

Oral Health for Better Health



dental health
services victoria

Annual Report 2008

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Disclosure Index


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

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Report of Operations

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Dental Health Services Victoria for the year ending 30 June 2008.

A handwritten signature in dark ink, appearing to read 'N. Savin', with a long horizontal flourish extending to the right.

Natalie Savin
Chair of the Board of Directors
Dental Health Services Victoria

8 October 2008

A year of improved performance and organisational change

Dental Health Services Victoria (DHSV) welcomed major change this year with the appointment of a new Executive team, and the renewed recognition at State and Federal levels of the significant role that oral health plays in the management of general health in the lives of Australians.

The year brought a time of significant change in the administration of our service and a renewed focus on our future. With a leaner Executive and better defined senior management and organisational structure, we began to experience the benefits of improving horizontal communication and cross-function responsibility.

We are confident that our services will support our community and public oral health agencies better, while allowing a shared accountability for performance.

Governance and Leadership

During the year, the Board farewelled two of its members:

Professor Louise Kloot, who served for eight years

Mr Ignatius Oostermeyer, who served for six years

These Board members, while going onto other interests, will be missed for their dedication and contribution to the Board and committee meetings during their service to DHSV. In their place, we welcome Helen O'Kane and Anne Lyon, who come to the Board with strong experience in the health industry.

The Board acknowledges the commitment of Jill Hutchison, who was interim Chief Executive Officer during the first half of the year. Jill's positive impact on DHSV operations and services is reflected in this report. The Board appreciates her efforts to ensure a business-as-usual approach during the transition to new leadership in the appointment of Felix Pintado as DHSV Chief Executive in January 2008.

We also acknowledge the enormous dedication of the members of the Executive Team who departed during this time:

Mr Richard Mullaly, General Manager Royal Dental Hospital of Melbourne

Ms Robin Allen, Acting General Manager Human Resources,

Ms Fiona Preston, General Manager Health Promotion and Community Programs.

We wish them all well in their future career choices.

Improved service delivery and access

Our performance results for 2007-08 showed great improvement.

A total of 320,920 patients was treated across all programs, an increase of 5.4% over 2006-07. Of particular note is that of this total number:

204,285 or nearly 64% were treated in the community – an increase of 8.5% on the previous year.

47,704 were treated at the Royal Dental Hospital of Melbourne (RDHM) – a decrease of 2.7%.

We saw an increased use of School Dental Services (now integrated into community-based agencies) of 1.8%, to 68,931 patients. This shift to community support and care reflects the Board's vision of making services more accessible to our community. Today, approximately 80% of our services are delivered in local communities.

Average waiting times continued to decrease across the state, with a 10% reduction in patients on the general waiting list, a 31% reduction in the denture waiting list and a 36% reduction in the specialist waiting list. Overall we have 18,023 fewer patients on our waiting lists than for the same time last year – a 13.4% reduction.

Emergency indicators also improved. For the first time in many years more general patients were treated than emergency patients: the ratio of emergency to general care is now 48.8 to 51.2. This means more patients are being cared for before treatment becomes urgent.

In addition, 85% of emergency patients are treated within 24 hours – against a target of 80% - reflecting an improved ability to meet our patients' needs.

School Dental Service integration

Integration of the School Dental Program progressed in 2007-08, with 60% completed at 30 June, and is on track for full integration by October 2008.

The advantages of integration can already be seen with the proportion of high risk children responding to offers of care increasing from 42.4% to 45.2%. The proportion of school children who are dependants of concession card holders using our services increased from 70.6% to 73.7%. We expect this trend to continue as services are embedded within community-based public oral health agencies.

We are delighted to report that the roll-out, of a much-needed upgrade of the information technology network, was completed. This achievement represents an investment of approximately \$3.1 million to more than 60 sites around the state. The resulting migration to centrally-hosted patient management software (Titanium) will allow improved clinical and financial tracking and control. Early feedback from users is positive. We congratulate all Titanium team members on this successful outcome.

Financial results

DHSV returned a positive underlying operating surplus of \$1.193 million, including interest earnings reserved for research and innovation projects.

Although the net result before capital and specific items shows a deficit of \$2.53 million, it should be recognised that this includes \$5.347 million of expenditure on services and specific expenditure undertaken in 2007 for which revenue was recognised in the previous year.

A write-down of School Dental Service assets of \$0.542 million recognises the transfer of assets to community agencies as part of integration.

A valuation adjustment relating to DHSV's financial investments of \$2.27 million and depreciation of \$3.788 million are also included in the net result.

The net entity result, after specific and extraordinary adjustments including those

above, returned a reported deficit of \$9.066 million.

Overall the Board believes the financial future of DHSV will remain strong and allow savings made in the tight control of expenditure, such as the restructure of administration areas, to be redirected into clinical, service and research initiatives.

Strong clinical investment

DHSV's new organisational structure incorporates the position of Principal Oral Health Advisor to provide strategic and high level advice to the Board, Chief Executive and stakeholders, particularly in relation to critical clinical issues. The Principal Oral Health Advisor will be a key advocate in dental and oral health curriculum, public dentistry, population health and strategic development.

The Board is focussed on improving community understanding of oral health as a key factor in the overall health of Victorians. The Principal Oral Health Advisor will aim to improve perception and understanding as well as contribute to DHSV's ability to meet changing oral health models of care and clinical practice.

The need to accommodate increased student numbers to meet growing clinical demand and educational needs is becoming urgent. Our existing infrastructure at the Royal Dental Hospital of Melbourne is an ongoing challenge, as we attempt to accommodate the additional space requirements of the Melbourne Dental School (formerly School of Dental Science) of the University of Melbourne and RMIT University. We are working closely with the Department of Human Services in developing options for meeting this challenge.

Future initiatives

The Board acknowledges and appreciates the enthusiasm and initiative shown by management, staff and community agencies in identifying new and cost-effective ways to meet the increasing demand for oral health services. The Board recognises that the identity and role of DHSV and its relationship with community agencies is changing, as part of the evolution of general public health provision to a growing and ageing population with poor oral health.

DHSV will continue to invest in the growing role of preventative education and the fostering of self-management of oral health.

Health promotion has been a cornerstone of DHSV service delivery for some time, including the rollout of the preschool Smiles4Miles program throughout Victoria, various projects with the Aboriginal and Torres Strait Islander community and for people living in Supported Residential Services. We will build on the success of these programs for a more general education campaign to other age-groups and communities at risk.

DHSV strongly supports the Victorian Government's policy for the introduction of fluoridation into Victorian drinking water sources, as a fundamental means of improving the oral health of people at risk, especially children.

We commend DHSV's solid performance, as outlined in this our report for 2007-08, and we look forward to being the leader in ensuring better oral health outcomes for those most in need and disadvantaged among the people of Victoria.



Natalie Savin
Chair of the
Board of Directors



Felix Pintado
Chief Executive

Our role in Victoria's health system

DHSV is the leading public oral health agency in Victoria. Our service is strongly committed to providing high quality, safe and accessible care to all eligible Victorians. Our staff help thousands of Victorians improve their oral health and well being every year.

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

Responsible to the Victorian Minister for Health, DHSV became a metropolitan health service in July 2000 and today employs around 650 staff.

DHSV was established under the Health Services Act 1988. The responsible Ministers of Health during the reporting period were the Hon Bronwyn Pike MP (to 3 August 2007) and the Hon Daniel Andrews MP.

Our service to Victorians

DHSV provides quality oral health care to the eligible Victorian community through its wide range of clinical programs.

DHSV also aims to raise awareness of oral health issues among the broader Victorian community through our range of health promotion programs and advocacy activities.

Our services are available to all Victorians who hold a pension concession or healthcare card and their dependants. Treatment for concession cardholders under the age of 18 is fully publicly funded, while treatment for those over 18 is subsidised.

In 2007-08, all pre-school and primary-school-aged children and concession card dependants in Years seven to 12 were eligible to receive treatment through the Early Childhood Oral Health Program, School Dental Service and the Youth Dental Program. These programs are now integrated and delivered by community oral health agencies. Co-payments apply for those children whose parents are not concession cardholders.

Our services

DHSV's major roles include the provision of high quality oral health services, purchasing oral health services from community agencies, promoting oral health and prevention strategies, and supporting clinical education and training of future oral health professionals.

Emergency care

Emergency dental care is available to current health care and pensioner concession cardholders at any of our clinics or agencies and the Royal Dental Hospital of Melbourne (RDHM). Emergency care is also available to the general public at RDHM on weekends and after hours.

General care

General dental care, including fillings, dentures and preventative care, is available to current health care and pensioner concession cardholders through RDHM and community oral health clinics across Victoria.

Specialist care

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

Oral health promotion

Integrated health promotion programs deliver benefits for the community through promoting wellbeing, strengthening community capacity and minimising the burden of disease. DHSV's state-wide health promotion program supports key policy objectives, including prevention of oral disease, delivery of services to those in highest need and building capacity to improve oral health outcomes.

Education

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 clinicians seeking registration in Australia. DHSV also works closely with La Trobe University to support its rural oral health teaching program.

Purchased services

DHSV purchases oral health services from almost 60 external agencies. Through a population health approach, DHSV ensures there is a fair and equitable distribution of public money utilised in the most effective and efficient way to improve public oral health. DHSV has developed policies and procedures to ensure that defined levels of agency support are provided.

Continuous Improvement

The Continuous Improvement Team supports statewide planning, implementing, monitoring and reviewing of the continuous improvement functions arising from the DHSV Quality Plan in collaboration with management and staff. The Continuous Improvement Team also provides high level advice and guidance to DHSV management and staff on infection control issues.

Information Communication Technology

The DHSV ICT Team is responsible for developing and maintaining patient management system solutions and associated centralised infrastructure to support the clinical and administrative activities of almost 1000 public dental users statewide. The team also supports the broader ICT service needs of the RDHM and DHSV Corporate office.

Governance

Board Membership

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 Natalie Savin – Chair

BA MPolicy & Law

A director since July 2000 and appointed Chair in July 2006, Ms Savin has worked extensively in human services management within local and State government, and the community sector. She is currently Chief Executive Officer of Arthritis Victoria.

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.

Dr Errol Katz

MBBS (Hons) LLB (Hons) MPP (Harvard)

A director since July 2004, Dr Katz has a strong background in strategic business planning and health care consulting. He is currently General Manager, Business Strategy for Visy Industries, having previously worked at the Boston Consulting Group.

Mr Ignatius Oostermeyer (to 30 June 2008)

BA(Hons) LLB (Hons) MSC (Econ) (Distinction)

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

Professor Louise Kloot (to 30 June 2008)

PHD MCom BBus BA FCPA FFIN

A director since July 2000, Professor Kloot is Professor of Accounting at Swinburne University of Technology, and Head of Accounting,

Economics, Finance and Law with the Faculty of Business & Enterprise. She is also a director of the South Eastern Housing Co-operative, and a member of various CPA Australia committees.

Ms Ruth Owens

BBus MBA FCPA FAICD

A director since July 2006, Ms Owens has a financial and management background, having previously worked in the legal, financial and health sectors. She is currently on the board of a number of not-for-profit organisations in the health sector, including Dianella Community Health Centre.

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 substantial experience in public dental health and health promotion portfolios at State and community levels. She is currently Director, Cardiovascular Health Program for the Heart Foundation.

Mr Michael Ellis

BEcon BEd

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

Professor Michael Morgan

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

Professor Morgan is the Colgate Chair of Population Oral Health at the Melbourne Dental School, University of Melbourne. He has a keen interest in the provision of public dental services in Victoria and is an academic with research interests in population health and epidemiology. Professor Morgan also provides dental care through Whitehorse Community Health Services.

Ms Helen O’Kane (from 1 July 2008)

BA (University of Melbourne) BEco (La Trobe)

Ms O’Kane is the Practice Manager for Melbourne legal firm Barbour Arnold and Cousins. She has had extensive executive management experience in the private sector and in 2000, became the first national lay Board Chair of LCM Health Care Ltd.

Ms Anne Lyon (from 1 July 2008)

BEd RN Registered Midwife Diploma of Nursing Education (Midwifery) MA Public Policy and Management (Monash)

Ms Lyon has extensive experience across a number of sectors including aged care, disability and community health. She held the position of CEO of Knox Community Health Service and is a Board member of Women’s Legal Service Victoria.

Statutory requirements

Board Meetings

There were 11 board meetings held between 1 July 2007 and 30 June 2008. Attendance was as follows:

Director	Eligible	Attended
Ms Natalie Savin – Chair	11	11
Ms Kellie-Ann Jolly	11	10
Dr Errol Katz	11	9
Prof Louise Kloot	11	10
Mr Michael Ellis	11	10
Mr Ignatius Oostermeyer	11	8
Dr Brian Stagoll	11	10
Ms Ruth Owens	11	9
Professor Michael Morgan	11	9

Board Committees

Finance Committee

Chair: Professor Louise Kloot

Members: Ms Natalie Savin, Ms Ruth Owens, Mr Felix Pintado

Audit Committee

Chair: Ms Ruth Owens

Members: Ms Natalie Savin, Professor Louise Kloot, Mr Peter Robertson

Executive Performance and Remuneration Committee

Chair: Ms Natalie Savin

Members: Dr Errol Katz, Mr Ignatius Oostermeyer

Community Advisory Committee

Chair: Ms Kellie-Ann Jolly

Members: Mr Savas Augoustakis, Ms Janet Curry, Mr Grant Holland, Mr Greg Loughnan, Mr Peter Martin, Mr Blair Sanderson, Dr Brian Stagoll

Human Research Ethics Committee

Chair: Professor Louise Kloot

Members: Reverend James Brady, Associate Professor John Harcourt, Mr Ignatius Oostermeyer, Dr Brian Stagoll, Mr Peter Martin, Ms Kavitha Chandra-Shekeran

Quality Committee

Chair: Dr Brian Stagoll

Members: Mr Michael Ellis, Ms Ruth Owens, Dr Errol Katz, Ms Jean Joseph, Ms Kiran Murphy

Population Health Committee

Chair: Dr Errol Katz

Members: Ms Kellie-Ann Jolly, Professor Michael Morgan, Mr Michael Ellis, Mr Ignatius Oostermeyer, Ms Clare Amies, Ms Leigh Gibson, Ms Vicky Mason, Ms Catherine James, Professor Marc Tennant

Compensation Arrangements

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

Managing Risk

The Board retained the services of Protiviti Independent Risk Consulting in 2007-08 as internal auditors and facilitators of the DHSV Risk Management process. Protiviti consultants undertook an evaluation of the organisation's risks in March 2008 as part of DHSV's ongoing commitment to risk management.

Consultancies

Consultancies costing more than \$100,000: nil
 Consultancies costing less than \$100,000: 42,
 at a cost of \$569,216

Compliance with the Building Act 1993

DHSV's buildings are maintained to meet the provisions of the Building Act 1993 and the Minister for Finance Guideline Building Act 1993/Standards for Publicly Owned Buildings, November 1994.

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

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

Probity

DHSV, through its Corporate Services and Facilities Management Units, has undertaken public tender for contracts required in 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 consistent with guidelines issued by the State Services Authority. The Code of Conduct is available to all employees and is an integral part of the induction and orientation program. All employees are expected to behave in a manner consistent with the requirements of the Code of Conduct.

Freedom of Information

During the year DHSV received 173 requests for access to documents under the Freedom of Information Act 1982.

All requests were approved. Requests were dealt with in the following manner:

Access granted in full: 171

Requests withdrawn/not proceeded with: 2

No charges were levied for this service for this financial year.

There were a further 130 requests received for copies of documents that were provided outside the Freedom of Information process. These requests consisted of written authorities to copy documents to facilitate ongoing patient care at another health facility.

Occupational Health & Safety

A continued drive and commitment to pro-active strategic claims management and injury prevention has resulted in a 31.65% reduction in premium rate with the actual premium reducing from \$449,774 in 2006-07 to \$279,734 for the 2007-08 financial year.

A contributing factor to the reduction of the 2007-08 premium has been the strong emphasis on holistic and timely return to work management, with a 100% return to work rate in 2006-07.

Compliance with the Whistleblowers Protection Act 2001

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

A Protected Disclosure Coordinator (Manager Employee Services) receives disclosures or requests for information. Alternatively, staff or members of the public may contact the Victorian Ombudsman Office directly.

Information relating to the Whistleblowers Protection Act is provided to new staff members on commencement.

There were no reports or claims under the Act in 2007-08.

Attestation on Compliance with Australian and New Zealand Risk Management Standard

I, Natalie Savin, certify that Dental Health Services Victoria has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures.

The DHSV Board of Directors verifies this assurance and that the risk profile of the Dental Health Services Victoria has been critically reviewed within the last 12 months.

A handwritten signature in dark ink, appearing to read 'N. Savin', with a long horizontal flourish extending to the right.

Natalie Savin
Chair of the Board of Directors
Dental Health Services Victoria

8 October 2008

DHSV Executive Team

Mr Felix Pintado

*MHA GDHSM DipEd BTheol FACHSE CHE
FAIM MAICD*

Chief Executive

With over 20 years' leadership experience in the health service industry, Felix was appointed Chief Executive of Dental Health Services Victoria in January 2008, following senior executive positions in specialist and general hospitals in Victoria and New Zealand. He was most recently Chief Executive of Latrobe Regional Hospital, which was awarded the Premier's award for most outstanding regional health service in 2006. He is a Councillor of the Australian Healthcare and Hospitals Association and Chair of the Board of Health Purchasing Victoria.

Mr Mark Sullivan

GDHA Cert Purchasing/Planning AFACHSE

Chief Operating Officer

Mark joined DHSV as Chief Operating Officer in June 2008. He came to DHSV from Latrobe Regional Hospital where he held the position of Interim Chief Executive since February 2008. Immediately prior to that, Mark was Director Corporate Services and Director Support and Infrastructure over a period of nearly three years. Mark has also held senior management positions at The Royal Victorian Eye and Ear Hospital and the Peter MacCallum Cancer Centre. Mark is responsible for the operational and clinical services of DHSV.

Ms Deborah Sullivan

BEC CPA MBA

Chief Finance Officer

Deborah has substantial commercial and operational expertise, developed in senior roles with large service-based organisations in Australia and Europe. Prior to joining DHSV, she held divisional management and chief financial officer positions that enhanced her skills as a finance professional and developed her expertise in the areas of organisational change and strategic business development. Deborah is responsible for ensuring that Finance and Corporate Services contributes to the broader oral health strategy, with a strong focus on operational efficiency and 'value adding' services.

Ms Deidre Mackechnie

*RN OTC B.App.Sci(NEd) Grad Dip Mgt (HR)
M Ed St*

Chief Learning Officer

Deidre joined DHSV as Chief Learning Officer in June 2008. Deidre has wide experience in Organisational Development, Educational Studies, Change Management, Culture Management, Human Resources and Nursing. Most recently, Deidre held positions at Eastern Health and Southern Health developing and implementing strategic initiatives in learning, organisational development and workforce capacity development. In her role at DHSV, Deidre is responsible for the Education and Research, Continuous Improvement and Planning and Development portfolios.

Previous Executive

DHSV would like to acknowledge the commitment and dedication of the following staff who formed the Executive Committee until the new organisational structure was implemented.

Ms Jill Hutchison

*RM RPN BHA UNSW Ass Dip Acc MBA
FACHSE CHE*

Interim Chief Executive Officer

Ms Robin Allen

BA(Hons) M Comm

**Acting General Manager
Human Resources**

Ms Tracie Andrews

*RN Div 1 Ad Dip. Clinical Nursing
Ad Dip Bus Mgmt*

**General Manager
Oral Health Services Division**

Adj Prof Hanny Calache

*BDS Sc MD Sc (Children's and Preventative
Dentistry) Grad Dip Health Admin, DPH*

Clinical Director

Mr Richard Mullaly

BSc (Hons) MBA AFACHSE

**General Manager
Royal Dental Hospital of Melbourne**

Ms Fiona Preston

BEd (Sec) BA Grad Dip Rec Mgt

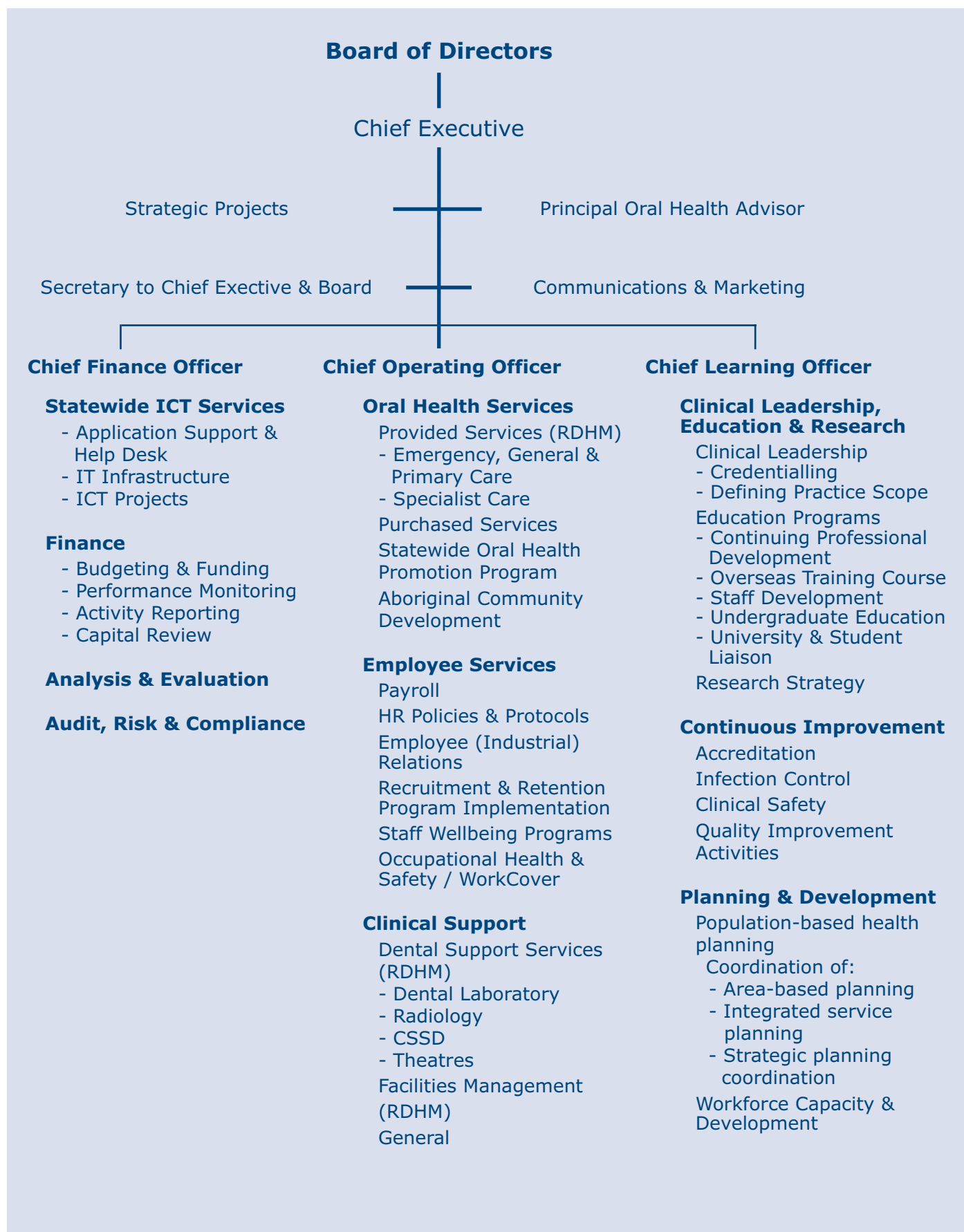
**General Manager
Health Promotion and Community
Programs**

Ms Deb Sullivan

BEc CPA MBA

**General Manager
Finance and Corporate Services**

Organisational chart



Our staffing profile

Staff numbers as at 30 June 2008

	Number of Individuals		
	Women	Men	Total
Full Time	181	85	266
Part Time	242	64	306
Casual	37	41	78
Total	460	190	650

Number of Equivalent Fulltime (EFT) Staff

	2007/08	2006/07
Nursing - <i>Registered Nurses</i>	20.07	17.51
Administration and clerical - <i>Admin/Clerical/Management</i>	161.96	173.99
Medical support - <i>CSSD techs, Radiologists</i>	23.97	23.75
Hostel and allied services - <i>Other (eg. Dental Logistics technicians, storemen, drivers, orderlies)</i>	13.73	18.23
Medical - <i>Anaesthetists</i>	4.86	4.04
Ancillary support services - <i>Dental Officers, Specialists, Dental Therapists, Dental Assistants, Dental Technicians, Prosthetists</i>	303.00	340.96
Total	527.59	578.48

Our strategic performance

Key result areas identified in the DHSV Strategic Plan

Leadership and Influence	Population Health	Access and Equity	Workforce Capacity and Development	Finance and Business Support
Achievements				
New policy supporting priority access for at risk pregnant women implemented	Business plans amended to reflect population health approach to service planning and delivery	Smiles 4 Miles early childhood program expanded	Draft Oral Health Workforce Recruitment and Retention Strategy developed	Flexible funding strategy developed with Department of Human Services
Oral Health Quality Framework for public oral health services developed	Implementation of Community Participation initiatives	Transfer and integration of School Dental Program with community oral health agencies	Building Positive Attendance program implemented	New Policies and Procedures Framework
DHSV Strategic Plan for 2007-10 completed	Implementation of the Disability Action Plan and CALD patient shadowing completed	Priority Access model developed, with evaluation undertaken of Travelling Dental Team	Trial examining the capacity of Dental Therapists to provide treatment such as fillings to adults over 25 years old was completed	Statewide rollout of the Titanium electronic patient management system completed providing chairside computing.
ACHS Accreditation achieved				
Role and membership of the Clinical Leadership Council evaluated and model expanded to support clinical leadership regionally; Increased number of peer reviewed journal publications accepted	RDHM Patient Satisfaction Survey completed	Monashlink 10 chair clinic completed; one-chair driveable treatment van completed	Continuing Professional Development Program expanded to include all roles in the dental team	Implementation of Dental Logistics strategy, including upgrades of technology and training, and implementation of marketing plan; introduction of on-line ordering system
Development of DHSV Research and Innovation Grants Scheme launched; research initiated includes completion of dental costs study	Extensive contribution of resources to the National Oral Health Promotion Clearinghouse		First Dental Equipment Maintenance Technician Certificate IV in Australia, registered	

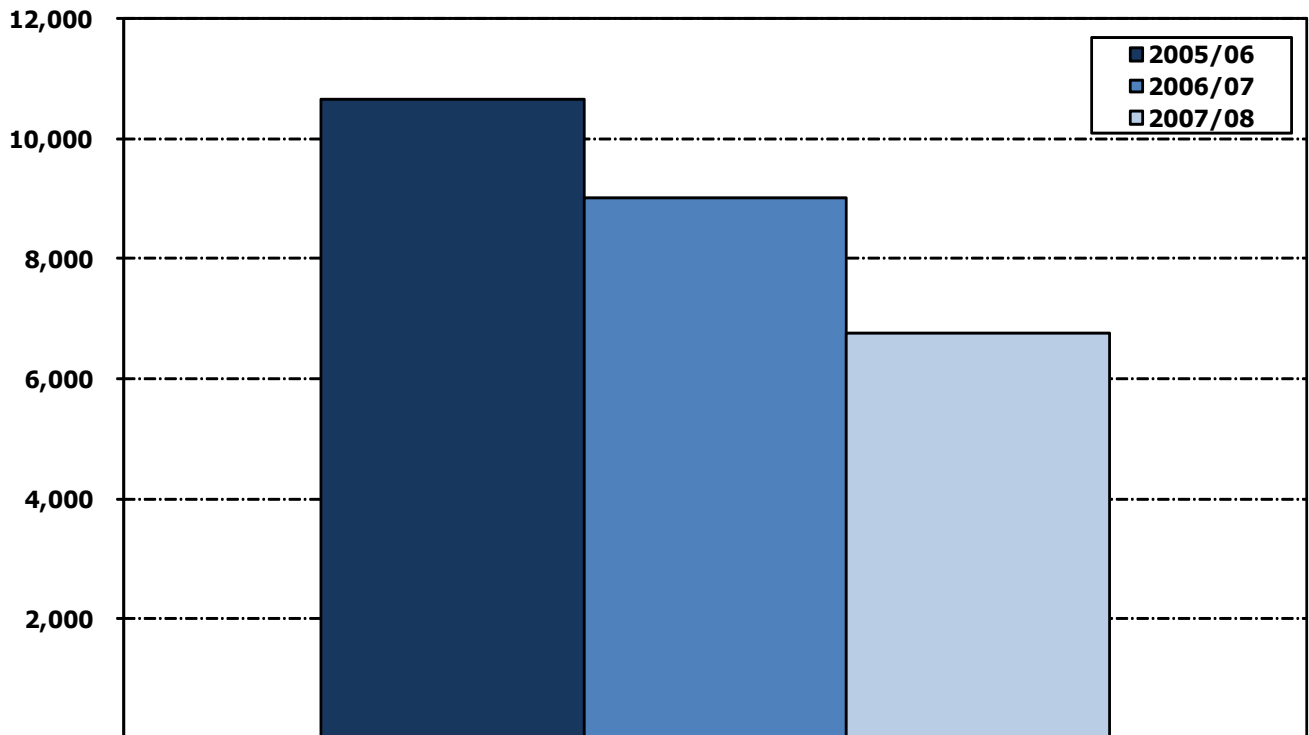
Dental Care Profile - Statewide

Description	Number of services per 100 patients								
	Specialist care			Basic care (Statewide)			School Dental Program		
	2005 /06	2006 /07	2007 /08	2005 /06	2006 /07	2007 /08	2005 /06	2006 /07	2007 /08
Diagnostic services									
Examination	14.5	12.6	17.4	108.5	110.5	113.1	115.4	113.0	106.7
Consultation	96.6	95.0	101.1	24.1	22.3	22.0	10.6	11.3	10.0
Radiograph	102.8	111.5	111.3	72.7	76.9	76.4	37.5	41.3	45.3
Other Diagnostic	28.3	33.6	31.3	13.0	12.1	12.3	6.2	6.4	6.8
Preventative services									
Plaque and calculus removal	14.1	13.0	13.8	32.3	30.8	32.6	17.3	17.9	19.7
Topical Fluoride	1.6	1.9	2.0	9.7	11.5	13.7	10.2	11.8	13.1
Fissure Sealant	8.4	12.6	13.0	11.0	20.3	26.2	108.0	113.2	122.0
Other Preventive	11.6	9.9	10.1	36.4	40.2	40.5	29.1	32.2	32.5
Periodontics									
Periodontal Surgery	2.0	1.7	1.5	0.1	0.1	0.1	0.0	0.0	0.0
Other Periodontal	14.7	15.5	15.8	6.0	6.1	6.1	0.0	0.0	0.2
Oral Surgery									
Simple Extraction	70.4	68.4	73.4	51.2	47.6	44.8	29.5	8.7	29.2
Surgical Extraction	36.6	37.8	39.8	7.1	6.4	5.8	0.1	0.1	0.1
Surgical Procedure	3.5	2.9	2.6	2.7	2.4	2.3	0.1	0.1	0.3
Endodontics									
Pulp Treatment	18.8	20.0	17.8	15.6	15.0	12.9	14.5	12.1	10.3
Other Endodontic	3.1	3.1	2.6	3.4	2.9	3.0	0.3	0.3	0.2
Restorative services									
Amalgam Restoration	4.5	4.1	2.7	15.0	12.5	10.5	4.1	3.1	2.9
Adhesive Restoration	31.2	28.5	28.1	122.3	124.8	121.9	141.0	130.3	118.9
Other Restorative	4.9	4.2	4.5	12.1	11.2	10.5	8.4	9.1	8.9
Fixed Prosthodontics									
Crowns	4.8	4.5	4.7	0.1	0.1	0.1	0.0	0.0	0.0
Bridge Pontic	1.0	0.6	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Other Crown and Bridge Services	2.4	2.5	2.4	1.4	1.5	1.3	0.0	0.0	0.1
Removable Prosthodontics									
Denture Unit – Full	1.1	0.8	1.1	13.5	10.1	12.5	0.0	0.0	0.0
Partial Denture – Acrylic	0.6	0.5	0.7	7.7	6.7	7.0	0.0	0.0	0.0
Partial Denture - Cobalt Chromium	0.6	0.4	0.5	0.4	0.4	0.4	0.0	0.0	0.0
Reline/Rebase Denture	0.1	0.1	0.1	1.2	1.0	1.0	0.0	0.0	0.0
Denture Repair and Maintenance Services	0.8	0.7	0.9	13.0	11.5	10.8	0.0	0.0	0.0
Other Prosthodontic	2.9	3.1	3.8	22.9	19.6	20.3	0.0	0.1	0.2

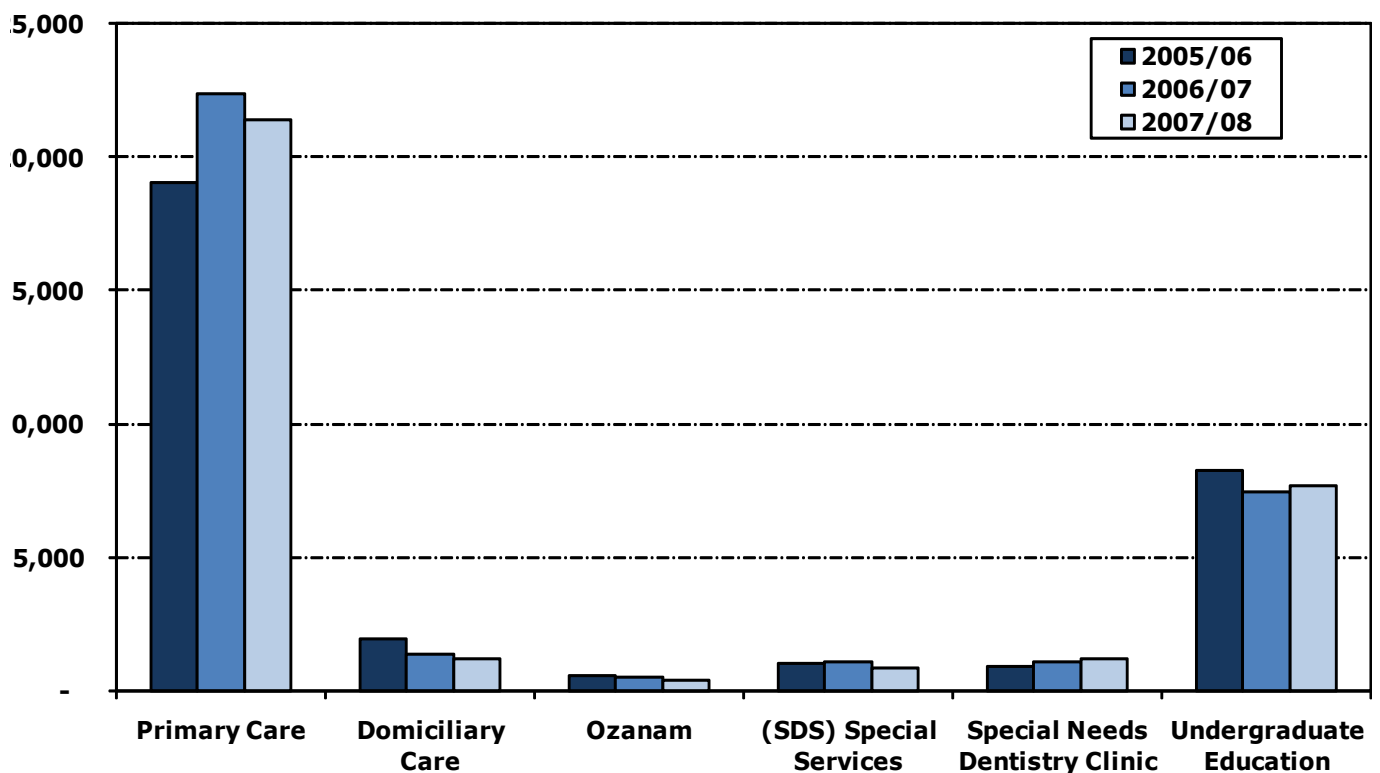
Description	Number of services per 100 patients								
	Specialist care			Basic care (Statewide)			School Dental Program		
	2005 /06	2006 /07	2007 /08	2005 /06	2006 /07	2007 /08	2005 /06	2006 /07	2007 /08
Orthodontics									
Removable Appliance	4.4	5.2	5.8	0.0	0.0	0.1	0.4	0.3	0.3
Full Banding (Arches)	4.1	4.2	4.4	0.0	0.0	0.0	0.0	0.0	0.0
Other Orthodontic	1.5	1.7	2.1	0.0	0.0	0.0	0.0	0.0	0.1
General services									
Emergency Services	0.0	0.0	0.1	2.7	2.5	2.5	0.0	0.1	0.1
Drug Therapy (including general anaesthetics)	40.0	45.8	55.4	12.2	11.3	10.4	0.6	0.9	1.1
Occlusal Therapy	4.7	5.0	5.7	0.2	0.2	0.2	0.0	0.0	0.0
Miscellaneous Services	3.7	3.5	5.7	4.2	4.5	4.6	0.6	1.2	2.0

Statistics at a glance

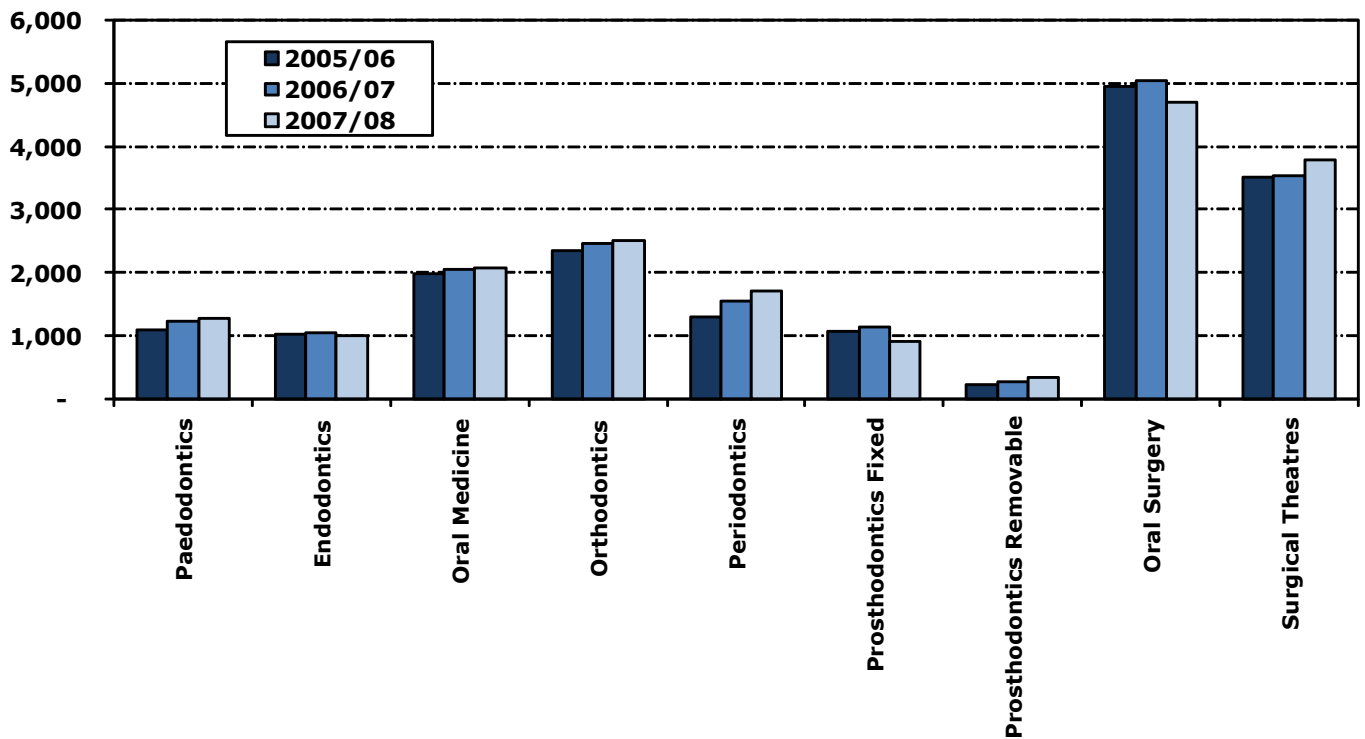
Adult Dental Services (DHSV - Community Clinics)
Number of individuals treated



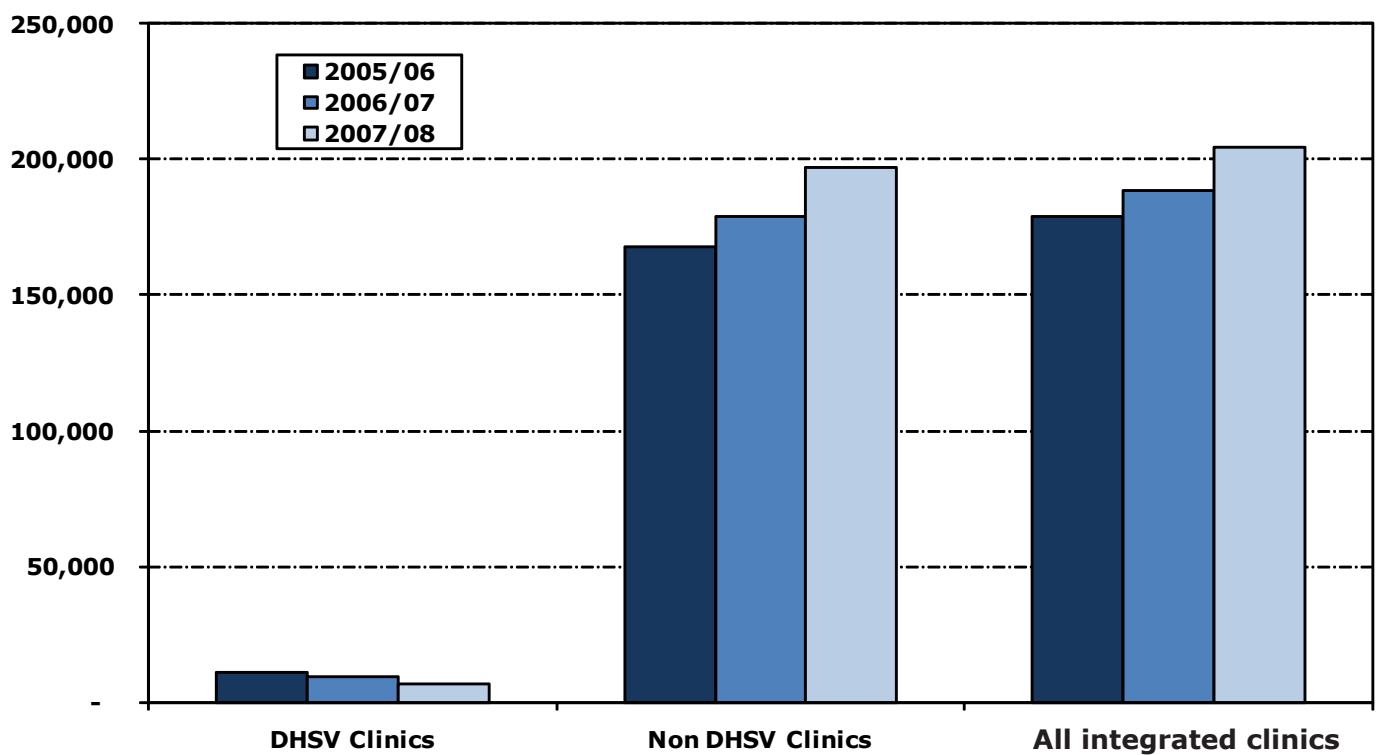
General Dental Services RDHM
Number of individuals treated



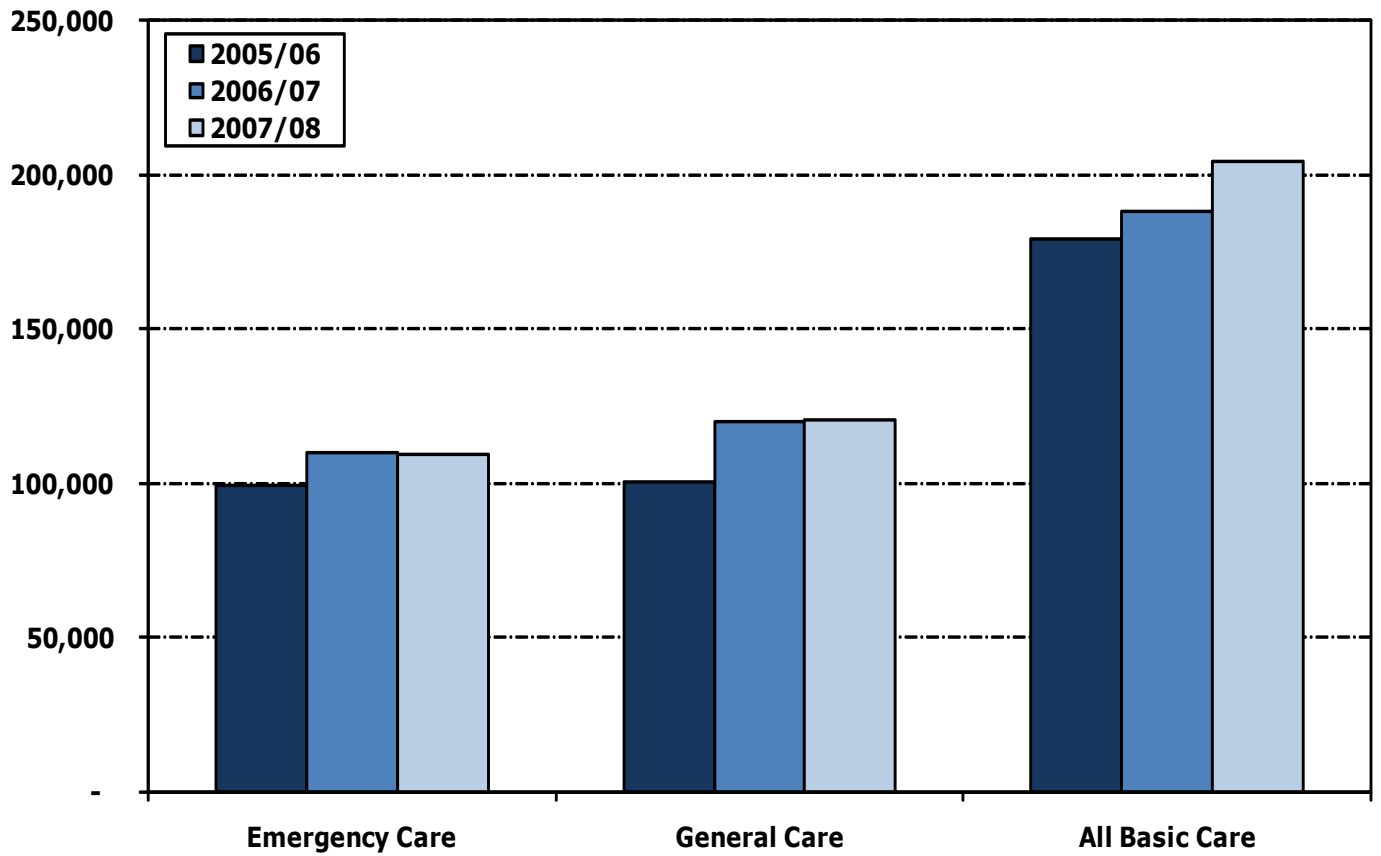
Specialist Services RDHM Number of individuals treated



DHSV vs Non-DHSV Number of individuals treated

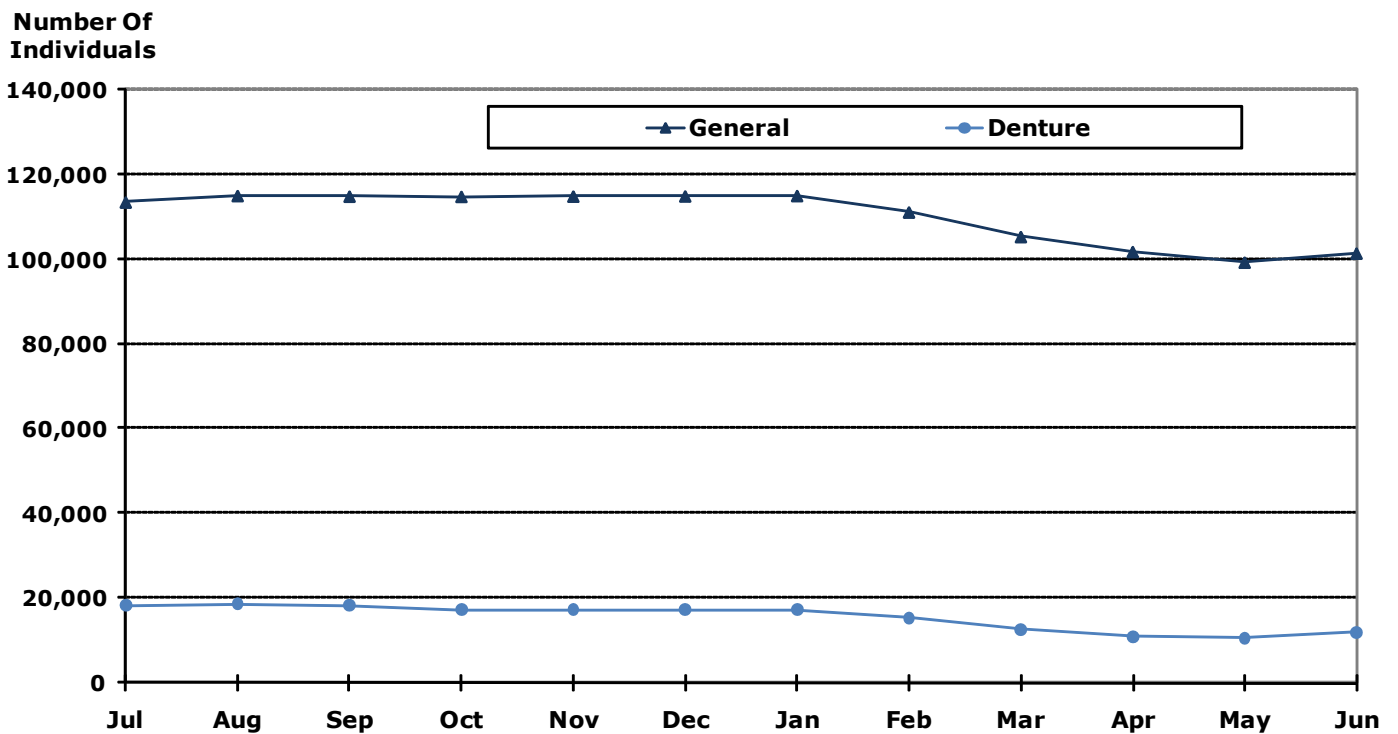


Integrated Clinics (Excluding School Dental Program) Number of Individuals Treated



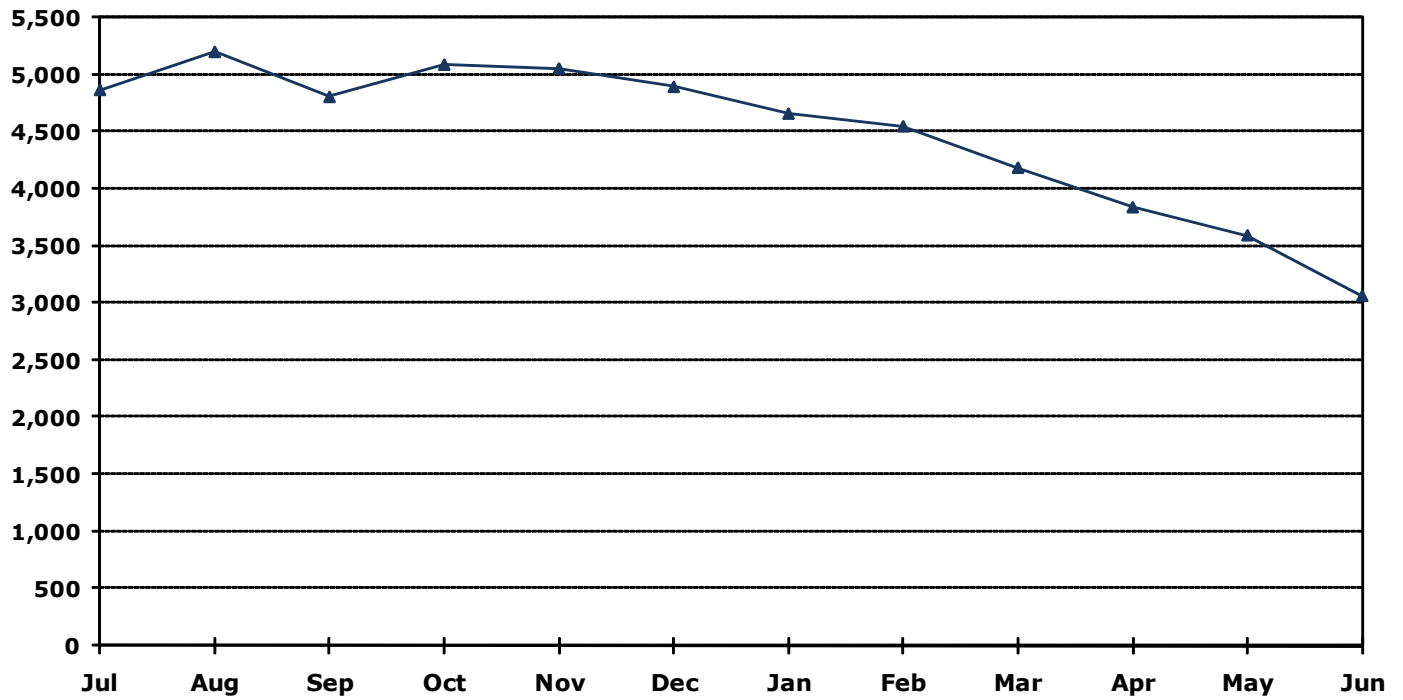
Statewide Waiting List

Number Of People Waiting At End Of Month - 2007/08



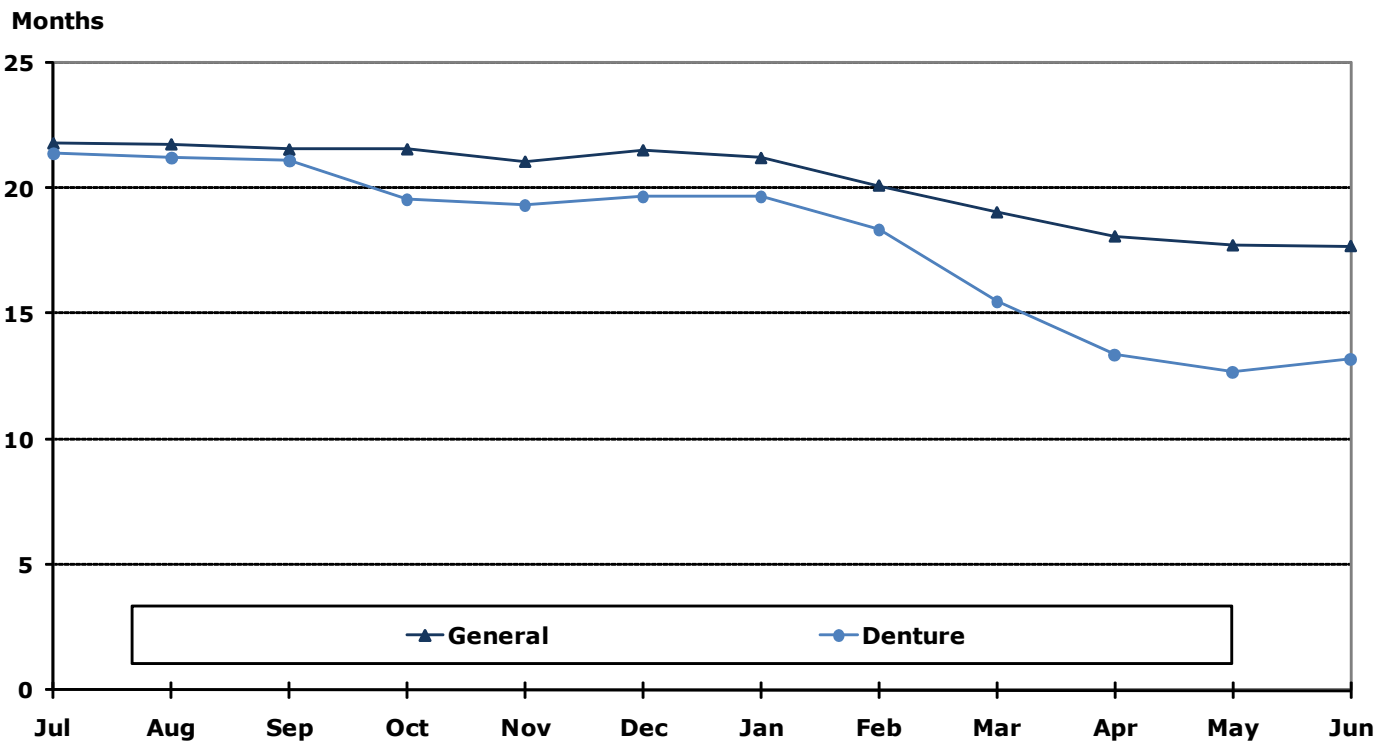
Statewide Waiting List - Specialist Clinics

Number Of People Waiting At End Of Month - 2007/08



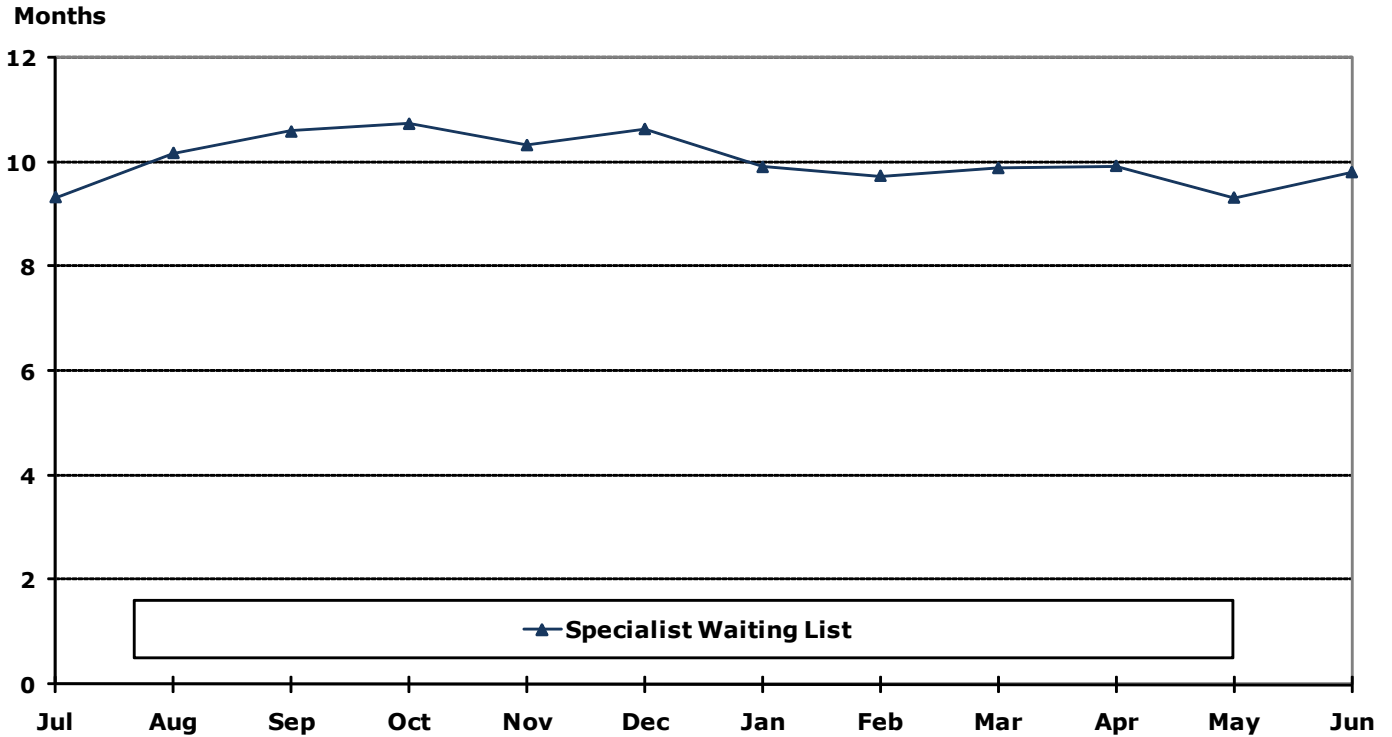
Statewide Waiting List

Average Time Waited For Next Person Removed From Waiting List - 2007/08



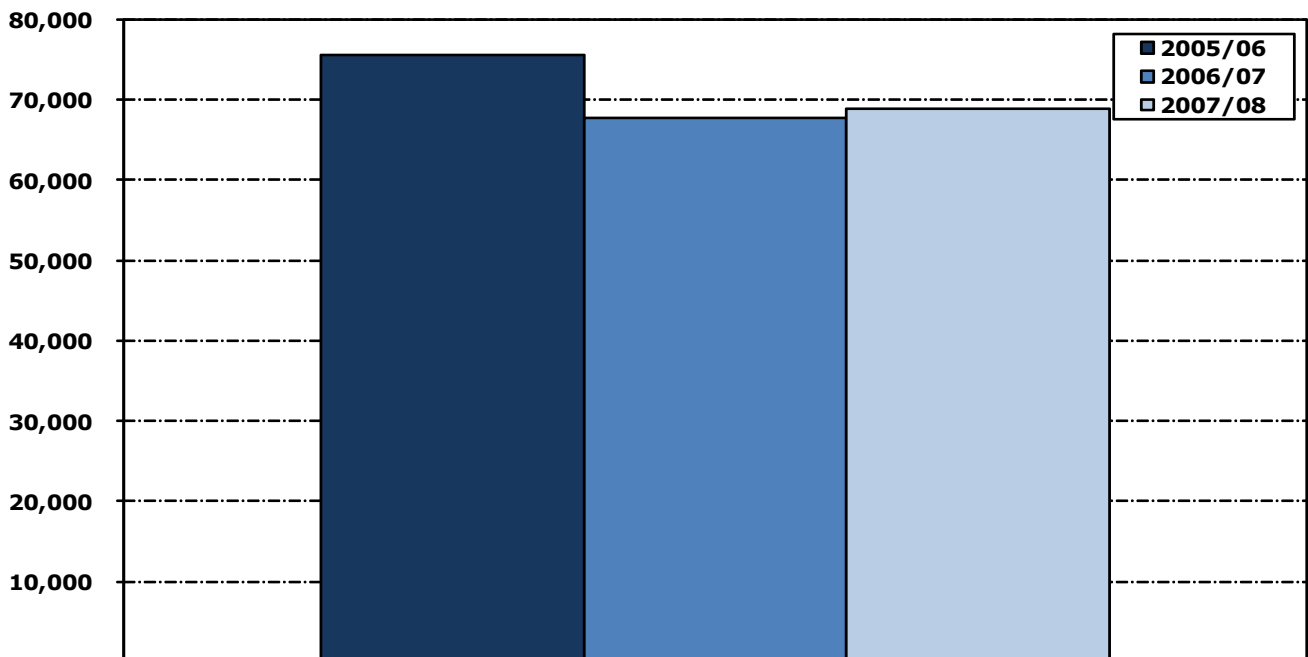
Statewide Waiting List - Specialist Clinics

Average Time Waited For Next Person Removed From Waiting List - 2007/08



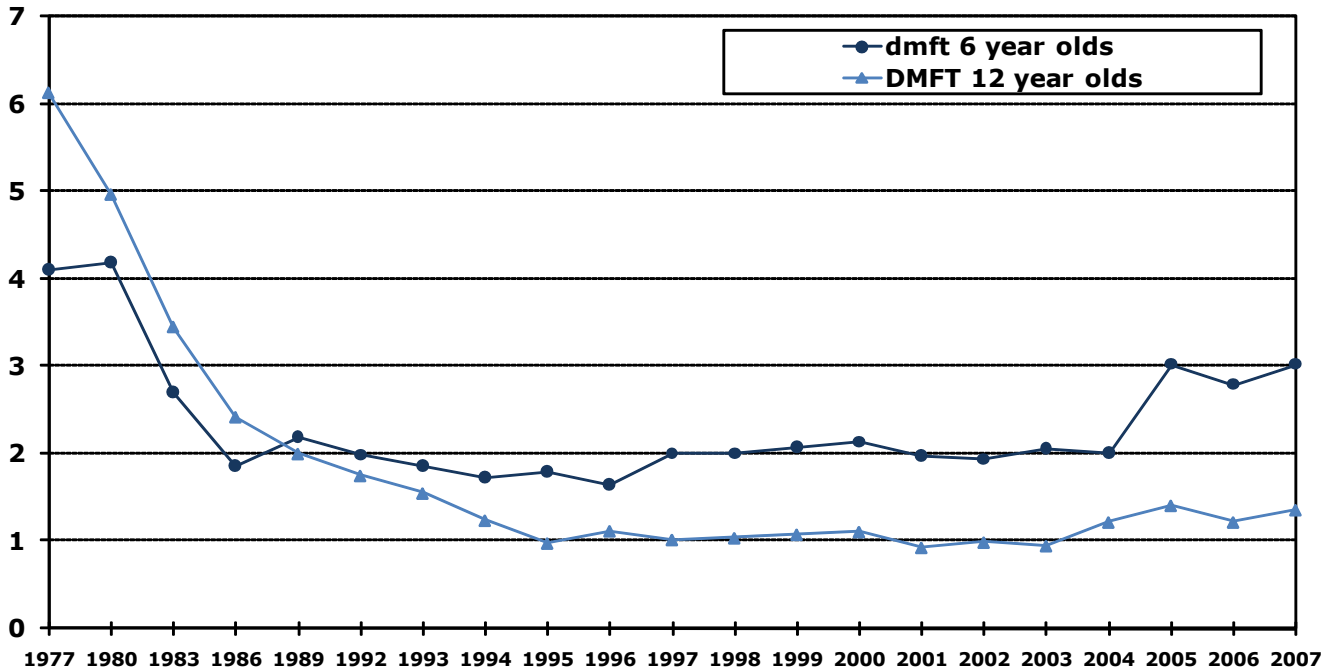
School Dental Program*

Number of individuals treated

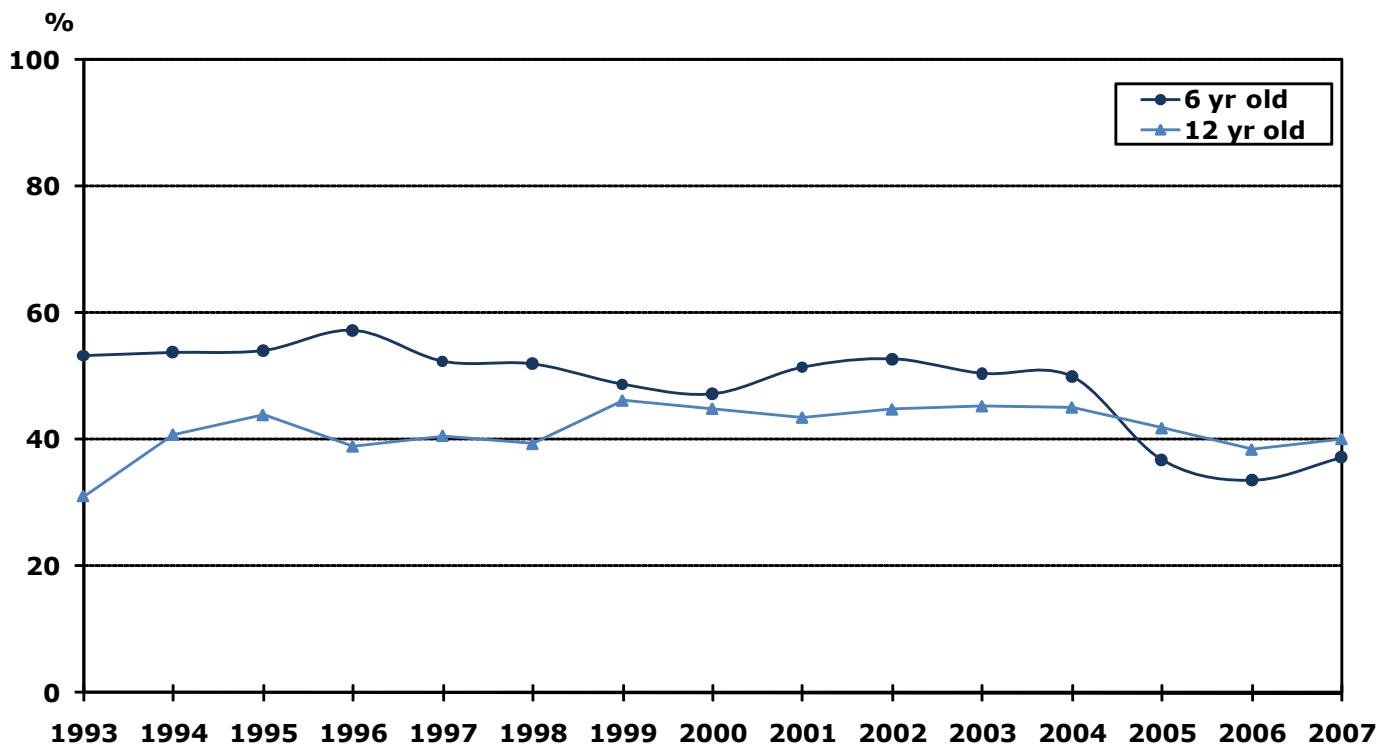


*This program has been integrated into community-based agencies.

School Dental Program Mean diseased, missing or filled teeth of 6 and 12 year olds



School Dental Program % Children with No Caries Experience



Additional information

The following information, where it relates to the Dental Health Services Victoria, is relevant to the financial year 2007-08 and is available upon request by relevant Ministers, members of Parliament and the public:

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

Financial Overview

DHSV achieved an underlying operating surplus of \$1.193 million for the year. This is after allowing for AASB 1004 timing differences. The net result from Continuing Operations before capital and specific items was a deficit of \$2.53 million.

Total revenues increased \$1.861 million comprising an operating revenue increase of \$3.306 million, a reduction of \$0.746 in capital purpose income and non operating and specific income decrease of \$0.7 million. This includes \$1.040 million of revenue comprising grants that have been received and accounted for in accordance with AASB 1004 contributions which will be expended in the 2008-09 financial year.

Total expenses increased by \$10.644 million reflecting \$4.251 million of services expenditure and \$1.096 million of specific expenditure for which the revenue was received in the preceding financial year in accordance with AASB 1004. The increase in total expenses also included \$2.27 million representing the reduction in valuation at balance date of a financial (CDO) investment.

The net result of the specific adjustments noted above was a reported deficit of \$9.066 million.

Total equity decreased \$4.804 million due to the operating deficit of \$9.066 million, unrealised losses on investments available for sale of \$1.136 million, revaluation of land and buildings of \$4.033 million and contributed capital (GST compensation) of \$1.365 million.

Summary of financial results

	(i)	(i)	(i)	(i)	(ii)
	2008	2007	2006	2005	2004
	\$'000	\$'000	\$'000	\$'000	\$'000
Total Expenses	133,505	122,861	121,735	106,461	86,106
Total Revenue	124,439	122,578	120,330	107,169	90,063
Operating Surplus/ (deficit)	(9,066)	(283)	(1,405)	708	3,957
Retained Surplus	(943)	8,483	8,917	10,322	9,611
Total Assets	84,487	90,224	96,667	95,527	91,186
Total Liabilities	21,597	22,530	20,692	19,690	16,060
Net Assets	62,890	67,694	75,975	75,837	75,126
Total Equity	62,890	67,694	75,975	75,837	75,126

- (i) Prepared in accordance with the requirements of Australian Accounting Standards which include Australian equivalents to International Financial Reporting Standards ("AASB").
- (ii) Not prepared in accordance with the requirements of AASB.

Financial Statements

Operating Statement

For the Year Ended 30 June 2008

	Note	Total 2008 \$'000	Total 2007 \$'000
Revenue from Operating Activities	2	120,905	117,599
Revenue from Non-operating Activities	2	2,062	2,268
Employee Benefits	3	(33,830)	(36,596)
Non Salary Labour Costs	3	(1,241)	(731)
Supplies & Consumables	3	(4,656)	(4,538)
Other Expenses from Continuing Operations	3	(85,770)	(75,063)
Net Result Before Capital & Specific Items		(2,530)	2,939
Capital Purpose Income	2	1,179	1,925
Specific Income	2d	293	786
Impairment of Physical Assets	3	(3)	-
Impairment of Financial Assets	1(m), 21	(2,270)	-
Depreciation and Amortisation	4	(3,788)	(3,083)
Specific Expense	3c	(1,390)	(2,692)
Assets Provided Free of Charge	3	(542)	-
Expenditure Using Capital Purpose Income	3	(15)	(158)
NET RESULT FOR THE PERIOD		(9,066)	(283)

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

Balance Sheet

As at 30 June 2008

	Note	Total 2008 \$'000	Total 2007 \$'000
Current Assets			
Cash and Cash Equivalents	5	4,697	8,958
Receivables	6	1,447	3,357
Inventories	8	896	752
Other Current Assets	9	2,796	1,465
Total Current Assets		9,836	14,532
Non-Current Assets			
Other Financial Assets	7	17,522	19,452
Property, Plant & Equipment	10	55,639	54,518
Intangible Assets	11	1,490	1,722
Total Non-Current Assets		74,651	75,692
TOTAL ASSETS		84,487	90,224
Current Liabilities			
Payables	12	13,894	13,439
Provisions	13	5,900	6,464
Other Liabilities	14	1,080	1,677
Total Current Liabilities		20,874	21,580
Non-Current Liabilities			
Provisions	13	723	950
Total Non-Current Liabilities		723	950
TOTAL LIABILITIES		21,597	22,530
NET ASSETS		62,890	67,694
EQUITY			
Asset Revaluation Reserve	15a	10,489	6,456
Available for Sale Revaluation Reserve	15a	(1,684)	(548)
General Purpose Reserve	15a	512	152
Contributed Capital	15b	54,516	53,151
Accumulated Surpluses/(Deficits)	15c	(943)	8,483
TOTAL EQUITY	15d	62,890	67,694

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

Statement of Changes in Equity

For the Year Ended 30 June 2008

	Note	Total 2008 \$'000	Total 2007 \$'000
Total equity at beginning of financial year		67,694	75,975
Gain/(loss) on Asset Revaluation Available-for-sale investments:	15a	4,033	-
Gain/(Loss) taken to equity	15a	(1,136)	(548)
NET INCOME RECOGNISED DIRECTLY IN EQUITY		2,897	(548)
Net result for the year		(9,066)	(283)
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		(6,169)	(831)
Transactions with the State in its capacity as owner	15b	1,365	(7,450)
Total Equity at the end of the financial year		62,890	67,694

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

Cash Flow Statement

For the Year Ended 30 June 2008

	Note	Total 2008 \$'000	Total 2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		108,655	105,286
Patient Fees		3,109	3,259
Donations & Bequests Received		-	1
GST Received from/(paid to) ATO		8,147	(3,602)
Recoupment from private practice for use of hospital facilities		2	19
Interest Received		2,425	1,909
Other Receipts		8,483	8,043
Employee Benefits Paid		(34,621)	(36,768)
Non Salary Labour Costs		(1,241)	(731)
Payments for Supplies & Consumables		(4,656)	(4,538)
Other Payments		(95,062)	(70,783)
Cash Generated from Operations		(4,759)	2,095
Capital Grants from Government		1,843	2,569
Capital Donations and Bequests Received		-	130
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	16	(2,916)	4,794
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(1,615)	(3,769)
Proceeds from Sale of Property, Plant & Equipment		381	629
Purchase of Investments		(3,476)	(20,000)
Proceeds from Sale of Investments		2,000	-
NET CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES		(2,710)	(23,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		1,365	-
NET CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES		1,365	-
NET INCREASE/(DECREASE) IN CASH HELD		(4,261)	(18,346)
Cash and cash equivalents at beginning of period		8,958	27,304
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5	4,697	8,958

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

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared on an accrual basis in accordance with the *Financial Management Act 1994*, applicable Australian Accounting Standards (AAS), which includes the Australian accounting standards issued by the *Australian Accounting Standards Board* (AASB), Interpretations and other mandatory professional requirements.

(b) Basis of preparation

The financial report is prepared in accordance with the historical cost convention, except for the revaluation of certain non-current assets and financial instruments, as noted. Cost is based on the fair values of the consideration given in exchange for assets.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision, and future periods if the revision affects both current and future periods.

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

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2008, and the comparative information presented in these financial statements for the year ended 30 June 2007.

(c) Reporting Entity

The financial report includes all the controlled activities of Dental Health Services Victoria (DHSV). DHSV is a not-for-profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" entities under the AASs.

(d) Rounding Of Amounts

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

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and deposits at call.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(f) 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. Bad debts are written off when identified.

(g) Inventories

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

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

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

Cost for inventories is measured on the basis of weighted average cost.

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

(h) Other Financial Assets

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

DHSV classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

DHSV assess at each balance sheet date whether a financial asset or group of financial assets is impaired.

Available-for-sale financial assets

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

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(i) Intangible Assets

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

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

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

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

- annually, and
- whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 - 5 year period (2007 3 - 5 years).

(j) Property, Plant and Equipment

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is virtually certain that any restrictions will no longer apply.

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

Plant, Equipment and Vehicles are measured at cost less accumulated depreciation and impairment.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(k) Revaluations of Non-current Physical Assets

Non-current physical assets measured at fair value are revalued in accordance with FRD 103C. This revaluation process normally occurs every five years, as dictated by timelines in FRD103C which sets the next revaluation for the Health, Welfare and Community Purpose Group to occur on 30 June 2009, or earlier should there be an indication that fair values are materially different from the carrying value. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

(l) Depreciation

Assets with a cost in excess of \$1,000 (2006-7 and 2007-8) 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 and depreciation methods 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.

	2008	2007
Buildings	10 to 40 years	10 to 40 years
Plant and Equipment	5 to 10 years	5 to 10 years
Medical Equipment	5 to 10 years	5 to 10 years
Computers and Communication	1 to 3 years	1 to 3 years
Furniture & Fittings	1 to 5 years	1 to 5 years
Motor Vehicles	1 to 7 years	1 to 7 years
Intangible Assets	3 to 5 years	3 to 5 years

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(m) Impairment of Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment (i.e. as to whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for:

- inventories.

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

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

Financial instrument assets that have significant or prolonged decline in fair value are impaired and taken to the Operating Statement.

As at 30 June 2008, a CDO instrument with a cost of \$5.0m was valued at \$2.73m. The valuation was based on the best available advice using an estimated 'unwind' price. While a level of protection is available for the CDO, a conservative approach was taken and the impairment in the CDO's value of \$2.27m was recognised in the Operating Statement.

(n) Payables

These amounts consist predominantly of liabilities for goods and services.

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

The normal credit terms are usually Nett 30 days.

(o) Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(p) Resources Provided Free of Charge

Resources provided free of charge are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another entity or agency as a consequence of a restructuring or administrative arrangements. In the latter case, such transfer will be recognised at fair value.

(q) Functional and Presentation Currency

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

(r) Goods and Services Tax (GST)

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

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

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

(s) Employee Benefits

Wages and Salaries, Annual Leave, and Accrued Days Off

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

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

Long Service Leave

Current Liability - unconditional LSL (representing 10 or more years of continuous service) is disclosed as a current liability even where DHSV does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

nominal value - component that DHSV expects to settle within 12 months.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

Non-Current Liability - conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

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

Superannuation

Defined contribution plans

Contributions to defined contribution superannuation plans are expenses when incurred.

Defined benefit plans

The amount charged to the Operating Statement in respect of defined benefit superannuation plans represents the contributions made by DHSV to the superannuation plan in respect of the services of current DHSV staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

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

Fund	Contributions Paid or Payable for the year	
	2008	2007
	\$'000	\$'000
Defined benefit plans:		
Health Super	119	137
State Superannuation Fund - revised and new	302	400
Defined contribution plans:		
Health Super	2,169	2,224
VicSuper	12	19
Other	167	161
Total	2,769	2,941

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

DHSV does not recognise any defined benefit liability in respect of the superannuation plans because DHSV has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial report.

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 provision.

On-Costs

Employee benefit on-costs (workers compensation, superannuation, annual leave and LSL accrued while on LSL taken in service) are recognised separately from the provision for employee benefits.

(t) Leases

All leases entered into by DHSV are operating leases.

Operating lease payments, including any contingent rentals, are recognised as an expense in the operating statement on a straight line basis over the lease term.

(u) Income Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as 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 income when DHSV gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, DHSV is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, DHSV is deemed to have assumed control 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 13/2008.

Patient Fees

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

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

Private Practice Fees

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

Donations and Other Bequests

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

Interest Revenue

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

(v) 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.

(w) 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 and are also funded from other sources such as patients, while *Services Supported by Hospital and Community Initiatives (Non HSA)* are funded by DHSV's own activities or local initiatives and/or the Commonwealth.

(x) Comparative Information

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

(y) Asset Revaluation Reserve

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

(z) Available-for-Sale Revaluation Reserve

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

(aa) General Reserves

The general reserve was established for research and innovation to support strategic research projects, seed grants, innovation awards, and postgraduate scholarships.

(ab) 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.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(ac) Contributed Capital

Consistent with Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 2A Contributions by Owners, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions, have also been designated as contributed capital are also treated as contributed capital.

(ad) Net Result Before Capital & Specific Items

The subtotal entitled 'Net result Before Capital & Specific Items' is included in the Operating Statement to enhance the understanding of the financial performance of DHSV. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, and items of unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate comparability and consistency of results between years and Victorian Public Health Services. The Net result Before Capital & Specific Items is used by management of DHSV, the Department of Human Services and the Victorian Government to measure the ongoing result of Health Services in operating hospital services.

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

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donation of plant and equipment (refer note 1 (p)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprise the following items, where material:
 - Write-down of inventories;
 - Non-current asset revaluation increments/decrements;
 - Reversals of provisions; and
 - Funding/Purchase of capital items for Agencies
- Impairment of non-current assets, includes all impairment losses (and reversal of previous impairment losses), related to non-current assets only which have been recognised in accordance with note 1 (m)
- Depreciation and amortisation, as described in note 1 (j) and (l)
- Assets provided free of charge, as described in note 1 (p)
- Expenditure using capital purpose income, which comprises expenditure which either falls below the asset capitalisation threshold (note 1 (l)) or doesn't meet recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

(ae) Category Groups

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

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

(af) New Accounting Standards and Interpretations

Certain new accounting standards and Interpretations have been published that are not mandatory for 30 June 2008 reporting period. As at 30 June 2008, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2008. DHSV has not and does not intend to adopt these standards early as their impact to the annual statements would not be material.

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on DHSV's Annual Statements
AASB 2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12	Amendments arise from the release in February 2007 of Interpretation 12 Service Concession Arrangements.	Beginning 1 July 2008	The impact of any changes that may be required cannot be reliably estimated and is not disclosed in the financial report.
AASB 8 Operating Segments	Supersedes AASB 114 Segment Reporting	Beginning 1 January 2009	Not applicable
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 and AASB 1038]	An accompanying amending standard, also introduced consequential amendments in other Standards.	Beginning 1 January 2009	Impact expected to be not significant.
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretation 1 & 12]	Option to expense borrowing costs related to a qualifying asset had been removed. Entities are now required to capitalise borrowing costs relevant to qualifying assets.	Beginning 1 January 2009	All Australian government jurisdictions are currently still actively pursuing an exemption for government from capitalising borrowing costs.
Interpretation 12 Service Concession Agreements	Amendments arising from the release of AASB 2007-6	Beginning 1 January 2009	Impact expected to be not significant.
AASB 1004 (Revised) Contributions	Relocation of requirements on contributions from AASs 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008	Impact expected to be not significant.

Notes to the Financial Statements

30 June 2008

Note 1: Statement of Significant Accounting Policies (continued)

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on or ending on	Impact on DHSV's Annual Statements
AASB 1050 Administered Items	Relocation of the requirements for the disclosure of administered items from AAS 29 into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1051 Land Under Roads	Relocation of the requirements for the disclosure into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 1052 Disaggregated Disclosures	Relocation of the requirements relating to reporting of disaggregated information from AAS 27 and AAS 29, into a new topic-based Standard.	Beginning 1 July 2008	Impact expected to be not significant.
Interpretation 1038 (Revised) Contributions by Owners Made to Wholly-Owned Public Sector Entities	Relocation of the requirements on contributions from AASs 27, 29 and 31, into AASB 1004.	Beginning 1 July 2008	Impact expected to be not significant.
AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137]	Relocation of certain relevant requirements from AASs 27, 29 and 31, into existing topic-based Standard. In particular, this Standard addresses: (a) the notion of reporting entity as it applies to local governments, governments and government departments; (b) restructures of local governments; (c) infrastructure, cultural, community and heritage assets; (d) control in the public sector; and (e) obligations arising from local government and government existing public policies, budget policies, election promises or statements of intent. This Standard also makes consequential amendments, arising from the short-term review of the requirements in AASs 27, 29, and 31, to AASB 5, AASB 8, AASB 101 and AASB 114.	Beginning 1 July 2008	Impact expected to be not significant.

Notes to the Financial Statements

30 June 2008

Note 2: Revenue

	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Revenue from Operating Activities						
Government Grants						
- Department of Human Services	108,655	105,286	-	-	108,655	105,286
Total Government Grants	108,655	105,286	-	-	108,655	105,286
Indirect Contributions by Department of Human Services						
- Insurance	457	558	-	-	457	558
- Long Service Leave	95	156	-	-	95	156
Total Indirect Contributions by Department of Human Services	552	714	-	-	552	714
Patient Fees						
Patient Fees (refer note 2b)	3,107	3,256	-	-	3,107	3,256
Total Patient Fees	3,107	3,256	-	-	3,107	3,256
Business Units & Specific Purpose Funds						
- Technical Support	-	-	2,713	2,259	2,713	2,259
- Overseas Dentists Training Programme	-	-	1,266	1,093	1,266	1,093
- Car Park	-	-	2	3	2	3
- Property Income	-	-	76	92	76	92
Total Business Units & Specific Purpose Funds	-	-	4,057	3,447	4,057	3,447

Notes to the Financial Statements

30 June 2008

Note 2: Revenue (continued)

	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Donations and Bequests	-	1	-	-	-	1
Recoupment from Private Practice for Use of DHSV Facilities	2	19	-	-	2	19
Other Revenue from Operating Activities	4,532	4,876	-	-	4,532	4,876
Sub-Total Revenue from Operating Activities	116,848	114,152	4,057	3,447	120,905	117,599
Revenue from Non-Operating Activities						
Interest	2,062	2,268	-	-	2,062	2,268
Sub-Total Revenue from Non-Operating Activities	2,062	2,268	-	-	2,062	2,268
Revenue from Capital Purpose Income						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	-	-	-	-	-
- Other	1,170	1,480	-	-	1,170	1,480
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 2c)	-	-	(45)	(72)	(45)	(72)
Donations and Bequests	-	-	-	130	-	130
Other Capital Purpose Income	54	387	-	-	54	387
Sub-Total Revenue from Capital Purpose Income	1,224	1,867	(45)	58	1,179	1,925
Specific Income (refer note 2d)	293	786	-	-	293	786
Total Revenue (refer to note 2a)	120,427	119,073	4,012	3,505	124,439	122,578

Indirect contributions by Department of 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.

Notes to the Financial Statements

30 June 2008

Note 2a: Analysis of Revenue by Source

	Total (Other) 2008 \$'000	Total (Other) 2007 \$'000
Revenue from Services Supported by Health Services Agreement		
Government Grants	108,655	105,286
Indirect contributions by Department of Human Services	552	714
Patient Fees (refer note 2b)	3,107	3,256
Donations & Bequests (non capital)	-	1
Recoupment from Private Practice for Use of DHSV facilities	2	19
Other Revenue from Operating Activities	4,532	4,876
Interest	2,062	2,268
Capital Purpose Income (refer note 2)	1,224	1,867
Specific Income (refer note 2d)	293	786
Sub-Total Revenue from Services Supported by Health Services Agreement	120,427	119,073
Revenue from Services Supported by Hospital and Community Initiatives		
Business Units & Specific Purpose Funds	4,057	3,447
Capital Purpose Income (refer note 2)	(45)	58
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	4,012	3,505
Total Revenue	124,439	122,578

Indirect contributions by Department of 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.

Notes to the Financial Statements

30 June 2008

Note 2b: Patient Fees

	Total 2008 \$'000	Total 2007 \$'000
Patient Fees Raised		
Recurrent:		
Other	3,107	3,256
Total Recurrent	3,107	3,256

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

	Total 2008 \$'000	Total 2007 \$'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	381	629
Total Proceeds from Disposal of Non-Current Assets	381	629
Less: Written Down Value of Non-Current Assets Sold		
Motor Vehicles	426	701
Total Written Down Value of Non-Current Assets Sold	426	701
Net gains/(losses) on Disposal of Non-Current Assets	(45)	(72)

Note 2d: Specific Income

	Total 2008 \$'000	Total 2007 \$'000
Specific Income		
Funding Received from Department of Human Services to Purchase Dental Equipment on Behalf of External Dental Agencies	293	786
Total	293	786

Notes to the Financial Statements

30 June 2008

Note 3: Expenses

	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Employee Benefits						
Salaries & Wages	29,551	31,406	487	483	30,038	31,889
WorkCover Premium	494	744	7	8	501	752
Departure Packages	371	150	-	-	371	150
Long Service Leave	146	851	5	13	151	864
Superannuation	2,736	2,911	33	30	2,769	2,941
Total Employee Benefits	33,298	36,062	532	534	33,830	36,596
Non Salary Labour Costs						
Fees for Visiting Medical Officers	133	116	-	-	133	116
Agency Costs – Nursing	102	167	-	-	102	167
Agency Costs – Other	995	432	11	16	1,006	448
Total Non Salary Labour Costs	1,230	715	11	16	1,241	731
Supplies and Consumables						
Drug Supplies	505	496	-	-	505	496
Medical & Surgical Supplies	4,069	3,940	82	102	4,151	4,042
Total Supplies and Consumables	4,574	4,436	82	102	4,656	4,538
Other Expenses from Continuing Operations						
Domestic Services & Supplies	1,079	1,045	-	-	1,079	1,045
Fuel, Light, Power and Water	375	396	-	-	375	396
Insurance costs funded by DHS	457	558	-	-	457	558
Motor Vehicle Expenses	291	357	-	-	291	357
Repairs & Maintenance	961	1,113	1	1	962	1,114
Maintenance Contracts	315	271	2	-	317	271
Patient Transport	18	6	-	-	18	6
Bad & Doubtful Debts	158	181	-	-	158	181
Lease Expenses	339	373	1	-	340	373

Notes to the Financial Statements

30 June 2008

Note 3: Expenses (continued)

	HSA 2008 \$'000	HSA 2007 \$'000	Non HSA 2008 \$'000	Non HSA 2007 \$'000	Total 2008 \$'000	Total 2007 \$'000
Other Administrative Expenses	7,671	6,872	2,300	1,835	9,971	8,707
Transfer Payments:						
- Output Funding for Dental Services (DHS Agencies)	44,210	39,968	-	-	44,210	39,968
- Victorian Denture Scheme (Private Practitioners)	11,854	9,323	-	-	11,854	9,323
- Victorian General Dental Scheme (Private Practitioners)	5,454	4,578	-	-	5,454	4,578
- Victorian Emergency Dental Scheme (Private Practitioners)	4,831	5,034	-	-	4,831	5,034
- School Dental Services (Private Practitioners)	5,341	3,015	-	-	5,341	3,015
Audit Fees						
- VAGO - Audit of Financial Statements	17	19	-	-	17	19
- Other	95	118	-	-	95	118
Total Other Expenses from Continuing Operations	83,466	73,227	2,304	1,836	85,770	75,063
Expenditure using Capital Purpose Income						
Other Expenses	15	158	-	-	15	158
Total Expenditure using Capital Purpose Income	15	158	-	-	15	158
Impairment of Physical Assets	-	-	3	-	3	-
Impairment of Financial Assets						
- Available-for-Sale Financial Assets	-	-	2,270	-	2,270	-
Depreciation and Amortisation	-	-	3,788	3,083	3,788	3,083
Specific Expense	-	-	1,390	2,692	1,390	2,692
Assets Provided Free of Charge	-	-	542	-	542	-
Total	-	-	7,993	5,775	7,993	5,775
Total Expenses	122,583	114,598	10,922	8,263	133,505	122,861

Notes to the Financial Statements

30 June 2008

Note 3a: Analysis of Expenses by Source

	Total (Other) 2008 \$'000	Total (Other) 2007 \$'000
Services Supported by Health Services Agreement		
Employee Benefits	33,298	36,062
Non Salary Labour Costs	1,230	715
Supplies & Consumables	4,574	4,436
Other Expenses from Continuing Operations	83,466	73,227
Sub-Total Expenses from Services Supported by Health Services Agreement	122,568	114,440
Services Supported by Hospital and Community Initiatives		
Employee Benefits	532	534
Non Salary Labour Costs	11	16
Supplies & Consumables	82	102
Other Expenses from Continuing Operations	2,304	1,836
Impairment of Physical Assets (refer note 3)	3	-
Impairment of Financial Assets (refer note 3)	2,270	-
Depreciation and Amortisation (refer note 4)	3,788	3,083
Specific Expenses (refer note 3)	1,390	2,692
Assets Provided Free-of Charge	542	-
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	10,922	8,263
Services Supported by Capital Sources		
Other Expenses	15	158
Sub-Total Expenses from Services Supported by Capital Resources	15	158
Total Expenses	133,505	122,861

Notes to the Financial Statements

30 June 2008

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

	Total 2008 \$'000	Total 2007 \$'000
Technical Support	2,248	1,805
Overseas Dentists Training Program	681	683
Total	2,929	2,488

Note 3c: Specific Expenses

	Total 2008 \$'000	Total 2007 \$'000
Specific Expenses		
Amounts Paid for the Purchase of Dental Equipment on Behalf of External Dental Agencies	1,390	2,692
Total	1,390	2,692

Notes to the Financial Statements

30 June 2008

Note 4: Depreciation and Amortisation

	Total 2008 \$'000	Total 2007 \$'000
Depreciation		
Buildings	1,257	1,205
Plant & Equipment	17	18
Medical Equipment	713	714
Computers and Communication	770	577
Furniture and Equipment	105	110
Motor Vehicles	263	373
Total Depreciation	3,125	2,997
Amortisation		
Intangible Assets	663	86
Total Depreciation & Amortisation	3,788	3,083

Note 5: Cash and Cash Equivalents

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

	Total 2008 \$'000	Total 2007 \$'000
Cash on Hand	8	9
Cash at Bank	1,702	1,175
Short-Term Deposit	2,987	7,774
Total	4,697	8,958
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	4,697	8,958

Notes to the Financial Statements

30 June 2008

Note 6: Receivables

CURRENT

	Total 2008 \$'000	Total 2007 \$'000
Inter-Hospital Debtors	203	53
Trade Debtors	896	1,874
Patient Fees	182	184
Accrued Investment Income	61	424
Accrued Revenue - Cost Recovery	201	190
GST Receivable	67	802
TOTAL	1,610	3,527

LESS Allowance for Doubtful Debts

Trade Debtors	33	33
Patient Fees	130	137
TOTAL	163	170

TOTAL CURRENT RECEIVABLES

1,447	3,357
--------------	--------------

TOTAL RECEIVABLES

1,447	3,357
--------------	--------------

(a) Movement in the Allowance for doubtful debts

	Total 2008 \$'000	Total 2007 \$'000
Balance at beginning of year	170	164
Amounts written off during the year	(103)	(106)
Amounts recovered during the year	(62)	(69)
Increase/(decrease) in allowance recognised in profit or loss	158	181
Balance at end of year	163	170

(b) Ageing analysis of receivables

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

(c) Nature and extent of risk arising from receivables

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

Notes to the Financial Statements

30 June 2008

Note 7: Other Financial Assets

	Operating Fund	
	Total 2008 \$'000	Total 2007 \$'000
NON CURRENT		
<i>Available-for-Sale Financial Assets</i>		
Structured Notes	10,682	12,456
Collateralised Debt Obligation (CDO)	2,730	4,947
Asset Management Fund	1,680	2,049
Floating Rate Notes (FRN)	2,430	-
Total Non Current	17,522	19,452
TOTAL	17,522	19,452
Represented by:		
Health Service Investments	17,522	19,452

(b) Ageing analysis of other financial assets

Please refer to note 17(c) for the ageing analysis of other financial assets

(c) Nature and extent of risk arising from other financial assets

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

Notes to the Financial Statements

30 June 2008

Note 8: Inventories

CURRENT

Medical and Surgical Lines

At Cost	638	514
Loss of Service Potential	-	-
Total Medical and Surgical Lines	638	514

Engineering Stores

At Cost	273	386
Loss of Service Potential	(15)	(148)
Total Engineering Stores	258	238

TOTAL INVENTORIES

896	752
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Note 9: Other Assets

CURRENT

Prepayments	62	56
Minor Works in Progress	2,734	1,409
TOTAL	2,796	1,465

Notes to the Financial Statements

30 June 2008

Note 10: Property, Plant & Equipment

	Total 2008 \$'000	Total 2007 \$'000
Land		
- Land at Valuation	7,674	6,626
Total Land	7,674	6,626
Buildings		
- Buildings at Valuation	43,005	42,003
Less Accumulated Depreciation	304	1,392
Total Buildings	42,701	40,611
Plant and Equipment at Cost		
- Plant and Equipment	179	179
Less Accumulated Depreciation	36	19
Total Plant and Equipment	143	160
Medical Equipment at Cost		
- Medical Equipment	11,773	12,537
Less Accumulated Depreciation	9,425	9,228
Total Medical Equipment	2,348	3,309
Computers and Communication at Cost		
- Computers and Communication	5,814	5,584
Less Accumulated Depreciation	5,018	4,335
Total Computers and Communications	796	1,249
Furniture and Fittings at Cost		
- Furniture and Fittings	1,129	1,194
Less Accumulated Depreciation	1,084	1,018
Total Furniture & Fittings	45	176
Motor Vehicles at Cost		
- Motor Vehicles	2,978	3,415
Less Accumulated Depreciation	1,046	1,028
Total Motor Vehicles	1,932	2,387
Total	55,639	54,518

Significant land and buildings were revalued as at 30 June 2008. The management valuations were based on the indices provided by the Valuer-General's Office.

Notes to the Financial Statements

30 June 2008

Note 10: Property, Plant & Equipment (continued)

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

	Land \$000	Buildings \$000	Plant & Equipment \$000	Medical Equipment \$000	Computers & Commnctns \$000	Furniture & Fittings \$000	Motor Vehicles \$000	Total \$000
Balance at 1 July 2006	14,076	41,636	178	3,862	1,167	284	2,387	63,590
Additions	-	180	-	161	659	2	1,074	2,076
Disposals	-	-	-	-	-	-	(701)	(701)
Impairment losses recognised/(reversed) in net result	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-
Assets Provided Free-of Charge	-	-	-	-	-	-	-	-
Transfer to Victorian Government	(7,450)	-	-	-	-	-	-	(7,450)
Depreciation and Amortisation (note 3)	-	(1,205)	(18)	(714)	(577)	(110)	(373)	(2,997)
Balance at 1 July 2007	6,626	40,611	160	3,309	1,249	176	2,387	54,518
Additions	-	400	-	204	339	7	234	1,184
Disposals	-	-	-	-	-	-	(426)	(426)
Impairment losses recognised/(reversed) in net result	-	(3)	-	-	-	-	-	(3)
Revaluation increments/(decrements)	1,048	2,985	-	-	-	-	-	4,033
Assets Provided Free-of Charge	-	(35)	-	(452)	(22)	(33)	-	(542)
Transfer to Victorian Government	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 3)	-	(1,257)	(17)	(713)	(770)	(105)	(263)	(3,125)
Balance at 30 June 2008	7,674	42,701	143	2,348	796	45	1,932	55,639

Notes to the Financial Statements

30 June 2008

Note 11: Intangible Assets

	Total 2008 \$'000	Total 2007 \$'000
Software	2,575	2,144
Less Accumulated Amortisation	1,085	422
Total Written Down Value	1,490	1,722

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

	Total \$'000
Balance at 1 July 2006	102
Additions	1,706
Amortisation (note 3)	(86)
Balance at 1 July 2007	1,722
Additions	431
Amortisation (note 3)	(663)
Balance at 30 June 2008	1,490

Note 12: Payables

	Total 2008 \$'000	Total 2007 \$'000
CURRENT		
Trade Creditors	9,811	7,617
Accrued Expenses	3,938	4,615
GST Payable	63	998
Salary Packaging	82	114
DHS - Long Service Leave	-	95
TOTAL	13,894	13,439

(a) Maturity analysis of payables

Please refer to Note 17d for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Note 17d for the nature and extent of risks arising from payables

Notes to the Financial Statements

30 June 2008

Note 13: Provisions

CURRENT

Employee Benefits (refer Note 13a)

- unconditional and expected to be settled within 12 months

- unconditional and expected to be settled after 12 months

Provisions related to employee benefit on-costs

Unconditional and expected to be settled within 12 months (nominal)

Unconditional and expected to be settled after 12 months (present value)

TOTAL

Total 2008 \$'000	Total 2007 \$'000
2,341	2,950
3,040	2,770
217	283
302	461
5,900	6,464

NON CURRENT

Employee Benefits (refer Note 13a)

Provisions related to employee benefit on-costs

658	835
65	115
723	950

Note 13a: Employee Benefits

CURRENT (refer note 1 (s))

Unconditional long service leave entitlements

Annual leave entitlements

Accrued Wages and Salaries

Accrued Days Off

TOTAL *

Total 2008 \$'000	Total 2007 \$'000
2,915	3,118
1,519	1,810
858	697
89	95
5,381	5,720

*Current Employee benefits that:

Expected to be utilised within 12 months (nominal value)

Expected to be utilised after 12 months (present value)

3,047	2,950
2,334	2,770
5,381	5,720

NON CURRENT (refer note 1(s))

Conditional long service leave entitlements (present value)

TOTAL

658	835
658	835

Movement in Long Service Leave

Balance at start of year

Provision made during the year

Settlement made during the year

Balance at end of year

4,606	4,561
151	864
(759)	(819)
3,998	4,606

Notes to the Financial Statements

30 June 2008

Note 14: Other Liabilities

	Total 2008 \$'000	Total 2007 \$'000
CURRENT		
Specific Purpose Income in Advance	1,080	1,677
TOTAL	1,080	1,677

Notes to the Financial Statements

30 June 2008

Note 15: Equity

(a) Reserves

Land and Buildings Asset Revaluation Reserve¹

	Total 2008 \$'000	Total 2007 \$'000
Balance at the beginning of the reporting period	6,456	6,456
Revaluation Increment/(Decrement)		
- Land	1,048	-
- Buildings	2,985	-
*Balance at the end of reporting period	10,489	6,456

*Represented by:

- Buildings	2,985	-
- Land	7,504	6,456
Total	10,489	6,456

General Purpose Reserve

Balance at the beginning of the reporting period	152	-
Transfer to and from Accumulated Surplus	360	152
Balance at the end of the reporting period	512	152

Financial Assets Available-for-Sale Revaluation Reserve²

Balance at the beginning of the reporting period	(548)	-
Valuation gain/(loss) recognised	(1,136)	(548)
Balance at the end of the reporting period	(1,684)	(548)

Restricted Specific Purpose Reserve

Balance at the beginning of the reporting period	-	1
Transfer to and from Accumulated Surplus	-	(1)
Balance at the end of the reporting period	-	-

Total Reserves

9,317	6,060
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(1) The land and building assets revaluation reserve arises on the revaluation of land and buildings.

(2) The financial assets available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and effectively realised, is recognised in the profit and loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit and loss.

Notes to the Financial Statements

30 June 2008

Note 15 Equity (continued)

(b) Contributed Capital

Balance at the beginning of the reporting period	53,151	60,601
Capital contribution received from Victorian Government	1,365	-
Transfer of Asset to Victorian Government	-	(7,450)
Balance at the end of the reporting period	54,516	53,151

Total 2008 \$'000	Total 2007 \$'000
53,151	60,601
1,365	-
-	(7,450)
54,516	53,151

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period	8,483	8,917
Net Result for the year	(9,066)	(283)
Transfer to and from General Purpose Reserve	(360)	(152)
Transfer to and from Restricted Specific Purpose Reserve	-	1
Balance at the end of the reporting period	(943)	8,483

8,483	8,917
(9,066)	(283)
(360)	(152)
-	1
(943)	8,483

(d) Equity at end of financial year

62,890	67,694
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Notes to the Financial Statements

30 June 2008

Note 16: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	Total 2008 \$'000	Total 2007 \$'000
Net Result for the Period	(9,066)	(283)
Depreciation & Amortisation	3,788	3,083
Impairment of Non-Current Assets	3	-
Impairment of Financial Assets	2,270	-
Assets Provided Free of Charge	542	-
Provision for Bad and Doubtful Debts	158	181
Resources Received Free of Charge	-	(13)
Net (Gain)/Loss from Sale of Plant and Equipment	45	72
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	455	1,247
Increase/(Decrease) in Income in Advance	(597)	763
Increase/(Decrease) in Employee Benefits	(791)	(172)
(Increase)/Decrease in Non Current Receivables	-	94
(Increase)/Decrease in Other Current Assets	(1,331)	721
(Increase)/Decrease in Current Receivables	1,752	(717)
(Increase)/Decrease in Inventory	(144)	(182)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	(2,916)	4,794

Notes to the Financial Statements

30 June 2008

Note 17: Financial Instruments

(a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Categorisation of financial instruments

Details of each category in accordance with AASB 139 are disclosed below:

			Carrying Amount 2008 \$'000	Carrying Amount 2007 \$'000
	Note	Category		
Financial Assets				
Cash and cash equivalents	5	N/A	4,697	8,958
Receivables	6	Loans and Receivables	1,447	3,357
Other Financial Assets	7	Available for sale financial assets (at fair value)	17,522	19,452
Financial Liabilities				
Payables	12	Financial liabilities measured at amortised cost	13,894	13,439
Other Liabilities	14	Financial liabilities measured at amortised cost	1,080	1,677

Notes to the Financial Statements

30 June 2008

Note 17: Financial Instruments (continued)

(c) Credit Risk

All available for sale financial assets, except CBA Collateralised Debt Obligation (CDO), are capital guaranteed. These financial assets have a minimum Standard & Poors long term rating of AA-. The CBA CDO is a managed CDO that has retained its rates and ratings.

DHSV's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table.

For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest rate exposure and ageing analysis of financial asset as at 30/06/2008

	*Weighted Average Effective Interest Rates (%)	Consol'd Carrying Amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000	Not Past Due and Not Impaired \$'000	Past Due But Not Impaired				Impaired Financial Assets \$'000
							Less than 1 Month \$'000	3 months 1 Year \$'000	1 - 5 Years \$'000	Over 5 Years \$'000	
2008											
Financial Assets											
Cash and Cash Equivalents	6.58	4,697	-	4,689	8	4,697	-	-	-	-	-
Receivables	-	1,447	-	-	1,447	381	734	332	-	-	-
Available for Sale Financial Asset	7.11	17,522	-	17,522	-	17,522	-	-	-	-	-
Total Financial Assets	6.99	23,666	-	22,211	1,455	22,600	734	332	-	-	-
2007											
Financial Assets											
Cash and Cash Equivalents	5.95	8,958	-	8,949	9	8,958	-	-	-	-	-
Receivables	-	3,357	-	-	3,357	2,504	853	-	-	-	-
Available for Sale Financial Asset	8.67	19,452	-	19,452	-	19,452	-	-	-	-	-
Total Financial Assets	7.55	31,767	-	28,401	3,366	30,914	853	-	-	-	-

*Weighted average or effective interest rates for each class of assets

Notes to the Financial Statements

30 June 2008

Note 17: Financial Instruments (continued)

(d) Liquidity Risk

The following table discloses the contractual maturity analysis of DHSV's financial liabilities.

Interest rate exposure and maturity analysis of financial liabilities as at 30 June 2008

	Carrying Amount \$'000	Interest Rate Exposure			*Weighted Average Effective Interest Rates (%)	Contractual Cash Flows \$'000	Maturity Dates				
		Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000			Less than 1 Month \$'000	1 - 3 Months \$'000	3 months - 1 Year \$'000	1 - 5 Years \$'000	Over 5 Years \$'000
2008											
Payables:											
Trade creditors and accruals	13,894	-	-	13,894	-	13,894	13,894	-	-	-	-
Other Financial Liabilities	1,080	-	-	1,080	-	1,080	1,080	-	-	-	-
Total Financial Liabilities	14,974	-	-	14,974	-	14,974	14,974	-	-	-	-
2007											
Payables:											
Trade creditors and accruals	13,439	-	-	13,439	-	13,439	13,439	-	-	-	-
Other Financial Liabilities	1,677	-	-	1,677	-	1,677	1,677	-	-	-	-
Total Financial Liabilities	15,116	-	-	15,116	-	15,116	15,116	-	-	-	-

*Weighted average or effective interest rates for each class of assets

Notes to the Financial Statements

30 June 2008

Note 17: Financial Instruments (continued)

(e) Market Risk

Currency Risk

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

Interest Rate Risk

DHSV's available for sale financial assets are subject to the following interest rate risks:

CBA Accrual, Structured Series 36 (Structured Note) - \$5,000,000

Interest is 9.25% if the difference between the 5 year and 2 year swap rates is less than or equal to -0.15%. Otherwise the interest rate is 0%.

The current difference of the said rates is greater than -0.15%.

CBA Collateralised Debt Obligation (CDO) - \$5,000,000

Interest is 90 day BBSW + 140 basis points. Current 90 Day BBSW is 6.35%, hence current interest is 9.1467% (7.7467% + 1.40%).

CBA Reverse CPI Linked Note (Structured Note) - \$5,000,000

Interest is computed based on the formula, $6.25\% + 7 \times (3.5\% - \text{YoY inflation}\%)$. The maximum interest is 9.0% while the minimum interest is 0%. Once, quarterly Year on Year (YOY) inflation rate reaches 4.393%, interest will be 0%. Current inflation (CPI) rate is 4.5% (June 2008 quarter).

CBA RA16 Structured 9 Month Range Accrual Note (Structured Note) - \$1,000,000

Interest is 7.55 % if 30 Day BBSW is greater than 6.20% and less than 6.90%. Otherwise the interest rate is 0%. Current 30 Day BBSW rate is 7.59%.

CBA CMS Structured Series 38 (Structured Note) - \$1,000,000

Interest is 8.5% if the difference between the 5 year and 2 year swap rates is less than or equal to -0.15%. Otherwise the interest rate is 0%.

The current difference of the said rates is greater than -0.15%.

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

Other Price Risk

One of DHSV's available for sale asset is subject to price risk. Following the worldwide financial and liquidity crisis, the ANZ Equity Linked Investment (\$2,000,000) is currently priced at \$84.00 per \$100 (pricing is correlated to S&P 200 index). This, however, is capital guaranteed at maturity.

Notes to the Financial Statements

30 June 2008

Note 17: Financial Instruments (continued)

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, DHSV believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Federal Bank of Australia)

- A parallel shift of +1% and -1% in marked interest rates (AUD) from year-end rates of 7.25%;
- A parallel shift of +1% and -1% in inflation rate from year end rates of 4.5%

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2008									
Financial Assets									
Cash and Cash Equivalents(i)	4,697	(47)	(47)	47	47	-	-	-	-
Receivables	1,447	-	-	-	-	-	-	-	-
Other Financial Assets	17,522	(75)	(75)	75	75	-	-	-	-
Financial Liabilities									
Trade creditors and accruals	13,894	-	-	-	-	-	-	-	-
Other Liabilities	1,080	-	-	-	-	-	-	-	-
	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2007									
Financial Assets									
Cash and Cash Equivalents	8,958	(90)	(90)	90	90	-	-	-	-
Receivables	3,357	-	-	-	-	-	-	-	-
Other Financial Assets	19,452	(50)	(50)	50	50	-	-	-	-
Financial Liabilities									
Trade creditors and accruals	13,439	-	-	-	-	-	-	-	-
Other Liabilities	1,677	-	-	-	-	-	-	-	-

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates: [$\$4,697k \times 0.07$]- [$\$4,697k \times 0.06$] = \$47k. Similar for -1% movement in interest rate, impact = \$(47k).

Notes to the Financial Statements

30 June 2008

Note 18: Commitments for Expenditure

	Total 2008 \$'000	Total 2007 \$'000
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	275	600
Total Lease Commitments	275	600
 Operating Leases		
Rental		
<i>Non-Cancellable</i>		
Not later than one year	271	325
Later than one year but not later than 5 years	4	275
Later than 5 years	-	-
Total	275	600
 Total Commitments for expenditure (inclusive of GST)	275	600
 less GST recoverable from the Australian Tax Office	(25)	(55)
 Total commitments for expenditure (exclusive of GST)	250	545

The contingent rentals are determined by applicable rental payments for the period covered by the agreement. Rental agreements are entered from 1 to 3 years with an option to renew for a further 1 to 3 years. The rental expenses recognised for 2008 was \$340,000.

Notes to the Financial Statements

30 June 2008

Note 19a: Responsible Persons Disclosures

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

Responsible Ministers:

The Honourable Bronwyn Pike, MLA, Minister for Health
The Honourable Daniel Andrews, MLA Minister for Health

Period	
1 July 2007	3 August 2007
3 August 2007	30 June 2008

Governing Boards

Ms Natalie Savin (Chair)
Prof Louise Kloot
Mr Ignatius Oostermeyer
Dr Brian Stagoll
Ms Kellie Ann Jolly
Dr Errol Katz
Mr Michael Ellis
Ms Ruth Owens
Prof Michael Morgan

1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008
1 July 2007	30 June 2008

Accountable Officers

Ms Jill Hutchison
Mr Felix Pintado

1 July 2007	15 January 2008
16 January 2008	30 June 2008

Remuneration of Responsible Persons

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

Income Band	2008 No.	2007 No.
\$10,000 - \$19,999	8	7
\$30,000 - \$39,999	1	1
\$100,000-\$109,999	1	-
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	1	-
Total Numbers	11	9

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

\$434,446	\$337,382
------------------	------------------

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

Other Transactions of Responsible Persons and their Related Parties

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

Notes to the Financial Statements

30 June 2008

Note 19b: Executive Officer Disclosures

Executive Officers' Remuneration

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

Total remuneration included bonus, long-service leave, and redundancy payments.

	Total Remuneration		Base Remuneration	
	2008	2007	2008	2007
	No.	No.	No.	No.
\$100,000 - \$109,999	-	-	1	-
\$110,000 - \$119,999	-	-	1	-
\$120,000 - \$129,999	1	-	2	4
\$130,000 - \$139,999	1	1	-	2
\$140,000 - \$149,999	-	3	1	-
\$150,000 - \$159,999	2	1	-	-
\$170,000 - \$179,999	1	-	-	-
\$200,000 - \$219,999	1	-	-	-
\$220,000 - \$229,999	-	1	-	-
	6	6	5	6

Notes to the Financial Statements

30 June 2008

Note 20: Correction of Prior Year Comparatives

Investments in the amount of \$20m were incorrectly classified as short term investments in 2006/2007. These investments should have been reported as Other Financial Assets (Investments Available for Sale) and stated at net realisable value. As the investments were carried at cost and no investments were sold, there was no effect to the Operating Statement.

The reclassification changed the Balance Sheet as follows:

	2007 Corrected \$'000	2007 Reported \$'000
Current Assets		
Cash and Cash Equivalents	8,958	28,958
Non-Current Assets		
Other Financial Assets	19,452	-
Equity		
Available for Sale Revaluation Reserve	(548)	-

Note 21: Subsequent Events

DHSV's financial instruments have, in aggregate, decreased in value by approximately \$733k as at 30 September 2008.

With the exclusion of the CDO instrument, all other financial investments have, in aggregate, increased in value by approximately \$781k as at 30 September 2008.

While a level of protection is available for the CDO instrument, given the uncertain market and on the basis of best available advice, there has been a further deterioration since balance date in the order of \$1.514m, leaving an estimated value for the CDO of \$1.216m at 30 September 2008. This estimated value has been struck based on an 'unwind' price.

Given the complexity and volatility of the current market, the likelihood of any further deterioration cannot be reliably determined at this time.

A conservative approach has been taken (refer note 1(m)) and a reduction in the net realisable value of the CDO in the amount of \$2.27m (as at 30 June 2008) has been taken to the Operating Statement based on the best available advice using an estimated 'unwind' price.

Notes to the Financial Statements

30 June 2008

Note 22: Economic Dependency

Dental Health Services Victoria receives a significant portion of its operating revenue from the Department of Human Services.

In a letter dated 6 October 2008 the Department undertook to provide DHSV with adequate cash flow support to enable it to meet its current and future obligations as and when they fall due for a period up to December 2009 should such support be required.

In accepting the Department's support, the DHSV Board is committed to achieving the agreed budget targets, and all other requirements of the 2008-09 Statement of Priorities.

DHSV Certification Letter

Chair of the Board of Director's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

We certify that the attached financial report for Dental Health Services Victoria has been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes forming part of the financial report, presents fairly the financial transactions during the year ended 30 June 2008 and financial position of Dental Health Services Victoria at 30 June 2008.

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



Natalie Savin
Chair of the
Board of Directors

Melbourne
8 October 2008



Felix Pintado
Chief Executive

Melbourne
8 October 2008



Deborah Sullivan
Chief Finance Officer

Melbourne
8 October 2008



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Dental Health Services Victoria

The Financial Report

The accompanying financial report for the year ended 30 June 2008 of Dental Health Services Victoria which comprises operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the chair of the board of director's, accountable officer's and chief finance and accounting officer's declaration, has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Dental Health Services Victoria are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial statements published in both the annual report and on the website of Dental Health Services Victoria for the year ended 30 June 2008. The Board Members 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 auditor's report refers only to the statements named above. 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 the Dental Health Services Victoria web site.

Independence

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

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Dental Health Services Victoria as at 30 June 2008 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
9 October 2008


D D R Pearson
Auditor-General