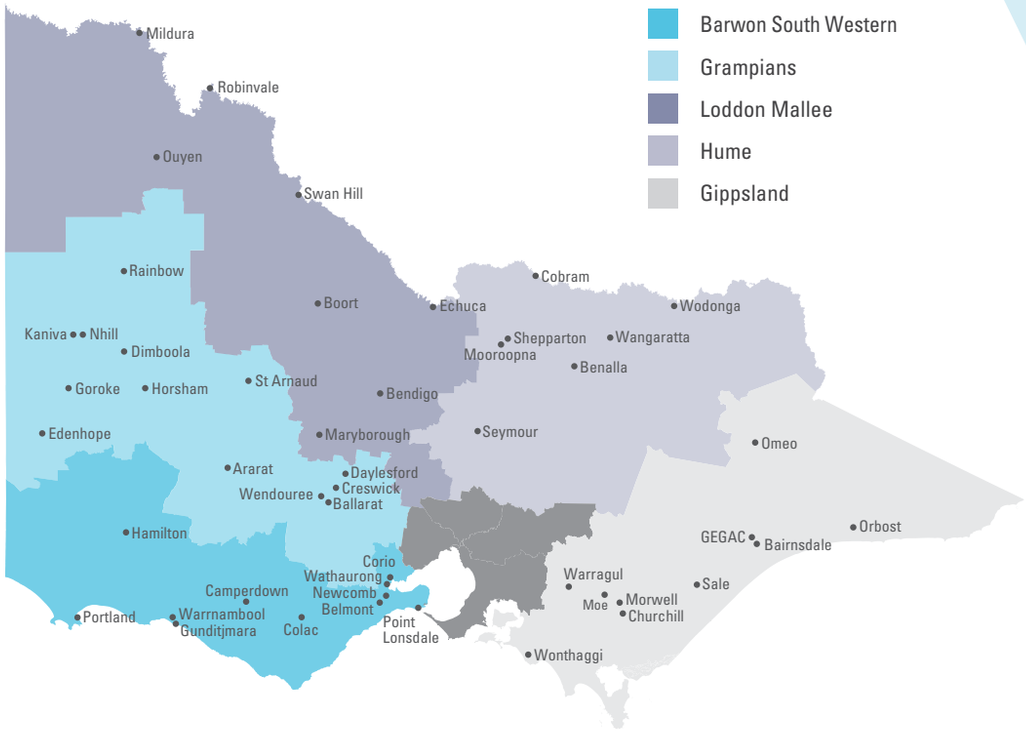
DENTAL HEALTH
SERVICES VICTORIA

ANNUAL REPORT

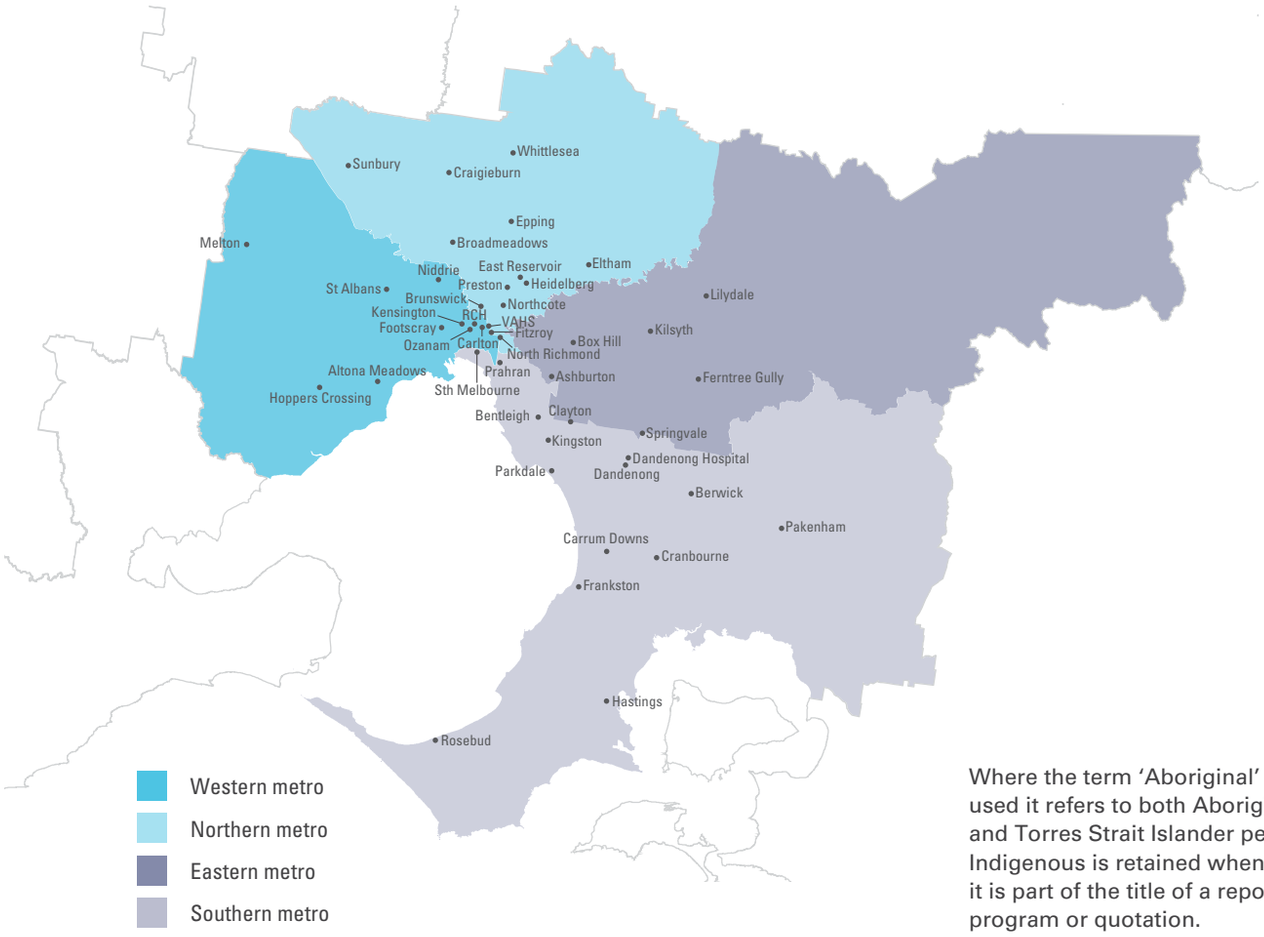
2016–2017

dental health
services victoria
oral health for better health

COMMUNITY DENTAL CLINICS – RURAL VICTORIA



COMMUNITY DENTAL CLINICS – METROPOLITAN VICTORIA



Where the term 'Aboriginal' is used it refers to both Aboriginal and Torres Strait Islander people. Indigenous is retained when it is part of the title of a report, program or quotation.

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 Victorian Government to provide and purchase clinical dental services for eligible Victorians and improve the planning, integration, coordination and management of Victoria's public dental services.

We provide Victorians with quality oral healthcare through The Royal Dental Hospital of Melbourne (RDHM) and by purchasing dental services for public patients from more than 50 community agencies throughout Victoria.

Our aim is to add value to the relationships we have with all agencies to provide support in the provision of 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 691 staff who work to an agreed Statement of Priorities. As trusted advisors in public oral health policy, program and guideline development, we aim to lead the improvement of oral health across Victoria.

DHSV was established under the *Health Services Act 1988*. The responsible Minister for Health during the reporting period was The Hon. Jill Hennessy MP.

DHSV acknowledges the ongoing support of the Victorian Government.

OUR MISSION

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

OUR VISION

Oral health for better health

OUR VALUES

Respect

Act with respect towards every person or idea we encounter

Accountable

Be accountable to the people we care for and those we work with

Collaboration

Embrace collaboration with all partners that help us to achieve our goals

Transform

Transform ourselves and our organisation to achieve better health outcomes

HIGHLIGHTS

Staff attended the Respectful Workplace Learning Day as part of DHSV's goal to foster a respectful workplace.

Partnered with Zoos Victoria to focus on children's oral health

Smiles 4 Miles reached over 34,000 children and their families across 560 early childhood services.

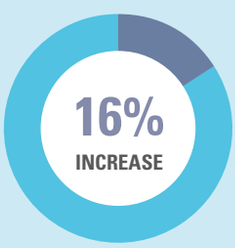
Over 54,000 toothbrushes and toothpaste reached at-risk families with the support of Colgate through the Alliance for a Cavity Free Future, the Colgate Mrs Marsh Grant and community partners.

Over 440 health professionals working with children aged 0 to 3 and pregnant women received professional development to increase their knowledge, attitudes, skills and practices around oral health.

BY THE NUMBERS

Treated
225,581
adults across Victoria

Treated
172,676
children across Victoria

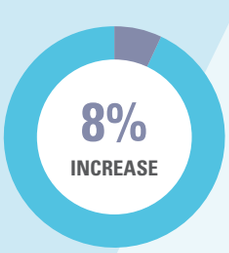


13,912
refugees and asylum seekers received treatment statewide

4,591
special needs patients received care at RDHM

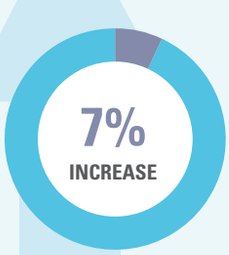
RDHM's Oral Surgery department treated
6,874
people

159,974
people were treated in RDHM's emergency department



10,938
Aboriginal patients were treated statewide

Specialist oral healthcare access improved with
18,528
patients seen statewide



26,275
people received dentures in our community dental agencies, showcasing a 3.4 per cent fall from the previous year. This shows that older adults are benefiting from improvements such as community water fluoridation, better dental treatment methods, access to healthier food, improved oral hygiene and more regular dental check-ups.

CONTENTS

We apply the Victorian public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

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 2017.

Dr Zoe Wainer

Chair, Board of Directors
Dental Health Services Victoria
Carlton VIC
14 August 2017

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 in machine readable format.

FROM THE CEO AND BOARD CHAIR

We are proud to present the Dental Health Services Victoria (DHSV) Annual Report for 2016–2017. Over the last year we have taken big steps towards transforming the public oral health sector for the benefit of our consumers, partners and employees. We are now on the path towards a new model of value-based healthcare that improves health outcomes by focussing on quality, innovation and collaboration.

Achieving great things is all in the planning, so after extensive consultation with our stakeholders, we launched our new five-year Strategic Plan. The plan focusses on improving oral health outcomes, establishing DHSV as a global leader in healthcare innovation and enhancing the experience of our patients and employees.

Before we can improve oral health outcomes we need to understand what those outcomes look like. Inspired by the work of the International Consortium of Health Outcomes Measures (ICHOM), we began developing a standardised way to measure and report a patient's oral health outcomes. Once we know what we are striving for, we will only perform services that improve a patient's health and wellbeing.

We embraced technology and improved service integration by trialling teledentistry across four pilot sites. The project saw community dentists performing examinations using intra-oral cameras while receiving live advice and instruction from a specialist at RDHM. This enabled patients living in rural and remote areas to receive specialist treatment close to home. It also simplified and shortened the process for receiving specialist care while building beneficial relationships between specialists at RDHM and community dental agency staff. This is just one example of the outstanding models of care emerging at community dental clinics across the state.

We know that to prevent the prevalence of oral disease, we have to focus on prevention and early intervention, so we did. Our health promotion team continued to partner with the health, education, early childhood and community sectors to support families to eat well, drink well and clean well. These messages were reinforced through our new partnership with Zoos Victoria. We became proud sponsors of the hippos at Werribee Open Range Zoo who have been working hard as our oral health ambassadors (when they're not eating and sleeping).

We can't provide great services unless we have an engaged workforce that feels safe, valued, inspired and respected. In 2016, we introduced our Respectful Workplace Framework that included the introduction of groundbreaking policies, initiatives and events. In an Australian first, we joined representatives from all the peak dental bodies to sign a Joint Position Statement Against Bullying, Harassment and Inappropriate Behaviour in the oral health sector. This was soon followed by our inaugural Respectful Workplace Learning Day which provided staff with the tools and information to create a more respectful workplace. Our passion for staff wellbeing led to the introduction of a new policy to support employees who are experiencing domestic violence through individual safety plans, leave entitlements and ongoing, confidential assistance.

We are incredibly proud of the work we have done to close the gap between the health of Aboriginal and non-Aboriginal Australians. We continued to create a more welcoming and culturally appropriate environment for Aboriginal patients and used outreach programs to treat Aboriginal patients in their preferred environments. As a result we saw an 8 per cent increase in the number of Aboriginal and Torres Strait Islanders treated. Our commitment to improving the oral health of at-risk communities also resulted in a 16 per cent increase in the number of refugees and asylum seekers treated in 2016–2017.

Over 12 months, we treated 400,000 individuals across the state, including 172,000 children. That figure makes us immensely proud but we know there is more work to do. Instead of doing things the way they have always been done, we want to introduce new, innovative ways to create a happier and healthier Victoria. Watch this space.

Dr Deborah Cole
Chief Executive Officer (CEO)

Dr Zoe Wainer
Board Chair

The DHSV Strategic Plan 2016–2021 uses a population and targeted life course approach to identify strategies to improve health outcomes. The focus is on pregnant women and young children with a strong preventive focus.

YEAR IN REVIEW: REPORT OF OPERATIONS

A PLAN FOR THE FUTURE

DHSV has released its 2016-2021 Strategic Plan. The plan employs a population and targeted life course approach to identify strategies to improve the health outcomes of all Victorians.

The focus is on pregnant women and young children in the first instance with a strong preventive focus.

DHSV is implementing this plan under four key themes:

1 - **Improve health outcomes**
2 - **Improve the experience**
3 - **Be global leaders with our local partners**
4 - **Be a great place to work and a great organisation to work with.**

A RESPECTFUL WORKPLACE

DHSV aims to create a workplace where staff are engaged and empowered to provide high value care to all our patients.

At the heart of our commitment to fostering a respectful workplace is a focus on enabling a culture that creates and sustains a positive and inclusive working environment. We want to support the wellbeing of all employees and create a high performing and rewarding workplace where staff support each other to be the best they can be.

We have created a Respectful Workplace Action Plan where our approach is guided by an integrated framework that is:

- underpinned by principles of equity, diversity, inclusion, flexibility, wellbeing and safety
- enacted through core values of respect, accountability, collaboration and transformation
- embedded through our people systems and processes
- strongly and visibly led, and actively engaged with by staff throughout the organisation.

During 2016–2017 we continued to roll out the action plan that supports implementation of our Respectful Workplace Framework. Initiatives have focussed on:

- ensuring staff understand why change is needed and their roles and responsibilities in achieving the change
- establishing a network of peer advocates/supports
- aligning organisational systems and processes to support the change

Respectful Workplace Learning Day

In December 2016, DHSV held an organisation-wide Respectful Workplace Learning Day event which was attended by DHSV Board of Directors and staff. The day focused on 'The DHSV Way', introducing the values and above and below the line behaviours that define the DHSV code of conduct, as well as the legislative and policy context underpinning the framework.

Follow-up sessions were held in May for those who could not attend the event. These workshop events will be regularly repeated to ensure new staff are on board with our culture and values.

Wellbeing Contact Officer Network

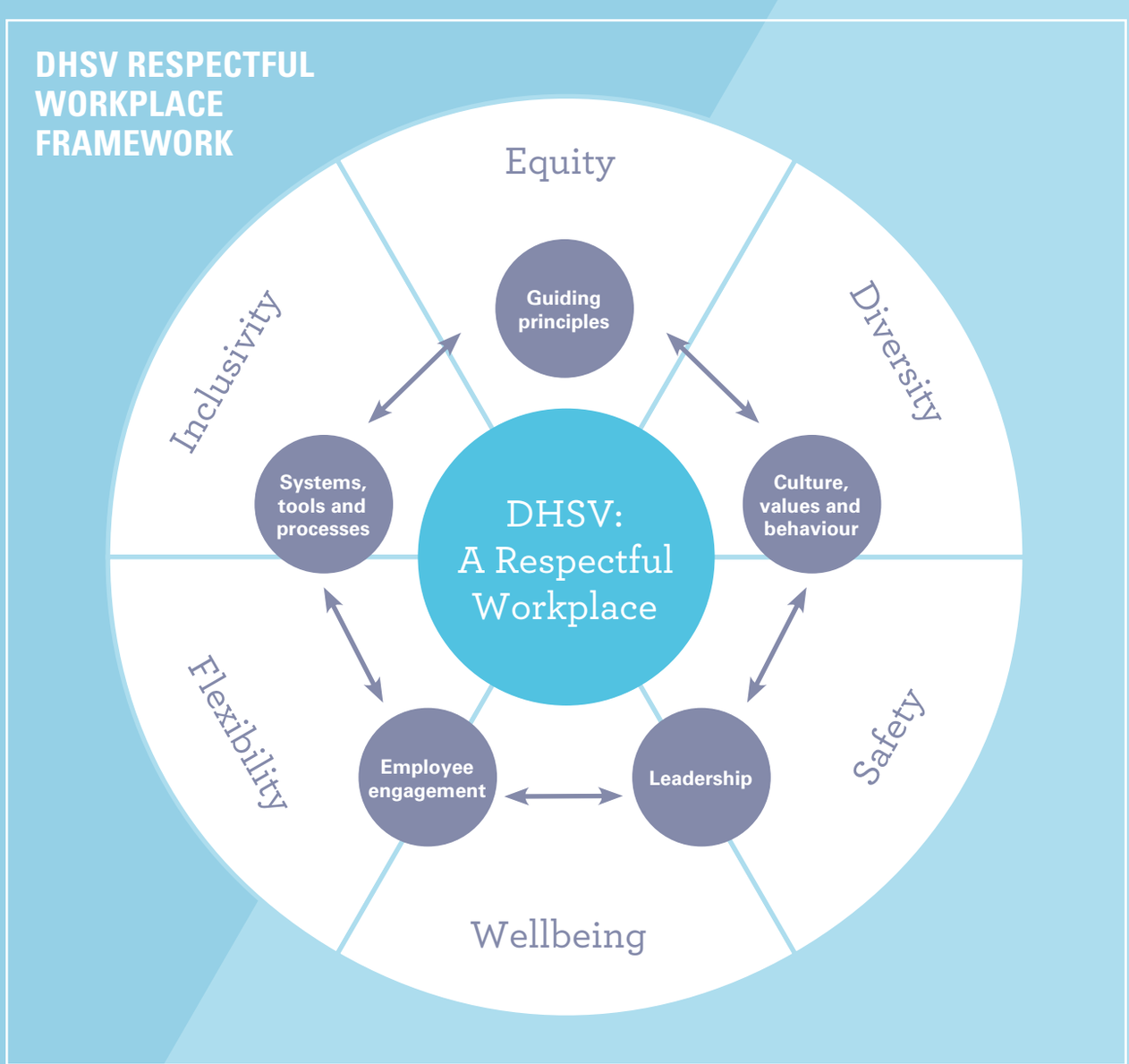
We have established a peer support Wellbeing Contact Officer Network. This is a network of trained staff who have volunteered to contribute to fostering a respectful workplace by providing a point of contact for colleagues experiencing inappropriate workplace behaviour.

These contact officers:

- undertake awareness raising activities and provide information to colleagues about DHSV's respectful workplace policies and procedures, as well as support services
- assist colleagues to work toward resolution of issues by encouraging them to generate options for dealing with their concern; and where possible and appropriate, use informal processes available to them.

Dental profession says no to bullying

A joint peak body statement for a respectful oral health workplace was signed on 7 December with the Victorian Minister for Health, the Hon. Jill Hennessy MP as witness and signatory. This was an Australian first for the health sector, where dental professions signed a joint position statement against bullying, harassment and inappropriate behaviour. Led by DHSV, it was the first time that any group of health professionals came together to pledge against inappropriate workplace cultures.



IMPROVING ACCESS TO CARE

DHSV has completed its evaluation of the Preventable Hospital Admissions Pilot project. This involved working with St Vincent's Hospital Melbourne (SVHM) and the Royal Melbourne Hospital (RMH) to reduce avoidable dental admissions and divert patients presenting with dental problems from accident and emergency departments at both hospitals to RDHM. We continue to work with these hospitals to amend the triage tool to include dental care.

Rural and regional

We are pleased that people in regional areas can now access services closer to home with a teledentistry pilot being completed across four sites – Shepparton, Gippsland, the Peninsula region and South-West Victoria.

Work progressed on developing a model of care (MOC) framework for 0 to 4 year olds that integrates prevention, early identification, referral and dental care through public dental clinics.

Aboriginal and Torres Strait Islander peoples

DHSV is committed towards closing the healthcare gap between the health status of Aboriginal and non-Aboriginal Victorians.

We reviewed and updated the Aboriginal Oral Health Plan in consultation with the Victorian Aboriginal Community Controlled Health Organisation Inc (VACCHO) and it will be incorporated into a DHSV Reconciliation Action Plan.

Our Aboriginal Community Development Officer plays a key role in strengthening partnerships with the Aboriginal community. This role is shared between DHSV and VACCHO and it is responsible for developing policy and health programs by maintaining close partnerships between Aboriginal and mainstream services in the area of oral health.

We support the growth of our Aboriginal workforce as we believe that they play a crucial role in providing inclusive and culturally appropriate services for Aboriginal patients and their families. We improved on the Aboriginal Employment Plan 2016–2021 with a new framework and the three key focus areas are:

1. build a culturally capable and inclusive workplace
2. promote careers in oral health for Aboriginal people
3. strengthen support infrastructure, and learning and development pathways.

In particular, the Aboriginal dental assistant traineeship has helped us to increase our talent pool within public oral health and given our trainee Aboriginal dental assistants the opportunity to work closely with dental professionals to deliver oral healthcare and education to their fellow community members.

We also continue to support two of our Aboriginal dental assistant traineeship graduates who are now enrolled in the Bachelor of Dentistry course at La Trobe University. They were the first-ever Aboriginal male and female students to be accepted into this course.

The number of Aboriginal patients at RDHM increased by 17% in 2016–2017 compared with the previous year.

As part of fostering a respectful workplace where staff behave consistently with our values, we launched Wominjeka, which means 'welcome' in Wurrung language. Wominjeka is an online module that raises awareness of Aboriginal culture and provides information on Aboriginal cultural days of significance that are celebrated throughout DHSV. It also includes the personal perspectives of our Aboriginal staff members on what it is like working at DHSV.

INTERNATIONAL LEADERSHIP

Antarctic Doctors Program review

Together with the Australian Polar Division, DHSV's Clinical Education and Training Unit undertook an extensive review of the Antarctic Doctors Program training, materials and instruments. This resulted in a program that was much more focused on emergency care, general care and better maintenance of equipment.

DHSV is part of Australia's Antarctic Program, where doctors from around Australia undertake a two-week intensive training program at RDHM to prepare for their Antarctic expedition. In this program, doctors learn skills on managing oral health emergencies that may arise during their expedition.

This year, DHSV undertook an extensive revision of the training program, and assessed which dental materials and equipment should be held at the four Antarctic bases. As a result of this revision, many instruments and materials that had accumulated over time on the Antarctic bases were removed and replaced with standardised sets, similar to the instruments and materials used in DHSV's training program.

SERVICE PERFORMANCE

An additional 736 patients were treated in the Day Surgery Unit utilising Travis funding completed in March 2017.
A plan was developed to deliver care in 2017–2018.

SAFETY AND QUALITY

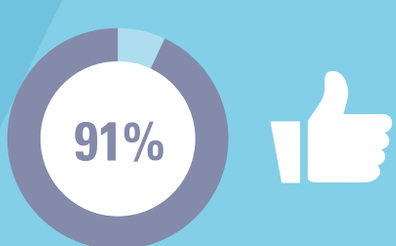
The Victorian Auditor General's Office (VAGO) review – *Access to public dental services in Victoria* report was tabled in Parliament. DHSV has provided the Department of Health and Human Services (DHHS) with proposed actions for each of the 11 VAGO recommendations with the view to generating a single action plan which DHHS has agreed to author.

DHSV developed a six-monthly compliance report template for agencies as a response to the Victorian Clinical Governance Policy Framework which has been incorporated into the Purchasing Agreement and developed into a DHSV specific action plan.

The Child Safe Standards policy and procedure was approved in March and dental specific education packages for all staff were delivered. Resources have been shared with agencies across the state.

A patient's perspective

- Easy to contact **86%**
- Wait time for welcome **94%**
- Friendly manner of reception **93%**
- Communication **92%**
- Wait times communicated to patients **89%**
- Overall satisfaction score across RDHM clinics **91%**



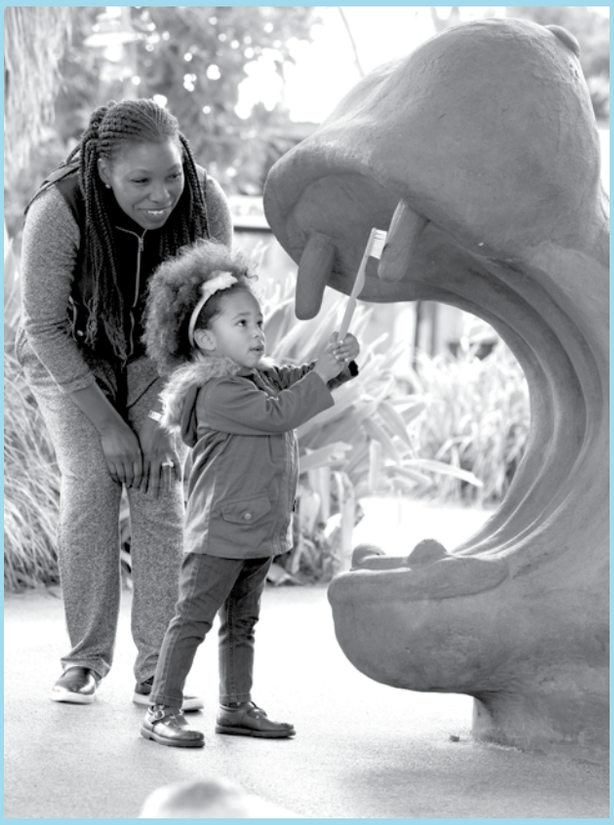
Our patient experience trackers reached 11,931 patients during the year with an overall patient satisfaction score was 91 per cent.

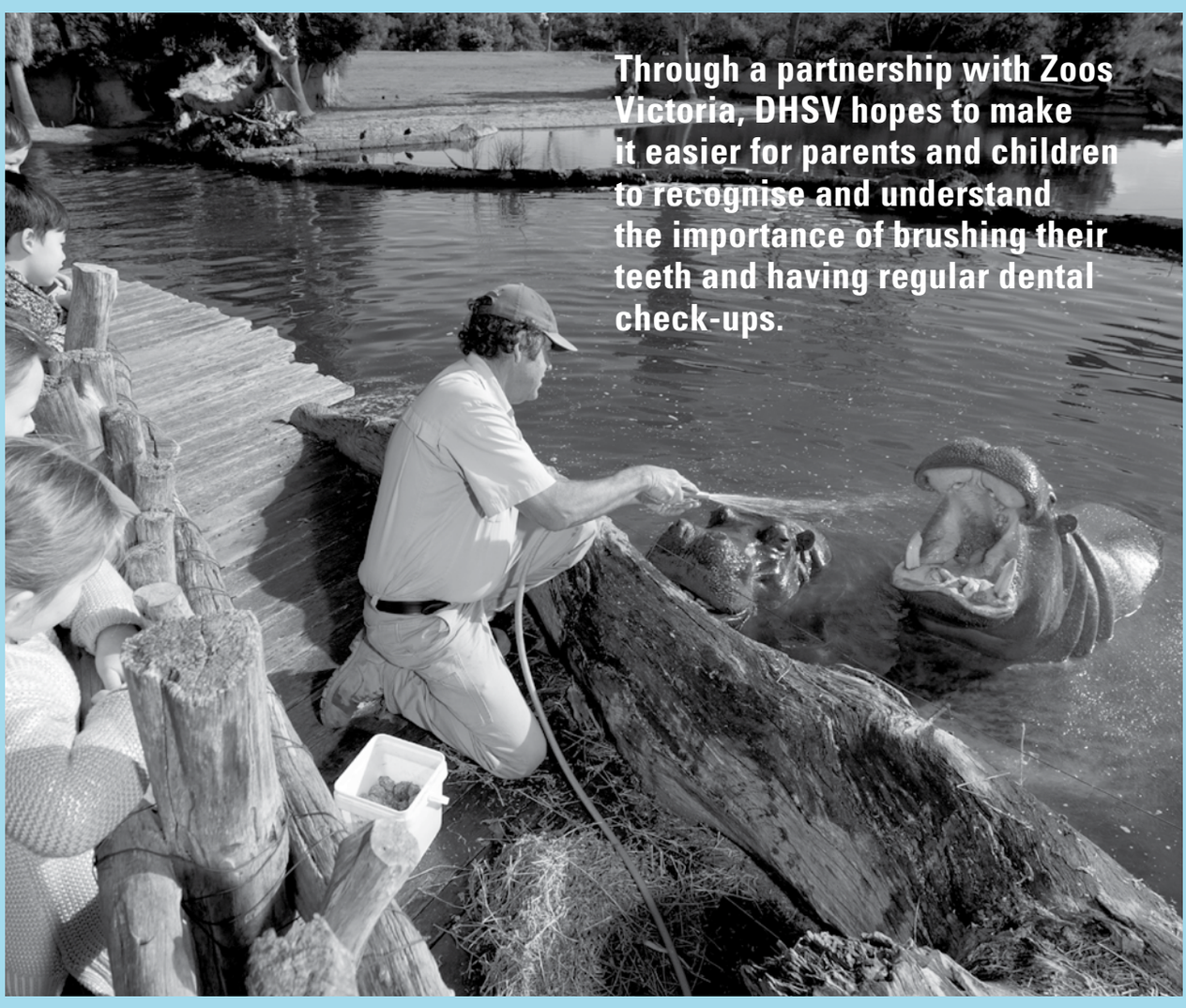
INNOVATIVE WAYS OF WORKING

We are working with organisations that make a difference in their communities to help spread the message about the importance of good oral health.

A new partnership focusing on better oral health for children was launched between DHSV and Zoos Victoria. Launched on World Oral Health Day, the new initiative will see children and families engaged through activities where oral health is linked to learning through interaction. The partnership is aligned to the hippo enclosure at the Werribee Open Range Zoo as hippos require their teeth to be cleaned every day like humans do.

50% of all children have experienced some tooth decay by the age of 12 and the highest rates of disease occur in disadvantaged populations.





Through a partnership with Zoos Victoria, DHSV hopes to make it easier for parents and children to recognise and understand the importance of brushing their teeth and having regular dental check-ups.

WORKING IN PARTNERSHIP

Working with our partners to achieve better oral health for Victorians

With funding from the Victorian Government, 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.

Local government

To assist local government areas (LGAs) with their 2017–2021 municipal public health planning, DHSV and DHHS updated the 79 comprehensive oral health profiles specific to each LGA.

The profiles identified key indicators for oral health including:

- oral health status of children and adults
- potentially preventable dental hospitalisation rates
- self-reported dental health and last dental visit
- modifiable health risk behaviours that have an impact on oral health including rates of smoking, risk of alcohol-related harm, fruit and vegetable consumption and soft drink consumption.

The previous 2013 profiles that were developed during the 2013–2017 municipal public health planning cycle resulted in the majority of LGAs including oral health as one of their priority actions in their municipal public health plans.

We will conduct a direct comparison to see if oral health is included in more of the new municipal public health plans when they become available later this year.

Smiles 4 Miles

Smiles 4 Miles is a DHSV initiative funded by DHHS, working in partnership with local organisations to improve the oral health behaviours of pre-school children, their families and early childhood staff. Smiles 4 Miles promotes three key messages: Drink well, Eat well and Clean well.

In 2017, Smiles 4 Miles continued to work in partnership with numerous stakeholders to implement the program effectively across Victoria, including 33 local community organisations (predominantly community health services), the Cancer Council Victoria, Nutrition Australia, VACCHO and the early childhood care and education sector.

Through the work of these community organisations, Smiles 4 Miles was able to reach over 34,000 children and their families across 560 early childhood services. The program covered the areas at greatest risk of poor oral health in 57 LGAs across Victoria.

Oral health training has been provided to 582 professionals including:

- 58 Smiles 4 Miles stakeholders who participated in oral health professional development opportunities through the Smiles 4 Miles induction day, individual site visits and the annual forum.
- 18 students studying Certificate III in Early Childhood Education and Care received oral health training through our partnership with Holmesglen Institute.
- 506 early childhood educators participated in oral health training in 2016-2017.

Healthy Families, Healthy Smiles

Healthy Families Healthy Smiles, a DHSV initiative funded by DHHS, aims to improve the oral health of young children and pregnant women. The focus is on building the skills of health and education professionals to promote oral health.

During 2016–2017 more than 440 professionals from a range of disciplines participated in professional development activities including:

- 49 midwives completed the Midwifery Initiated Oral Health Education Program (16-hour online course) to build knowledge and confidence to deliver oral health advice, assessment and referral. A further 38 antenatal professionals participated in other professional development forums offered through the program.
- 67 maternal and child health nurses (MCHN) participated in training and 41 maternal and child health (MCH) students are at RMIT University.
- 233 early childhood professionals, including 86 early childhood educators participating in the Healthy Little Smiles education program, along with 137 supported playgroup facilitators trained to deliver oral health education using a pictorial flipchart and 10 disability family support workers.
- 27 staff working with Aboriginal families participated in the Bigger Better Smiles education program offered at Rumbalara Aboriginal Cooperative and through the Southern Metropolitan Oral Health Regional Network. A further five staff in the Gippsland region also participated in an oral health workshop.

New resources were also developed to support professionals to include oral health, including:

- *The Little Teeth Book*, a new parent engagement resource to support MCHNs in their oral health promotion role was finalised and distributed to all maternal and child health services across Victoria.
- *Little Koori Smiles*, a new resource for Aboriginal Supported Playgroups is also under development.

The Baby teeth count too! oral health information for supported playgroups flipchart was recognised as a finalist for the 2016 Victorian Early Years Awards in the 'Promoting children's health and wellbeing' category.

Smokefree Smiles

Oral health professionals are ideally placed to identify patients who use tobacco and start the conversation about quitting. Best-practice smoking cessation combines a brief intervention with behavioural intervention and pharmacotherapy. Based on a simple three-step framework (Ask, Advise, Help), Smokefree Smiles provides training and support for oral health professionals to provide brief interventions, as well as initiate referrals to Quitline.

This framework was found to be acceptable and feasible in the oral health setting during the 2014–2015 pilot phases, where training was delivered to more than 250 oral health staff across 12 pilot sites, resulting in 207 Quitline referrals from oral health professionals.

In 2017, Smokefree Smiles collaborated with Quit Victoria and Alfred Health to help deliver a systematic initiative to embed smoking cessation in routine primary care in the Latrobe Health Innovation Zone, delivering training to an additional 36 oral health staff.

DHSV is continuing to develop smoking cessation support strategies for the oral health setting with the Smokefree Smiles Training Package.

Smokefree Smiles is funded by DHHS, and is a partnership between Quit Victoria, DHSV, DHHS and the Australian Dental Association Victorian Branch Inc. (ADAVB).

Disability

In consultation with sector partners, DHSV is developing an online resource which can assist community-based disability services to support good oral health for the people who use their services.

The resource will include:

- guides to developing policy and procedures to embed oral health promotion at the organisational level
- information, actions and strategies that can be used by support workers to best support a person's oral care needs
- consumer-tested easy-read oral health information to share with service users and their families.

This work aligns with the key action of the Victorian State Disability Plan 2017–2020 which is a strengthened focus on promoting good oral health for people with disabilities in specialist disability services and supported residential services.

Alliance for a Cavity Free Future

To support our work in local communities, DHSV distributes tooth packs to community based programs such as:

- Koori maternity services
- supported playgroups
- early parenting groups

on behalf of the Alliance. The tooth packs reinforce the oral health training provided to services through programs such as Healthy Families, Healthy Smiles.

Mrs Marsh grant

Through the Colgate's Mrs Marsh initiative, MCH services in Dandenong, Brimbank, Swan Hill, Orbost, Bairnsdale and Robinvale distributed 12,600 toothbrushes and toothpastes to families at risk of poor oral health. This initiative has been funded for another three years.

New prevention plan

The Victorian Oral Health Promotion Advisory Group (also the Population Health Committee) have commenced development of the Prevention of Oral Disease Action Plan that considers the vision of the Victorian Public Health and Wellbeing Plan 2015–2019 and the goals of Australia's National Oral Health Plan (NOHP) 2015–2024.

A strategic workshop was held on 8 March 2017 to develop ideas and directions. A draft plan has been circulated for consultation with submissions received by 30 June 2017.

EXCELLENCE IN LEADERSHIP

The Oral Health Advisory Council (OHAC) held its inaugural meeting in November 2016. OHAC is DHSV's peak clinical body reporting through Executive to Board and leads the improvement in the oral health of our community through clinical leadership and engagement with the clinical workforce and the Victorian community. It is responsible for driving the clinical leadership framework to support, develop and empower clinicians to deliver value-based healthcare in public oral health services in Victoria.

Clinical Leadership in Practice (CLiP)

This year our Clinical Leadership in Practice (CLiP) committee was revitalised with a broader and more diverse membership group, new terms of reference and a new clinical guidelines framework that aligns with the DHSV Strategic Plan 2016–2021. The group published clinical guidelines on the management of the pregnant patient, vital pulp therapy in mature and immature permanent teeth, and the management of the patient on medications that may influence haemostasis.

Clinical data analysis

Analyses of clinical data were undertaken in 2016–2017 including the following areas:

- restoration retreatment
- restoration profile
- trends in prevalence of dental decay
- services provided to children under general anaesthetic.

These reports combined with monthly clinician scorecards are used for feedback on clinicians' performance and to inspire improvements in patient care.

Other clinical leadership updates

- DHSV has completed a gap analysis of current processes compared to the Best Practice Clinical Learning Environment (BPCLE) Framework requirements and a report has been submitted to DHHS.
- A workshop is planned for July 2017 with DHSV and its university partners to development an action plan for 2018.
- The clinical leadership framework was approved by DHSV Executive in December 2016 and presented at the Public Oral Health Innovations Conference in April 2017.
- A gap analysis of DHSV's and the Safer Care Victoria's Clinical Governance Frameworks was conducted in May 2017. Areas of focus were identified for action during 2017–2018 to ensure safe, effective and person-centred care.
- The Credentialing, Competency and Capability Framework was approved by the DHSV Safety and Quality Committee in March 2017.

DHSV has introduced clinical peer reviews into DHSV clinicians' monthly discussions and group training sessions. The topics covered this year were local anaesthesia, radiology, general anaesthetic, eligibility, treatment planning, managing bleeding and endodontics.

Improving the experience of our patients

DHSV has made a considerable shift in the types of restorative materials used to replace tooth loss due to dental decay or wear and tear, to less invasive methods of restoration. In the past year we have increased the use of stainless steel crowns by 71 per cent and have reduced the use of glass ionomer cement restorations which have a higher failure rate than stainless steel crowns. One-third of all stainless steel crowns placed was done using the Hall Technique, a painless method for treating childhood caries. This has allowed clinicians to provide excellent patient care through the use of less invasive techniques.

Leadership program for clinicians

In 2017–2018, DHSV will start its Clinicians' Oral Health Leadership Program (COHLP) course to take 20 young oral health leaders through a 12-month training program. There will also be mentor training for senior clinicians who will support those undergoing training.

Coaching our oral health educators

DHSV is building the capacity of its oral health educators. 10 DHSV staff including two Aboriginal dental assistants and 35 dental assistants from community agencies have been selected for enrolment in the Certificate IV oral health promotion course at RMIT University. This course will take place in 2017–2018. DHSV will also hold a forum to support managers in utilising their oral health educators in their clinics.

Funding

All Victorian Government funds and were acquitted and targets were met for 2016–2017.

The Victorian Minister for Health announced an increase to the minimum Dental Weighted Activity Unit (DWAU) rate to $410 for 28 of the lowest funded agencies to begin in 2017–2018.

The Federal Government's proposed National Partnership Agreement (NPA) on Public Dental Services for Adults is awaiting the outcome of negotiations between the State and Commonwealth governments.

DHSV has achieved the final milestone target of the previous NPA on Adult Public Dental Services in December 2016.

Aged care

In 2015 DHHS funded DHSV to run a six-month pilot project delivering an oral health program to residential aged care facilities (RACFs). The pilot was based on the South Australian Better Oral Health in Residential Care program. It included delivery of oral health education to aged care staff, development of oral heath assessments, oral health plans, and establishment of referral pathways. The pilot was evaluated by DHSV's Centre for Applied Oral Health Research and Evaluation (CAOHRE) and the final report made some key recommendations covering four main themes. These were:

- delivery of regular oral health education and training for aged care staff
- development of consistent policies to assess and address oral health needs
- formalise partnership and linkages between the aged care and community dental sectors
- integration of oral health promotion activities and centralise a portal of resources.

In conjunction with this, DHHS also provided funds to DHSV to deliver the aged care pilot oral health promotion project that centered on testing a customised face-to-face oral health training package developed by DHSV, to train RACF staff.

In 2017, DHSV progressed with the development of a package to support the oral health and aged care sectors to be proactive in their management of oral health for aged care residents by the development an online aged care package. The aged care package will be completed by July 2017 and can be accessed on the DHSV Extranet. DHSV's 'Prevention Portal for Oral Health Professionals' is due to be completed in late 2017.

We have increased the use of stainless steel crowns by 71% and have reduced the use of glass ionomer cement restorations which have a higher failure rate than stainless steel crowns.

EXCELLENCE IN INNOVATION

Centre for Applied Oral Health Research and Evaluation (CAOHRE)

CAOHRE was involved in the following activities:

- led Australia's NOHP 2015–2024 performance monitoring implementation project. CAOHRE developed the standardised reporting framework to enable reporting against the NOHP key performance indicators (KPIs); developed the standardised definitions for the NOHP KPIs to monitor strategies identified in the NOHP and prepared the first national report providing baseline data for the KPIs from all jurisdictions at the commencement of the 10-year NOHP. The report has been provided to the Oral Health Monitoring Group for submission to the Community Care and Population Health Principal Committee. To lead this work, CAOHRE liaised with the state and territory public dental services and established the jurisdictional level network to facilitate and monitor data transfer. In addition, CAOHRE collaborated with a range of national organisations including the Australian Government Department of Human Services, Australian Government Department of Health, Australian Commission on Safety and Quality in Health Care, National Centre for Vocational Education Research, Department of Education and Training, Australian Institute of Health and Welfare, Australian Bureau of Statistics and Australian Research Centre for Population Oral Health.
- undertook the analysis of restoration re-treatments across the Victorian public dental service and presented the findings to all agencies at the regional forums held across the state.
- evaluated the barriers and enablers of DHSV and statewide recall systems and procedures to improve compliance with government recall requirements, ensure consistent recall practices, and increase access to dental care for children in Victoria.
- updated the evidence base on preventive models of care and legislation pertaining to fluoride varnish. The project explored registration requirements, training and scope of practice for non-registered dental and non-dental professionals to best utilise the workforce for providing preventive care.
- facilitated the formation of DHSV's Research Review Group to support the conduct of research at DHSV. The DHSV website has been updated accordingly to reflect the new process.
- disseminated findings from research and evaluation activities through local and international publications and conferences. CAOHRE's first Cochrane Review, *Community-based population-level interventions for promoting child oral health* has global implications in the area of models of oral healthcare delivery, oral health promotion, research, policy and practice.
- evaluation of a range of statewide oral health promotion initiatives.
- led the Victorian arm of the National Child Oral Health Survey. The findings from Victoria have been integrated as part of the national publication *Oral health of Australian children*.
- undertook the analysis to model the impact of new Commonwealth funding scenarios on service output and cost that was used to inform DHHS.
- preparing to lead the Victorian arm of the National Study of Adult Oral Health 2017–2018.

International knowledge and discovery

The International Consortium for Health Outcomes Measurement (ICHOM) is a non-profit organisation with the purpose of transforming healthcare systems worldwide by measuring and reporting patient outcomes in a standardised way. ICHOM has developed standard sets of outcome measures for a number of medical conditions with the aim of covering more than 50 per cent of the global disease burden by 2017.

A standard set of outcome measures for oral healthcare is planned with DHSV as an active partner. The development of oral health outcome measures is a key part of the new DHSV Strategic Plan. DHSV has participated in several rounds of international teleconferences and survey feedback relating to the development of outcome measures for oral health.

CARING FOR OUR ENVIRONMENT

In May 2017, following a literature review and scoping of existing frameworks, DHSV has applied to become a member of the Global Green and Healthy Hospitals (GGHH). We have agreed to endorse the GGHH agenda, a comprehensive framework of 10 interconnected goals designed to support hospitals and health systems around the world to achieve greater sustainability and to contribute to improved public and environmental health.

CAOHRE led the Victorian arm of the National Child Oral Health Survey. The findings from Victoria have been integrated as part of the national publication *Oral health of Australian children*.

BUILDING A STRONGER WORKFORCE

Innovation through technology

An app for students

Building on the success of the student app developed last year and taking user feedback into account, we have added more information and resources that students may need while on clinical placement at RDHM. The app includes DHSV policies and procedures, key contacts, maps, definitions and access to DHSV compliance modules through the app. While designed for students in mind, the app is now also being used by clinical supervisors who supervise students in the hospital. The app also enables DHSV to send surveys and important messages to students.

Courses for overseas trained dentists

A new program has been successfully developed and offered to overseas trained clinicians to assist with their preparation for the Australian Dental Council (ADC) examinations. A mock examination has been offered several times throughout the year and now has a wait list and evaluations reporting high levels of satisfaction. Several mock examinations have been scheduled prior to the ADC exams over the next 12 months.

New learning management system

DHSV has implemented a new learning management system. All users are now able to register for learning activities, undertake online learning modules and have personalised access to print their learning records when they need them. Online learning modules are being developed which are streamlined and accessible via computer desktops and mobile devices for ease of completion.

We reviewed the Basic Life Saving training program. Originally a one-hour session, it is now a 30-minute online theory component and once completed, staff are required to attend a 30-minute training session to verify their capability. The introduction of the online component has given staff the flexibility to complete the theory training outside clinical hours, saving valuable clinical time.

Instrument scanning training

DHSV provided customised training to clinical staff on how to use the new instrument tracking system. The in-situ training was conducted in small groups and tailored to different clinical teams. A video has also been produced and is available online as pre-training and as a refresher.

A safer workplace

A suite of workshops designed to ensure staff understand their rights and responsibilities in maintaining a safe workplace has been rolled out.

The workshops, Staff Safety and Code Grey, Managing Patients Exhibiting Difficult Behaviour and Saying No Safely, have been delivered to both staff of RDHM and community agencies, each with an emphasis on developing business rules for their specific workplaces.

Family violence response

A policy for Employees Affected by Domestic and Family Violence was approved in April 2017. It includes an Individual Domestic and Family Violence Workplace Safety Plan to help employees at risk of, or experiencing domestic and family violence, implement workplace safety options.

A policy and procedure for patients affected by domestic and family violence has been drafted based on the Bendigo Health and Royal Women's Hospital Strengthening Hospital Responses to Family Violence model. A training program for staff is also in development.

Statewide conference

More than 400 participants attended DHSV's Public Oral Health Innovations Conference in April 2017. Held at the Melbourne Convention and Exhibition Centre, the conference highlighted ways to create a value-based healthcare model for public dentistry in Victoria.

The conference was committed to exploring high value and high quality healthcare. It looked at finding ways to promote great clinical care and eliminating low value services for patients.

We aim to provide services that are inclusive and culturally safe for our patients where their health outcomes will always come first.

PURPOSE, FUNCTIONS, POWERS AND DUTIES

DHSV is the leading public oral health agency in Victoria. The organisation coordinates statewide 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 RDHM
- purchasing dental services from more than 50 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
- supporting 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 to 12 years
- young people aged 13 to 17 years who are healthcare or pensioner concession cardholders or dependents of concession card holders
- 2 to 17 year olds eligible for dental care under the Child Dental Benefits Schedule (CDBS)
- children and young people up to 18 years of age in out-of-home care provided by DHHS
- youth justice clients in custodial care, up to 18 years of age
- adults, 18 years and over, who are healthcare or pensioner concession cardholders or dependents of concession cardholders
- refugees and asylum seekers
- Aboriginal and Torres Strait Islander peoples who are treated at RDHM.

People who are eligible for public dental services may also have priority access to general 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 to 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.

Together with The Royal Flying Doctor Service Victoria and ADAVB, DHSV launched the Flying Doctor Dental Clinic in January 2016. The mobile dental clinic offers screening, oral health education and treatment to eligible Victorians. The program has provided dental services to more than 1,000 Victorians living in rural communities who may otherwise have gone without dental care.

SUMMARY OF SERVICES

RDHM

RDHM provides emergency, general and specialist outpatient services to eligible Victorians through 140 dental chairs; outreach services to special needs, residential and nursing home facilities, and a day procedure facility. RDHM is also a teaching facility working closely with partners at The University of Melbourne and RMIT University to educate and train future dental professionals.

Agencies

There are more than 50 community dental agencies located throughout metropolitan Melbourne and regional Victoria. Community dental agencies can be independent entities or can sit within larger health services, community health services and hospitals. DHSV purchases services from these agencies to ensure eligible Victorians have access to public dental services.

Services

Emergency care
Emergency dental care is available to current Victorian healthcare and pensioner concession cardholders at RDHM and community dental clinics. Emergency care is also available to the general public at RDHM on a fee-for-service basis.

General care
General dental care including fillings, dentures and preventive care, is available to current healthcare and pensioner concession cardholders as well as children and young people who are eligible for care under the CDBS at RDHM and community dental clinics across Victoria.

Specialist care
Eligible patients may be referred to RDHM for specialist dental care including orthodontics, specialist needs, oral and maxillofacial surgery, endodontics, periodontics, prosthodontics, paediatric 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 statewide health promotion team supports key policy objectives, including prevention of oral disease, for those in highest need and building capacity to improve oral health outcomes.

Education
RDHM's specialist and teaching clinics support The University of Melbourne's education programs for dentists, specialists and oral health therapists. The teaching clinics also support RMIT University's education programs for dental assistants, technicians, prosthetists and hygienists. In addition, RDHM provides training for overseas-trained clinicians seeking to sit for the ADC exams to gain professional registration.

DHSV works closely with La Trobe University's dentists and oral health therapists to support its rural oral health teaching program in a number of community dental agencies.

Purchased services
DHSV purchases oral health services from more than 50 community dental agencies.

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.

Safety and quality
The DHSV safety and quality system works in partnership with our consumers to identify and drive improvement of processes to solve problems and improve patient experience and outcomes; and to consistently deliver safe, quality care for every patient. It also ensures maintenance of processes and standards of care to minimise risk to patients and staff including monitoring compliance with National Safety and Quality Healthcare Standards and quality indicators.

Partnering with our consumers
DHSV involves consumers in all aspects of its business, particularly around improving the patient journey through our services.

Consumers sit on the Board sub-committees and are consulted wherever possible in service and program developments.

DHSV consults with patients and the Victorian community on the way services are provided and our strategic goals for the future. Our Strategic Framework for Consumer and Community Engagement 2016–2021 involves our communities in the formation of our policies and strategies.

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

Management reporting and analysis
DHSV provides management reporting and analysis services to dental clinics across Victoria.

Agency Relationships Team (ART)
DHSV works closely with public community dental agencies across the state to ensure services provided are as efficient and effective as possible with the resources allocated. ART provides resources, leadership, support and advice and is the link between agencies, DHSV and RDHM.

Clinical leadership
The Public Oral Health Leadership Council provides advice and guidance to DHSV on the development and implementation of new models of care.

In an Australian first for the health sector, dental professions signed a joint position statement against bullying, harassment and inappropriate behaviour in December 2016. Led by DHSV, it was the first time that any group of health professionals came together to pledge against inappropriate workplace cultures.

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.

Dr Zoe Wainer (Chair)
BMBS, GAICD
Appointed to the Board in July 2015

Zoe is the Head of Public Health at Bupa Australia and New Zealand, Director on the Board of the Victorian Responsible Gambling Foundation and is an Honorary Clinical Research Fellow at the Peter MacCallum Cancer Centre. Her passion and expertise in public health has driven formal and informal collaborations with the ICHOM and Harvard Business School in value based healthcare across multiple organisations and she has a continued advocacy focus on the importance of sex differences across health from basic research to health systems implications.

Zoe holds a Bachelor of Medicine, Bachelor of Surgery from Flinders University, and has a clinical background in cardiothoracic surgery and surgical oncology. She has a Masters of Public Health and is a PhD candidate at The University of Melbourne. She is a graduate of the Australian Institute of Company Directors, and is a candidate for fellowship of the Royal Australasian College of Medical Administrators and The Australasian Faculty of Public Health Medicine as well as a current participant in the Williamsons Community Leadership Program with Leadership Victoria.

Ms Kathy Bell
BA (Hons), GradCertHealthEcons, MPH, GAICD
Appointed to the Board in July 2009

Kathy has extensive experience in public health policy and management, with a focus on primary healthcare, workforce issues, ageing, and Aboriginal health. She has held CEO roles in a number of organisations, and is currently engaged in Board and consulting work.

Alex Johnstone
BSc (Econ) Hons, FCPA, CPFA, GAICD
Appointed to the Board in July 2016

Alex brings financial nous to the board as an experienced Chief Financial Officer and Executive Director. He is Chair of the DHSV Finance Committee and is also currently CEO of IPC Health and a Board Director for Eastern Primary Health Network and a member of Victorian Clinical Council. He previously held a number of Executive Director positions at The University of Melbourne and in the National Health Service in England. In addition he is a former Board Director of Health Purchasing Victoria and South Eastern Melbourne Medicare Local.

Dr Pamela Dalgliesh
BDS, Cert Dental Therapy
Appointed to the Board in July 2011

Pamela has twenty 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, ADAVB, 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 Dentistry. In the past six years she has been involved in working with refugees from Africa and Burma with the Lutheran Church as its Community Development Facilitator. She is currently on the Board of Management for the Mansfield District Hospital.

Ms Helene Bender OAM
BCom, Dip Travel and Tourism
Appointed to the Board in July 2011

Helene is Deputy Chancellor of Deakin University, member of Chancellor's Advisory Committee, Remuneration Committee, Honorary Degrees Committee and Chair Legislation Committee. Helene is a Director of Geelong Cemeteries Trust and a member of the Finance Committee, and Chair Audit and Risk Committee. Helene is also a volunteer at St John of God Geelong Hospital and member of the Consumer Advisory Group Committee at St John of God, Secretary of the Order of Australia Association Barwon Regional Group and Order of Australia Association State Branch and member of the Communication sub-committee. Helene's term concluded on 30 June 2017.

Judith Klepner
BA, Dip Ed, Grad Dip Inter Ethnic Studies and Education, GAICD
Appointed to the Board in July 2016

Judith offers expert advice and insight in the fields of industrial relations, health and safety, community engagement and risk management. She has extensive board experience including having served as a director for the Adult, Community and Further Education Board, member of the management committee of the South Melbourne Market and as Councillor for the City of Port Phillip. Judith is currently a member of the Board of Multicultural Arts Victoria and Board Chair of Star Health.

Ms Barbara Hingston
BA, BSW,GAICD, AASW ICDA
Appointed to the Board in August 2013. Reappointed July 2016

Barbara brings a wealth of knowledge from governance and management roles in health – acute, primary care and mental health services – and in the community sector in women and children's safety, wellbeing and education services. Barbara has extensive experience in organisational and clinical governance, consumer and community stakeholder engagement, social policy and practice, strategy planning, review and service evaluation.

Barbara's current non-executive directorships include inaugural Director of the statewide Tasmanian Health Service Governing Council, Director of the Board of the Public Trustee Tasmania and an appointee to the Minister's Disability Advisory Council, Tasmania. She holds a position on the national Board of Catholic Social Services Australia and is a former national Director of Headspace, the National Youth Mental Health Foundation and of Austin Health.

Mr Cameron Clark
MACS, GAICD
Appointed to the Board in July 2011

Cameron runs his own information technology company and has particular interests in information technology, 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. He is currently involved in the family violence arena providing supportive software solutions for case workers. Another key interest is designing solutions to give a holistic view of a client's issues combining both health and welfare to promote wellbeing and ultimately reduce the current high cost of health. Cameron's term concluded on 30 June 2017.

Mr Ian Pollerd
BEd(BS), GDipEd(EdAdmin), BEd(BA), DipCrim, MAICD
Appointed to the Board in September 2015

Ian is a Director of Eureka Solutions, a consultancy specialising in policy formulation and review, governance and event management. With over 20 years' working in government, Ian is well acquainted with the workings of bureaucracy. He has held senior public sector health and community services program management positions at both the operational and policy levels. Ian is a Member of the Australian Institute of Company Directors, has completed the company directors' course and has extensive experience as a Director on a number of government and non-government boards. An experienced community engagement facilitator in both metropolitan and rural settings, Ian has assisted Aboriginal groups to develop good corporate governance policies.

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 11 times during 2016–2017. Attendance at Board meetings was as follows:

Member	Number of meetings eligible for	Number of meetings attended
Zoe Wainer	11	10
Kathy Bell	11	10
Helene Bender	11	9
Cameron Clark	11	11
Pamela Dalgliesh	11	10
Barbara Hingston	11	9
Judith Klepner	11	10
Ian Pollard	11	10
Alex Johnstone	11	9

In July we farewelled two of our esteemed Board members – Cameron Clark and Helene Bender.

They will be remembered for their dedication and contribution to the Board and committees on which they served.

SUB-COMMITTEES

The following committees provided advice to the DHSV Board of Directors during the 2016–2017 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 Helene Bender (from November 2016), Mr Kevin Quigley (independent)

Community Advisory Committee

The Community Advisory Committee 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 Barbara Hingston

Members: Mr Cameron Clark (Director), Ms Sandra Anderson, Mr Sam Caldera (August 2016 only), Mr Geoffrey Dye (until February 2017), Ms Sharon King Harris, Ms Christine Ingram, Ms Roxanne Maule, Ms Jacqueline Gibson, Ms Maria Sheridan (until February 2017), Ms Thu-Trang-Tran (from May 2017), Mr Kevin Trang (from May 2017), Mr Virendra Khatana (from May 2017)

Executive Performance and Remuneration Committee

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

Chair: Dr Zoe Wainer

Members: Mrs Helene Bender, Ms Kathy Bell

Finance Committee

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

Chair: Mr Alex Johnstone

Members: Ms Helene Bender (July 2016 only), Dr Zoe Wainer, Mr Ian Pollerd, Dr Deborah Cole

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 Barbara Hingston, Ms Judith Klepner, Dr John Rogers, Dr Gregory Morris, Mr Garry Pearson, Ms Roisin McGrath, Dr Felicia Valianatos, Dr Sajeev Koshy, Mr Chris Templin, Prof Mike Morgan, Dr Lisa Gibbs, Dr Julie Satur, Dr Mark Gussy, Ms Jan Black, Ms Rebekah Kaberry, Mr Simon Flagg, Mr Tan Nguyen, Ms Sonya Stanley

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.

Chair: Dr Pamela Dalgliesh

Members: Mr Ian Pollerd, Ms Judith Klepner, Ms Rebekah Kaberry, Ms Sandra Anderson, Mr Keegan Crow (from June 2017), Ms Nicolle Davies (from June 2017), Mr Jonathon Teoh (from June 2017)

Compensation arrangements

The Board reviews the compensation arrangements of the CEO 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 2016–2017 as internal auditors and risk consultants as part of our ongoing commitment to risk management.

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, GDHA, MBA, GradCertLead and CathCulture, FAICD, FAIM, GAIST, FICD

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 RDHM from 1995 to 1999 and has also held senior positions at the South Australian Dental Service.

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 and communication technology. Tim ceased employment with DHSV in April 2017.

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, health promotion and statewide safety and quality. He has particular expertise in project management, continuous improvement and customer service and has held senior executive positions in regional and specialist hospitals.

Ms Louise Palmer
Chief Experience Officer
CertDenThrpy, AssDipArts, DipT, GCertAppSci, MEd, CertIVTAA, CertGovPrac

Louise has significant senior and executive management experience, most recently in the tertiary education sector. She has particular expertise in the areas of leadership and management, strategy and culture, workforce learning and development, organisational design and innovation, and Lean people systems and processes.

Dr Paula Bacchia
Executive Director Oral Health Leadership (until December 2015) Chief Oral Health Adviser (from December 2015)
BDSc, GradDipHealthServMan, GradCertPubHlth, FICD

As Chief Oral Health Adviser, Paula provides high-level strategic clinical advice to DHSV Executive and plays a key role in the implementation of DHSV's clinical leadership framework. She has extensive experience as a senior clinician and manager of large dental clinics, and a strong background in public dental health. Paula also works as a Professional Officer with the Australian Health Practitioner Regulation Agency, is an examiner with the ADC and at La Trobe University. Paula finished employment with DHSV in December 2016.

Dr Martin Hall
Chief Oral Health Advisor
BDS, MPH, AdvDipManagement, FICD

Martin has over 30 years' experience as a dentist working to improve the oral health of vulnerable communities both in Australia and overseas. He previously held positions of Senior Dentist and General Manager Clinical and Oral Health Services at North Richmond Community Health. He is also currently Honorary Fellow at The University of Melbourne's Faculty of Medicine, Dentistry and Health Sciences and Director of Kose Nehan – Oral Health Project in East Timor. Martin started in this role in April 2017.

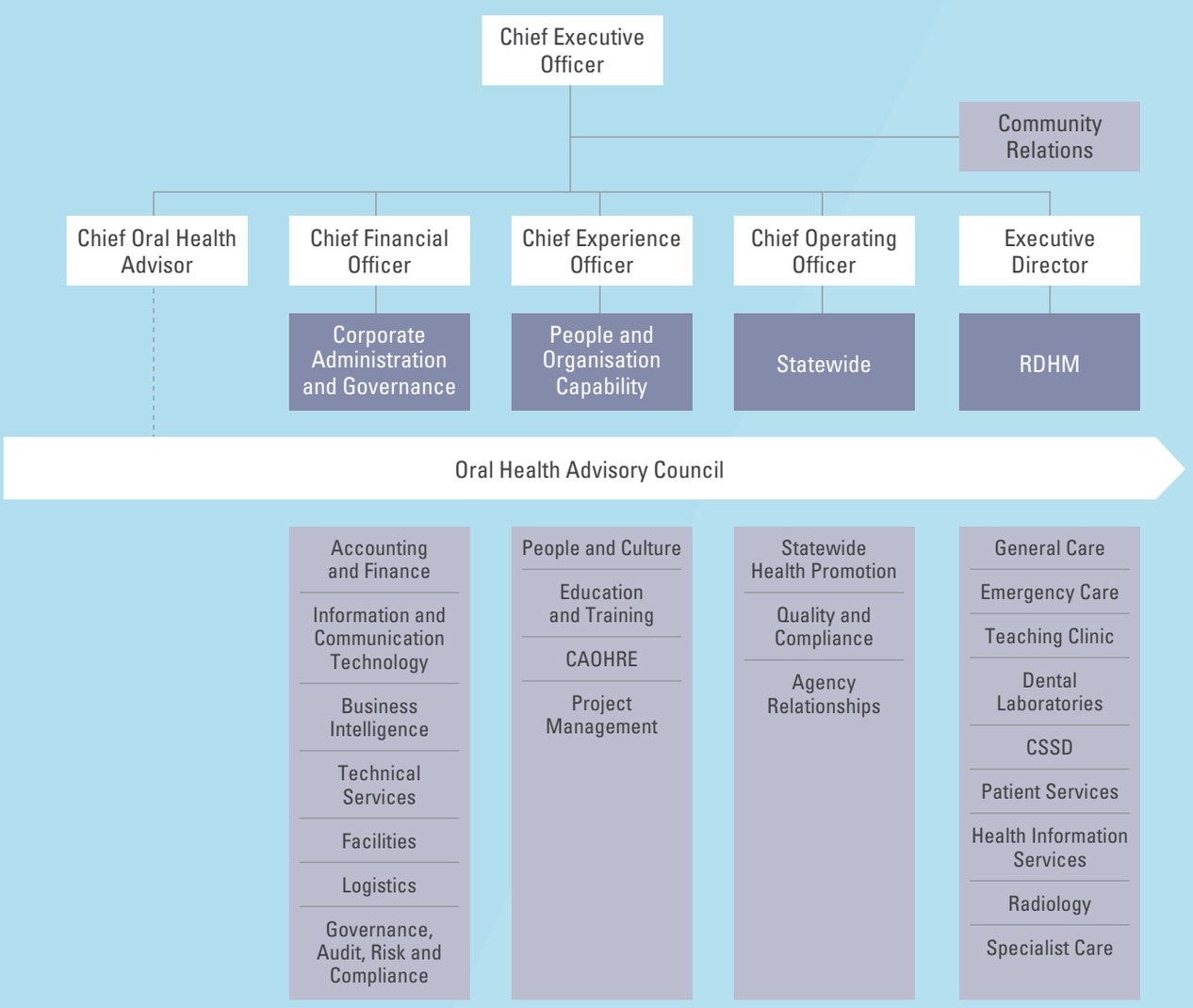
Ms Leanne Turner
Executive Director, RDHM
RN, BHSc-Nsg, Postgraddip Health Admin, MBA, GAICD

Leanne is responsible for RDHM. 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. Leanne ceased employment with DHSV in December 2016.

Ms Melanie van Altena
Executive Director, RDHM
BAppSc Physio, MBA, Dip Bus

Melanie is responsible for RDHM. She has significant senior management experience in the healthcare and personal injury insurance sectors. Melanie holds qualifications in physiotherapy and business administration and has particular expertise in the areas of leadership and management, project management and continuous improvement. Melanie started in this role in December 2016 in an acting capacity and was formally appointed in May 2017.

ORGANISATIONAL CHART



ORAL HEALTH ADVISORY COUNCIL

Dr Paula Bacchia
Executive Director Oral Health Leadership (until December 2015) Chief Oral Health Adviser (from December 2015)
BDSc, GradDipHealthServMan, GradCertPubHlth, FICD

As Chief Oral Health Adviser, Paula provides high-level strategic clinical advice to DHSV Executive and plays a key role in the implementation of DHSV's clinical leadership framework. She has extensive experience as a senior clinician and manager of large dental clinics, and a strong background in public dental health. Paula also works as a Professional Officer with the Australian Health Practitioner Regulation Agency, is an examiner with the ADC and at La Trobe University. Paula finished employment with DHSV in December 2016.

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Associate Professor Werner Bischof
Clinical Advisor – Specialist Care
BDSc MDSc FRACDS

Werner has held the position of Clinical Advisor – Specialist Care since 2014. He provides clinical leadership across all specialist units in the areas of models of care, peer review, clinical governance and patient experience. He is a periodontist with extensive experience in clinical practice, education and regulation. He is also a Consultant Periodontist Dental Unit Royal Children's Hospital, Academic Lead in Periodontology/ Periodontics Department of Dentistry and Oral Health, La Trobe University, Chair of the Victorian Registration and Notification committee of the Dental Board of Australia and a Member of the Accreditation Committee of the ADC.

Dr Rana Yawary
Principal Oral Health Advisor Statewide
BDSc, DClinDent(Paediatric Dentistry), MRACDS

Rana works in collaboration with the statewide team to embed the clinical leadership framework across public oral health, implement new models of care and drive initiatives relating to oral disease prevention and improved health outcomes. She is a paediatric dentist with significant experience in public oral health. Prior to joining DHSV, Rana held senior positions at the Western Australian School Dental Service and at the Royal Children's Hospital of Melbourne.

Associate Professor Matthew Hopcraft
Clinical Advisor – Primary Care
BDSc MDSc BA PhD

Matthew provides clinical leadership across the primary care department including the development of new models of care and clinical governance. Matthew is a dentist with extensive experience in clinical practice, education and research. He previously held positions as the Director of Clinical Education at Melbourne Dental School and the Director of Assessments and Examinations at the ADC, and is a past president of ADAVB. Matthew finished employment with DHSV in June 2017.

Dr David Butler
Principal Oral Health Advisor
BDS, Grad. Dip Clin.Dent.,FICD

David provides high-level, strategic clinical advice and policy clinical impact statements, to the Executive Director – RDHM, Director – Safety and Quality Statewide, Manager – Governance Audit Risk and Compliance and the Quality and Safety Team at RDHM. He works closely with his oral health advisor counterparts in the RDHM primary and specialist care units. Currently, David chairs the RDHM infection control, anti-microbial stewardship, product evaluation and technology advancement committees and the Clinical Leadership Group.

Dr Martin Whelan
Clinical Data Analyst
BDSc

Martin graduated as a dentist in 1985. He has 30 years' experience in public oral health with the last of his 20 years working at DHSV as the Clinical Data Analyst. His main role at DHSV includes monitoring the activities and effectiveness of public dental programs which includes analysis of data to inform strategic, clinical and operational decision making.

WORKFORCE INFORMATION

DHSV applies the classification guidelines as set down by the Victorian Public Sector Commission for all workforce data collection purposes.

Employment principles

DHSV is committed to equal opportunity (including equal employment opportunity) and inclusive, fair and reasonable processes in all human resource management procedures. DHSV applies a framework that incorporates the employment principles outlined in the Public Administration Act.

Our recruitment and selection processes apply the principles of merit and equity, relevant award and statutory requirements and best practice public sector approaches.

The principles of natural justice and procedural fairness underpin our procedures for handling staff complaints and grievances, which seek to achieve an effective resolution of issues that contribute to positive workplace relationships.

We have in place policies and procedures addressing legislative requirements in the areas of harassment and discrimination, occupational health and safety and other areas of government policy governing employment terms and conditions.

All policies and procedures and associated documentation are readily accessible for staff via the staff portal.

Organisational values and staff code of conduct

DHSV's core values of respect, accountability, collaboration and transformation, provide both a guide for employee behaviour and a framework for fostering a respectful workplace culture that promotes employee engagement and performance. Our ethos, The DHSV Way, forms part of our new Code of Conduct. It incorporates a suite of above and below the line behaviours for each of the core values. The DHSV Way (and Code) has been communicated to staff through various channels and was a particular focus at Respectful Workplace Learning Day events.

WORKFORCE BREAKDOWN

Labour category	June Current Month FTE*		June YTD FTE*	
	2016	2017	2016	2017
Nursing Registered nurses	17.96	18.74	18.34	17.65
Administration and clerical Admin, clerical, management	167.76	165.93	168.14	165.33
Medical support CSSD techs/ radiologists	23.92	23.82	23.36	24.31
Hotel and allied services Other (e.g. storepersons, maintenance technicians, orderlies)	9.02	9.23	10.04	8.40
Medical officers Anaesthetists	4.78	5.97	4.94	4.95
Ancillary staff (allied health) – Speech therapists	0.29	0.54	0.30	0.36
Specialist dentists	18.67	17.38	18.25	17.88
Dentists	38.01	39.83	34.69	37.23
Dental therapists	5.99	7.74	5.96	6.44
Dental hygienists	0.18	0.18	0.18	0.18
Dental assistants	105.09	104.88	100.97	104.59
Dental technicians	18.41	19.73	20.90	19.10
Total	**410.08**	**413.97**	**406.07**	**406.42**

Occupational violence statistics	2016–2017
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
3. Number of occupational violence incidents reported	39
4. Number of occupational violence incidents reported per 100 FTE	9.42
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	5.13

FTE: Full time equivalent

FEES AND CHARGES

Eligible adults:

- a fee of $27.50 per visit to a maximum of $110 for a general course of care, which includes an examination and all general dental treatment
- a flat fee of $27.50 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 – $66.50 per denture capped at $133 for a full upper and lower denture.

Children aged 0 to 12 years who are not healthcare or pensioner concession card holders or not dependants of concession card holders:

- free of charge for an emergency course of care
- a flat fee of $32.50 per child for a general course of care, which includes an examination and all general dental treatment. Fees per family will not exceed $130.

Fees for specialist services (RDHM only):

- dependent on the treatment provided, up to a maximum of $332 for a course of care.

FEE EXEMPTIONS

Exemption from fees for public dental services apply to:

- Aboriginal and Torres Strait Islander peoples at RDHM*
- children and young people aged 0 to 17 years who are healthcare or pensioner concession card holders or dependants of concession card holders*
- homeless people and people at risk of homelessness
- refugees and asylum seekers
- all children and young people up to 18 years of age, who are in out-of-home care provided by DHHS
- 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 (as assessed by a qualified staff member).

* Fees do apply for public specialist dental services.

MEETING ACCREDITATION

DHSV has a lead role supporting all public community dental agencies to successfully maintain accreditation with the six National Safety and Quality Health Service Standards for Dental Practices. Since the standards were introduced, DHSV has continued to provide updated resources, advice and ongoing support for the more than 50 public community dental agencies who have all achieved and maintained accreditation for their dental clinics.

DHSV completed a self-assessment against three of the 10 National Safety and Quality Health Service Standards for day procedure services as part of our three-year accreditation cycle in December 2016. This was a successful review with the surveyors praising DHSV for a number of initiatives and improvements such as: the Public Oral Health Innovations Conference, the agency regional forums, the clinical leadership framework and the demonstrated improvement in hand hygiene. The surveyor congratulated DHSV on the continuing good work for partnering with consumers and stated that DHSV is at the leading edge of this particular standard.

DHSV continues to play a major role providing advice in relation to the review of National Safety and Quality Health Service Standards for Dental Practices.

QUALITY RESOURCES

DHSV 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 Account 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.

Compliant with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed on the right have been retained by 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 interests 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 the entity to develop community awareness of DHSV and its services.
i) details of assessments and measures undertaken to improve the occupational health and safety of employees.
j) general statement on industrial relations within DHSV and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
k) a list of major committees sponsored by DHSV, the purposes of each committee and the extent to which the purposes have been achieved.
l) details of all consultancies and contractors including consultants/contractors engaged, services provided and expenditure committed for each engagement.

I, Dr Deborah Cole certify that Dental Health Services Victoria has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The Dental Health Services Victoria Audit and Risk Committee has verified this.

Dr Deborah Cole
Chief Executive Officer
Dental Health Services Victoria Carlton VIC
14 August 2017

I, Dr Deborah Cole certify that Dental Health Services Victoria has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.

Dr Deborah Cole
Chief Executive Officer
Dental Health Services Victoria Carlton VIC
14 August 2017

Buildings management

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

Purchasing and tendering

DHSV purchasing and tendering complies with Health Purchasing Victoria procurement policies.

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.

Freedom of information

The Victorian Freedom of Information (FOI) Act 1982 provides members of the public the right to apply for access to information held by DHSV. The majority of applications under Freedom of Information are requests by patients for access to their own personal dental records.

DHSV received 93 requests during the year and all requests were granted in full.

Occupational health and safety

The occupational health and safety (OHS) strategic direction places a focus on leadership and employee engagement in occupational health and safety, which is achieved with support and guidance from the Occupational Health and Safety Coordinator.

The SmileSAFE OHS management system provides a framework for risk management that not only ensures compliance with relevant legislation but seeks continuous improvement.

Employee engagement and consultation was achieved through the establishment of Designated Work Groups (DWGs) throughout the organisation. Each DWG has a designated OHS representative who is provided with detailed training in OHS legislation, hazard identification and consultation methods. These elected representatives, along with management representatives, form the OHS Committee who are responsible for setting the direction of OHS and monitoring risk management programs such as workplace inspections, musculoskeletal disorder risk reduction and chemical risk management.

DHSV installed a bariatric chair suitable for managing patients during their dental visit. The bariatric chair provides comfort and stability to bariatric patients in the community. Having the bariatric chair at DHSV provides a safeguard towards staff safety whilst promoting the patient's independence.

Protected Disclosure Act 2012 (the Act)

DHSV is committed to the aims and objectives of the Act. DHSV does not tolerate improper conduct by employees, nor the taking of reprisals against people who come forward to disclose such conduct.

DHSV is not a public organisation prescribed under the Act to receive a protected disclosure, therefore disclosures about DHSV, its directors and employees must be made directly to the Independent Broad-based Anti-corruption Commission (IBAC).

Although DHSV is not able to receive disclosures, DHSV has a procedure in place (as required under section 58 of the Act), which sets out how DHSV will protect people against detrimental action that might be taken against them in reprisal for making a protected disclosure or cooperating in an investigation into a protected disclosure complaint.

ENVIRONMENT PERFORMANCE REPORT

DHSV is committed to continuous improvement in the area of sound environmental practices. We are committed to protecting and enhancing the environment for future generations. We will consider, and implement where appropriate, sustainable environmental practices in activities that we undertake.

DHSV also continues to work with the DHHS to report our energy and water usage on a monthly basis.

Energy consumption

Total energy consumption by energy type (GJ)	2014	2015	2016
Electricity	11,421	10,392	10,588
Natural gas	11,374	11,691	7,598
Produced and used steam	237	213	225

2014	Total	23,032
2015	Total	22,296
2016	Total	18,411

Normalised energy consumption	2014	2015	2016
Energy per unit of floor space RDHM (GJ/m^2)	1	1	1

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO2e)	2014	2015	2016
Scope 1 – calculated consumed nitrous oxide	82	61	123
Scope 2 – calculated consumption gas and electricity	347	436	298

2014	Total	429
2015	Total	497
2016	Total	421

Normalised greenhouse gas emissions	2014	2015	2016
Emissions per unit of floor space RDHM (kgCO2e/m^2)	50	56	48

Water consumption

Total water consumption by type (kL)		
2014	Total	15,740
2015	Total	15,087
2016	Total	14,280

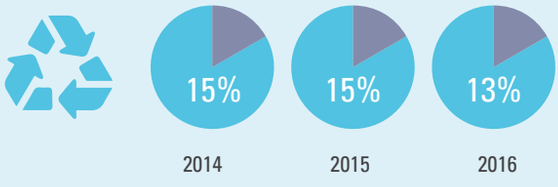
Normalised water consumption	2014	2015	2016
Waste per unit of floor space RDHM (kL/m^2)	1	1	1

Waste generation

Total waste generation by type (tonnes)	2014	2015	2016
Clinical waste	23	24	22
General waste	210	217	139
Recycled waste	41	41	25
Total	274	282	186

Normalised waste generation	2014	2015	2016
Waste per activity (kg/activity)	2	2	2

Waste recycling
Waste recycling rate



STATEMENT OF PRIORITIES

PART A: STRATEGIC OVERVIEW – Q4 UPDATE

Mission statement

We lead improvement in oral health for Victorians and ensure we prioritise those most in need.

Service profile

DHSV is the lead oral health agency in Victoria. We provide oral health services through RDHM and in partnership with over 50 community dental agencies throughout the state. We also run statewide oral health promotion programs, invest in oral health research, advise the government on oral health policy and support the education of future oral health professionals.

Our Strategic Plan 2016–2021 and Business Plan 2016–2017 focus on four strategic themes:

- improve health outcomes
- improve the experience
- be global leaders with our local partners
- be a great place to work and a great organisation to work for.

In 2016–2017 we will use a population and targeted life course approach to identify strategies to improve health outcomes and will develop more efficient and effective models of care with a strong preventive focus.

Strategic planning

The DHSV Strategic Plan 2016–2021 is available at https://www.dhsv.org.au/strategicplan

Strategic priorities

In 2016–2017 DHSV will contribute to the achievement of the Government's commitments by:

Action	Deliverables	Outcomes
Priority: Quality and safety		
• Progress implementation of a whole-of-hospital model for responding to family violence.	• Commence implementation of the Respectful Workplace action plan, including training for all DHSV staff. • Implement the family violence clinical training guides developed through DHHS to identify and refer patients when needed.	We have created new policies to support our Respectful Workplace Action Plan. These have been approved, distributed and effectively communicated to all staff. In December 2016, we held our first organisation-wide Respectful Workplace Learning Day with follow-up workshops held through May 2017 for staff who were unable to attend the original event. Our policy for Employees Affected by Domestic and Family Violence was approved in April 2017 and includes a template to inform development of Individual Domestic and Family Violence Workplace Safety Plans. A policy and procedure for patients affected by domestic and family violence has been drafted based on the Bendigo Health and Royal Women's Hospital model. A training program for staff is under development.
• Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	• Develop and commence implementation of a co-design framework to provide a welcoming and respectful environment for patients receiving dental care.	In February 2017, the DHSV Board approved our Strategic Framework for Consumer and Community Engagement 2016–2021. We finalised a Memorandum of Understanding with RMIT University to provide a platform for DHSV to partner with architecture students in co-designing projects.

Action	Deliverables	Outcomes
Priority: Access and timeliness		
• Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	• Develop the model of care (MOC) framework for 0–4 year olds that integrates prevention, early identification and referral and dental care through public dental clinics.	We convened a workshop to scope programs for 0–4 year olds that focus on prevention, early intervention and better referral procedures. We commenced as assessment of children on general anaesthetic, waiting lists and started to define an overarching MOC framework that will apply across the life courses defined in our Strategic Plan 2016–2021.
• Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to do so, making the most efficient use of available resources across the system.	• Develop and implement the teledentistry program to all the relevant regional public dental clinics in Victoria.	A teledentistry pilot was completed at four sites – Goulburn Valley Health, Latrobe Community Health Service, Peninsula Health and South West Healthcare. The pilot evaluation report was finalised and a project plan was developed for a statewide rollout in 2017–2018.
• Optimise system capacity by ensuring that allocated points of care are implemented as per the Travis review recommendations.	• Continue to deliver care to an additional (736) patients in DHSV operating theatres, as funded by the Travis Review.	An additional 736 patients were treated in our Day Surgery Unit utilising theTravis Review funding. This was completed in March 2017. A plan was developed to deliver care in 2017–2018.
• Work with the DHHS and public dental agencies to deliver funded Commonwealth programs.	• Continue to work with DHHS to maximise any Commonwealth funded programs to improve the access of eligible Victorians to oral healthcare.	We redeveloped the Child Dental Benefits Schedule (CDBS) information and marketing materials to reflect the program changes from January 2017. All National Partnership Agreement (NPA) (Adult Dental Care) funds were acquitted and targets met for 2016–2017. We worked with DHHS to model how we acquit activity and funds against the proposed NPA. It is awaiting final negotiation between the State and Commonwealth governments.
• Optimise alternatives to hospital admission.	• Complete the evaluation of the Preventable Hospital Admissions Pilot and consider changes to the program prior to its broader implementation.	A pilot and evaluation report was completed and provided to DHHS and the CEOs of St Vincent's Hospital Melbourne (SVHM) and the Royal Melbourne Hospital (RMH).
• Work with DHHS and public dental agencies to respond to recommendations arising from the Victorian Auditor General's Office review – *Access to public dental services in Victoria*	• Develop and implement strategies with DHHS in response to the agreed recommendations.	In partnership with DHHS, we reviewed the VAGO findings. We then provided DHHS with a set of proposed actions for each of the 11 VAGO recommendations. The next step is to generate a single action plan which DHHS has agreed to author.
Priority: Supporting healthy populations		
• Provide Health Services support for shared population health and wellbeing planning at a local level – aligning with Local Government Municipal Public Health and Wellbeing plans and working with other local agencies and Primary Health Networks.	• Through the Population Health Committee and the Victorian Oral Health Promotion Advisory Group, develop the next prevention action plan that considers the vision of the Victorian Public Health and Wellbeing Plan 2015–2019 and the goals of the National Oral Health Plan 2015–2024.	On 8 March we held a strategic workshop to develop the new Victorian action plan for the prevention of oral disease. Following this, we held three consultation workshops with our partners and consumers to develop a draft plan. The draft plan was circulated for consultation with submissions received by 30 June 2017.

Action	Deliverables	Outcomes
Priority: Supporting healthy populations (continued)		
• Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices.	• Develop and commence implementation of a partnership and communication framework.	A draft partnership and communication framework was developed in consultation with community representatives, partners and consumers.
• Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	• Recruit the joint VACCHO and DHSV project/policy officer • Review and update the DHSV Aboriginal Oral Health Plan.	A new Aboriginal Community Development Officer commenced in November 2016. We commenced a review of our Aboriginal Oral Health Plan in consultation with VACCHO which will be updated and incorporated into a Reconciliation Action Plan. An e-learning Aboriginal Cultural Awareness module was developed and launched during Reconciliation Week. It is a mandatory learning module for all staff and has been incorporated into the onboarding process for all new employees.
• Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	• Commence the implementation of the Respectful Workplace action plan.	The Respectful Workplace Framework (underpinned by our guiding principles of equity, diversity, inclusion, flexibility, wellbeing and safety) has been developed and communicated to all staff. We have also developed a suite of policies and procedures to support the implementation of the framework. On 8 December we held an organisation-wide Respectful Workplace Learning Day with follow-up workshops held through May 2017 for staff who were unable to attend the original event.
Priority: Governance and leadership		
• Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes, leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	• Identify and implement improvements from the DHSV response to the Victorian Clinical Governance Policy Framework. • Identify and respond to the appropriate findings of the Review of hospital safety and quality assurance in Victoria.	The final version of the Victorian Clinical Governance Policy Framework was released June 2017. An action plan was developed to address areas in need of improvement. The *Review of Hospital Safety and Quality Assurance in Victoria* was received in October 2016. In response, we completed a gap analysis, briefing and action plan for our Executive team as well as our Safety and Quality committee. Based on the report findings, we have developed a six monthly compliance report template for community dental agencies which has been incorporated into their purchasing agreements. We have also developed a DHSV specific action plan and commenced monitoring it while we wait for further details from DHHS.
• Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	• Commence implementation of the Respectful Workplace action plan including the selection and training of wellbeing contact officers. • Provide training to staff on relevant policies and procedures aimed at reducing bullying and harassment.	We commenced implementation of our Respectful Workplace Action Plan. A Wellbeing Contact Officer (WCO) Network was established and all WCOs completed training through the Victorian Equal Opportunity and Human Rights Commission in May 2017. Our new suite of Respectful Workplace policies and procedures were introduced to staff at our Respectful Workplace Learning Day and follow-up workshops.

Action	Deliverables	Outcomes
Priority: Governance and leadership (continued)		
• Board and senior management ensure that an organisational wide OHS risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of OHS incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	• Commence implementation of the Respectful Workplace action plan. • Continue the annual DHSV Board risk management workshop.	We commenced implementation of our Respectful Workplace Action Plan and demonstrated an ongoing commitment to creating a safe workplace free from bullying, harassment, discrimination and inappropriate behaviour. The DHSV Board attended a risk management workshop in March 2017.
• Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the (BPCLE) Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	• Develop and commence implementation of the COHLP. • Complete the gap analysis with respect to DHSV's current processes and the BCPLE requirements.	We developed the curriculum for the Clinicians' Oral Health Leadership Program. The overarching instructional design was mapped and we developed print-based and e-learning resources. This included the development of a complementary workshop program and associated resources to train mentors who will support COHLP participants. A gap analysis of DHSV's current processes and BPCLE requirements was completed and submitted to DHHS. A workshop is planned for July 2017 where DHSV and our university partners will start developing an action plan for 2018.
• Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	• Develop and commence implementation of a co-design framework to provide a welcoming and respectful environment for patients receiving dental care. • Commence implementation of the Respectful Workplace action plan.	In February 2017, the Board approved the *DHSV Strategic Framework for Consumer and Community Engagement 2016–2021*. We developed and implemented a suite of complementary policies and procedures as part of the Respectful Workplace Action Plan. We also trained staff and held focus groups with members of our Workplace Health Safety and Wellbeing Committee. The workshops covered our strategic themes focussing on workplace safety and respectful behaviour. We developed a new ethos for the organisation called 'The DHSV Way'. This forms part of our new Code of Conduct. It incorporates a suite of above and below the line behaviours for each of the core values. The DHSV Way (and Code) has been communicated to staff through various channels and was a particular focus at Respectful Workplace Learning Day events.
• Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse to children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	• Develop and implement appropriate policies and practices based on the Victorian Child Safe standards that are applicable to the public dental system.	The Child Safe Standards working group developed an action plan to implement a formal policy, procedure and risk analysis. A policy and procedure was approved by the Executive team in March 2017. We also compiled 'dental specific' education packages which will be shared with community dental agencies across the state. Information sessions were delivered at all regional agency forums.

Action	Deliverables	Outcomes
Priority: Governance and leadership (continued)		
• Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	• Continue the flu vaccination program for staff and review DHSV employment policies to increase staff vaccination rates.	We continued our flu vaccination program from April 2017 with 69 per cent of staff participating. We are currently scoping employment policies to increase staff vaccination rates.
• Improve data reporting systems to increase accountability and transparency, consistent with the *Transparency in Government Bill*.	• Continue planning for transition to the new statewide Ti Web version of the DHSV patient management system. • Work with DHHS to ensure the availability of data to meet the reporting requirements of the *Transparency in Government Bill*.	Funding of $700k was received from DHHS. A governance structure was implemented with plans on track to transition to Ti Web in 2018. A reporting framework was put in place to meet the requirements of the Transparency in Government Bill. This includes our Statements of Priorities and quarterly reporting to DHHS.
Priority: Financial sustainability		
• Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	• Maintain current focus on working capital management ensuring that DHSV continues to meet its financial obligations.	We continued to focus on capital management ensuring we meet our financial obligations.
• Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	• Design a Sustainability framework and develop and implement an enabling plan aligned to the DHSV Strategic Plan 2016–2021 that will build on the current environmental sustainability work.	In May 2017, following a literature review and scoping of existing frameworks, the Board approved a recommendation for DHSV to: • apply to be a member of the Global Green and Healthy Hospitals (GGHH) Network • adopt the GGHH comprehensive framework to achieve greater sustainability and contribute to improved public environmental health • give initial focus to strategies supporting the GGHH goals for Leadership and Water.
• Identify opportunities for efficiency and better value service delivery.	• Work with DHHS to develop a consistent agency funding rate per DWAU (State rate) and commence implementation.	On 29 June 2017, the Minister for Health announced an increase to the minimum DWAU rate to $410 for 28 of the lowest funded agencies to commence in 2017–2018.

PART B: PERFORMANCE PRIORITIES

Quality and safety

Key performance indicator	2016–2017 Agencies target	YTD Q4 Actual	2016–2017 RDHM target	YTD Q4 Actual
Number of hospital initiated postponements per 100 scheduled appointments			3.0	2.8
Health service accreditation (RDHM) and support agencies to maintain accreditation.	Fully accredited		Fully accredited	

Governance and leadership

Key performance indicator	Target	YTD Q4 Actual
People Matter Survey – percentage of DHSV staff with a positive response to safety culture questions	80%	91%

Access and timeliness

Key performance indicator						
Emergency care	2016–2017 Agencies Target	YTD Q4 Agencies Actual	2016–2017 RDHM target	YTD Q4 RDHM Actual	2016–2017 Statewide target	YTD Q4 Statewide Actual
Percentage of dental emergency triage category 1 clients treated within 24 hours	85.0%	91.8%	85.0%	95.3%	85.0%	92.9%
Percentage of dental emergency triage category 2 clients treated within 7 days	80.0%	90.3%	80.0%	90.9%	80.0%	90.3%
Percentage of dental emergency triage category 3 treated within 14 days	75.0%	91.1%	75.0%	91.2%	75.0%	91.2%

General and denture care	2016–2017 Agencies Target	2016–2017 RDHM target	YTD Q4 RDHM Actual	2016–2017 Statewide target	YTD Q4 Statewide Actual
Average recall interval for high caries risk eligible clients aged 0 – 17 years (months)				12.0	9.3
Average recall interval for low caries risk eligible clients aged 0 – 17 years (months)				24.0	11.4
Waiting time for prosthodontics, endodontics, and orthodontics specialist services patients (months)		15.0	13.6		
Waiting time for other dental specialist services patients (months)		9.0	6.3		
Waiting time for general care (months)				23.0	17.6
Waiting time for denture care (months)				22.0	15.3
Waiting time for priority denture care (months)				3.0	2.2

Activity

Key performance indicator	2016–2017 Statewide Target	YTD Q4 Target	YTD Q4 Actual
Total number of individuals treated	345,099	345,099	385,251

Financial sustainability

Key performance indicator	Target	YTD Q4 Target	YTD Q4 Actual	YTD Q4 Variance
Annual operating result ($m)	$0m	$0m	($0.053m)	($0.053m)
Creditors	< 60 days	60	43	17
Debtors	< 60 days	60	22	38
Basic asset management plan	Full compliance			

Other reporting requirements

Key performance indicator	2016–2017 Statewide Target	YTD Q4 Target	YTD Q4 Actual
Dental Weighted Activity Units (DWAUs)	327,527	327,527	362,187
Ratio of emergency to general courses of dental care	40:60	40:60	39:61

FINANCIAL OVERVIEW

The DHSV operating result for the financial year was a deficit of $52,616. The net entity result was a deficit of $4.7 million, which was mainly due to depreciation expenses.

Total revenue decreased by $9 million, a 4.6 per cent decrease on the previous year. The decrease is due to a reduction in funding received from the NPA in addition to revenue related to assets received free of charge in Financial Year (FY)2015–2016, which did not re-occur in FY2016–2017. Total expenditure increased by $1.3 million, a 1 per cent increase on the previous year.

The total equity decreased by $1.9 million, which was a result of a deficit of $4.7 million being partially offset by a revaluation of land amounting to $2.8 million.

The key operational and financial objectives at DHSV are documented in the *Statement of Priorities* 2016–2017. Detailed financial statements are available in the back cover of this report.

Summary of financial results					
	2017 $'000	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Total Revenue	186,849	195,851	173,056	218,177	155,386
Total Expenses	(191,659)	(192,920)	(173,951)	(224,260)	(162,026)
Other operating flows included in the Net Result	104	(1)	(209)	(163)	(179)
Net Result for the Year	(4,706)	2,930	(1,104)	(6,246)	(6,819)
Operating Result	(53)	1,637	172	104	(2,332)
Total Assets	140,449	132,883	140,386	139,153	102,532
Total Liabilities	30,946	21,443	33,342	31,005	26,263
Net Assets	109,503	111,440	107,044	108,148	76,269
Total Equity	109,503	111,440	107,044	108,148	76,269

Details of Information and Communication Technology expenditure

The total ICT expenditure incurred during 2016-17 is $4.32 million (excluding GST) with the details shown below. ($'000)

Business As Usual (BAU) ICT expenditure
Total (excluding GST)
$3,003
Non-Business As Usual (non-BAU) ICT expenditure
Total =(Operational expenditure and capital expenditure) (excluding GST)
$1,318
Operational expenditure (excluding GST)
$670
Capital expenditure (excluding GST)
$648

Consultancies

Details of consultancies (under $10,000)

In 2016–2017, there were 12 consultancies where the total fees payable to the consultants were less than $10,000.

The total expenditure incurred during 2016–2017 in relation to these consultancies is $47,230 (excluding GST).

Details of consultancies (valued at $10,000 or greater)

In 2016–2017, there were seven consultancies where the total fees payable to the consultants were $10,000 or greater.

The total expenditure incurred during 2016–2017 in relation to these consultancies is $324,170 (excluding GST).

Details of individual consultancies can be viewed at www.dhsv.org.au/consultancies

DISCLOSURE INDEX

The annual report of DHSV 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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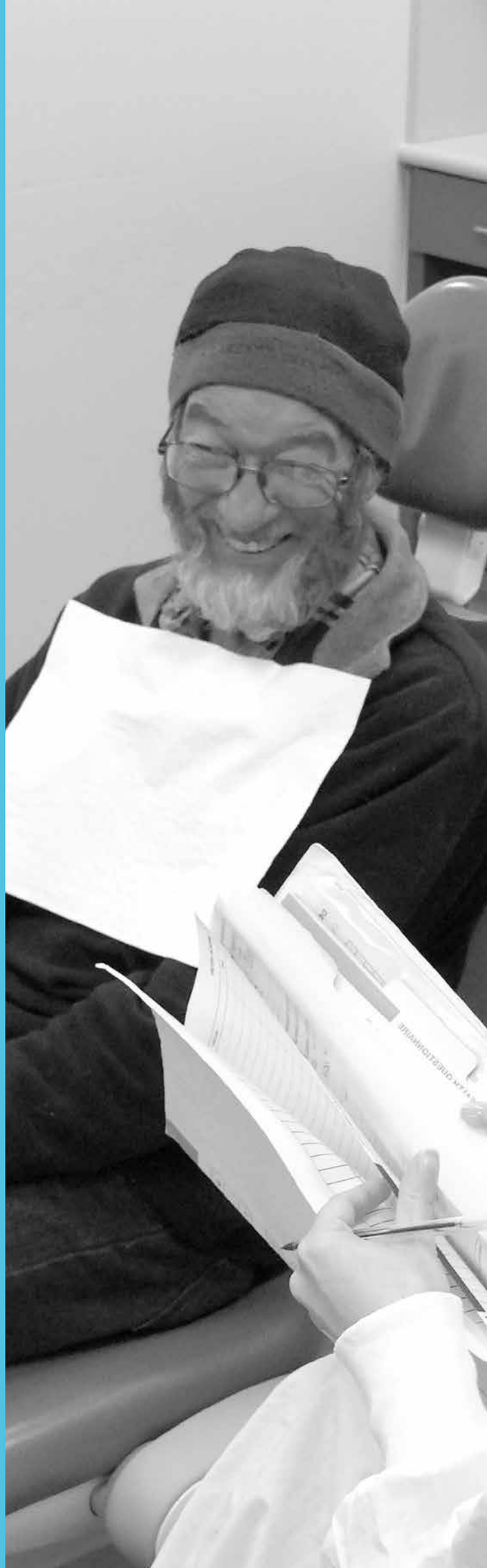
GLOSSARY

ADAVB	Australian Dental Association Victorian Branch Inc.
ADC	Australian Dental Council
ART	Agency Relationships Team
BPCLE	Best Practice Clinical Learning Environment
CAOHRE	Centre for Applied Oral Health Research and Evaluation
CDBS	Child Dental Benefits Schedule
CEO	Chief Executive Officer
CLiP	Clinical Leadership in Practice Committee
CLG	Clinical Leadership Group
COHLP	Clinicians' Oral Health Leadership Program
DHHS	Department of Health and Human Services
DHSV	Dental Health Services Victoria
DWAU	Dental Weighted Activity Unit
DWG	Designated Work Groups
FY	Financial year
FTE	Full time equivalent
GEGAC	Gippsland and East Gippsland Aboriginal Co-operative
GGHH	Global Green and Healthy Hospitals
GST	Goods and services tax
HFHS	Healthy Families, Healthy Smiles
ICHOM	International Consortium for Health Outcomes Measurement
KPI	Key performance indicator
LGA	Local government area
MCH	Maternal and child health
MCHN	Maternal and child health nurse
MOC	Model of care
NOHP	National Oral Health Plan
NPA	National Partnership Agreement
OHAC	Oral Health Advisory Council
OHS	Occupational health and safety
RACF	Residential aged care facility
RDHM	The Royal Dental Hospital of Melbourne
RFDS	Royal Flying Doctor Service
VACCHO	Victorian Aboriginal Community Controlled Health Organisation Inc
VAGO	Victorian Auditor General's Office
WCO	Wellbeing Contact Officer



dental health
services victoria

oral health for **better health**

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www.facebook.com/RoyalDentalHospitalMelbourne
Follow us on Twitter: www.twitter.com/VicDental

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 Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, present fairly the financial transactions during the year ended 30 June 2017 and the financial position of Dental Health Services Victoria at 30 June 2017.

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 14 August 2017.

Zoe Wainer
Board Chair

Carlton
14 August 2017

Deborah Cole
Chief Executive Officer

Carlton
14 August 2017

Nicholas Russell
Chief Financial Officer

Carlton
14 August 2017

Dental Health Services Victoria
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Telephone 03 9341 1200
www.dhsv.org.au

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Dental Health Services Victoria

Opinion

I have audited the financial report of Dental Health Services Victoria (the entity) which comprises the:

- balance sheet as at 30 June 2017
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- board member's, accountable officer's and chief financial & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

The Board of the entity is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the entity's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
16 August 2017

Ron Mak
as delegate for the Auditor-General of Victoria

DENTAL HEALTH SERVICES VICTORIA

FINANCIAL STATEMENTS

Comprehensive operating statement
For the financial year ended 30 June 2017

	Note	Total 2017 $'000	Total 2016 $'000
Revenue from operating activities	**2.1**	183,810	185,287
Revenue from non-operating activities	**2.1**	608	740
Employee expenses	**3.1**	(40,228)	(38,826)
Non salary labour costs	**3.1**	(477)	(268)
Supplies and consumables	**3.1**	(4,644)	(4,223)
Grants to other Health Services and Community Agencies	**3.1**	(123,512)	(126,080)
Other expenses	**3.1**	(15,610)	(14,993)
Net result before capital and specific items		**(53)**	**1,637**
Capital purpose income	**2.1**	2,422	2,334
Assets received free of charge	**2.2**	-	6,400
Specific income	**2.3**	9	1,090
Assets written-off due to change in capitalisation threshold	**3.1**	-	(461)
Depreciation and amortisation	**4.3**	(5,277)	(5,326)
Specific expenses	**3.3**	(1,741)	(2,562)
Expenditure for capital purpose	**3.1**	(170)	(181)
Net result after capital and specific items		**(4,810)**	**2,931**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	**7.2**	49	-
Net gain/(loss) on financial instruments	**3.1**	(69)	(75)
Revaluation of Long Service Leave	**3.1**	124	74
Total other economic flows included in net result		**104**	**(1)**
NET RESULT FOR THE YEAR		**(4,706)**	**2,930**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in physical assets revaluation surplus	**4.2/8.1**	2,769	3,370
Total other comprehensive income		**2,769**	**3,370**
Comprehensive result		**(1,937)**	**6,300**

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

DENTAL HEALTH SERVICES VICTORIA

Balance sheet
As at 30 June 2017

	Note	Total 2017 $'000	Total 2016 $'000
Current assets			
Cash and cash equivalents	**6.1**	16,225	8,783
Receivables	**5.1**	2,349	2,173
Investments and other financial assets	**4.1**	8,000	8,000
Inventories	**5.2**	738	724
Prepayments and Other Assets	**5.4**	864	442
Total current assets		**28,176**	**20,122**
Non-current assets			
Receivables	**5.1**	970	910
Property, plant and equipment	**4.2**	111,211	111,747
Intangible assets	**4.4**	92	104
Total non-current assets		**112,273**	**112,761**
TOTAL ASSETS		**140,449**	**132,883**
Current liabilities			
Payables	**5.5**	16,952	11,396
Provisions	**3.4**	8,675	8,503
Other current liabilities	**5.3**	4,048	397
Total current liabilities		**29,675**	**20,296**
Non-current liabilities			
Provisions	**3.4**	1,271	1,147
Total non-current liabilities		**1,271**	**1,147**
TOTAL LIABILITIES		**30,946**	**21,443**
NET ASSETS		**109,503**	**111,440**
EQUITY			
Property, plant and equipment revaluation surplus	**8.1**	87,801	85,032
General purpose surplus	**8.1**	512	512
Contributed capital	**8.1**	52,612	52,612
Accumulated surpluses/(deficits)	**8.1**	(31,422)	(26,716)
TOTAL EQUITY	**8.1**	**109,503**	**111,440**
Contingent assets and contingent liabilities	**7.3**		
Commitments	**6.2**		

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

DENTAL HEALTH SERVICES VICTORIA
Statement of changes in equity
For the financial year ended 30 June 2017

Total	Note	Property, Plant & Equipment Revaluation Surplus $'000	General Purpose Surplus $'000	Contributed Capital $'000	Accumulated Surpluses / (Deficits) $'000	Total $'000
Balance at 1 July 2015		**81,662**	**512**	**52,612**	**(29,646)**	**105,140**
Net result for the year		**-**	**-**	**-**	**2,930**	**2,930**
Other comprehensive income for the year	**8.1**	**3,370**	**-**	**-**	**-**	**3,370**
Balance at 30 June 2016		**85,032**	**512**	**52,612**	**(26,716)**	**111,440**
Net result for the year		**-**	**-**	**-**	**(4,706)**	**(4,706)**
Other comprehensive income for the year	**8.1**	**2,769**	**-**	**-**	**-**	**2,769**
Balance at 30 June 2017		**87,801**	**512**	**52,612**	**(31,422)**	**109,503**

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

DENTAL HEALTH SERVICES VICTORIA

Cash flow statement
For the financial year ended 30 June 2017

	Note	Total 2017 $'000	Total 2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating grants from government		174,299	163,038
Capital grants from government		2,422	2,334
Patient fees received		2,984	2,856
Donations and bequests received		-	52
GST received from ATO		7,783	8,169
Interest received		612	735
Other receipts		9,967	10,730
Total receipts		***198,067***	***187,914***
Employee expenses paid		(39,808)	(38,187)
Non salary labour costs		(555)	(268)
Payments for supplies and consumables		(4,566)	(4,223)
Grant payments to other Health Services and Community Agencies		(117,828)	(125,960)
Purchase of inventories for resale		(4,558)	(4,197)
Other payments		(21,399)	(24,811)
Total payments		***(188,714)***	***(197,646)***
NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES	**8.2**	**9,353**	**(9,732)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for non-financial assets		(2,020)	(2,159)
Proceeds from sale of non-financial assets		109	35
Proceeds from sale of investments		-	(1,000)
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**(1,911)**	**(3,124)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**7,442**	**(12,856)**
Cash and cash equivalents at beginning of financial year		**8,783**	**21,639**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**6.1**	**16,225**	**8,783**

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

Table of Contents

Basis of presentation

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 *Contributions* (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Health Service.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Judgments, estimates and assumptions are required to be made about financial information being presented. The significant judgments made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgments are disclosed. 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 future periods that are affected by the revision.

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 period ending 30 June 2017. The report provides 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 2017.

(b) 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, as well as to improve the quality of life for all Victorians.

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

(c) 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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

Note 1: Summary of Significant Accounting Policies (continued)

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 when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;

- 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 amounts 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.

Note 2: Funding Delivery of Our Services

The Health Service's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the Health Service to fulfil its objective it receives income based on parliamentary appropriations. The Health Service also receives income from the supply of goods and services.

Structure
2.1 Analysis of revenue by source
2.2 Assets received free of charge or for nominal consideration
2.3 Specific income

Note 2.1: Analysis of Revenue by Source

	Total 2017 $'000	Total 2016 $'000
Government Grants	170,757	172,633
Indirect contributions by Department of Health and Human Services	148	119
Patient Fees	3,011	2,898
Donations and Bequests	-	52
Commercial Activities	7,659	7,356
Other Revenue from Operating Activities	2,235	2,229
Total Revenue from Operating Activities	**183,810**	**185,287**
Interest	608	740
Total Revenue from Non-Operating Activities	**608**	**740**
Capital Purpose Income (excluding interest)	2,422	2,334
Total Capital Purpose Income	**2,422**	**2,334**
Net gain / (loss) on non-financial assets (refer to note 7.2)	49	-
Asset Received Free of Charge (refer to note 2.2)	-	6,400
Specific Income (refer note 2.3)	9	1,090
Total Revenue	**186,898**	**195,851**

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 and Human Services
- Insurance premium is recognised as revenue following advice from the Department of Health and Human Services.
- 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 04/2017 (update for 2016-17).

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

Revenue from commercial activities
Revenue from commercial activities such as sale of dental goods and services are recognised 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.

Note 2.1: Analysis of Revenue by Source (continued)

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.

Other Revenue
Other revenue predominantly includes expense recoveries from The University of Melbourne and RMIT associated with tenancy agreements.

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

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

Note 2.2: Assets Received Free of Charge or For Nominal Consideration

	Total 2017 $'000	Total 2016 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Assets received free of charge - Land	-	5,045
Assets received free of charge - Buildings	-	1,355
TOTAL	**-**	**6,400**

The land and building occupied by the DHSV Corporate Services were received from the Department of Health and Human Services (DHHS) free of charge.

Note 2.3: Specific Income

	Total 2017 $'000	Total 2016 $'000
Specific Income		
Litigation Settlements - CDO [(i)]	-	1,029
Other	9	61
TOTAL	**9**	**1,090**

[(i)] The class action regarding the failed CDO was settled with the Commonwealth Bank of Australia (CBA). DHSV received approximately $1m in settlement of its claim against CBA.

Note 3: The Cost of Delivering Our Services

This section provides an account of the expenses incurred by the Health Service in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure
3.1 Analysis of expenses by source
3.2 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
3.3 Specific expenses
3.4 Provisions
3.5 Superannuation

Note 3.1: Analysis of Expenses by Source

	Total 2017 $'000	Total 2016 $'000
Employee Expenses	40,228	38,826
Revaluation of Long Service Leave	(124)	(74)
Net Employee Expenses	**40,104**	**38,752**
Other Operating Expenses		
Non Salary Labour Costs	477	268
Supplies and Consumables	4,644	4,223
Grants to other Health Services and Community Agencies	123,512	126,080
Other Expenses	15,610	14,993
Total Expenditure from Operating Activities	**184,347**	**184,316**
Other Non-Operating Expenses		
Specific Expenses (refer note 3.3)	1,741	2,562
Expenditure for Capital Purposes	170	181
Assets written-off due to change in capitalisation threshold (refer to notes 4.2 and 4.4)	-	461
Net gain/(loss) on financial instruments	69	75
Depreciation and Amortisation (refer note 4.3)	5,277	5,326
Total Other Expenses	**7,257**	**8,605**
Total Expenses	**191,604**	**192,921**

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;
- leave entitlements;
- termination payments;
- workcover premiums; and
- superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

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: dental grants to community agencies .

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and includes non salary labour cost, supplies and consumables, grants to other health services and community agencies and other expenses.

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.

Note 3.1: Analysis of Expenses by Source (continued)

Bad and doubtful debts

Refer to Note 4.1 Investments and other financial assets.

Other economic flows are changes in the 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 4.2 Property, plant and equipment.

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 amount 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 4.1 Investments and other financial assets; 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 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.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

Note 3.2: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	Total 2017 $'000	Total 2016 $'000	Total 2017 $'000	Total 2016 $'000
Other Activities				
Technical Support	6,395	6,298	6,691	6,603
Overseas Dentists Training Program	475	394	675	476
Research and Innovation	462	229	38	-
Executive CPD	38	-	49	46
Car Park	-	-	2	2
Property Income	-	-	204	229
TOTAL	**7,370**	**6,921**	**7,659**	**7,356**

Note 3.3: Specific Expenses

	Total 2017 $'000	Total 2016 $'000
Specific Expenses		
Amounts Paid for the Purchase of Dental Equipment on Behalf of External Dental Agencies [(i)]	1,741	2,562
Total Specific Expenses	**1,741**	**2,562**

[(i)] DHSV receives funding from DHHS to provide dental equipment to external dental agencies. This funding is recognised as a specific income in the year they are received. Specific expenses are recognised once dental equipment is provided to the agencies.

Note 3.4: Employee Benefits in the Balance Sheet

	Total 2017 $'000	Total 2016 $'000
Current Provisions		
Employee Benefits [(i)]		
- Accrued salaries	650	502
- Accrued day off	216	183
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	1,800	1,715
- Unconditional and expected to be settled wholly after 12 months [(iii)]	553	479
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months [(ii)]	591	464
- Unconditional and expected to be settled wholly after 12 months [(iii)]	4,128	4,325
Employee Termination Benefits		
- Unconditional and expected to be settled within 12 months [(ii)]	-	36
	7,938	**7,704**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months [(ii)]	247	235
- Unconditional and expected to be settled after 12 months [(iii)]	490	564
	737	799
Total Current Provisions	**8,675**	**8,503**
Non-Current Provisions		
Employee Benefits [(i) (iii)]	1,154	1,042
Provisions related to Employee Benefit On-Costs	117	105
Total Non-Current Provisions	**1,271**	**1,147**
Total Provisions	**9,946**	**9,650**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	5,216	5,357
Annual Leave Entitlements	2,593	2,425
Accrued Wages and Salaries	650	538
Accrued Days Off	216	183
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements [(iii)]	1,271	1,147
Total Employee Benefits and Related On-Costs	**9,946**	**9,650**

Notes:
(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.
(ii) The amounts disclosed are nominal amounts.
(iii) The amounts disclosed are discounted to present values.

(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	6,504	6,289
Provision made during the year		
- Revaluations	(124)	(74)
- Expense recognising Employee Service	983	1,024
Settlement made during the year	(876)	(735)
Balance at end of year	**6,487**	**6,504**

Note 3.4: Employee Benefits in the Balance Sheet (continued)

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.

Employee benefits
This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave, accrued days off 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 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, annual leave and accrued days off are measured at:
- Undiscounted value – if DHSV expects to wholly settle within 12 months; or
- Present value – if 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. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:
- Undiscounted value – if DHSV expects to wholly settle within 12 months; and
- Present value – where DHSV does not expect to settle a component of this current liability 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 following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flows.

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.

On-costs related to employee expense
Provision for on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2017 $'000	**Total 2016 $'000**	**Total 2017 $'000**	**Total 2016 $'000**
Defined benefit plans: [(i)]				
Emergency Services & State Super	57	70	1	1
Other	37	61	1	-
Defined contribution plans:				
First State Super	2,639	2,645	55	47
Other	547	415	11	-
Total	**3,280**	**3,191**	**68**	**48**

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

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 DHSV has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance 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, as shown above.

Defined contribution superannuation plans

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

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 DHSVs 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 above.

Note 4: Key Assets to Support Service Delivery

The Health Service controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Health Service to be utilised for delivery of those outputs.

Structure
4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation
4.4 Intangible assets

Note 4.1: Investments and Other Financial Assets

	Operating Fund	
	Total 2017 $'000	**Total 2016 $'000**
CURRENT		
Loans and Receivables		
Term Deposits		
Australian Dollar Term Deposits > 90 days [(i)]	8,000	8,000
Total Current	8,000	8,000
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	8,000	8,000
Represented by:		
Health Service Investments	8,000	8,000

[(i)] Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 3 months. Term deposits are held with TCV and NAB as per the investment policy issued by the Department of Treasury and Finance.

(a) Ageing analysis of investments and other financial assets
Please refer to Note 7.1 for the ageing of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets
Please refer to Note 7.1 for the nature and extent of credit risk arising from investments and other financial assets.

Investments and other financial assets
Health Service's investments must be in accordance with Standing Direction 3.7.2 – Treasury and Investment Risk Management. 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 as loans and receivables.

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.

Impairment of financial assets
At the end of each reporting period, the DHSV assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Doubtful debts
Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

DENTAL HEALTH SERVICES VICTORIA

Notes to the Financial Statements

30 June 2017

Note 4.2: Property, Plant and Equipment

(a) Gross Carrying Amount and Accumulated Depreciation

	Total 2017 $'000	Total 2016 $'000
Crown Land		
Crown Land at Fair Value	27,736	24,966
Total Crown Land	**27,736**	**24,966**
Buildings		
Buildings at Fair Value	92,209	91,773
Work in Progress	73	297
Less Accumulated Depreciation	13,601	9,487
Total Buildings	**78,681**	**82,583**
Plant and Equipment		
Plant and Equipment at Fair Value	895	868
Work in Progress	66	5
Less Accumulated Depreciation	669	614
Total Plant and Equipment	**292**	**259**
Medical Equipment		
Medical Equipment at Fair value	5,299	3,842
Work in Progress	510	891
Less Accumulated Depreciation	2,852	2,489
Total Medical Equipment	**2,957**	**2,244**
Computers and Communication		
Computers and Communication at Fair value	3,951	3,592
Work in Progress	274	218
Less Accumulated Depreciation	3,608	3,303
Total Computers and Communications	**617**	**507**
Furniture and Fittings		
Furniture and Fittings at Fair Value	61	46
Work in Progress	-	11
Less Accumulated Depreciation	34	24
Total Furniture & Fittings	**27**	**33**
Motor Vehicles		
Motor Vehicles at Fair Value	1,999	1,951
Work in Progress	-	8
Less Accumulated Depreciation	1,098	804
Total Motor Vehicles	**901**	**1,155**
TOTAL	**111,211**	**111,747**

Note 4.2: Property, Plant and Equipment (continued)

(b) Reconciliations of the Carrying Amounts of Each Class of Asset

	Crown Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Communication $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2015	18,138	85,192	316	1,657	647	44	1,495	107,489
Additions	-	211	41	236	64	4	102	658
Disposals	-	-	-	-	-	-	(35)	(35)
Work in progress assets	-	297	5	891	218	11	8	1,430
Assets written-off due to change in capitalisation threshold [(i)]	-	(65)	(34)	(290)	(21)	(19)	(15)	(444)
Revaluation increments [(ii)]	3,370	-	-	-	-	-	-	3,370
Assets received free of charge [(iii)]	5,045	1,355	-	-	-	-	-	6,400
Return of land & buildings to Victorian Govt [(iv)]	(1,587)	(318)	-	-	-	-	-	(1,905)
Depreciation and amortisation (note 4.3)	-	(4,089)	(69)	(250)	(401)	(7)	(400)	(5,216)
Balance at 1 July 2016	**24,966**	**82,583**	**259**	**2,244**	**507**	**33**	**1,155**	**111,747**
Additions	1	138	22	566	141	4	199	1,071
Disposals	-	-	-	-	-	-	(60)	(60)
Work in progress assets	-	73	66	510	274	-	-	923
Revaluation increments [(ii)]	2,769	-	-	-	-	-	-	2,769
Depreciation and amortisation (note 4.3)	-	(4,113)	(55)	(363)	(305)	(10)	(393)	(5,239)
Balance at 30 June 2017	**27,736**	**78,681**	**292**	**2,957**	**617**	**27**	**901**	**111,211**

Crown land and buildings carried at valuation

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

The effective date of the valuation is 30 June 2014.

[(i)] DHSV asset capitalisation threshold was increased to $2,500 from $1,000 on 01 July 2015. Assets with carrying amount below $2,500 as at 01 July 2015 were also written-off in FY15/16. This amounted to $461k (Property, Plant & Equipment - $444k and Intangibles - $17k).

[(ii)] In accordance with FRD 103F Non-Financial Physical Assets, DHSV made an upward revaluation of $2,769k in FY16/17 and $3,370k in FY15/16 for land as the index factor (issued by Valuer-General Victoria) for land for the specfied financial years increased by 10% or more (actual increase was 11% in FY16/17 and 16% in FY15/16).

[(iii)] On 4 November 2015, DHSV received the land and building for the Corporate Service Building located at 720 Swanston Street, Carlton from the DHHS free of charge. The land and building had a value of $6,400k (refer to note 2.2).

[(iv)] The land and building at 658 Nicholson St, Fitzroy North were returned to the Victorian Government on 16 June 2016. At the time of return, the land and building had a book value of $1,905k.

Note 4.2: Property, Plant and Equipment (continued)

(c) Fair Value Measurement Hierarchy for Assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Crown land at fair value				
Specialised land	27,736	-	-	27,736
Total of crown land at fair value	**27,736**	**-**	**-**	**27,736**
Buildings at fair value				
Specialised buildings	78,681	-	-	78,681
Total of building at fair value	**78,681**	**-**	**-**	**78,681**
Plant and equipment at fair value				
Plant, equipment and vehicles at fair value				
- Vehicles [(ii)]	901	-	246	655
- Plant and equipment	292	-	-	292
- Computer and communications	617	-	-	617
- Furniture and fittings	27	-	-	27
Total of plant, equipment and vehicles at fair value	**1,837**	**-**	**246**	**1,591**
Medical equipment at fair value				
Total medical equipment at fair value	**2,957**	-	-	**2,957**
	111,211	**-**	**246**	**110,965**

Fair Value Measurement Hierarchy for Assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using: Level 1 [(i)]	Level 2 [(i)]	Level 3 [(i)]
Crown land at fair value				
Specialised land	24,966	-	-	24,966
Total of crown land at fair value	**24,966**	**-**	**-**	**24,966**
Buildings at fair value				
Specialised buildings	82,583	-	-	82,583
Total of building at fair value	**82,583**	**-**	**-**	**82,583**
Plant and equipment at fair value				
Plant, equipment and vehicles at fair value				
- Vehicles [(ii)]	1,155	-	136	1,019
- Plant and equipment	259	-	-	259
- Computer and communications	507	-	-	507
- Furniture and fittings	33	-	-	33
Total of plant, equipment and vehicles at fair value	**1,954**	**-**	**136**	**1,818**
Medical equipment at fair value				
Total medical equipment at fair value	**2,244**	-	-	**2,244**
	111,747	**-**	**136**	**111,611**

Note

[(i)] Classified in accordance with the fair value hierarchy.

[(ii)] 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.

Note 4.2: Property, Plant and Equipment (continued)

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 AASBs that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, plant and equipment, (refer to Note 7.4); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4).

Consistent with AASB 13 *Fair Value Measurement* , DHSV determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties 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.

DHSVs valuation policies and processes include analysing the market value of each asset to determine its fair value. In cases where the estimated change in fair value is more than 10%, DHSV is required to seek managerial valuation.

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 AASBs 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 7.4); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4).

Fair value measurement

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

Note 4.2: Property, Plant and Equipment (continued)

The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to DHSV at the measurement date;
- that DHSV uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Consideration of highest and best use (HBU) for non-financial physical assets

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

In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with DHSV. DHSV and their valuers therefore need to have a shared understanding of the circumstances of the assets.

DHSV has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

In accordance with paragraph AASB 13.29, DHSV can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, DHSV is required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:

External factors:

- Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
- Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
- Evidence that suggest the current use of an asset is no longer core to requirements to deliver DHSVs service obligation;
- Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

In addition, DHSV needs to assess the HBU as part of the 5-year review of fair value of non-financial physical assets. This is consistent with the current requirements of FRD 103F *Non-financial physical assets*.

Valuation hierarchy

DHSV needs to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. It is 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.

Note 4.2: Property, Plant and Equipment (continued)

(d) Reconciliation of Level 3 Fair Value

30 June 2017	Land	Buildings	Plant and Equipment	Medical Equipment
Opening Balance	24,966	82,583	1,818	2,244
Purchases (sales)	1	211	646	1,076
Gains or losses recognised in net result				
- Depreciation	-	(4,113)	(763)	(363)
- Impairment loss	-	-	-	-
Subtotal	**-**	**(4,113)**	**(763)**	**(363)**
Items recognised in other comprehensive income				
- Revaluation	2,769	-	-	-
Subtotal	**2,769**	**-**	**-**	**-**
Closing Balance	**27,736**	**78,681**	**1,701**	**2,957**

30 June 2016	Land	Buildings	Plant and Equipment	Medical Equipment
Opening Balance	18,138	85,192	2,166	1,657
Purchases (sales)	3,458	1,545	453	1,127
Gains or losses recognised in net result				
- Depreciation	-	(4,089)	(712)	(250)
- Impairment loss	-	(65)	(89)	(290)
Subtotal	**-**	**(4,154)**	**(801)**	**(540)**
Items recognised in other comprehensive income				
- Revaluation	3,370	-	-	-
Subtotal	**3,370**	**-**	**-**	**-**
Closing Balance	**24,966**	**82,583**	**1,818**	**2,244**

There have been no transfers between levels during the period.

Note 4.2: Property, Plant and Equipment (continued)

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

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

For 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.

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 amount (depreciated cost).

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

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

Note 4.2: Property, Plant and Equipment (continued)

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

	Valuation technique [(i)]	Significant unobservable inputs [(i)]
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit Useful life of PPE
Vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles
Medical equipment at fair value	Depreciated replacement cost	Cost per unit Useful life of medical equipment

[(i)] 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 20% reduction applied.

The significant unobservable inputs have remained unchanged from 2016.

Refer to Note 7.4 for guidance on fair value measurement indicative expectations.

Property, plant and equipment
All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and accumulated impairment loss. 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.

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 accumulated impairment loss.

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

Note 4.2: Property, Plant and Equipment (continued)

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

Note 4.3: Depreciation and Amortisation

	Total 2017 $'000	Total 2016 $'000
Depreciation		
Buildings	4,113	4,089
Plant and Equipment	55	69
Medical Equipment	363	250
Computers and Communication	305	401
Furniture and Fittings	10	7
Motor Vehicles	393	400
Total Depreciation	**5,239**	**5,216**
Amortisation		
Intangible Assets	38	110
Total Depreciation and Amortisation	**5,277**	**5,326**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excluding land). 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.

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 and Human Services. Assets with a cost in excess of $2,500 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.

	2017	2016
Buildings		
- Structure Shell Building Fabric	45 to 60 years	45 to 60 years
- Site Engineering Services and Central Plant	15 to 40 years	15 to 40 years
Central Plant		
- Fit Out	15 to 30 years	15 to 30 years
- Trunk Reticulated Building Systems	15 to 30 years	15 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 15 years
Computers and Communication	3 years	3 years
Furniture and Fittings	5 years	5 years
Motor Vehicles	5 to 15 years	5 to 15 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.

Note 4.4: Intangible Assets

	Total 2017 $'000	Total 2016 $'000
Software Licences	3,658	3,633
Less Accumulated Amortisation	3,566	3,529
Total Intangible Assets	**92**	**104**

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

	Total $'000
Balance at 1 July 2015	**159**
Additions	-
Work in progress assets	72
Assets written-off due to change in capitalisation threshold [(i)]	(17)
Amortisation (note 4.3)	(110)
Balance at 1 July 2016	**104**
Additions	26
Amortisation (note 4.3)	(38)
Balance at 30 June 2017	**92**

[(i)] DHSV asset capitalisation threshold was increased to $2,500 from $1,000 on 01 July 2015. As a result assets with acquisition amount below $2,500 were expensed in 2015/16. Assets with carrying amount below $2,500 as at 01 July 2015 were also written-off in 2015/16. This amounted to $461k (Property, Plant & Equipment - $444k and Intangibles - $17k).

Intangible assets
Intangible assets represent identifiable non-monetary assets without physical substance such as patents, trademarks, and computer software and development costs (where applicable).

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.

Note 4.4: Intangible Assets (continued)

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 amount exceeds its recoverable amount.

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

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

Intangible assets with finite useful lives are amortised over 3 years.

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Health Service's operations.

Structure
5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other assets
5.5 Payables

Note 5.1: Receivables

	Total 2017 $'000	Total 2016 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	164	128
Trade Debtors	919	840
Patient Fees	167	128
Accrued Investment Income	36	40
Accrued Revenue - Cost Recovery	142	224
Less Allowance for Doubtful Debts		
Trade Debtors	(2)	(15)
Patient Fees	(45)	(38)
	1,381	1,307
Statutory		
GST Receivable	968	866
TOTAL CURRENT RECEIVABLES	**2,349**	**2,173**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	970	910
TOTAL NON-CURRENT RECEIVABLES	**970**	**910**
TOTAL RECEIVABLES	**3,319**	**3,083**

(a) Movement in the Allowance for Doubtful Debts

	Total 2017 $'000	Total 2016 $'000
Balance at beginning of year	53	47
Amounts written off during the year	(75)	(69)
Increase in allowance recognised in net result	69	75
Balance at end of year	47	53

(b) Ageing analysis of receivables
Please refer to note 7.1 for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables
Please refer to note 7.1 for the nature and extent of credit risk arising from contractual receivables.

Note 5.1: Receivables (continued)

Receivables consist of:
- contractual receivables, which includes mainly debtors in relation to goods and services, accrued investment income; and
- statutory receivables, which includes amounts owing from the 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.

Note 5.2: Inventories

	Total 2017 $'000	Total 2016 $'000
Medical and Surgical Lines		
At Cost	454	437
Loss of Service Potential	-	(35)
Total Medical and Surgical Lines	454	402
Engineering Stores		
At Cost	323	322
Loss of Service Potential	(39)	-
Total Engineering Stores	284	322
TOTAL INVENTORIES	**738**	**724**

Inventories include goods that are held for 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.

Note 5.3: Other Liabilities

	Total 2017 $'000	Total 2016 $'000
CURRENT		
Income in Advance	4,048	397
Total Other Liabilities	**4,048**	**397**

Note 5.4: Prepayments and Other Non-Financial Assets

	Total 2017 $'000	Total 2016 $'000
CURRENT		
Prepayments	821	400
Minor Works in Progress	43	42
TOTAL CURRENT OTHER ASSETS	**864**	**442**

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.

Note 5.5: Payables

	Total 2017 $'000	Total 2016 $'000
CURRENT		
Contractual		
Trade Creditors [(i)]	15,356	9,596
Accrued Expenses	1,596	1,800
	16,952	11,396
Statutory		
GST Payable [(ii)]	-	-
	-	-
TOTAL CURRENT	**16,952**	**11,396**

(i) The average credit period is 30 days. No interest is charged on the other payables.
(ii) Where amount of taxes payable is material, DHSV will present statutory 'taxes payable' in the note broken down by classes of taxes, i.e. GST payable, FBT payable, and other tax payable, as appropriate.

(a) Maturity analysis of payables
Please refer to Note 7.1 for the ageing analysis of contractual payables.

(b) Nature and extent of risk arising from payables
Please refer to Note 7.1 for the nature and extent of risks arising from contractual 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.

Note 6: How We Finance Our Operations

This section includes disclosures of balances that are financial instruments (such as cash balances). Note: 7.1 provides additional, specific financial instrument disclosures.

Structure
6.1 Cash and cash equivalents
6.2 Commitments for expenditure

Note 6.1: Cash and Cash Equivalents

For the purposes of the cash flow statement, cash assets include 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 2017 $'000	Total 2016 $'000
Cash on hand	6	6
Cash at bank	11,219	8,777
Short-term deposits [(i)]	5,000	-
Total Cash and Cash Equivalents	**16,225**	**8,783**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)		
Total Cash and Cash Equivalents	**16,225**	**8,783**

(i) Term deposits are held with TCV as per the investment policy issued by the Department of Treasury and Finance.

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.

Note 6.2: Commitments for Expenditure

(a) Commitments Other Than Public Private Partnerships

	Total 2017 $'000	Total 2016 $'000
Other Expenditure Commitments		
Payable:		
Cleaning Services	791	766
Computer Services	1,388	1,578
Security Services	270	262
Maintenance	334	293
Total Other Expenditure Commitments	**2,783**	**2,899**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	107	145
Total Lease Commitments	**107**	**145**
Total Commitments (Inclusive of GST) Other Than Public Private Partnerships	**2,890**	**3,044**

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

(b) Commitments Payable

	Total 2017 $'000	Total 2016 $'000
Other Expenditure Commitments Payable		
Less than 1 year	2,769	2,804
Longer than 1 year but not longer than 5 years	14	95
Total Other Expenditure Commitments	**2,783**	**2,899**
Lease Commitments Payable		
Less than 1 year	39	39
Longer than 1 year but not longer than 5 years	68	106
Total Lease Commitments	**107**	**145**
Total Commitments (Inclusive of GST)	**2,890**	**3,044**
Less GST Recoverable from the Australian Tax Office	(263)	(277)
Total Commitments (exclusive of GST)	**2,627**	**2,767**

There were no commitments with Public Private Partnerships in 2016/17 and 2015/16.

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note 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.

Note 7: Risks, Contingencies & Valuation Uncertainties

The Health Service is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgments and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgment to be applied, which for the Health Service is related mainly to fair value determination.

Structure
7.1 Financial instruments
7.2 Net gain/ (loss) on disposal of non-financial assets
7.3 Contingent assets and contingent liabilities
7.4 Fair value determination

Note 7.1: Financial Instruments

(a) Financial Risk Management Objectives and Policies

DHSVs principal financial instruments comprise of:

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

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.

DHSV uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the audit and risk committee of DHSV.

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

Categorisation of Financial Instruments

2017	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Liabilities At Amortised Cost $'000	Total $'000
Contractual Financial Assets			
Cash and Cash Equivalents	16,225		16,225
Other Financial Assets			
- Term Deposits	8,000		8,000
Loans and Receivables	1,428		1,428
Total Financial Assets [(i)]	**25,653**		**25,653**
Financial Liabilities			
At Amortised Cost		16,952	16,952
Total Financial Liabilities [(ii)]		**16,952**	**16,952**

2016	Contractual Financial Assets - Loans and Receivables $'000	Contractual Financial Liabilities At Amortised Cost $'000	Total $'000
Contractual Financial Assets			
Cash and Cash Equivalents	8,783		8,783
Other Financial Assets			
- Term Deposits	8,000		8,000
Loans and Receivables	1,360		1,360
Total Financial Assets [(i)]	**18,143**		**18,143**
Financial Liabilities			
At Amortised Cost		11,396	11,396
Total Financial Liabilities [(ii)]		**11,396**	**11,396**

[(i)] The total amount of financial assets disclosed here excludes statutory receivables.

[(ii)] The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes payable).

Note 7.1: Financial Instruments (continued)

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

	Net Holding Gain / (Loss) $'000	Total Interest Income $'000	Impairment Loss $'000	Total $'000
2017				
Financial Assets				
Cash and Cash Equivalents [(i)]	-	608	-	608
Receivables [(i)]	-	-	(69)	(69)
Total Financial Assets	**-**	**608**	**(69)**	**539**
Financial Liabilities				
At Amortised Cost	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**
2016				
Financial Assets				
Cash and Cash Equivalents [(i)]	-	740	-	740
Receivables [(i)]	-	-	(75)	(75)
Total Financial Assets	**-**	**740**	**(75)**	**665**
Financial Liabilities				
At Amortised Cost	-	-	-	-
Total Financial Liabilities	**-**	**-**	**-**	**-**

[(i)] For cash and cash equivalents and loans or receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, interest revenue, plus or minus losses arising from revaluation of financial assets, and minus any impairment recognised in the net result.

Note 7.1: Financial Instruments (continued)

(c) 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.

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

2017	Financial Institutions (AA credit rating) $'000	Government agencies (AA credit rating) $'000	Other $'000	Total $'000
Financial Assets				
Cash and Cash Equivalents	16,225	-	-	16,225
Receivables				
- Trade Debtors	-	414	667	1,081
- Other Receivables [(i)]	8	170	122	300
- Term Deposits	8,000	-	-	8,000
Total Financial Assets	24,233	584	789	25,606
2016				
Financial Assets				
Cash and Cash Equivalents	8,783	-	-	8,783
Receivables				
- Trade Debtors	-	373	579	952
- Other Receivables	-	264	91	355
- Term Deposits	8,000	-	-	8,000
Total Financial Assets	16,783	637	670	18,090

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

Note 7.1: Financial Instruments (continued)

(c) Credit Risk (continued)

Ageing analysis of Financial Assets as at 30 June

			Past Due But Not Impaired				
2017	**Carrying Amount $'000**	**Not Past Due and Not Impaired $'000**	**Less than 1 Month $'000**	**1 - 3 Months $'000**	**3 months - 1 Year $'000**	**1 - 5 Years $'000**	**Impaired Financial Assets $'000**
Financial Assets							
Cash and Cash Equivalents	16,225	16,225	-	-	-	-	-
Receivables [(i)]							
- Trade Debtors	1,083	1,081	-	-	-	-	2
- Other Receivables	345	126	87	37	50	-	45
- Term Deposits	8,000	8,000	-	-	-	-	-
Total Financial Assets	25,653	25,432	87	37	50	-	47
2016							
Financial Assets							
Cash and Cash Equivalents	8,783	8,783	-	-	-	-	-
Receivables [(i)]							
- Trade Debtors	968	953	-	-	-	-	15
- Other Receivables	392	226	49	32	47	-	38
- Term Deposits	8,000	8,000	-	-	-	-	-
Total Financial Assets	18,143	17,962	49	32	47	-	53

[(i)] *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 their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

Note 7.1: Financial Instruments (continued)

(d) 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 on 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 for 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

			Maturity Dates			
2017	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1 - 3 Months $'000**	**3 months - 1 Year $'000**	**1 - 5 Years $'000**
Financial Liabilities						
At Amortised Cost						
Payables	16,952	16,952	16,952	-	-	-
Total Financial Liabilities	**16,952**	**16,952**	**16,952**	-	-	-
2016						
Financial Liabilities						
At Amortised Cost						
Payables	11,396	11,396	11,396	-	-	-
Total Financial Liabilities	**11,396**	**11,396**	**11,396**	-	-	-

(e) 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.
Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing DHSV to significant bad risk, management monitors movement in interest rates on a daily basis.

Other Price Risk

DHSV does not have any exposure to other price risks.

Note 7.1: Financial Instruments (continued)

(e) Market Risk (continued)

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

2017	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Interest Rate Exposure		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	2.02	16,225	-	16,219	6
Receivables [(i)]					
- Trade Debtors	-	1,083	-	-	1,083
- Other Receivables	-	345	-	-	345
- Term Deposits	1.84	8,000	-	8,000	-
		25,653	**-**	**24,219**	**1,434**
Financial Liabilities					
At Amortised Cost					
Payables [(i)]	-	16,952	-	-	16,952
		16,952	**-**	**-**	**16,952**
2016					
Financial Assets					
Cash and Cash Equivalents	2.47	8,783	-	8,777	6
Receivables [(i)]					
- Trade Debtors	-	968	-	-	968
- Other Receivables	-	392	-	-	392
- Term Deposits	2.30	8,000	-	8,000	-
		18,143	**-**	**16,777**	**1,366**
Financial Liabilities					
At Amortised Cost					
Payables [(i)]	-	11,396	-	-	11,396
		11,396	**-**	**-**	**11,396**

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

Note 7.1: Financial Instruments (continued)

(e) 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 market interest rates (AUD) from year-end rates of 3%;
- 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 instruments held by DHSV at year end as presented to key management personnel, if changes in the relevant risk occur.

	Carrying	Interest Rate Risk				Other Price Risk			
	Amount	-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2017	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets									
Cash and Cash Equivalents [(i)]	16,225	(162)	(162)	162	162	-	-	-	-
Receivables [(ii)]									
- Trade Debtors	1,083	-	-	-	-	-	-	-	-
- Other Receivables	345	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	8,000	(80)	(80)	80	80				
Financial Liabilities									
At Amortised Cost									
Payables	16,952	-	-	-	-	-	-	-	-
		(242)	(242)	242	242	-	-	-	-
2016									
Financial Assets									
Cash and Cash Equivalents [(i)]	8,783	(88)	(88)	88	88	-	-	-	-
Receivables [(ii)]									
- Trade Debtors	968	-	-	-	-	-	-	-	-
- Other Receivables	392	-	-	-	-	-	-	-	-
Other Financial Assets									
- Term Deposits	8,000	(80)	(80)	80	80				
Financial Liabilities									
At Amortised Cost									
Payables	11,396	-	-	-	-	-	-	-	-
		(168)	(168)	168	168	-	-	-	-

*[(i)] eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: [$16.2M*0.03]-[$16.2M*0.02] = $162k. Similar for a -1% movement in interest rate, impact = $(162k).*

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

Note 7.1: Financial Instruments (continued)

(f) 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 instruments 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 Amount 2017 $'000	Fair Value 2017 $'000	Carrying Amount 2016 $'000	Fair Value 2016 $'000
Financial Assets				
Cash and Cash Equivalents	16,225	16,225	8,783	8,783
Receivables [(i)]				
- Trade Debtors	1,083	1,081	968	953
- Other Receivables	345	300	392	354
- Term Deposits	8,000	8,000	8,000	8,000
Total Financial Assets	**25,653**	**25,606**	**18,143**	**18,090**
Financial Liabilities				
At Amortised Cost				
Payables	16,952	16,952	11,396	11,396
Total Financial Liabilities	**16,952**	**16,952**	**11,396**	**11,396**

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

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of DHSVs activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation* . For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

Note 7.1: Financial Instruments (continued)

(f) Fair Value (continued)

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

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

Loans and receivables category includes cash and deposits (refer to Note 4.1 and Note 6.1), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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 or 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.

Note 7.2: Net Gain / (Loss) on Disposal of Non-Financial Assets

	Total 2017 $'000	Total 2016 $'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	109	35
Total Proceeds from Disposal of Non-Current Assets	**109**	**35**
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	60	35
Total Written Down Value of Non-Current Assets Sold	**60**	**35**
Net gain / (loss) on Disposal of Non-Financial Assets	**49**	-

Disposal of non-financial assets
Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

Impairment of non-financial assets
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 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 amount exceeds their possible recoverable amount. Where an asset's carrying amount 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 of disposal. 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 of disposal.

Note 7.3: Contingent Assets and Contingent Liabilities

DHSV has joined a class action against a rating agency to recover losses incurred in a failed CDO. The amount of the contingent asset as a result of this action is unquantifiable as at 30 June 2017.

There are no contingent liabilities at 30 June 2017 (2016 - Nil).

Note 7.4: Fair Value Determination

Asset Class	Examples of types of assets	Expected fair value level	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land	Land subject to restrictions as to use and/or sale	Level 2	Market approach	CSO adjustments
Specialised buildings	Specialised buildings with limited alternative uses and/or substantial customisation e.g. hospitals	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Plant and equipment	Specialised items with limited alternative uses and/or substantial customisation	Level 3	Depreciated replacement cost approach	Cost per square metre Useful life
Vehicles	If there is an active market available; If there is no active market available	Level 2 Level 3	Market approach Depreciated replacement cost approach	N/A Cost per square metre Useful life

[(i)] Newly built/acquired assets could be categorised as Level 2 assets as depreciation would not be a significant unobservable input (based on the 10% materiality threshold).

Note 8: Other Disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure
8.1 Equity
8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities
8.3 Responsible persons disclosures
8.4 Executive officer disclosures
8.5 Related parties
8.6 Remuneration of auditors
8.7 Ex-gratia expenses
8.8 AASBs issued that are not yet effective
8.9 Events occurring after the balance sheet date
8.10 Glossary of terms and style conventions

DENTAL HEALTH SERVICES VICTORIA

Notes to the Financial Statements

30 June 2017

Note 8.1: Equity

	Total 2017 $'000	Total 2016 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus [(i)]		
Balance at the beginning of the reporting period	85,032	81,662
Revaluation Increment		
- Crown Land	2,769	3,370
Total Revaluation Increment	2,769	3,370
Balance at the end of the reporting period*	87,801	85,032
* Represented by:		
- Crown Land	24,107	21,338
- Buildings	63,245	63,245
- Medical Equipment	331	331
- Motor Vehicles	118	118
Total	87,801	85,032
General Purpose Surplus		
Balance at the beginning of the reporting period	512	512
Balance at the end of the reporting period	512	512
Total Reserves	88,313	85,544

[(i)] *The property, plant and equipment asset revaluation surplus arises on the revaluation of property, plant and equipment.*

(b) Contributed Capital		
Balance at the beginning of the reporting period	52,612	54,516
Return of Land & Building (North Fitzroy) to Victorian Government	-	(1,904)
Balance at the end of the reporting period	52,612	52,612
(c) Accumulated Deficits		
Balance at the beginning of the reporting period	(26,716)	(29,646)
Net Result for the Year	(4,706)	2,930
Balance at the end of the reporting period	(31,422)	(26,716)
Total Equity at end of financial year	**109,503**	**111,440**

Note 8.1: Equity (continued)

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.

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

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.

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow / (Outflow) from Operating Activities

	Total 2017 $'000	Total 2016 $'000
Net Result for the Period	(4,706)	2,930
Non-Cash Movements:		
Depreciation and Amortisation	5,277	5,326
Impairment of Non-Current Assets	-	461
Provision for Doubtful Debts	69	75
Resources Received Free of Charge	-	(6,400)
Movements Included in Investing and Financing Activities:		
Net Gain from Disposal of Non-Financial Physical Assets	(49)	-
Movements in Assets and Liabilities:		
Change in Operating Assets and Liabilities		
(Increase) in Receivables	(305)	(193)
(Increase) / Decrease in Other Assets	(422)	39
Increase / (Decrease) in Payables	5,556	(2,738)
Increase in Employee Benefits	296	565
Increase / (Decrease) in Other Liabilities	3,651	(9,726)
Change in Inventories	(14)	(71)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**9,353**	**(9,732)**

Note 8.3: Responsible Persons Disclosures

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

	Period	
Responsible Ministers:		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01-July-2016	30-June-2017
Governing Boards		
Dr Zoe Wainer	01-July-2016	30-June-2017
Ms Kathryn Bell	01-July-2016	30-June-2017
Mr Cameron Clark	01-July-2016	30-June-2017
Mrs Helene Bender	01-July-2016	30-June-2017
Dr Pamela Dalgliesh	01-July-2016	30-June-2017
Ms Barbara Hingston	01-July-2016	30-June-2017
Mr Ian Pollerd	01-July-2016	30-June-2017
Mr Alexander Johnstone	01-July-2016	30-June-2017
Ms Judith Klepner	01-July-2016	30-June-2017
Accountable Officers		
Dr Deborah Cole	01-July-2016	30-June-2017

Remuneration
Remuneration received or receivable by responsible persons were in ranges of:

	2017 No.	2016 No.
Income Band		
$10,000 - $19,999	-	1
$20,000 - $29,999	8	7
$40,000 - $49,999	-	1
$50,000 - $59,999	1	-
$360,000 - $369,999	-	1
$370,000 - $379,999	1	-
Total Numbers	**10**	**10**

Note 8.4: Executive Officer Disclosures

Remuneration of executives
The numbers of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

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

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

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.5)	**Total Remuneration**	
	2017	**2016 [i]**
	$	**$**
Short-term employee benefits	854	
Post-employment benefits	84	
Other long-term benefits	20	
Termination benefits	45	
Total Remuneration [i][ii]	**1,003**	
Total number of executives [ii]	7.00	
Total annualised employee equivalents (AEE) [iii]	4.97	

Notes:
[i] No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD 21C. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.
[ii] The total remuneration and the total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are reported within the related parties note disclosure (Note 8.5).
[iii] Annualised employee equivalent is based on the time fraction worked over the reporting period.

Note 8.5: Related Parties

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all Health Services and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

DHSV received funding from the Department of Health and Human Services of $176.7 million (2016: $165.0 million).

During the year, DHSV had the following government-related entity transactions:

Agency	2017 [(i)] ($'000)
Barwon Health	6,958
Bendigo Health Care Group	5,046
Peninsula Health	5,915
Monash Health	9,177
Other Transactions [(ii)]	34,170
Total	**61,266**

[(i)] The above transactions relate to dental grants provided to the governament-related entities.

[(ii)] Other transactions relates to dental grants provided to 26 other agencies, where each individual transaction is below $5 million.

Key management personnel (KMP) of the Health Service include the Portfolio Ministers and Cabinet Ministers and KMP as determined by the Health Service. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances are set by the *Parliamentary Salaries and Superannuation Act 1968* , and is reported within the Department of Parliamentary Services' Financial Report.

Compensation	2017 ($'000)
Short-term employee benefits	1,317
Post-employment benefits	121
Other long-term benefits	16
Termination benefits	-
Total	**1,454**

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Note 8.5: Related Parties (continued)

The following KMP are also KMP of other agencies that are funded by DHSV.

Entity	Key Management Personnel	Position Title
IPC Health	Mr Alexander Johnstone	CEO
Star Health	Ms Judith Klepner	President, Board of Directors
Plenty Valley Community Health	Mr Mark Sullivan	Director

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Aggregated disclosure note
During the year, related parties of key management personnel were provided dental grants on terms and conditions equivalent for those that prevail in arm's length transactions under the State's procurement process. The transactions involved the provision of grants to treat eligible patients in their catchment areas with an aggregated value of $14 million (including GST).

Note 8.6: Remuneration of Auditors

	2017	2016
Victorian Auditor-General's Office	$'000	$'000
Audit or review of financial statements	39	30

	2017	2016
Other Providers	$'000	$'000
Internal and other audit services	100	30

Note 8.7: Ex-Gratia Expenses

	2017	2016
DHSV has made the following ex gratia expenses:	$'000	$'000
Compensation for economic loss	45	16
Total ex-gratia expenses		

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to $5,000.

(i) The total for ex-gratia is also presented in Note 3.1 Analysis of expenses by source.

Note 8.8: AASBs Issued That Are Not Yet Effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises DHSV of their applicability and early adoption where applicable.

As at 30 June 2017, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: - The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and - Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2018	The 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. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014‑1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

Note 8.8: AASBs Issued That Are Not Yet Effective (continued)

Standard/ Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: - A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; - For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and - For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for -Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for -profit entities to the 2019-20 reporting period.

Note 8.8: AASBs Issued That Are Not Yet Effective (continued)

Standard/ Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on DHSVs financial statements
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: - require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and - clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 *Income of Not-for-Profit Entities*	This standard replaces AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Note 8.8: AASBs Issued That Are Not Yet Effective (continued)

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 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.

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* [AASB 112]
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*

Notes:
[1] For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* , the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

Note 8.9: Events Occurring after the Balance Sheet Date

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

Note 8.10: 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

Note 8.10: Glossary of Terms and Style Conventions (continued)

• 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) Balance sheet as at the end of the period;
(b) Comprehensive operating statement for the period;
(c) A statement of changes in equity for the period;
(d) Cash flow Statement 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 paragraphs 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.

Note 8.10: Glossary of Terms and Style Conventions (continued)

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 Arrangements
Joint arrangement is an arrangement of which two or more other parties have joint control. A joint arrangement has the following characteristics:

(a) The parties are bound by a contractual arrangement.
(b) The contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture.

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

Note 8.10: Glossary of Terms and Style Conventions (continued)

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 DHSV.

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;

Note 8.10: Glossary of Terms and Style Conventions (continued)

- 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

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