



Dental Health  
Services Victoria

# Annual Report

2013/2014

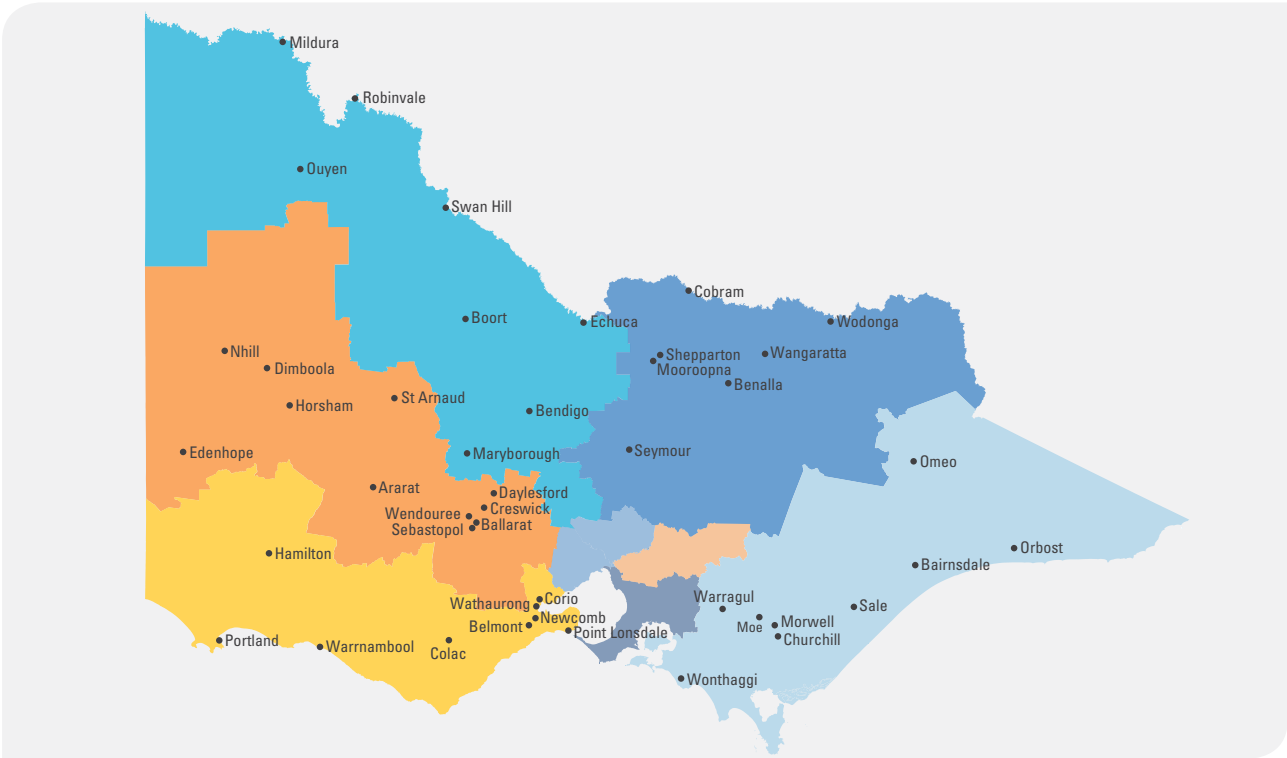


dental health  
services victoria  
oral health for better health

# Community Dental Clinics – Metro Victoria



# Community Dental Clinics – Rural/Regional Victoria



# Regions

|                    |               |                |      |           |
|--------------------|---------------|----------------|------|-----------|
| North & West Metro | Eastern Metro | Southern Metro |      |           |
| Barwon             | Grampians     | Loddon         | Hume | Gippsland |

# Dental Health Services Victoria

Dental Health Services Victoria (DHSV) is the leading public oral health agency in Victoria. We aim to improve the oral health status of all Victorians, particularly vulnerable groups and those most in need.

DHSV was established in 1996 and is funded by the State Government to provide clinical dental services to eligible Victorians and improve the planning, integration, coordination and management of Victoria's public dental services.

We provide Victorians with quality oral health care through The Royal Dental Hospital of Melbourne (RDHM) and by purchasing dental services for public patients from 53 community agencies throughout Victoria.

Our aim is to add value to the relationships we have with all 53 agencies to provide oral health services to as many eligible people as possible.

Responsible to the Victorian Minister for Health, DHSV is a public health service which employs 729 staff who work to an agreed Statement of Priorities. As trusted advisors in public oral health policy, program and guideline development, we continue to contribute to improving oral health in our communities.

DHSV was established under the Health Services Act 1988. The responsible Minister for Health during the reporting period was The Hon. David Davis MP.

## 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 are accountable for our actions

**Teamwork** – we work as a team and in partnership with our patients, our partners and the community

**Excellence** – we set best practice standards and are innovative in all that we do

Dental Health Services Victoria acknowledges the ongoing support of the Victorian Government.

## Key DHSV achievements 2013–2014

Treated record number  
of public dental patients

**411,217** (+20.4%)

**Exceeded Dental  
Weighted Activity  
Unit targets**

set as part of  
National Partnership  
Agreement on Treating More  
Public Dental Patients

**Treated 57% more  
refugee and  
asylum seeker  
patients state-wide**

4,840 more individuals  
than the previous  
financial year

**Treated 29% more  
Aboriginal and  
Torres Strait  
Islander peoples**

1,882 more individuals  
than the previous  
financial year

**Treated 69,619  
more individuals  
in 2013–14 than the  
previous financial year**

Wait times  
for general care  
reduced

from 17.9 months  
to 12.4 months

Wait times  
for denture care  
reduced

from 18.8 months to  
10.9 months

Commenced  
state-wide roll out of the  
Medicare-based  
Child Dental  
Benefits Schedule

Launched  
the  
Victorian Child  
Oral Health  
Survey

Celebrated the  
**10th birthday**  
of Smiles 4 Miles  
health promotion program

Became a partner  
in the national  
Rethink Sugary  
Drink campaign

Please note: Figures listed above are inclusive  
of Child Dental Benefits Schedule patient data

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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 2014.



Mr Mick Ellis  
Chair, Board of Directors  
Dental Health Services Victoria  
Carlton VIC

14 August 2014

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information included in this Annual Report will be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in machine readable format.

# Year in Review: Report of Operations

## From good to great...

With the investment of unprecedented Federal funding into the public dental sector through the National Partnership Agreement (NPA) for treating more public dental patients, DHSV's annual operating expenses grew from \$155 million to \$216 million in 2013–14.

## Service improvements

This boost in funds turned DHSV's focus to workforce expansion and effective resource allocation to ensure as many public dental patients were seen as possible. This increase in accessibility to dental services for the Victorian community saw wait lists reduced by over 32% for general care in 2014 and wait times down to as low as 8.8 months during March 2014.

DHSV significantly improved the patient journey through the public dental system with the patient satisfaction score (measured by electronic Patient Experience Trackers) increasing from 73% in July 2013 to 80% in June 2014.

The introduction of the NPA encouraged all public dental agencies to better utilise the public dental workforce to increase patient access to public dental services and deliver quality care to an additional 69,619 eligible Victorians.

The successful delivery of the NPA was followed by the introduction of the Child Dental Benefits Schedule (CDBS) on 1 January 2014. The CDBS allows families to claim up to \$1000 of basic dental treatment through Medicare for eligible 2–17 year olds over a two-year period. DHSV provided support and resources to Victorian dental agencies to ensure that the integration of both the NPA and CDBS was as smooth as possible.

## Partnering with the community

With funding from the Victorian Government Department of Health, DHSV works with a range of health and other professional groups to increase their capacity to promote oral health within their own environments. These partnerships help create a team of community oral health 'champions' across a wide range of disciplines.

### Smiles 4 Miles

Now in its tenth year, the Smiles 4 Miles health promotion program worked to improve the oral health of some of the youngest members of our community. In 2013–2014, the program worked in partnership with 26 local organisations, including local government and community health services and reached over 31,000 children and their families across 567 early childhood education and care services. Participating services are supported to develop policies and practices supportive of good oral health with a particular focus on the Eat Well, Drink Well and Clean Well messages.

### Healthy Families Healthy Smiles

The Healthy Families Healthy Smiles (HFHS) initiative aims to improve the oral health of Victorian children aged 0–3 years and pregnant women by building the capacity of health and early childhood professionals to promote oral health. This initiative is funded by the Victorian Government Department of Health.

A range of stakeholders from health, education, early childhood and community sectors as well as a range of professional groups and associations were involved in the planning and delivery of the initiative in 2013–2014. Over 300 health and early childhood professionals participated in oral health professional development activities.

Please note: Figures listed throughout Report of Operations are inclusive of Child Dental Benefits Schedule patient data

HFHS worked with the Maternal and Child Health Service to distribute 5,000 Tooth Packs (including toothbrushes and paste) to 1,500 families attending 18-month and two-year Key Ages and Stages visits in four local government areas. Maternal and child health nurses identified that approximately 8% of 18-month-old children and 10% of two-year-old children had some dental decay. 85% of these children were referred to dental services. In June 2014, DHSV secured the Colgate Mrs Marsh Grant to continue the supply of Tooth Packs to the four local government areas for a further three years.

DHSV helped distribute 5,000 Tooth Packs to families attending Key Ages and Stages visits in high-risk local government areas

DHSV offered online oral health training to midwives taking part in the Midwifery Initiated Oral Health Education Program. Participants improved their knowledge about oral health during pregnancy and the training engaged a new workforce in oral health promotion. Thirty-three midwives completed the e-learning pilot training and demonstrated an increase in overall knowledge from 67.0% to 86.7%. Eighty-two midwives completed this course over the two years of the initiative.

#### Baby Teeth Count Too

Early parenting centres provide help and support for families with children 0–4 years who are experiencing difficulties such as establishing feeding or sleeping routines. Over 90 staff were trained through the delivery of the Baby Teeth Count Too! education program developed especially for staff of early parenting centres in 2013–2014, bringing the total to 123 staff trained.

#### Bigger Better Smiles

A new oral health education program, Bigger Better Smiles, was developed in partnership with Mallee District Aboriginal Service (MDAS). Workshops in May 2014 trained 20 health and early childhood professionals through the pilot of the program at MDAS, including five staff trained to incorporate oral health assessments into their everyday practice.

The Healthy Families, Healthy Smiles program has also delivered professional development programs that reached dietitians (6), pharmacists (46), and early childhood educators (14).

#### Local government

To assist local government areas (LGAs) with their municipal public health planning, DHSV and the Department of Health completed 79 comprehensive oral health profiles specific to each. The profiles identified key indicators for oral health including rates of smoking, breastfeeding and frequency of soft drink consumption. These profiles contributed to 41% of LGAs including oral health in their Municipal Public Health Plans and several articles relating to local oral health risks and outcomes being published in community newspapers.

#### Schools

Launched in March 2014, the Victorian Child Oral Health Survey will provide important information about the state of the oral health of Victorian school-aged children. The survey includes conducting dental examinations with 6,000 randomly selected children in schools across Victoria. Parent questionnaires also provide critical information about how oral health is managed within families. The survey will be completed next financial year.



## Better oral health through evidence based research

DHSV undertakes research projects to ensure that the services we provide adhere to best practice and are of the highest quality.

### Minimal Intervention Dentistry

In an Australian-first study, DHSV investigated Minimal Intervention Dentistry (MID) as an effective technique for adolescents at high risk of developing dental caries. MID is based on the premise that early decay can be healed by the application of products such as fluoride varnish, changes to diet, and oral hygiene habits. In the past 12 months, 290 adolescents have participated in the study.

### Hall Technique

DHSV continued to investigate the Hall Technique, a painless and non-intrusive method of treating tooth decay in young children. Avoiding the use of a needles or drills, the Hall Technique uses stainless steel crowns to seal tooth decay and halt its progress. Following a successful pilot program the previous year, 251 Hall Technique crowns were placed by 12 clinicians at participating community dental agencies. Parents of children within the target group (3 to 7 year olds) expressed support of the Hall Technique with a vast majority agreeing or strongly agreeing that they would be happy for their child to undergo Hall Technique treatment in the future.

## Improving the patient experience

DHSV significantly improved the patient experience at The Royal Dental Hospital of Melbourne creating a more welcoming and culturally appropriate hospital environment for our patients and visitors.

DHSV also improved accessibility for priority groups by focusing on the unique needs of diverse communities including those living in remote areas, refugees and asylum seekers, and people with special needs.

The number of refugee and asylum seeker patients treated in the public dental system in Victoria increased by over 57% this financial year

### Refugees and asylum seekers

In 2013–2014, the number of refugees and asylum seekers treated in the public dental system in Victoria increased by over 57% – with an increase of 52% in community dental agencies and 106% at The Royal Dental Hospital of Melbourne. DHSV worked closely with Western Region Health Service, Foundation House, AMES and the Asylum Seeker Resource Centre to improve the services we offer to this priority group.

Before this work, these patients generally presented without appointments or interpreters to help guide them through the system. DHSV trialled running dental triage alongside the general health triage following release from detention to help improve this process. In February, two dental assistants participated in the AMES and Red Cross triage sessions where 280 patients were assessed. Oral hygiene education was provided at the sessions and was well received. Of the 280 patients assessed, 94 were referred to community dental agencies for treatment and 52 were referred to RDHM. All patients were booked with a dental professional who spoke their language or were provided with an interpreter.

### People with special needs

The DHSV Integrated Special Needs Unit covers a range of services including three clinics for special needs patients at RDHM and four external clinics

- a mobile service that visits special developmental schools and homebound patients
- Ozanam clinic for the homeless and marginalised
- Melbourne Juvenile Justice Clinic for youths in the justice system
- Plenty Valley Residential Services Clinic for those with severe intellectual disabilities.

### People with disability

With funding from the Department of Human Services, DHSV partnered with six disability Day Services interested in developing innovative ways to address oral health. A set of four posters was created to illustrate key oral health messages: healthy eating, tap water as the drink of choice, regular brushing and check-ups. The project featured people with a disability taking control of their own health while promoting positive oral health actions for the whole community. The posters were offered to all Day Services and community dental agencies across Victoria.

### Disability action plan

The *Diversity and Community Participation Plan 2013–2015* comprises the Disability Action, Cultural Responsiveness, Aboriginal Oral Health and the Community Participation plans. Objectives and actions for the plan have been aligned to Standard 2 of the new National Safety and Quality in Health Care Standards and to the DHSV strategic plan to attain a whole-of-organisation approach.

Highlights of the recently completed plan include a significant reduction in waiting times for patients of the Special Needs Unit and frontline staff at RDHM attending training sessions on working with people with sensory loss. DHSV also celebrates the International Day of People with a Disability with short videos and personal presentations from members of staff celebrating the achievements of people with disabilities.

### People living in remote areas

DHSV partnered with the Royal Flying Doctors Service and the Australian Dental Association Victorian Branch to take a mobile dental program to more than 1,200 people in regional Victoria. The program, funded by the Victorian Government, sends... volunteer dentists, dental assistants and students studying oral health to remote Victorian towns where they conduct dental examinations, provide basic dental treatment or, if necessary, refer patients to follow-up care.

The number of Aboriginal and Torres Strait Islander clients accessing public dental care grew by 29% state-wide this financial year

### Aboriginal and Torres Strait Islander peoples

DHSV continued to focus on improving the oral health of Aboriginal and Torres Strait Islander peoples and the number of Aboriginal and Torres Strait Islander clients accessing public dental care grew by 29% state-wide (from 6,553 to 8,435) in 2013–2014.

The number of people identifying as Aboriginal and Torres Strait Islander increased by over 13% at The Royal Dental Hospital of Melbourne (from 1,000 to 1,131) and over 31% at agencies (from 5,553 to 7,304) compared to the 2012–2013 financial year.

DHSV also appointed a new Aboriginal Community Development Officer to continue to work with stakeholders to increase the understanding and responsiveness of DHSV and the public oral health sector to Aboriginal health issues. And we maintained our membership and support of the Coalition for Aboriginal Health Equality Victoria and implemented an Aboriginal Oral Health Plan endorsed by our Aboriginal Oral Health Reference Group.

Our ongoing commitment to 'closing the gap' initiatives has seen DHSV exceed the State Government Aboriginal employment target of 1%. Aboriginal and Torres Strait Islander peoples currently make up 1.23% of our workforce.

## Our performance

DHSV uses a monthly scorecard to track progress against government targets, continuous improvement and innovation.

### National Partnership Agreement

DHSV exceeded the Dental Weighted Activity Unit (DWAU) targets set by the National Partnership Agreement (NPA) on Treating More Public Dental Patients by treating 411,217 patients over the course of the financial year – a 20.4% increase and 69,619 more patients treated than in the previous financial year.

The NPA provided \$84.5 million to treat up to an additional 110,000 patients by March 2015. DHSV used this funding opportunity to build more effective models of care and use innovative thinking to improve services in the public dental sector.

In particular, the surgery departments at The Royal Dental Hospital of Melbourne realised great improvements in their operations as a result of these new models of patient care. Highlights included:

- The number of patients receiving surgical treatment increased by 14.4%
- The number of patients treated in Day Surgery Unit increased by 80% (2012–2013: 1,840 | 2013–2014: 3,314)
- Wait list for oral surgery was reduced by 17.9% (2012–2013: 4,388 | 2013–2014: 3,603)

Public dental agencies also saw significant improvements in their efficiency and effectiveness as a result of implementing new ways of working and were invited to present their initiatives at the Community Dental Agencies Innovations Workshop in June.

DHSV used the NPA funding boost as an opportunity to build more effective models of care and use innovative thinking to improve services in the public dental sector.

## Patient services

In July 2013, a call centre opened at The Royal Dental Hospital of Melbourne to manage the high volume of patient calls received. The centre received 146,147 calls over the course of the year, 39,147 more than the previous year.

Average wait time – 2:13 minutes

Average talk time – 2:48 minutes

Two full time interpreters commenced onsite at RDHM in June 2014. The Vietnamese, Farsi and Dari speaking interpreters have been well utilised in our clinical departments and feedback from clinicians, team leaders, patients and interpreters has been very positive.

## System upgrades

Our patient management system, Titanium, continued to be upgraded to better capture patient treatment data and provide more comprehensive records. Upgrades included an integrated message system which reminds clients of upcoming appointments and electronic claiming of services provided under the Child Dental Benefits Schedule (CDBS).

## Building a stronger health workforce

DHSV continues to provide high quality Continual Professional Development (CPD) opportunities across the State to upskill our workforce across a variety of clinical and non-clinical topics. In 2013–2014, 26 CPD programs ran with 12,093 CPD points allocated overall.

DHSV also continues its work within the Rural Dental Practitioners' Relocation Program with 23 dental practitioners utilising the service in 2013/14. The scheme helped place oral health professionals in typically hard to staff locations across Victoria including Gippsland, Shepparton, Warnambool, Sunraysia, Wangaratta, Albury Wodonga, Barwon, Echuca and Horsham.

### Increasing scope of practice

DHSV supported 12 oral health therapists to expand their scope of practice by completing qualifications that enable them to treat adults aged 26 years and over.

### Indigenous Dental Assistant Traineeship Program

DHSV recruited 13 Indigenous trainee dental assistants through the newly created Dental Assistant Traineeship Program. Launched in 2012, the program helped increase our Indigenous workforce and make services more culturally appropriate for our patients. To June 2014, eight trainees had graduated from the program and were working as fully qualified dental assistants. Two others will graduate late in 2014.

One graduate trainee is training to become a dentist and is the first Indigenous student to ever be accepted into the Bachelor of Health Science in Dentistry at La Trobe University. Other trainees are also looking to further their skills through Certificate courses and training to become dental hygienists and oral health therapists.

### Supporting overseas-trained dentists

The International Dental Graduates (IDG) program provides internationally-trained dentists, whose qualifications are not fully recognised in Australia, the opportunity to undertake supervised clinical work at RDHM and prepare for the Australian Dental Council clinical examination. Eight dentists from China, Kenya, India, Iran, Yugoslavia, and Zimbabwe participated in this program in 2013–2014. Following their training, all eight IDGs relocated to community dental agencies in Mildura, Maryborough, St Albans and Barwon.

Eight trainees graduated from the Indigenous DA Traineeship Program and are now working as fully qualified dental assistants

## Leaders in oral health

### Planning for the future

Healthy Mouths, Healthy Lives, Australia's first National Oral Health Plan was released in 2004 and helped bring oral health to the forefront of Victorians' minds.

The initial plan reached the end of its lifespan in 2013 and the National Oral Health Plan Monitoring Group, of which DHSV is a part, were tasked with developing a new national plan for 2015–2024. DHSV CEO Dr Deborah Cole led the development of the Workforce component and DHSV provided input into other key areas as appropriate. The complete draft plan will be sent for consultation early in the 2014–2015 financial year.

### Recognising excellence


DHSV recognises outstanding performance and innovation in the public dental sector through the Public Oral Health Awards. In 2013, three awards were presented with North Richmond Community Health receiving the Innovative Model of Care award for their Health Promoting Practice Model, Peninsula Health Community Dental Team's Community Dental Program receiving the award for Excellence in Service Delivery and Dr Michael Smith of Barwon Health receiving the Leader in Health award.

DHSV Dental Assistant Melissa Stevens was awarded the Koolin Balit Aboriginal Learner Award at the 2014 People in Health awards. Joining DHSV as a DA trainee in 2012, Melissa graduated in 2013 and has become an advocate for Aboriginal and Torres Strait Islander health and a great mentor for other trainees.

DHSV was announced as a finalist in the 2013 Victorian Public Healthcare Awards for achieving a highly capable and engaged workforce through its Indigenous Dental Assistant Traineeship Program. The awards, presented by the Minister for Health in November, celebrated outstanding leadership, excellence and innovation in Victoria's public healthcare system.

This year DHSV also joined the Rethink Sugary Drink campaign to help educate Victorians about the health impacts of sugary drinks. The campaign has gained much momentum in the public sphere and DHSV continues to support its messages and public education initiatives.

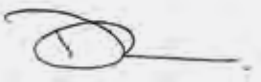
I, Deborah Cole certify that Dental Health Services Victoria has complied with Ministerial Direction 4.5.5.1 – Insurance, except for *verification that all contractual indemnities are included on the register of indemnities made available to the VMIA.*



Dr Deborah Cole  
Chief Executive Officer  
Dental Health Services Victoria  
Carlton VIC

14 August 2014

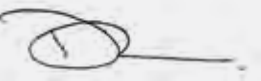
I, Deborah Cole certify that Dental Health Services Victoria has risk management processes in place consistent with the AS/NZS ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Board of Directors verifies this assurance and that the risk profile of Dental Health Services Victoria has been critically reviewed within the last 12 months.



Dr Deborah Cole  
Chief Executive Officer  
Dental Health Services Victoria  
Carlton VIC

14 August 2014

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.



Dr Deborah Cole  
Chief Executive Officer  
Dental Health Services Victoria  
Carlton VIC

14 August 2014

# Operations

## Meeting Accreditation

DHSV has drawn a reputation for being a leader in the new national accreditation standards. DHSV has assisted 34 community dental agencies to achieve accreditation through the National Safety and Quality Health Service Standards in 2013/2014.

Equipped with DHSV resources and ongoing support, all community dental agencies that have undergone ACHS accreditation in the past 12 months have passed.

In December 2013 RDHM was involved in a periodic review under the new three year cycle of the National Safety and Quality Health Service Standards and achieved 'Satisfactorily Met' ratings. RDHM will undergo full organisation wide survey in December 2014 with the Australian Council on Healthcare Standards.

## Quality resources

Dental Health Services Victoria develops a range of educational and informative written materials and resources for public dental patients, other health professionals and members of the public. These resources include a public Quality of Care Report for The Royal Dental Hospital of Melbourne and a suite of brochures, pamphlets and flyers. All written materials can be obtained via the DHSV website or by contacting DHSV Corporate Services on (03) 9341 1000.

## Buildings management

DHSV buildings are maintained in accordance with the Building Act 1993, the Building Code of Australia and Department of Health guidelines: Fire Safety Compliance Series 7.

## Purchasing and tendering

DHSV procurement policies follow the procurement policies of the Victorian Government Purchasing Board. DHSV complies with the Principle Purchasing Policy of Health Purchasing Victoria.

## Competitive neutrality

DHSV applies competitive 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 tenders for contracts in accordance with Victorian Government Purchasing Board policies and has a rigorous supplier evaluation and relationship management process in place. When necessary DHSV utilises the services of an independent probity advisor.

## Code of conduct

DHSV has a Code of Conduct that is consistent with the Code of Conduct issued by the State Services Authority for public sector employees. The Code of Conduct is available to all employees and is an integral part of the new employee 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 Dental Health Services Victoria. The majority of applications under Freedom of Information are requests by patients for access to their own personal dental records.

Dental Health Services Victoria received 123 requests during the year and all requests were granted in full.

### Occupational Health and Safety

The structure of occupational health and safety at DHSV, including the safety management system, was audited and reviewed in January 2014. This review led to the development of the OHS Strategic Plan which aligns with the DHSV Strategic Plan and improvements to the safety management system. Extensive consultation with employees, health and safety representatives and management was a key part of this development process.

WorkCover claims continued to be managed in a proactive manner, with early return to work initiatives and strategic claims and injury management. DHSV's indicative premium for 2014–2015 is estimated to be approximately \$117,617\*.

\* Indicative figures only, premium statements are sent by our WorkCover insurer in August/September 2014 confirming the premium amount for the 2014–15 financial year.

### Protected Disclosure

Dental Health Services Victoria complies with the Protected Disclosure Act 2012.

### Carers Recognition Act

The Carers Recognition Act 2012 formally acknowledges the important contribution that people in care relationships make to our community and the unique knowledge that carers hold of the person in their care. DHSV works to and supports the principles outlined in the Act.

### Details of Consultancies

In 2013–14, there were 3 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2013–14 in relation to these consultancies is \$95,150.00 (exc GST). Details of individual consultancies can be viewed at [https://www.dhsv.org.au/about-us/reports-and-publications/\\_nocache](https://www.dhsv.org.au/about-us/reports-and-publications/_nocache)

In 2013–14, there were 10 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2013–14 in relation to these consultancies is \$28,675.00 (exc GST).



# Objectives, functions, powers and duties

DHSV is the leading public oral health agency in Victoria. The organisation coordinates state-wide oral health promotion programs and leads research to reduce the prevalence of oral disease and inform best practice.

We are committed to ensuring that public dental services are sustainable, cost-effective and of a high quality while continuing to improve the oral health status of all Victorians, particularly those most in need.

We work to educate the community and broader health sector about the links between oral health and general health.

We use our position as leaders in oral health and our partnerships with other health organisations and providers to promote the message that good oral health is essential for overall health and wellbeing in an attempt to better oral health outcomes for all Victorians.

DHSV is responsible for:

- providing dental services through The Royal Dental Hospital of Melbourne
- purchasing dental services from 53 community dental agencies across Victoria
- developing the current workforce and supporting the education and training of future oral health professionals
- fostering, supporting and participating in oral health research
- advising the government on policy, funding and service development delivering oral health promotion programs across Victoria
- delivering oral health promotion programs across Victoria
- providing clinical leadership to the public oral health sector.

The following groups are eligible for public dental services:

- all children aged 0–12 years
- young people aged 13–17 years who are health care or pensioner concession cardholders or dependants of concession card holders
- children and young families up to 18 years of age in out-of-home care provided by the Department of Human Services
- youth justice clients in custodial care, up to 18 years of age
- adults who are healthcare or pensioner concession cardholders or dependants of concession cardholders
- refugees and asylum seekers

People who are eligible for public dental services may also have priority access to dental care. People who have priority access are not required to go on a waiting list. They are offered the next available appointment for general care.

The following groups have priority access:

- Aboriginal and Torres Strait Islander peoples
- children and young people (0–17 years)
- 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.

Public dental clinics also provide dental care to eligible 2–17 year olds under the Child Dental Benefits Schedule and RDHM provides dental care to Aboriginal and Torres Strait Islander peoples.



## Summary of services

### Agencies

There are 53 community dental agencies located throughout metropolitan Melbourne and regional and rural Victoria. Agencies can be independent entities and can sit within larger health services and hospitals. DHSV purchases services from these agencies to ensure eligible Victorians have access to public dental services.

### RDHM

The Royal Dental Hospital of Melbourne is a world class specialist teaching facility. It works closely with partners at The University of Melbourne, RMIT University and LaTrobe University to educate and train future dental professionals and to continue to support post-graduate training.

### Services

#### Emergency care

Emergency dental care is available to health care and pensioner concession cardholders at RDHM and community dental clinics. Emergency care is also available to the general public at RDHM.

#### General care

General dental care, including fillings, dentures and preventive care, is available to all Victorians who hold a health care or pensioner concession card or who are dependants of a health care or pensioner concession cardholder.

Children and young people (2–17 years) eligible for the Child Dental Benefits Schedule can also access dental care at public clinics.

#### Specialist care

Patients may be referred to RDHM for specialist dental care including orthodontics, oral and maxillofacial surgery, endodontics, periodontics, prosthodontics, paediatric dentistry, special needs dentistry, and oral medicine.

### Oral health promotion

Integrated health promotion programs deliver benefits for the community by promoting wellbeing, strengthening community capacity and minimising the burden of disease. Our state-wide 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.

### Education

The teaching clinics at RDHM support The University of Melbourne's education programs for dentists, specialists, oral health therapists and hygienists. The teaching clinics also support RMIT University's education programs for dental assistants, technicians and prosthetists.

In addition, RDHM provides bridging programs for overseas-trained clinicians seeking registration. DHSV also works closely with La Trobe University to support its rural oral health teaching program in a number of community dental agencies.

### Purchased services

DHSV purchases oral health services from 53 community dental 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.

### Service improvement

DHSV works to a continuous quality improvement model and reports to compliance and monitoring standards with regular reviews undertaken in collaboration with consumers, management and staff.

### Community liaison

DHSV looks to involve consumers in all aspects of its business, particularly around improving the patient journey through our services. Consumers sit on Board sub-committees and are consulted wherever possible in service and program developments.

#### Information technology

DHSV develops and maintains patient management system solutions and centralised infrastructure to support the activities at community dental clinics across Victoria.

#### Management reporting and analysis

DHSV provides management reporting and analysis services to RDHM and community dental agencies in Victoria.

#### Agency support

DHSV works closely with public dental agencies across the state to ensure services provided are as efficient and effective as possible with the resources allocated. We provide resources, support and advice.

#### Clinical leadership

The Clinical Leadership Council provides advice and guidance on clinical issues to the public dental sector, including identifying and ensuring best clinical practice through development and implementation of clinical guidelines.

#### Fees and charges

In August 2013, to reflect changes from the Victorian Department of Health, fees for public dental services changed to:

##### Eligible adults

- Fee of \$26 per visit to a maximum of \$104 for a **general** course of care, which includes an examination and all general dental treatment.
- Flat fee of \$26 for an **emergency** course of care, which includes assessment and treatment of the tooth/gums/false teeth that is causing pain.
- Fees for **dentures** are dependent on the type of dentures required – \$63 per denture capped at \$126 for a full upper and lower denture.

Children aged 0–12 years who are not health care or pensioner concession card holders or not dependants of concession card holders:

- Flat fee of \$31 per child for a **general** course of care, which includes an examination and all general dental treatment. Fees per family will not exceed \$124.

Fees for **specialist** services (The Royal Dental Hospital Melbourne only):

- Dependant on the treatment provided, up to a maximum of \$312 for a course of care.

#### Fee exemptions

Exemption from fees for public dental services apply to:

- Aboriginal and Torres Strait Islanders
- Homeless people and people at risk of homelessness
- Refugees and Asylum Seekers
- Children and young people aged 0–17 years who are health care or pensioner concession card holders or dependants of concession card holders
- All children and young people up to 18 years of age, who are in out-of-home care provided by the DHS
- All youth justice clients up to 18 years of age in custodial care
- Registered clients of mental health and disability services, supported by a letter of recommendation from their case manager or staff of special development schools
- Those receiving care from undergraduate students
- Those experiencing financial hardship.

# Board and Executive

The functions of the Board of a public health service are set by the Health Services (Governance and Accountability) Act 2004. On the Minister for Health's recommendation, the Governor in Council appoints the DHSV Board of Directors. Members have a mix of qualifications, skills and experience, particularly in the areas of oral health, community welfare, finance and business.

## Mr Mick Ellis (Chair)

*BEcon, BEd*

Chair: Executive Performance & Remuneration Committee

Member: Finance Committee

Appointed to the Board in July 2006 and Chair since July 2009, Mick 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, GAICD*

Chair: Finance Committee

Chair: Population Health Committee

Appointed to the Board in July 2009, Kathy has extensive experience in public health policy and management, with a focus on primary health care, workforce issues, Aboriginal health and remote health. She is currently CEO of the Australian Primary Health Care Nurses Association.

## Ms Helene Bender

*OAM BCom, Dip Travel & Tourism*

Member: Executive Performance & Remuneration Committee

Member: Human Research Ethics Committee

Appointed to the Board in July 2011, Helene is Deputy Chancellor of Deakin University, a member of the Chancellor's Advisory Committee, Remuneration Committee, Honorary Degrees Committee and Legislation Committee. She also holds places on the Geelong Cemeteries Trust, Finance Committee and Audit & Risk Committee as well as the Tourism Victoria Board and Audit & Risk Committee.

## Mr Cameron Clark

*MACS*

Chair: Audit and Risk Committee

Chair: Human Research Ethics Committee

Member: Applied Research Governance Committee

Appointed to the Board in July 2011, Cameron runs his own information technology company and has particular interests in IT, business and management. He has been involved in health initiatives relating to the personal control of e-health records and the "Health in the Home" concept. Another key interest is designing solutions to give a holistic view of a client's issues combining both health and welfare to promote well-being and ultimately reduce the current high cost of health.

## Dr Pamela Dalglish

*BDS, Cert Dental Therapy*

Chair: Safety and Quality Committee

Member: Audit and Risk Committee

Member: Community Advisory Committee

Appointed to the Board in July 2011, Pamela has 16 years' experience in corporate governance and an impressive oral health background. She has held leadership roles with the Health Issues Centre, Victorian Women's Dentists Association, the Australian Dental Association (Victoria), Dental Practice Board of Victoria and the Registration and Notification Committee of Dental Board of Australia. Pamela has also been appointed as a Fellow of the Academy of Dentistry International and International College of Dentists.

## Ms Jennifer Theisinger

*PSM BA, RN, Grad Dip Geront, Grad Dip Applied Science*

Chair: Community Advisory Committee

Member: Executive Performance & Remuneration Committee

Member: Applied Research Governance Committee

Appointed to the Board in July 2012, Jennifer has a background in nursing with substantial experience in the areas of health policy development as well as the development, management and monitoring of health services. In 2001, Jennifer was awarded the Public Service Medal for outstanding public service and innovation in the field of palliative care administration.

### Ms Barbara Hingston

*BA, BSW, GAICD*

Member: Audit & Risk Committee

Member: Safety & Quality Committee

Barbara was appointed to the DHSV Board in August 2013 and brings a wealth of knowledge from the health and community services sectors. She has much experience with acute health service governance as well as mental health and community service governance and management. Barbara also has extensive experience in clinical governance, stakeholder engagement, social policy, strategic organisational and service evaluation, planning and review. Barbara holds positions on the National Board – Headspace National Youth Mental Health Foundation, Catholic Social Services Australia Board and the Board of Eastern Melbourne Medicare Local.

### Ms Dianne Rule

*BA, BEd*

Member: Safety & Quality Committee

Member: Population Health Committee

Dianne was appointed to the DHSV Board in late 2013. After teaching in both government and private schools, she established a niche publishing company with her husband in 1987. Dianne has previously worked as a Senior Adviser and Chief of Staff to both State and Federal politicians – giving her a great understanding of government and the legislative process. She is a Director of the JMB Foundation and the Wheeler Centre. Dianne also chairs The Greater Metropolitan Cemeteries Trust.

### Mr John Nguyen

*FCA, MBA, BCom, PGradDipFin*

Member: Finance Committee

Member: Community Advisory Committee

Appointed to the Board in December 2013, John is a Chartered Accountant and is currently a finance executive at Australia and New Zealand Banking Group. John was previously an Australian-based partner at a global professional services firm and has worked in New York, London and Singapore. He has a proven record advising large multinational financial services and government clients in the areas of financial and risk management, governance and assurance. John is a leader who understands the importance of building a business based on people and culture.

## 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 2013–2014 plus an extended strategic planning session in March. Attendance at Board meetings was as follows:

| Member              | Number of meetings eligible for | Number of meetings attended |
|---------------------|---------------------------------|-----------------------------|
| Mick Ellis          | 12                              | 12                          |
| Kathy Bell          | 12                              | 10                          |
| Helene Bender       | 12                              | 9                           |
| Cameron Clark       | 12                              | 11                          |
| Pamela Dalglish     | 12                              | 11                          |
| Jennifer Theisinger | 12                              | 12                          |
| Barbara Hingston    | 11                              | 10                          |
| Dianne Rule         | 9                               | 9                           |
| John Nguyen         | 7                               | 7                           |

## Board committees

The following committees provided advice to the Dental Health Services Victoria Board of Directors during the 2013–2014 financial year:

### Audit and Risk Committee

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

Chair: Mr Cameron Clark

Members: Dr Pamela Dalgliesh, Ms Barbara Hingston (from November 2013), Mr Kevin Quigley (independent, until August 2013), Mr Peter Robertson (independent)

### Community Advisory Committee

The Community Advisory Committee (CAC) provides advice and leadership on strategies for effective community participation and ensures that consumers and community views are reflected in service delivery, planning and policy development.

Chair: Ms Jennifer Theisinger

Members: Dr Pamela Dalgliesh, Mr John Nguyen, Ms Sandra Anderson, Mr Sam Caldera, Mr Geoffrey Dye, Ms Sharon King Harris, Ms Christine Ingram, Ms Roxanne Maule

### Executive Performance & Remuneration Committee

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

Chair: Mr Mick Ellis

Members: Mrs Helene Bender, Ms Jennifer Theisinger

### Finance Committee

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

Chair: Ms Kathy Bell

Members: Mr Mick Ellis, Mr John Nguyen, Ms Jennifer Theisinger (from October 2013 to January 2014), Mr Kevin Quigley (independent, from October 2013)

### 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 that way in which research is conducted at DHSV.

Chair: Mr Cameron Clark

Members: Mrs Helene Bender, Dr Menaka Abuzar, Ms Kavitha Chandra-Shekeran, Dr Mark Gussy,

Dr Rodrigo Marino, Mr Peter Martin, Ms Paula Foran (resigned August 2013), Ms Christine Whilshire, Rev Lynda McMinn (from December 2013)

### 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

Members: Ms Dianne Rule, Dr John Rogers, Dr Gregory Morris, Mr Garry Pearson, Ms Bree Jones, Ms Roisin McGrath, Dr Felicia Valianatos, Dr Sajeev Koshy, Mr Chris Templin, Prof Mike Morgan, Dr Wendy Bissinger, Ms Lorraine Parsons, Dr Lisa Gibbs, Dr Julie Satur, Dr Mark Gussy, Ms Jan Black, Ms Rebekah Kaberry

### Safety and Quality Committee

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

Members: Ms Barbara Hingston, Ms Dianne Rule, Ms Janet Curry, Ms Rebekah Kaberry, Ms Margaret Keane

### Applied Research Governance Committee

The Applied Research Governance Committee oversees the conduct of research within DHSV and ensures it is conducted in accordance with the DHSV Strategic Plan and research governance framework.

Chair: Prof Clive Wright

Members: Mr Cameron Clark, Ms Jennifer Theisinger (from November 2013), Prof Anthony Blinkhorn, Prof Louise Kloot, Prof Marc Tennant, Prof Peter Wilson (until February 2014), Ms Sue Huckson, Ms Jerril Rechter (until month 2014), Ms Tere Dawson (from August 2013), Ms Anne Marie Dawson (from May 2014), Dr Mark Gussy (from Feb 2014).

### Compensation arrangements

The Board reviews the compensation arrangements of the Chief Executive Officer and other senior executives via its Executive Performance and Remuneration Committee.

DHSV complies with the Government Sector Executive Remuneration Panel policies. The remuneration of Board Directors is determined in accordance with government policy.

### Managing risk

The Board retained the services of Protiviti Independent Risk Consulting in 2013–2014 as internal auditors and risk consultants as part of our ongoing commitment to risk management.

## Organisational Chart

### Deborah Cole

Chief Executive Officer

- Executive Assistant  
Corporate Secretary
- Executive Officer
- Oral Health Advisor
- Manager Communications
- Media Advisor

|  |   |   |  |   |
|--|---|---|--|---|
|  |   |   |  |   |
| <b>Tim Hogan</b><br>Chief Financial Officer <ul style="list-style-type: none"> <li>• Chief Accountant</li> <li>• Manager Information Communication Technology</li> <li>• Manager Logistics</li> <li>• Manager Technical Services</li> <li>• Manager Business Intelligence</li> <li>• Manager Audit, Risk and Compliance</li> <li>• Manager Facilities</li> </ul> | <b>Mark Sullivan</b><br>Chief Operating Officer <ul style="list-style-type: none"> <li>• Manager Oral health Agencies – Western</li> <li>• Manager Oral Health Agencies – Eastern</li> <li>• Manager Oral Health Agencies – Northern</li> <li>• Manager Relationship Support and Compliance – Agencies</li> </ul> | <b>Nicky McCormick</b><br>Executive Director Workforce <ul style="list-style-type: none"> <li>• Clinical Training</li> <li>• Unit Manager</li> <li>• Manager HR Operations</li> <li>• Talent and Program Development Manager</li> <li>• Manager Organisational Development</li> <li>• Graduate Recruitment and Development Manager</li> <li>• Senior HR Business Partner</li> </ul> | <b>Paula Bacchia</b><br>Executive Director Oral Health Leadership <ul style="list-style-type: none"> <li>• Oral Health Leadership Support Manager</li> <li>• Director Clinical Leadership, Education &amp; Research</li> <li>• Director Population Oral Health Research</li> <li>• Manager Health Promotion</li> </ul> | <b>Leanne Turner</b><br>Executive Director, The Royal Dental Hospital of Melbourne <ul style="list-style-type: none"> <li>• Manager Operations</li> <li>• Manager Sugery</li> <li>• Manager Patient Services</li> <li>• Manager Primary Care</li> </ul> |

## Workforce breakdown

| Labour category  | June Current Month FTE* |               | June YTD FTE* |               |
|--|-------------------------|---------------|---------------|---------------|
|  | 2013                    | 2014          | 2013          | 2014          |
| Nursing – <i>Registered nurses</i>   | 17.48                   | 21.62         | 17.52         | 19.27         |
| Administration and clerical – <i>Admin, clerical, management</i>             | 187.91                  | 206.22        | 176.26        | 206.56        |
| Medical support – <i>CSSD techs/radiologists</i>                             | 24.86                   | 23.62         | 24.97         | 25.22         |
| Hotel and Allied Services – <i>Other (e.g. storemen, drivers, orderlies)</i> | 12.02                   | 12.18         | 11.44         | 11.73         |
| Medical officers – <i>Anaesthetists</i>                                      | 4.13                    | 4.77          | 4.39          | 4.94          |
| Ancillary staff (Allied Health) – <i>Speech therapists</i>                   | 0.28                    | 0.28          | 0.26          | 0.28          |
| Specialist dentists  | 13.39                   | 19.12         | 12.76         | 16.16         |
| Dentists   | 46.35                   | 39.53         | 41.73         | 42.41         |
| Dental therapists  | 3.30                    | 6.51          | 2.73          | 4.28          |
| Dental hygienists  | 0.37                    | 0.37          | 0.33          | 0.32          |
| Dental assistants  | 111.51                  | 116.42        | 104.30        | 113.66        |
| Dental technicians   | 21.98                   | 23.33         | 18.40         | 22.37         |
| <b>Total</b>   | <b>443.58</b>           | <b>473.97</b> | <b>415.09</b> | <b>467.20</b> |

\*FTE – Full time equivalent

## Executive

The DHSV Executive oversees all activity and ensures services provided are as efficient and effective as possible with the resources allocated to the service.

### Dr Deborah Cole

Chief Executive Officer

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

Appointed in February 2011, 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 has also held senior positions at the South Australian Dental Service.

### Dr Paula Bacchia

Executive Director, Oral Health Leadership

*BDS, GradDipHealthServMan, GradCertPubHlth*

Paula's portfolio includes the applied research, clinical leadership and health promotion teams. As a dental practitioner she has extensive experience as a senior clinician as well as management of large dental clinics, quality management roles and a strong background in public dental health. Paula also works as a Professional Officer with AHPRA and is an examiner with the Australian Dental Council and at LaTrobe University.

### Mr Tim Hogan

Chief Financial Officer

*BBus, FCPA, FGIA, GAICD*

Tim oversees all of DHSV's financial activities. He has significant financial and operational expertise in the public health sector. Prior to joining DHSV, Tim was Director of Finance at Mercy Health and has also 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).

### Ms Nicky McCormick

Executive Director Workforce

*BA Psychology, Post Grad Dip, Human Resources*

Nicky is responsible for the human resources, recruitment, organisation development, clinical training and graduate development portfolios. She has extensive experience in the workforce environment. Before joining DHSV, Nicky was Head of Human Resources (Asia-Pacific) for Novartis Consumer Health. Nicky has also worked in HR across a number of different portfolios, including finance, outsourcing and aviation in the United Kingdom and New Zealand.

### Mr Mark Sullivan

Chief Operating Officer

*GDHA, Cert Purchasing/Planning, AFACHSE*

Mark is responsible for purchasing services and administering funding for statewide public oral health services. He has particular expertise in project management, continuous improvement and customer service and has held senior executive positions in regional and specialist hospitals.

### Ms Leanne Turner

Executive Director,

The Royal Dental Hospital of Melbourne

*RN, BHSc-Nsg, Postgrad Dip Health Admin, MBA, GAICD*

Leanne is responsible for The Royal Dental Hospital of Melbourne. She is a recognised leader with management and board experience across a number of health services including Austin Health, Nillumbik Community Health Service, and Manningham Community Health Service. She holds qualifications in nursing, and is recognised for her skills in clinical governance, risk management, and implementing new models of care.



# Sustainability and Environment

DHSV is committed to continuous improvement for sound environmental practices. Our aim is to protect and enhance the environment for future generations wherever possible.

The implementation of sustainable environmental practices is managed through the Environmental Management System and the Sustainability and Environmental Management Plan. DHSV also continues to work with the Department of Health and Sustainability Victoria to report our energy and water usage on a monthly basis.

## Energy Consumption

|  |   | 2012   | 2013   |
|--|---|--------|--------|
| Total energy consumption by energy type (GJ) | Electricity                                 | 11,252 | 16,570 |
|  | Natural gas and LPG                         | 10,571 | 9,837  |
|  | Other energy types (e.g. steam)             | 234    | 223    |
|  | Total                                       | 21,823 | 26,407 |
| Normalised energy consumption                | Energy per unit of floor space RDHM (GJ/m2) | 1      | 1      |

## Greenhouse gas emissions

|   |   | 2012 | 2013 |
|---|---|------|------|
| Total greenhouse gas emissions (tonnesCO2e) | Scope 1– calculated consumed Nitrous Oxide          | 82   | 82   |
|   | Scope 2– calculated consumption gas and electricity | 347  | 347  |
|   | Total   | 429  | 429  |
| Normalised Greenhouse gas emissions         | Emissions per unit of floor space RDHM (kgCO2e/m2)  | 41   | 41   |



## Water consumption

|                                      |  | 2012   | 2013   |
|--------------------------------------|--|--------|--------|
| Total water consumption by type (KL) | Portable water                             | 14,100 | 14,455 |
| Normalised water consumption         | Waste per unit of floor space RDHM (KL/m2) | 1      | 1      |

## Waste generation

|   |                                   | 2012 | 2013 |
|---|-----------------------------------|------|------|
| Total waste generation by type (tonnes) | Clinical waste                    | 23   | 23   |
|   | General waste                     | 213  | 210  |
|   | Recycled waste                    | 41   | 41   |
|   | Total                             | 277  | 274  |
| Normalised waste generation             | Waste per activity (kg/activity)  | 1    | 1    |
| Waste recycling                         | Waste recycling rate (percentage) | 15   | 15   |

# DHSV Statement of priorities

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: Strategic priorities for 2013–2014

| Priority  | Action   | Deliverable   | Outcomes<br>4th Quarter Update (April – June 2014)   |
|---|--|---|--|
| Developing a system that is responsive to people's needs  | <ul style="list-style-type: none"> <li>Implement a consumer-focused service delivery model for agencies which shows evidence of improved consumer engagement.</li> </ul>   | <ul style="list-style-type: none"> <li>Increase the patient satisfaction score at RDHM to 85% using Patient Experience Trackers by introducing the Studer customer relations tool AIDET.</li> </ul>   | <ul style="list-style-type: none"> <li>Staff were trained in the use of the Studer customer relations tool AIDET.</li> <li>Increased the patient satisfaction scores at RDHM from 73% in July 2013 to 80% in June 2014.</li> </ul>   |
| Improving every Victorian's health status and experiences | <ul style="list-style-type: none"> <li>Work with the Department of Health and public dental agencies to deliver the <i>National Partnership Agreement (NPA) on Treating More Public Dental Patients</i>.</li> <li>Develop and implement strategies to improve the oral health of priority groups, including older people and those with disabilities with poor oral health.</li> </ul> | <ul style="list-style-type: none"> <li>Meet at least 90% of the NPA performance targets by 30 June 2014, including maintaining State baseline activity levels.</li> <li>Work with refugee and asylum seeker communities to develop and implement evidence based strategies to improve oral health.</li> </ul> | <ul style="list-style-type: none"> <li>Exceeded June 2014 NPA statewide performance targets.</li> <li>Achieved state baseline activity levels.</li> <li>Number of refugee and asylum seeker people treated in public dental system increased by 57% from the previous year.</li> <li>Number of Aboriginal and Torres Strait islander people treated in public dental system increased by 29% from the previous year.</li> <li>Completed a review of available resources to support oral health care and health service usage by refugees.</li> <li>RDHM staff regularly participated in health triage sessions for asylum seekers when released from detention to assess oral health needs. Appointments were made for dental care at RDHM and agencies as required.</li> <li>Partnered with six disability Day Services to address oral health in their settings.</li> <li>Completed mapping of Residential Aged Care Facilities and their situations to public dental agencies.</li> <li>Purchased and completed fit out of 3 vehicles to increase services to Aboriginal people with 3 regional sites: Portland, Shepparton and Bairnsdale, in line with the Commonwealth Closing the Gap initiative</li> </ul> |

| Priority  | Action   | Deliverable  | Outcomes<br>4th Quarter Update (April – June 2014)  |
|---|--|--|---|
| Improving every Victorian's health status and experiences (continued) |  | <ul style="list-style-type: none"> <li>Commence the <i>Victorian Child Oral Health Survey</i> (VCOHS) by March 2014.</li> </ul>  | <ul style="list-style-type: none"> <li>The Minister for Health launched the VCOHS on World Oral Health Day in March 2014.</li> <li>117 (of the targeted 156) schools were recruited.</li> <li>Data has been collected from 51 schools and 1,511 children.</li> </ul>  |
|   |  | <ul style="list-style-type: none"> <li>Establish the <i>Healthy Together Victoria – action plan for oral health promotion 2013–2017</i> advisory group and develop a work plan.</li> </ul>   | <ul style="list-style-type: none"> <li>The DHSV Population Health Committee was reformed to include the role of the Victorian Oral Health Promotion Advisory Group to monitor the implementation of the <i>Healthy Together Victoria – Action plan for oral health promotion 2013–2017</i>.</li> <li>The Victorian Oral Health Promotion Advisory Group 2014–17 work plan was developed in collaboration with members and has been provided to the Minister for Health.</li> </ul>  |
|   |  | <ul style="list-style-type: none"> <li>Develop a <i>Health Promoting Practice Model</i> in partnership with the Department of Health, Australian Dental Association (Vic Branch) and Australian Physiotherapy Association (Vic Branch).</li> </ul> | <ul style="list-style-type: none"> <li>DHSV was represented on the Project Steering Group.</li> </ul>   |
|   | Implement the <i>Healthy Families Healthy Smiles</i> and <i>Smiles 4 Miles</i> programs. | <ul style="list-style-type: none"> <li>Deliver the 2013–14 targets and milestones agreed by the Department of Health for the <i>Healthy Families Healthy Smiles</i> and <i>Smiles 4 Miles</i> programs including:</li> </ul>                       | <ul style="list-style-type: none"> <li>Both program action plans progressing as per schedules.</li> <li>Over 300 health and early childhood professionals participated in oral health professional development activities through <i>Healthy Families Healthy Smiles</i> including 84 midwives, 123 early parenting centre staff and 20 professionals trained through the pilot of Bigger Better Smiles at Mallee District Aboriginal Services.</li> <li><i>Smiles 4 Miles</i> reached 31,388 children in 567 early childhood services across Victoria.</li> <li>Finalised an evaluation of <i>Smiles 4 Miles</i> and commenced implementation of the recommendations.</li> </ul> |
|   |  | <ul style="list-style-type: none"> <li>Increasing the number of Aboriginal early childhood services participating in the <i>Smiles 4 Miles</i> program from five to ten.</li> </ul>  | <ul style="list-style-type: none"> <li>Twelve Aboriginal early childhood services participated in <i>Smiles 4 Miles</i> in 2014.</li> </ul>   |
|   |  | <ul style="list-style-type: none"> <li>Increasing access to the midwife training package in oral health through the <i>Healthy Families Healthy Smiles</i> program to over 70 midwives.</li> </ul>   | <ul style="list-style-type: none"> <li>84 midwives have now completed the Midwife Initiated Oral Health on-line training, including nine midwives from seven Koori Maternity Services.</li> </ul>   |

| Priority   | Action  | Deliverable  | Outcomes<br>4th Quarter Update (April – June 2014)   |
|--|---|--|--|
| Expanding service, workforce and system capacity | <ul style="list-style-type: none"> <li>Integrate Minimal Intervention Dentistry policies and efficient workforce models into oral health models of care.</li> </ul>   | <ul style="list-style-type: none"> <li>Continue with the Minimal Intervention Dentistry (MID) research projects and translate components of the Minimal Intervention Dentistry philosophy into practice and/or the model of care.</li> </ul> | <ul style="list-style-type: none"> <li>Recruited 290 adolescents into a study to assess the cost effectiveness of the MID approach.</li> </ul> <p>The MID applied research projects facilitated:</p> <ul style="list-style-type: none"> <li>the successful extension of the scope of practice to apply fluoride varnish by dental assistants with Cert IV in oral health promotion</li> <li>the development and consumer testing of a suite of oral health promotion resources for adolescents.</li> <li>the promotion of the MID approach across 14 public oral health agencies</li> <li>modifications to data collection tools and capacity building of clinicians. For example, clinicians are now able to record white spot lesions, or demineralised enamel, in Titanium data system.</li> <li>Recruitment of preschool children into the second phase of the Hall Technique study exceeded the target (N= 220) with 250 having had a Hall crown placed.</li> </ul> |
|  |   | <ul style="list-style-type: none"> <li>Enrol 12 Dental Therapy or Oral Health Therapy graduates into the University of Melbourne extension of scope of practice program during July 2013.</li> </ul>   | <ul style="list-style-type: none"> <li>12 Oral Health Therapists and Dental Therapists completed the Graduate Certificate of Advanced Dental Therapy with the University of Melbourne and all are practising in public oral health agencies.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>Provide strong leadership, particularly clinical, to support models of care that will improve oral health.</li> </ul>  | <ul style="list-style-type: none"> <li>Orientate all new agency program managers using the new <i>Dental Program Manager's Guide</i>.</li> </ul>   | <ul style="list-style-type: none"> <li>100% (13) agency program managers commencing in 2013–14 were oriented using the Dental Program Manager's Guide.</li> </ul>  |
|  |   | <ul style="list-style-type: none"> <li>Continue the DHSV leadership development program to build the capability of managers and leaders.</li> </ul>  | <ul style="list-style-type: none"> <li>Project Connect continued to develop the capability of leaders at DHSV with 60 leaders attending 6 x ½ day sessions throughout the year targeting specific competencies aligned with our values and delivering on our strategy. All team leaders successfully completed DHSV's first Leadership Development program.</li> </ul>   |
|  | <ul style="list-style-type: none"> <li>Conduct an annual innovations workshop and/or public health conference to increase the understandings, interactions and sharings between public oral health practitioners and managers.</li> </ul> | <ul style="list-style-type: none"> <li>Conduct an innovations and public oral health conference in May 2014.</li> </ul>  | <ul style="list-style-type: none"> <li>Both events were well attended with 130 attendees at the Innovations workshop and 480 attendees at the Public Oral Health conference.</li> </ul>  |
|  | <ul style="list-style-type: none"> <li>Participate in Commonwealth workforce programs.</li> </ul>   | <ul style="list-style-type: none"> <li>Participate in the 2014 <i>National Voluntary Dental Graduate Program</i> (VDGYP) and the implementation of the <i>Voluntary Oral Health Therapists Graduate Program</i> (OHTGYP)</li> </ul>          | <ul style="list-style-type: none"> <li>VDGYP: 12 placements confirmed across the state.</li> <li>OHTGYP: 13 placements confirmed across the state with infrastructure developments completed.</li> <li>Both graduate programs commenced in mid-January 2014 and mid-year reviews indicate a successful first half year.</li> </ul>   |

| Priority  | Action  | Deliverable  | Outcomes<br>4th Quarter Update (April – June 2014)   |
|---|---|--|--|
| Increasing the system's financial sustainability and productivity | <ul style="list-style-type: none"> <li>Ensure that DHSV adds value to all the services it provides to support public dental agencies.</li> </ul>  | <ul style="list-style-type: none"> <li>Increase the number of public dental agencies that use the supply and program maintenance functions.</li> </ul>   | <ul style="list-style-type: none"> <li>Increased participation rates of agencies in the use of the supply and program maintenance functions.</li> <li>Conducted independent market interviews to ascertain feedback regarding service offering provided by both the supply and technical services functions.</li> </ul>  |
| Implementing continuous improvements and innovation               | <ul style="list-style-type: none"> <li>Review all capital management plans to identify existing dental health infrastructure and capital needs.</li> </ul>  | <ul style="list-style-type: none"> <li>Complete review of capital management plans by December 2014.</li> </ul>  | <p>Scoped the capital management plans review and completed the following steps:</p> <ul style="list-style-type: none"> <li>New asset management tool (Asset Plus) populated with agency clinical equipment profiles</li> <li>Draft life cycle costing reports reviewed</li> <li>Projected cost of replacement of known asset base modelled.</li> </ul>                            |
|   | <ul style="list-style-type: none"> <li>Provide leadership for the implementation of the <i>Australian National Quality and Safety in Health Service Standards</i> in the public dental sector.</li> </ul>         | <ul style="list-style-type: none"> <li>Partner with all public dental agencies to ensure their dental clinics achieve accreditation under the new National Standards.</li> </ul>                         | <ul style="list-style-type: none"> <li>Developed a strategic project plan and tools to assist all agencies undergoing accreditation in 2014.</li> <li>As at 30 June, 40 of 42 agencies due for accreditation under the new National Standards have achieved accreditation for their dental clinic.</li> <li>Assisting two agencies who will be reassessed in July 2014.</li> </ul> |
|   |   | <ul style="list-style-type: none"> <li>Revise and implement a peer review process within RDHM.</li> </ul>  | <ul style="list-style-type: none"> <li>Developed a new clinical leadership framework with input to the peer review component by RDHM clinicians. Peer review activities have been progressively implemented across RDHM.</li> <li>A hospital-wide peer review session was held in May 2014 and was positively received by clinicians.</li> </ul>                                   |
| Increasing accountability & transparency                          | <ul style="list-style-type: none"> <li>Develop a data management tool to enable reports to be available to public dental agencies in a timely manner to manage their businesses and clinical activity.</li> </ul> | <ul style="list-style-type: none"> <li>Provide agencies with data reports by March 2014, and undertake review to determine opportunities for improvement.</li> </ul>                                     | <ul style="list-style-type: none"> <li>Established a User Group to inform ongoing improvements to reporting. These include Business Intelligence team producing a suite of timely reports to assist agencies manage their day to day business issues.</li> <li>Specialised EFT engaged to ensure that we are proactive in our responses to information requests.</li> </ul>        |
| Improving utilisation of e-health and communications technology.  | <ul style="list-style-type: none"> <li>Commence development of full electronic dental records and on-line rostering systems within RDHM.</li> </ul>   | <ul style="list-style-type: none"> <li>Appoint a project manager to develop the project plan by the end of 2013–14 and commence implementation of the move towards electronic dental records.</li> </ul> | <ul style="list-style-type: none"> <li>Appointed project manager to oversee the development of the plan.</li> <li>Digital radiography was identified as the key priority for implementation next financial year. A clinical specification for digital radiography and cone beam has been developed.</li> </ul>   |

## Part B: Performance priorities

### Financial Performance

|                         | 2013–2014     |               |                 |
|-------------------------|---------------|---------------|-----------------|
|                         | Target \$'000 | Actual \$'000 | Variance \$'000 |
| Annual Operating Result |               |               |                 |
| F1 Surplus/(deficit)    | 98            | (68)          | (166)           |
| Operating Result        | (8,510)       | (6,246)       | 2,264           |
| Cash Management         |               |               |                 |
| Creditors (days)        | 60.0          | 39.8          | 20.2            |
| Debtors (days)          | 60.0          | 33.3          | 26.7            |

### Access Performance

| Emergency Care   | 2013–2014 |        |          |
|--|-----------|--------|----------|
|  | Target    | Actual | Variance |
| Percentage of Dental Emergency Triage Category 1 clients treated within 24 hours |           |        |          |
| Agencies   | 85.0%     | 85.7%  | 0.7%     |
| RDHM   | 85.0%     | 87.9%  | 2.9%     |
| Statewide  | 85.0%     | 86.3%  | 1.3%     |
| Percentage of Dental Emergency Triage Category 2 clients treated within 7 days   |           |        |          |
| Agencies   | 80.0%     | 85.9%  | 5.9%     |
| RDHM   | 80.0%     | 84.7%  | 4.7%     |
| Statewide  | 80.0%     | 85.8%  | 5.8%     |
| Percentage of Dental Emergency Triage Category 3 treated within 14 days          |           |        |          |
| Agencies   | 75.0%     | 87.5%  | 12.5%    |
| RDHM   | 75.0%     | 88.1%  | 13.1%    |
| Statewide  | 75.0%     | 87.5%  | 12.5%    |

| General and Denture Care  | 2013–2014 |        |          |
|---|-----------|--------|----------|
|   | Target    | Actual | Variance |
| Average recall interval for high caries risk eligible clients aged 0–17 years (months) <a href="#">Statewide</a>          | 12.0      | 10.2   | 1.8      |
| Average recall interval for low caries risk eligible clients aged 0–17 years (months) <a href="#">Statewide</a>           | 24.0      | 16.2   | 7.8      |
| Waiting time for prosthodontics, endodontics, and orthodontics specialist services patients (months) <a href="#">RDHM</a> | 15.0      | 9.9    | 5.1      |
| Waiting time for other dental specialist services patients (months) <a href="#">RDHM</a>                                  | 9.0       | 5.8    | 3.2      |
| Waiting time for general care (months) <a href="#">Statewide</a>  | 23.0      | 12.4   | 10.6     |
| Waiting time for denture care (months) <a href="#">Statewide</a>  | 22.0      | 10.9   | 11.1     |
| Waiting time for priority denture care (months) <a href="#">Statewide</a>   | 3.0       | 1.9    | 1.1      |

## Service Performance

|  | 2013–2014 |         |          |
|--|-----------|---------|----------|
|  | Target    | Actual  | Variance |
| Activity   |           |         |          |
| Total number of individuals treated <a href="#">Agencies</a>                                   | 360,176   | 363,757 | 3,581    |
| Total number of individuals treated <a href="#">RDHM</a>                                       | 48,971    | 47,460  | -1,511   |
| Total number of individuals treated <a href="#">Statewide</a>                                  | 409,147   | 411,217 | 2,070    |
| Quality and Safety   |           |         |          |
| DWAU's   | 382,003   | 443,926 | 61,923   |
| Number of hospital initiated postponements per 100 scheduled appointments <a href="#">RDHM</a> | 3.0       | 3.2     | 0.2      |
| Ratio of emergency to general courses of dental care <a href="#">Agencies</a>                  | 40:60     | 38:62   | -3.5%    |

## Key

Within 5% target or favourable to target

> 5% unfavourable to target

# Statistics at a glance

## Total individuals treated statewide

2012–2013

Children – 151,930

Adults – 189,668

Total – 341,598

2013–2014

Children – 166,779

Adults – 244,438

Total – 411,217

## Individuals treated in Community Health Agencies

2012–2013

Emergency – 135,486

General – 193,341

Denture – 20,541

All agencies – 297,500

2013–2014

Emergency – 148,451

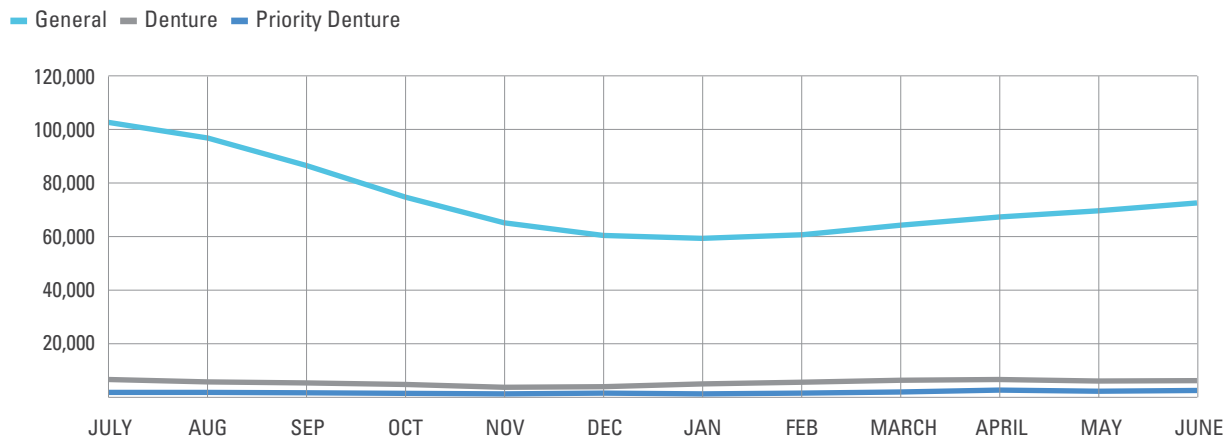
General – 257,188

Denture – 34,046

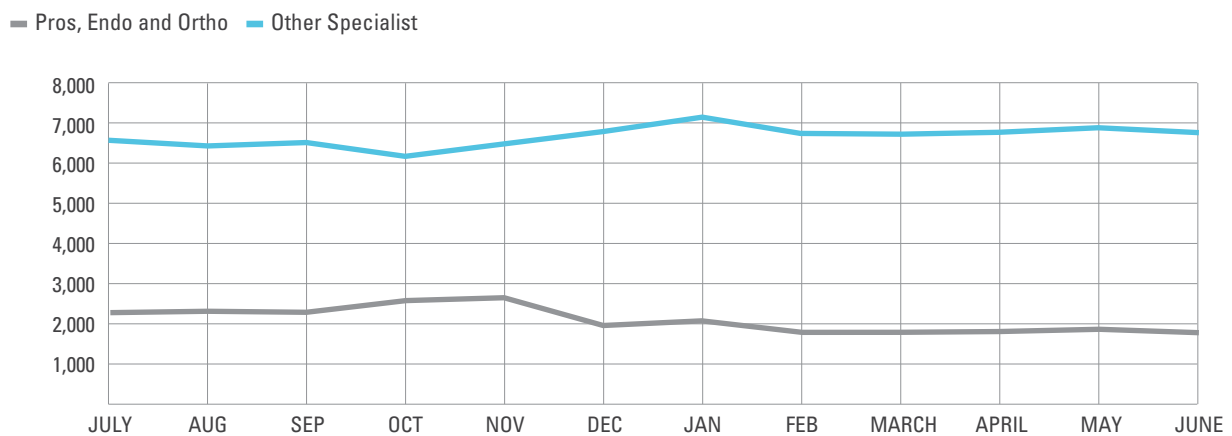
All agencies – 363,757



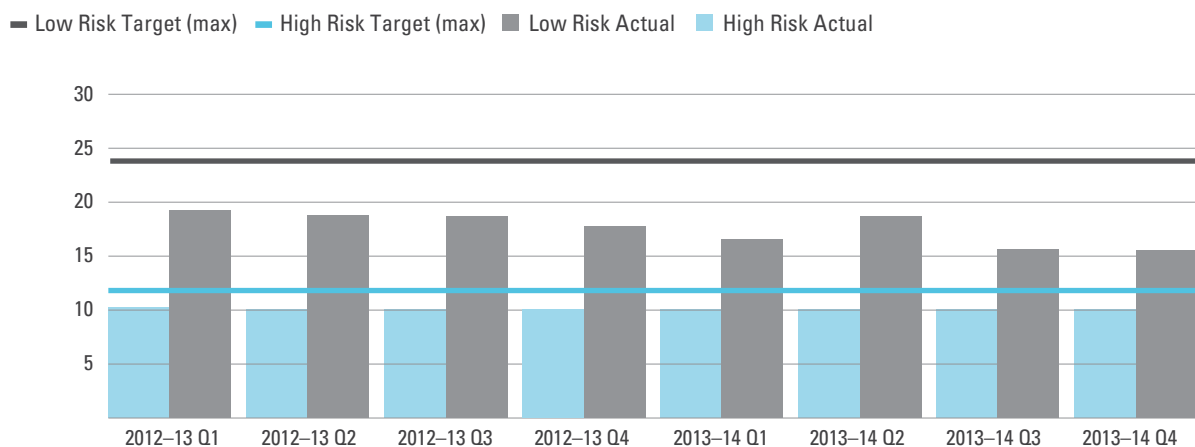
## Statewide waiting list 2013–2014, general and denture patients



## Statewide waiting lists 2013–2014, specialist patients



## Statewide recall intervals for high risk and low risk children



# Statement of availability of other information

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 (DHSV) 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 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 DHSV to develop community awareness of the organisation 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 those purposes have been achieved;
- (l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

# Financial overview

The DHSV operating result for the financial year was a deficit of \$0.07 million. The net entity result was a deficit of \$6.2 million.

- Total revenue increased by \$62.8 million – a 40.4% increase on the previous year.
- Total expenditure increased by \$62.2 million – 38.4% increase on the previous year.
- Total equity increased by \$31.9 million which was influenced by the revaluation increment of \$38.1 million for crown land and buildings and the net entity deficit of \$6.2 million.

Additional grants from the National Partnership Agreement (NPA) between the Department of Health and the Commonwealth significantly increased DHSVs total revenue and expenditure from 2012–13 level.

The key operational and financial objectives of DHSV are documented in the *Statement of Priorities 2013–14*.

Detailed financial statements are available in the back of this report.

## Summary of financial results:

|  | 2014<br>\$'000 | 2013<br>\$'000 | 2012<br>\$'000 | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| Total Revenue  | 218,187        | 155,369        | 148,771        | 146,564        | 134,822        |
| Total Expenses   | 224,433        | 162,188        | 154,642        | 153,464        | 136,599        |
| Net Result for the Year<br>(including Capital and<br>Specific Items) | (6,246)        | (6,819)        | (5,871)        | (6,900)        | (1,777)        |
| Retained Surplus/<br>(Accumulated Deficits)                          | (28,542)       | (22,296)       | (15,477)       | (9,606)        | (2,706)        |
| Total Assets   | 139,153        | 102,532        | 104,413        | 112,673        | 113,081        |
| Total Liabilities  | 31,005         | 26,263         | 21,344         | 23,839         | 19,482         |
| Net Assets   | 108,148        | 76,269         | 83,069         | 88,834         | 93,599         |
| Total Equity   | 108,148        | 76,269         | 83,069         | 88,834         | 93,599         |

# Financial statements



## Dental Health Services Victoria

### Board Member's, Accountable Officer's and Chief Financial & Accounting Officer's declaration

The attached financial statements for Dental Health Services Victoria have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes present fairly the financial transactions during the year ended 30 June 2014 and the financial position of Dental Health Services Victoria at 30 June 2014.

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

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

  
Mick Ellis  
Board Chair

Carlton  
14 August 2014

  
Deborah Cole  
Chief Executive Officer

Carlton  
14 August 2014

  
Tim Hogan  
Chief Financial Officer

Carlton  
14 August 2014



Victorian Auditor-General's Office

Level 24, 35 Collins Street  
Melbourne VIC 3000  
Telephone 61 3 8601 7000  
Facsimile 61 3 8601 7010  
Email [comments@audit.vic.gov.au](mailto:comments@audit.vic.gov.au)  
Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

## 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 2014 of Dental Health Services Victoria which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Financial 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, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

*Auditing in the Public Interest*



## Independent Auditor's Report (continued)

### *Independence*

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

### *Opinion*

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

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of Dental Health Services Victoria for the year ended 30 June 2014 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  
15 August 2014



John Doyle  
Auditor-General

# Comprehensive operating statement

For the financial year ended 30 June 2014

|  | Note | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|------|-------------------------|-------------------------|
| Revenue from operating activities                                  | 2    | 214,839                 | 151,962                 |
| Revenue from non-operating activities                              | 2    | 932                     | 933                     |
| Employee expenses  | 3    | (40,958)                | (34,826)                |
| Non salary labour costs  | 3    | (459)                   | (499)                   |
| Supplies and consumables   | 3    | (4,368)                 | (4,963)                 |
| Other expenses   | 3    | (170,055)               | (115,101)               |
| Net result before capital and specific items                       |      | (69)                    | (2,494)                 |
| Capital purpose income   | 2    | 924                     | 879                     |
| Specific income  | 2d   | 1,492                   | –                       |
| Reversal of impairment of financial assets                         | 2    | –                       | 1,595                   |
| Depreciation and amortisation                                      | 4    | (5,153)                 | (4,906)                 |
| Specific expenses  | 3c   | (3,338)                 | (1,624)                 |
| Expenditure using capital purpose income                           | 3a   | (102)                   | (269)                   |
| <b>NET RESULT FOR THE YEAR</b>                                     |      | <b>(6,246)</b>          | <b>(6,819)</b>          |
| Other comprehensive income   |      |                         |                         |
| Items that will not be reclassified to net result                  |      |                         |                         |
| Changes to physical assets revaluation surplus                     | 16   | 38,125                  | –                       |
| Items that may be reclassified subsequently to net result          |      |                         |                         |
| Changes to financial assets available-for-sale revaluation surplus | 16   | –                       | 19                      |
| <b>Total other comprehensive income</b>                            |      | <b>38,125</b>           | <b>19</b>               |
| <b>Comprehensive result</b>  |      | <b>31,879</b>           | <b>(6,800)</b>          |

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



# Balance sheet

As at 30 June 2014

|  | Note      | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-----------|-------------------------|-------------------------|
| <b>Current assets</b>                                  |           |                         |                         |
| Cash and cash equivalents                              | 5         | 9,003                   | 4,889                   |
| Receivables  | 6         | 15,217                  | 3,039                   |
| Investments and other financial assets                 | 7         | –                       | 15,000                  |
| Inventories  | 8         | 819                     | 727                     |
| Other current assets                                   | 9         | 1,045                   | 864                     |
| <b>Total current assets</b>                            |           | <b>26,084</b>           | <b>24,519</b>           |
| <b>Non-current assets</b>                              |           |                         |                         |
| Receivables  | 6         | 617                     | 413                     |
| Property, plant & equipment                            | 10        | 112,122                 | 77,251                  |
| Intangible assets                                      | 11        | 330                     | 349                     |
| <b>Total non-current assets</b>                        |           | <b>113,069</b>          | <b>78,013</b>           |
| <b>TOTAL ASSETS</b>                                    |           | <b>139,153</b>          | <b>102,532</b>          |
| <b>Current liabilities</b>                             |           |                         |                         |
| Payables   | 12        | 18,793                  | 16,782                  |
| Provisions   | 13        | 8,382                   | 7,183                   |
| Other current liabilities                              | 15        | 2,579                   | 1,302                   |
| <b>Total current liabilities</b>                       |           | <b>29,754</b>           | <b>25,267</b>           |
| <b>Non-current liabilities</b>                         |           |                         |                         |
| Provisions   | 13        | 1,251                   | 996                     |
| <b>Total non-current liabilities</b>                   |           | <b>1,251</b>            | <b>996</b>              |
| <b>TOTAL LIABILITIES</b>                               |           | <b>31,005</b>           | <b>26,263</b>           |
| <b>NET ASSETS</b>                                      |           | <b>108,148</b>          | <b>76,269</b>           |
| <b>EQUITY</b>  |           |                         |                         |
| Property, plant & equipment revaluation surplus        | 16a       | 81,662                  | 43,537                  |
| Financial asset available for sale revaluation surplus | 16a       | –                       | –                       |
| General purpose surplus                                | 16a       | 512                     | 512                     |
| Contributed capital                                    | 16b       | 54,516                  | 54,516                  |
| Accumulated deficits                                   | 16c       | (28,542)                | (22,296)                |
| <b>TOTAL EQUITY</b>                                    | <b>16</b> | <b>108,148</b>          | <b>76,269</b>           |
| Contingent assets and contingent liabilities           | 20        |                         |                         |
| Commitments  | 19        |                         |                         |

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

# Statement of changes in equity

For the financial year ended 30 June 2014

| Total                                      | Note | Property,<br>Plant<br>& Equipment<br>Revaluation<br>Surplus<br>\$'000 | Financial<br>Asset<br>Available for<br>Sale<br>Revaluation<br>Deficit<br>\$'000 | General<br>Purpose<br>Surplus<br>\$'000 | Contributed<br>Capital<br>\$'000 | Accumulated<br>Deficits<br>\$'000 | Total<br>\$'000 |
|--|------|---|---|---|----------------------------------|-----------------------------------|-----------------|
| Balance at 1 July 2012                     |      | 43,537  | (19)  | 512                                     | 54,516                           | (15,477)                          | 83,069          |
| Net result for the year                    |      | –   | –   | –                                       | –                                | (6,819)                           | (6,819)         |
| Other comprehensive<br>income for the year | 16a  | –   | 19  | –                                       | –                                | –                                 | 19              |
| Balance at 30 June 2013                    |      | 43,537  | –   | 512                                     | 54,516                           | (22,296)                          | 76,269          |
| Net result for the year                    |      | –   | –   | –                                       | –                                | (6,246)                           | (6,246)         |
| Other comprehensive<br>income for the year | 16a  | 38,125  | –   | –                                       | –                                | –                                 | 38,125          |
| Balance at 30 June 2014                    |      | 81,662  | –   | 512                                     | 54,516                           | (28,542)                          | 108,148         |

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

# Cash flow statement

For the financial year ended 30 June 2014

|   | Note      | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-----------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |           |                         |                         |
| Operating grants from government                          |           | 192,636                 | 140,607                 |
| Patient fees received                                     |           | 2,442                   | 2,419                   |
| GST received from ATO                                     |           | 8,512                   | 6,357                   |
| Interest received   |           | 1,040                   | 1,049                   |
| Other receipts  |           | 8,587                   | 8,023                   |
| <i>Total receipts</i>                                     |           | <i>213,217</i>          | <i>158,455</i>          |
| Employee expenses paid                                    |           | (39,504)                | (34,377)                |
| Non salary labour costs                                   |           | (488)                   | (508)                   |
| Payments for supplies & consumables                       |           | (4,339)                 | (4,954)                 |
| Other payments  |           | (180,496)               | (119,136)               |
| <i>Total payments</i>                                     |           | <i>(224,827)</i>        | <i>(158,975)</i>        |
| Cash generated from operations                            |           | (11,610)                | (520)                   |
| Capital grants from government                            |           | 2,594                   | 896                     |
| <b>NET CASH FLOW FROM/(USED) IN OPERATING ACTIVITIES</b>  | <b>17</b> | <b>(9,016)</b>          | <b>376</b>              |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>               |           |                         |                         |
| Payments for non-financial assets                         |           | (1,944)                 | (2,380)                 |
| Proceeds from sale of non-financial assets                |           | 74                      | 91                      |
| Proceeds from sale of investments                         |           | 15,000                  | 2,595                   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>            |           | <b>13,130</b>           | <b>306</b>              |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS HELD</b>     |           | <b>4,114</b>            | <b>682</b>              |
| Cash and cash equivalents at beginning of financial year  |           | 4,889                   | 4,207                   |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b> | <b>5</b>  | <b>9,003</b>            | <b>4,889</b>            |

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

# Notes to the Financial Statements

30 June 2014

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## Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Dental Health Services Victoria (DHSV) for the year ended 30 June 2014. The purpose of the report is to provide users with information about DHSVs stewardship of resources entrusted to it.

### (a) Statement of Compliance

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

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

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 DHSV on 14 August 2014.

### (b) Basis of Accounting Preparation and Measurement

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

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

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

These financial statements are presented in Australian dollars, the functional and presentation currency of 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:

- non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result).
- the fair value of assets other than land is generally based on their depreciated replacement value.

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

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

Judgments and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

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

Consistent with AASB 13 *Fair Value Measurement*, DHSV determines the policies and procedures for recurring fair value measurements such as property, plant and equipment and financial instruments in accordance with the requirements of AASB 13 and the relevant FRDs.

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

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

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

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

The Valuer-General Victoria (VGV) is DHSVs independent valuation agency.

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

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

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

### (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.

### Objectives and Funding

DHSVs overall objective is to lead improvement in oral health for all Victorians, particularly vulnerable groups and those most in need.

DHSV is predominantly funded by accrual based grant funding for the provision of outputs.

## (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 Commonwealth and patients, while *Services Supported by Hospital and Community Initiatives* (H&CI) are funded by DHSVs own activities or local initiatives.

### 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, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'net result before capital & specific items' is used by the management of DHSV, the Department of Health and the Victorian Government to measure the ongoing operating performance of Health Services.

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

- capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, 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:
  - Non-current asset revaluation increments/decrements
  - 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).
- depreciation and amortisation, as described in Note 1(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 (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after reporting period), are disclosed in the notes where relevant.

### Statement of Changes in Equity

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

### Cash Flow Statement

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

### Rounding

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

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

### Comparative Information

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

### Change in Accounting Policy

#### AASB 13 Fair Value Measurement

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

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

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

### (e) Income from Transactions

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

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

#### Government Grants and Other Transfers of Income (Other Than Contributions By Owners)

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

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

#### Indirect Contributions from the Department of Health

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

#### 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.

#### 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 surplus, such as the specific restricted purpose surplus.

#### Interest Revenue

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



#### Sale of Investments

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

#### Other Income

Other income includes non-property rental.

#### Technical Support Income

Technical support income is recognised at the time when the goods and services are provided to the agencies.

#### Overseas Dentists Training Program Income

Overseas dentists training program income is recognised at the time when the courses are provided to the students.

### (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.

#### *Defined Contribution Superannuation Plans*

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

#### *Defined Benefit Superannuation 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 disclosed in Note 14: *Superannuation*.

#### Depreciation

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

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health. Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

|  | 2014           | 2013           |
|--|----------------|----------------|
| <b>Buildings</b>                               |                |                |
| Structure Shell<br>Building Fabric             | 45 to 60 years | 45 to 60 years |
| Site Engineering Services<br>and Central Plant | 15 to 40 years | 20 to 30 years |
| <b>Central Plant</b>                           |                |                |
| Fit Out  | 15 to 30 years | 20 to 30 years |
| Trunk Reticulated<br>Building Systems          | 15 to 30 years | 20 to 30 years |
| Relocatable Buildings                          | 20 years       | 20 years       |
| Building Improvements                          | 5 years        | 5 years        |
| Plant and Equipment                            | 5 to 10 years  | 5 to 10 years  |
| Medical Equipment                              | 5 to 15 years  | 5 to 10 years  |
| Computers and Communication                    | 3 years        | 3 years        |
| Furniture and Fittings                         | 5 years        | 10 years       |
| Motor Vehicles                                 | 5 to 15 years  | 5 to 10 years  |

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

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

#### Amortisation

Amortisation is allocated to intangible non-produced 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 consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

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 asset concerned is tested as to whether its carrying value exceeds its 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 (2013: 3–5 years).

#### Grants and Other Transfers

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

#### Other Operating Expenses

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

##### Supplies and Consumables

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

##### Bad and Doubtful Debts

Refer to Note 1(h) *Impairment of Financial Assets*.

## (g) Other Comprehensive Income

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

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

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

#### Revaluation Gains / (Losses) of Non-Financial Physical Assets

Refer to Note 1(i) *Revaluations of Non-Financial Physical Assets*.

### Net Gain / (Loss) on Disposal of Non-Financial Assets

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

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

Net gain / (loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 1(i)); and
- Disposals of financial assets and derecognition of financial liabilities.

### Amortisation of Non-Produced Intangible Assets

Intangible non-produced assets with finite lives are amortised as an other economic flow on a systematic 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.

### Impairment of Non-Financial Assets

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

## Other Gains / (Losses) from Other Comprehensive Income

Other gains / (losses) include:

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

## (h) Financial Liabilities at Amortised Cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all of DHSVs contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

## (i) Assets

### Cash and Cash Equivalents

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the balance sheet.

### Receivables

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services, and accrued investment income; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

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

### Investments and Other Financial Assets

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

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity;
- loans and receivables; and
- available-for-sale financial assets.

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.

### Inventories

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

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

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

The 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.

### Property, Plant and Equipment

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

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

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

*Land and Buildings* are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and 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.

#### Leasehold Improvements

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

#### Revaluations of Non-Financial Physical Assets

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

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

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

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

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

In accordance with FRD 103E, DHSVs non-financial physical assets were assessed to determine whether revaluation of the non-financial 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.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

### Prepayments

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

### Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to Note 1(g) – ‘comprehensive income’.

### Impairment of Non-Financial Assets

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

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

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

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

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

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 per cent 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 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 and derecognition of financial liabilities.

### 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.



## (j) Liabilities

### Payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing 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 those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

### 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 liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. 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

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because DHSV does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, and annual leave are measured at:

- Undiscounted value – component that DHSV expects to wholly settle within 12 months; or
- Present value – component that DHSV does not expect to wholly settle within 12 months.

#### *Long Service Leave (LSL)*

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

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

The components of this current LSL liability are measured at:

- Undiscounted value – component that DHSV expects to wholly settle within 12 months; and
- Present value – component that DHSV does not expect to wholly settle within 12 months.

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

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction in the operating statement.

#### *Termination Benefits*

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

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

#### *On-Costs*

Provisions for on-costs, such as workers compensation and 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.

### **(k) Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. 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.

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*

##### *Entity as Lessor*

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives are recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

##### *Entity as Lessee*

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. The leased asset is not recognised in the balance sheet.

##### *Leasehold Improvements*

The cost of leasehold improvements are capitalised as an asset and depreciated over the remaining term of the lease or the estimated useful life of the improvements, whichever is the shorter.



## (l) Equity

### Contributed Capital

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

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the comprehensive operating statement.

### 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 surplus 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 surplus which relates to that financial asset is recognised in the comprehensive operating statement.

### General Purpose Surplus

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

## (m) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 19) at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

## (n) Goods and Services Tax ("GST")

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

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

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

Commitments for expenditure are presented on a gross basis.

## (o) AASs issued that are not yet effective

Certain new Australian Accounting Standards have been published that are not mandatory for the 30 June 2014 reporting period. The Department of Treasury and Finance (DTF) assesses the impact of all these new standards and advises DHSV of its applicability and early adoption where applicable.

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

| Standard / Interpretation           | Summary  | Applicable for annual reporting periods beginning on | Impact on DHSVs financial statements  |
|-------------------------------------|--|--|---|
| AASB 9 <i>Financial Instruments</i> | 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 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ). | 1 Jan 2017   | <p>The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p> |

In addition to the new standard above, the AASB has issued a list of amending standards that are not effective for the 2013–14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013–14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010–7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.
- AASB 2011–7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.
- 2013–1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements*.
- 2013–3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*.
- 2013–4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*.
- 2013–5 *Amendments to Australian Accounting Standards – Investment Entities*.
- 2013–6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*.
- 2013–7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*.
- 2013–9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*.
- AASB Interpretation 21 *Levies*.

## (p) 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 DHSV including general and specialist dental care, school dental services and clinical education. Health and Community Initiatives also falls in this category group.

## Note 2: Revenue

|   | HSA<br>2014<br>\$'000 | HSA<br>2013<br>\$'000 | H&CI<br>2014<br>\$'000 | H&CI<br>2013<br>\$'000 | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>Revenue from Operating Activities</b>                        |                       |                       |                        |                        |                         |                         |
| <b>Government Grants</b>  |                       |                       |                        |                        |                         |                         |
| – Department of Health  | 201,182               | 141,116               | –                      | –                      | 201,182                 | 141,116                 |
| – Department of Human Services                                  | 66                    | 78                    | –                      | –                      | 66                      | 78                      |
| – State Government Other  |                       |                       |                        |                        |                         |                         |
| Grant – Smart SMEs Market Validation Program                    | 200                   | 100                   | –                      | –                      | 200                     | 100                     |
| <b>Total Government Grants</b>                                  | <b>201,448</b>        | <b>141,294</b>        | <b>–</b>               | <b>–</b>               | <b>201,448</b>          | <b>141,294</b>          |
| <b>Indirect Contributions by Department of Health</b>           |                       |                       |                        |                        |                         |                         |
| – Insurance   | 83                    | 211                   | –                      | –                      | 83                      | 211                     |
| – Long Service Leave  | 204                   | 17                    | –                      | –                      | 204                     | 17                      |
| <b>Total Indirect Contributions by Department of Health</b>     | <b>287</b>            | <b>228</b>            | <b>–</b>               | <b>–</b>               | <b>287</b>              | <b>228</b>              |
| <b>Patient Fees</b>   |                       |                       |                        |                        |                         |                         |
| – Patient Fees (refer note 2b)                                  | 2,507                 | 2,292                 | –                      | –                      | 2,507                   | 2,292                   |
| <b>Total Patient Fees</b>                                       | <b>2,507</b>          | <b>2,292</b>          | <b>–</b>               | <b>–</b>               | <b>2,507</b>            | <b>2,292</b>            |
| <b>Commercial Activities &amp; Specific Purpose Funds</b>       |                       |                       |                        |                        |                         |                         |
| – Technical Support   | –                     | –                     | 6,548                  | 4,176                  | 6,548                   | 4,176                   |
| – Overseas Dentists Training Program                            | –                     | –                     | 1,193                  | 1,498                  | 1,193                   | 1,498                   |
| – Research and Innovation                                       | –                     | –                     | –                      | 9                      | –                       | 9                       |
| – Car Park  | –                     | –                     | 2                      | 1                      | 2                       | 1                       |
| – Property Income   | –                     | –                     | 205                    | 192                    | 205                     | 192                     |
| <b>Total Commercial Activities &amp; Specific Purpose Funds</b> | <b>–</b>              | <b>–</b>              | <b>7,948</b>           | <b>5,876</b>           | <b>7,948</b>            | <b>5,876</b>            |
| <b>Other Revenue from Operating Activities</b>                  | <b>2,649</b>          | <b>2,272</b>          | <b>–</b>               | <b>–</b>               | <b>2,649</b>            | <b>2,272</b>            |
| <b>Total Revenue from Operating Activities</b>                  | <b>206,891</b>        | <b>146,086</b>        | <b>7,948</b>           | <b>5,876</b>           | <b>214,839</b>          | <b>151,962</b>          |

## Note 2: Revenue (continued)

|   | HSA<br>2014<br>\$'000 | HSA<br>2013<br>\$'000 | H&CI<br>2014<br>\$'000 | H&CI<br>2013<br>\$'000 | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>Revenue from Non-Operating Activities</b>                        |                       |                       |                        |                        |                         |                         |
| Interest  | 932                   | 933                   | –                      | –                      | 932                     | 933                     |
| <b>Total Revenue from Non-Operating Activities</b>                  | <b>932</b>            | <b>933</b>            | <b>–</b>               | <b>–</b>               | <b>932</b>              | <b>933</b>              |
| <b>Capital Purpose Income</b>                                       |                       |                       |                        |                        |                         |                         |
| <b>State Government Capital Grants</b>                              |                       |                       |                        |                        |                         |                         |
| – Other   | 914                   | 896                   | –                      | –                      | 914                     | 896                     |
| Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2c) | –                     | –                     | 10                     | (17)                   | 10                      | (17)                    |
| <b>Total Capital Purpose Income</b>                                 | <b>914</b>            | <b>896</b>            | <b>10</b>              | <b>(17)</b>            | <b>924</b>              | <b>879</b>              |
| Specific Income (refer note 2d)                                     | 1,492                 | –                     | –                      | –                      | 1,492                   | –                       |
| Reversal of Impairment Loss on Financial Asset                      | –                     | 1,595                 | –                      | –                      | –                       | 1,595                   |
| <b>Total Revenue (refer to note 2a)</b>                             | <b>210,229</b>        | <b>149,510</b>        | <b>7,958</b>           | <b>5,859</b>           | <b>218,187</b>          | <b>155,369</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.

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

## Note 2a: Analysis of Revenue by Source

|  | Total (Other)<br>2014<br>\$'000 | Total (Other)<br>2013<br>\$'000 |
|--|---------------------------------|---------------------------------|
| <b>Revenue from Services Supported by Health Services Agreement</b>                |                                 |                                 |
| Government Grants  | 201,448                         | 141,294                         |
| Indirect contributions by Department of Health                                     | 287                             | 228                             |
| Patient Fees (refer note 2b)   | 2,507                           | 2,292                           |
| Other Revenue from Operating Activities  | 2,649                           | 2,272                           |
| Interest   | 932                             | 933                             |
| Capital Purpose Income (refer note 2)  | 914                             | 896                             |
| Reversal of Impairment Loss on Financial Asset                                     | –                               | 1,595                           |
| Specific Income (refer note 2d)  | 1,492                           | –                               |
| <b>Total Revenue from Services Supported by Health Services Agreement</b>          | <b>210,229</b>                  | <b>149,510</b>                  |
| <b>Revenue from Services Supported by Hospital and Community Initiatives</b>       |                                 |                                 |
| Commercial Activities & Specific Purpose Funds                                     | 7,948                           | 5,876                           |
| Capital Purpose Income (refer note 2c)   | 10                              | (17)                            |
| <b>Total Revenue from Services Supported by Hospital and Community Initiatives</b> | <b>7,958</b>                    | <b>5,859</b>                    |
| <b>Total Revenue</b>   | <b>218,187</b>                  | <b>155,369</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.

## Note 2b: Patient Fees Raised

|                           | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---------------------------|-------------------------|-------------------------|
| <b>Patient Fees</b>       |                         |                         |
| Dental Outpatients        | 2,507                   | 2,292                   |
| <b>Total Patient Fees</b> | <b>2,507</b>            | <b>2,292</b>            |

## Note 2c: Net Gain / (Loss) on Disposal of Non-Financial Assets

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>Proceeds from Disposals of Non-Current Assets</b>         |                         |                         |
| Motor Vehicles   | 63                      | 91                      |
| Furniture and Fittings                                       | 5                       | –                       |
| Computer and Communication                                   | 6                       | –                       |
| <b>Total Proceeds from Disposal of Non-Current Assets</b>    | <b>74</b>               | <b>91</b>               |
| <b>Less: Written Down Value of Non-Current Assets Sold</b>   |                         |                         |
| Motor Vehicles   | 57                      | 108                     |
| Computer and Communication                                   | 7                       | –                       |
| <b>Total Written Down Value of Non-Current Assets Sold</b>   | <b>64</b>               | <b>108</b>              |
| <b>Net gain / (loss) on Disposal of Non-Financial Assets</b> | <b>10</b>               | <b>(17)</b>             |

## Note 2d: Specific Income

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| Specific Income  |                         |                         |
| Funding Received from Department of Health to Purchase Dental<br>Equipment on Behalf of External Dental Agencies | 1,275                   | –                       |
| Other  | 217                     | –                       |
| TOTAL  | 1,492                   | –                       |

## Note 3: Expenses

|                                       | HSA<br>2014<br>\$'000 | HSA<br>2013<br>\$'000 | H&CI<br>2014<br>\$'000 | H&CI<br>2013<br>\$'000 | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---------------------------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>Employee Expenses</b>              |                       |                       |                        |                        |                         |                         |
| Salaries & Wages                      | 35,103                | 29,958                | 1,046                  | 941                    | 36,149                  | 30,899                  |
| WorkCover Premium                     | 186                   | 276                   | 1                      | 5                      | 187                     | 281                     |
| Departure Packages                    | 146                   | 93                    | –                      | –                      | 146                     | 93                      |
| Long Service Leave                    | 1,159                 | 840                   | 17                     | 5                      | 1,176                   | 845                     |
| Superannuation                        | 3,207                 | 2,635                 | 93                     | 73                     | 3,300                   | 2,708                   |
| <b>Total Employee Expenses</b>        | <b>39,801</b>         | <b>33,802</b>         | <b>1,157</b>           | <b>1,024</b>           | <b>40,958</b>           | <b>34,826</b>           |
| <b>Non Salary Labour Costs</b>        |                       |                       |                        |                        |                         |                         |
| Fees for Visiting Medical Officers    | 6                     | 7                     | –                      | –                      | 6                       | 7                       |
| Agency Costs – Nursing                | 155                   | 3                     | –                      | –                      | 155                     | 3                       |
| Agency Costs – Other                  | 254                   | 400                   | 44                     | 89                     | 298                     | 489                     |
| <b>Total Non Salary Labour Costs</b>  | <b>415</b>            | <b>410</b>            | <b>44</b>              | <b>89</b>              | <b>459</b>              | <b>499</b>              |
| <b>Supplies and Consumables</b>       |                       |                       |                        |                        |                         |                         |
| Drug Supplies                         | 543                   | 525                   | –                      | –                      | 543                     | 525                     |
| Medical & Surgical Supplies           | 3,723                 | 4,192                 | 102                    | 246                    | 3,825                   | 4,438                   |
| <b>Total Supplies and Consumables</b> | <b>4,266</b>          | <b>4,717</b>          | <b>102</b>             | <b>246</b>             | <b>4,368</b>            | <b>4,963</b>            |



## Note 3: Expenses (continued)

|   | HSA<br>2014<br>\$'000 | HSA<br>2013<br>\$'000 | H&CI<br>2014<br>\$'000 | H&CI<br>2013<br>\$'000 | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------|-------------------------|
| <b>Other Expenses</b>                                       |                       |                       |                        |                        |                         |                         |
| Domestic Services & Supplies                                | 1,418                 | 1,295                 | –                      | –                      | 1,418                   | 1,295                   |
| Fuel, Light, Power and Water                                | 562                   | 540                   | –                      | –                      | 562                     | 540                     |
| Insurance costs funded by Department of Health              | 83                    | 211                   | –                      | –                      | 83                      | 211                     |
| Motor Vehicle Expenses                                      | 180                   | 169                   | –                      | –                      | 180                     | 169                     |
| Repairs & Maintenance                                       | 408                   | 692                   | 1                      | 2                      | 409                     | 694                     |
| Maintenance Contracts                                       | 325                   | 392                   | –                      | –                      | 325                     | 392                     |
| Patient Transport   | 11                    | 13                    | –                      | –                      | 11                      | 13                      |
| Bad & Doubtful Debts  | 178                   | 170                   | –                      | –                      | 178                     | 170                     |
| Lease Expenses  | 82                    | 89                    | –                      | 10                     | 82                      | 99                      |
| Other Administrative Expenses                               | 7,395                 | 4,634                 | 5,533                  | 3,744                  | 12,928                  | 8,378                   |
| <b>Transfer Payments:</b>                                   |                       |                       |                        |                        |                         |                         |
| – Output Funding for Dental Services (DoH Agencies)         | 153,327               | 102,860               | –                      | –                      | 153,327                 | 102,860                 |
| – Victorian Denture Scheme (Private Practitioners)          | –                     | –                     | –                      | –                      | –                       | –                       |
| – Victorian General Dental Scheme (Private Practitioners)   | 319                   | –                     | –                      | –                      | 319                     | –                       |
| – Victorian Emergency Dental Scheme (Private Practitioners) | 118                   | 123                   | –                      | –                      | 118                     | 123                     |
| – School Dental Services (Private Practitioners)            | –                     | –                     | –                      | –                      | –                       | –                       |
| <b>Audit Fees</b>   |                       |                       |                        |                        |                         |                         |
| – VAGO – Audit of Financial Statements                      | 27                    | 22                    | –                      | –                      | 27                      | 22                      |
| – Other   | 88                    | 135                   | –                      | –                      | 88                      | 135                     |
| <b>Total Other Expenses</b>                                 | <b>164,521</b>        | <b>111,345</b>        | <b>5,534</b>           | <b>3,756</b>           | <b>170,055</b>          | <b>115,101</b>          |
| <b>Expenditure using Capital Purpose Income</b>             |                       |                       |                        |                        |                         |                         |
| Other Expenses  | 102                   | 269                   | –                      | –                      | 102                     | 269                     |
| <b>Total Expenditure using Capital Purpose Income</b>       | <b>102</b>            | <b>269</b>            | <b>–</b>               | <b>–</b>               | <b>102</b>              | <b>269</b>              |
| Depreciation and Amortisation                               | –                     | –                     | 5,153                  | 4,906                  | 5,153                   | 4,906                   |
| Specific Expense (refer note 3c)                            | –                     | –                     | 3,338                  | 1,624                  | 3,338                   | 1,624                   |
| <b>Total Impairment of Assets</b>                           | <b>–</b>              | <b>–</b>              | <b>8,491</b>           | <b>6,530</b>           | <b>8,491</b>            | <b>6,530</b>            |
| <b>Total Expenses</b>                                       | <b>209,105</b>        | <b>150,543</b>        | <b>15,328</b>          | <b>11,645</b>          | <b>224,433</b>          | <b>162,188</b>          |

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

## Note 3a: Analysis of Expenses by Source

|   | Total (Other)<br>2014<br>\$'000 | Total (Other)<br>2013<br>\$'000 |
|---|---------------------------------|---------------------------------|
| <b>Services Supported by Health Services Agreement</b>  |                                 |                                 |
| Employee Expenses   | 39,801                          | 33,802                          |
| Non Salary Labour Costs   | 415                             | 410                             |
| Supplies & Consumables  | 4,266                           | 4,717                           |
| Other Expenses from Continuing Operations   | 164,521                         | 111,345                         |
| <b>Total Expenses from Services Supported by Health Services Agreement</b>  | <b>209,003</b>                  | <b>150,274</b>                  |
| <b>Services Supported by Hospital and Community Initiatives</b>   |                                 |                                 |
| Employee Expenses   | 1,157                           | 1,024                           |
| Non Salary Labour Costs   | 44                              | 89                              |
| Supplies & Consumables  | 102                             | 246                             |
| Other Expenses from Continuing Operations   | 5,534                           | 3,756                           |
| <b>Total Expenses from Services Supported by Hospital and Community Initiatives</b>                                 | <b>6,837</b>                    | <b>5,115</b>                    |
| <b>Expenditures using Capital Purpose Income</b>  |                                 |                                 |
| Other Expenses  | 102                             | 269                             |
| <b>Total Expenditure using Capital Purpose Income</b>   | <b>102</b>                      | <b>269</b>                      |
| Depreciation and Amortisation (refer note 4)  | 5,153                           | 4,906                           |
| Specific Expenses (refer note 3c)   | 3,338                           | 1,624                           |
| <b>Total Expenses from Services Supported by Health Service Agreement and by Hospital and Community Initiatives</b> | <b>8,491</b>                    | <b>6,530</b>                    |
| <b>Total Expenses</b>   | <b>224,433</b>                  | <b>162,188</b>                  |

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

|                                    | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|------------------------------------|-------------------------|-------------------------|
| <b>Other Activities</b>            |                         |                         |
| Technical Support                  | 5,492                   | 3,632                   |
| Overseas Dentists Training Program | 764                     | 902                     |
| Research and Innovation            | 581                     | 580                     |
| <b>Total</b>                       | <b>6,837</b>            | <b>5,114</b>            |

## Note 3c: Specific Expenses

|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Specific Expenses</b>  |                         |                         |
| Amounts Paid for the Purchase of Dental Equipment on Behalf of External Dental Agencies | 3,338                   | 1,624                   |
| <b>Total Specific Expenses</b>  | <b>3,338</b>            | <b>1,624</b>            |

## Note 4: Depreciation and Amortisation

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>Depreciation</b>                        |                         |                         |
| Buildings                                  | 3,319                   | 3,234                   |
| Plant and Equipment                        | 238                     | 14                      |
| Medical Equipment                          | 384                     | 601                     |
| Computers and Communication                | 543                     | 393                     |
| Furniture and Fittings                     | 7                       | 12                      |
| Motor Vehicles                             | 410                     | 477                     |
| <b>Total Depreciation</b>                  | <b>4,901</b>            | <b>4,731</b>            |
| <b>Amortisation</b>                        |                         |                         |
| Intangible Assets                          | 252                     | 175                     |
| <b>Total Depreciation and Amortisation</b> | <b>5,153</b>            | <b>4,906</b>            |

## 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.

|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-------------------------|-------------------------|
| Cash on hand  | 6                       | 6                       |
| Cash at bank  | 8,997                   | 4,883                   |
| <b>Total Cash and Cash Equivalents</b>                          | <b>9,003</b>            | <b>4,889</b>            |
| <b>Represented by:</b>  |                         |                         |
| Cash for Health Service Operations (as per Cash Flow Statement) | 9,003                   | 4,889                   |

## Note 6: Receivables

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>CURRENT</b>   |                         |                         |
| Contractual  |                         |                         |
| – Inter Hospital Debtors   | 433                     | 182                     |
| – Debtors  | 1,782                   | 1,055                   |
| – Patient Fees   | 239                     | 219                     |
| – Accrued Investment Income  | 1                       | 109                     |
| – Accrued Revenue – Cost Recovery  | 836                     | 301                     |
| – <i>Less</i> Allowance for Doubtful Debts   |                         |                         |
| – Trade Debtors  | (19)                    | (8)                     |
| – Patient Fees   | (69)                    | (60)                    |
|  | 3,203                   | 1,798                   |
| Statutory  |                         |                         |
| – GST Receivable   | 934                     | 604                     |
| – Accrued Revenue – Department of Health   | 11,080                  | 637                     |
|  | 12,014                  | 1,241                   |
| <b>TOTAL CURRENT RECEIVABLES</b>   | <b>15,217</b>           | <b>3,039</b>            |
| <b>NON CURRENT</b>   |                         |                         |
| Statutory  |                         |                         |
| – Long Service Leave – Department of Health  | 617                     | 413                     |
| <b>TOTAL NON-CURRENT RECEIVABLES</b>   | <b>617</b>              | <b>413</b>              |
| <b>TOTAL RECEIVABLES</b>   | <b>15,834</b>           | <b>3,452</b>            |
| <b>(a) Movement in the Allowance for Doubtful Debts</b>  |                         |                         |
|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
| Balance at beginning of year   | 68                      | 131                     |
| Amounts written off during the year  | (158)                   | (233)                   |
| Increase in allowance recognised in net result   | 178                     | 170                     |
| Balance at end of year   | 88                      | 68                      |
| <b>(b) Ageing analysis of receivables</b>  |                         |                         |
| Please refer to note 18(b) for the ageing analysis of contractual receivables                            |                         |                         |
| <b>(c) Nature and extent of risk arising from receivables</b>  |                         |                         |
| Please refer to note 18(b) for the nature and extent of credit risk arising from contractual receivables |                         |                         |

## Note 7: Investments and Other Financial Assets

|   | Operating Fund          |                         |
|---|-------------------------|-------------------------|
|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
| <b>CURRENT</b>  |                         |                         |
| <i>Loans and Receivables</i>                                |                         |                         |
| <i>Term Deposit</i>   |                         |                         |
| – Australian Dollar Term Deposits > 3 months <sup>(i)</sup> | –                       | 15,000                  |
| <b>Total Current</b>  | –                       | 15,000                  |
| <b>TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS</b>         | –                       | 15,000                  |
| Represented by:   |                         |                         |
| Health Service Investments                                  | –                       | 15,000                  |

<sup>(i)</sup> Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

## Note 8: Inventories

|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Medical and Surgical Lines</b>       |                         |                         |
| At Cost                                 | 556                     | 447                     |
| <b>Total Medical and Surgical Lines</b> | 556                     | 447                     |
| <b>Engineering Stores</b>               |                         |                         |
| At Cost                                 | 263                     | 280                     |
| <b>Total Engineering Stores</b>         | 263                     | 280                     |
| <b>TOTAL INVENTORIES</b>                | 819                     | 727                     |

## Note 9: Other Assets

|                                   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|-----------------------------------|-------------------------|-------------------------|
| <b>CURRENT</b>                    |                         |                         |
| Prepayments                       | 379                     | 281                     |
| Minor Works in Progress           | 666                     | 583                     |
| <b>TOTAL CURRENT OTHER ASSETS</b> | 1,045                   | 864                     |

## Note 10: Property, Plant & Equipment

### a) Gross Carrying Amount and Accumulated Depreciation

|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>Crown Land</b>                         |                         |                         |
| Crown Land at Fair Value                  | 18,138                  | 17,733                  |
| <b>Total Crown Land</b>                   | <b>18,138</b>           | <b>17,733</b>           |
| <b>Buildings</b>                          |                         |                         |
| Buildings at Fair Value                   | 90,452                  | 67,119                  |
| Less Acc'd Depreciation                   | 1,351                   | 12,799                  |
| <b>Total Buildings</b>                    | <b>89,101</b>           | <b>54,320</b>           |
| <b>Plant and Equipment</b>                |                         |                         |
| Plant and Equipment at Fair Value         | 948                     | 95                      |
| Less Acc'd Depreciation                   | 526                     | 54                      |
| <b>Total Plant and Equipment</b>          | <b>422</b>              | <b>41</b>               |
| <b>Medical Equipment</b>                  |                         |                         |
| Medical Equipment at Fair value           | 3,901                   | 4,388                   |
| Less Acc'd Depreciation                   | 2,388                   | 2,202                   |
| <b>Total Medical Equipment</b>            | <b>1,513</b>            | <b>2,186</b>            |
| <b>Computers and Communication</b>        |                         |                         |
| Computers and Communication at Fair value | 3,552                   | 2,979                   |
| Less Acc'd Depreciation                   | 2,511                   | 1,969                   |
| <b>Total Computers and Communications</b> | <b>1,041</b>            | <b>1,010</b>            |
| <b>Furniture and Fittings</b>             |                         |                         |
| Furniture and Fittings at Fair Value      | 48                      | 91                      |
| Less Acc'd Depreciation                   | 23                      | 52                      |
| <b>Total Furniture &amp; Fittings</b>     | <b>25</b>               | <b>39</b>               |
| <b>Motor Vehicles</b>                     |                         |                         |
| Motor Vehicles at Fair Value              | 1,882                   | 3,263                   |
| Less Acc'd Depreciation                   | –                       | 1,341                   |
| <b>Total Motor Vehicles</b>               | <b>1,882</b>            | <b>1,922</b>            |
| <b>TOTAL</b>                              | <b>112,122</b>          | <b>77,251</b>           |

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

b) Reconciliations of the Carrying Amounts of Each Class of Asset at the Beginning and End of the Previous and Current Financial Year are Set Out Below.

|  | Crown<br>Land<br>\$'000 | Buildings<br>\$'000 | Plant &<br>Equipment<br>\$'000 | Medical<br>Equipment<br>\$'000 | Computers &<br>Communication<br>\$'000 | Furniture<br>& Fittings<br>\$'000 | Motor<br>Vehicles<br>\$'000 | Total<br>\$'000 |
|--|-------------------------|---------------------|--------------------------------|--------------------------------|--|-----------------------------------|-----------------------------|-----------------|
| Balance at 1 July 2012                                     | 17,733                  | 56,849              | 54                             | 2,337                          | 656                                    | 33                                | 2,365                       | 80,027          |
| Additions  | –                       | 705                 | 1                              | 450                            | 747                                    | 18                                | 142                         | 2,063           |
| Disposals  | –                       | –                   | –                              | –                              | –                                      | –                                 | (108)                       | (108)           |
| Revaluation Increments/<br>(Decrements)                    | –                       | –                   | –                              | –                              | –                                      | –                                 | –                           | –               |
| Depreciation and Amortisation<br>(note 4)                  | –                       | (3,234)             | (14)                           | (601)                          | (393)                                  | (12)                              | (477)                       | (4,731)         |
| Balance at 1 July 2013                                     | 17,733                  | 54,320              | 41                             | 2,186                          | 1,010                                  | 39                                | 1,922                       | 77,251          |
| Additions  | –                       | 429                 | 32                             | 277                            | 582                                    | 13                                | 378                         | 1,711           |
| Disposals  | –                       | –                   | –                              | –                              | (7)                                    | –                                 | (57)                        | (64)            |
| Impairment Losses (recognised) /<br>reversed in Net Result | –                       | –                   | –                              | –                              | –                                      | –                                 | –                           | –               |
| Revaluation Increments/<br>(Decrements)                    | 405                     | 37,671              | –                              | –                              | –                                      | –                                 | 49                          | 38,125          |
| Net Transfers between Classes                              | –                       | –                   | 587                            | (566)                          | (1)                                    | (20)                              | –                           | –               |
| Depreciation and Amortisation<br>(note 4)                  | –                       | (3,319)             | (238)                          | (384)                          | (543)                                  | (7)                               | (410)                       | (4,901)         |
| Balance at 30 June 2014                                    | 18,138                  | 89,101              | 422                            | 1,513                          | 1,041                                  | 25                                | 1,882                       | 112,122         |

### Crown land and buildings carried at valuation

An independent valuation of DHSVs crown land and buildings was performed by the *Valuer-General Victoria* on 30 June 2014 to determine the fair value of the crown land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an

arm's length transaction. The valuation was based on independent assessments.

The valuation of buildings has increased as a result of a revision of the replacement cost per square metre and a reassessment of the useful life of the building components from the 2009 valuation as follows:

| Building Component Description               | Useful Life Years |      |          |
|--|-------------------|------|----------|
|  | 2014              | 2009 | Increase |
| Structure, Shell & Building Fabric           | 60                | 52   | 8        |
| Fitout                                       | 25                | 23   | 2        |
| Combined Fitout/Trunk Retic Building Systems | 30                | 24   | 6        |
| Site Engineering and site works              | 40                | 25   | 15       |



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

### c) Fair Value Measurement Hierarchy for Assets as at 30 June 2014

|  | Carrying<br>amount as at<br>30 June 2014 | Fair value measurement at end of reporting period using: |                        |                        |
|--|--|--|------------------------|------------------------|
|  |  | Level 1 <sup>(i)</sup>                                   | Level 2 <sup>(i)</sup> | Level 3 <sup>(i)</sup> |
| Crown land at fair value                             |  |  |                        |                        |
| Specialised land                                     | 18,138                                   | –  | –                      | 18,138                 |
| Total of crown land at fair value                    | 18,138                                   | –  | –                      | 18,138                 |
| Buildings at fair value                              |  |  |                        |                        |
| Specialised buildings                                | 89,101                                   | –  | –                      | 89,101                 |
| Total of building at fair value                      | 89,101                                   | –  | –                      | 89,101                 |
| Plant and equipment at fair value                    |  |  |                        |                        |
| Plant, equipment and vehicles at fair value          |  |  |                        |                        |
| – Vehicles <sup>(iii)</sup>                          | 1,882                                    | –  | 424                    | 1,458                  |
| – Plant and equipment                                | 422                                      | –  | –                      | 422                    |
| – Computer and communications                        | 1,041                                    | –  | –                      | 1,041                  |
| – Furniture and fittings                             | 25                                       | –  | –                      | 25                     |
| Total of plant, equipment and vehicles at fair value | 3,370                                    | –  | 424                    | 2,946                  |
| Medical equipment at fair value                      |  |  |                        |                        |
| Total medical equipment at fair value                | 1,513                                    | –  | –                      | 1,513                  |
|  | 112,122                                  | –  | 424                    | 111,698                |

#### Note

<sup>(i)</sup> Classified in accordance with the fair value hierarchy, see Note 1.

<sup>(iii)</sup> Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.

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

#### Specialised land and specialised buildings

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the

highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

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

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

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

### Vehicles

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

### Plant and equipment

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

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

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

### d) Reconciliation of Level 3 Fair Value

| 2014  | Land   | Buildings | Plant and Equipment | Medical Equipment |
|---|--------|-----------|---------------------|-------------------|
| Opening Balance                                     | 17,733 | 54,320    | 2,715               | 2,186             |
| Purchases (sales)                                   | –      | 429       | 871                 | 277               |
| Transfers in (out) of Level 3                       | –      | –         | –                   | –                 |
| Reclassification                                    | –      | –         | 566                 | (566)             |
| Gain or losses recognised in net result             |        |           |                     |                   |
| – Depreciation                                      | –      | (3,319)   | (1,206)             | (384)             |
| – Impairment loss                                   | –      | –         | –                   | –                 |
| Subtotal  | –      | (3,319)   | (1,206)             | (384)             |
| Items recognised in other comprehensive income      |        |           |                     |                   |
| – Revaluation                                       | 405    | 37,671    | –                   | –                 |
| Subtotal  | 405    | 37,671    | –                   | –                 |
| Closing Balance                                     | 18,138 | 89,101    | 2,946               | 1,513             |
| Unrealised gains / (losses) on non-financial assets | –      | –         | –                   | –                 |
|   | 18,138 | 89,101    | 2,946               | 1,513             |

### Note

<sup>(i)</sup> Classified in accordance with the fair value hierarchy, see Note 1.

There have been no transfers between levels during the period

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

### e) Description of Significant Unobservable Inputs to Level 3 Valuations:

|                                   | Valuation technique          | Significant unobservable inputs               | Range (weighted average)                                 | Sensitivity of fair value measurement to changes in significant unobservable inputs   |
|-----------------------------------|------------------------------|---|--|---|
| Specialised land                  | Market approach              | Community Service Obligation (CSO) adjustment | 10 – 20% (19%) <sup>(i)</sup>                            | A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.                       |
| Specialised buildings             | Depreciated replacement cost | Direct cost per square metre                  | \$700 – \$8,000/m <sup>2</sup> (\$6,900/m <sup>2</sup> ) | A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value. |
|                                   |                              | Useful life of specialised buildings          | 15 – 50 years (10 years)                                 | A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.   |
| Plant and equipment at fair value | Depreciated replacement cost | Cost per unit                                 | \$1,000 – \$405,000 (\$140,000 per unit)                 | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.                           |
|                                   |                              | Useful life of PPE                            | 5 – 10 years (7 years)                                   | A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.   |
| Vehicles                          | Depreciated replacement cost | Cost per unit                                 | \$1,000 – \$370,000 (\$166,000 per unit)                 | A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.                           |
|                                   |                              | Useful life of vehicles                       | 5 – 15 years (6 years)                                   | A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.   |
| Medical equipment at fair value   | Depreciated replacement cost | Cost per unit                                 | \$1,000 – \$226,000 (\$38,000 per unit)                  | Increase (decrease) in gross replacement cost would result in a significantly higher (lower) fair value.                                  |
|                                   |                              | Useful life of medical equipment              | 5 – 15 years (7 years)                                   | Increase (decrease) in useful life of the asset would result in a significantly higher (lower) valuation.                                 |

<sup>(i)</sup> CSO adjustments ranging from 10% to 20% were applied to reduce the market approach value for the Department's specialised land, with the weighted average 19% reduction applied.

## Note 11: Intangible Assets

|                                | Total 2014<br>\$'000 | Total 2013<br>\$'000 |
|--------------------------------|----------------------|----------------------|
| Software Licences              | 3,580                | 3,023                |
| Less Acc'd Amortisation        | 3,250                | 2,674                |
| <b>Total Intangible Assets</b> | <b>330</b>           | <b>349</b>           |

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

|                         | Total<br>\$'000 |
|-------------------------|-----------------|
| Balance at 1 July 2012  | 207             |
| Additions               | 317             |
| Amortisation (note 4)   | (175)           |
| Balance at 1 July 2013  | 349             |
| Additions               | 233             |
| Amortisation (note 4)   | (252)           |
| Balance at 30 June 2014 | 330             |

## Note 12: Payables

|                                | Total 2014<br>\$'000 | Total 2013<br>\$'000 |
|--------------------------------|----------------------|----------------------|
| <b>CURRENT</b>                 |                      |                      |
| Contractual                    |                      |                      |
| Trade Creditors <sup>(i)</sup> | 15,090               | 9,966                |
| Accrued Expenses               | 3,432                | 6,584                |
| Salary Packaging               | 271                  | 232                  |
| <b>TOTAL CURRENT</b>           | <b>18,793</b>        | <b>16,782</b>        |

<sup>(i)</sup> The average credit period is 30 days. No interest is charged on the other payables.

(a) Maturity analysis of payables

Please refer to Note 18 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 18 for the nature and extent of risks arising from contractual payables.

## Note 13: Provisions

|   | Total 2014<br>\$'000 | Total 2013<br>\$'000 |
|---|----------------------|----------------------|
| <b>Current Provisions</b>   |                      |                      |
| Employee Benefits (Note 13(a))  |                      |                      |
| – Accrued salaries  | 1,228                | 860                  |
| – Accrued day off   | 202                  | 182                  |
| Annual Leave (Note 13(a))   |                      |                      |
| – Unconditional and expected to be settled within 12 months <sup>(ii)</sup> | 1,603                | 1,475                |
| – Unconditional and expected to be settled after 12 months <sup>(ii)</sup>  | 464                  | 405                  |
| Long Service Leave (Note 13(a))   |                      |                      |
| – Unconditional and expected to be settled within 12 months <sup>(ii)</sup> | 576                  | 594                  |
| – Unconditional and expected to be settled after 12 months <sup>(ii)</sup>  | 3,591                | 3,015                |
|   | 7,664                | 6,531                |
| Provisions related to Employee Benefit On-Costs                             |                      |                      |
| – Unconditional and expected to be settled within 12 months <sup>(ii)</sup> | 236                  | 229                  |
| – Unconditional and expected to be settled after 12 months <sup>(ii)</sup>  | 482                  | 423                  |
|   | 718                  | 652                  |
| <b>Total Current Provisions</b>   | <b>8,382</b>         | <b>7,183</b>         |
| <b>Non-Current Provisions</b>   |                      |                      |
| Employee Benefits <sup>(i)</sup> (Note 13(a))                               | 1,133                | 901                  |
| Provisions related to Employee Benefit On-Costs (Note 13(a) and Note 13(b)) | 118                  | 95                   |
| <b>Total Non-Current Provisions</b>   | <b>1,251</b>         | <b>996</b>           |
| <b>Total Provisions</b>   | <b>9,633</b>         | <b>8,179</b>         |
| <b>(a) Employee Benefits and Related On-Costs</b>                           |                      |                      |
| Current Employee Benefits and related on-costs                              |                      |                      |
| – Annual Leave Entitlements   | 2,287                | 2,086                |
| – Accrued Wages and Salaries  | 1,228                | 860                  |
| – Accrued Days Off  | 202                  | 182                  |
| – Unconditional Long Service Leave Entitlements                             | 4,666                | 4,055                |
| Non-Current Employee Benefits and related on-costs                          |                      |                      |
| – Conditional Long Service Leave Entitlements <sup>(ii)</sup>               | 1,250                | 996                  |
| <b>Total Employee Benefits and Related On-Costs</b>                         | <b>9,633</b>         | <b>8,179</b>         |

**Notes:**

(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as worker's compensation insurance and superannuation are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are in accordance with note 1(j).

## Note 13: Provisions (continued)

|  | Total 2014<br>\$'000 | Total 2013<br>\$'000 |
|--|----------------------|----------------------|
| <b>(b) Movements in provisions</b>     |                      |                      |
| Movement in Long Service Leave:        |                      |                      |
| Balance at start of year               | 5,051                | 4,628                |
| Provision made during the year         |                      |                      |
| – Revaluations                         | (5)                  | (8)                  |
| – Expense recognising Employee Service | 1,181                | 853                  |
| Settlement made during the year        | (311)                | (422)                |
| Balance at end of year                 | 5,916                | 5,051                |

## Note 14: Superannuation

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

DHSV does not recognise any defined benefit liability in respect of the plan(s) because the entity has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

|                                  | Paid Contribution for the Year |                         | Contribution Outstanding at Year End |                         |
|----------------------------------|--------------------------------|-------------------------|--------------------------------------|-------------------------|
|                                  | Total<br>2014<br>\$'000        | Total<br>2013<br>\$'000 | Total<br>2014<br>\$'000              | Total<br>2013<br>\$'000 |
| (i) Defined benefit plans:       |                                |                         |                                      |                         |
| Emergency Services & State Super | 73                             | 82                      | 4                                    | –                       |
| Other                            | 72                             | 83                      | 3                                    | 3                       |
| Defined contribution plans:      |                                |                         |                                      |                         |
| First State Super                | 2,750                          | 2,261                   | 117                                  | 99                      |
| Other                            | 280                            | 171                     | 1                                    | 9                       |
| Total                            | 3,175                          | 2,597                   | 125                                  | 111                     |

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

## Note 15: Other Liabilities

|                         | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|-------------------------|-------------------------|-------------------------|
| CURRENT                 |                         |                         |
| Income in Advance       | 2,579                   | 1,302                   |
| Total Other Liabilities | 2,579                   | 1,302                   |

## Note 16: Equity

|   | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|---|-------------------------|-------------------------|
| <b>(a) Surpluses</b>  |                         |                         |
| Property, Plant & Equipment Revaluation Surplus <sup>(i)</sup>          |                         |                         |
| Balance at the beginning of the reporting period                        | 43,537                  | 43,537                  |
| Revaluation Increment   |                         |                         |
| – Crown Land  | 405                     | –                       |
| – Motor Vehicles  | 49                      | –                       |
| – Buildings   | 37,671                  | –                       |
| Total Revaluation Increment   | 38,125                  | –                       |
| Balance at the end of reporting period*                                 | 81,662                  | 43,537                  |
| * Represented by:   |                         |                         |
| – Crown Land  | 17,968                  | 17,563                  |
| – Buildings   | 63,245                  | 25,574                  |
| – Medical Equipment   | 331                     | 331                     |
| – Motor Vehicles  | 118                     | 69                      |
| Total   | 81,662                  | 43,537                  |
| Financial Assets Available-for-Sale Revaluation Deficit <sup>(ii)</sup> |                         |                         |
| Balance at the beginning of the reporting period                        | –                       | (19)                    |
| Valuation gain recognised   | –                       | 19                      |
| Balance at the end of the reporting period                              | –                       | –                       |
| General Purpose Surplus   |                         |                         |
| Balance at the beginning of the reporting period                        | 512                     | 512                     |
| Balance at the end of the reporting period                              | 512                     | 512                     |
| <b>Total Reserves</b>   | <b>82,174</b>           | <b>44,049</b>           |

<sup>(i)</sup> The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.

<sup>(ii)</sup> 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 is 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       | 54,516         | 54,516        |
| <b>(c) Accumulated Deficits</b>                  |                |               |
| Balance at the beginning of the reporting period | (22,296)       | (15,477)      |
| Net Result for the Year                          | (6,246)        | (6,819)       |
| Balance at the end of the reporting period       | (28,542)       | (22,296)      |
| <b>Total Equity at end of financial year</b>     | <b>108,148</b> | <b>76,269</b> |



## Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| Net Result for the Period  | (6,246)                 | (6,819)                 |
| Non-Cash Movements:  |                         |                         |
| Depreciation and Amortisation                                    | 5,153                   | 4,906                   |
| Provision for Doubtful Debts                                     | 178                     | 170                     |
| Reversal of Impairment of Financial Asset                        | –                       | (1,595)                 |
| Movements Included in Investing and Financing Activities:        |                         |                         |
| Net (Gain) / Loss from Disposal of Non-Financial Physical Assets | (10)                    | 17                      |
| Movements in Assets and Liabilities:                             |                         |                         |
| Change in Operating Assets & Liabilities                         |                         |                         |
| – (Increase) in Receivables                                      | (12,560)                | (1,245)                 |
| – (Increase) in Other Assets                                     | (181)                   | (225)                   |
| – Increase in Payables   | 2,011                   | 4,030                   |
| – Increase in Employee Benefits                                  | 1,454                   | 449                     |
| – Increase in Other Liabilities                                  | 1,277                   | 440                     |
| – Change in Inventories  | (92)                    | 248                     |
| NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES            | (9,016)                 | 376                     |

## Note 18: 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 Funds*
- *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.

DHSVs main financial risks include credit risk, liquidity risk and interest rate risk. DHSV manages these financial risks in accordance with its financial risk management policy.

The main purpose in holding financial instruments is to prudentially manage DHSVs financial risks within the government policy parameters.

#### Categorisation of Financial Instruments

|  | Contractual<br>Financial Assets -<br>Loans and Receivables<br>\$'000 | Contractual<br>Financial Liabilities<br>At Amortised Cost<br>\$'000 | Total<br>\$'000 |
|--|--|---|-----------------|
| 2014   |  |   |                 |
| <b>Contractual Financial Assets</b>                |  |   |                 |
| Cash and Cash Equivalents                          | 9,003  |   | 9,003           |
| <b>Other Financial Assets</b>                      |  |   |                 |
| – Term Deposits                                    | –  |   | –               |
| Loans and Receivables                              | 3,291  |   | 3,291           |
| <b>Total Financial Assets <sup>(i)</sup></b>       | <b>12,294</b>  |   | <b>12,294</b>   |
| <b>Financial Liabilities</b>                       |  |   |                 |
| At Amortised Cost                                  |  | 18,793  | 18,793          |
| <b>Total Financial Liabilities <sup>(ii)</sup></b> |  | <b>18,793</b>   | <b>18,793</b>   |
| 2013   |  |   |                 |
| <b>Contractual Financial Assets</b>                |  |   |                 |
| Cash and Cash Equivalents                          | 4,889  |   | 4,889           |
| <b>Other Financial Assets</b>                      |  |   |                 |
| – Term Deposits                                    | 15,000   |   | 15,000          |
| Loans and Receivables                              | 1,866  |   | 1,866           |
| <b>Total Financial Assets <sup>(i)</sup></b>       | <b>21,755</b>  |   | <b>21,755</b>   |
| <b>Financial Liabilities</b>                       |  |   |                 |
| At Amortised Cost                                  |  | 16,782  | 16,782          |
| <b>Total Financial Liabilities <sup>(ii)</sup></b> |  | <b>16,782</b>   | <b>16,782</b>   |

<sup>(i)</sup> The total amount of financial assets disclosed here excludes statutory receivables.

<sup>(ii)</sup> The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable).

## Note 18: Financial Instruments (continued)

### Net Holding Gain / (Loss) on Financial Instruments by Category

|  | Net Holding<br>Gain / (Loss)<br>\$'000 | Total Interest<br>Income<br>\$'000 | Impairment<br>Loss<br>\$'000 | Total<br>\$'000 |
|--|--|------------------------------------|------------------------------|-----------------|
| <b>2014</b>                              |  |                                    |                              |                 |
| <b>Financial Assets</b>                  |  |                                    |                              |                 |
| Cash and Cash Equivalents <sup>(i)</sup> | –                                      | 932                                | –                            | 932             |
| Receivables <sup>(i)</sup>               | –                                      | –                                  | (178)                        | (178)           |
| Available for Sale <sup>(i)</sup>        | –                                      | –                                  | –                            | –               |
| <b>Total Financial Assets</b>            | –                                      | 932                                | (178)                        | 754             |
| <b>Financial Liabilities</b>             |  |                                    |                              |                 |
| At Amortised Cost <sup>(iii)</sup>       | –                                      | –                                  | –                            | –               |
| <b>Total Financial Liabilities</b>       | –                                      | –                                  | –                            | –               |
| <b>2013</b>                              |  |                                    |                              |                 |
| <b>Financial Assets</b>                  |  |                                    |                              |                 |
| Cash and Cash Equivalents <sup>(i)</sup> | –                                      | 933                                | –                            | 933             |
| Receivables <sup>(i)</sup>               | –                                      | –                                  | (170)                        | (170)           |
| Available for Sale <sup>(i)</sup>        | 19                                     | –                                  | –                            | 19              |
| <b>Total Financial Assets</b>            | 19                                     | 933                                | (170)                        | 782             |
| <b>Financial Liabilities</b>             |  |                                    |                              |                 |
| At Amortised Cost <sup>(iii)</sup>       | –                                      | –                                  | –                            | –               |
| <b>Total Financial Liabilities</b>       | –                                      | –                                  | –                            | –               |

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

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

### (b) Credit Risk

Credit risk arises from the contractual financial assets of 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 at 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. For debtors other than the Government, it is DHSVs policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

## Note 18: Financial Instruments (continued)

In addition, DHSV does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. As with the policy for debtors, 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 without taking account of the value of any collateral obtained.

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

|                                    | Financial<br>Institutions<br>(AAA or AA<br>credit rating)<br>\$'000 | Government<br>agencies<br>\$'000 | Other<br>\$'000 | Total<br>\$'000 |
|------------------------------------|---|----------------------------------|-----------------|-----------------|
| 2014                               |   |                                  |                 |                 |
| <b>Financial Assets</b>            |   |                                  |                 |                 |
| <i>Cash and Cash Equivalents</i>   | 9,003   | –                                | –               | 9,003           |
| <i>Receivables</i>                 |   |                                  |                 |                 |
| – Trade Debtors                    | –   | 1,406                            | 790             | 2,196           |
| – Other Receivables <sup>(i)</sup> | 1   | 836                              | 170             | 1,007           |
| <b>Total Financial Assets</b>      | <b>9,004</b>  | <b>2,242</b>                     | <b>960</b>      | <b>12,206</b>   |
| 2013                               |   |                                  |                 |                 |
| <b>Financial Assets</b>            |   |                                  |                 |                 |
| <i>Cash and Cash Equivalents</i>   | 4,889   | –                                | –               | 4,889           |
| <i>Receivables</i>                 |   |                                  |                 |                 |
| – Trade Debtors                    | –   | 720                              | 509             | 1,229           |
| – Other Receivables                | 109   | 301                              | 159             | 569             |
| – Term Deposits                    | 15,000  | –                                | –               | 15,000          |
| <b>Total Financial Assets</b>      | <b>19,998</b>   | <b>1,021</b>                     | <b>668</b>      | <b>21,687</b>   |

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

## Note 18: Financial Instruments (continued)

### (b) Credit Risk (continued)

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

|                            | Carrying<br>Amount<br>\$'000 | Not Past<br>Due and<br>Not<br>Impaired<br>\$'000 | Past Due But Not Impaired      |                           |                                | Impaired<br>Financial<br>Assets<br>\$'000 |
|----------------------------|------------------------------|--|--------------------------------|---------------------------|--------------------------------|---|
|                            |                              |  | Less than<br>1 Month<br>\$'000 | 1 – 3<br>Months<br>\$'000 | 3 months<br>– 1 Year<br>\$'000 |   |
| 2014                       |                              |  |                                |                           |                                |   |
| Financial Assets           |                              |  |                                |                           |                                |   |
| Cash and Cash Equivalents  | 9,003                        | 9,003  | –                              | –                         | –                              | –   |
| Receivables <sup>(i)</sup> |                              |  |                                |                           |                                |   |
| – Trade Debtors            | 2,215                        | 154  | 1,463                          | 531                       | 48                             | 19  |
| – Other Receivables        | 1,076                        | 767  | 89                             | 56                        | 95                             | 69  |
| – Term Deposits            | –                            | –  | –                              | –                         | –                              | –   |
| Total Financial Assets     | 12,294                       | 9,924  | 1,552                          | 587                       | 143                            | 88  |
| 2013                       |                              |  |                                |                           |                                |   |
| Financial Assets           |                              |  |                                |                           |                                |   |
| Cash and Cash Equivalents  | 4,889                        | 4,889  | –                              | –                         | –                              | –   |
| Receivables <sup>(i)</sup> |                              |  |                                |                           |                                |   |
| – Trade Debtors            | 1,237                        | 1,014  | 185                            | 26                        | 4                              | 8   |
| – Other Receivables        | 629                          | 409  | 39                             | 64                        | 57                             | 60  |
| – Term Deposits            | 15,000                       | 15,000   | –                              | –                         | –                              | –   |
| Total Financial Assets     | 21,755                       | 21,312   | 224                            | 90                        | 61                             | 68  |

<sup>(i)</sup> Ageing analysis of financial assets must exclude the types of statutory financial assets (i.e. GST input tax credit).

#### Contractual Financial Assets that are Either Past Due or Impaired

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.

## Note 18: 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. DHSV operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

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 invested in short term investments with maturity dates of less than one (1) year. Each month, at least \$2.0M of short term investment matured. 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<br>Amount<br>\$'000 | Nominal<br>Amount<br>\$'000 | Maturity Dates                    |                           |                                |                          |
|-----------------------------|------------------------------|-----------------------------|-----------------------------------|---------------------------|--------------------------------|--------------------------|
|                             |                              |                             | Less<br>than 1<br>Month<br>\$'000 | 1 – 3<br>Months<br>\$'000 | 3 months<br>– 1 Year<br>\$'000 | 1 – 5<br>Years<br>\$'000 |
| 2014                        |                              |                             |                                   |                           |                                |                          |
| Financial Liabilities       |                              |                             |                                   |                           |                                |                          |
| At Amortised Cost           |                              |                             |                                   |                           |                                |                          |
| Payables                    | 18,793                       | 18,793                      | 18,793                            | –                         | –                              | –                        |
| Total Financial Liabilities | 18,793                       | 18,793                      | 18,793                            | –                         | –                              | –                        |
| 2013                        |                              |                             |                                   |                           |                                |                          |
| Financial Liabilities       |                              |                             |                                   |                           |                                |                          |
| At Amortised Cost           |                              |                             |                                   |                           |                                |                          |
| Payables                    | 16,782                       | 16,782                      | 16,782                            | –                         | –                              | –                        |
| Total Financial Liabilities | 16,782                       | 16,782                      | 16,782                            | –                         | –                              | –                        |

### (d) Market Risk

DHSVs exposures to market risk are primarily through interest rate risk with only insignificant exposure 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.

## Note 18: 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>Rate (%) | Carrying<br>Amount<br>\$'000 | Interest Rate Exposure              |  |                                      |
|----------------------------|--|------------------------------|-------------------------------------|--|--------------------------------------|
|                            |  |                              | Fixed<br>Interest<br>Rate<br>\$'000 | Variable<br>Interest<br>Rate<br>\$'000 | Non<br>Interest<br>Bearing<br>\$'000 |
| 2014                       |  |                              |                                     |  |                                      |
| Financial Assets           |  |                              |                                     |  |                                      |
| Cash and Cash Equivalents  | 3.03   | 9,003                        | –                                   | 8,997                                  | 6                                    |
| Receivables <sup>(i)</sup> |  |                              |                                     |  |                                      |
| – Trade Debtors            | –  | 2,215                        | –                                   | –                                      | 2,215                                |
| – Other Receivables        | –  | 1,076                        | –                                   | –                                      | 1,076                                |
| – Term Deposits            | 3.82   | –                            | –                                   | –                                      | –                                    |
|                            |  | 12,294                       | –                                   | 8,997                                  | 3,297                                |
| Financial Liabilities      |  |                              |                                     |  |                                      |
| At Amortised Cost          |  |                              |                                     |  |                                      |
| Payables <sup>(i)</sup>    | –  | 18,793                       | –                                   | –                                      | 18,793                               |
|                            |  | 18,793                       | –                                   | –                                      | 18,793                               |
| 2013                       |  |                              |                                     |  |                                      |
| Financial Assets           |  |                              |                                     |  |                                      |
| Cash and Cash Equivalents  | 3.61   | 4,889                        | –                                   | 4,883                                  | 6                                    |
| Receivables <sup>(i)</sup> |  |                              |                                     |  |                                      |
| – Trade Debtors            | –  | 1,237                        | –                                   | –                                      | 1,237                                |
| – Other Receivables        | –  | 629                          | –                                   | -                                      | 629                                  |
| – Term Deposits            | 4.88   | 15,000                       | –                                   | 15,000                                 | –                                    |
|                            |  | 21,755                       | –                                   | 19,883                                 | 1,872                                |
| Financial Liabilities      |  |                              |                                     |  |                                      |
| At Amortised Cost          |  |                              |                                     |  |                                      |
| Payables <sup>(i)</sup>    | –  | 16,782                       | –                                   | –                                      | 16,782                               |
|                            |  | 16,782                       | –                                   | –                                      | 16,782                               |

<sup>(i)</sup> The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

## Note 18: 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, DHSV believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia).

- A shift of 100 basis points up and down in marked interest rates (AUD) from year-end rates of 4%;
- 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<br>Amount<br>\$'000 | Interest Rate Risk      |                  |                         |                  | Other Price Risk        |                  |                         |                  |
|--|------------------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|-------------------------|------------------|
|  |                              | -1%<br>Profit<br>\$'000 | Equity<br>\$'000 | +1%<br>Profit<br>\$'000 | Equity<br>\$'000 | -1%<br>Profit<br>\$'000 | Equity<br>\$'000 | +1%<br>Profit<br>\$'000 | Equity<br>\$'000 |
| 2014                                     |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Financial Assets                         |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Cash and Cash Equivalents <sup>(i)</sup> | 9,003                        | (90)                    | (90)             | 90                      | 90               | –                       | –                | –                       | –                |
| Receivables <sup>(ii)</sup>              |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| – Trade Debtors                          | 2,215                        | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
| – Other Receivables                      | 1,076                        | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
| Other Financial Assets                   |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| – Term Deposits                          | –                            | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
| Financial Liabilities                    |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| At Amortised Cost                        |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Payables                                 | 18,793                       | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
|  |                              | (90)                    | (90)             | 90                      | 90               | –                       | –                | –                       | –                |
| 2013                                     |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Financial Assets                         |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Cash and Cash Equivalents <sup>(i)</sup> | 4,889                        | (49)                    | (49)             | 49                      | 49               | –                       | –                | –                       | –                |
| Receivables <sup>(ii)</sup>              |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| – Trade Debtors                          | 1,237                        | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
| – Other Receivables                      | 629                          | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
| Other Financial Assets                   |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| – Term Deposits                          | 15,000                       | (150)                   | (150)            | 150                     | 150              | –                       | –                | –                       | –                |
| Financial Liabilities                    |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| At Amortised Cost                        |                              |                         |                  |                         |                  |                         |                  |                         |                  |
| Payables                                 | 16,782                       | –                       | –                | –                       | –                | –                       | –                | –                       | –                |
|  |                              | (199)                   | (199)            | 199                     | 199              | –                       | –                | –                       | –                |

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: [ $\$9\text{M} \times 0.04$ ] – [ $\$9\text{M} \times 0.03$ ] = \$90k.

Similar for a –1% movement in interest rate, impact = \$(90k).

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



## Note 18: 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>2014<br>\$'000 | Fair<br>Value<br>2014<br>\$'000 | Carrying<br>Amount<br>2013<br>\$'000 | Fair<br>Value<br>2013<br>\$'000 |
|------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
| <b>Financial Assets</b>            |                                      |                                 |                                      |                                 |
| <i>Cash and Cash Equivalents</i>   | 9,003                                | 9,003                           | 4,889                                | 4,889                           |
| <i>Receivables<sup>(i)</sup></i>   |                                      |                                 |                                      |                                 |
| – Trade Debtors                    | 2,215                                | 2,196                           | 1,237                                | 1,229                           |
| – Other Receivables                | 1,076                                | 1,007                           | 629                                  | 569                             |
| – Term Deposits                    | –                                    | –                               | 15,000                               | 15,000                          |
| <b>Total Financial Assets</b>      | <b>12,294</b>                        | <b>12,206</b>                   | <b>21,755</b>                        | <b>21,687</b>                   |
| <b>Financial Liabilities</b>       |                                      |                                 |                                      |                                 |
| <i>At Amortised Cost</i>           |                                      |                                 |                                      |                                 |
| Payables                           | 18,793                               | 18,793                          | 16,782                               | 16,782                          |
| <b>Total Financial Liabilities</b> | <b>18,793</b>                        | <b>18,793</b>                   | <b>16,782</b>                        | <b>16,782</b>                   |

<sup>(i)</sup> The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

## Note 19: Commitments for Expenditure

### Commitments Other Than Public Private Partnerships

|  | Total<br>2014<br>\$'000 | Total<br>2013<br>\$'000 |
|--|-------------------------|-------------------------|
| <b>Other Expenditure Commitments</b>   |                         |                         |
| <u>Payable:</u>  |                         |                         |
| Cleaning Services  | 803                     | –                       |
| Computer Services  | 550                     | 310                     |
| Security Services  | 484                     | 476                     |
| Maintenance  | 222                     | –                       |
| <b>Total Other Expenditure Commitments</b>   | <b>2,059</b>            | <b>786</b>              |
| <b>Lease Commitments</b>   |                         |                         |
| Commitments in relation to leases contracted for at the reporting date:            |                         |                         |
| Operating Leases   | –                       | 9                       |
| <b>Total Lease commitments</b>   | <b>–</b>                | <b>9</b>                |
| <b>Total Commitments (Inclusive of GST) Other Than Public Private Partnerships</b> | <b>2,059</b>            | <b>795</b>              |

All amounts shown in the commitments note are nominal amounts inclusive of GST.

## Note 20: Contingent Assets and Contingent Liabilities

There are no contingent assets and no contingent liabilities at 30 June 2014 (2013 – Nil).

## Note 21a: 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   |                                  |
|--|----------------------------------|
| Responsible Ministers:   |                                  |
| The Honourable David Davis, MLC, Minister for Health and Ageing  | 01–July–2013<br>30–June–2014     |
| Governing Boards   |                                  |
| Mr Michael Ellis (Chair)   | 01–July–2013<br>30–June–2014     |
| Ms Kathryn Bell  | 01–July–2013<br>30–June–2014     |
| Mr Cameron Clark   | 01–July–2013<br>30–June–2014     |
| Mrs Helene Bender  | 01–July–2013<br>30–June–2014     |
| Dr Pamela Dalglish   | 01–July–2013<br>30–June–2014     |
| Ms Jennifer Theisinger   | 01–July–2013<br>30–June–2014     |
| Ms Barbara Hingston  | 30–July–2013<br>30–June–2014     |
| Ms Dianna Rule   | 01–October–2013<br>30–June–2014  |
| Mr John Nguyen   | 02–December–2013<br>30–June–2014 |
| Accountable Officers   |                                  |
| Dr Deborah Cole  | 01–July–2013<br>30–June–2014     |
| Remuneration of Responsible Persons  |                                  |
| The number of Responsible Persons are shown in their relevant income bands;  |                                  |
|  | 2014 No.<br>2013 No.             |
| Income Band  |                                  |
| \$10,000 – \$19,999  | 1<br>–                           |
| \$20,000 – \$29,999  | 7<br>6                           |
| \$30,000 – \$39,999  | –<br>2                           |
| \$50,000 – \$59,999  | 1<br>1                           |
| \$330,000 – \$339,999  | –<br>1                           |
| \$350,000 – \$359,999  | 1<br>–                           |
| Total Numbers  | 10<br>10                         |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:              | \$608,895<br>\$618,579           |
| 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.   |                                  |

## Note 21b: Executive Officer Disclosures

### Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base

remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

|   | Total Remuneration |           | Base Remuneration |           |
|---|--------------------|-----------|-------------------|-----------|
|   | 2014 No.           | 2013 No.  | 2014 No.          | 2013 No.  |
| Income Band   |                    |           |                   |           |
| \$100,000 – \$109,999                                     | –                  | –         | 1                 | –         |
| \$110,000 – \$119,999                                     | 1                  | –         | –                 | –         |
| \$180,000 – \$189,999                                     | –                  | 1         | –                 | 1         |
| \$200,000 – \$209,999                                     | 1                  | –         | 1                 | –         |
| \$220,000 – \$229,999                                     | –                  | 1         | –                 | 1         |
| \$230,000 – \$239,999                                     | 1                  | 1         | 1                 | 1         |
| \$260,000 – \$269,999                                     | 1                  | –         | 1                 | –         |
| Total number of executives                                | 4                  | 3         | 4                 | 3         |
| Total annualised employee equivalent (AEE) <sup>(i)</sup> | 4.0                | 3.0       | 4.0               | 3.0       |
| Total Remuneration  | \$821,075          | \$652,002 | \$814,338         | \$644,164 |

<sup>(i)</sup> Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

## Note 22: Remuneration of Auditors

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Victorian Auditor-General's Office     |                |                |
| Audit or review of financial statement | 27             | 22             |

## Note 23: Events Occurring after the Balance Sheet Date

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

## Note 24: Glossary of Terms and Style Conventions

### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from

- (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- (b) the effects of changes in actuarial assumptions.

### Amortisation

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset.

### Associates

Associates are all entities over which an entity has significant influence but not control, generally accompanying a shareholding and voting rights of between 20 per cent and 50 per cent.

### Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

### Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability 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 instrument, or, where appropriate, a shorter period.

### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

### Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

### Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual or statutory right:
  - to receive cash or another financial asset from another entity; or
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
  - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

#### Financial liability

A financial liability is any liability that is:

- (a) A contractual obligation:
  - (i) to deliver cash or another financial asset to another entity; or
  - (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
  - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
  - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

#### Financial statements

A complete set of financial statements comprises:

- (a) A statement of financial position as at the end of the period;
- (b) A statement of profit or loss and other comprehensive income for the period;
- (c) A statement of changes in equity for the period;
- (d) A statement of cash flows for the period;
- (e) Notes, comprising a summary of significant accounting policies and other explanatory information;
- (f) Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- (g) A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

#### Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

#### General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

#### Intangible produced assets

Refer to produced assets in this glossary.

#### Intangible non-produced assets

Refer to non-produced assets in this glossary.

#### Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

**Interest income**

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

**Investment properties**

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery objectives of the State of Victoria.

**Joint ventures**

Joint ventures are contractual arrangements between the Department and one or more other parties to undertake an economic activity that is subject to joint control. Joint control only exists when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

**Liabilities**

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

**Net acquisition of non-financial assets (from transactions)**

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

**Net result**

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'. Net result from transactions/net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

**Net worth**

Assets less liabilities, which is an economic measure of wealth.

**Non-financial assets**

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

**Non-produced assets**

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

**Non-profit institution**

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

**Payables**

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

**Produced assets**

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films, and research and development costs (which does not include the start up costs associated with capital projects).

**Public financial corporation sector**

Public financial corporations (PFCs) are bodies primarily engaged in the provision of financial intermediation services or auxiliary financial services. They are able to incur financial liabilities on their own account (e.g. taking deposits, issuing securities or providing insurance services). Estimates are not published for the public financial corporation sector.

#### Public non-financial corporation sector

The public non-financial corporation (PNFC) sector comprises bodies mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved (e.g. water and port authorities). In general, PNFCs are legally distinguishable from the governments which own them.

#### Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

#### Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

#### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

#### Taxation income

Taxation income represents income received from the State's taxpayers and includes:

- payroll tax; land tax; duties levied principally on conveyances and land transfers;
- gambling taxes levied mainly on private lotteries, electronic gaming machines, casino operations and racing;
- insurance duty relating to compulsory third party, life and non-life policies;
- insurance company contributions to fire brigades;
- motor vehicle taxes, including registration fees and duty on registrations and transfers;
- levies (including the environmental levy) on statutory corporations in other sectors of government; and
- other taxes, including landfill levies, license and concession fees.

#### Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

#### Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

The notation used in the tables is as follows:

.. zero, or rounded to zero

(xxx.x) negative numbers

200x year period

200x-0x year period



# Community Health Agencies

| Region                     | Agency                                | Clinic                            |
|----------------------------|---------------------------------------|-----------------------------------|
| Barwon South Western       | Barwon Health                         | Belmont                           |
|                            |                                       | Corio                             |
|                            |                                       | Newcomb                           |
|                            |                                       | Wathaurong Aboriginal Cooperative |
|                            | Bellarine Community Health            | Point Lonsdale                    |
|                            | Colac Area Health                     | Colac                             |
|                            | Portland District Health              | Portland                          |
|                            | South West Healthcare                 | Gunditjmara                       |
|                            |                                       | Hamilton                          |
|                            |                                       | Timboon                           |
|                            |                                       | Warrnambool                       |
| Barwon South Western Total | 5                                     |                                   |
|                            |                                       |                                   |
| Grampians                  | Ballarat Health Service               | Ballarat                          |
|                            |                                       | Sebastopol                        |
|                            |                                       | Wendouree                         |
|                            | East Grampians Health Service         | Ararat                            |
|                            | East Wimmera Health Service           | St Arnaud                         |
|                            | Edenhope & District Memorial Hospital | Edenhope                          |
|                            | Hepburn Health Service                | Creswick                          |
|                            |                                       | Daylesford                        |
|                            | West Wimmera Health Service           | Nhill                             |
|                            | Wimmera Health Care Group             | Dimboola                          |
|                            |                                       | Horsham                           |
| Grampians Total            | 7                                     |                                   |

| Region              | Agency                                  | Clinic      |
|---------------------|---|-------------|
| Loddon Mallee       | Bendigo Health Care Group               | Bendigo     |
|                     | Boort District Health                   | Boort       |
|                     | Echuca Regional Health                  | Echuca      |
|                     | Mallee Track Health & Community Service | Ouyen       |
|                     | Maryborough District Health Service     | Maryborough |
|                     | Sunraysia Community Health Services     | Mildura     |
|                     | Swan Hill District Health               | Swan Hill   |
| Loddon Mallee Total | 7                                       |             |
|                     |   |             |
| Hume Mallee         | Seymour District Memorial Hospital      | Seymour     |
|                     | Goulburn Valley Health                  | Shepparton  |
|                     |   | Cobram      |
|                     | Northeast Health Wangaratta             | Wangaratta  |
|                     |   | Benalla     |
|                     | Rumbalara Aboriginal Cooperative        | Mooroopna   |
|                     | Albury Wodonga Health                   | Wodonga     |
| Hume Total          | 5                                       |             |
|                     |   |             |
| Gippsland           | Bairnsdale Regional Health Service      | Bairnsdale  |
|                     | Bass Coast Health                       | Wonthaggi   |
|                     | Central Gippsland Health Service        | Sale        |
|                     | Latrobe Community Health Service        | Warragul    |
|                     |   | Churchill   |
|                     |   | Moe         |
|                     |   | Morwell     |
|                     | Orbost Regional Health                  | Orbost      |
|                     | Omeo District Health                    | Omeo        |
| Gippsland Total     | 6                                       |             |

| Region                          | Agency                              | Clinic   |
|---------------------------------|-------------------------------------|--|
| North & West Metropolitan       | Banyule Community Health            | West Heidelberg                                  |
|                                 |                                     | Footscray – Geelong Rd                           |
|                                 |                                     | Footscray – Paisley St                           |
|                                 |                                     | Kensington                                       |
|                                 |                                     | Niddrie  |
|                                 | Darebin Community Health            | East Reservoir                                   |
|                                 |                                     | Northcote  |
|                                 |                                     | PANCH – Preston                                  |
|                                 | Dianella Community Health           | Broadmeadows                                     |
|                                 |                                     | Craigieburn                                      |
|                                 | Djerriwarrh Health Service          | Melton   |
|                                 | ISIS Primary Care                   | Brimbank   |
|                                 |                                     | Wyndham  |
|                                 |                                     | Hobsons Bay                                      |
|                                 | Merri Community Health Service      | Brunswick  |
|                                 | Nillumbik Health                    | Eltham   |
|                                 | North Richmond Community Health     | North Richmond                                   |
|                                 |                                     | Fitzroy  |
|                                 |                                     | Murray Valley Aboriginal Cooperative – Robinvale |
|                                 | Plenty Valley Community Health      | Epping   |
|                                 |                                     | Whittlesea                                       |
|                                 | Royal Children's Hospital           | Parkville  |
|                                 | Sunbury Community Health Centre     | Sunbury  |
| North & West Metropolitan Total | 12                                  |  |
| Eastern Metropolitan            | EACH                                | Ringwood   |
|                                 |                                     | Knox Social & Community Health                   |
|                                 | Inner East Community Health Service | Ashburton  |
|                                 | Knox Community Health Service       | Ferntree Gully                                   |
|                                 | MonashLink Community Health Service | Clayton  |
|                                 | Inspiro Community Health Service    | Lilydale   |
|                                 | Whitehorse Community Health Service | Box Hill   |
| Eastern Metropolitan Total      | 5                                   |  |

| Region                      | Agency                                    | Clinic             |
|-----------------------------|---|--------------------|
| Southern Metropolitan       | Bentleigh Bayside Community Health        | Bentleigh East     |
|                             |   |                    |
|                             | Central Bayside Community Health Services | Parkdale           |
|                             | Inner South Community Health Service      | Prahran            |
|                             |   | South Melbourne    |
|                             | Peninsula Health                          | Rosebud            |
|                             |   | Frankston          |
|                             |   | Hastings           |
|                             | Monash Health                             | Berwick            |
|                             |   | Cranbourne         |
|                             |   | Dandenong          |
|                             |   | Kingston           |
|                             |   | Springvale         |
|                             |   | Pakenham           |
|                             |   | Dandenong Hospital |
|                             |   |                    |
| Southern Metropolitan Total | 5   |                    |

# 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 Department's compliance with statutory disclosure requirements.

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