               | No.               |
| \$160,000 - \$169,999     | -                  | -                 | 1                 | -                 |
| \$170,000 - \$179,999     | 1                  | 1                 | 1                 | 1                 |
| \$180,000 - \$189,999     | 1                  | 1                 | -                 | 1                 |
| \$210,000 - \$219,999     | -                  | 1                 | -                 | 1                 |
| <b>Total</b>              | <b>2</b>           | <b>3</b>          | <b>2</b>          | <b>3</b>          |
| <b>Total Remuneration</b> | <b>\$ 594,656</b>  | <b>\$ 580,924</b> | <b>\$ 572,044</b> | <b>\$ 580,924</b> |

## **DENTAL HEALTH SERVICES VICTORIA**

### **Notes to the Financial Statements**

30 June 2011

#### **Note 19: Commitments for Expenditure**

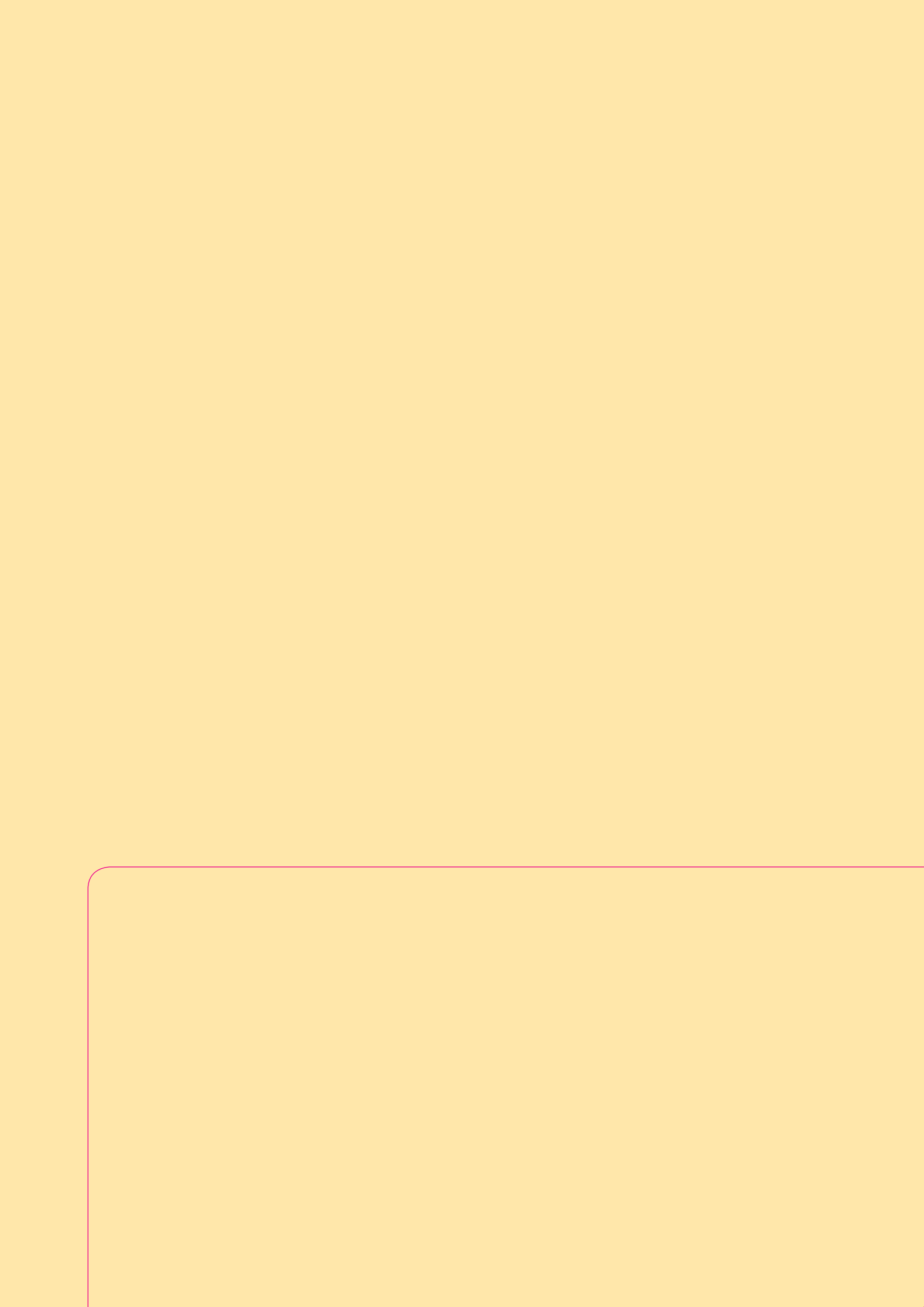
DHSV had no outstanding commitments for expenditure at 30 June 2011 (2010 - Nil).

#### **Note 20: Contingent Assets and Contingent Liabilities**

There are no contingent assets and contingent liabilities at 30 June 2011 (2010 - Nil).

#### **Note 21: Events Occurring after the Balance Sheet Date**

There were no events occurring after reporting date which require additional information to be disclosed.



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