Dental Health Services Victoria
2005 Annual Report

Dental Health Services Victoria is the State's leading public dental agency, promoting oral health, purchasing services and providing care to Victorians

dental health
services victoria

This year DHSV treated 289,211 patients statewide, an increase of 4.2 per cent.

We continue our commitment to achieving the key results detailed in our Strategic Plan.

Key result areas identified in the Strategic Plan	Efficient and effective services	Engagement with stakeholders	Quality and innovation
Achievements against the Strategic Plan	» Number of individuals receiving treatment at the Hospital increased by 6.4 per cent in 2004–05 » 13,964 patients received specialist dental services (an increase of 13.9 per cent over 2003-04) » 7686 patients were seen in the teaching clinics (a four per cent increase) » 18,161 patients were seen as emergency presentations, in general practice, special needs and domiciliary services (a 2.2 per cent increase) » The number of patients on the specialist waiting list remained static at 3826 (compared with 3836 at June 2004) » Over 1,000,000 services were provided to 165,814 patients across 395,697 visits to the Community Dental Program	» Community Advisory Committee has overseen the development of DHSV's second Community Participation Plan (page 4) » Oral Health Strategic Plan and Service Plan developed in consultation with more than 500 people (page 5) » Clinical Leadership Council established to oversee clinical improvement (page 8) » Two new research partnerships established with the University of Melbourne's Co-operative Research Centre for Oral Health at the School of Dental Science, and the Health Issues Centre (page 9) » New service models have been introduced to the Community Dental Program (page 10) » New extranet will provide a user friendly way of managing the substantial number of interactions between DHSV and external agencies (page 10)	» Introduction of a web-based emergency triage tool designed for more surety in treating emergency patients within set timeframes at RDHM and community agencies (page 6) » Direct patient recall commenced – a new service delivery model for school children (page 7) » Projects implemented to reduce waiting lists and improve service: Emergency Demand Management Strategy, Waiting List Management Project, Contracted Services Audit Program (page 10) » New program *Smiles4Miles* launched in partnership with oral health care service providers and local community health networks (page 11) » Start Up seed grants program provides funding to six health care projects working to address local issues of oral health (page 11)

Our vision – oral health for better health

Our mission – to optimise the oral health of the Victorian community, targeting those most in need

Financial viability

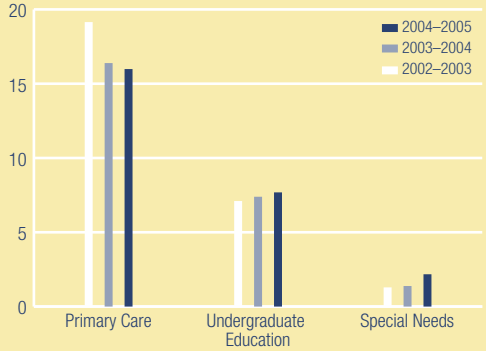
- Victorian Government committed an additional $97.2 million to public dental services over four years (page 4)
- DHSV achieved a modest surplus for the 2004–05 financial year (page 21)
- $3.8 million of capital works completed (page 14)
- Significant increases in sales with total revenue for the year exceeding $2.1 million (page 14)
- Government approval for a $3.2 million statewide Information Communication and Technology project that will deploy chair-side electronic patient records (page 14)

Workforce development

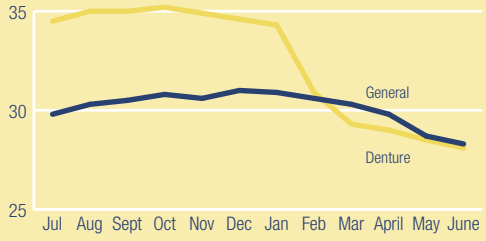
- DHSV employed 841 people as at June 30 2005 (page 12)
- State Government's expansion of the mutual recognition program should help reduce under supply of clinicians (page 12)
- New strategies for recruiting clinical staff have improved recruitment rates (page 12)
- RDHM Overseas Training Course provided 60 overseas graduate dentists with training (page 6)
- Review of DHSV's Credentialing and Clinical Privileges policy and procedures undertaken (page 9)
- Six month Leadership and Management program involved middle management. Graduates receive the nationally recognised Associate Diploma of Business (Leadership and Management) (page 12)

Statistics

Number of Individuals Treated (per '000)
General Dental Services - RDHM



Statewide waiting list (months)
Average time waited for next person removed from waiting list



About Dental Health Services Victoria

Established in 1996, and with a budget of more than $100 million in 2004-05, Dental Health Services Victoria (DHSV) is the leading public dental agency in Victoria. DHSV became a metropolitan health service in July 2000 and in accordance to the Health Services Act 1988, DHSV is responsible to the Victorian Minister for Health. With the commitment and dedication of more than 840 staff, DHSV provides dental care to the eligible Victorian community through the Royal Dental Hospital of Melbourne, the School Dental Service, and the Ballarat, Hamilton, Wangaratta and Ozanam House (North Melbourne) Adult Dental Clinics.

Our clients

In 2004-05, more than 182,126 adults and 107,085 children from rural, regional and metropolitan areas of Victoria received general and specialist care from DHSV. Our adult services are available to all Victorians who hold a pensioner concession or health care card, and their dependents. Treatment for concession cardholders under the age of 18 is fully publicly funded, while treatment for those over 18 is subsidised.

All primary school children and concession card dependents in years seven to 12 are eligible to receive treatment through our School Dental Service and the Youth Dental Program, and co-payments apply for children whose parents are not concession cardholders.

Annually, approximately $49.5 million is used to purchase dental services from more than 60 external agencies responsible for the delivery of the Community Dental Program through dental clinics located across the State. DHSV also aims to raise awareness of dental health issues among the broader Victorian community through our range of oral health promotion programs.

Our services

DHSV provides a range of services to eligible members of the Victorian community:

Emergency care – available to all concession cardholders, generally on the day they attend any of our clinics or agencies during business hours, and also at the Royal Dental Hospital of Melbourne (RDHM) on weekends and after hours.

General dental services – including fillings, dentures and preventative care, provided to concession cardholders through DHSV clinics and 60 public dental clinics around the State from which we purchase services.

Specialist dental services – such as orthodontics, oral and maxillofacial surgery, endodontics, periodontics, prosthodontics, paediatric dentistry and oral medicine – all provided upon referral to RDHM.

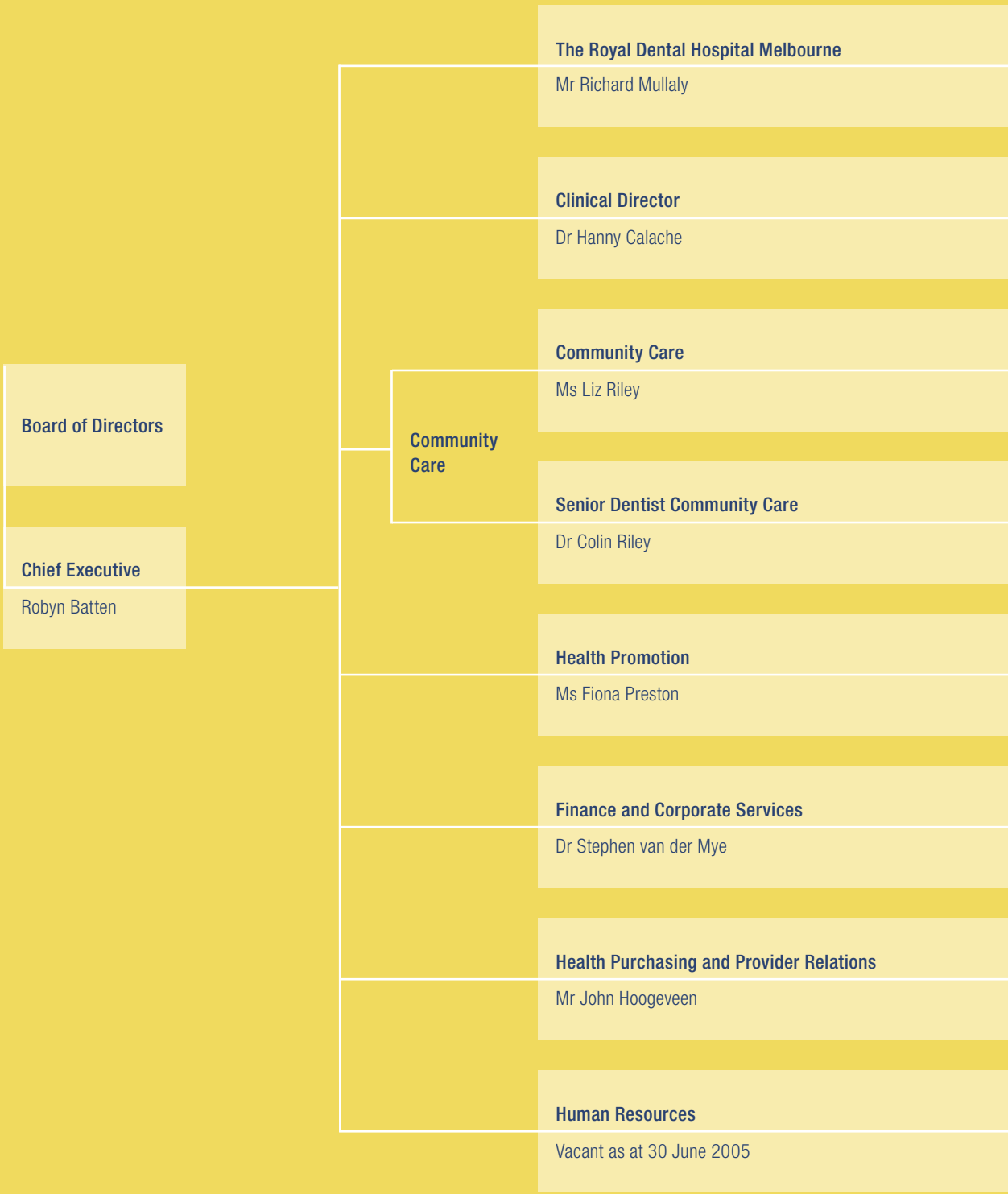
School Dental Service – a Victoria-wide program providing dental care to children and adolescents. Care is offered every 12 to 24 months, depending on the child's risk of dental disease. Dental therapists provide most treatment with the support of dentists at fixed or mobile dental clinics across the State.

Education – RDHM's teaching clinics support the University of Melbourne's education of dentists, specialists, dental therapists and hygienists and RMIT University's education programs for dental assistants and technicians. RDHM also provides bridging programs for overseas-trained dentists seeking registration in Australia.

Health promotion – DHSV also undertakes a range of promotional initiatives aimed at raising community awareness and understanding of oral health issues, and reducing the incidence of oral disease in Victorian communities.

Our organisation

More than 840 DHSV staff work together to provide dental services, health promotion and education programs throughout Victoria. In November 2004, an executive restructure was undertaken to improve the efficiency with which these services and programs are managed and delivered. DHSV now comprises six divisions – The Royal Dental Hospital of Melbourne, Community Care, Health Promotion, Corporate Services, Health Purchasing and Provider Relations, and Human Resources – as well as a Quality Improvement department which oversees and ensures the quality of the clinical skills across these divisions.



From the Chair and Chief Executive

The past 12 months have seen a number of advances for DHSV. In 2004, the Victorian Government committed an additional $97.2 million to public dental services over four years. Just one year on, this has already resulted in service expansion, new dental chairs, and significant new initiatives such as the Early Childhood Oral Health Program and extension of water fluoridation in regional and rural Victoria. Importantly, many more people are receiving dental care, and waiting times across Victoria are decreasing.

Overview of performance

The funding has made a substantial contribution to DHSV's operational performance for the year. In 2004-05 the organisation achieved an underlying operating surplus of $108,000 and a reported entity surplus of $492,000. All grant funds provided for the treatment of patients were expended during the year, utilising private service providers where necessary.

Over the course of the year 289,211 patients received public dental care across the State, an increase of 4.2 per cent on the previous year's result. Of this total, DHSV treated 131,771 patients directly. DHSV exceeded 60 per cent of the access and waiting time targets set in the Government's Statement of Priorities.

Substantial progress has been made in implementing the 2004-05 Business Plan over the past year, with nearly all initiatives completed or nearing completion as at July 2005.

Boost to recruitment

The recruitment and retention of clinical staff, particularly in rural areas, continues to be the major barrier to achieving waiting list targets. However, in July 2005, our workforce prospects were significantly boosted with the announcement of a new Oral Health degree. The Bachelor of Oral Health, to be offered by La Trobe University at its Bendigo campus, will qualify up to 30 dual-trained dental hygienists and therapists, stemming the shortage of dental therapists and oral hygienists in rural Victoria.

The dental school will start with 12 students in 2006 and build up to 30 students a year undertaking the three-year course. The program will attract students from regional and rural towns who will undertake clinical placements in Bendigo and the surrounding region, ensuring students become familiar with rural public health practice.

Executive restructure

In November 2004, an executive restructure saw DHSV's Clinical Services division separated into two divisions – the Royal Dental Hospital of Melbourne headed by General Manager Richard Mullaly, and the Community Care division headed by General Manager Liz Riley. Dr Colin Riley was appointed to the role of Senior Dentist, Community Care, while Dr Hanny Calache was appointed Clinical Director.

The executive restructure gave rise to further opportunities within Community Care to streamline its services. In January 2005, a new structure was created to support a more integrated approach to community dental services and provide opportunities to improve collaboration with the primary care sector. During this time, a number of staff who had made a significant and long-term contribution to DHSV, took the opportunity to move on from the organisation. We thank those people for their dedication and valuable contributions over the years, and we wish them well in their future endeavours.

Community participation plan

It's been a busy year for DHSV's Community Advisory Committee. The committee has overseen the development of DHSV's second Community Participation Plan. The 2005-06 Plan is designed to involve consumers and the wider community in the planning and delivery of public oral health services, and incorporates a patient communication strategy to improve the way we communicate with patients about their treatment and ongoing oral health needs. The Plan has been developed in conjunction with the DHSV Strategic plan 2004-07, and the organisation's business planning process to ensure that community participation is embraced as an integral part of how we do business.

Board re-appointments

Four members of the DHSV Board of Directors completed their three-year term and have been reappointed for a further term; this is a reflection of their important contributions to date. Chair, Jay Bonnington, and Directors Natalie Savin, Ignatius Oostermeyer, and Professor Louise Kloot all rejoin the Board this year.

New strategic plan sets the direction

With the inflow of further government funding, and with the first students undertaking their training in the new Bachelor of Oral Health, next year is already looking promising for DHSV. In order to fully harness these opportunities, DHSV will be looking to the recently developed Oral Health Strategic Plan and Service Plan. Developed in consultation with more than 500 people, including DHSV staff, representatives from community agencies, and the Department of Human Services, the Plan ensures clear strategic directions for DHSV for 2005-2010 and cements effective partnerships with key stakeholders.

Priority implementation of this Plan has already begun. Key areas include implementing demand management strategies; the provision of seamless oral health services for children; piloting the integration of the School and Adult Dental Services; improving access to services on the basis of clinical need; integrating oral health promotion into general health promotion; establishing a statewide framework for planning; and establishing a statewide quality framework.

We look forward to working with the Board and all DHSV staff in the implementation of this Plan in the coming year. Their commitment and dedication, both to the organisation and to the Victorian community, underpins everything we have achieved and everything we strive towards. Indeed, it is through their efforts, and with the ongoing support of our community, the State Government, Department of Human Services and professional partnerships, that we will continue to make a difference to the oral health of Victorians.

Jay Bonnington
Chair, Board of Directors

Robyn Batten
Chief Executive

The Royal Dental Hospital of Melbourne

The Royal Dental Hospital of Melbourne (RDHM) is Victoria's leading teaching facility for dental professionals. It provides access to emergency and specialist care for concession cardholders and their dependents.

The primary focus for RDHM is provision of world-class general and specialist dental care for Victorians. In addition, in partnership with both the University of Melbourne and RMIT, we aim to be a world-class specialist teaching facility, assisting in the education and training of future dental professionals including dentists, dental specialists, dental therapists, hygienists, assistants and technicians. To further this aim, RDHM signed Joint Operating Agreements with the University of Melbourne in November 2004 and RMIT in July 2005. We have collaborated in establishing committees to oversee these ongoing relationships.

Organisational restructure

DHSV's Clinical Services division separated into a Community Care division and the RDHM during the year. Within the RDHM, the General Dental Services and the Specialist Dental Services units continue to provide dental treatment and care in their separate areas. A Dental Support Services Unit was also established, comprising dental assistants, clerical support, dental laboratories and a radiology department. The restructure enhances the manageability and cost-effectiveness of providing these services, and clearer reporting lines will promote improved communication.

Emergency triage tool introduced

May 2005 saw the introduction of a web-based emergency triage tool, designed to provide more surety in treating emergency patients at RDHM within set timeframes. Patients who attend or telephone an agency clinic or RDHM with an emergency are assessed through a series of four or five questions which, based on clinical indicators, determine the priority category of their need which in turn establishes a time frame for their treatment. Serious conditions will continue to be treated immediately. The changes are designed to help ease waiting list times and create a fairer system, improving access to public dental care for all patients.

Staffing shortfalls continue

The recruitment and retention of dental assistants continues to be a challenge, with a vacancy rate in excess of 15 full time equivalents. Strategies to recruit new dental assistants include local advertising and a greater focus on retention, including a new career structure and improved pay scales.

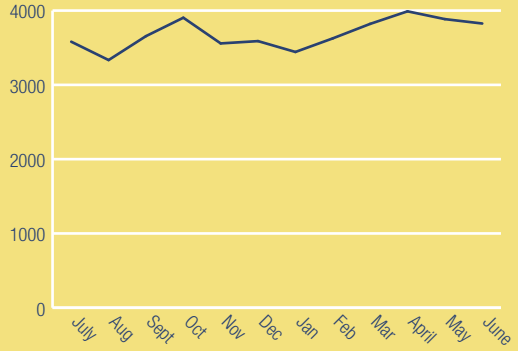
In an effort to address shortages of dentists, the RDHM Overseas Training Course continued to provide some 60 overseas graduate dentists with training to enable them to be credentialed through the Australian Dental Council examinations, and therefore to practice in Australia. This greatly assists in addressing the shortfall in trained dentists in the public system.

Looking ahead

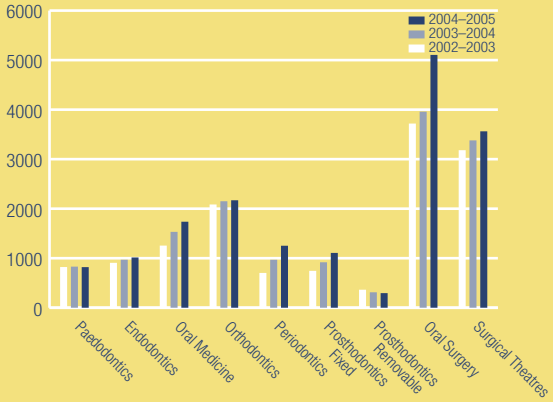
The Special Needs Dentistry Unit and Paedodontic services are likely to be in high demand over the coming year. Demand for the services of DHSV's Special Needs Dentistry Unit has risen substantially in 2004-05, highlighting the need to deploy funds to support the specific infrastructure required by this group, including more enclosed dental surgeries.

In 2005-06, RDHM will focus on improving the utilisation of the hospital's infrastructure, in particular the use of dental chairs. We will also be looking at improving our communication with external referrers of patients for specialist services and the community dental services, and focusing on strategies to reduce general waiting times for patients on the RDHM's general waiting lists.

Statewide waiting list: specialist clinics
Number of people waiting at end of month 2004–05



Number of Individuals Treated
Specialist Dental Services- RDHM



Community Care

After the restructure of DHSV's Clinical Services division in 2004, Community Care emerged as a separate division, and underwent its own internal restructure in May 2005. Comprising the School Dental Service, Domiciliary Care and Adult Dental Services, the new structure supports a more integrated approach to community dental services and provides opportunities to improve collaboration with the primary care sector.

School Dental Service (SDS)

SDS provides preventive and treatment services to all primary school children and children in years 7 and 8 of concession cardholders. Care is offered as a school-based service, with services being provided from 136 dental chairs within 35 mobile clinics, 10 fixed clinics and 27 co-located clinics across Victoria.

A new model of service delivery

In January 2005, Direct Patient Recall (DPR) commenced – a new model of service delivery through which children are recalled individually according to their identified risk status and when they were last treated. Historically, SDS has operated under a school-based offer of care and recall program. The new system involves individual letters of offer now sent directly to parents, giving parents greater involvement in their child's dental care. A targeted promotion to schools will encourage parents to enrol their children in SDS. Once children are enrolled, they will be offered care individually on a clinic basis according to their identified need.

The new model brings SDS into line with dental service delivery in the Early Childhood Oral Health Program (ECOHP) and the Youth Dental Program (two other public dental programs), facilitating continuity of care between the different programs and contributing to a seamless child oral health service where co-ordinated recall intervals from preschool to 18 years of age can be achieved.

Priority Access Initiative

On October 1 2004, SDS implemented the Priority Access Initiative for a six-month period until March 2005. The initiative was designed to reduce the recall period for children who had not received an offer of care for more than 28 months. This initiative also provided the vehicle for transitioning from a school-based model to the new DPR model.

To implement this strategy, clinical resources were temporarily shifted from regions achieving low recall intervals, to the locations of 'greatest need' – where children had not received dental care for more than 28 months.

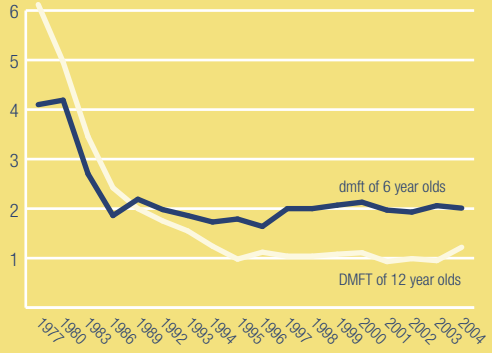
During the initiative, SDS offered care to 278 schools (78 per cent) of the 348 identified backlog schools, with 39 per cent of children at these schools taking up an offer of care. The remaining backlog schools were the first to be targeted under the DPR program, thereby providing children at these schools with the opportunity to enrol in the service.

Special Services and Domiciliary Care

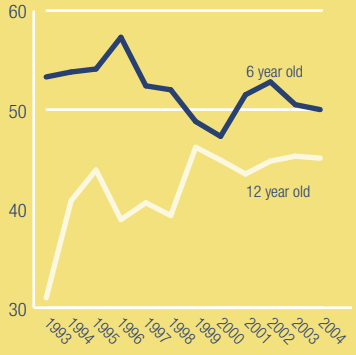
Children attending Special Schools or Special Development Schools may be offered care by the Special Services Unit managed by SDS. Over the course of 2004-05, 900 children received a completed course of care.

Domiciliary Care provides general dental care to people who are homebound or reside in residential accommodation as a result of medical, physical and/or psychiatric conditions. In 2004-05, Domiciliary Services treated 1478 individuals.

Mean DMFT* of 12 year olds and dmft^ of 6 year olds
*decayed, missing or filled permanent teeth
^decayed, missing or filled deciduous teeth



% of children with no caries experience (DMFT + dmft = 0)



Patient numbers

In 2004-05 a total of 83,586 children received a complete course of care through the service. The general recall period for children at low risk of dental disease was 29.7 months, while those children identified to be at high risk were recalled every 12 months or less.
The service achieved a participation rate of 43.4 per cent, with almost half of Victoria's children receiving care through SDS, and 73.2 per cent of eligible concession cardholders using the service.

Adult Dental Service (ADS)

The ADS comprises four DHSV-managed, community-based clinics in Ballarat, Hamilton, Wangaratta and Ozanam Community Centre (North Melbourne). The clinics provide emergency and general dental treatment to all eligible patients, which, as well as adults, can include children, with priority treatment given to early childhood (preschool) patients, middle teenage youths, and patients requiring urgent dentures and emergency cases.

Devolution of ADS Clinics

ADS participated in the organisation-wide Oral Health Strategic Plan and Service Plan during the year, which included a recommendation for the devolution of ADS clinics to local management within their respective communities. Reflecting this strategy, management of the Brimbank community clinic was successfully transferred to the local community in November 2004. After thorough consultation with community stakeholders, community centre management and staff, a smooth transfer of the community dental business into community hands through ISIS Primary Care was achieved.

Mixed results on waiting lists

The past year has produced mixed results for waiting lists. At Ballarat, the general waiting list (for fillings) increased from 49 months to 53 months, while the denture waiting list has decreased from 50 to 30 months. Workforce issues earlier in the year were a contributing factor to the increase, while government-funded vouchers for patients to use in the private sector contributed to the decrease in the denture waiting list.

Hamilton produced similar results, with the general waiting list remaining fairly steady at 43 months, and the denture waiting list coming down from 52 to 38 months, again as a result of additional government funding.

Wangaratta's general waiting list remained steady at 40 months, while the denture waiting list increased from 43 to 47 months because of a critical shortage of services from Wangaratta-based laboratories through which DHSV usually purchases. The laboratories were heavily oversubscribed by other sectors and were unable to provide any laboratory work for ADS patients during the year.

Quality Improvements

Emerging as a result of a restructure in 2004, the Quality Improvement unit works alongside DHSV's clinical divisions – the School Dental Service, Adult Dental Service, and the Royal Dental Hospital of Melbourne – to ensure that the quality of DHSV's clinical skills and services is maintained and improved. The unit focuses on areas such as education and training, research, and clinical governance.

Embracing continuous improvement

Quality Improvement oversees clinical governance for DHSV, including the implementation of the Clinical Governance Framework and Quality Plan, overseeing the Quality and Infection Control teams, and involvement in the Board's Quality Committee, Clinical Leadership Council, and Credentialing and Clinical Privileges Committee.

Quality Improvement is also responsible for training and research, providing clinical continuing professional development training for clinicians across DHSV and the allied health network. The division undertakes research, either independently or through research partnerships with tertiary education and research institutions, to continuously improve and refine the work of DHSV's clinical divisions.

New Clinical Leadership Council

A Clinical Leadership Council was established in March 2005 to oversee clinical improvement across DHSV, and consider its role in improving clinical dental services across the wider public sector. The Council provides a forum for clinicians to discuss clinical matters affecting the quality of clinical performance at DHSV, and for senior clinicians to have an input to decisions and participate in the improvement of quality clinical services across the organisation. The Council encourages the monitoring and evaluation of processes developed for the implementation of new, revised and updated clinical guidelines.

Workforce and capacity developments

Rural workforce issues continued to present a major concern and were the main contributing factor to waiting lists. The successful recruitment of additional clinical professionals at some clinics, including Ballarat and Hamilton, has helped alleviate these concerns to some degree, although recruitment and retention continue to be issues for the Wangaratta clinic. The Ballarat clinic also received a boost with the addition of an eighth dental chair in February 2005. The new chair will increase capacity by up to 12 patient visits a day and some 2640 patient visits per year.

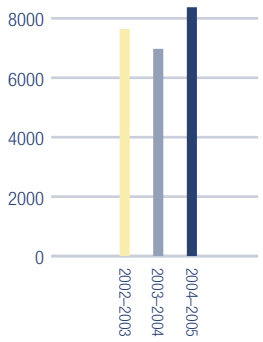
Updated manual on infection control

In another significant development for the year, ADS, together with the SDS, successfully implemented an updated manual on infection control to reflect Australian standards. The revised manual incorporates relevant infection control procedures at the Community Care sites for all clinicians and health care workers.

Patient numbers increase

The four community-based clinics operated by ADS saw 8374 patients over the course of the 2004-05 financial year, an increase on the 6975 treated at the same clinics in 2003-04. The 20 per cent overall increase was primarily due to the successful recruitment of extra staff and the resulting additional capacity. The installation of an additional dental chair at Ballarat also contributed to the increase.

Adult Dental Services
Number of indiviuals treated



New research partnerships

Two new research partnerships were established during the year with the University of Melbourne's Co-operative Research Centre for Oral Health at the School of Dental Science, and the Health Issues Centre. Such partnerships facilitate the sharing of resources and expertise for mutual gain and provide research in a range of areas.

Review of credentialing

The ability to verify the credentials of clinical professionals and make an accurate assessment of their clinical experience is an important element of ensuring a high quality of care within the dental health system. A review of DHSV's Credentialing and Clinical Privileges policy and procedures was recently undertaken, with a series of recommendations to be implemented over the forthcoming year. The review highlighted the importance of clinicians having relevant qualifications, appropriate experience and registration with the Dental Practice Board.

Clinical procedure approved

A new clinical procedure for the use of preformed metal crowns in long-term restorative procedures on deciduous teeth in children was approved during the year. The stainless steel crowns have been shown to be the most effective and long-lasting method for restoration of deciduous molars. Implementation of the new procedure involves a training program for dentists, dental therapists and dental assistants across the SDS, RDHM and ECOHP programs, and supply of appropriate equipment to clinics. Training is currently taking place in areas of greatest need, with all training and implementation scheduled for completion by the end of 2005-06.

Looking ahead

Various teams have been developed and are working towards meeting the requirements of the Australian Council on Healthcare Standards for accreditation. Over the next 12 months, the division will focus on maximising the newly formed research partnerships, evaluating the professional development needs of dentists and clinicians and broadening the existing clinical professional development program, establishing new clinical guidelines and directions, and looking at current community-based and RDHM-based practices with a view to identifying applications for evidence-based best practice.

Health Purchasing and Provider Relations

Health Purchasing and Provider Relations (HPPR) purchases Community Dental Program (CDP) service provision from some 60 external agencies and DHSV adult dental clinics. The division provides support and advice to funded agencies through a series of seminars conducted twice a year, and each agency has a designated HPPR manager for first point contact.

Funding provides a boost

This year has seen a substantial injection of funds into the CDP with an extra $14 million going into the sector for adult care, and a further $2 million to develop and establish ECOHP. The additional funding has provided a substantial boost, improving access to services, decreasing waiting lists, and improving equity in funding allocations.

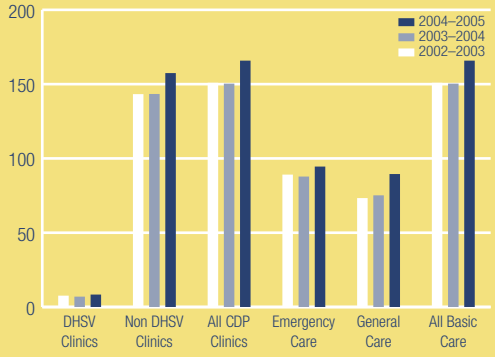
New service models

This influx of funds has also required that a suite of new service models be considered and a series of options implemented, including:

- a travelling dental team comprising a dental officer and a dental therapist to work in parts of Victoria with little or no access to public or private (contracted) services
- an alternative approach to access for patients in remote areas requiring full dentures
- a travel assistance scheme, designed to support some of the costs for patients travelling to Melbourne for care;
- joint action with the Australian Dental Association (Victorian Branch) to encourage private practitioners to contribute in varying ways to treat public patients
- the piloting of "preferred provider" models in some parts of Victoria to encourage increased private practitioner participation in the contracted services schemes.

Further development and implementation of service models designed to improve access to public dental services across the State remains the biggest challenge for the forthcoming year.

Number of individuals treated (per '000)
Community Dental Program



New projects target waiting lists and service provision

A number of major projects started this year, all designed to reduce waiting lists and to improve the provision of services, including:

- an Emergency Demand Management Strategy developed and implemented in late May. The strategy provides a triage tool to be used in every public clinic to ensure that patients attending for an emergency are assessed and offered care in a consistent way. The program limits in-house emergency care while increasing access to general care and decreasing waiting lists
- the Waiting List Management Project is reviewing waiting lists across Victoria to ensure waiting lists have up-to-date information and are managed according to government policy.
- the development of a Contracted Services Audit Program will ensure the level and quality of services that are sub-contracted to the private sector are regularly monitored and reviewed
- a new extranet will provide a user friendly way of managing the substantial number of interactions between DHSV and its agencies.

Service provision and wait times

It has been a year of significant achievement for the CDP. More than 1,000,000 services were provided to 165,814 patients across 395,697 visits. There are 44,000 less people on the waiting lists. On average, these people are waiting 28 months for general dental care (down from 31 months), 28 months for general denture care (down from 35 months), and less than two months for priority denture care.

The most significant challenge for 2005-06 will be to ensure that waiting time reductions continue across Victoria, with a continual reduction in the variation between the longest and shortest waiting times.

Looking ahead

HPPR is constantly striving to ensure that funds are allocated equitably and are used efficiently across Victoria. DHSV relies on agencies as the end user of resources to ensure this happens. We would like to thank our partners in the community at the agencies who have achieved significant results for 2004-05 and look forward to working with them to continue to improve access to services in the upcoming year.

Health Promotion

Health Promotion delivers ongoing oral health promotion services, programs, support and advice throughout Victoria with a view to reducing the incidence of oral disease and increasing the community's awareness and understanding of the issues relating to oral health.

Statewide roll out of new early childhood program

This year saw the statewide roll out of the ECOHP – a treatment program built on a health promotion framework, which for the first time gives all preschool aged children in Victoria access to prioritised public dental care.

The program pilot, *Smiles4Miles*, aims to address oral disease through a collaborative and integrated approach by promoting oral health as part of a child's general health and placing responsibility for oral health with the whole community.

Run in partnership with the oral health care service providers and local community health networks, *Smiles4Miles* was rolled out to three high-needs sites across Victoria last year. The findings of these pilots continue to feed into the development of the statewide program. Since the initial roll out, the pilot has been delivered to three further sites.

A key component of the early childhood program is working with allied health child care workers. To date 356 of approximately 800 Maternal and Child Health Nurses (MCHN) have participated in the oral health promotion in-service program, with full coverage by the end of 2005. Also, 80 children's services staff have participated in a newly commenced element of the program, which will continue into 2005-06 in an effort to reach more of the estimated 2500 children's services statewide.

Primary School Nursing Project

Building on the implementation of OHP in-service programs with MCHNs and Children's Services staff, Primary School Nurses (PSNs) have also benefited from targeted OHP training and resource development, with 75 per cent of Victoria's PSNs participating in 2004-05.

Donate-a-Day community awareness campaign

More than 100 dental professionals from across Victoria again donated their time and expertise to tackle oral disease through the *Donate-a-Day* campaign. This year the message reached people with special needs and Victoria's most at-risk community groups, including new parents, parents and carers of children to age six, older Victorians, and adolescents.

Start Up seed grants program

This year saw the implementation of Health Promotion's OHP Start Up seed grants program, through which funding is provided to local projects where local health care providers and networks, in both metropolitan and rural areas, are working to address local issues of oral health. Of the 31 submissions received, six projects were selected for funding.

Defenders of the Tooth on-line

In 2003-04 the *Defenders of the Tooth* were born – a comic strip trio charged with the task of spreading the word about good oral health to the community. This year, we have been working towards the on-line debut of the *Defenders* with the development of an interactive website targeting and educating children about good oral health and disease prevention. The range of *Defenders* materials has been translated into five community languages.

Looking ahead

One of the exciting initiatives for the coming year will involve the launch and continuing development of the Adventure Playground interactive website for children. The success of *Smiles4Miles* over the past two years has resulted in the program being doubled in size and extended into a further six disadvantaged communities.

Human Resources

DHSV employed 841 people as at June 30 2005, (594 full-time equivalent). Recruitment of clinical staff continues to be a challenge across Victoria, with the shortage of dentists and dental therapists affecting rural areas in particular.

The general under supply of these groups across Australia has led DHSV to review its recruitment strategies, including its ability to seek approval from the Department of Immigration and Indigenous Affairs to sponsor overseas-trained clinicians. The Victorian Government's expansion of the mutual recognition program to include qualifications from additional countries of origin should help to reduce the under supply of clinicians.

Meanwhile, new strategies for recruiting clinical staff have contributed to improved recruitment rates over the past year. These strategies included: co-operative arrangements with external public agencies; highlighting DHSV as a potential employer to a broader range of the community; providing rural incentives for staff who are prepared to relocate to non-metropolitan regions; and active promotion of dental therapy careers with a focus on rural students.

Occupational Health and Safety (OH&S)

DHSV continues to work diligently in its pursuit of providing a safe and healthy work environment for its employees. The support, labour and commitment of DHSV staff serving on its two-tier OH&S Committees have been instrumental in providing sound leadership to the organisation in managing its workplace OH&S hazards and risks.

Proactive OH&S initiatives and robust WorkCover claims management practices have led to a significant improvement in DHSV's management of workplace injuries.

In 2004-05, DHSV demonstrated continued improvement in managing its workplace injuries, with a marked reduction in the number of claims received – from 98 claims in 2003-04 to 25 claims in 2004-05. Total payments in relation to WorkCover claims were reduced by 32 per cent in 2004-05.

Employee Relations

DHSV commenced negotiations for replacement enterprise agreements covering approximately 300 dental assistants and 160 dental therapists with staff representatives and their unions in the second half of the financial year. Towards the end of June 2005, DHSV successfully concluded an agreement with the Community and Public Sector Union (CPSU) for a new agreement to cover dental therapists.

In both agreements, DHSV has sought to address recruitment and retention issues by negotiating measures designed to improve terms and conditions of employment for staff within Government wages policy, while also offering DHSV broader service delivery options.

Employee Assistance Program

DHSV has continued to provide employees and their immediate families with access to a free, confidential and independent counselling service to assist in the resolution of issues, both personal and work-related. The service also provides coaching and training to assist managers and supervisors in dealing with workplace issues. During the period from February 2004 to January 2005, 60 employees and family members used the program.

Organisation Development

An extensive six month Leadership and Management program started during the year which involved middle management in important strategic projects for the organisation. Graduates of this program receive the nationally recognised Associate Diploma of Business (Leadership and Management). Outcomes from this process have been very effective and all staff who contributed to this work are to be congratulated for their efforts and contribution. The organisation will continue to build on this work and the many recommendations put forward. Two clinical professional development programs, *Management of Dental Trauma* and *Dental Materials – What Does the Evidence Tell Us?*, were held over five one-day sessions. Some 250 staff from DHSV clinical areas and CDP agencies attended one or both of the programs.

Payroll

A tender process was carried out during the year to ensure DHSV makes available the best salary packaging services to its staff. A comprehensive review of tenders was undertaken resulting in the current provider being appointed for a three year period.

Our SAP Payroll/Human Resources Information System went through a number of system upgrades providing DHSV with improved functionality, particularly relating to end of financial year payroll reconciliation.

Workforce Data as at 30 June 2005

Staff numbers (number of individuals)

	Women	Men	Total
Ongoing full-time	219	49	268
Ongoing part-time	327	53	380
Temporary full-time	72	36	108
Temporary part-time	27	21	48
Casual	23	14	37
Total	**668**	**173**	**841**

Full time equivalent numbers 2003-04

	Dentists	Dental Therapists	Dental Assistants	Dental Technicians	Dental Prosthetists	Other	**Total**
RDHM	31.5	1.4	80.0	17.5	1.4	76.5	**208.3**
DHSV Adult Dental Clinics	12.2	0.2	18.1	1.2	1.5	10.0	**43.2**
School Dental Service	13.2	84.3	97.1	0.0	0.0	41.9	**236.5**
Health Purchasing & Provider Relations	0.0	0.0	0.0	0.0	0.0	5.2	**5.2**
Corporate Services	0.0	0.0	0.0	0.0	0.0	85.8	**85.8**
Health Promotion	0.0	0.0	0.0	0.0	0.0	4.4	**4.4**
Dental Health Services Victoria	56.9	85.9	195.2	18.7	2.9	223.9	**583.5**

Full time equivalent numbers 2004-05

	Dentists	Dental Therapists	Dental Assistants	Dental Technicians	Dental Prosthetists	Other	**Total**
RDHM	34.2	1.0	87.5	13.7	1.5	79.5	**217.3**
Adult Dental Services	8.0	0.4	11.7	0.6	1.8	5.7	**28.3**
School Dental Service	10.9	86.4	101.6	0.0	0.0	49.7	**248.7**
Health Purchasing & Provider Relations	0.6	0.6	0.0	0.0	0.0	7.0	**8.2**
Corporate Services	0.0	0.0	0.0	0.0	0.0	85.6	**85.6**
Health Promotion	0.0	0.0	0.2	0.0	0.0	5.7	**5.9**
Dental Health Services Victoria	53.7	88.4	201.1	14.3	3.3	233.3	**594.0**

Notes:

* This data is based on the 12 month average for 2004-05 (not actual as of June 2005)
* All previous FTE data for annual reports was based on this criteria.
* DHSV Adult Dental figures have decreased due to ISIS Primary Care taking over the DHSV Brimbank clinic (staff and services) in November 2004.
* The 'Other' category includes anaesthetists, instrument technicians, medical image technicians, registered nurses, clinical demonstrators, managers and admin/clerical staff.
* Due to the introduction of new colocated clinics in the SDS, there has been a 5.2 FTE increase in clerical support staff.

Corporate Services

The Corporate Services division provides effective and efficient support to DHSV's activities by providing and maintaining the necessary financial and physical infrastructure.

The year ending June 30, 2005 was one of consolidation and regeneration for the Corporate Services division, with the completion of a review of the Finance and Information Technology and Telecommunications areas and the beginning of a review of Dental Logistics and Infrastructure Services. We also enhanced the Risk and Compliance areas, both in clinical and corporate, including an audit of the risk management framework and implementation of a number of recommendations. DHSV also acquired a comprehensive compliance framework.

Dental Logistics

During 2004-05, Dental Logistics continued consolidation of arrangements with strategic suppliers to ensure cost-effective and reliable supply of materials and equipment in a market that saw some significant changes. Major building projects completed included Craig Family Centre, Plenty Valley and construction of the first two relocatable dental clinics for the School Dental Service. In total, $3.8 million of capital works were completed.

Dental Logistics achieved significant increases in sales to external parties of 18 per cent, with total revenue for the year exceeding $2.1 million. In the year ahead Dental Logistics will focus on business development and implementation of key business efficiency systems, including the provision of on-line ordering.

Finance and Business Integration

DHSV achieved a modest surplus for the 2004-05 financial year. The annual budget was restated twice during the year, first in response to the significant grant received from the State Budget, and also in response to the organisational restructure mid-way through the year.

Preparations for the introduction of Australian equivalents to International Financial Reporting Standards were undertaken. Work on standardising the Chart of Accounts and bookkeeping practices in order to meet the requirements of the Department of Human Services Financial Management Information Systems project was also undertaken. The Business Integration department facilitated business process improvements within the RDHM and within the area of Clinical Analysis and Evaluation.

Information Technology and Telecommunications

Government approval for a $3.2 million State-wide Information Communication and Technology project was achieved during the year. The project will deploy chair-side electronic patient records across the SDS and the remainder of Victoria's community dental agencies. Other activities included an upgrade of DHSV's server software to improve the stability of DHSV's systems, improvements in the performance of the network for key applications, and renegotiation of mobile phone contracts to reduce costs.

Clinical Analysis and Evaluation

This year saw a major upgrade of the patient management system, Exact, which provided a number of new functions including, for the first time, automated dental health status data collection from electronic dental charts. This will provide key information in the planning of services and measurement of service outcomes. The new version also provides enhanced functions for clinical staff to improve the efficiency and quality of care. The unit also implemented the use of digital radiographs at RDHM for clinical staff to view radiographs electronically on the computer at the chairside.

A key area of focus over the coming year will be participation in a project to implement electronic patient records through a roll out of the Exact application across the whole SDS and remaining CDP clinics.

Risk and Compliance (formerly Decision Support)

During the year Divisional Risk Management Workshops were conducted to identify DHSV's key risks, a revised Compliance Framework for DHSV was developed, and team-building workshops were conducted for DHSV's clerical staff. The primary focus for 2005-06 is to guide, facilitate and deliver DHSV's risk management systems and compliance requirements, including legislative and policy requirements.

(Back left-right) Jay Bonnington, Dr Lloyd O'Brien, Natalie Savin, Prof. Hal Swerissen, Kellie-Ann Jolly
(Front left-right) Ignatius Oostermeyer, Prof. Louise Kloot
(Absent) Dr Errol Katz and Dr Brian Stagoll

Board of Directors

The Governor in Council, on the Minister for Health's recommendation, appoints the DHSV Board of Directors. The requisite six to nine Board members reflect a mix of qualifications, skills and experience, specifically in the areas of dental health, community welfare, finance and business.

Ms Jay Bonnington – Chair
BCom MBA FCPA FAICD

A director since 1999, and chair from 2001, Ms Bonnington is non-Executive Director of a number of public and privately listed companies, and has previously held a variety of senior corporate and financial management roles, both overseas and within Australia, including CEO of the Make-A-Wish Foundation Australia.

Ms Kellie-Ann Jolly
Grad Dip App Sci (Oral Health Therapy) MHSc (Health Promotion)

A director since July 2004, Ms Jolly has a clinical background partnered with extensive experience in public dental health and health promotion portfolios.

Dr Errol Katz
MBBS (Hons), LLB (Hons), MPP(Harvard)

A director since July 2004, Dr Katz has an extensive background in strategic business planning and health care consulting. He is currently General Manager, Business Strategy, for Visy Industries.

Professor Louise Kloot
PHD MCom BBus BA FCPA FAIBF

A director since July 2000, Professor Kloot is Professor of Accounting at Swinburne University of Technology, and Academic Head of Accounting, Law and Economics with the Faculty of Business & Enterprise.

Dr Lloyd O'Brien
AO DDS MDSc FRACDS FICD FPFA FACD LDS

A director since October 2003, Dr O'Brien has been a general dentist for almost 40 years. Recently the President of the Australian Dental Council, Dr O'Brien also has extensive experience in dental organisations, universities and public health.

Mr Ignatius Oostermeyer
BA (Hons) LLB (Hons) MSC (Econ) (Distinction)

A director since July 2002 Mr Oostermeyer is a practising barrister and solicitor with the Victorian Hospital's Industrial Association.

Ms Natalie Savin
BA MPolicy & Law

A director since July 2000, Ms Savin has worked extensively in human services management within local and State government, and the community sector.

Dr Brian Stagoll
MB BS FRANZCP

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

Professor Hal Swerissen
BAppSc (Psych) GDipPsych BA (Hons), MAppPsych MAPsS

A director since July 2003, Professor Swerissen is the Associate Dean of Health Sciences at Latrobe University. He has an extensive background in government policy within health, aged care and community portfolios.

Board meeting attendance

There were 11 board meetings held during the year. Attendance was as follows:

Director	Eligible	Attended
Ms Jay Bonnington *Chair*	11	8
Ms Natalie Savin	11	10
Ms Kellie-Ann Jolly	11	9
Dr Errol Katz	11	10
Prof. Louise Kloot	11	9
Dr Lloyd O'Brien	11	11
Mr Ignatius Oostemeyer	11	9
Dr Brian Stagoll	11	9
Prof. Hal Swerissen	11	8

Board committees

Finance Committee

Chair: **Jay Bonnington**

Audit Committee

Chair: **Prof. Louise Kloot**

Members: **Jay Bonnington, Natalie Savin and Prof. Barry Cooper (consultant)**

Remuneration Committee

Chair: **Jay Bonnington**

Community Advisory Committee (CAC)

Chair: **Natalie Savin**

The role of the CAC is to advise the Board on DHSV's policy and strategy in relation to consumer and community participation and its impact on health service outcomes. It also has an advocacy role to the Board on behalf of the community, in particular, recognising the needs of disadvantaged and marginalised consumers and communities.

This year the CAC's focus was on effective consumer and community participation. The committee contributed to the development and implementation of DHSV's inaugural Community Participation Plan. The plan has guided significant progress in the organisation's capacity to engage with consumers and the community in the design and delivery of targeted services.

The committee has also been active in the development of DHSV's Disability Access Policy and Action Plan, taking on an active advisory and consultative role to DHSV, representing the interests of disadvantaged Victorians.

Significant progress has been made in bridging the gap between the organisation's staff and management and the needs and interests of consumers and the community, laying the foundation for continued practice improvement in community participation in 2005-06.

The CAC is regularly provided with data obtained through the Communication, Compliments and Complaints form. This data is a means of involving DHSV consumers and listening to their suggestions for improvements.

Quality Committee

Chair: **Dr Lloyd O'Brien**

This committee is responsible for ensuring there are systems in place to improve the quality, safety and effectiveness of services provided by DHSV. The committee which meets quarterly, oversaw the implementation of DHSV's Clinical Governance Framework. This included monitoring and evaluation of DHSV's quality plan, and the establishment of the Clinical Leadership Council. Its activities also embraced review of DHSV's Key Clinical Quality Performance Indicators, such as clinical incidents, complaints, compliments and comments, restorative re-treatments and denture remakes. Supervision of the organisation's activities relating to achieving the requirements of the ACHS Periodic Review in December 2005 were also addressed.

Primary Care and Population Health Advisory Committee (PC&PHAC)

Chair: **Professor Hal Swerissen**

The role of PC&PHAC includes monitoring DHSV's primary care and health promotion activities to ensure they are aimed at improving and monitoring population oral health status and to make recommendations for improvements; reviewing DHSV's primary care and health promotion programs to ensure they promote equity of access taking into account demographic, social and environmental factors as well as other health and human services; identifying gaps in DHSV's primary care and population health advisory activities and recommending action; and ensuring that DHSV's primary care and population health programs are fulfilling the organisation's obligations with regard to accreditation objectives.

The Committee maintained its focus on DHSV's interaction with the broader primary care sector throughout the year and provided a forum for regular review of activities such as implementation of new service delivery models, the statewide waiting list strategy and introduction of direct patient recall across the School Dental Service. The Committee provided an important forum for consultation during the development of the Oral Health Strategic & Service Plan for Victoria and, with broad representation, continues to provide a strong link between the sector and DHSV.

Ethics in Clinical Research Committee

Chair: **Professor Louise Kloot**

The Ethics in Clinical Research Committee reviews and approves all research proposals involving human participants. This includes clinical trials, collection of epidemiological data, reviews of DHSV patient records, undertaking surveys, and analysis of DHSV's epidemiological and treatment services data.

The Committee operates by circular resolution when applications are received, so that all relevant research is circulated to all committee members and an agreement is made regarding the approval of the research project. The Committee meets annually to ensure that all research that relates to DHSV protects the rights and welfare of all participants as well as being in the best interest of the public.

Compensation arrangements

The Board reviews the compensation arrangements of the Chief Executive and other senior executives annually via the Remuneration Committee to ensure compliance with the government services executive remuneration policy. The remuneration of Board members is determined by government policy.

Statutory Requirements

Managing risk

The DHSV Board monitors areas of operational and financial risk through the Board Audit Committee and the Board Finance Committee. The Board retained the services of KPMG Consultants in 2004-05 as internal auditors and facilitators of the DHSV Risk Management process. KPMG Consultants undertook an evaluation of organisational risks in May 2005 as part of DHSV's ongoing commitment to risk management.

Consultancies

Consultancies costing more than $100,000: Nil

Consultancies costing less than $100,000: 38 at a total cost of $738,273.

Compliance with the Building Act 1993

DHSV's buildings are maintained to meet the provisions of the Building Act 1993.

Purchasing and Tendering

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

Competitive neutrality

In accordance with the Victorian government policy statement on competitive neutrality, DHSV applies competitively neutral pricing principles to all its identified business units.

Probity

DHSV, through its Infrastructure Services Unit, has undertaken public tender for contracts required under Victorian Government Public Service guidelines and has a rigorous supplier evaluation and relationship management process in place.

Code of Conduct

DHSV has a comprehensive Code of Conduct which is based on guidelines issued by the Office of Public Employment and best practice. The Code of Conduct is available to all employees and is an integral part of the induction and orientation program. All employees are expected to behave consistent with the requirements of the Code of Conduct.

Freedom of information

During the year DHSV received 110 requests for access to documents under the Freedom of Information Act 1982. Of these requests, 90 were personal requests and the remainder were non-personal. All requests were approved. Requests were dealt with in the following manner:

- Access granted in full: 109
- Requests withdrawn/not proceeded with: 1
- Application fees collected: $61.50
- Application fees waived: $2,193.50
- Charges collected: $0
- Charges waived: $2,111.50

Further information available

The information listed in the Directions of the Minister for Finance – FRD 22 has been prepared and is available to the relevant minister, members of parliament and the public upon request.

Senior Management Team

Ms Robyn Batten
BSocWk, MSocWk, MBA, AFACHSE

Chief Executive

Robyn has extensive experience in primary care, health management and local government. She was most recently the director of primary care and mental health at Southern Health where she was responsible for acute and community based mental health services and a range of ambulatory care services. Over the past decade, Robyn has been responsible for several major organisational change programs which have resulted in improved quality and efficiency of service delivery to the community.

Dr Hanny Calache
BDSc, MDSc (Children's and Preventative Dentistry), Grad Dip Health Admin

Clinical Director

Throughout the past 27 years, Hanny Calache has been responsible for some major breakthroughs in the education of dental therapists and hygienists. Armed with a Bachelor of Dental Science, Masters in Paediatric Dentistry, Graduate Diploma in Health Administration and a Doctor of Public Health Degree, Hanny is responsible for three main areas of enterprise – clinical governance, education and training, and the promotion of DHSV led research.

Mr John Hoogeveen
SRN, B.Nurs, ONC, DTS, MBioethics, MBA

General Manager Health Purchasing and Provider Relations

John has extensive experience in clinical and managerial positions in Victoria's public and private hospital sectors. Formerly responsible for the Royal Dental Hospital of Melbourne's operations, John has overseen the Dental Hospital Redevelopment Project and is now responsible for the Health Purchasing division within DHSV.

Mr Richard Mullaly
BSc (Hons), MBA, AFACHSE

General Manager Royal Dental Hospital of Melbourne

Richard has extensive management and clinical experience within Victoria's public health system. In his previous role as Business Director at Southern Health, Richard worked with an executive team to oversee the strategic, financial and operational management of the Dandenong Hospital. Armed with a Bachelor of Science (Pharmacology) and a Master of Business Administration, Richard is responsible for the management of the Royal Dental Hospital of Melbourne.

Ms Fiona Preston
BEd, ARTS (Sec), Grad Dip Rec Mgt

General Manager Health Promotion

Fiona has worked extensively in health promotion planning, implementation and business development. She has extensive consulting and management experience in health promotion, including the development of campaign-based community awareness initiatives and private sector program development and management. Fiona is responsible for DHSV's health promotion efforts, including the development of a preventive focus on oral health, and the integration of oral health into a more general health and well-being awareness within the community.

Dr Colin Riley
BDSc, LDS

Senior Dentist Community Care

In his role as Senior Dentist for Community Care, Colin is responsible for ensuring appropriate, effective and efficient services, being involved in training, education and mentoring of Community Care staff, and assisting with ongoing development of Clinical Guidelines and relevant clinical policies and procedures. Armed with Bachelor of Dental Science from University of Melbourne and extensive clinical experience with both children and adults, he will provide clinical leadership for the School Dental Service and Adult Dental Program.

Department of the Chief Executive

Ms Liz Riley
BASc (Nursing), Crit Care Cert, Grad Dip Management, MBA

General Manager Community Care

Liz has extensive experience in clinical and managerial positions in the private and public hospital sectors and the community sector. Liz's management roles have involved significant change management, and the development and implementation of innovative models of service delivery to enhance the quality and efficiency of services. Liz is responsible for the operation of DHSV's Community Care division, which includes the School Dental Service, DHSV managed Adult Dental Services and Special Services.

Dr Stephen van der Mye
B.Comm (Hons I), PhD, FAICD, FCPA, FCIS, FAIBF, FAIM, ASIA

General Manager Finance and Corporate Services

Stephen has a broad knowledge of commerce and industry gained through executive and non-executive director roles in agriculture; banking and financial services; mining and mineral processing; and utilities. Over the past decade Stephen has been involved in leading change programs that have delivered either significant increases in shareholder value, or projects of national importance. Stephen is responsible for ensuring that DHSV's corporate services support the effective, efficient and safe delivery of oral health services.

(Back left-right) Dr Colin Riley, Fiona Preston, Dr Hanny Calache, Richard Mullaly, Liz Riley
(Front left-right) Dr Stephen van der Mye, Robyn Batten (Chief Executive), John Hoogeveen

Corporate Communication

Corporate Communication focused on developing its strategy for 2005-2007 to meet the challenges facing the organisation, in particular inadequate patient information. During the course of the year the team worked closely with a project group in the development of a Patient Communication Strategy. Recommendations in that strategy include the publication of numerous patient information brochures in both English and other community languages, updating the Charter of Patient Rights and Responsibility, and re-development of the DHSV internet site.

The unit again worked closely with the Health Promotion division on activities such as *Donate-a-Day*, and *The Defenders of the Tooth Adventure Playground* which is aimed at promoting oral health among children.

Fundraising activities, solicitation of philanthropic donations and corporate community partnerships continued to raise revenue above targets for patient services and equipment. Corporate Communication continued to deliver internal communications for the organisation through regular newsletters and supported Senior Management in various roadshows.

Strategy and Service Planning

By working closely with senior managers and staff, Strategic Planning supports the development of the DHSV Strategic Plan and other strategic and service plans that have an organisation-wide impact. Strategic Planning produces DHSV's annual business plan, and assists the General Managers in the development of their divisional plans. Service planning and project management are also important focus areas for the department. During the course of the year, The Oral Health Strategic Plan and Service Plan for Victoria 2005-2010 was developed.

Dental Care Profile - Statewide

Service Provided	Specialist Care	Basic Care (statewide)	School Dental Services
	2004/05	2004/05	2004/05
DIAGNOSTIC SERVICES			
Examination	12.0	106.4	121.6
Consultation	103.6	22.6	10.5
Radiograph	102.4	67.7	33.5
Other Diagnostic	30.8	15.5	6.4
PREVENTIVE SERVICES			
Plaque and Calculus removal	11.0	30.5	15.2
Topical Fluoride	1.5	9.4	9.2
Fissure Sealant	7.1	10.6	101.7
Other Preventive	8.8	35.2	19.9
PERIODONTICS			
Periodontal Surgery	1.7	0.1	0.0
Other Periodontal	13.9	5.0	0.0
ORAL SURGERY			
Simple Extraction	67.4	47.9	26.7
Surgical Extraction	42.5	7.3	0.0
Surgical Procedure	3.6	2.9	0.1
ENDODONTICS			
Pulp Treatment	20.2	15.6	14.9
Other Endodontic	4.0	3.1	0.3
RESTORATIVE SERVICES			
Amalgam Restoration	6.5	15.9	4.4
Adhesive Restoration	30.4	111.6	125.9
Other Restorative	5.0	12.0	8.2
FIXED PROSTHODONTICS			
Crowns	4.1	0.1	0.0
Bridge Pontic	1.1	0.0	0.0
Other Crown and Bridge Services	2.6	1.4	0.0
REMOVABLE PROSTHODONTICS			
Denture Unit - Full	0.7	11.7	0.0
Partial Denture - Acrylic	0.5	6.4	0.0
Partial Denture - Cobalt Chromium	0.7	0.3	0.0
Reline/Rebase Denture	0.2	1.3	0.0
Denture Repair and Maintenance Services	0.7	13.8	0.0
Other Prosthodontic	2.4	19.5	0.0
ORTHODONTICS			
Removable Appliance	4.2	0.0	0.8
Full Banding (Arches)	4.8	0.0	0.0
Other Orthodontic	1.4	0.0	0.0
GENERAL SERVICES			
Emergency Services	0.1	2.8	0.0
Drug Therapy (including general anaesthetics)	46.1	13.5	0.5
Occlusal Therapy	4.7	0.2	0.0
Miscellaneous Services	7.7	3.9	0.2

The above table provides data on the types of services provided through public dental programs as measured by the number of services per 100 patients treated.

Financial Overview

DHSV finished the year with an operating surplus of $0.492 million. Total revenues increased by $17.631 million to $107.694 million during 2004-05. This includes $6.296 million of revenue comprising grants that have been received and accounted for in accordance with Australian Accounting Standard AAS15 which will be expended in the 2005-06 financial year.

Total Expenses increased by $21.096 million reflecting $1.988 million of services expenditure and $0.557 million of specific expenditure for which the revenue was received in the preceding financial year in accordance with AAS15.

Total equity increased by $0.492 million, being the operating surplus.

Table 4: Summary of financial results

	2004-05 $'000	2003-04 $'000	2002-03 $'000	2001-02 $'000	2000-01 $'000
Total Revenue	107,694	90,063	85,153	77,909	70,588
Total Expenses	107,202	86,106	83,431	73,961	70,496
Operating Surplus (deficit)	492	3,957	1,722	3,948	92
Contributed Capital + Retained Surplus	70,704	70,212	66,242	52,099	19,656
Total Assets	95,312	91,186	85,334	66,088	33,561
Total Liabilities	19,694	16,060	14,978	13,025	13,891
Net Assets	75,618	75,126	70,356	53,063	19,670
Total Equity	**75,618**	**75,126**	**70,356**	**53,063**	**19,670**

Significant changes in financial position during the financial year

Dental Health Services Victoria reported a surplus before capital purpose income, depreciation, amortisation and specific revenues and expenses of $3.659 million. This result comprises $5.538 million of grant revenue brought to account for which expenses will be recognised in the 2005-06 financial year and $1.988 million of expenses incurred in 2004-05 of which revenue was recognised in the 2003-04 financial year. The underlying result, allowing for these AAS15 timing differences, was a surplus of $0.109 million.

There was no other material change in the financial position of Dental Health Services Victoria during the financial year.

Report of Operations

Financial analysis of operating revenue and expenses for the year ended 30 June 2005

	Note	Total 2005 $'000	Total 2004 $'000
REVENUE			
Services supported by Health Services Agreement			
Government grants		94,360	71,934
Indirect contributions by Human Services		406	396
Non-cash revenue from services provided		20	668
Patient fees	2, 3	3,148	3,109
Recoupment from private practice for use of hospital facilities		53	36
Donations and bequests		29	77
Interest		1,304	674
Other revenue		1,517	889
	2, 3	**100,837**	**77,783**
Services supported by hospital and community initiatives			
Property income		92	67
Other revenue		3,112	2,123
	2, 3	3,204	2,190
		104,041	**79,973**
EXPENSES			
Services supported by Health Services Agreement			
Employee entitlements		35,809	33,558
Fee for services medical officers		98	133
Supplies and consumables		3,834	3,893
Other expenses		58,645	41,860
	4	**98,386**	**79,444**
Services supported by hospital and community initiatives			
Employee entitlements		499	265
Supplies and consumables		118	49
Other expenses		1,379	1,301
	4	1,996	1,615
		100,382	81,059
Surplus/(deficit) for the year before capital purpose income, depreciation, amortisation and specific revenues and expenses		**3,659**	**(1,086)**
Capital purpose income	2, 3	1,513	9,238
Proceeds from sale of non-current assets	2, 3	282	393
Written down value of assets sold	4	(525)	(279)
Depreciation and amortisation	4	(3,597)	(3,662)
Specific revenues	2, 3	1,858	459
Specific expenses	4	(2,698)	(1,106)
Net surplus (deficit)	**19c**	**492**	**3,957**
Retained surplus at 1 July		**9,611**	**5,641**
Amount available for appropriation		10,103	9,598
Transfers to and from reserves	19c	-	13
Retained surplus at 30 June		**10,103**	**9,611**

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

Financial Statements
Statement of **Financial Performance**
for the year ended 30 June 2005

	Note	Total 2005 $'000	Total 2004 $'000
REVENUE FROM ORDINARY ACTIVITIES	2, 3	107,694	90,063
EXPENSES FROM ORDINARY ACTIVITIES	4		
Employee Benefits		36,308	33,823
Fee for Service Medical Officers		98	133
Supplies & Consumables		3,952	3,942
Depreciation and Amortisation	4	3,597	3,662
Other Expenses from Ordinary Activities		63,247	44,546
	4	107,202	86,106
NET RESULT FROM ORDINARY ACTIVITIES/NET RESULT FOR THE YEAR	19c	492	3,957
Net Increase/(Decrease) in Asset Revaluation Reserve	19	-	813
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		**-**	**813**
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM CHANGES IN CONTRIBUTED CAPITAL		**492**	**4,770**

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

Financial Statements
Statement of **Financial Position**
as at 30 June 2005

	Note	Total 2005 $'000	Total 2004 $'000
ASSETS			
Current Assets			
Cash Assets	11	24,261	17,891
Receivables	12	1,778	1,566
Inventory	13	680	712
Prepayments		119	56
Other Assets	14	947	493
Total Current Assets		**27,785**	**20,718**
Non-Current Assets			
Receivables	12	1,137	1,117
Property, Plant & Equipment	15	66,390	69,351
Total Non-Current Assets		**67,527**	**70,468**
TOTAL ASSETS		**95,312**	**91,186**
LIABILITIES			
Current Liabilities			
Payables	16	11,623	7,731
Employee Benefits	17	3,697	3,515
Other Liabilities	18	53	461
Total Current Liabilities		**15,373**	**11,707**
Non-Current Liabilities			
Employee Benefits	17	4,321	4,353
Total Non-Current Liabilities		**4,321**	**4,353**
TOTAL LIABILITIES		**19,694**	**16,060**
NET ASSETS		**75,618**	**75,126**
EQUITY			
Asset Revaluation Reserve	19a	4,913	4,913
Restricted Specific Purpose Reserve	19a	1	1
Contributed Capital	19b	60,601	60,601
Accumulated Surpluses/(Deficits)	19c	10,103	9,611
TOTAL EQUITY	19d	**75,618**	**75,126**

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

Financial Statements
Statement of **Cash Flows**
for the year ended 30 June 2005

	Note	Total 2005 $'000 inflows (outflows)	Total 2004 $'000 inflows (outflows)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Government Grants		96,158	72,790
Capital Grants - Government		1,466	9,218
Patient Fees		3,061	3,269
Donations & Bequests		76	37
GST Recovered from ATO		5,944	4,911
Recoupment from private practice for use of hospital facilities		53	36
Other		5,342	3,622
Payments			
Employee Benefits		(36,158)	(34,442)
Fee for Service Medical Officers		(98)	(133)
Supplies & Consumables		(3,952)	(3,882)
GST paid to ATO		(10,271)	(7,928)
Other		(54,432)	(38,265)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	20	**7,189**	**9,233**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(1,101)	(4,684)
Proceeds from Sale of Properties, Plant & Equipment		282	393
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**(819)**	**(4,291)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		-	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**-**	**-**
NET INCREASE/(DECREASE) IN CASH HELD		6,370	4,942
CASH AT 1 JULY 2004		17,891	12,949
CASH AT 30 JUNE 2005	11	**24,261**	**17,891**

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

Note 1: Statement of Accounting Policies

This general-purpose financial report has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group Consensus Views.

It is prepared in accordance with the historical cost convention, except for certain assets and liabilities which, as noted, are at valuation. The accounting policies adopted, and the classification and presentation of items, are consistent with those of the previous year, except where a change is required to comply with an Australian Accounting Standard or Urgent Issues Group Consensus View, or an alternative accounting policy permitted by an Australian Accounting Standard is adopted to improve the relevance and reliability of the financial report. Where practicable, comparative amounts are presented and classified on a basis consistent with the current year.

(a) Rounding Off

All amounts shown in the Financial Statements are expressed to the nearest $1,000.

(b) Adoption of International Financial Reporting Standards (IFRS)

For reporting periods beginning on or after 1 January 2005, all Australian reporting entities are required to adopt the financial reporting requirements of the Australian equivalents to International Financial Reporting Standards (A-IFRS).

DHSV has established a project team to manage the transition to A-IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information.

The project team has analysed all of the A-IFRS and A-IFRS Financial Reporting Directions to identify the accounting policy changes that will be required.

The known or reliably estimable impacts on the financial report for the year ended 30 June 2005 had it been prepared using AIFRS are set out in Note 26.

(c) Receivables

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 raised where doubt as to collection exists.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally by the weighted average method.

(e) Other Financial Assets

Other financial assets are valued at cost and are classified between current and non current assets based on DHSV's Board of Management's intention at balance date with respect to the timing of disposal of each asset. Interest revenue from other financial assets is brought to account when it is earned.

(f) Revaluations of Non-Current Assets

Subsequent to the initial recognition as assets, non-current physical assets, other than plant and equipment, are measured at fair value. Plant and equipment are measured at cost. Revaluations are made with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at the reporting date. Revaluations are assessed annually and supplemented by independent assessments, at least every three years. Revaluations are conducted in accordance with the Victorian Government Policy Paper *Revaluation of Non-Current Physical Assets.*

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised at an expense in net result, the increment is recognised immediately as revenue in the net result.

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

Revaluation increments and decrements are offset against one another within a class of non-current assets.

(i) Properties

Type	Valuation Method	Valuation Date
Land, 720 Swanston Street	Direct Comparison Approach	30-June-2004
Building, 720 Swanston Street	Directors Valuation	30-June-2004
Land, 711 Elizabeth Street	Direct Comparison Approach	30-June-2004
Building, 711 Elizabeth Street	Depreciated Value Approach	30-June-2004
Land, 2 Geelong Road	Direct Comparison Approach	30-June-2003
Building, 2 Geelong Road	Direct Comparison Approach	30-June-2003
Land, 658 Nicholson Street	Direct Comparison Approach	30-June-2003
Building, 658 Nicholson Street	Direct Comparison Approach	30-June-2003

Valuations of the above properties were undertaken by independent valuer, Claudio Petrocco AAPI, Certified Practising Valuer, of Charter Keck Cramer as at the dates specified. The hospital at 711 Elizabeth Street was valued utilising a depreciated replacement cost on an assumption of continuing use by the University of Melbourne, School of Dental Science.

(g) Depreciation

Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost-or valuation-over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Human Services.

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

	2005	2004
Buildings	Up to 40 years	Up to 40 years
Plant and equipment	Up to 20 years	Up to 20 years
Furniture and fittings	Up to 10 years	Up to 10 years
Computers	Up to 3 years	Up to 3 years
Motor Vehicles	Up to 7 years	Up to 7 years

(h) Payables

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The normal credit terms are usually Nett 30 days.

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except for receivables and payables which are stated with the amount of GST included and except, where the amount of GST incurred is not recoverable, in which case GST is recognised as part of the cost of acquisition of an asset or part of an item of expense or revenue. GST receivable from and payable to the Australian Taxation Office (ATO) is included in the Statement of Financial Position. The GST component of a receipt or payment is recognised on a gross basis in the Statement of Cash Flows in accordance with AAS 28.

(j) Employee Benefits

Employee benefit liabilities are based on pay rates expected to apply when the obligation is settled. On-costs such as WorkCover and superannuation are included in the calculation of leave provisions.

Long Service Leave

The provision for long service leave is determined in accordance with AASB 1028. The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits as a current liability. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits as a non-current liability and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, annual leave and accrued days off expected to be settled within 12 months of the reporting date are recognised as a current liability, and are measured as the amount unpaid at the reporting date in respect of employees' services up to the reporting date and are measured as the amounts expected to be paid when the liabilities are settled.

Sick leave

Sick leave entitlements are accrued on the basis of 12 days per annum. This can vary depending on individual awards. Sick leave is non-vesting and a liability is recognised only when the amount of sick leave expected to be taken in future periods exceeds the entitlement expected to accrue in those periods.

Superannuation

The amount charged to the Statement of Financial Performance in respect of superannuation represents the contributions made by DHSV to the superannuation fund.

Termination Benefits

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

Employee Benefit On-Costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(k) Revenue Recognition

Revenue is recognised in accordance with AAS15. Income is recognised as revenue to the extent it is earned. 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

Grants are recognised as revenue when DHSV gains control of the underlying assets. Where grants are reciprocal, revenue is recognised as performance occurs under the grant. Non-reciprocal grants are recognised as revenue when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions

- Insurance is recognised as revenue following advice from the Department of 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 Acute Health Division Hospital Circular 16/2004.

Patient Fees

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

Private Practice Fees

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

Donations and Other Bequests

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

(l) Fund Accounting

DHSV operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. DHSV's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

(m) Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Human Services while *Services Supported by Hospital and Community* Initiatives (Non HSA) are funded by DHSV's own activities or local initiatives.

(n) Comparative Information

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

(o) Asset Revaluation Reserve

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

(p) Specific Restricted Purpose Reserve

A specific restricted purpose reserve is established where DHSV has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

(q) Contributed Capital

Consistent with UIG Abstract 38 *'Contributions by Owners Made to Wholly-Owned Public Sector Entities' and FRD 2 "Contributed Capital"*, transfers that are in the nature of contributions or distributions, have been designated as contributed capital.

Note 2: Revenue	HSA 2005 $'000	Non HSA 2005 $'000	Total 2005 $'000	HSA 2004 $'000	Non HSA 2004 $'000	Total 2004 $'000
Revenue from Operating Activities						
Recurrent						
Government Contributions						
- Department of Human Services	94,360	-	94,360	71,904	-	71,904
- Non-Cash Revenue from Services Provided	20	-	20	668	-	668
- Commonwealth Government	-	-	-	30	-	30
Indirect Contributions by Human Services	406	-	406	396	-	396
Patient Fees (refer Note 5)	3,148	-	3,148	3,109	-	3,109
Recoupment from Private Practice for Use of DHSV Facilities	53	-	53	36	-	36
Donations and Bequests	29	-	29	77	-	77
Other	1,517	3,112	4,629	889	2,123	3,012
Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	752	752	-	752	752
- Equipment and Infrastructure Maintenance	-	714	714	-	8,466	8,466
Donations and bequests	-	47	47	-	20	20
Specific Revenues	-	1,858	1,858	-	459	459
Sub-Total Revenue from Operating Activities	**99,533**	**6,483**	**106,016**	**77,109**	**11,820**	**88,929**
Revenue from Non-Operating Activities						
Interest	1,304		1,304	674		674
Property Income	-	92	92	-	67	67
Proceeds from Sale of Non-Current Assets (refer Note 6)	-	282	282	-	393	393
Sub-Total Revenue from Non-Operating Activities	**1,304**	**374**	**1,678**	**674**	**460**	**1,134**
Total Revenue from Ordinary Activities (refer Note 3)	**100,837**	**6,857**	**107,694**	**77,783**	**12,280**	**90,063**

Indirect contributions by Human Services

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

Note 3: Analysis of Revenue by Source	Total 2005 $'000	Total 2004 $'000
Other		
Revenue from Services Supported by Health Services Agreement		
Government Grants		
- Department of Human Services	94,360	71,904
- Commonwealth Government	-	30
Indirect contributions by Human Services		
- Insurance	406	396
- Long Service Leave	20	668
Patient fees (refer Note 5)	3,148	3,109
Recoupment from private practice for use of DHSV facilities	53	36
Interest	1,304	674
Donations and Bequests	29	77
Other revenue	1,517	889
Sub-Total Revenue from Services Supported by Health Services Agreement	**100,837**	**77,783**
Revenue from Services Supported by Hospital and Community Initiatives		
Business Units		
Car Park	1	3
Property Income	92	67
Technical Support	2,061	1,554
Overseas Dentists Training Program	1,050	566
Other Activities		
Capital Purpose Income	1,466	9,218
Proceeds from Sale of Non-Current Assets (refer Note 6)	282	393
Donations and Bequests	47	20
Specific Revenues (refer Note 8)	1,858	459
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**6,857**	**12,280**
Total Revenue from All Sources	**107,694**	**90,063**

Indirect contributions by Human Services

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

Note 4: Analysis of Expenses by Source	Total 2005 $'000	Total 2004 $'000
Other		
Services Supported by Health Services Agreement		
Employee Benefits		
Salaries & Wages	31,132	28,728
WorkCover	1,051	961
Long Service Leave	752	1,150
Superannuation (refer Note 23)	2,874	2,719
Non Salary Labour Costs		
Fees for Visiting Medical Officers	98	133
Supplies & Consumables		
Drug Supplies	437	439
Medical and Surgical Supplies	3,397	3,454
Other Expenses		
Domestic Services & Supplies	1,088	1,023
Fuel, Light, Power and Water	435	483
Insurance costs funded by DHS	406	396
Motor Vehicle Expenses	402	361
Postal and Telephone	612	629
Repairs and Maintenance	132	83
Patient Transport	8	16
Bad and Doubtful Debts (refer to Note 12)	150	199
Other Administrative Expenses	5,778	4,457
Transfer Payments		
- Output Funding for Dental Services (DHS Agencies)	32,459	26,291
- Victorian Denture Scheme (Private Practitioners)	9,478	4,410
- Victorian General Dental Scheme (Private Practitioners)	3,639	998
- Victorian Emergency Dental Scheme (Private Practitioners)	3,968	2,400
Subtotal Expenses from Services Supported by Health Services Agreement	**98,296**	**79,330**
Services Supported by Hospital and Community Initiatives		
Employee Benefits		
Salaries & Wages	449	228
WorkCover	13	8
Long Service Leave	10	11
Superannuation (refer Note 23)	27	18
Supplies & Consumables		
Medical and Surgical Supplies	118	49
Other Expenses		
Postal and Telephone	-	1
Repairs & Maintenance	8	6
Other Administrative Expenses	1,371	1,294
Subtotal Expenses from Services Supported by Hospital and Community Initiatives	**1,996**	**1,615**
Depreciation and Amortisation (refer Note 10)	3,597	3,662
Audit Fees		
- Auditor-General's	15	21
- Internal Audits	75	93
Written Down Value of Non-Current Assets Sold (refer Note 6)	525	279
Specific Expenses (refer Note 9)	2,698	1,106
Total Expenses from Ordinary Activities	**107,202**	**86,106**

Note 5: Patient Fees	Total 2005 $'000	Total 2004 $'000
Patient Fees Raised		
Recurrent:		
Other		
- Inpatients	141	107
- Outpatients	3,007	3,002
Total Recurrent	**3,148**	**3,109**

Note 6: Sale of Non Current Assets		
Proceeds from Disposals of Non Current Assets		
Plant and Equipment	23	37
Furniture and Fittings	-	9
Motor Vehicles	259	347
Total Proceeds from Disposal of Non Current Assets	**282**	**393**
Less: Written Down Value of Non Current Assets Sold		
Plant and Equipment	272	33
Furniture and Fittings	1	6
Motor Vehicles	252	240
Total Written Down Value of Non Current Assets Sold	**525**	**279**
Net gains/(losses) on disposal of Non Current Assets	**(243)**	**114**

Note 7: Analysis of Expenses by Business Unit for Services Supported by Hospital and Community Initiatives		
Technical Support	1,331	1,159
Overseas Dentists Training Program	657	415
Dental Health Research	8	41
TOTAL	**1,996**	**1,615**

Note 8: Specific Revenues		
Specific Revenues		
Funding received from Department of Human Services to purchase dental equipment on behalf of external dental agencies	1,858	459
TOTAL	**1,858**	**459**

Note 9: Specific Expenses		
Specific Expenses		
Amounts paid for the purchase of dental equipment on behalf of external dental agencies	2,648	1,043
Amounts paid for the purchase of dental equipment on behalf of DHSV under capitalisation threshold	50	63
TOTAL	**2,698**	**1,106**

Note 10: Depreciation	Total 2005 $'000	Total 2004 $'000
Buildings	1,699	1,444
Plant & Equipment		
- Plant and Major Medical	833	873
- Computers and Communication	595	857
Furniture and Fittings	127	91
Motor Vehicles	343	397
Total	**3,597**	**3,662**
Allocation of Depreciation:		
Services Supported by Health Services Agreement	3,541	3,605
Services Supported by Hospital and Community Initiatives	56	57
	3,597	**3,662**

Note 11: Cash Assets

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

Cash on Hand	8	6
Cash at Bank	380	1,329
Short-Term Deposit	23,873	16,556
TOTAL	**24,261**	**17,891**

Note 12: Receivables

CURRENT		
Inter-Hospital Debtors	51	49
Trade Debtors	795	951
Patient Fees	427	340
Accrued Revenue - Other	204	52
GST Receivable	741	495
TOTAL	**2,218**	**1,887**
LESS Provision for Doubtful Debts		
Trade Debtors	39	39
Patient Fees	401	282
TOTAL	**440**	**321**
TOTAL CURRENT RECEIVABLES	**1,778**	**1,566**
NON CURRENT		
Department of Human Services - Long Service Leave	1,137	1,117
TOTAL NON CURRENT RECEIVABLES	**1,137**	**1,117**
NET DEBTORS AND ACCRUED REVENUE	**2,915**	**2,683**
BAD AND DOUBTFUL DEBTS		
Patient Fees	150	199
TOTAL	**150**	**199**

Note 13: Inventory	Total 2005 $'000	Total 2004 $'000
Medical and Surgical Lines	444	490
Engineering Stores	292	282
Less Provision for Diminution in Inventory	56	60
TOTAL	**680**	**712**

Note 14: Other Assets		
Current		
Minor Works in Progress	947	493
TOTAL	**947**	**493**

Note 15a: Property, Plant & Equipment		
Land		
Crown Land - Independent Valuation at 30 June 2004	10,720	10,720
Crown Land - Independent Valuation at 30 June 2003	1,800	1,800
Total Land	**12,520**	**12,520**
Buildings		
Buildings - Directors' Valuation at 30 June 2004	43,086	43,021
Buildings - Independent Valuation at 30 June 2004	5,015	5,015
Buildings - Independent Valuation at 30 June 2003	180	180
Less Accumulated Depreciation	1,719	21
Total Buildings	**46,562**	**48,195**
Plant and Equipment at Cost		
- Major Medical	11,844	12,127
Less Accumulated Depreciation	7,720	7,197
	4,124	4,930
- Computers and Communication	4,899	4,846
Less Accumulated Depreciation	3,521	3,013
	1,378	1,833
Total Plant & Equipment	**5,502**	**6,763**
Furniture and Fittings at Cost		
- Furniture and Fittings	1,191	1,071
Less Accumulated Depreciation	791	673
Total Furniture & Fittings	**400**	**398**
Motor Vehicles at Cost		
- Motor Vehicles	2,678	2,626
Less Accumulated Depreciation	1,272	1,151
Total Motor Vehicles	**1,406**	**1,475**
TOTAL	**66,390**	**69,351**

An independent valuation of land & buildings situated at 711 Elizabeth Street, Melbourne, and land at 720 Swanston Street, Carlton was undertaken by independent valuers Charter Keck Cramer as at 30th June 2004. The hospital at 711 Elizabeth Street was valued utilising a depreciated replacement cost on an assumption of continuing use by the University of Melbourne, School of Dental Science. The lands were valued primarily by direct comparison approach.

The old RDHM at 711 Elizabeth Street is jointly held with The University of Melbourne. TheSchool of Dental Science will move to the new RDHM in 2005-06 and it is anticipated that the old building will then be appropriated from DHSV/University of Melbourne.

Land and buildings at 2 Geelong Road, Footscray and 658 Nicholson Street, Fitzroy were independently valued by Charter Keck Cramer as at 30 June 2003 using the direct comparison approach of valuation. Crown land includes the two properties at 2 Geelong Road, Footscray and 658 Nicholson Street, Fitzroy for which DHSV has been appointed as a Committee of Management under section 14(2) of the Crown Land (Reserves) Act 1978.

Note 15b: Property, Plant & Equipment

Reconciliation of the carrying amounts of each class of assets at the beginning and end of the current financial year is set out below.

	Land $000	Buildings $000	Plant & Equipment $000	Furniture & Fittings $000	Motor Vehicles $000	Total $000
2005						
Carrying amount at start of year	12,520	48,195	6,763	398	1,475	69,351
Additions	-	66	439	130	526	1,161
Revaluation increment	-	-	-	-	-	-
Revaluation decrement	-	-	-	-	-	-
Disposals	-	-	272	1	252	525
Depreciation (Note 10)	-	1,699	1,428	127	343	3,597
Carrying amount at end of year	**12,520**	**46,562**	**5,502**	**400**	**1,406**	**66,390**
2004						
Carrying amount at start of year	11,720	48,351	5,831	156	1,737	67,795
Additions	-	1,275	2,695	339	375	4,684
Revaluation increment	800	13	-	-	-	813
Revaluation decrement	-	-	-	-	-	-
Disposals	-	-	33	6	240	279
Depreciation (Note 10)	-	1,444	1,730	91	397	3,662
Carrying amount at end of year	**12,520**	**48,195**	**6,763**	**398**	**1,475**	**69,351**

Note 16: Payables	Total 2005 $'000	Total 2004 $'000
Current		
Trade Creditors	8,947	4,975
Accrued Expenses	1,759	1,680
GST Payable	917	1,076
TOTAL	**11,623**	**7,731**

Note 17: Provisions	Total 2005 $'000	Total 2004 $'000
CURRENT		
Employee Benefits (refer Note 17a)	3,697	3,515
NON CURRENT		
Employee Benefits (refer Note 17a)	4,321	4,353
	8,018	**7,868**

Note 17a Employee Benefits

CURRENT		
Long Service Leave	545	494
Accrued Wages and Salaries	1,000	864
Annual Leave	2,056	2,080
Accrued Days Off	96	77
TOTAL	**3,697**	**3,515**
NON-CURRENT		
Long Service Leave*	**4,321**	**4,353**
TOTAL	**8,018**	**7,868**
Movement in Long Service Leave:		
Balance at start of year	4,847	4,180
Provisions made during the year	762	1,161
Settlement made during the year	(743)	(494)
Balance at end of year	**4,866**	**4,847**

* The following assumptions were adopted in measuring present value:

(a) The long service leave entitlement was multiplied by an on-cost factor to arrive at the nominal value.

(b) The nominal value was multiplied by a probability factor to arrive at the net value. The probability factor was determined as the probability that the employee will qualify for their long service leave entitlement.

(c) The future value was calculated by applying an exponential wage inflation rate to each of the future years.

(d) Expected future payments are discounted using interest rates on national Government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(e) The net value (current and non-current) was distributed across future years based on the historical payments for long service leave.

Note 18: Other Liabilities

Current		
Specific Purpose Income in Advance	53	461
TOTAL	**53**	**461**

Note 19: Equity and Reserves	Total 2005 $'000	Total 2004 $'000
(a) Reserves		
Asset Revaluation Reserve		
Balance at the beginning of the reporting period	4,913	4,100
Revaluation Increment/(Decrement)		
- Land	-	800
- Buildings	-	13
***Balance at the end of reporting period**	**4,913**	**4,913**
*Represented by:		
- Land	4,900	4,900
- Buildings	13	13
Total	**4,913**	**4,913**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	1	14
Transfer to and from Accumulated Surplus	-	(13)
Balance at the end of the reporting period	**1**	**1**
Total Reserves	**4,914**	**4,914**
(b) Contributed Capital		
Balance at the beginning of the reporting period	60,601	60,601
Balance at the end of the reporting period	**60,601**	**60,601**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	9,611	5,641
Net Result for the year	492	3,957
Transfer to and from Restricted Specific Purpose Reserve	-	13
Balance at the end of the reporting period	**10,103**	**9,611**
(d) Equity		
Total Equity at the beginning of the reporting period	75,126	70,356
Total Changes in Equity Recognised in the Statement of Financial Performance	492	3,957
Total changes in Assets Revaluation Reserve	-	813
Total Equity at the reporting date	**75,618**	**75,126**

Note 20: Reconciliation of Net Result for the Year to Net Cash Flows from Operating Activities	Total 2005 $'000	Total 2004 $'000
Net Result for the Year	**492**	**3,957**
Depreciation & Amortisation	3,597	3,662
Provision for Bad and Doubtful Debts	150	199
Contributions of Non-Current Assets	(60)	-
Net (Gain)/Loss from Sale of Plant and Equipment	243	(114)
Change in Operating Assets & Liabilities, Net of Effect from Restructuring		
Increase/(Decrease) in Payables	3,892	1,348
Increase/(Decrease) in Income in Advance	(408)	353
Increase/(Decrease) in Employee Benefits	150	(619)
(Increase)/Decrease in Non Current Receivables	(20)	(667)
(Increase)/Decrease in Other Current Assets	(517)	1,512
(Increase)/Decrease in Current Receivables	(362)	(324)
(Increase)/Decrease in Inventory	32	(74)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**7,189**	**9,233**

Note 21: Financial Instruments

(a) Interest Rate Risk Exposure

DHSV's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in the following timetable. Exposure arises predominantly from assets and liabilities bearing variable interest rates.

Interest rate exposure as at 30 June 2005

		Fixed interest rate maturing				
	Floating interest rate $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets						
Cash at Bank	-	-	-	-	8	8
Trade Debtors	-	-	-	-	1,574	1,574
Deposits	24,253	-	-	-	-	24,253
Total Financial Assets	**24,253**	**-**	**-**	**-**	**1,582**	**25,835**
Financial Liabilities						
Trade Creditors	-	-	-	-	9,864	9,864
Total Financial Liabilities	**-**	**-**	**-**	**-**	**9,864**	**9,864**
NET FINANCIAL ASSETS/LIABILITIES	**24,253**	**-**	**-**	**-**	**(8,282)**	**15,971**
Weighted average interest rate = financial assets	5.50%	0.00%	0.00%	0.00%	0.00%	
Weighted average interest rate = financial liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	

Interest rate exposure as at 30 June 2004

		Fixed interest rate maturing				
	Floating interest rate $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Non-interest bearing $'000	Total $'000
Financial Assets						
Cash at Bank	-	-	-	-	6	6
Trade Debtors	-	-	-	-	1,514	1,514
Deposits	17,885	-	-	-	-	17,885
Total Financial Assets	**17,885**	**-**	**-**	**-**	**1,520**	**19,405**
Financial Liabilities						
Trade Creditors	-	-	-	-	6,051	6,051
Total Financial Liabilities	**-**	**-**	**-**	**-**	**6,051**	**6,051**
NET FINANCIAL ASSETS/LIABILITIES	**17,885**	**-**	**-**	**-**	**(4,531)**	**13,354**
Weighted average interest rate = financial assets	4.75%	0.00%	0.00%	0.00%	0.00%	

(b) Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties fail to meet their obligations under the respective contracts at maturity. The credit risk on financial assets of the entity have been recognised on the statement of financial position, as the carrying amount, net of any provisions for doubtful debts.

(c) Net Fair Value of Financial Assets and Liabilities

The carrying amount of financial assets and liabilities contained within these financial statements is representative of the net fair value of each financial asset or liability.

Note 21a: Financial Instruments

Net Fair Value

	Total 2005		Total 2004	
	Book Value $'000	Net Fair Value* $'000	Book Value $'000	Net Fair Value* $'000
Financial Assets				
Cash at Bank	8	8	6	6
Trade Debtors	1,574	1,574	1,514	1,514
Deposits	24,253	24,253	17,885	17,885
Total Financial Assets	**25,835**	**25,835**	**19,405**	**19,405**
Financial Liabilities				
Trade Creditors	9,864	9,864	6,051	6,051
Total Financial Liabilities	**9,864**	**9,864**	**6,051**	**6,051**

* (Net fair values of financial instruments are determined on the following bases:

i Cash, deposit investments, cash equivalents and non interest bearing financial assets and liabilities (trade debtors, other receivables, trade creditors and advances) are valued at cost which approximates net fair value

Note 22: Commitments	Total 2005 $'000	Total 2004 $'000
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	303	494
Total Lease Commitments	**303**	**494**
Operating Leases		
Rental		
Non-Cancellable		
Not later than one year	247	280
Later than one year but not later than 5 years	56	214
Later than 5 years	-	-
TOTAL	**303**	**494**

Note 23: Superannuation

Superannuation contributions for the reporting period are included as part of salaries and associated costs in the statement of financial performance of DHSV.

The name and details of the major employee superannuation funds and contributions made by DHSV are as follows:

	Contribution for the year 2005 $'000	Contribution for the year 2004 $'000	Contribution Outstanding at 2005 $'000	Contribution Outstanding at 2004 $'000
Fund				
Health Super Fund	2,386	2,219	80	80
State Superannuation Fund	492	487	8	121
Other Superannuation Funds	23	31	-	-
Total	**2,901**	**2,737**	**88**	**201**

Contributions are paid in accordance with the Hospital Superannuation Act 1988 and the State Superannuation Act 1988.

The unfunded superannuation liability in respect to members of State superannuation schemes and Health Super scheme is shown as a liability separately by the Department of Treasury and Finance.

DHSV's share of this liability for the Health Super Fund defined benefits scheme is not available at the date of signing the financial statements for 2005 (2004: $0.783 million), whilst the share of the liability for the State Superannuation Schemes is nil (2004: nil).

Note 24: Responsible Person Related Disclosures

(As per Direction 9.4.2 Appendix B)

(a) Responsible Persons	Period
Responsible Minister	
The Hon. Bronwyn Pike	From 1/7/04 to 30/6/05
Governing Board	
Ms. Jay Bonnington (Chair)	From 1/7/04 to 30/6/05
Ms. Natalie Savin	From 1/7/04 to 30/6/05
Prof. Louise Kloot	From 1/7/04 to 30/6/05
Mr. Ignatius Oostermeyer	From 1/7/04 to 30/6/05
Dr. Brian Stagoll	From 1/7/04 to 30/6/05
Assoc. Prof. Hal Swerissen	From 1/7/04 to 30/6/05
Dr. Lloyd O'Brien	From 1/7/04 to 30/6/05
Ms. Kellie Ann Jolly	From 1/7/04 to 30/6/05
Dr. Errol Katz	From 1/7/04 to 30/6/05
Accountable Officers	
Ms. Robyn Batten	From 01/7/04 to 30/6/05

	2005 No.	2004 No.
(b) Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands		
Income Band		
$0 - $9,999	8	8
$10,000 - $19,999	1	1
Total Numbers	**9**	**9**

	$'000	$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**97**	**84**

The remuneration of the Accountable Officer who is not a member of the DHSV Board is reported under "Executive Officer Remuneration".

(c) Retirement Benefits of Responsible Persons

Retirement benefits were not provided for Responsible Persons.

(d) Other Transactions of Responsible Persons and their Related Parties

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

(e) Other Receivables from and Payables to Responsible Persons and their Related Parties

There were no receivables from or payables to Responsible Persons and their Related Parties.

(f) Amount Attributable to Other Transactions with Responsible Persons and their Related Parties

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

(g) Executive Officer Remuneration

The number of Executive Officers other than the Ministers and Governing Board, whose total remuneration (including bonuses, LSL payments, redundancy payments and retirement benefits) for the year falls within each successive $10,000 band, commencing at $100,000.

	2005 No.	2004 No.
$100,000 - $109,999	1	1
$110,000 - $119,999	1	1
$120,000 - $129,999	-	1
$140,000 - $149,999	1	1
$160,000 - $169,999	1	1
$200,000 - $209,999	1	-
	5	**5**

	$'000	$'000
Total remuneration for the reporting period for Executive Officers included above amounted to:	**724**	**661**

Note 25: Remuneration of Auditors	2005 $'000	2004 $'000
Audit fees paid or payable to the Victorian Auditor General's Office for audit of DHSV's financial report		
Paid for year ended 30 June 2005	4	4
Payable as at 30 June 2005	15	15

Note 26: Impacts of adopting AASB equivalents to IASB standards

Following the adoption of Australian equivalents to International Financial Reporting Standards (A-IFRS), DHSV will report for the first time in compliance with A-IFRS when results for the financial year ending 30 June 2006 are released.

It should be noted that under A-IFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with IFRS requirements. DHSV is established to achieve the objectives of government in providing services free of charge or at prices significantly below their cost of production for the collective consumption by the community, which is incompatible with generating profit as a principal objective. Consequently, where appropriate, DHSV applies those paragraphs in accounting standards applicable to not-for-profit entities.

An A-IFRS compliant financial report will comprise a new statement of changes in equity in addition to the three existing financial statements, which will all be renamed. The Statement of Financial Performance will be renamed as the Operating Statement, the Statement of Financial Position will revert to its previous title as the Balance Sheet and the Statement of Cash Flows will be simplified as the Cash Flow Statement. However, for the purpose of disclosing the impact of adopting A-IFRS in the 2004-2005 financial report, which is prepared under existing accounting standards, existing titles and terminologies have been retained.

With certain exceptions, entities that have adopted A-IFRS must record transactions that are reported in the financial report as though A-IFRS had always applied. This requirement also extends to any comparative information included within the financial report. Most accounting policy adjustments to apply A-IFRS retrospectively will be made against accumulated surplus/(deficit) at the 1 July 2004 opening balance sheet date for the comparative period. The exceptions include deferral until 1 July 2005 of the application and adjustments for:

- AASB 132 *Financial Instruments: Disclosure and Presentation*;
- AASB 139 *Financial Instruments: Recognition and Measurement*;
- AASB 4 *Insurance Contracts*;
- AASB 1023 *General Insurance Contracts* (revised July 2004); and
- AASB 1038 *Life Insurance Contracts* (revised July 2004).

The comparative information for transactions affected by these standards will be accounted for in accordance with existing accounting standards.

DHSV has taken the following steps in managing the transition to A-IFRS and has achieved the following scheduled milestones:

- established a steering committee to oversee the transition to and implementation of the A-IFRS;
- established an A-IFRS project team to review the new accounting standards to identify key issues and the likely impacts resulting from the adoption of A-IFRS and any relevant Financial Reporting Directions as issued by the Minister of Finance;
- participated in an education and training process to raise awareness of the changes in reporting requirements and the processes to be undertaken; and
- initiated reconfiguration and testing of user systems and prices to meet new requirements.

This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP). A number of differences between Australian GAAP and A-IFRS have been identified as potentially having material impact on DHSV's financial position and financial performance following the adoption of A-IFRS. The following tables outline the estimated significant impacts on the financial position of DHSV as at 30 June 2005 and the likely impact on the current year result had the financial statements been prepared using A-IFRS.

The estimates disclosed below are DHSV's best estimates of the significant quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to A-IFRS may differ from the estimates disclosed due to:

a) change in facts and circumstances;

b) ongoing work being undertaken by the A-IFRS project team;

c) potential amendments to A-IFRS and Interpretations; and

d) emerging accepted practice in the interpretation and application of A-IFRS and UIG Interpretations.

Note 26: Impacts of adopting AASB equivalents to IASB standards

Table 1: Reconciliation of net result as presented under Australian GAAP and that under A-IFRS

	Note	2005 $'000
Net result as reported under Australian GAAP		**492**
Estimated A-IFRS impact on revenue		
Estimated A-IFRS impact on expenses		
Employee benefits	2	1
Depreciation and amortisation expense	1	215
Total estimated A-IFRS impact on net results		216
Net result under A-IFRS		708

Table 2: Reconciliation of total assets and total liabilities as presented under Australian GAAP and that under A-IFRS

Total assets under Australian GAAP		**95,312**
Estimated A-IFRS impact on assets		
Property, plant and equipment	1, 3	(79)
Intangible assets	3	294
Total estimated A-IFRS impact on assets		215
Total assets under A-IFRS		**95,527**
Total liabilities under Australian GAAP		**19,694**
Estimated A-IFRS impact on liabilities		
Provisions	2	(4)
Total estimated A-IFRS impact on liabilities		(4)
Total liabilities under A-IFRS		**19,690**

Table 3: Reconciliation of equity as presented under Australian GAAP and that under A-IFRS

Total equity under Australian GAAP		**75,618**
Estimated A-IFRS impact on equity		
Reserves		
Accumulated Surplus/(Deficit)	1, 2, 3	219
Total estimated A-IFRS impact on equity		219
Total equity under A-IFRS		**75,837**

1 **Property, plant and equipment.** When an asset is initially recognised, AASB 116 *Property, Plant and Equipment* requires the capitalisation of costs of dismantling and removing an asset and restoring the site on which the asset was created, together with the recognition of a provision at present value in accordance with AASB 137 *Provision, Contingent Liabilities and Contingent Assets*. These costs (and the related provisions) are not recognised under Australian GAAP. DHSV does not foresee incurring these costs for its assets in the future.

Under AASB 116 and FRD 103 *Non-Current Physical Assets*, residual values of motor vehicles are required to be assessed each year for depreciation purposes. DHSV does not recognise any residual values for motor vehicles.

The impact of this change is expected to result in an increase to the carrying amounts of assets of $215,000 as at 30 June 2005. Accordingly, depreciation expense is expected to decrease by the same amount for the year ended 30 June 2005.

2 **Employee Benefits.** Under existing Australian accounting standards, employee benefits such as wages and salaries, annual leave and sick leave are required to be measured at their nominal amount regardless of whether they are expected to be settled within 12 months of the reporting date. On adoption of A-IFRS, a distinction is made between short-term and long-term employee benefits and AASB 119 *Employee Benefits* requires liabilities for employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as employee benefits that fall due wholly within twelve months after the end of the period in which the employees render the related service. Therefore, liabilities for employee benefits such as wages and salaries, annual leave and sick leave are required to be measured at present value where they are not expected to be settled within 12 months of the reporting date.

The effect of the above requirement on DHSV's Statement of Financial Position as at 30 June 2005 will be an estimated decrease in employee benefits liability of $4,000. For the year ended 30 June 2005, employee benefits expense is expected to decrease by $1,000 after unwinding the present value discount ($3,000) for 30 June 2004 and recognising the present value discount ($4,000) for 30 June 2005.

3 **Intangible Assets**. Current accounting standards permit costs incurred on research and development projects to be deferred to future periods to the extent that they are expected beyond reasonable doubt to be recoverable. Under AASB 138 *Intangible Assets*, costs incurred in the research phase are not permitted to be recognised as an asset and are expensed when incurred. Only expenditures incurred in the development phase are permitted to be recognised as an asset to the extent that they satisfy the criteria of AASB 138. DHSV has no intangible assets except for softwares. Under current accounting standards softwares are classified as an asset under Property, Plant and Equipment (Computer and Communication). Softwares are classified under A-IFRS as intangible assets.

An amount of $294,000 is reclassified from Property, Plant and Equipment to Intangible Assets.

4 **Financial Instruments.** DHSV has elected to apply the first-time adoption exemption available under AASB 1 *First-time adoption of Australian Equivalent to International Financial Reporting Standard* to defer the date of transition of AASB 139 *Financial Instruments: Recognition and Measurement* until 1 July 2005. Accordingly, there will be no quantitative impacts on the financial positions as at 1 July 2004 and 30 June 2005 and the financial performance for the year ended 30 June 2005.

DHSV certification letter

Accountable Officer's, Chief Finance & Accounting Officer's and Member of Responsible Body's declaration

We certify that the attached financial statements for Dental Health Services Victoria have been prepared in accordance with part 4.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian accounting standards and other mandatory professional requirements.

We further state that, in our opinion, the information set out in the statement of financial performance, statement of financial position, statement of cash flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2005 and financial position of the organisation as at 30 June 2005.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

Jay Bonnington

Chairperson

Melbourne
25 August 2005

Robyn Batten

Chief Executive Officer

Melbourne
25 August 2005

Stephen van der Mye

Chief Finance & Accounting Officer

Melbourne
25 August 2005

AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Dental Health Services Victoria

To the Members of the Parliament of Victoria and Members of the Board of Dental Health Services Victoria

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 30 June 2005 relates to the financial report of Dental Health Services Victoria included on its web site. The Members of the Board of Dental Health Services Victoria are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Scope

The Financial Report

The accompanying financial report for the year ended 30 June 2005 of Dental Health Services Victoria consists of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

Members' Responsibility

The Members of the Board of Dental Health Services Victoria are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act 1994*, an independent audit has been carried out in order to express an opinion on the financial report. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.

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AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the Service's financial position, and its financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of Dental Health Services Victoria as at 30 June 2005 and its financial performance and cash flows for the year then ended.

MELBOURNE
25 August 2005

JW CAMERON
Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
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Public Dental Services In Victoria

The Community's Contribution

DHSV is responsible for the provision of urgent and specialist dental treatment to underprivileged Victorians.

Thanks to the generous support of the Victorian community, including individuals, corporations, philanthropic trusts and foundations, our team of dental professionals are armed with the equipment and facilities they need to provide Victorian community members with the highest standard of care.

In 2004-05 DHSV received more than $75,000 in donations and gifts-in-kind. This generous support helped us improve and expand our vital services throughout the State – giving Victorians *a reason to smile.*

We thank all our donors for their support, especially:

The Royal Dental Hospital of Melbourne Ladies Auxiliary

The Collier Charitable Trust

Equity Trustees

The Lord Mayor's Charitable Trust

The William Angliss Charitable Fund

Oral B

The Australian Dental Association (Vic Branch)

(Donations of $1000 or more)

Colgate

Biotene

Quit

HH Robertson Glass

G&C

ADEC

Scholastic Australia

Giving Victorians a reason to smile

منح أهالي ڤيكتوريا سبباً لإضفاء البسمة على وجوههم.

讓維多利亞州人有一個歡笑的理由

Δίνουμε στους κατοίκους της Βικτώριας λόγους για να χαμογελούν

Dando ai cittadini del Victoria una ragione per sorridere

Nagħtu lill-Poplu f'Victoria raġuni biex jitbissem

Làm cho dân chúng tiểu bang Victoria có lý do để mỉm cười

Dental Health Services Victoria

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