



Annual report 2008

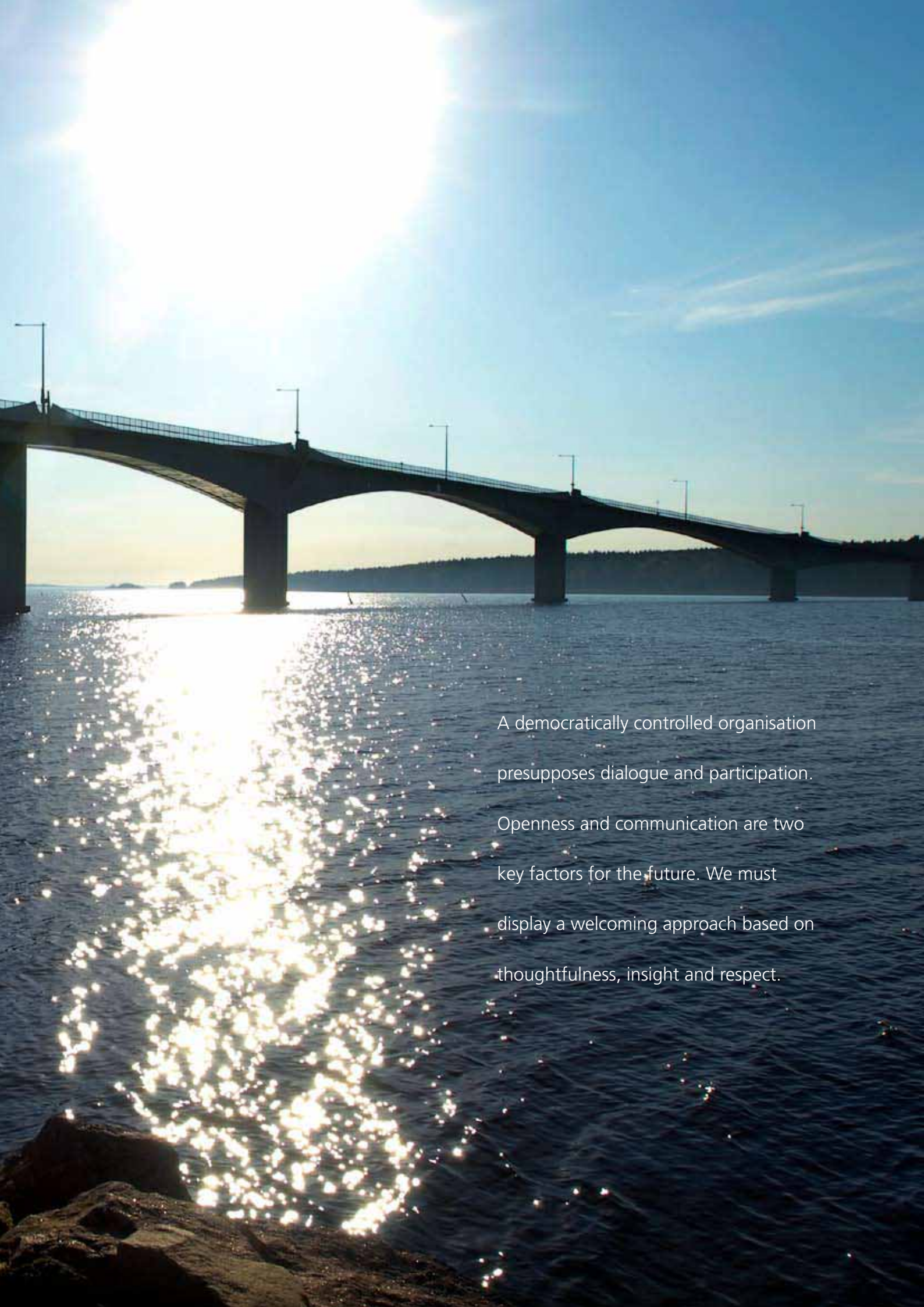


VÄSTRA
GÖTALANDSREGIONEN



Contents

2008 Regional Council: The year in brief	3
Good results in uncertain times	4
Quality and departmental development is the key	5
Regional Executive Board	6
Personnel statistics	7
Department perspective	12
International work	8
Economic outlook	9
Financial statement and analysis	11
Financial analysis	12
Auditors' report	36



A democratically controlled organisation presupposes dialogue and participation. Openness and communication are two key factors for the future. We must display a welcoming approach based on thoughtfulness, insight and respect.



Region Västra Götaland was formed in 1999 and has now been in operation for ten years. In the county of Västra Götaland, where Region Västra Götaland carries on its activities, there are 49 local authorities. Just over one and a half million inhabitants live there, which is almost one fifth of the population of Sweden. The Region is politically and democratically controlled for the benefit of those living in the county. Region Västra Götaland has two major areas of responsibility:

Growth and development – an umbrella term for the fields of activity of regional development, culture and environment, whose tasks are to create the prerequisites for successful industry and commerce, good public transport, a rich cultural life and favourable life opportunities for the citizens of the Västra Götaland.

Health and medical care – the largest area of responsibility, in which 85 percent of our employees work. Healthcare comprises hospitals, health centres and dental surgeries, which provide the public with the care it needs.

The Annual Report for 2008 is divided into four perspectives and observes the structure of the Regional Council's budget for 2008, "The good life in Västra Götaland". Region Västra Götaland has been gradually introducing a management support system that focuses on targets.

The citizen perspective reports the success Region Västra Götaland has achieved over the past year to contribute to the vision of "The good life" for the people of the region.

The department perspective shows how our work has progressed with the prioritised targets that the Council has set for the areas of growth and development and for health and medical care.

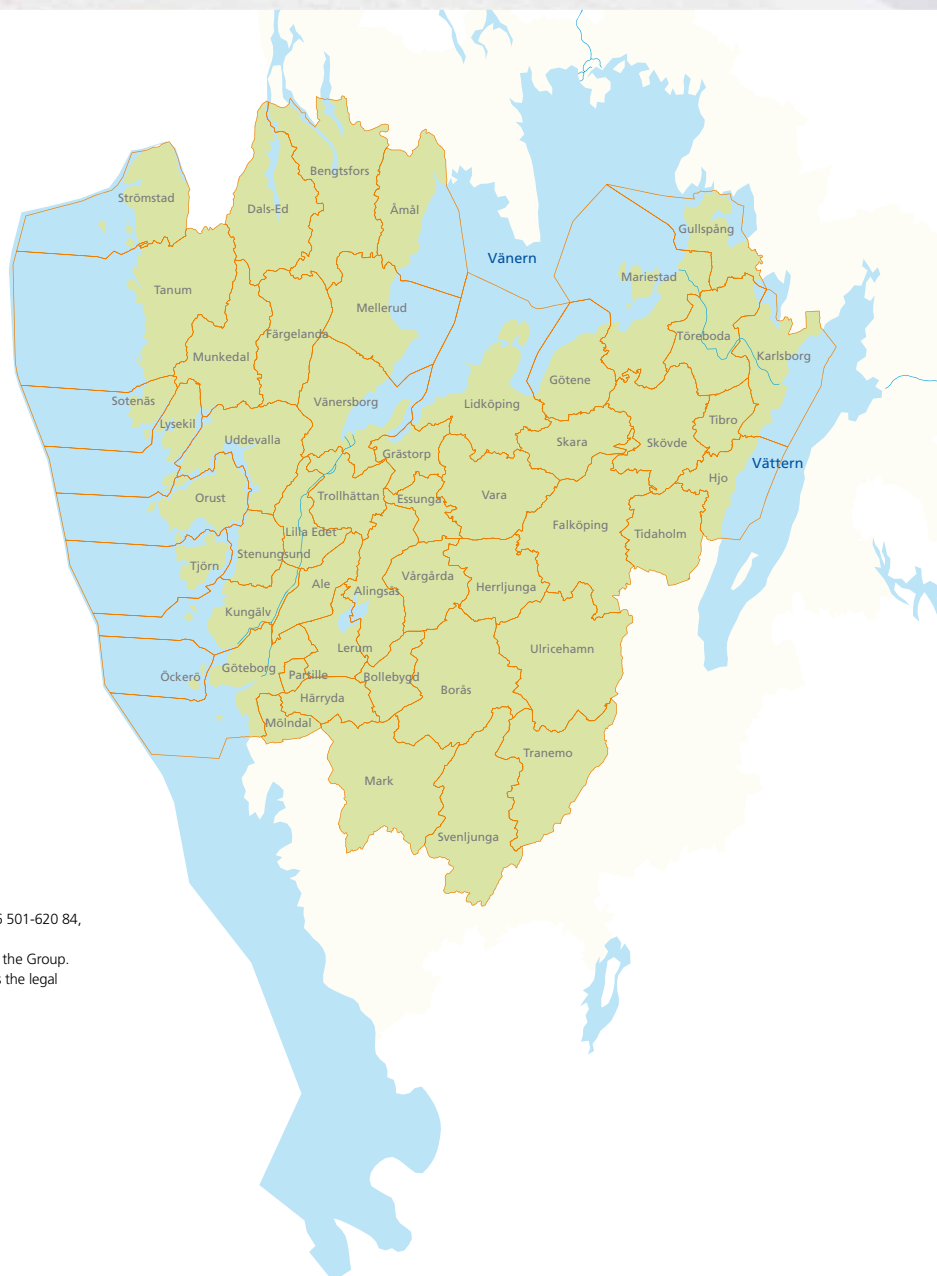
The employee perspective presents the prioritised targets in the personnel area including specific personnel facts.

The economic perspective details and analyses Region Västra Götaland's financial position and development.

Departmental targets, performance and economy are presented in brief.

Additional copies of this publication and annual report in easy to read Swedish can be ordered from:

Address and distribution centre, Regionens Hus, Mariestad, Sweden, Telephone +46 501-620 84, e-mail: adress.distributionscentrum@vregion.se. This publication is available at www.vregion.se/ekonomi. There are also annual reports for the units included in the Group. Region Västra Götaland is the same as Västra Götaland's County Council, which is the legal designation. Organisation registration number: 23 21 00-01 31.



2008 Regional Council: The year in brief

Below is a selection of the resolutions and events of importance in the Regional Council during 2008.

- **Growth programme for Västra Götaland.** A revised proposal for the growth programme was adopted at the Council's February meeting.
- **Supply of accessories for Västra Götaland.** The Regional Council resolved that a cooperation agreement should be established between Region Västra Götaland and each local authority for procuring future supplies of accessories by having a joint supplier.
- **Proposal for maritime strategy.** A maritime strategy for Västra Götaland was adopted in February with a vision and policy goals for sustainable development of maritime operations in Västra Götaland, based on EU documentation for an integrated maritime policy.
- **Plan for issues concerning the physically challenged.** A plan was established at the February meeting to deal with issues concerning the physically challenged "The good life for everyone" with measures to be carried out during the period 2009-2010.
- **Information on the Region issue.** At the April meeting, the Government coordinator in the Region issue Jan-Åke Björklund provided information on the work in progress on mapping the County Councils' discussions on the formation of regional local authorities.
- **Making the regional development commission permanent.** The Council decided in May to make a statement to the government on making Region Västra Götaland's regional development commission permanent, which has so far been a research project.
- **Budget and multi-year plan.** A budget for 2009 was established in June as well as the policy for the period 2010-2011. It was also resolved that the tax rate for 2009 would remain unchanged at 10:45 per taxed krona.
- **Chemical strategy for Region Västra Götaland.** At the September meeting the Council adopted a chemical strategy for Region Västra Götaland to be executed by its committees and executive boards.
- **Theme day on climate and the environment.** A theme day on climate and the environment was held in October. In attendance were biologist Stefan Edman, meteorologist Pär Holmgren, doctor Elisabeth Lindgren and professor John Holmberg. Kerstin Quentzer provided information on the Smart Energy climate discussions.
- **Signing of CEMR declaration on equality between women and men.** In October, the Council adopted the CEMR declaration on equality between women and men and gave its full backing to the declaration and its implementation.
- **Supplements to the budget for 2009 and plan for the period 2010 and 2011.** As a result of the changed financial situation and new assessments as regards tax forecasts, the Council resolved in December to make certain additions to the adopted budget for 2009.
- **Extended free dental care for young adults aged 20-21 in Region Västra Götaland.** Free child and adolescent dental care was extended in December by a further year to ensure that everyone who is 21 in the 2009 calendar year is covered.
- **Information on the final report from the panel for follow up of Vision Västra Götaland.** The Chair for the extraordinary panel appointed to monitor the vision work, Hans-Olov Olsson, provided information on the work at the December meeting.

Through questions and interventions, Council members can obtain clarification of various matters during the meetings. They can also raise motions containing proposals. Over the year they raised 37 questions (35 in 2007) and made 21 formal requests for information (25 in 2007). In addition, 40 motions were submitted (37 in 2007) and 43 motions received a reply (32 in 2007). The Regional Council consists of 149 members and the mandate is divided as follows: majority 52 Social Democrats (S), 14 Liberal (FP), 11 Centre (C) opposition 36 Moderates (M), 12 Christian Democrats (KD), 10 Left (V), 8 Environment (MP), 4 Health Care Party (SVG) and 2 (-).



” The past ten years have seen us build up top-class experience both with respect to our personnel and management. ”

Good results in uncertain times

We can close the books for 2008 knowing we have achieved a positive surplus. We can look back at a year that has been characterised by good administration and responsible activities while at the same time departmental results have exceeded expectations. I would like to point out that major efforts have been made by the personnel in health and medical care to honour the healthcare guarantee. After a position way down in the league table, Region Västra Götaland has made a remarkable recovery and can now report extremely good results.

Efforts to reduce the number of patients that have been waiting too long has often caused costs to rise. A system with clear follow-up procedures and positive stimuli has generated the platform for unique improvements for our patients. Combined with the measures for working smarter and introducing new methods, this has leveraged good results. It has created confidence about the possibility of also combating the areas where it is still the case for many people that they have to wait longer than the guaranteed times. All in all, Region Västra Götaland is the now region/council that can honour the healthcare guarantee best in Sweden.

Public transport has also developed exceptionally well over the year. The increase in regional travelling signalled at a very early stage in the year that people have embraced the possibility of travelling in a climate smart way to their work or studies to places even further away from their homes. A larger labour market area with environmentally friendly travel patterns generates better conditions for sustainable growth and more secure employment.

Industry and commerce in Västra Götaland is heavily exposed to global competition and is impacted more rapidly by international crises than other areas of the country. The situation was already uncertain at the half point of the year, and the autumn

saw a quick succession of major job losses. Individuals as well as whole companies were hit. Region Västra Götaland has been heavily involved in the work on creating better conditions for the industries in crisis in the west of Sweden, particularly the automotive industry and thereto interrelated businesses.

In times of financial restraint it is of the utmost importance that the welfare state operates efficiently. For Region Västra Götaland the crisis has meant a write down of the forecasts for tax revenues for the coming years. The Region is thereby faced with the challenge of continuing to streamline its organisation and working methods to continue to implement important projects for health, employment and development. Region Västra Götaland's good results for 2008 represents a sound foundation for being able to meet the needs of the departments without raising taxes in a recession or drastic job redundancy measures. It is of the utmost importance that we can safeguard the livelihoods of the employees we have as far as possible. Our personnel is the greatest asset and most important resource.

Last year, the Region began its initial jubilee festivities. The past ten years have seen us build up top-class experience both with respect to our personnel and management. I would like to convey my sincere thanks to everyone who has contributed to the Region being able to make valuable progress for ensuring a good life for the citizens of Västra Götaland.

Vänersborg, April 2009

Roland Andersson

President of the Regional Executive Board

” Availability has great significance to the level of confidence the people of the region have in us. ”



Quality and departmental development is the key

The first six months of 2008 started very well. The second half of the year was to be overshadowed by the financial crisis and new economic conditions. And everything proceeded much faster than anyone could have imagined. Obviously these changes to the global economy will have an impact on Region Västra Götaland, but I can confidently say that this organisation is better equipped than many other councils and local authorities to face the challenges that lie before us.

Over the last few years Region Västra Götaland has enjoyed increased tax revenues and good surpluses. Nevertheless, the trend on the expenses side is worrying and additional measures need to be taken to reverse this trend. There are things we can do regardless of what is happening in the world around us. One of the keys is quality and departmental development. This perspective will have a great impact on our future working methods.

The strategy for quality and departmental development adopted in 2008 is very much about raising the level of improvement knowledge in the organisation. It is work that needs to be continually in progress. And it is not just healthcare that is dependent on better working processes. The change to service activities is progressing, and even Västfastigheter (Västra Götaland Properties) is focused on supporting the rationalisation of the departments.

Availability – from many different aspects – is a core issue to us as an organisation. It has great significance to the level of confidence the people of the region have in us. People must be able to get in touch with us and feel they are being dealt with in a respectful way. Availability to healthcare – visits, treatments and telephone availability increased in 2008 and we find ourselves in a very good position compared to the rest of the country.

The healthcare portal, Healthcare in Västra Götaland plays a key role for perceived availability. Citizens are to be able here to manage some of their health and medical care affairs such as

cancelling appointments, renewing prescriptions or seeking advice from their doctors. The healthcare portal is also to be regarded as a tool for our healthcare personnel. In 2008, healthcare advice on the telephone has been developed with increased cooperation that will provide a better service to the people of Västra Götaland when the 1177 telephone number is commissioned.

In April 2008, the Regional Executive Board adopted a strategy for Region Västra Götaland's external communications. It is about us as an organisation being more visible and more transparent as an actor and as the body responsible for important social issues. The joint graphical profile that evolved over the year contributed to enhancing the signals we send to the world around us. A new commission is to assume responsibility for showcasing the geographical region of Västra Götaland, something that goes well together with Vision Västra Götaland – the vision for all social actors in our region.

The commission to work for Västra Götaland's growth and development was brought to a head as a result of the financial crisis that struck during the latter half of the year. Thanks to the good relations between the various actors in society we had a good platform to discuss new measures. Ever since the Region was created in 1999, Region Västra Götaland has always prioritised this type of collaboration which is all the more important in times like these.

Vänersborg, April 2009

A handwritten signature in black ink, appearing to read 'Johan Assarsson', written over a large, stylized circular graphic element.

Johan Assarsson
Regional Director

Regional Executive Board

The Regional Executive Board is the highest executive body of Region Västra Götaland. It prepares the matters to be addressed by the Regional Council and takes decisions in a series of other matters. The Board issues guidelines for the work of the Region, mainly in the areas of health and medical care and growth and development, and has the ultimate responsibility for the organisation's employees who total just over 50,000. The Regional Executive Board consists of 15 members, eight regional councillors and seven opposition councillors.



Roland Andersson
Chair, Social Democrats (S)



Johnny Magnusson
Vice Chair, Moderates (M)



Anneli Stark
Social Democrats (S)



Johnny Nilsson
Social Democrats (S)



Leif Blomqvist
Social Democrats (S)



Karin Engdahl
Social Democrats (S)



Lars Nordström
Liberal (FP)



Jonas Andersson
Liberal (FP)



Kent Johansson
Centre (C)



Annika Tännström
Moderates (M)



Martin Andréasson
Moderates (M)



Gunilla Levén
Moderates (M)



Monica Selin
Christian Democrats (KD)



Sören Kviberg
Left (V)



Stefan Kristiansson
Environment (MP)

Personnel statistics



Personnel situation

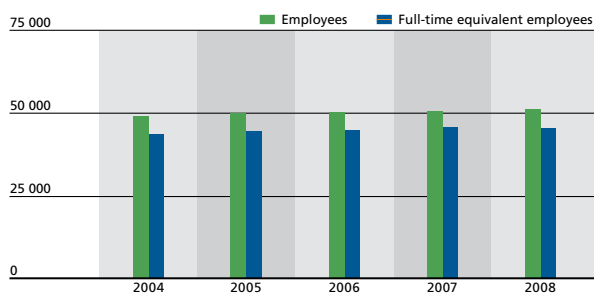
Over 50,000 employees

Region Västra Götaland had 50,886 employees at the turn of the year. This is an increase of 0.5 percent. The number of full-time equivalent employees increased by 0.7 percent to 45,777. This increase is partly due to extended commissions and external departmental transfers. Regionservice has taken over 34 external employees for the areas of Meal times and Accessories.

The trend continues in the personnel structure

The number of nurses, paramedic personnel, doctors and administrative personnel has increased. The number of staff nurses, dental care personnel, medical secretaries, technical personnel, training and leisure personnel and personnel in accounting and transport has dropped. Changes to the personnel structure have been underway for some years.

No. of employees and full-time equivalent employees



No. of employees and full-time equivalent employees per personnel category 2006-2008

Personnel category	Employees			Diff 2006-2008		Full-time equivalent employees			Diff 2006-2008	
	2008	2007	2006	Quantity	%	2008	2007	2006	Quantity	%
Nurses, and others	15,873	15,657	15,443	430	2.8	14,562	14,331	14,100	462	3.3
Staff nurses, and others	9,534	9,674	9,776	-242	-2.5	7,897	7,978	8,076	-179	-2.2
Paramedic personnel	3,863	3,794	3,758	105	2.8	3,602	3,537	3,461	141	4.1
Doctors	5,076	5,000	4,851	225	4.6	4,830	4,775	4,667	163	3.5
Dental care personnel	2,767	2,824	2,853	-86	-3.0	2,572	2,615	2,654	-82	-3.1
Administrative personnel	4,598	4,311	4,248	350	8.2	4,268	4,016	3,941	328	8.3
Medical secretaries	3,009	3,065	3,118	-109	-3.5	2,741	2,787	2,853	-112	-3.9
Technical personnel	1,017	1,106	1,136	-119	-10.5	981	1,061	1,083	-102	-9.4
Training/leisure staff	912	1,002	1,013	-101	-10.0	796	865	869	-73	-8.4
Carers/social personnel	260	256	245	15	6.1	214	221	254	-40	-15.7
Accounting/transport personnel	2,618	2,659	2,722	-104	-3.8	2,186	2,193	2,204	-18	-0.8
Personnel at companies	1,359	1,271	1,211	148	12.2	1,128	1,095	1,080	48	4.4
Total	50,886	50,619	50,374	512	1.0	45,777	45,474	45,242	535	1.2

In connection with the introduction of a classification system (AID) in 2008, a review of the employee's personnel categories has been implemented. This means that information that applies to the number of employees and full-time equivalent employees per personnel category between the years 2007 and 2008 is not fully comparable.

International work

Västra Götaland is affected by global trends in a variety of ways. This is why working internationally is a natural part of our activities. Region Västra Götaland promotes the interests of Västra Götaland internationally, monitors and influences decision makers in the EU and listens to, and learns from, global influences.

In 2008, Region Västra Götaland held the Swedish seats on the boards of both the large regional organisations in Europe – Assembly of European Regions (AER) and Conference of Peripheral and Maritime Regions (CPMR) – and has participated actively at general assemblies, board meetings and committee meetings. Furthermore the Region has a number of elected representatives in the North Sea Commission and other international organisations and networks. All this paves the way for the opportunity for the Region to monitor and influence European policy and to spread a positive image of Västra Götaland and Region Västra Götaland, both in Sweden and internationally.

In the light of the Baltic Sea strategy that the EU is in the process of presenting, Baltic Sea issues have been in focus over the year. Region Västra Götaland has been following this work, which is relevant to factors like transport infrastructure, and has submitted a consultation report and contributed to the answers of the regional organisations at the consultations that have been held.

In order to contribute to improving the knowledge of the EU among the citizens of Västra Götaland, the Regional Development Board has given its backing to the Europe Direct information network and contributed to the annual Europe week in west Sweden.



Economic outlook

The serious financial crisis of the autumn has resulted in global growth slowing down significantly. Growth in Sweden has also been affected in a negative way. Revenues from tax, equalisation and government grants account for a large proportion of Region Västra Götaland's total revenues for 2008 and have been affected by the recession both globally and in Sweden. The challenge for the Region now is to address the coming economic downturn.

Economic activity has been steadily declining in 2008 and the serious financial crisis has meant that there now awaits a global economic downturn. The global economy has been exposed to destabilising factors in recent times both to the property and raw materials markets, which have had a negative impact on growth. Even the growth economies have been hit by this decline in growth which makes the global downturn even more pronounced. At the end of 2008, massive efforts were made by governments and central banks around the world to help alleviate the effects of the financial crisis. It is likely that all the consequences of this crisis have yet to be revealed. Additional circumstances that may impact on the economy will in all likelihood require action in 2009 as well.



Growth in the Swedish economy has also been affected by the weak financial position. Despite hopes at the beginning of 2008 that the Swedish economy would handle the situation fairly well, the decline is now gathering pace. Above all it is the failing export market that has had a negative impact on the Swedish economy along with a drop in domestic demand. GNP is only growing by 0.7 percent in 2008 according to the assessments¹⁾ of the Swedish Association of Local Authorities and Regions (SALAR) and is expected to show a negative growth in 2009 of -1.5 percent.

The labour market has also been affected by the economic downturn. After three years of substantial growth, employment utilisation levelled out in 2008. This moderation is a logical consequence of a drop in demand of manpower resulting from the downturn. This means fewer situations vacant, lower recruitment levels and more redundancies. Västra Götaland is one of the regions that has been hit hardest by the drop in employment. The trend affects the whole county and many industries, particularly the automotive industry which has been heavily impacted by the downturn. So far redundancies and terminations have had a marginal impact on employment statistics. This is expected to become evident when the statistics for 2009 are released. The table below shows the difference in the share of unemployed people in December 2008 between the city regions and the country overall.

Unemployment in 2008 ²

Area	Unemployed, share of the population 16-64 years 2008 (Dec.)		Applicants in programmes with activity support, share of population 16-64 years (Dec.)	
	Thousands	%	Thousands	%
Västra Götaland	32	3.2	13	1.3
Stockholm	31	2.4	10	0.7
Skåne	26	3.3	11	1.4
Nationally	188	3.2	83	1.4



The public sector has the opportunity of cushioning the effects of the economic downturn in Västra Götaland by allocating research and development funds to the automotive industry, bringing forward investment and maintenance work and implementing projects for public transport and infrastructure. Each crisis also means opportunities, and it is important to identify these.

The ongoing economic downturn is affecting the economy of Region Västra Götaland through a weakened tax base trend. This is due to a subdued labour market with falling employment and a lower rate of salary rises. The number of worked hours started to decline in the autumn of 2008 and is expected to continue to drop up until the end of 2010. One effect of this is a considerable slow down in the growth of aggregate wages and thereby tax base trend. The rate of salary rises is also expected to be lower and hold back the growth of the tax base but also slow down cost trends in the local authorities and county. There is also a certain delay before the tax base is affected by the economic downturn and in 2008 SALAR has assessed it will have a tax base trend³⁾ of 5.0 percent, which is a high level. For 2009 and 2010 a rate of increase of 2.3 percent and 1.6 percent

respectively is expected. Not before 2011 is the tax base expected to improve again. However, there is a risk of a worse and more protracted downturn. Tax revenues account for around 65 percent of the revenues of Region Västra Götaland and a one percent change to the tax base hits revenues by around SEK 300 m.

For several years Region Västra Götaland has benefited from a strong economy and high earnings. However, the strengthening of resources in the last three years, particularly in healthcare, and increased costs for medicines and personnel have brought a substantial rise in costs. In order for the Region to keep its finances in balance over the coming years, the challenge will be to adjust costs to reflect the effects of the recession, as tax revenues will not increase at the same positive rate as they have in recent years.

Source:

¹ Swedish Association of Local Authorities and Regions, February 2008

² Arbetsförmedlingen (Swedish Public Employment Service), December 2008

³ Swedish Association of Local Authorities and Regions, February 2008



Financial statement and analysis

The financial statement covers the Region Västra Götaland Group. This includes administrative bodies, limited companies and associations of local authorities in Region Västra Götaland. Region Västra Götaland administrations means the legal entity Västra Götaland County Council.

Financial trends for the year

The budgeted surplus that was set in October 2007, has changed over the year through supplemental resolutions where the departments have been given permission to use their equity. The outcome of the adjusted budgeted surplus was SEK -245 m. The Group reported a surplus of SEK 777 m, which is SEK 212 m down on the previous year and is an improvement in relation to the adjusted budget by SEK 1,022 m. Equity was SEK 4,881 m. The departments recorded a surplus of SEK 209 m, while financial items accounted for the remainder of the surplus. Tax revenues, local authority equalisation and general government grants were short of the budget by SEK 124 m. Revised forecasts associated mainly with the last quarter of 2008 with respect to tax base trend affected the tax revenues negatively.

The level of investment in 2008 was the highest so far since the formation of the Region. Increases occurred especially in

property investments. Of the total level of SEK 2,033 m property investments accounted for SEK 1,049 m.

Net liquidity improved further during the year totalling SEK 5,773 m at the end of the year. The improvement is due mainly to the positive cash flow from current operations. Returns were on average six percent (SEK 251 m).

Investments aimed at improving availability have continued in 2008. Funds were made available in the budget to help honour the healthcare guarantee resolution on a long-term basis. Major efforts have been made here and queues have shortened in most areas.

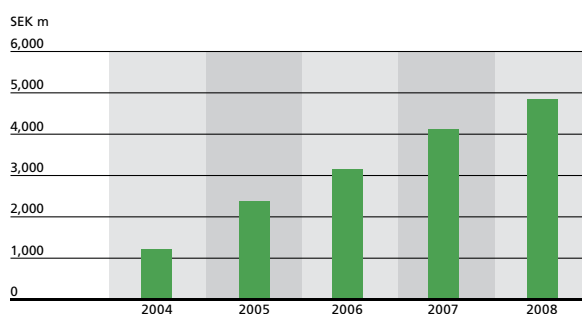
By the end of 2010 equity will amount to SEK 3,700 m.

With the surplus for the year at SEK 777 m equity totalled SEK 4,881 m.

Summary of results

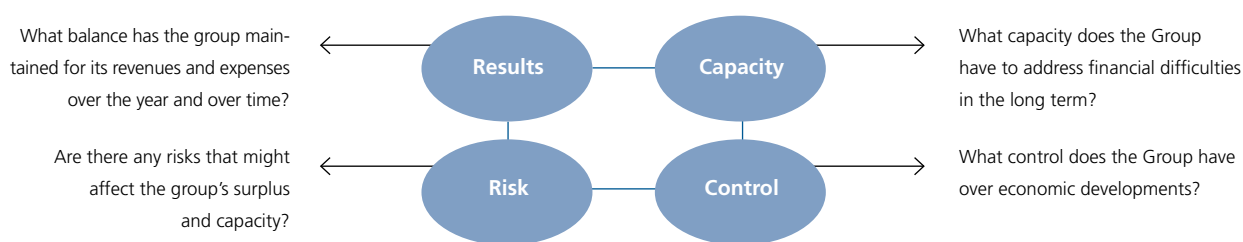
Departments, SEK m	Outcome 2008
Health and medical care	-72
Growth and development	106
Public transport	0
Service activities	13
Regionwide	162
Central financial items	596
Group adjustment	-28
Total	777

Equity



Financial analysis

With the aim of ascertaining the financial position and development of Region Västra Götaland, linked to the provision in the Local Government Act relating to good economic management, a financial analysis is carried out below according to what is known as the RC model. The analysis is based on the four aspects Results – Capacity and Risk – Control.



RESULTS – CAPACITY

Result trend

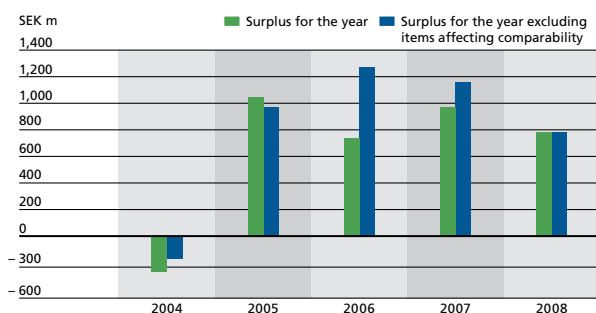
The trend for the results of Region Västra Götaland has been positive over the past five years, during which time its equity increased by SEK 3,701 m. The trend in regard to revenues has been favourable – the tax increase of 20 öre in 2005 increased tax revenues and the favourable economic situation that prevailed at the beginning of 2008 contributed to an increase in the tax base both nationally and in Västra Götaland. The trend for net costs maintained a low level in 2004 and 2005 only to increase in 2006 and 2007. In 2008 this rate of increase abated slightly but is still at a high level.

The surplus for the year was SEK 777 m. This surplus is due mainly to an underlying positive performance and a positive outcome to investment management. The departments for growth

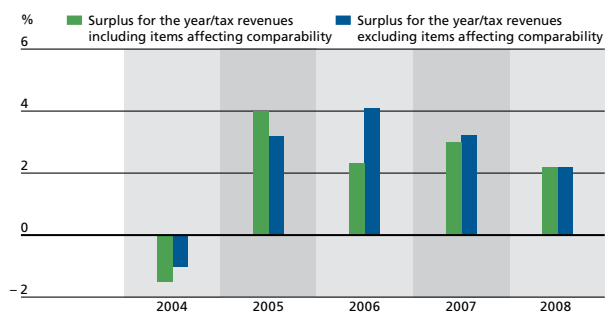
and development, service activities and regionwide operations contributed positively to the surplus by SEK 281 m, while health and medical care had a negative impact of SEK 72 m. The dissolution of untaxed reserves linked to Västtrafik AB has impacted the Group surplus negatively by SEK 3 m.

The surplus for the year/tax revenues in 2008 were 2.2 percent. The key ratio shows the relationship between the surplus for the year and the total of tax revenues including local authority equalisation, and provides a picture of to what extent surpluses are generated for future needs. The trend shows a clear improvement in the middle of the five year period, which is linked to the favourable growth of the economy, only to weaken towards the end of the period.

Result trend



Surplus for the year/tax revenues



Balance requirement review

The surplus for the year meets the statutory balance demand which means a minimum level where revenues are to exceed costs. The Local Government Act states this demand applies to legal entity Västra Götaland County Council, which means that companies are excluded. The surplus for the year in the balance requirement review is to exclude capital gains. Region Västra Götaland has no previous deficit to cover.

Balance requirement review

SEK m	2008
Results	779
Capital gains	23
Adjusted surplus per balance requirement	756

Revenue and cost trends

The tables below illustrate the breakdown between revenues and expenses. Region Västra Götaland's main source of income is tax revenues, local authority equalisation and government grants. The largest individual cost items are personal costs and cost of medicine. An analysis of significant revenues and cost areas is detailed below.

Revenues

	2008 SEK m	Share in %	Change prev. year, SEK m
Tax revenues	27,751	65.2	1,175
Local authority equalisation	3,227	7.6	184
Government grants, pharmaceutical benefits	3,583	8.4	8
Government grants for reduced sickness absence	165	0.4	1
Government grants, hypothecated	1,163	2.7	-128
Patient revenues	1,222	2.9	17
Healthcare sold etc.	1,173	2.8	51
Other operational revenues	3,895	9.2	387
Financial income	366	0.9	171
Income affecting comparability	0	0.0	-22
Total	42,544	100.0	1,844

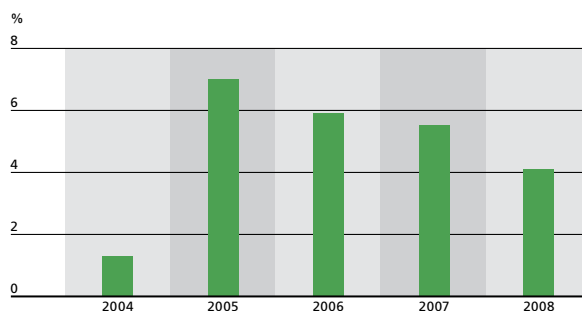
Expenses

	2008 SEK m	Share in %	Change prev. year, SEK m
Personnel costs	22,125	53.0	1,073
Medicines	4,368	10.5	200
Bought-in healthcare	2,316	5.5	94
Premises costs	1,538	3.7	80
Materials, goods, expendable items	2,703	6.5	191
Staffing agencies	539	1.3	166
Other operating costs	6,787	16.2	239
Depreciation	1,093	2.6	49
Financial expenses	299	0.7	71
Costs affecting comparability	0	0.0	-106
Total	41,767	100.0	2,056

Tax revenues and government grants

The trend for taxes and government grants has been very good over the past five-year period. In total, taxes and government grants from 2004 to 2008 increased by just over SEK 6,800 m or about 24.5 percent. The comparison over the years is complicated by changes to the tax equalisation system and government grants. In 2004 the declining trend in the tax base was due, among other things, to the economic downturn, the final settlement of the reformed pension system's effects on the tax base and the final adjustments to the local authority account system. For 2005, taxes were raised while a new local authority equalisation system was also introduced. These two factors affect comparability with previous years.

Trend for taxes and government grants



The tax revenues and grants from the local authority equalisation system, targeted government grants for pharmaceutical benefits and government grants for reduced sickness absence amounted to SEK 34,725 m, which is SEK 1,367 m or 4.1 per cent up on 2007.

The tax revenues consists of preliminary local government tax funds and deductions relating to the actual outcome for 2007 (final settlement) and the forecast for 2008 (interim settlement). In both years there was a substantial rise in the national tax base. The increase in 2007 was slightly lower than the interim settlement made in the annual accounts for 2007, which had a negative effect on the surplus for the year of SEK 33 m. The forecast for the tax base trend for 2008 has been revised down over the year which also affected the surplus negatively by SEK 248 m.

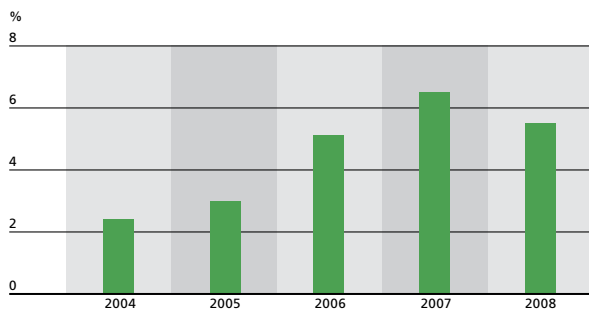
The slow down in the Swedish economy has started to have an effect on the tax base trend although not in full. The greatest effect of the economic downturn will be noted in the tax base trend for 2009 and 2010 when employment drops and the rate of salary rise reduces.

Region Västra Götaland's tax rate is 10.45 percent. The overall average local authority levy in Västra Götaland was 31.90 percent in 2008, which is 46 öre higher than the total average tax rate nationally, which stands at 31.44 percent. In Stockholm County the average tax rate for local authorities and regions is 30.54 percent and the corresponding figure for the county of Skåne is 30.68 percent.

Net cost trend

The net cost trend was low over the years 2004-2005. This trend has previously been attributed to the Region's approach to cost control. 2006 saw a break to this trend and an increasing cost trend which even over the following years has been at a relatively high level. The higher rate of increase over the period 2006-2008 is primarily attributable to the departments being allocated significantly increased resources in the budget including efforts to honour the healthcare guarantee, other investments in

The trend for net costs, excluding items affecting comparability



healthcare and the expansion of public transport. Some of the higher rate of increase can also be attributed to certain departments increasing costs by more than what was projected in the budget.

In 2008, net costs increased by 5.5 percent, which is a drop of 1.0 percentage points compared to 2007.

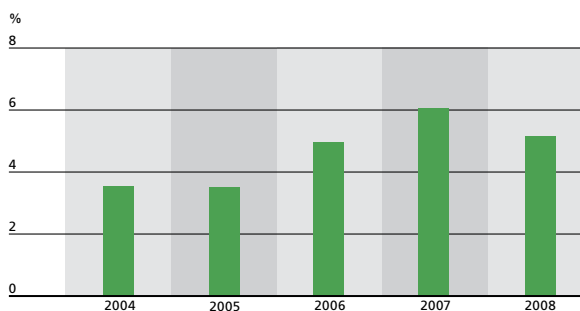
The cost increase in 2008 represents a greater use of resources, equivalent to a volume increase in activities of 2.2 percent, allowing for the 3.2 percent index of the Swedish Association of Local Authorities and Regions for salary and price changes.

Region Västra Götaland reports no items affecting comparability for 2008. For a comparison with previous years, the net costs exclude items affecting comparability which form the basis of the calculation.

Personnel costs trend

Personnel costs for 2008 were SEK 22,125 m, an increase of SEK 1,073 m compared to 2007. Personnel costs rose by 5.1 percent. This is a drop of the rate of increase of 0.9 percentage points compared to 2007. The reason for this is that the increase to the pension liability was lower than the previous year as an effect of the new pension agreement.

Change in personnel costs excluding items affecting comparability



Personnel costs consist primarily of salary costs. Salary costs rose by SEK 824 m compared to the previous year. This is an increase of 6.1 percent of which:

- Salary review: 3.6 percentage points.
- Volume change of 0.9 percentage points.
- Change on top of salary review of 0.4 percentage points.
- Compensation for inconvenient working hours, overtime, and on-call and standby allowances etc. 0.3 percentage points.
- Salary outside working hours, 0.9 percentage points. This includes sick pay, holiday pay and training.

The salary review included the additional funding for special salary measures of SEK 50 m in 2007 and 2008, which related to prioritised occupational groups. For 2007-2008 this applied to the female dominated occupational groups in healthcare with a medium-length college education such as nurses, physiotherapists and occupational therapists. The increase in volume consists of extended commissions and external departmental transfers.

The costs to staffing agencies has shown an upward trend over the five year period and has doubled since 2006. In 2008 they totalled SEK 539 m. The bulk of the costs relates to the area health and medical care, where the difficulty of recruiting specialist doctors has been pronounced. If you include the costs of staffing agencies with personnel costs, the increase to personnel costs for 2008 is 5.8 percent. The target for the costs to staffing agencies to fall has not been achieved, in fact the trend is in the opposite direction.

Costs of medicines

Costs of medicines totalled SEK 4,368 m in 2008, which is 4.8 percent higher than 2007. Of the cost of medicines, the costs for ordered medicines accounts for almost 25 percent. This increase in costs for medicines is 0.5 percentage points lower than the national increase. This difference is explained by both a price and a volume component.

Factors which reduced the costs are active medicine-related work in the administrations with decentralised cost responsibility. Factors that increased the costs are primarily the introduction of new medicines, a greater use of expensive specialist medicines and more prescribing as measured by the number of daily doses. Factors that have previously kept down the cost trend such as expired patents and generic substitutions have had a limited effect on the cost trend for 2008.

Financial income and expenses

Financial income was SEK 366 m and consisted of investments in interest-bearing securities, revenues from interest rate swaps

and interest on bank balances. The increase to financial income is due to liquidity in 2008 being at a higher level than in previous years and that the interest rate level has been around one percent higher than last year. The results also had a positive effect on capital gains resulting from the disposal of three interest rate swaps.

The financial income totalled SEK 103 m and consists of interest on overdraft facility, costs of interest rate swaps and losses in the disposal of unit trusts that totalled SEK 6 m.

Region Västra Götaland makes use of the interest rate swap derivative instrument in order to extend the fixed-interest term for investments without tying up capital in the longer term. Interest rate swaps generate both financial income and expenses. In 2008 the total revenues from the interest rate swaps was SEK 6 m higher than the costs.

The cost of indexing of pension liability was SEK 196 m in 2008. This amount includes SEK 20 m, which is the cost of indexing the special provision made in 2006 which related to pensions earned before 1998.

Net cost ratio

The net cost ratio shows what proportion of net operating expenses, including pensions, depreciation and net financial items, is required from the tax revenues and government grants. A net cost ratio of less than 100 percent implies a positive balance between current costs and revenues, creating scope for financing investments. The net cost ratio was 97.8 percent in 2008, which is 1.1 percentage points down on 2007. The net cost ratio improved in 2005 and 2006, compared with the years before. In 2007 and 2008 there was a slight decrease, although the net costs are still covered by tax revenues and government grants. This decrease means the scope for funding investment reduces.

Net cost ratio trend

Percent	2004	2005	2006	2007	2008
Departments/tax revenues and government grants	89.1	87.4	84.6	86.6	88.2
Pensions/tax revenues and government grants	7.1	5.9	8.1	6.9	6.3
Depreciation/tax revenues and government grants	4.1	3.3	3.1	3.1	3.1
Net financial items/tax revenues and government grants	0.6	0.3	0.1	0.1	0.2
Net cost ratio excl. items affecting comparability	100.9	96.9	95.9	96.7	97.8
Items affecting comparability	0.5	-0.8	1.7	0.3	0.0
Net cost ratio incl. items affecting comparability	101.4	96.1	97.6	97.0	97.8

Investments

During the budget and plan period the Region is to finance the amount set by the Regional Council that can be borrowed within the scope of depreciation and surpluses

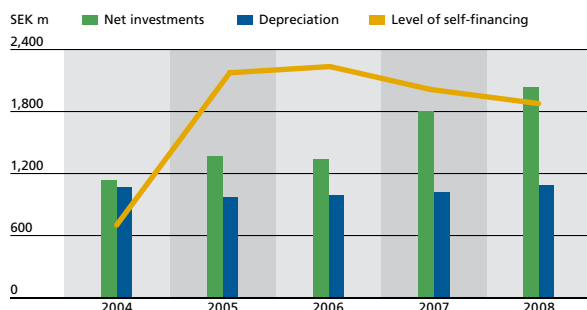
The adopted loan frameworks during the budget and plan period are SEK 4,364 m. Funding through depreciation and surpluses is SEK 5,946 m, which gives a positive net of SEK 1,582 m.

Investments were SEK 2,033 m, of which SEK 1,049 m was invested in properties and SEK 984 m in equipment; an increase of SEK 231 m compared to the previous year. The increase can be attributed mainly to the property investments and the fact that certain major approved strategic projects are now underway. The major projects are the new healthcare buildings at Sahlgrenska University Hospital (SU) and Södra Älvsborg Hospital in Borås, structural alterations to the hospitals in Lidköping and Mariestad and continued refurbishment of the low-rise buildings at SU.

The self-financing level is a measure of how much of the investments are financed by the tax revenues remaining when current operations have been paid for. The self-financing level was 92 percent in 2008, which means that investments are not fully self-financed. In 2005 and 2006 it was high, which is due to the relatively good operating results reported. In 2007 and 2008 the self-financing level dropped which was primarily due to an increase in investments.

Surveys and assessments show that there is a pent-up need for reinvestment within Region Västra Götaland. This applies in particular to medical devices and properties. Investment levels in previous years have not adequately enabled this need for reinvestment to be satisfied, which is indicated by comparisons between levels of depreciation and investment.

Net investments and depreciation and the level of self-financing



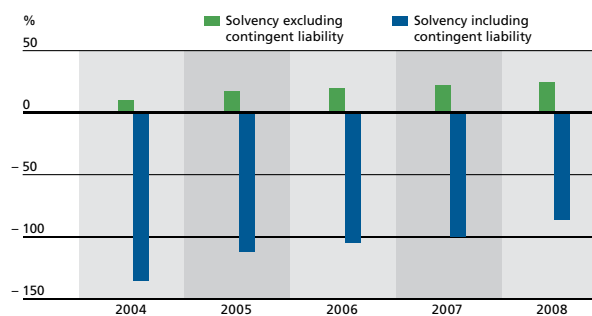
Solvency

Solvency is a measure of an organisation's long-term financial freedom of action. It shows what proportion of the assets is financed with equity. The higher the solvency, the greater is the organisation's ability to take financial action. The definition of solvency is equity in relation to total assets.

The surplus for the year of SEK 777 m represents a strengthening of equity. Solvency thereby increased to 24 percent, which means that our long-term ability to act has improved somewhat. Over the past five-year period there has been an increase of 14 percentage points in solvency, due to the positive results. This shows that an increasing proportion of the assets is being financed with equity.

Solvency including contingent liabilities for pensions is negative at -86 percent, an improvement of 14 percentage points over the previous year. The strengthening of solvency is not only due to the good results but also to the contingent liability only increasing by SEK 185 m compared to 2007. The average value of solvency, including contingent liabilities for the country in 2007 was -76 percent (Source: Kfi, financial profile).

Solvency including/excluding contingent liability for pensions



RISK – CONTROL

Financial strategy



The Region is to maintain its current rating

Standard & Poor's have confirmed the Region's rating for the year as AA+, A-1+ and K1.

In October 2007, the Regional Council approved a new financial strategy for Region Västra Götaland. The strategy covers the management of its liquidity, the administration of pension capital and investment management for foundations linked to the Region. The major change is that it will be possible to invest the capital in a greater variety of assets than before. This means that it is permitted to invest some of Region Västra Götaland's liquidity in shares.

The Regional Council resolved in December 2008 on the review of the financial guidelines. The resolution covered guidelines for handling liquidity and the administration of pension capital. The Regional Executive Board set guidelines for the administration of pension capital for Region Västra Götaland's foundations linked to the Region. These changes mean a simplification and clarification to the investment guidelines.

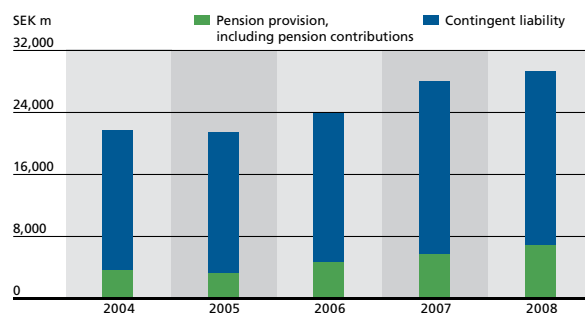
Pension commitments and administered pension capital

Pension commitments

The total pension commitment increased from SEK 21,701 m in 2004 to SEK 29,034 m in 2008. Between 2004 and 2005 the pension commitment dropped as a result of a payment of the individual part 1998-1999. However, in 2006 and 2007 the pension commitment increased substantially as a result of new guidelines for the calculation of the pension liability. A changed

discount rate and a new assumption about life expectancy has increased the level of both the pension provisions and the contingent liability. The new pension agreement (KAP-KL) that came into force in 2006 has also affected the pension commitment for the years 2006-2008.

Total pension commitments



The total pension commitment was SEK 29,034 m at the end of 2008. Pension contributions went up as a result of the level increasing from 4.0 to 4.25 percent. The provisions increased both as a result of a new entitlement to defined-benefit old age pension and as a result of the indexing of previous years' pension provisions. The contingent liability was SEK 22,543 m, which is an increase of SEK 185 m which is due to indexing being greater than the disbursements.

Pension commitments

	2008, SEK m	2007, SEK m	Change
Pension contributions (invested by employees)	775	711	64
Pension provisions	5,716	4,998	718
Contingent liability, earlier pension agreements	22,543	22,358	185
Total pension commitments, including payroll tax	29,034	28,067	967
Financial investments relating to pension capital, book value	1,452	988	464
Financial investments relating to pension capital, market value	1,482	992	490
Reborrowed funds	27,582	27,079	503

From the positive financial surplus extra pension provisions are to be made

No decisions have been made on an extra provision for pensions from the positive financial surplus.

Administration of pension capital

In 2007 the Regional Council decided that funds should be allocated for pension purposes. The intention behind this is to administer the pension funds in their own portfolio so as to be able to meet the liquidity burden from the contingent liability during the period when they place a particular load on our finances.

To date the Regional Council has decided on an allocation of SEK 1,380 m. These funds are managed as per special investment guidelines to receive a long-term return of 5 percent in real terms. The investment guidelines allow for funds to be invested in interest-bearing investments and shares, which are necessary to achieve the target for returns. Pension funds are invested primarily in interest-bearing securities with a small part in unit trusts. The target for returns in 2008 was 7 percent. Realised return for 2008 was 5.1 percent, or SEK 64 m, and the market valued return was 6.8 percent.

An ethical review of investments was undertaken during the year. Investments meet the ethical requirements in the investment guidelines.

Financial investment of pension funds

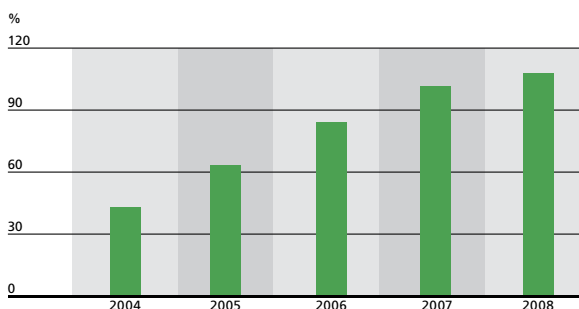
Total pension capital consists of:	SEK m
Decision to make available pension capital	1,380
Realised return up to and including 2007	8
Realised return 2008	64
Total	1,452
Of which, interest-bearing securities	1,390
Of which, unit trusts	30
Of which, liquid funds	32
Unrealised return in the portfolio amounts to	29

Liquidity trend

Cash liquidity

The term cash liquidity defines the current assets, excluding stocks, in relation to current liabilities. In the period 2004-2008 cash liquidity improved by 65 percentage points. Compared to the previous year, cash liquidity improved by 6 percentage points, which amounted to 107 percent. It is a level that, together with a good credit rating and credit commitment, can be considered as very good. Furthermore, about a quarter of the current liabilities are personal debts which will not be renewed to any great extent in the next year.

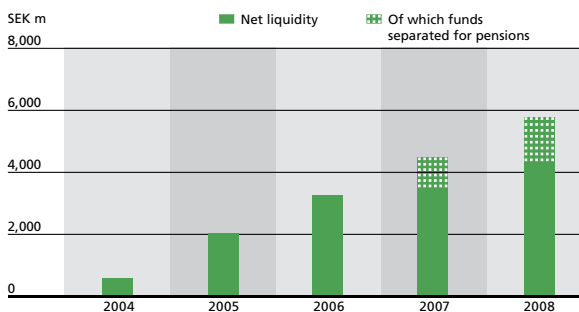
Cash liquidity



Net liquidity

Net liquidity is the interest-bearing portion of the assets and liabilities as shown in the balance sheet. It is made up of Västra Götaland's lending, liquid funds and investments, minus its borrowings. Net liquidity improved by SEK 5,222 m over the past five year period. The reason for this is a positive surplus, provisions for pensions in the balance sheet and sales of properties.

Net liquidity



Net liquidity was SEK 5,773 m for 2008, which is a rise of SEK 1,295 m from the end of the previous year. This improvement can be explained primarily by the positive cash flow from current operations, in particular the positive surplus and provision for pensions in the balance sheet. Of the total capital, SEK 3,404 m is invested in certificates, and SEK 1,659 m is invested in long-term bonds and SEK 30 m in unit trusts. The balance is loans issued to Västtrafik AB and the National Road Administration (Vägverket) as well as cash management. It is likely the prevailing economic downturn will now mean that net liquidity will not develop in the same favourable way as it has over the past five year period.

Return portfolios

Portfolio	Shareholdings	Return	%	target %
	SEK m	SEK m		
Cash	74	6	2.2	
Liquidity	3,697	156	6.2	5
Pension	1,452	64	5.1	7
Other	608	22	4.2	
Total	5,831	248		

Budget discipline and reliability of forecasts

Budget discipline

The surplus for the year of SEK 777 m is an improvement in relation to the adjusted budget of SEK 1,022 m. The budget that the Regional Council adopted in October 2007 has changed in 2008 with supplemental resolutions that allowed the departments to use their own equity. Departures are due to the fact that specific items in the budget which gave rise to a surplus in the previous year continue to do so. Another positive departure in relation to the budget was pension costs. The special goal-referenced payments for the healthcare guarantee have not been made available in 2008, but will be settled next year. As with previous years, it is the large hospitals that have the larger negative departures in relation to the budget. In growth and development, a budget departure is reported that is a result of expenses for advance payments for infrastructure investments not affecting the surplus to the extent that was budgeted for.

Reliability of forecasts

In 2008, the forecasts from the health and medical care boards and their providers have been more uncertain than previous forecasts. By way of example, the goal-referenced payments for honouring the healthcare guarantee have been difficult to assess. The departure that the area of growth and development shows is due to budgeted and previously allocated funds for advance payments of infrastructure projects not meeting the requirements to be written off. The forecasts for the departments have therefore varied over the year, however, the departure from the group surplus is insignificant compared to the latest forecast.

Budget discipline and reliability of forecasts

SEK m	Adjusted budget	Forecast October	Surplus for the year
Health and medical care	-278	-209	-72
Growth and development	-33	6	106
Public transport	0	0	0
Service activities	19	1	13
Joint region	8	109	162
Central financial items	56	620	596
Group adjustment	-17	223	-28
Total	-245	750	777

Comments – future prospects

Following years of healthy surplus, Region Västra Götaland has generated a steady growth in equity and thereby financial security for the future. Both solvency and net liquidity have shown positive growth since 2005. The surplus for the year of SEK 777 m has contributed to this.

However, the future trend will bring about financial difficulties both for the departments and for Region Västra Götaland as a whole. Rationalisation measures have been demanded of the departments, and the latest forecast from the Swedish Association of Local Authorities and Regions for the trend for the tax base indicates a more pronounced downturn than previous forecasts.

The investment level in properties and equipment have been higher in 2008 than in previous years and have been primarily funded internally. The high level of investment has been positive when the need for reinvestment has been great. The need for investment will continue to remain high into the future. However, the financial development will affect the possibility of funding investments using internal funds.

The challenges for the coming years are the failing economy and the cost trend for the region. Employment is dropping and the rate of salary increases is slowing down which means the future tax base and tax revenues will not increase at the same rate as previously. This will put demands on adapting the cost levels to meet the conditions that future tax revenues will allow scope for.

Appropriations

Conditions

On 3 February 2004 the Regional Council approved principles underlying appropriations and rules governing the utilisation of equity. These provide, among other things, that an assessment of the size of the positive or negative equity that a department can spend or repay, as the case may be, should take place annually when the result for the financial year is known. The assessment is based, among other things, on information in the annual departmental accounts and information from year-end audits. The Regional Council's budget and plan for 2008-2010 specified a target for limiting the equity available for use by the departments: "Equity should not exceed 2 percent of the regional grant or equivalent." In the budget for 2009 this target will also be applied for the preparation of the final accounts for 2008.

Proposal – departments with positive equity

The following proposed appropriations are based on the target laid down by the Regional Council for the majority of the Region's departments. In total, the equity of the departments is reduced by SEK 223 m. The following exceptions have been made:

- Consideration has been taken to the requested and approved use of equity for 2009. However, use of equity for measures for reducing sickness absence has not been approved.
- In the case of hospitals and primary care whose equity exceeds two percent, no reduction is made.
- For the Regional Development Board consideration has been taken to investment in infrastructure.
- The Property Management Committee's equity has been adjusted to a reasonable level, taking account of the conditions and a reserve for possible emergency measures for property maintenance. In addition, the committee is provided with SEK 70 m for bringing forward property maintenance due to the situation in the labour market.
- In the case of folk high schools, the Public Health Committee, the Auditors' Office and the patients' committee's operation, the departments with positive equity must retain SEK 1 m of the capital, even if this exceeds 2 percent.
- In the case of Kultur i Väst and health and working life, no reduction in equity is proposed.
- Equity for the Regional Executive Board is reduced by SEK 400 m.

Proposals – departments with negative equity

The following departments had negative equity at the end of 2008 (SEK m):

Sahlgrenska University Hospital	129.4
NU-sjukvården (hospital network)	138.0
Södra Älvsborg Hospital	12.1
Skaraborg Hospital	39.1
Gothenburg Folk High School	1.3
Gothenburg Botanical Gardens	0.3

Regarding **healthcare operations**, it can be said that developments in recent years have meant a higher degree of consolidation of the finances of the health and medical care boards than for the provider boards as a whole. The **positive** equity for the committees is almost SEK 790 m before the approved use of equity for 2009. Following the reduction, the total equity of the committees is a little over SEK 580 m. The corresponding **negative** equity for hospitals all in all totals around SEK 275 m. In order to equalise the financial circumstances for the Region's actors in the internal control system for healthcare, depreciation is proposed for the negative equity of the hospitals.

In the case of other departments with negative equity (Gothenburg Folk High School and Gothenburg Botanical Gardens), it is proposed that the negative equity should be written off.

The above entails the following proposed appropriations:

Appropriations >> continued

Sphere of activities, SEK m	Equity 2008-12-31	Appropriations	Equity 2009-01-01
HEALTH AND MEDICAL CARE			
Representatives			
HSN 1 Bohuslän, North	35.8	-5.9	29.9
HSN 2 Dalsland	71.5	-53.1	18.4
HSN 3 Trestad	112.8	-51.3	61.6
HSN 4 Central Bohuslän incl. Ale	50.2	-5.2	45.0
HSN 5 Gothenburg Centre/West	143.4	-49.6	93.8
HSN 6 Mittenålvborg	56.3	-20.1	36.2
HSN 9 West Skaraborg	53.1	-5.1	48.0
HSN 10 East Skaraborg	57.9	-8.3	49.6
HSN 12 Gothenburg Northeast	67.3	-4.6	62.7
Total representatives		-203.1	
Providers			
Sahlgrenska University Hospital	-129.4	129.4	0.0
NU-sjukvården (hospital network)	-138.0	138.0	0.0
Södra Älvsborg Hospital	-12.1	12.1	0.0
Skaraborg Hospital	-39.1	39.1	0.0
Total providers		318.6	
TOTAL HEALTH AND MEDICAL CARE		115.4	
GROWTH AND DEVELOPMENT			
Providers			
Gothenburg Folk High School	-1.3	1.3	0.0
Billströmska Folk High School	3.8	-0.5	3.3
Fristad Folk High School	1.4	-0.4	1.0
Dalsland Folk High School	1.1	-0.1	1.0
Gothenburg Botanical Gardens	-0.3	0.3	0.0
Total providers		0.6	
Service activities			
Property Management Committee	139.2	70.0	209.2
Total service activities		70.0	
Regionwide			
The Regional Executive Board	641.7	-400.0	241.7
Public Health Committee	4.4	-3.4	1.0
Auditors' Office	6.2	-5.2	1.0
Patient Committees	1.4	-0.4	1.0
Total regionwide		-409.0	
Central financial items			
Parent administration		223.0	
TOTAL GROUP		0.0	

Income Statement

SEK m	Note	Group		Administrations	
		2008	2007	2008	2007
Operating revenues	1, 3	7,453	7,148	5,117	5,009
Operating expenses	2, 3, 4	-40,375	-38,439	-38,087	-36,348
Depreciation and write-downs	5	-1,093	-1,044	-1,043	-998
Result 1 Net operating expenses		-34,015	-32,336	-34,013	-32,338
Tax revenues	6	27,751	26,576	27,751	26,576
Local authority equalisation and government grants	7	6,974	6,782	6,974	6,782
Financial income	8	366	195	371	197
Indexing of pension liability		-196	-156	-196	-156
Financial expenses	9	-103	-72	-108	-77
Result 2 Surplus after financial items		777	989	779	984
Extraordinary income		0	0	0	0
Extraordinary expenses		0	0	0	0
Result 3 Surplus for the year		777	989	779	984

Cash Flow Statement

SEK m	Note	Group		Administrations	
		2008	2007	2008	2007
Current operations					
Surplus for the year		777	989	779	984
Depreciation and write-downs		1,093	1,044	1,043	998
Capital gains/losses sold fixed assets	10	-23	-14	-23	-6
Provisions		813	1,010	813	1,009
Cash flow from current operations before change in working capital		2,661	3,029	2,612	2,986
Change in working capital					
Increase (-)/decrease (+) in stocks		19	-13	19	-12
Increase (-)/decrease (+) in current receivables		-190	-774	-346	-717
Increase (+)/decrease (-) in current liabilities		825	762	676	755
Other items affecting working capital	11	0	8	0	5
Cash flow from current operations activities		3,315	3,012	2,961	3,017
Investing activities					
Investments		-2,033	-1,802	-1,761	-1,726
Sale of fixed assets	12	47	42	43	16
Increase (-) shares and participating interests		0	-20	0	-17
Decrease (+) shares and participating interests		14	0	15	0
Cash flow from investing activities		-1,972	-1,780	-1,703	-1,727
Financing activities					
Increase (-) in long-term receivables		-107	-85	-104	-192
Decrease (+) in long-term receivables		0	0	0	0
Increase (+) in long-term liabilities		0	62	0	57
Decrease (-) in long-term liabilities		-84	0	-83	0
Cash flow from financing activities		-191	-23	-188	-135
CASH FLOW FOR THE YEAR		1,150	1,209	1,071	1,155
Liquid funds at start of year		4,314	3,105	4,170	3,015
Liquid funds at year end		5,464	4,314	5,241	4,170

Balance Sheet

SEK m	Note	Group		Administrations	
		2008	2007	2008	2007
ASSETS					
Fixed assets					
Intangible fixed assets	13	3	1	2	0
Tangible fixed assets					
Land and buildings	14	6,697	5,946	6,576	5,827
Machinery and equipment	15	2,884	2,620	2,434	2,290
Investments in progress	16	1,085	1,186	930	1,127
Financial assets	17	385	292	801	712
Total fixed assets		11,055	10,046	10,745	9,957
Current assets					
Stocks		315	334	313	332
Current receivables	18	3,747	3,557	3,762	3,417
Short-term investments	19	5,099	4,146	5,094	4,134
Cash and bank balances		365	168	147	36
Total current assets		9,526	8,205	9,316	7,919
TOTAL ASSETS		20,581	18,251	20,061	17,876
EQUITY, PROVISIONS AND LIABILITIES					
Equity					
	20				
Restricted equity		52	55	0	0
Non-restricted equity		4,051	3,059	4,035	3,051
Surplus for the year		777	989	779	984
Total equity		4,881	4,103	4,814	4,035
Provisions					
Pension provisions	21	5,716	4,998	5,716	4,998
Other provisions	22	1,325	1,231	1,311	1,215
Total provisions		7,041	6,229	7,026	6,214
Liabilities					
Long-term liabilities	23	11	95	6	89
Current liabilities	24	8,648	7,824	8,214	7,538
Total liabilities		8,659	7,919	8,220	7,627
TOTAL EQUITY, PROVISIONS AND LIABILITIES		20,581	18,251	20,061	17,876
Contingent liabilities (incl. guarantees)	25	23,534	23,314	23,532	23,311

Description of investments

Department/Object, SEK m	Project's budgeted expense	Accumulated outcome up to and including 2008	Budget 2008	Outcome 2008
PROPERTIES				
Sahlgrenska University Hospital				
Sahlgrenska, new treatment building	505	514	180	212
Sahlgrenska, low-rise building stage 2	191	190	100	73
Sahlgrenska, low-rise building stage 3	158	26	0	13
Sahlgrenska, imaging centre	20	26	20	6
NU-sjukvården (hospital network)				
NÄL and Uddevalla Hospital, Healthcare 2010	180	29	30	29
Södra Älvsborg Hospital				
Borås, new treatment building	461	246	170	130
Skaraborg Hospital				
Hospital in Lidköping	264	169	76	85
Alingsås Hospital				
State 3, rebuilding of emergency department and ambulance hall	24	22	3	8
Primary care				
Hospitals in Mariestad, Eken, Linden	27	25	15	6
Other departmental property projects			352	487
Total property investments			946	1,049
EQUIPMENT				
Sahlgrenska University Hospital				
Imaging and other functional medical devices				37
Laboratory medical devices				20
Surgery operation ward, base equipment				18
MR camera 3 T (magnetic resonance camera)				17
PET CT (Positron Emission Tomography, Computerized Tomography)				16
Operation robot urology				16
Ultrasound equipment				10
AN/IVA/IMA equipment (anaesthesia, intensive care, intensive intermediate care)				12
NU-sjukvården (hospital network)				
MR camera				12
Monitoring system NÄL				7
Computerized Tomography NÄL				12
X-ray clinic Uddevalla				7
Skaraborg Hospital				
MR camera and computerized tomography equipment				33
Operation/IVA Lidköping				21
Region service				
Computer equipment VGR-IT				60
Accessories				55
Laundry, replacement tunnel washer and sorting				28
Laundry, fabrics				28
Västtrafik AB				
Trains etc. (total SEK 515 m, Region's share 50 %)				258
Other equipment investments				317
Total equipment investments			820	984
TOTAL INVESTMENTS			1,766	2,033

Accounting principles

Financial reporting by local authorities and county councils is regulated by the Local Government Act and the Local Government Accounting Act. In addition, the Council for Local Government Accounting (RKR) issues instructions and recommendations for financial reporting in the local authority and county council sector.

Region Västra Götaland observes these laws and recommendations. In 2008 departures took place from the regulations in relation to leasing (RKR 13.1), provisions (RKR 10.1), borrowing costs (RKR 15.1) and tax revenues (RKR 4.2). The reasons for these departures are shown under the relevant headings.

The accounts of companies have been prepared in accordance with the Annual Accounts Act and the standards of the Swedish Accounting Standards Board.

Consolidated accounts

General

In accordance with the provisions of the Local Government Accounting Act, the annual accounts must also include operations that take place in corporate form. The purpose of the consolidated accounts is to give a true and comprehensive picture of Region Västra Götaland's overall financial position and results, irrespective of whether the operations are carried out in the form of an administration or a company.

Definition of the Group

The consolidated accounts include Region Västra Götaland and other legal entities in which Region Västra Götaland has a significant influence. The term significant influence means owning at least 20 percent of the votes and circumstances where net sales and/or assets are significant in relation to Region Västra Götaland's income statement or balance sheet or provide additional important information. The consolidated accounts for Region Västra Götaland include the following wholly-owned or part-owned companies and associations of local authorities.

Consolidated units	Percent
GöteborgsOperan AB	100
Göteborgs Symfoniker AB	100
Film i Väst AB	100
Västsvenska Turistrådet AB	100
Sahlgrenska International Care AB	100
Regionteater Väst AB	91
Västtrafik AB	50
Local Authority Association, Stretered	43
Almi Företagspartner Väst AB	37

Foundations and coordination associations are not included in the consolidated accounts.

Consolidation principles

The consolidated accounts have been prepared in accordance with the acquisition accounting method and the proportional consolidation method. The book value of shares held by the Region in subsidiaries has been eliminated against the shareholders' equity of the subsidiaries. Assets and liabilities as well as revenues and costs for the subsidiaries are stated in the consolidated accounts to the extent that corresponds to the proportion of their shares held by the Region. Internal balances have subsequently been eliminated. The Region's accounting principles serve as a guide for the preparation of the consolidated accounts.

Fixed assets

Fixed assets are stated at their acquisition value less deductions for any investment grants and accumulated depreciation. In order to be classed as a fixed asset, the item must have a book value of more than half the basic amount and a useful life of at least three years. Since 2008, Region Västra Götaland has been observing recommendation 12.1 of the RKR with regard to intangible assets. The administrations have previously charged these as expenses. The monetary limit for recording and activating intangible fixed assets is SEK 500 thousand. At the present time there are only externally acquired intangible assets.

In the case of investment in buildings and major plant, the acquisition value includes interest expense incurred during the period of building and installation. The estimated useful life provides the basis for assessing the period of depreciation. Planned depreciation runs from the moment when the asset is put into service. The normal depreciation periods are as follows:

Intangible fixed assets	3-5 years
Machinery and equipment	3-10 years
Buildings	10-30 years

Where the book value was too high, a write-down has been applied. See also note 5.

Pensions

According to the Local Government Accounting Act (Ch.5, Para.4), pension liabilities are to be reported according to the mixed model, whereby pensions earned before 1998 are not shown as a liability or provision, but are reported as a contingent liability.

Payments relating to pension benefits earned before 1998 are shown as a cost in the income statement. Pension benefits earned from 1998 are reported as an Provision in the balance

sheet and the annual change in the pension provision is reported among operating expenses in the income statement. The pension contribution invested by the employees is shown as a current liability in the balance sheet and is paid out to the pension administrators in March in the year after it is earned. In line with prevailing recommendations, special payroll tax is reported as a pension cost. The calculation made by the pension company KPA is the basis for calculating the pension provision and contingent liability.

In 2006 the Region decided to make an additional pension provision of SEK 500 m in order to be able to meet future pension disbursements, which meant that it deviated in part from the mixed model. The provision was indexed according to RIPS 07. The aim of the extra provision was to mitigate any future costs that arise when the disbursements of pensions arising from the contingent liability are at their highest.

Of the total provision, SEK 1,380 m has been allocated for external funding. The remaining part of the provision and the entire contingent liability have been internally funded (re-borrowed). The provision and the contingent liability are indexed through a basic amount calculation and an actuarial discount rate using the guidelines adopted by the Swedish Association of Local Authorities and Regions (SALAR), Guidelines for calculating pension liability (RIPS 07).

Region Västra Götaland's companies report pension benefits as ongoing costs through premium payments to insurance companies.

Leasing

According to recommendation 13.1 of the RKR, finance leases (of fixed assets) should be reported as a fixed asset and the liabilities to the lessor shown in the balance sheet. Region Västra Götaland has chosen to depart from this recommendation, since the residual value of finance leases is not considered to represent a significant item in the balance sheet (see note 15). Leases taken out before 1 January 2003 may continue to be classed as operating leases under this recommendation, and this has in fact been done. All leasing payments for both finance and operating leases have been charged to the income statement as leasing payments (see note 2), where future leasing payments are also reported. In cases where the consolidated companies have reported financial leasing, a correction has been made to the Region's accounting principles. Property rentals (external rentals and lettings) have not been recognised as leasing.

Provisions

According to RKR's recommendation 10.1, disclosures must be made for each provision. Here, Region Västra Götaland has departed from the recommendation in that provisions have been grouped into different departmental areas due to their

large number. The disclosures submitted can be related to their relevant group.

Borrowing costs

Region Västra Götaland has no bank borrowing costs. The administrations at Region Västra Götaland are able to capitalise credit interest. According to RKR recommendation 15.1, it is possible to calculate credit interest only in the case of county councils that have external loans.

Region Västra Götaland has nevertheless chosen to allow credit interest on investments on the grounds that the administration has borrowing costs in relation to the Group bank to enable it to carry out its investments. Although this does not represent borrowing costs for Region Västra Götaland in relation to a bank, it is an indirect cost as the money is tied up in investments instead of being invested in the market.

The rate of interest used when calculating the credit interest is 3.0 percent. The total borrowing costs included in the acquisition value of the assets in 2008 are reported in note 8.

Contributions to infrastructural investments

Contributions to investments in fixed assets which Region Västra Götaland will not own or have at its disposal have been shown as costs in the income statement, in accordance with the recommendation in RKR 6. Total contributions to infrastructural investments are reported in note 2.

Stocks

Stocks have been taken and valued according to the principle of lowest value, i.e. the lower of acquisition value and fair value.

Tax revenues

According to RKR recommendation 4.2, the forecast for tax credits made by the Swedish Association of Local Authorities and Regions and published in December for the financial year is to be the basis of the calculation of the final settlement of tax revenues. For the 2008 financial year, Region Västra Götaland has chosen to depart from the recommendation by allowing the forecast published in February by the Swedish Association of Local Authorities and Regions represent the basis for calculating tax revenues. The reason for this is the substantial downward adjustment of the forecast that took place between the times the forecasts were made.

Amounts owed to personnel

The money owed by Region Västra Götaland to its personnel, i.e. holiday pay, overtime, on-call and standby allowances, together with accrued employer's declaration, has been recognised in the salary situation as at 31 December 2008 under current liabilities.

Note 1 Operating revenues

SEK m	Group		Administrations	
	2008	2007	2008	2007
Patient fees etc.	1,222	1,205	1,222	1,205
Healthcare sold etc.	1,173	1,122	1,190	1,133
Sales of other services and materials	952	972	955	979
Rental income	130	130	129	129
Hypothecated government grants	1,163	1,291	982	1,113
Other grants	792	595	151	77
Other income	2,021	1,832	488	372
Total	7,453	7,148	5,117	5,009

Note 2 Operating expenses

SEK m	Group		Administrations	
	2008	2007	2008	2007
Personnel costs	22,125	21,158	21,577	20,643
Bought-in healthcare	2,316	2,222	2,316	2,222
Medications	4,368	4,168	4,368	4,168
Contributions made ¹⁾	902	933	2,286	2,255
Premises costs ²⁾	1,538	1,458	1,493	1,415
Training, culture and operationally related services	893	879	893	879
Materials and goods	2,703	2,512	2,695	2,505
Staffing agencies	539	373	525	365
Transport mobility services	44	60	236	243
Premiums and change in provision for LOF ³⁾	149	136	149	136
Other expenses ⁴⁾	4,799	4,542	1,550	1,518
Total	40,375	38,439	38,087	36,348

1) Of which, infrastructure grants in 2008 of SEK 14 m (2007 SEK 38 m).

2) Of which, SEK 690 m in 2008 for external property rentals totalling 660,881 sq m. The corresponding figures for 2007 are SEK 659 m and 599,164 sq m. Charges relate to the administrations.

3) Landstingens Ömsesidiga Försäkringsbolag (County Councils' Mutual Insurance Company).

4) This figure includes leasing charges for the year. They break down by amount and due date as follows:

	Paid in the year	2009	2010-2013	after 2013
Operating leasing	149	118	120	0
Financial leasing	69	51	41	24
Total leasing charges (machinery and equipment)	218	169	162	24

For financial leases, see also note 15.

Note 3 Items affecting comparability

SEK m	Group		Administrations	
	2008	2007	2008	2007
Liquidation of the purchasing organisation 4S	0	22	0	22
Total revenues affecting comparability	0	22	0	22
Effects of RIPS 07 (Guidelines for calculating pension liability)	0	106	0	106
Total items affecting comparability	0	106	0	106
Total	0	-84	0	-84

Note 4 Personnel costs and sickness absence

SEK m	Group		Administrations	
	2008	2007	2008	2007
Personnel costs, salaries, other remuneration and payroll overheads				
Boards of directors and managing directors	7	7	0	0
Other employees				
Salaries	14,408	13,584	14,064	13,250
Other remuneration costs	49	40	37	34
Other personnel costs	558	525	534	508
Total	15,022	14,156	14,635	13,792
Social security contributions	4,901	4,690	4,803	4,594
Pension costs incl. special payroll tax ¹⁾	2,202	2,312	2,139	2,257
Payroll overheads	7,103	7,002	6,942	6,851
Total personnel costs	22,125	21,158	21,577	20,643

1) Interest expenses are added for 2008 at SEK 196 m and 2007 at SEK 156 m, recognised in the income statement.
Administrative costs of SEK 5 m for 2008 and SEK 5 m for 2007 are reported under other costs, note 2.

Sickness absence for administrations 01/01/08-31/12/08	All	Women	29 years and younger		30-49 years	50 years and older
			Men			
Sickness absence as a percentage of full-time working hours	6.0	6.6	3.8	3.9	5.5	6.9
Long-term sickness absence as a percentage (>60 days) of total sickness absence	59.6					

Definitions as laid down by the Swedish Association of Local Authorities and Regions.

Note 5 Depreciation and write-downs

SEK m	Group		Administrations	
	2008	2007	2008	2007
Depreciation				
Intangible fixed assets	1	3	1	3
Land and buildings	413	387	407	382
Machinery and equipment	666	628	622	588
Total	1,079	1,018	1,030	972
Write-downs				
Write-downs fixed assets	14	26	14	26
Total depreciation and write-downs	1,093	1,044	1,043	998

Note 6 Tax revenues

SEK m	Group		Administrations	
	2008	2007	2008	2007
Preliminary payment of regional tax etc. for the year	28,032	26,066	28,032	26,066
Interim regional tax settlement for the year	-248	479	-248	479
Final regional tax settlement for the previous year	-33	31	-33	31
Total	27,751	26,576	27,751	26,576

Note 7 Local authority equalisation and government grants

SEK m	Group		Administrations	
	2008	2007	2008	2007
Income equalisation	2,782	2,616	2,782	2,616
Cost equalisation	298	269	298	269
Adjusting entry	147	158	147	158
Grant for reduced sickness absence	165	164	165	164
Government grant for prescription medicines	3,583	3,575	3,583	3,575
Total	6,974	6,782	6,974	6,782

Note 8 Financial income

SEK m	Group		Administrations	
	2008	2007	2008	2007
Interest income ¹⁾	230	165	249	174
Credit interest capitalised in connection with investments ²⁾	40	16	40	16
Other financial income	96	14	82	7
Total	366	195	371	197

1) The interest income is affected by purchases of interest rate swaps. An explanation of interest rate swap can be found under definitions.

2) See Accounting principles.

Note 9 Financial expenses

SEK m	Group		Administrations	
	2008	2007	2008	2007
Interest expenses ¹⁾	43	27	50	32
Other financial costs	60	45	58	45
Total	103	72	108	77

1) The interest income is affected by purchases of interest rate swaps. An explanation of interest rate swap can be found under definitions.

Note 10 Capital gains/losses on disposal of fixed assets

SEK m	Group		Administrations	
	2008	2007	2008	2007
Gains on properties	22	14	19	9
Gains on equipment	1	5	4	2
Total	23	18	23	10
Losses on equipment	0	4	0	4
Total	0	4	0	4
Net gains/losses	23	14	23	6

Note 11 Other items affecting working capital

SEK m	Group		Administrations	
	2008	2007	2008	2007
Musik i Väst Foundation, equity	0	5	0	5
Västtrafik AB, equity in 2006 annual accounts	0	3	0	0
Total	0	8	0	5

Note 12 Sales of fixed assets

SEK m	Group		Administrations	
	2008	2007	2008	2007
Sales of land and buildings	38	18	38	13
Sales of machinery and equipment	9	24	6	3
Total	47	42	43	16

Note 13 Intangible fixed assets

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accumulated acquisition values				
At start of year	55	81	48	75
New acquisitions	2	1	2	0
Sales/retirements	-1	-27	-1	-27
Closing accumulated acquisition values	56	55	49	48
Accumulated depreciation				
At start of year	54	78	48	72
Depreciation and write-downs for the year	1	3	1	3
Sales/retirements	-1	-27	-1	-27
Closing accumulated depreciation	54	54	48	48
Closing residual value	3	1	2	0

Note 14 Land and buildings

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accumulated acquisition values				
At start of year	12,079	11,641	11,918	11,505
New acquisitions	572	208	567	194
Reclassifications	615	238	612	228
Sales/retirements	-112	-9	-112	-9
Closing accumulated acquisition values	13,154	12,079	12,985	11,918
Accumulated depreciation				
At start of year	6,133	5,734	6,091	5,698
Depreciation and write-downs for the year	413	403	407	398
Sales/retirements	-90	-5	-89	-5
Closing accumulated depreciation	6,456	6,133	6,409	6,091
Closing residual value	6,697	5,946	6,576	5,827

Note 15 Machinery and equipment

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accumulated acquisition values				
At start of year	7,935	7,581	7,085	6,723
New acquisitions	895	679	727	631
Reclassifications	50	51	50	51
Sales/retirements	-164	-376	-159	-320
Closing accumulated acquisition values	8,715	7,935	7,704	7,085
Accumulated depreciation				
At start of year	5,314	5,031	4,795	4,512
Depreciation and write-downs for the year	680	638	635	597
Sales/retirements	-164	-355	-161	-314
Closing accumulated depreciation	5,831	5,314	5,269	4,795
Closing residual value ¹⁾	2,884	2,620	2,434	2,290

1) The assets do not include financially leased fixed assets. See Accounting principles.

Financial leases residual value (owed to lessor)	Group		Administrations	
	2008	2007	2008	2007
Vehicles	120	150	119	149
Trains	61	62	0	0
Emergency power plant	30	28	30	28
Medical devices	0	2	0	2
Other	31	6	30	5
Total residual value, financially leased fixed assets	241	248	180	184

Note 16 Investments in progress

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accumulated acquisition values				
At start of year	1,186	561	1,127	505
New acquisitions	564	914	464	901
Reclassifications	-665	-289	-661	-279
Closing accumulated acquisition values	1,085	1,186	930	1,127

Note 17 Financial fixed assets

SEK m	Group		Administrations	
	2008	2007	2008	2007
Shares and participating interests				
Shares in wholly-owned and part-owned companies	0	0	190	190
Other shares and participating interests	15	28	2	17
Long-term loans to Västtrafik AB	250	250	500	500
Long-term receivables, other	121	14	110	6
At year end	385	292	801	712

List of the Region's shareholdings in wholly-owned and part-owned companies	Quantity	Share	Book
	shares	in %	value
GöteborgsOperan AB	13,000	100	13
GöteborgsOperan AB, shareholder contribution			21
Göteborgs Symfoniker AB	7,000	100	11
Göteborgs Symfoniker AB, shareholder contribution			12
Film i Väst AB	250	100	0
Film i Väst AB, shareholder contribution			11
Västsvenska Turistrådet AB	1,000	100	1
Västsvenska Turistrådet AB, shareholder contribution			1
Sahlgrenska International Care AB	400	100	4
Regionteater Väst AB	4,095	91	4
Västtrafik AB	100,000	50	100
Local Authority Association, Stretared		43	10
Almi Företagspartner Väst AB	13,931	37	2
Total consolidated companies			190

Note 18 Current receivables

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accounts receivable	792	718	661	521
Prepaid expenses and accrued income	2,015	1,787	2,190	1,905
Other receivables	940	1,051	912	991
Total	3,747	3,557	3,762	3,417

Note 19 Short-term investments

SEK m	Group		Administrations	
	2008	2007	2008	2007
Investments of securities				
Interest-bearing securities	3,679	3,168	3,673	3,156
Share investments	30	0	30	0
Total investments of securities	3,709	3,168	3,703	3,156
Investments of pension funds ¹⁾				
Interest-bearing securities	1,390	978	1,390	978
Total investments of pension funds	1,390	978	1,390	978
Total	5,099	4,146	5,094	4,134

1) Investments of pension funds include liquid funds of SEK 32 m, recognised under cash and bank balances.
For more information about pension investments, see Financial analysis section.

Note 20 Equity

SEK m	Group		Administrations	
	2008	2007	2008	2007
Restricted equity				
At start of year	55	52	0	0
Adjustment, transfer of non-restricted to restricted equity	-3	3	0	0
At end of year	52	55	0	0
Non-restricted equity				
At start of year	4,048	3,054	4,035	3,046
<i>of which, 2005 retained surplus earmarked for pension reserve</i>	<i>480</i>	<i>480</i>	<i>480</i>	<i>480</i>
Adjustment of opening balance, reclassifications etc.	3	6	0	5
Surplus for the year	777	989	779	984
At end of year	4,828	4,048	4,814	4,035
Total				
At start of year	4,103	3,106	4,035	3,046
Adjustment of opening balance, reclassifications etc.	0	9	0	5
Surplus for the year	777	989	779	984
At end of year	4,881	4,103	4,814	4,035

Note 21 Pension provisions

Administrations/Group						
All items include special payroll tax						
SEK m	Opening value 2008	Pension payments	Newly entitled pension	Interest and basic amount indexation	Other	Closing value 2008
Defined-benefit old-age pension ¹⁾	4,391	-62	513	174	77	5,092
Individual contracted pensions, fixed period pensions ²⁾	79	-34	23	2	0	71
Provision for pensions earned before 1998 ³⁾	528	0	0	20	5	552
Total	4,998	-97	536	196	82	5,716

1) Defined-benefit old-age pension includes pensions for surviving beneficiaries and pension holding 1998-1999.

2) Level of realisation: 92.7 percent.

Individual contracted pensions include individual old age pension/guaranteed pension under previous agreements and are only for public officials and cover 150 people in 2008 and 112 people in 2007. Fixed-period pensions are based on contracts/conditions for public officials (22 in 2008 and 16 in 2007) and elected representatives (10 in 2008 and 19 in 2007). The basis for the calculation is the time factor, annual average points and the basic amount. The pension is aligned with earned income. **For public officials the following applies:** They will be covered by an individual appointment to a fixed-term position which was announced before 1 January 1998. A fixed-period pension is issued if no extended appointment is received or (at the person's own request) if the employee has held the appointment for more than 12 years. The pension is not granted if the obligation to resign intervenes in accordance with the prevailing pension agreement for old-age pensions. Fixed-period pensions are granted from the date of leaving office and continue until the old-age pension is issued. To receive the whole fixed-period pension, 12 years' service is required. **For elected representatives the following applies:** if their mandate is full-time or a significant proportion of full-time, at least 40 percent. The fixed-period pension is granted to elected representatives who are at least 50 years of age but before they have reached 65 and have held the mandate for at least 48 months or otherwise meet the conditions.

3) See accounting principles under the Pensions heading.

Note 22 Other provisions

Administrations

SEK m	Opening value 2008	Reclassification for current liabilities	Provision for the year	Reversal unutilised	Amount released for the year	Closing value 2008
Regional development	230	0	152	-45	-121	217
<i>of which, infrastructure/public transport</i>	113	0	14	-39	-26	62
Environmental projects	32	0	20	-4	-20	28
Cultural projects	1	0	12	0	-12	2
County Councils' Mutual Insurance Company	892	0	68	0	0	960
Provision for internal loss settlement fund	29	0	8	0	0	38
Other provisions	31	13	27	0	-4	66
Total administrations	1,215	13	287	-50	-158	1,311

Group

SEK m	Opening value 2008	Reclassification for current liabilities	Provision for the year	Reversal unutilised	Amount released for the year	Closing value 2008
Regional development	230	0	152	-45	-121	217
<i>of which, infrastructure/public transport</i>	113	0	14	-39	-26	62
Environmental projects	32	0	20	-4	-20	28
Cultural projects	1	0	12	0	-12	2
County Councils' Mutual Insurance Company	892	0	68	0	0	960
Provision for internal loss settlement fund	29	0	8	0	0	38
Deferred tax, companies	15	0	0	0	-1	14
Other provisions	31	13	27	0	-4	66
Total Group	1,231	13	288	-49	-158	1,325

Note 23 Long-term liabilities

SEK m	Group		Administrations	
	2008	2007	2008	2007
Bank overdraft facility ¹⁾	0	83	0	83
Other long-term liabilities	11	12	6	6
Total	11	95	6	89

1) The unutilised portion of the overdraft facility is SEK 750 m.

Note 24 Current liabilities

SEK m	Group		Administrations	
	2008	2007	2008	2007
Accounts payable	2,156	2,193	1,898	1,991
Pension contributions, incl. special payroll tax	775	711	775	711
Holiday pay owed	944	895	930	882
Salaries, on-call, standby, overtime	433	401	423	389
Employers' contributions, tax at source, self-employed tax	603	595	595	589
Accrued expenses and deferred income	1,943	2,074	1,829	1,856
Other current liabilities	1,795	955	1,763	1,120
Total	8,648	7,824	8,214	7,538

Note 25 Contingent liabilities and guarantees

SEK m	Group		Administrations	
	2008	2007	2008	2007
Contingent liabilities				
Pension liabilities incl. special payroll tax ¹⁾²⁾	22,543	22,358	22,543	22,358
Total contingent liabilities	22,543	22,358	22,543	22,358
of which, liabilities for future fixed-term pensions/individual contracted pensions for public officials which have not started (SEK m)	26	27	26	27
of which, number of persons included	10	11	10	11
Guarantees				
Transitio AB, in favour of Handelsbanken ³⁾	800	800	800	800
Västtrafik AB, in favour of Handelsbanken	122	125	122	125
Folkteatern (the people's theatre) in Gothenburg	40	0	40	0
Nordic Watercolour Museum	16	16	16	16
Other	14	15	11	12
Total guarantees	992	956	989	953
Total	23,534	23,314	23,532	23,311

1) See Accounting principles.

2) Level of realisation: 92.7 percent.

3) Over the previous year, the Regional Council have approved the acquisition by Västtrafik of an interest in Transitio AB. Transitio is a company owned jointly by 17 traffic authorities which is commissioned to purchase, maintain and finance commuter trains. The company is structured so that its owners together guarantee through a personal surety the company's financial commitment within a guarantee of SEK 8 billion. This surety is linked to an agreed right of recovery between the creditors, under which they are each financially liable only for the trains that they have themselves acquired. During the year Transitio requested SEK 800 m of the surety to guarantee the financing of trains for Region Skåne. Region Västra Götaland's net guarantee commitment is zero since it has not financed any trains via Transitio.

Foundations and coordination associations not included in the consolidated accounts

The specified turnover and balance sheet assets refer to the entire unit, i.e. not just the share of the votes	Share of the votes in %	Turnover SEK m	Balance sheet assets, SEK m	Group contributions, SEK m	Closing equity, SEK m
Skaraborg Institute Foundation	100	3.0	4.5	0.8	3.7
West Coast Foundation	63	32.1	12.8	5.3	4.9
Steneby School Foundation	44	29.0	37.4	8.0	23.4
Lacko Castle Foundation	27	16.0	17.0	6.5	7.3
Foundation for future maintenance of Dalsland Canal	17	6.2	6.2	2.9	0.1
Coordination association Bollebygd, Mark and Svenljunga	25	8.4	8.8	2.0	8.7
Coordination association Borås	25	4.0	4.1	1.0	3.9
Coordination association Falköping Tidaholm	25	3.0	1.4	0.7	0.3
Coordination association Grästorp	25	1.0	0.0	0.2	0.0
Coordination association Gothenburg Centre	25	9.0	11.2	2.3	6.8
Coordination association Gothenburg Hisingen	25	25.2	8.5	6.3	4.4
Coordination association Gothenburg Northeast	25	13.5	23.2	3.1	18.5
Coordination association Gothenburg West	25	10.0	6.5	2.5	4.3
Coordination association HjoTiBorg	25	2.4	2.4	0.6	1.6
Coordination association Ale, Kungälv, Stenungsund and Tjörn	25	5.4	7.4	1.3	5.1
Coordination association Mölndal, Partille, Härryda, Lerum	25	9.6	7.9	2.3	5.5
Coordination association Norra Bohuslän	25	4.0	5.8	1.0	3.9
Coordination association Norra Dalsland	25	3.1	3.8	0.8	2.9
Coordination association Norra Skaraborg	25	3.0	4.5	0.8	3.7
Coordination association Skövde	25	4.3	4.4	1.0	3.4
Coordination association Tranemo and Ulricehamn	25	4.0	5.7	1.0	4.9
Coordination association Trollhättan	25	9.5	8.0	2.3	6.7
Coordination association Vänersborg Mellerud	25	6.8	4.5	1.7	3.2
Coordination association Västra Skaraborg	25	6.6	4.1	1.6	4.0

The figures above refer in certain cases to assignments not handled by the Regional Executive Board.

Auditors' Report

We have examined the operations of the Regional Executive Board and the departments that come under the supervision of the Regional Executive Board, together with other regionwide functions, council committees, the Region's annual financial report and accounts and consolidated accounts for Region Västra Götaland. We submit this with an additional 41 auditors' reports, one for each committee and executive board or group of committees as shown in a separate list. In these we recommend a discharge from liability for all executive boards and committees that have had activities during the year.

The audit has been carried out in accordance with the Local Government Act, good auditing practice in local authority undertakings and the regional regulations for the Auditors' Office.

Through appointed lay auditors in GöteborgsOperan AB, Göteborgs Symfoniker AB, Västsvenska Turistrådet AB, Sahlgrenska International Care AB, Film i Väst AB, Regionteater Väst AB and Västtrafik AB, the operations of these companies have also been audited.

Region Västra Götaland is a partner in the financial coordination association in the area of rehabilitation and in the foundations and associations of local authorities. These are reviewed in a special order and are reported in separate auditors' reports.

The review has been made with the orientation and at the scope needed to provide a reasonable basis for assessment and scrutinising liability. Our comments assembled from audits during the year can be found in the annual audit memorandum.

In our annual memorandum we list a number of areas where the Regional Executive Board has a special responsibility, together with the other committees, for improving the situation and making the necessary proposals to the Regional Council and other bodies.

All in all, we consider that operations have been run in an appropriate, and from a financial standpoint, satisfactory way, and that internal controls have been adequate.

The Region reports a surplus for the 2008 financial year. We consider that the result is consistent with the principal objectives of good financial housekeeping approved by the Regional Council.

The annual accounts have in all essential aspects been drawn up in accordance with the Local Government Accounting Act.

We recommend approval of the annual accounts. We recommend that the Regional Executive Board be discharged from liability.

Vänersborg, 8 April 2009



Ulf Sjösten
Chair



Ulla Göthager
Vice Chair



Bernt Sabel



Ulla Buhr



Tomas Gustafson



Christer Johansson



Nils-Gunnar Nilsson



Peter Österberg



Wimar Sundeen



Lennart Frennemo



R Ingemar Eriksson

The following form part of the auditors' report: A list of the 41 separate auditors' reports submitted. A list of the reports of experts included in various audits. The annual audit memorandum Reports of audits from five wholly-owned and two part-owned companies and their auditors' reports.

Events in the Region for 2008. Every day saw 12,080 people visit our health centres and 7,607 people visit our hospitals... 50 children were born at our hospitals... 97 hours of interpreting services for the deaf... 330,000 kilometres were covered by Västtrafik vehicles (around 8 times circumferences of the world)... 1,607 visitors came to the Botanical Gardens... 1,940 visitors to our museums... 5,652 people across the country saw one of the films produced by Film i Väst. On average, 1,063 people saw each performance by the Göteborg Opera at Stora Scenen (main stage). Each concert by the Gothenburg symphony orchestra at Stora Salen (main auditorium) was watched by an average of 1,045 people.



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