

# Annual Report

## 2018–19

Victorian Health Promotion Foundation

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# **Report of Operations**

Victorian Health Promotion Foundation  
2018–19

# Declaration by Chair of the Responsible Body

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Health Promotion Foundation's Annual Report for the year ending 30 June 2019.



**Fiona McCormack**  
Chair of the Board

*3 September 2019*

# Section 1: Year in review

## Our origin

VicHealth (the Victorian Health Promotion Foundation) is the world's first health promotion foundation, created in 1987 with a mandate to promote good health. We were established with cross-party support by the State Parliament of Victoria with the statutory objectives mandated by the *Tobacco Act 1987* (Vic) (the Act). The responsible minister is the Minister for Health and Ambulance Services, The Hon. Jenny Mikakos, MP.

The objects of VicHealth as set out in the Act are to:

- fund activity related to the promotion of good health, safety or the prevention and early detection of disease
- increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture
- encourage healthy lifestyles in the community and support activities involving participation in healthy pursuits
- fund research and development activities in support of these objects.

## Functions

The functions of VicHealth as set out in the Act are to:

- promote its objects
- make grants from the Health Promotion Fund for activities, facilities, projects or research programs in furtherance of the objects of VicHealth
- provide sponsorships for sporting or cultural activities
- keep statistics and other records relating to the achievement of the objects of VicHealth
- provide advice to the Minister on matters related to its objects referred by the Minister to VicHealth and generally in relation to the achievement of its objects
- make loans or otherwise provide financial accommodation for activities, facilities, projects or research programs in furtherance of the objects of VicHealth
- consult regularly with relevant government departments and agencies and to liaise with persons and organisations affected by the operation of this Act
- perform such other functions as are conferred on VicHealth by this or any other Act.

VicHealth performs and manages these functions by:

- developing a strategic plan, including concept, context and operations
- initiating, facilitating and organising the development of projects and programs to fulfil the strategic plan
- ensuring an excellent standard of project management for all project and program grants paid by VicHealth
- developing systems to evaluate the impacts and outcomes of grants
- ensuring that such knowledge is transferred to the wider community.

## Our commitment

- Fairness – we promote fairness and opportunity for better health and wellbeing for all Victorians, by making health equity a focus of our work.
- Evidence-based action – we create and use evidence to identify the issues that need action and to guide policy and practice by VicHealth and our partners.
- Working with community – we work with communities to set priorities, make decisions and create solutions.
- Partnerships across sectors – we collaborate with governments at all levels and nurture strong relationships with others in health promotion, health, sports, research, education and the arts, including local communities, the private sector and the media, to collectively tackle complex health and wellbeing challenges.

## Our difference

For over 30 years, VicHealth has been a pioneer and world leader in health promotion. We are highly respected for our knowledge, skills and experience. We work in partnership with all sectors as a trusted, independent source of evidence-based practice and advice.

We take action where there's the greatest need and potential for positive impact. We make the most of our resources by building on and complementing the efforts of governments and other organisations that are also promoting health, including in ways that complement the priorities of the Victorian Department of Health and Human Services and other departments and agencies.

Our culture of innovation enables us to tackle the rise of chronic diseases by bringing the best approaches across the world to test and trial in Victoria.

# Chair's report

The production of the *VicHealth 2018–19 Annual Financial Report* is an opportunity to reflect not only on our performance in the preceding year, but on the privileged responsibility we have to contribute to a future where all Victorians can benefit, equitably and sustainably, from better health and an enriched sense of wellbeing.

When VicHealth was established in 1987, the reduction of smoking rates was identified as the number one health priority. Over a quarter of a century later, as the 2013–2023 Action Agenda for Health Promotion was being developed, the context had changed and the challenges and priorities shifted. Alongside ongoing efforts to reduce tobacco use, we committed ourselves to increasing physical activity, improving mental wellbeing, promoting healthy eating and preventing alcohol harm.

Now, as we enter the last four years of that plan, we are in a position to assess the progress we have made and to take stock of the work still to be done:

- We remain committed to reducing the prevalence of smoking in disadvantaged communities who, despite a 32 per cent drop in overall smoking rates since the 1980s, continue to be burdened by the ill effects of smoking at rates more than double those in more privileged parts of the state.
- We are dedicated to pursuing further gains in healthy eating and physical activity, particularly given that less than a third of Victorians meet recommended levels of activity and two-thirds are beset by health risks that come with being overweight or obese.
- We are determined to make a difference to the mental health of Victorians, especially the 1 in 4 young Victorians who struggle to find the social support they need, and the 1 in 8 who experience intense loneliness.
- And we embrace the challenge of supporting the subpopulations where risky drinking behaviours are entrenched, contributing to the 1,200 alcohol-related deaths and 40,000 hospitalisations in Victoria every year.

In recent months, we have finalised our updated Action Agenda for 2019–23. While our key priorities remain, we are aware, more than ever, that addressing the systems and structures underpinning health and wellbeing requires a greater focus on the health gains that can be enjoyed by all Victorians.

Health, in its broadest definition, plays out in diverse settings, not just in sporting grounds or parks but in families, workplaces and schools, on the daily commute, in the design of new suburbs and when socialising among friends. Right from the start in 1987, VicHealth was charged with working in partnership with sporting bodies and cultural organisations to promote and facilitate good health. Increasingly, we see health also playing a role in discussions around education, employment and infrastructure.

Understanding and tracking these complex interactions requires deep research and interrogation. As this report demonstrates, VicHealth continues to invest in a strong evidence base that can be utilised by all our partners to inform and direct their activities, and to connect and refine our combined efforts to drive gains where they are needed most. We are also committed to expanding and deepening our networks so that we can benefit from knowledge generated and experience gained by our peers.

The Board and staff are committed to VicHealth's work to enable cooperation and collaboration across disciplines and sectors, contributing to a broader culture in which knowledge is shared more widely, implementation is achieved more rapidly, and real and lasting benefits are felt by more Victorians.

We support the health priorities outlined by the government's Victorian Public Health and Wellbeing Plan 2015–2019 and we greatly appreciate the ongoing support and involvement of the Victorian Minister for Health, The Hon. Jenny Mikakos, MP, who took over from our long-time associate, The Hon. Jill Hennessy, MP, after the 2018 State Election. On behalf of the VicHealth Board, I would also like to thank the current Minister for Mental Health, The Hon. Martin Foley, MP; the Minister for Tourism, Sport and Major Events, The Hon. Martin Pakula, MP; the Minister for Women and Prevention of Family Violence, The Hon. Gabrielle Williams, MP; and other ministers, advisers and members of the Victorian Parliament.

Thank you, too, to my colleagues on the VicHealth Board, including representatives from the political parties, Ms Natalie Suleyman, MP and Ms Wendy Lovell, MP. Their cross-party support makes it possible for VicHealth to pursue a bold and innovative agenda for the future good health of all Victorians.



I also acknowledge the work of the VicHealth Committees (the Finance, Audit and Risk Committee and the Workforce and Remuneration Committee), our taskforces and panels and all the VicHealth team – an extraordinarily skilful and spirited group, devoted to working towards better health outcomes for communities right across Victoria. Their professionalism and commitment have supported us through a period of change that saw us farewell long-time CEO Jerril Rechter. Jerril will be remembered for her significant contributions to VicHealth, including helping to transform the organisation from a funding body into a strategic investor, and pioneering many key cross-sectoral alliances. Stepping into the CEO role in an acting capacity, Dr Lyn Roberts AO did an exceptional job of keeping the team positive and productive, and pursued an updated Action Agenda that will give us new momentum as we work towards our 2023 goals.

Finally, I would like to thank our partners in health promotion across so many sectors. Thank you for the generosity with which you share your expertise and ideas, and for your collaboration and partnership.

The appointment of Dr Sandro Demaio to the CEO role has been announced and will take place later in 2019. I look forward to working with Sandro and to seeing how his diverse experiences as an advocate for healthy, active lives contribute to the ongoing success of the organisation.

This *VicHealth 2018–19 Annual Financial Report* is an excellent account of our progress over the last year and will be of interest to all who care about the health and wellbeing of Victorians.



**Fiona McCormack**  
Chair of the Board, VicHealth

# Chief Executive Officer's report

All Victorians have the right to the resources and environments they need to live a healthy, happy life. Yet, many in our community face multiple barriers to good health and wellbeing. This is particularly the case in a complex and rapidly changing world.

As Victoria's pioneering health promotion agency, VicHealth works with our partners in health, sport, the arts, communities, workplaces, research and education to discover, implement and share solutions for long-term health. Promoting good health and preventing illness allows more Victorians to enjoy better health and wellbeing, which means they will have more time and energy for the things they enjoy.

In the last 12 months, we have made further strides towards the goals first articulated in our 2013–2023 Action Agenda for Health Promotion of increasing physical activity, preventing tobacco use, improving mental wellbeing, promoting healthy eating and preventing harm from alcohol. The depth and breadth of these achievements are evidence of our commitment to equitable and sustainable gains across the community, and a testament to our staff who consistently do their work with passion, conviction and intellectual rigour. As ever, our initiatives are built on a firm foundation of evidence and made more effective and more impactful through our dynamic cross-sectoral collaborations.

Buoyed by the output of the last 12 months, we have recently spent some time reflecting on the goals set in 2013 and how they have been affected by emerging social, political, environmental and technological developments. This has led to the development of six insights to help guide our work over the next four years: social, unstructured physical activity; young men and gender equality; fear of judgement; social groups and cultural changes; local communities and capacity; and rising loneliness.

These insights are informed by a wealth of knowledge from our health promotion programs, research, social marketing, participatory democracy and behavioural approaches to health and wellbeing. The thinking is reflected in our updated Action Agenda for 2019–2023, which renews our commitment to our five strategic imperatives and focuses our efforts on broadening the reach and impact of our programs.

I would like to take this opportunity to acknowledge the contribution of Jerril Rechter in her seven years as VicHealth CEO. Jerril delivered a true strategic vision for the organisation and helped to establish a working culture distinguished by innovation. I also extend a warm welcome to Dr Sandro Demaio, who will join us as CEO later in 2019 and will infuse the organisation with a new energy as we work towards the successful delivery of the goals set out in the updated Action Agenda.

I am also appreciative of our cross-sectoral partners in all levels of government, health, sport, education, the arts, innovation, the not-for-profit sector, the private sector and the media. Our partnerships are fundamental to our way of working as we rely on our collaborators' skills and insights to bring health and wellbeing ideas to life.

I am grateful to the Department of Health and Human Services for their ongoing input and support of VicHealth as we work towards the same goals for Victorians' better health.

Our outstanding staff benefit from knowing that the work they do is supported wholeheartedly by the major political parties of the Victorian Parliament and aligns with the strategic priorities of the Victorian Government.

Our Board has continued to provide us with good governance, expert leadership and support, with our Chair Fiona McCormack and Dr Sally Fawkes, who was Acting Chair while Fiona was on extended leave.

My thanks also go to our various taskforces for their counsel and input to the updated Action Agenda. The expertise and involvement of our partners and stakeholders make it possible for VicHealth to think big, work hard and deliver lasting positive change for communities right across Victoria.



**Dr Lyn Roberts AO**  
Acting Chief Executive Officer, VicHealth

# This year's highlights

## Encouraging more physical activity

- After two years, our groundbreaking This Girl Can – Victoria campaign has now empowered more than 396,000 (or 1 in 5) Victorian women to be more active. It has also galvanised over 950 Campaign Supporters to tailor opportunities and champion women's participation.
- We supported partners including Football Victoria, Bowls Victoria, Surfing Victoria and Touch Football Victoria to come up with new and innovative ways to make their sports more accessible to women and girls through the Active Women and Girls program.
- We have started working with a number of national and state sports organisations to develop sports activities that will appeal particularly to less active teenagers, such as the Freestyle Golf program and the She Rolls roller skating fitness program.
- We continued to encourage Victorian local councils and sporting bodies to create opportunities for people with various abilities and people experiencing cultural, social and economic disadvantage to get active through our Innovation Challenges grants program, first run in 2014.
- We backed 385 local sports clubs to increase participation opportunities with a focus on social sport and women and girls in their communities through the Active Club Grants program.
- We celebrated the ongoing success of the Walk to School program, which last year saw 147,000 kids from Victorian primary schools participate by walking, riding or scooting to and from school.

## Preventing tobacco use

- We continued to collaborate with the Victorian Government, Cancer Council Victoria and the Heart Foundation to further the work of Quit Victoria and the Quitline, who this year launched a series of highly successful mass media and digital media campaigns, including the You Quit, You Win television campaign.
- We partnered with the Royal Australian College of General Practitioners to support health professionals to provide effective, evidence-based cessation support to people who smoke.
- We funded research into smoking cessation support for vulnerable communities with particularly high and persistent smoking rates, including Aboriginal and Torres Strait Islander people, people experiencing homelessness and those in prison.

## Improving mental wellbeing

- Through the Bright Futures Challenge, we funded four local councils to run innovative programs that will build social connections among young people in their communities. These councils are now 'integrators', mentoring other local governments to replicate their success.
- We learned more about the development and influence of healthy masculinities and ways to engage men in discussions about gender equality.
- We have shared what we know about how behavioural insights can drive progress in gender equality, by inviting our partners and the broader community to get involved in the Leading Thinkers initiative through events such as the Leading Thinker Symposium, which involved one of our current leading thinkers, Harvard University's Professor Iris Bohnet and The Hon. Julia Gillard AC, former Prime Minister of Australia, as speakers.

## Promoting healthy eating

- We built on the success of the Salt Reduction Partnership – led by VicHealth – with peak public health organisations: The George Institute for Global Health, the Heart Foundation, Deakin University's Institute for Physical Activity and Nutrition, National Stroke Foundation, Kidney Health Australia, the Victorian Department for Health and Human Services, Baker Heart and Diabetes Institute and the High Blood Pressure Research Council. The Partnership worked with food manufacturers on salt reformulation projects and released a new industry guide, *Reformulation readiness: A best practice guide to salt reduction*.
- We worked with the Heart Foundation as co-lead on a consumer awareness campaign for salt reduction, including the informative Unpack the Salt website.
- We encouraged sporting facilities, especially those managed by councils, to promote water as the drink of choice, making it easier for Victorians to drink more water and consume less sugary drinks.

## Reducing harm from alcohol

- Together with 4 councils, we initiated targeted local programs under the Alcohol Culture Change initiative to help shift the culture of risky drinking that persists among specific social groups, particularly among men, who are significantly more likely than women to drink at risky levels.
- We reached 8 million people and directly engaged 216 young people through the Top Spin initiative, asking them how they feel about the tactics used by the alcohol industry, and challenging the commercial drivers of pervasive drinking cultures.

# VicHealth Action Agenda for Health Promotion 2013–2023

By 2023, one million more Victorians will experience better health and wellbeing.\*

## OUR 10-YEAR GOALS

BY 2023:

<b>200,000</b> more Victorians adopt a healthier diet	<b>300,000</b> more Victorians engage in physical activity	<b>400,000</b> more Victorians tobacco-free	<b>200,000</b> more Victorians drink less alcohol	<b>200,000</b> more Victorians resilient and connected
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**RESULTS:** We track our progress through the VicHealth Action Agenda for Health Promotion Scorecard



\* A technical paper describes the calculations underpinning the 10-year goals and three-year priorities. As some individuals may achieve goals across more than one imperative, the total number in each 10-year target exceeds one million to account for this.

In 2013, VicHealth released a 10-year plan that outlined our vision for a Victoria where everyone can experience better health. The VicHealth Action Agenda for Health Promotion 2013–2023 set an ambitious target: one million more Victorians with better health and wellbeing by 2023.

To achieve that target, VicHealth committed to five strategic imperatives that have the greatest potential to improve the health of the Victorian population:

- encourage regular physical activity
- prevent tobacco use
- promote healthy eating
- prevent harm from alcohol
- improve mental wellbeing.

The Action Agenda was revised and refreshed in 2016, outlining a continued commitment to our five strategic imperatives and setting specific targets for each strategic imperative over the three years from 2016 to 2019.

As we reach the end of the 2016–2019 period, the Action Agenda has again been reviewed, with its final update for 2019 to 2023 to be released in the first quarter of 2019–2020.

## Our focus

Aligned with the World Health Organization's Ottawa Charter for Health Promotion, VicHealth takes action at multiple levels:

- building healthy public policy in all sectors and at all levels of government
- creating supportive environments for health where people live, work and play
- strengthening community action for social and environmental change
- developing personal skills that support people to exercise greater control over their own health
- reorienting services to promote better health.

## Our operating model

### INNOVATE

discovering how to accelerate outcomes for health promotion

### INFORM

giving individuals and organisations the best information for healthier decisions

### INTEGRATE

helping Victoria lead health promotion policy and practice

## Our actions

- introducing cutting-edge interventions
- empowering through digital technologies
- undertaking pioneering research
- leveraging cross-sectoral knowledge
- utilising social marketing
- fostering public debate
- providing tools and resources
- developing strategic partnerships
- advancing best practice
- supporting policy development
- strategic investments and co-funding
- building capacity in individuals, communities and organisations

## Our difference

We are proud of what sets us apart:

- a track record of delivering innovation
- an independent, trusted and credible voice
- investment in research to drive change
- connection with people where they live, learn, work and play
- a focus on a positive state of health.

## Our origin

VicHealth is the world's first health promotion foundation, established in 1987 with funding from government-collected tobacco taxes and mandated to promote good health in the state.

## Our healthscape

Social, economic, environmental, technological and demographic trends are driving an epidemic of non-communicable chronic diseases globally. The Victorian Government is committed to addressing the social determinants of health and their unequal distribution across the population, as evidenced by:

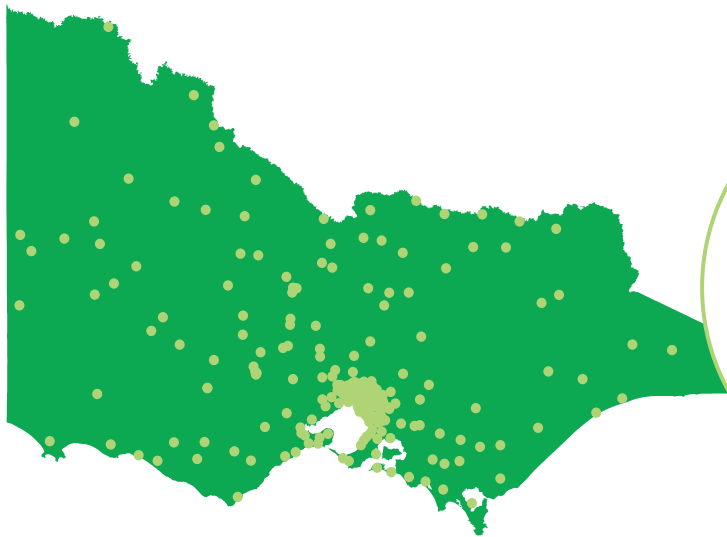
- the Victorian Public Health and Wellbeing Plan 2015–2019
- the Royal Commission into Family Violence
- the *Hazelwood Mine fire inquiry report 2015/2016 – Volume III health improvement*.

VicHealth will prioritise action that advances women and explores new ways of working with communities to address disadvantage. Our status as a World Health Organization Collaborating Centre for Leadership in Health Promotion enables us to share Victoria's world-class health promotion nationally and internationally.

**OUR COMMITMENTS:** Fairness | Evidence-based action | Working with community | Partnerships across sectors

# FAST FACTS

## 2018-2019



**OUR REACH**

VicHealth works in partnership with communities, organisations and individuals across Victoria to promote good health and prevent ill health.

### EXPENDITURE ACROSS OUR STRATEGIC IMPERATIVES

\$13.5m



**INCREASING PHYSICAL ACTIVITY**

\$5.0m



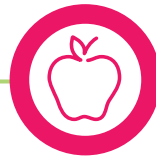
**PREVENTING TOBACCO USE**

\$4.7m



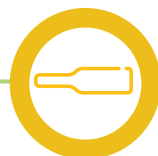
**IMPROVING MENTAL WELLBEING**

\$2.6m



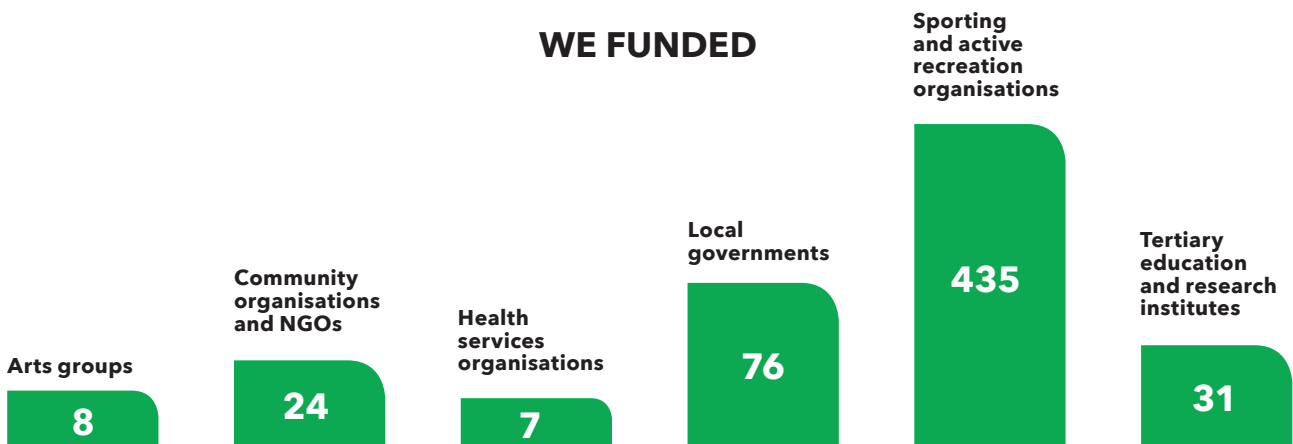
**PROMOTING HEALTHY EATING**

\$1.9m

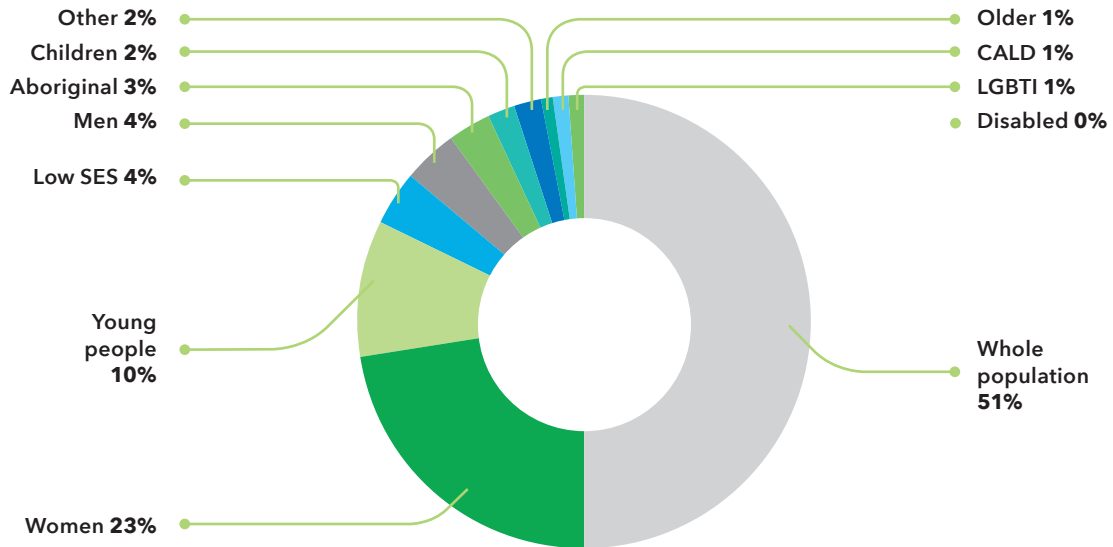


**PREVENTING HARM FROM ALCOHOL**

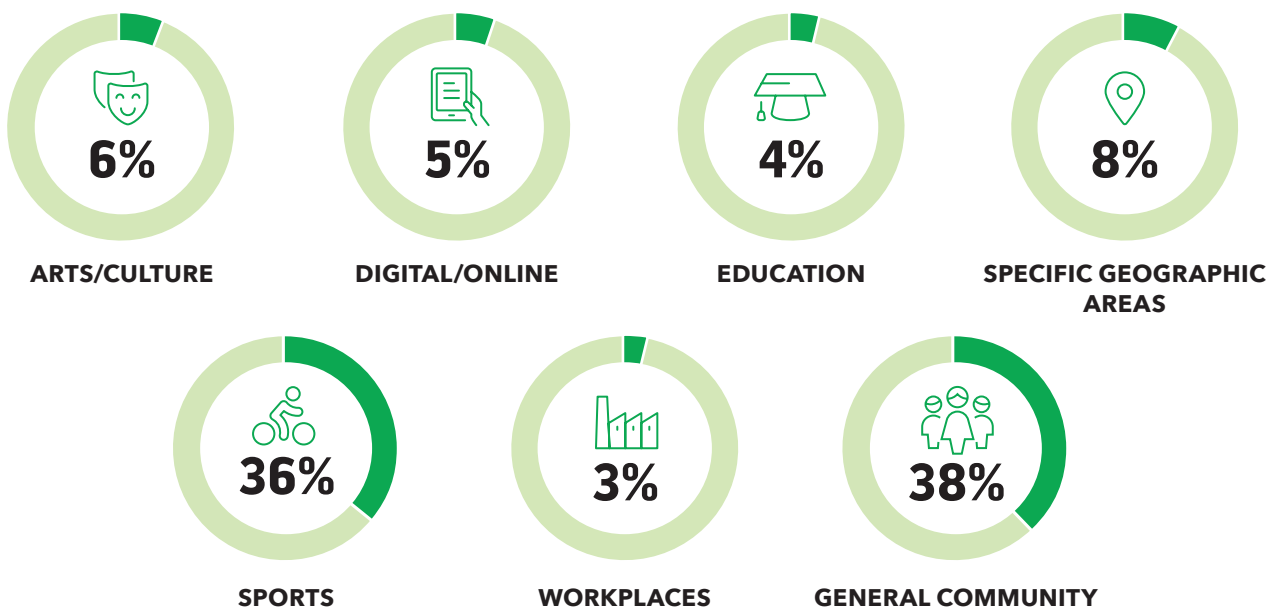
### WE FUNDED



## EXPENDITURE ACROSS TARGET POPULATION GROUPS



## EXPENDITURE ACROSS SETTINGS



## THIS GIRL CAN - VICTORIA: KEY ACHIEVEMENTS



MORE THAN  
**396,000**  
**women**  
BECAME ACTIVE



OVER  
**950**  
CAMPAIGN  
SUPPORTERS



**Performance strongest**  
**in regional areas**  
WITH CALD COMMUNITIES  
AND THOSE LIVING WITH  
DISADVANTAGE

# Operational and budgetary objectives and performance against objectives

## Operational performance against budget

Total income was \$40.7 million, which exceeded the budget by \$0.3 million. Funding was received to deliver special projects, Bystanders for Primary Prevention (\$0.18 million) and Sports Participation Research (\$0.08 million) and was the main reason for exceeding the revenue target. The appropriation received from the Department of Health and Human Services of \$40.2 million was \$0.3 million above our budget submission to the Minister for Health. Total expenditure was \$40.9 million: \$0.6 million (or 1.5 per cent) lower than the target.

Total grant expenditure from appropriation was \$28.0 million, which exceeded budget by \$0.8 million (or 3 per cent) as a result of an increase in appropriation funds combined with a forecast underspend in employee expenses and allowed a further \$1.1 million to be directed to program/campaign expenditure. Further grant and project implementation costs of \$0.6 million were expended from funding received to deliver special projects.

Wages and on-costs of \$8.8 million were \$0.7 million (or 7 per cent) lower than the budget due to staff vacancies and employee provisions being lower than expected.

Operating costs of \$3.2 million were \$0.1 million (or 2 per cent) over budget, due to minor unfavourable variances across employee development and wellbeing, general administration and occupancy costs.

The comprehensive result for the year includes a surplus of \$0.21 million from general appropriation-funded activities offset by a deficit of \$0.40 million from special purpose-funded activities, resulting in a net deficit comprehensive result of \$0.19 million for the year. This deficit has resulted from

timing differences in the receipt and expenditure of special appropriations or other grants to deliver specific programs, which are often received upfront and recognised as revenue in accordance with Note 2, with the delivery of the program occurring over subsequent and/or multiple financial years.

Most notably, and in line with Victorian Government reporting according to Australian accounting standards, all VicHealth's employee expenses are disclosed in the Financial Statements as a separate expense within total expenses. When management considers the level of direct contribution VicHealth staff makes to delivering health promotion programs and projects for all Victorians, around 31 per cent or \$2.7 million of VicHealth's 2018–19 employee expenses could be considered program and project expenditure if VicHealth were to capture and apply time and employee expenses of staff whose time is spent directly on programs and projects in the field. This would take the total grants and direct project implementation costs for 2018–19 in the Operating Statement to \$31.4 million or over 78 per cent of the appropriation income. Taking a broader organisational view, all teams with the exception of the Chief Executive Officer's Office and the Corporate Services Group can be considered to have directly contributed to VicHealth's delivery of health promotion programs and projects, representing around 71 per cent or \$6.3 million of VicHealth's 2018–19 employee expenses and taking the total grants and direct project implementation costs of 2018–19 to \$35.1 million or over 87 per cent of the appropriation income.

Our operating budget performance is summarised in Table 1.

**Table 1: Operational performance against budget for 2018–19**

	Appropriation funds		Special purpose funds		Total	
	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)
<b>Income</b>						
Appropriation	40,223	39,890	282	347	40,505	40,237
Other income	222	195	-	-	222	195
<b>Total income</b>	<b>40,445</b>	<b>40,085</b>	<b>282</b>	<b>347</b>	<b>40,727</b>	<b>40,432</b>
Grants & direct project implementation	28,229	27,229	590	340	28,819	27,569
Employee expenses & operating costs	12,014	12,715	81	18	12,095	12,733
<b>Total expenses</b>	<b>40,243</b>	<b>39,944</b>	<b>671</b>	<b>358</b>	<b>40,914</b>	<b>40,302</b>
<b>Operating surplus/(deficit)</b>	<b>202</b>	<b>141</b>	<b>(389)</b>	<b>(11)</b>	<b>(187)</b>	<b>130</b>



Under section 33 of the *Tobacco Act 1987*, the budget of VicHealth must provide for payments to sporting bodies (not less than 30 per cent) and to bodies for the purpose of health promotion (not less than 30 per cent). These important statutory requirements were both achieved.

The VicHealth Board also sets the following guidelines on grant expenditure for the financial year. These targets, among other criteria, are used to guide the level of investment in each strategic imperative and in research and evaluation.

The statutory objective of payments to sporting bodies is a key reason VicHealth's expenditure on physical activity is significantly higher than on other imperatives.

Our performance against these targets is summarised in Table 2.

**Table 2: Performance against statutory and VicHealth Board policy expenditure targets<sup>(i)</sup>**

Performance measures	2018–19 minimum or guideline	2018–19 budget (\$'000)	2018–19 actual	2018–19 amount (\$'000)
<b>Statutory expenditure target<sup>(ii)</sup></b>				
Sporting bodies	At least 30%	12,059	34%	13,810
Health promotion	At least 30%	14,288	34%	13,635
<b>Board policy expenditure guideline</b>				
Promote healthy eating	5%	2,086	7%	2,621
Encourage regular physical activity	21%	12,782	34%	13,546
Prevent tobacco use	13%	5,329	13%	5,031
Prevent harm from alcohol	5%	2,334	5%	1,918
Improve mental wellbeing	8%	3,618	12%	4,720
Research and evaluation <sup>(iii)</sup>	12%	5,771	15%	5,866

Notes:

- (i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2018–19 financial year our budgeted appropriation was \$39.9 million. Figures exclude payments sourced from special purpose funds unless otherwise indicated.
- (ii) Spend against statutory expenditure targets is not exclusive of spend against the Board's policy targets. Expenditure coded against the statutory targets is also coded against the Board's expenditure targets. Expenditure on 'health promotion' in this instance is defined as total grant payments less grant monies issued to sporting bodies.
- (iii) The research and evaluation figure may include expenditure allocated to other statutory and board expenditure categories.

## Five-year financial summary

Table 3: Five-year financial summary

	2019 (\$'000)	2018 (\$'000)	2017 (\$'000)	2016 (\$'000)	2015 (\$'000)
<b>Operating statement</b>					
Revenue from government	40,505	39,863	38,558	38,305	37,503
Other income	222	226	215	256	371
Total income	40,727	40,089	38,773	38,561	37,874
Grants and funding	28,819	26,596	27,455	26,451	29,915
Employee expenses and other costs	12,095	11,767	10,897	11,143	11,298
Total expenses	40,914	38,363	38,352	37,594	41,213
Net surplus/(deficit) for the period	(187)	1,726	421	967	(3,339)
<b>Balance sheet</b>					
Total assets	8,105	7,935	5,987	5,494	5,825
Total liabilities	2,635	2,279	2,057	1,985	3,283
Total equity	5,470	5,656	3,930	3,509	2,542

## Major changes affecting performance

Total income was \$40.7 million, an increase of \$0.6 million compared to the \$40.1 million received in 2017–18, due to a \$1.15 million indexation of the appropriation received under the Act. Additionally, VicHealth was provided with special purpose funding to deliver projects such as Bystanders for Primary Prevention of Violence Against Women.

Total expenses were \$40.9 million, an increase of \$2.6 million. Expenditure on grants and funding of \$28.8 million increased since last year due to an increase in appropriation funding and expenditure on special purpose projects, which is a major contributor to the operating deficit this year of \$0.2 million.

Employee expenses and other operating costs have increased by \$0.3 million due to the expenditure incurred in the second stage of the Core Systems Replacement Project.

## Significant changes in financial position during the year

The value of total assets is \$8.1 million, an increase of \$0.2 million. VicHealth's cash balances remain consistent with the year prior of \$7.0 million.

Receivables have increased from \$0.6 million to \$0.7 million, mainly due to the value of GST credits receivable from the ATO.

Liabilities are \$2.6 million with the increase of \$0.3 million mostly relating to an increase in the amount of outstanding grants payable at balance date.

## Subsequent events

There were no subsequent events occurring after the balance date to significantly affect VicHealth's operations in subsequent reporting periods.

## Granting of funds

As part of its core business, VicHealth has continued to provide assistance to organisations to deliver program outputs against our strategic framework, through the granting of funds for health promotion and prevention purposes. Grant expenditure includes health promotion expenditure such as programs, funding rounds, research grants, campaigns and directly associated activities.

Significant grant expenditure is defined as:

- any grant funding round where payments to successful organisations total \$250,000 or more during the financial reporting period
- single projects where payments to the organisation total \$250,000 or more during the financial reporting period.

Details of significant grant funding rounds are provided in Table 4.

**Table 4: Grants<sup>(i)</sup> with payments totalling \$250,000 or more during the reporting period**

Funding round	No. of organisations receiving payments	Payments (\$'000)
Active Club Grants	385	1,231
Active Women and Girls	9	1,185
Alcohol and Drug Foundation Connecting Diversity	1	300
Alcohol Culture Change Initiative	10	667
ARC & NHMRC Partnership Grants	4	259
Arts Strategy	5	481
Bright Futures Challenge	16	802
Growing Participation in Sport Program	20	2,300
Quit Victoria	1	4,695
Regional Sport Program	9	1,515
Salt Partnership	3	689
This Girl Can – Victoria	50	2,148
VicHealth Innovation & Impact Research Grants	4	263
VicHealth Innovation Challenge: Physical Activity	16	300
Victoria Walks Partnership	1	450
Walk to School	71	1,080
Water in Sports Initiative	11	440

Note:

- (i) The table relates to payments made during the financial year. The funding or grant round may have been awarded in a previous year or the current year and/or may be part of a multi-year funding agreement.

Details of significant project payments to individual organisations are provided in Table 5.

**Table 5: Organisations receiving grant payments totaling \$250,000 or more during the reporting period**

Organisation name	Project name(s)	Payments (\$'000)
Alcohol and Drug Foundation	Alcohol and Drug Foundation Connecting Diversity	325
Australian Football League	Active Women and Girls Growing Participation in Sport Program VicHealth Innovation Challenge: Physical Activity	302
Cancer Council Victoria	Obesity Policy Coalition Quit Victoria SunSmart Program Alcohol Legal Policy Project	5,225
City of Melbourne	Arts Strategy Gender Equality and Arts White Night Melbourne	632
Deakin University	ARC & NHMRC Partnership Grant Innovation Research Grant Alcohol Culture Change Grants Initiative Warrnambool Last Drinks project Bright Futures Challenge Healthy Living Apps Project Promoting Healthy Food in Sport Water in Sport Initiative	757
Football Victoria	Active Women and Girls Growing Participation in Sport Program	325
GippSport	Regional Sport Program	306
La Trobe University	ARC & NHMRC Partnership Grant Impact Research Grant VicHealth Indicators Active Club Grants Active Women and Girls Alcohol Culture Change Grants Initiative Drinking Culture & Youth Social Movements Examining How Alcohol Outlets Relate to Family Violence Rates This Girl Can – Victoria Growing Participation in Sport Program Healthy Masculinities Research Grants Investment Review Stakeholder Survey Social Connection Measure VicHealth Innovation Challenge: Physical Activity	1,258
Mediacom	This Girl Can – Victoria	971
Monash University	ARC & NHMRC Partnership Grant Innovation Research Grant Impact Research Grant Healthy Masculinities Men's Risky Drinking Initiative PhD Students (GRIP Behaviour Change) Pride Game	565

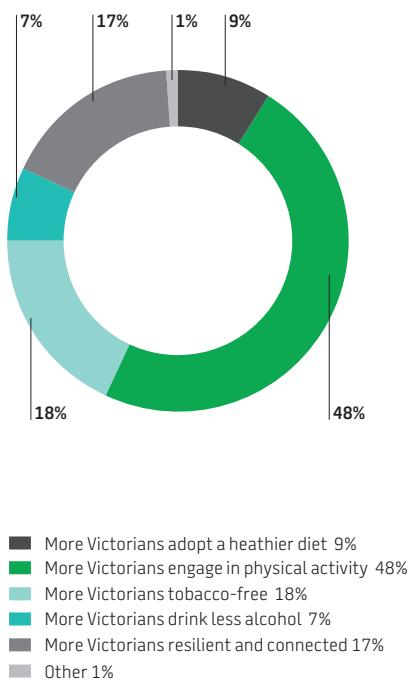
Organisation name	Project name(s)	Payments (\$'000)
National Heart Foundation of Australia (Vic Division)	Salt partnership	580
Netball Victoria	Active Women and Girls Growing Participation in Sport Program	270
Surfing Victoria	Active Women and Girls – Participation Growing Participation in Sport Program Indigenous Surfing Program	300
The Behavioural Insights Team	Bystanders for Primary Prevention of Violence Against Women Leading Thinkers: Gender Equality PVAW Integration/Gender Equality	322
The Sax Institute	Mental Wellbeing Evidence Review (Royal Commission) Mental Wellbeing Loneliness Evidence Review Mental Wellbeing Arts & Health Evidence Review Evidence Reviews for VicHealth Indicators TAPPC NHMRC Partnership	333
The University of Melbourne	ARC & NHMRC Partnership Grant Health Education & Literacy in Pornography Project Leading Thinkers Evaluation Sustainable Development Goals Partnership Grant PVAW Integration/Gender Equality Innovation Research Grant Youth Engagement Evaluation and Resilience Indicators Research Youth Engagement Project	402
Touch Football Australia Incorporated	Active Women and Girls VicHealth Innovation Challenge: Physical Activity	270
Victoria University	Alcohol Culture Change Initiative Bystanders for Primary Prevention of Violence Against Women Gender Equality and Arts Investigating Potential Community Physical Activity Hubs Sport Participation Research Project	278
Victoria Walks Inc.	Change to Walking (previously VicHealth Walking Investment) Victoria Walks Victoria Walks & Parks Vic Walk to School	521
Victorian Cricket Association	Active Women and Girls	310
Western Bulldogs Football Club	Active Women and Girls Sons of the West 2019 and 2020 (Footscray Football Club)	281

The following graphs (1–5) represent the proportion of our total grants and funding expenditure of \$28.8 million during the financial year.

## Strategic imperatives

VicHealth’s expenditure aligns with our five strategic imperatives. The major proportion of our grants and funding is related to encouraging more Victorians to engage in physical activity (\$13.5 million), largely due to the statutory requirement to spend at least 30 per cent of our appropriation with sporting bodies (Graph 1: Expenditure by strategic imperative). Over \$5.0 million was invested to encourage more Victorians to be tobacco-free, largely in our long-term partnership with the Cancer Council to deliver the Quit program.

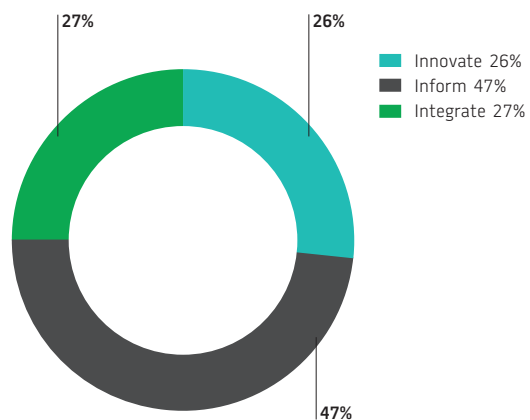
**Graph 1: Expenditure by strategic imperative**



## Operating model

VicHealth’s operating model covers three pillars: Innovate, Inform and Integrate. Graph 2: Expenditure by operating model indicates VicHealth’s 2018–19 investments in driving new ways to address our health priorities (Innovate); instigating action, deploying new ideas and broadening our impact (Inform); and embedding proven interventions in the preventive system (Integrate). A key component of Inform is communicating ideas, learnings and key messages to our stakeholders and broader audiences – this includes consumer-facing work undertaken through the Quit program and the This Girl Can – Victoria campaign.

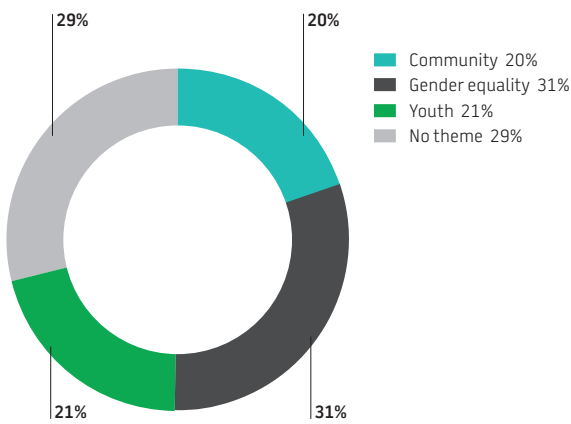
**Graph 2: Expenditure by operating model**



## Key themes for action

In addition to the five strategic imperatives, VicHealth actively considers three themes: gender, youth and community. The 2018–19 investment reflects a strong gender equality focus, including investment in Active Women and Girls program (sports) and the This Girl Can – Victoria campaign (Graph 3).

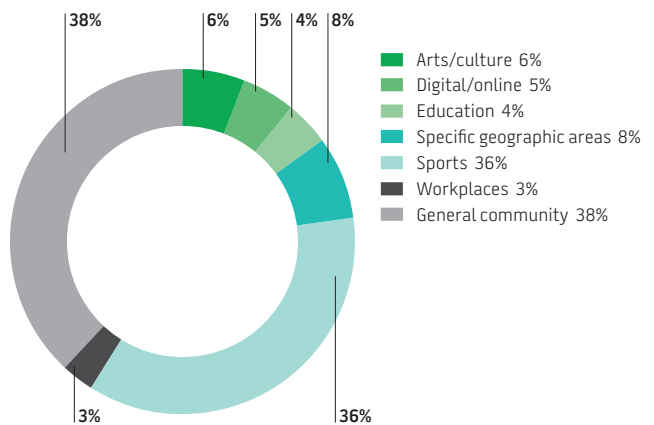
**Graph 3: Expenditure by key themes for action**



## Settings

Graph 5 depicts the proportion of grant funding allocated within each setting. The largest setting is general community, closely followed by sports, which reflects VicHealth’s statutory obligation to provide grants to sporting bodies.

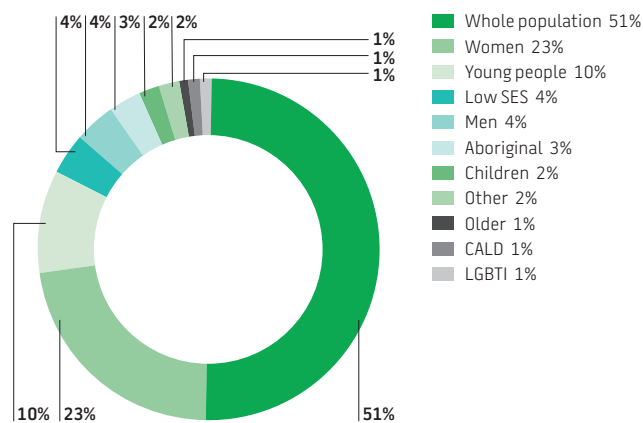
**Graph 5: Allocation of grant expenditure across settings<sup>(ii)</sup>**



## Target populations

Approximately half of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining balance was targeted at one or more of our target populations, including women, children, Aboriginal and low socioeconomic groups, as summarised in Graph 4.

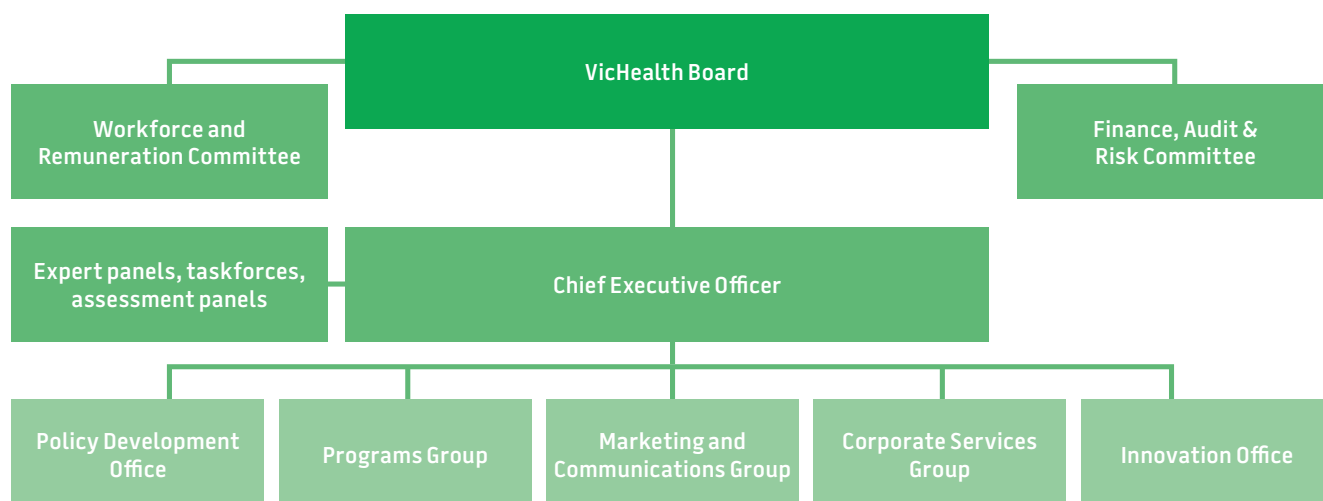
**Graph 4: Allocation of grant expenditure across target population groups**





# Section 2: VicHealth organisation structure, culture, capability and capacity

## VicHealth organisation structure



The key function of each of the groups/offices is outlined as follows.

### Programs Group

Design and execute program investment, grants, funding rounds, research and partnership activities to maximise outcomes of the Action Agenda for Health Promotion.

### Marketing and Communications Group

Develop and deliver organisational marketing and communications strategies, including branding, social marketing campaigns, communications, publications and events to enhance VicHealth's unique brand and reputation.

### Policy Development Office

Ensure VicHealth's health promotion, knowledge and action add value to the public policy process to deliver sustained health benefits for Victorians.

### Innovation Office

Trial the strategies, approaches, insights and collaborations that can fast track our aim to create healthier lives.

### Corporate Services Group

Provide the finance, facilities and administration, business planning, information technology and information management, people and culture functions, business improvement and project management, and manage the governance framework to support the work of VicHealth.

## Executive Management

The following people held executive management positions as at 30 June 2019:

*Acting Chief Executive Officer*  
Dr Lyn Roberts AO

*Executive Manager, Programs Group*  
Ms Kirstan Corben

*Executive Manager, Corporate Services Group*  
Mr Paul Crapper

*Executive Manager, Marketing and Communications Group*  
Mr Stefan Grun

*Executive Lead, Policy Development Office*  
Ms Kellie Horton

*Executive Lead, Innovation Office*  
Ms Nithya Solomon

## Employee Committees

VicHealth has several cross-organisational employee committees or groups to assist management in operations:

- Diversity and Inclusion Committee
- Employee, Wellbeing and OHS Committee
- Enterprise Agreement Group
- Executive Management Team
- Incident Management Team
- Management Team

In addition to these formal groups, there are a range of other cross-functional groups in operation.

## Organisational culture, capability and capacity

VicHealth has identified three key enablers required to drive organisational capability within VicHealth's operating model going forward:

- culture
- capability
- capacity

Two strategic projects commenced in 2018–19 – the Core Systems Replacement Project and the People Strategy Project, which will deliver enhancements in VicHealth's organisational capability to deliver its Action Agenda as well as to achieve good governance, statutory compliance and efficient and effective use of our financial and human resources.

## Core Systems Replacement Project

VicHealth has identified the need for significant investment in its ageing ICT applications to ensure our systems meet the requirements of VicHealth and other stakeholders and to facilitate the management of health promotion grants and activities and decision-making.

A business case was made following an assessment of whether VicHealth's ageing core ICT and business systems meet VicHealth's current and anticipated future business requirements, and the indicative cost to replace these systems, during the 2017–18 financial year. The Board approved this business case and gave approval to proceed with the procurement phase of the project.

A total of \$2.1 million has been budgeted for VicHealth's new grants, stakeholder and project management system, to be spent over 2018–19 and 2019–20, with \$0.19 million spent in the 2018–19 financial year. In recent years, VicHealth has had a financial strategy to increase its cash and other reserves to fund acquisition of the new system.

Supporting the implementation of the new core system is the delivery of a range of business improvement projects in the areas of project planning, delivery, monitoring, recording and reporting associated with VicHealth's grants and programs' key business processes and procedures. These business improvement projects will deliver efficient and effective new ways of working, integrated with the new core system.

Cutover to the new fully integrated system is expected in April 2020.

## People Strategy

As a reflection of the importance for VicHealth, a small independent statutory authority, to attract and retain staff and capture and maintain intellectual property, VicHealth launched its People Strategy in 2018–19 for the next three years. Our People Strategy identifies the ways VicHealth will support, develop and enhance each of the three organisational key enablers which are culture, capability and capacity, focusing on such matters as workplace wellbeing, organisational culture, change management, learning and development, internal communications and improvement in the clarity and efficiency of approvals processes.

## VicHealth Board

**The VicHealth Board members during the year were:**

**Ms Fiona McCormack, Chair**

**(Leave of absence: 10 December 2018 – 10 June 2019)**

Fiona McCormack was the Chief Executive Officer of Domestic Violence Victoria, the peak body for family violence services for women and children in Victoria, until June 2019, before taking up the position of Victims of Crime Commissioner in early July.

During a career spanning more than 20 years, Ms McCormack has worked at the forefront of community change in Victoria, with a focus on changing systems to improve outcomes for women and children at risk of family violence and highlighting the impact of gender on population health outcomes.

Ms McCormack has provided advice to governments through a number of high-profile advisory committees at state and national levels.

Internationally recognised as an expert in her field, she has presented at many high-profile forums, including the Victorian Royal Commission into Family Violence as well as a number of Senate Committees and United Nations forums.

With a background in social sciences, Ms McCormack also has extensive experience in community health – particularly working with culturally and linguistically diverse communities – as well as education, training and policy development.

**Dr Sally Fawkes, Deputy Chair  
(Acting Chair 10 December 2018 – 10 June 2019)**

Dr Sally Fawkes is a senior academic at La Trobe University where she coordinates health professional doctorates and postgraduate health promotion studies. She is an academic adviser to the Australian Futures Project hosted by La Trobe: a multisector, non-profit initiative striving to make ‘long-termism’ easier. She holds a Bachelor of Science, Master of Business Administration and a PhD in health policy. Dr Fawkes is a technical adviser for the World Health Organization and has been on the faculty of the WHO health leadership development program, ProLead, since 2004.

She is serving a third term as an elected member of the Governance Board of the WHO-affiliated International Network of Health Promoting Hospitals and Health Services, and was instrumental in establishing the Victorian chapter, now a national network.

Dr Fawkes’ research, teaching and professional work emphasise the application of foresight, systems thinking and health promotion in public sector governance, strategy and administration. Her active fields of interest include leadership and foresight practice to improve health in Asia and the Pacific, and health literacy and urban health in the context of the UN Sustainable Development Goals. She is a regular reviewer for national and international journals and is editorial adviser to *Cities & Health*. Dr Fawkes has previously worked for the WHO Regional Office for Europe, Victorian Healthcare Association and several universities and teaching hospitals. She has held board appointments with Women’s Health Victoria and community health services.

**Mr Nick Green, OAM  
(Acting Deputy Chair 10 December 2018 – 10 June 2019)**

Nick Green is an experienced leader who has worked in senior roles across global corporate, national sport and public sector organisations. He is currently the Industry Practice Leader for Aon, a global provider of risk management, insurance and professional services. Before this role, Mr Green was the Chief Executive Officer of Cycling Australia and Group Manager of Acquisition and Development at the Victorian Major Events Company (now Visit Victoria).

Mr Green has served as President of the Victorian Olympic Council from 2005–2016, an Executive Board Member of the Australian Olympic Committee (2005–2017), and a Fellow and Director of Leadership Victoria (2014–2016).

Mr Green has attended eight Olympic Games and was the Chef de Mission for the 2012 Australian Olympic Team. He was awarded the Order of Australia Medal and inducted into the Sport Australia Hall of Fame in recognition of his sporting achievements as a World and Olympic rowing champion and founding member of the ‘Oarsome Foursome’.

**Professor Margaret Hamilton, AO  
(1 July 2018 – 9 November 2018)**

Professor Hamilton has over 45 years’ experience in the public health field, specialising in alcohol and drugs, including clinical work, education and research. She has a background in social work and public health and was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria and Chair of the Multiple and Complex Needs Panel in Victoria. More recently, she has been a member of the Civil Society Task Force on Drugs contributing to UN consideration of international drug policy. She is now a member of the Mental Health Tribunal and has been appointed to chair the Review Panel for the Medically Supervised Injecting Facility in Victoria and the Board of the National Centre for Clinical Research on Emerging Drugs.

She served as an Executive member of the Australian National Council on Drugs and on the Prime Minister’s Council on Homelessness. She is a member of Cancer Council Victoria and retired as President in 2015.

Professor Hamilton holds an honorary position at the University of Melbourne.

**Mr Ben Hartung**

Ben Hartung is currently the Acting Group Manager of Insights and Strategy at Sport and Recreation Victoria.

Mr Hartung has served on the Board of VicHealth since October 2016. He served on the Board of the Sports Federation of Victoria (Vicsport) during November 2012 – November 2017 as well as on the boards of Commonwealth Games Australia and the Australian Commonwealth Games Foundation during March 2017 – November 2018.

Mr Hartung held various senior executive positions, including a period as interim Chief Executive Officer, at Hockey Australia from 2014 to 2019. He was the CEO of Hockey Victoria from 2008 to 2014, and prior to this was the Event Manager at the Australian Grand Prix Corporation. His more than 20 years’ experience in sports administration and teaching also includes roles as a physical education and psychology teacher in secondary schools.

Thriving on continual education, Mr Hartung has completed a Bachelor of Arts, Graduate Diploma in Education, Graduate Diploma in Sports Science, Graduate Diploma of Sports Management, Master of Sport Management and a Graduate Diploma in Sports Law. He has also completed the Performance Leaders Program at the Australian Institute of Sport.

Sport has been a lifelong passion for Mr Hartung: he has been actively involved in many sports as a player, coach and administrator for over 35 years.

Mr Hartung is committed to creating healthy, safe, welcoming and inclusive sporting and recreational environments for all.

**Ms Veronica Pardo**  
**(1 July 2018 – 9 November 2018)**

Veronica Pardo is the CEO of Multicultural Arts Victoria, the state's leading organisation on diversity in the arts, having spent 10 years leading Arts Access Victoria with a focus on cultural participation of people with disability and those experiencing mental health issues. Ms Pardo is an experienced leader who has led an ambitious agenda of social and artistic transformation in the creative industries. She has spearheaded campaigns relating to social justice, equity and the inclusion of all people in arts and culture, as audiences and cultural innovators. Ms Pardo has held senior roles in the non-government sector and academia, leading significant research projects aimed at embedding meaningful and lasting change towards equality.

**Mr Simon Ruth**  
**(1 July 2018 – 9 November 2018)**

Simon Ruth is CEO of Thorne Harbour Health (formerly the Victorian AIDS Council). He has more than 20 years of experience in the fields of AIDS and HIV awareness, advocacy and treatment, alcohol, drug treatment and Indigenous services, youth work and community development.

**Ms Stella Smith**  
**(4 September 2018 – 30 June 2019)**

Stella Smith is the Chief Executive of Crime Stoppers Victoria and has previously held senior executive roles with Melbourne Victory Football Club and 'Life. Be in it' Australia. Ms Smith is also a Director of Blue Light Victoria and a 'Change Our Game' Ambassador through the Office for Women in Sport and Recreation.

Ms Smith has broad experience in community, government and stakeholder engagement, advertising and health promotion. Her experience spans commercial, sport and the not-for-profit sectors. Ms Smith has also previously held board positions with Women's Health East and the Melbourne Victory FC Academy, with considerable experience in community sporting organisations.

Ms Smith holds a Master of Marketing and Graduate Diploma of Business and is passionate about promoting gender equality, encouraging social inclusion and using sport to enhance opportunities for community engagement.

**Mr Stephen Walter**

Stephen Walter is a senior corporate affairs professional with over 35 years' experience in corporate communications, stakeholder relations, marketing and business development gained through the public and private sectors. He is currently principal and owner of Persuade Consulting. Previous to this, he was Chief of Staff and Head of Corporate Affairs at Australia Post, where he was a member of the Executive Committee for a decade.

Mr Walter formerly held board memberships at the Australian Association of National Advertisers and RMIT Alumni Association. His community contributions include pro bono work for Cottage by the Sea, a charity supporting disadvantaged children, and advisory services to Opera Australia.

**Ms Sheena Watt**  
**(4 September 2018 – 30 June 2019)**

Sheena Watt is a public health advocate and company director. Ms Watt, a proud Yorta Yorta woman, is a board member of Progressive Public Health Australia and until recently was a board member of the Centre for Australian Progress and the Queen Elizabeth Centre. She is a member of the Clinical Governance Committee at Merri Health and the Policy and Programs Task Group at Women's Health Victoria.

Ms Watt is the Executive Manager of the Aboriginal and Torres Strait Islander Policy & Programs at AFL SportsReady and Fellow of the Centre for Sustainability Leadership. With a career background in Aboriginal and multicultural affairs, Ms Watt has particularly focused on health equality, clinical governance and workforce reform.

Ms Watt was recently recognised as a Top 50 Australian Advanced Not-For-Profit Governance Leader.

### The Members of Parliament appointed to the Board are:

#### The Hon. Wendy Lovell, MP (1 July 2018 – 11 April 2019)

Wendy Lovell has represented the Northern Victoria Region as a Liberal Party member in the Victorian Legislative Council since 2002 and served as Minister for Housing and Minister for Children and Early Childhood Development from 2010 until 2014. She is currently the Deputy President of the Legislative Council.

Through her role as a regional Member of Parliament and her former ministerial responsibilities, Ms Lovell has developed a strong interest in maternal and child health as well as health outcomes of rural and regional communities.

Prior to entering parliament, Ms Lovell enjoyed a career in small business as a newsagent and is well known for her commitment to community service and strong advocacy for her region.

#### Ms Natalie Suleyman, MP (1 July 2018 – 11 April 2019)

Natalie Suleyman is the State Member for St Albans.

In 2019, Ms Suleyman was appointed Chair of the Victorian Legislative Assembly's Legal and Social Issues Committee. Ms Suleyman is also the Co-convenor of the Victorian Parliamentary Friends of Poland and the Secretary of the Victorian Parliamentary Friends of Turkey.

In 2018, Ms Suleyman was honoured to be a recipient of the Knight's Cross of the Order of Merit of the Republic of Poland.

Previously, Ms Suleyman served as a local councillor at Brimbank City Council, including three terms as mayor. She was awarded a Certificate of Outstanding Service – Mayor Emeritus by the Municipal Association of Victoria and received the Victorian Multicultural Award for Excellence – Local Government.

The opening of the new Joan Kirner Women's and Children's Hospital was a major achievement for Ms Suleyman, who worked closely with the community to deliver the health and medical precinct for Melbourne's west.

**Table 6: VicHealth Board attendance register**

Board	No. of meetings attended in 2018–19	Eligible meetings in 2018–19
Ms Fiona McCormack, <sup>(1)</sup> Chair 1 July 2018 – 30 June 2019	3	6
Dr Sally Fawkes 1 July 2018 – 30 June 2019	6	6
Mr Nick Green OAM 1 July 2018 – 30 June 2019	5	6
Prof Margaret Hamilton AO 1 July 2018 – 9 November 2019	1	2
Mr Ben Hartung 1 July 2018 – 30 June 2019	6	6
The Hon. Wendy Lovell, MP 1 July 2018 – 11 April 2019	3	5
Ms Veronica Pardo 1 July 2018 – 9 November 2018	2	2
Mr Simon Ruth 1 July 2018 – 9 November 2018	2	2
Ms Stella Smith 4 September 2018 – 30 June 2019	4	5
Ms Natalie Suleyman, MP 1 July 2018 – 11 April 2019	2	5
Ms Stephen Walter 4 September 2018 – 30 June 2019	5	6
Ms Sheena Watt 4 September 2018 – 30 June 2019	4	5
Mr Peter Moloney (Board adviser and Chair of Finance, Audit and Risk Committee)	3	4

(1) Ms McCormack was on leave of absence from 10 December 2018 to 10 June 2019.

## Finance, Audit and Risk Committee

The purpose of the committee is to assist the VicHealth Board with fulfilling its governance duties by ensuring that effective financial management, auditing, risk management and reporting processes (both financial and non-financial) are in place to monitor compliance with all relevant laws and regulations and ensure best practice. Table 7 lists the members on this committee and their attendance at meetings in the last financial year.

**Table 7: Finance, Audit and Risk Committee members and attendance register**

Finance, Audit and Risk Committee	No. of meetings attended in 2018–19	Eligible meetings in 2018–19
Mr Peter Moloney, Chair 1 July 2018 – 30 June 2019 Independent	4	4
Ms Joanne Booth 1 July 2018 – 30 June 2019 Independent	4	4
Ms Kerry Bradley 1 July 2018 – 30 June 2019 Independent	4	4
Mr Nick Green OAM 1 July 2018 – 30 June 2019 Board member	4	4
Mr Simon Ruth 1 July 2018 – 9 November 2018 Board member	1	1
Mr Adam Todhunter 1 July 2018 – 30 June 2019 Independent	4	4

## Workforce and Remuneration Committee

The purpose of the committee is to provide strategic advice on workforce strategy and planning, remuneration, human resource policies and alignment of VicHealth's policies with relevant industrial relations and employment legislation and Victorian Government policies. Additionally, the committee reviews the CEO's performance and remuneration. Table 8 lists the members on this committee and their attendance at meetings in the last financial year.

**Table 8: Workforce and Remuneration Committee members and attendance register**

Workforce and Remuneration Committee	No. of meetings attended in 2018–19	Eligible meetings in 2018–19
Dr Sally Fawkes, Chair 28 August 2018 – 30 July 2019 Board member	4	4
Ms Fiona McCormack <sup>(1)</sup> Chair: 1 July 2018 – 27 August 2018 Deputy Chair: 28 August 2018 – 30 June 2019 Board member	4	4
Ms Veronica Pardo 1 July 2018 – 9 November 2018 Board member	1	4
Mr Stephen Walter 1 July 2018 – 30 June 2019 Board member	3	4

(1) Ms McCormack was on leave of absence from 10 December 2018 to 10 June 2019.

## Core Systems Replacement Project Steering Committee

VicHealth established an internal Core Systems Replacement Project Steering Committee in 2018–19 to oversee the governance, procurement, development and implementation of VicHealth’s new \$2.1 million grants, stakeholder and project management system, which will replace its ageing legacy systems. This committee comprises internal leaders of VicHealth as well as external experts in IT governance, change management and the core systems provider; it was also supported throughout the procurement phase with external advice from KPMG and the Victorian Government Solicitor’s Office. The committee reports to both the Executive Management Team and the Finance, Audit and Risk Committee.

## Advisory Governance Framework

The VicHealth Advisory Governance Framework outlines VicHealth’s decision-making processes regarding the provision of programs, research and grants. The principles provide VicHealth, stakeholders and the community with confidence that the processes are efficient, financially responsible and are meeting the objectives, policies and strategic plans of VicHealth.

The Advisory Governance Framework comprises three distinct groups that make recommendations to the VicHealth CEO. These groups are established as required to examine specific health promotion and prevention issues, and consist of:

- expert panels – to examine key strategic matters that affect the pillars of the Action Agenda for Health Promotion
- taskforces – to investigate and provide operational and implementation advice on key strategic priorities and high-profile community health issues
- assessment panels – to determine funding recommendations and/or review major funding/grant, and/or procurement proposals.

During 2018–19 the following groups were convened:

### Expert panels

Arts Roundtable

### Taskforces

Alcohol

Healthy Eating

Leading Thinkers Behavioural Insights & Gender Equality

Mental Wellbeing

Physical Activity

Quit Review

Research Grants Review

SunSmart Investment Review

### Assessment panels

Active Club Grants

Active Women and Girls Sport Partnership Review

ARC Linkage and NHMRC Partnership Research Grant

Gender Equality Arts in Community

Impact Research Grants

Innovation Challenge: Physical Activity

Sustainable Development Goals Grants – Stage 2

Vicsport Review

In addition to these taskforces and panels, VicHealth consulted with a range of other health experts and stakeholders on specific health promotion and prevention topics and projects.

## Patron-in-Chief

VicHealth is pleased and honoured to have as its Patron-in-Chief, The Hon. Linda Dessau, AC, Governor of Victoria.

## Section 3: Workforce data

### Occupational Health and Safety (OHS) management

VicHealth's Occupational Health and Safety (OHS) policy demonstrates our commitment to the provision of a safe and healthy workplace.

VicHealth is committed to fostering and enshrining a culture within the organisation that values the importance of a healthy and safe work environment.

To further these aims, VicHealth has an established Employee Wellbeing and OHS Committee. This committee comprises staff from across the organisation to act as an employee consultation group by undertaking the following tasks and functions:

- providing an avenue for employee consultation relating to wellbeing and OHS
- promoting employee wellbeing and OHS
- delivering employee health and wellbeing activities/topics.

Our performance against key OHS indicators during the past two financial years is summarised in Table 9.

**Table 9: Performance against OHS management measures**

Measure	Indicator	2018–19	2017–18
Incidents	No. of incidents	1	3
	No. of hazards reported	0	1
Claims	No. of standard claims	0	1
	No. of lost time claims	0	1
	No. of claims exceeding 13 weeks	0	0
Claim costs	Average cost per standard claim <sup>(i)</sup>	\$0	\$0

Note:

(i) Average cost per claim includes medical expenses only and does not include salary or wages.

### Inclusion, diversity and equity principles

Our Equity, Diversity and Inclusion Policy demonstrates our commitment to creating and maintaining a positive working environment free of discrimination and harassment that provides equal opportunities for all and values diversity and inclusion.

In further support of this, VicHealth has established a Diversity and Inclusion Committee comprising employee representatives from all groups of the organisation.

As part of our diversity commitment, we have engaged employees and recognised experts in the development and updating of a range of diversity and inclusion documents, including:

- the Diversity and Inclusion Framework and Disability Action Plan, which have recently been formally launched
- the draft Innovate Reconciliation Action Plan, which VicHealth is currently working on with Reconciliation Australia to achieve endorsement
- the Equity, Diversity and Inclusion Policy, which was finalised in early 2019.

We participated in the People Matter Survey, which collected information on staff perception of inclusion, diversity and equity within the VicHealth workplace, and used the survey results to inform action plans to work on identified key areas for improvement.



## Public administration values and employment principles

VicHealth continues to implement the directions of the Commissioner for Public Employment relating to upholding public sector conduct, managing and valuing diversity, managing underperformance, reviewing personal grievances and selecting on merit.

VicHealth regularly reviews its suite of detailed employment policies, including policies relating to grievance resolution, recruitment, performance management, learning and development, management of conflicts of interest and gifts, benefits and hospitality.

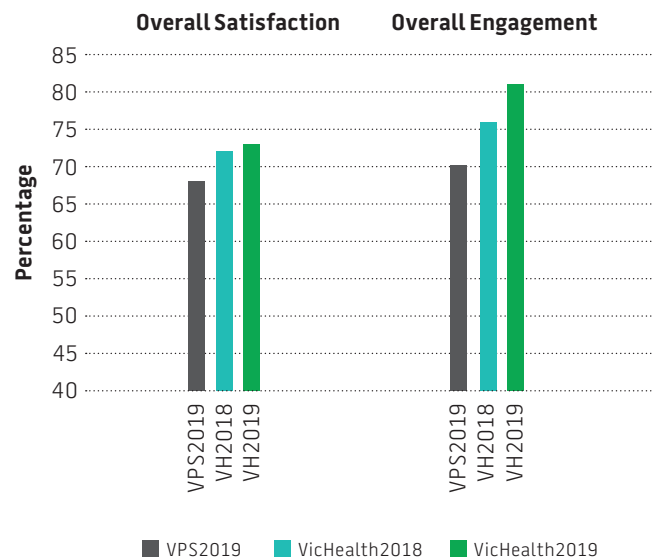
In support of the above, VicHealth continues to embed its staff-driven Employee Culture Charter. The Charter outlines four principles that set the cultural and professional standards to which we all commit and expect other employees to demonstrate. The four principles are: Trust, Challenge, Accountability and Results. At the end of the year, peer-based recognition is awarded to staff members who best demonstrate these principles.

## VicHealth workplace

VicHealth participates in the annual People Matter Survey, commissioned by the Victorian Public Sector Commission. VicHealth strives to be an employer of choice by implementing various strategies to provide employees with rewarding and challenging careers, offer workplace flexibility and provide a workplace that embraces a diverse and inclusive culture.

The staff satisfaction and engagement results for 2019 are summarised in Graph 6. It is pleasing that there continues to be an upward trend in VicHealth's results and that VicHealth's results are better than the VPS average. It has been especially pleasing this year to score 81 per cent on overall engagement (up from 76 per cent in 2018) and 73 per cent on overall satisfaction (up from 72 per cent in 2018).

**Graph 6: Results from the People Matter survey**



## Workforce data

Table 10 describes the profile of VicHealth's workforce.

**Table 10: Workforce data**

	All employees				Ongoing						Fixed term & casual			
	Number (HC)		FTE		Full-time (HC)		Part-time (HC)		FTE		Number (HC)		FTE	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<b>Gender</b>														
Male	15	18	14.5	17.5	11	15	3	2	13.5	16.6	1	1	1	0.9
Female	56	59	48	47.8	24	25	21	24	38.8	41.2	11	10	9.2	6.6
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Age</b>														
15–24	0	2	0	1.4	0	0	0	0	0	0	0	2	0	1.4
25–34	18	16	17.2	14.8	11	11	2	3	12.4	12.8	5	2	4.8	2
35–44	27	31	22.8	24.9	13	14	9	14	19	23.3	5	3	3.8	1.6
45–54	17	19	14.5	16.9	6	11	9	5	12.9	14.7	2	3	1.6	2.2
55–64	9	9	8	7.3	5	4	4	4	8	7	0	1	0	0.3
65+	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>VicHealth EA</b>														
Grade A	2	3	1.6	2.2	0	0	2	2	1.6	1.6	0	1	0	0.6
Grade B	1	1	.6	0.8	0	0	1	0	.6	0	0	1	0	0.8
Grade C	10	13	9.4	12	7	9	2	3	8.4	11	1	1	1	1
Grade D	37	33	33.2	28.5	19	18	12	13	27.8	27.2	6	2	5.4	1.3
Grade E	21	21	17.7	16.5	9	9	7	6	13.9	12.7	5	6	3.8	3.8
Grade F	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total VicHealth EA (A–F Grade)</b>	<b>71</b>	<b>71</b>	<b>62.5</b>	<b>60</b>	<b>35</b>	<b>36</b>	<b>24</b>	<b>24</b>	<b>52.3</b>	<b>52.5</b>	<b>12</b>	<b>11</b>	<b>10.2</b>	<b>7.5</b>
<b>Senior employees</b>														
Executives <sup>(i)</sup>	6	6	4.7	5.3	3	4	2	2	4.7	5.3	1	0	1	0
<b>Total senior employees</b>	<b>6</b>	<b>6</b>	<b>4.7</b>	<b>5.3</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>4.7</b>	<b>5.3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total employees</b>	<b>77</b>	<b>77</b>	<b>67.2</b>	<b>65.3</b>	<b>38</b>	<b>40</b>	<b>26</b>	<b>26</b>	<b>57</b>	<b>57.8</b>	<b>12</b>	<b>11</b>	<b>10.2</b>	<b>7.5</b>

Notes:

(i) Executives includes the Accountable Officer (CEO).

All workforce data figures reflect active employees in the last full pay period of June of each year.

'Ongoing employees' means people engaged in an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

'FTE' means full-time staff equivalent.

'HC' means headcount.

The headcounts exclude those persons on leave without pay or absent on secondment, external contractors or consultants, temporary staff employed by employment agencies, and a small number of people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004* (e.g. persons appointed to a non-executive board member role, to an office of Commissioner, or to a judicial office).

## Executive officer data

An executive officer is defined as a person employed as a public service body head or other executive under Part 3, Division 5 of the *Public Administration Act 2004*. All figures reflect employment levels at the last full pay period in June of the current and corresponding previous reporting year.

Table 11 outlines the number of executives (including the Accountable Officer) employed in the last pay period in June. The table does not include employees in acting executive arrangements.

**Table 11: Breakdown of executive officers**

	June 2019				June 2018			
	Male	Female	Self-described	Vacancies	Male	Female	Self-described	Vacancies
Chief Executive Officer	0	1	0	0	0	1	0	0
Executive Managers	2	1	0	0	2	1	0	0
Executive Leads	0	2	0	0	0	2	0	0
<b>Total</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>

**Table 12: Reconciliation of executive numbers**

		2018–19	2017–18
	Executives with remuneration over \$100,000	5	5
<i>Add</i>	Vacancies (Table 11)	0	0
	Executives employed with total remuneration below \$100,000	0	0
	Accountable Officer (Chief Executive Officer)	1	1
<i>Less</i>	Separations	0	0
	<b>Total executive numbers at 30 June</b>	<b>6</b>	<b>6</b>

A summary of executive remuneration is contained in the Financial Statements (Note 8.3).

The role of Chief Executive Officer was held by Ms Jerril Rechter during 1 July 2018 – 15 March 2019. Dr Lyn Roberts AO became Acting Chief Executive Officer for the period 18 March 2019 – 30 June 2019. Ms Jerril Rechter was remunerated as an employee of VicHealth; however, Dr Lyn Roberts AO was remunerated as a consultant during her tenure as Acting Chief Executive Officer.

## Section 4: Other disclosures

### Consultancies

Table 13 details the consultancies valued more than \$10,000 that were engaged in the last financial year.

**Table 13: Details of consultancies over \$10,000 (excluding GST)**

Consultant	Purpose of consultancy <sup>(i)</sup>	Total approved project fee (\$'000)	2018–19 actual expenditure (\$'000)	Future expenditure (\$'000) <sup>(ii)</sup>
Antinomies	Communications consulting	25	25	-
Common State	Communications consulting	20	20	-
Corvus Group	Human resources consulting services	129	129	-
Demand IT	Business and system consulting services	12	12	-
FiveP Australia	Business and system consulting services	25	25	-
KPMG	Business and system consulting services	280	280	-
LR Associates	Business consulting services	230	230	-
RMIT University	Business consulting services	10	10	-
Stellar Partnerships	Business consulting services	17	17	-
The Coaching Panel	Business consulting services	50	50	-
Triskele Labs	Business consulting services	11	11	-
Victorian Government Solicitor's Office	Legal services	15	15	-

Note: Consultancy agreements cover the period 1 July 2018 to 30 June 2019. Unless otherwise indicated, there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2019 as required.

Consultants disclosed in this table exclude consultants engaged under a VicHealth grant or funding agreement.

### Details of consultancies under \$10,000

In 2018–19, there were 26 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during the financial year in relation to these consultancies was \$72,000 (excluding GST).

## Information, communication and technology (ICT) expenditure

Details of ICT expenditure during the financial year were:

**Table 14: ICT expenditure during 2018–19 (excluding GST)**

Expenditure	(\$'000)
Business as Usual ICT expenditure	1,295
Non-Business as Usual ICT expenditure Total = A + B	652
Non-Business Operational expenditure A	590
Non-Business as Usual Capital expenditure B	62

## Advertising expenditure

In the last financial year, VicHealth delivered one campaign for which the media expenditure was greater than \$100,000 (see Table 15).

**Table 15: Advertising expenditure during 2018–19 (excluding GST)**

Campaign	
Name of campaign	This Girl Can – Victoria
Campaign summary	A statewide mass media campaign – including sports sponsorships and local area government funding – aimed at increasing physical activity and supporting gender equality. This campaign aims to empower women to be active however, whenever and wherever they want.
Start/end date	2/12/2018 – 30/6/2019
Advertising (media) (\$'000)	\$1,000
Creative and campaign development (\$'000)	\$236
Research and evaluation expenditure (\$'000)	\$400
Other campaign expenditure (\$'000)	\$1,863

## Compliance with the *Building Act 1993*

VicHealth does not own or control any government buildings and consequently, is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

## Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by VicHealth. Information is available under the *Freedom of Information Act 1982* by contacting the following person:

Information Coordinator  
Victorian Health Promotion Foundation  
15–31 Pelham Street  
Carlton VIC 3053  
Phone: (03) 9667 1333

Additional information about how to lodge an FOI request is available from the VicHealth website:  
<https://www.vichealth.vic.gov.au/about/policies-and-procedures/freedom-of-information-policy>

VicHealth received one Freedom of Information request in the reporting period, which resulted in the release of requested documentation with some redactions.

## Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (replacing the repealed *Whistleblowers Protection Act 2001*) encourages and assists people to make disclosures of improper conduct by public officers and public bodies. This Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and for rectifying action to be taken.

VicHealth has structures in place to take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent legally possible.

Additional information about VicHealth's protected disclosure policy and process is available from the VicHealth website:  
[www.vichealth.vic.gov.au/about/policies-and-procedures/protected-disclosure-procedure](http://www.vichealth.vic.gov.au/about/policies-and-procedures/protected-disclosure-procedure)

No disclosures were made within this financial reporting period.

## Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy of the Victorian Government, the information included in this Annual Report will be available at [www.data.vic.gov.au/au](http://www.data.vic.gov.au/au) in machine-readable format. VicHealth will progressively release other data in the future as it becomes available.

## Victorian Industry Participation Policy

VicHealth abides by the requirements of the Victorian Industry Participation Policy (VIPP) in its procurement practices. VIPP requirements must be applied to tenders of \$3 million or more in metropolitan Victoria and \$1 million or more in rural Victoria.

During the financial reporting period, no tenders or contracts fell within the scope of the VIPP.

## National Competition Policy

During this reporting period, VicHealth did not undertake any activities that require reporting against the National Competition Policy.

## Office-based environmental impacts

VicHealth understands its responsibility to use its resources more efficiently and reduce our impact on the environment. VicHealth also acknowledges the complementary role that a healthy environment plays in supporting the social and economic determinants of health. In 2018–19, VicHealth continued to operate in an environmentally sustainable manner by:

- using AFS and PEFC certified recycled paper where the paper supplier contributes to the planting of two trees for every one tree used in producing the paper
- using sustainable choices for office supplies
- purchasing fair-trade coffee
- providing public transport tickets for staff travelling to and from meetings
- promoting the use of the Melbourne Bike Share scheme
- use of a hybrid fleet vehicle.

## Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, additional information has been retained by VicHealth and is available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements).

For further information, please contact:

Chief Finance and Accounting Officer  
Victorian Health Promotion Foundation  
15–31 Pelham Street  
Carlton VIC 3053  
Phone: (03) 9667 1333

## **Attestation of compliance with Ministerial Standing Direction 5.1.4.**

I, Fiona McCormack, Board Chair on behalf of the Responsible Body, certify that VicHealth has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions for the year ended 30 June 2019.



**Fiona McCormack**  
Chair of the Board

*3 September 2019*

# **Section 5: Financial statements**

## Victorian Health Promotion Foundation 2018–19



# Board member's, accountable officer's and chief finance and accounting officer's declaration

The attached financial statements for the Victorian Health Promotion Foundation (VicHealth) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2019 and financial position of VicHealth at 30 June 2019.

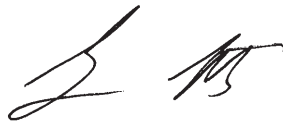
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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



**Ms Fiona McCormack**  
Chair of the Board

Melbourne  
3 September 2019



**Dr Lyn Roberts AO**  
Accountable Officer

Melbourne  
3 September 2019



**Mr Paul Crapper**  
Chief Finance and Accounting Officer

Melbourne  
3 September 2019

## Independent Auditor's Report

### To the Board of the Victorian Health Promotion Foundation

<b>Opinion</b>	<p>I have audited the financial report of the Victorian Health Promotion Foundation (the foundation) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance and accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the foundation as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the foundation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>The Board of the foundation are responsible for the Other Information, which comprises the information in the foundation's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the foundation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board are responsible for assessing the foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

MELBOURNE  
6 September 2019



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

# Comprehensive operating statement

## for the financial year ended 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
<b>Income from transactions</b>			
Appropriations and grants	2.1	40,505	39,863
Interest and other income	2.2	222	226
<b>Total income</b>		<b>40,727</b>	<b>40,089</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1 (a)	7,603	7,685
Other employee expenses	3.1 (b)	1,229	1,279
Depreciation and amortisation	3.1 (c)	77	150
Grants and funding	3.1 (d)	28,819	26,596
Operating costs	3.1 (e)	3,186	2,653
<b>Total expenses</b>		<b>40,914</b>	<b>38,363</b>
<b>Net result for the year</b>		<b>(187)</b>	<b>1,726</b>
<b>Comprehensive result for the year</b>	8.1	<b>(187)</b>	<b>1,726</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.

# Balance sheet

## as at 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	6,960	6,991
Receivables	4.2	696	586
Prepayments		348	247
<b>Total current assets</b>		<b>8,004</b>	<b>7,824</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	38	87
Intangible assets	5.2	63	24
<b>Total non-current assets</b>		<b>101</b>	<b>111</b>
<b>Total assets</b>		<b>8,105</b>	<b>7,935</b>
<b>Current liabilities</b>			
Payables	6.1	1,100	699
Income received in advance		-	20
Provisions: employee benefits	6.2	1,244	1,293
<b>Total current liabilities</b>		<b>2,344</b>	<b>2,012</b>
<b>Non-current liabilities</b>			
Provisions: employee benefits	6.2	291	267
<b>Total non-current liabilities</b>		<b>291</b>	<b>267</b>
<b>Total liabilities</b>		<b>2,635</b>	<b>2,279</b>
<b>Net assets</b>		<b>5,470</b>	<b>5,656</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		5,273	5,084
Reserves	8.2	197	572
<b>Total equity</b>		<b>5,470</b>	<b>5,656</b>

The balance sheet should be read in conjunction with the accompanying notes.

# Statement of changes in equity

## for the financial year ended 30 June 2019

	Equity at 1 July 2018 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2019 (\$'000)
<b>2019</b>				
Accumulated surplus/(deficit)	5,084	376	(187)	5,273
Reserves	573	(376)	-	197
<b>Total equity</b>	<b>5,657</b>	<b>-</b>	<b>(187)</b>	<b>5,470</b>

	Equity at 1 July 2017 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2018 (\$'000)
<b>2018</b>				
Accumulated surplus/(deficit)	3,792	(434)	1,726	5,084
Reserves	139	434	-	573
<b>Total equity</b>	<b>3,931</b>	<b>-</b>	<b>1,726</b>	<b>5,657</b>

The statement of changes in equity should be read in conjunction with the accompanying notes.

# Cash flow statement

## for the financial year ended 30 June 2019

	Notes	2019 (\$'000)	2018 (\$'000)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		40,512	39,956
Receipts from other entities		35	60
Interest received		179	164
Goods and Services Tax (paid to)/refund from the ATO		2,880	2,929
<b>Total receipts</b>		<b>43,606</b>	<b>43,109</b>
<b>Payments</b>			
Payment of grants and funding		(27,720)	(25,620)
Payments to suppliers and employees		(15,849)	(14,194)
<b>Total payments</b>		<b>(43,569)</b>	<b>(40,814)</b>
<b>Net cash flow provided by/(used in) operating activities</b>	<b>8.3</b>	<b>37</b>	<b>2,295</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(68)	-
<b>Net cash flows provided by/(used in) investing activities</b>			<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(31)</b>	<b>2,295</b>
Cash and cash equivalents at the beginning of the financial year		6,991	4,696
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4.1</b>	<b>6,960</b>	<b>6,991</b>

The cash flow statement should be read in conjunction with the accompanying notes.

# Notes to the financial statements

## for the year ended 30 June 2019

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# Notes to the financial statements

## for the year ended 30 June 2019

### Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Health Promotion Foundation (VicHealth) for the period ended 30 June 2019. The purpose of the report is to provide users with information about VicHealth's stewardship of resources entrusted to it.

#### 1.1 Statement of compliance

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

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

The Victorian Health Promotion Foundation (VicHealth) is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to not-for-profit entities under the AASs.

The annual financial statements were authorised for issue by the Board of VicHealth on 3 September 2019.

#### 1.2 Reporting entity

The financial statements relate to VicHealth as an individual reporting entity. Its principal address is:

VicHealth  
15–31 Pelham Street  
Carlton VIC 3053

VicHealth was established under the *Tobacco Act 1987*. A description of the nature of VicHealth's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

### 1.3 Basis of accounting preparation and measurement

#### Accounting policies

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

The accounting policies in this report have been applied in preparing the financial statements for the year ended 30 June 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

#### Going concern

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

#### Currency

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

#### Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

#### Accrual basis of accounting

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items; that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 1. Summary of significant accounting policies (cont'd)

#### Accounting estimates

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

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

- the fair value of plant and equipment (refer to note 5.1)
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount (refer to note 6.2).

#### Goods and Services Tax (GST)

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

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

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

Commitments for expenditure and contingent assets and liabilities are presented on a gross basis.

#### Comparative information

Certain figures in the financial statements have been reclassified so to better present the financial position and performance of VicHealth. The following has been reclassified:

- Note 3 Expenses from transactions.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 2. Income from transactions

#### 2.1 Appropriation and grants

	2019 (\$'000)	2018 (\$'000)
General appropriation	40,223	39,108
Grants and special purpose funding	282	755
<b>Total appropriation and grants</b>	<b>40,505</b>	<b>39,863</b>

#### Revenue recognition

Income is recognised in accordance with *AASB 118 Revenue* and to the extent that it is probable that the economic benefits will flow to VicHealth and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Income is recognised for each of VicHealth's major activities as follows.

#### Appropriation income

Appropriated income becomes controlled, and is recognised by VicHealth when it is appropriated from the consolidated fund by the Victorian Parliament, and applied to the purposes defined under the relevant Appropriations Act and working agreement with the Department of Health and Human Services.

General appropriations relate to monies paid to VicHealth under section 32 of the *Tobacco Act 1987*.

#### Grants and special purpose funding

Other grants relate to miscellaneous funding and/or grants to deliver specific programs from other organisations.

Special purpose funding relates to funding to deliver specific programs from the federal or state government.

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

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

# Notes to the financial statements

## for the year ended 30 June 2019

Note 2. Income from transactions (cont'd)

### 2.2 Interest and other income

	2019 (\$'000)	2018 (\$'000)
Interest income	174	164
Other income	48	62
<b>Total interest and other income</b>	<b>222</b>	<b>226</b>

#### Interest income

Interest income includes interest received on bank term deposits. Interest income is recognised on a time-proportionate basis that considers the effective yield on the financial asset.

#### Other income

Other income represents fees and charges from miscellaneous services. Income is recognised to the extent that it is probable that the economic benefits will flow to VicHealth and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

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

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 3. Expenses from transactions

#### 3.1 Expenses

	2019 (\$'000)	2018 (\$'000)
<b>(a) Employee expenses</b>		
Salaries, wages and leave payments	7,603	7,685
<b>Total employee expenses</b>	<b>7,603</b>	<b>7,685</b>
<b>(b) Other employee expenses</b>		
Agency and temporary staff	296	308
Board and committee members' fees	126	144
Fringe benefits tax	47	53
Superannuation	697	707
WorkCover premium	63	67
<b>Total other employee expenses</b>	<b>1,229</b>	<b>1,279</b>
<b>(c) Depreciation and amortisation</b>		
Depreciation		
Office equipment	50	64
Fixtures and fittings	5	5
Motor vehicles	-	8
<b>Total depreciation</b>	<b>55</b>	<b>77</b>
Amortisation – IT software	22	73
<b>Total depreciation and amortisation</b>	<b>77</b>	<b>150</b>
<b>(d) Grants and funding</b>		
General purpose grants and funding	28,035	25,774
Program support expenses	784	822
<b>Total grants and other expense transfers</b>	<b>28,819</b>	<b>26,596</b>
<b>(e) Operating costs</b>		
Audit and legal fees	117	221
Consultancy fees	895	542
Employee development and wellbeing	326	157
General administration	180	124
Information, communications and technology systems	745	748
Occupancy costs	923	861
<b>Total operating costs</b>	<b>3,186</b>	<b>2,653</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 3. Expenses from transactions (cont'd)

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

#### Employee expenses

Employee expenses include: wages and salaries, board and committee fees, leave entitlements, fringe benefits tax, WorkCover premiums and superannuation expenses. The names and details of the major employee superannuation funds and contributions made by VicHealth are outlined in Note 3.2.

#### Depreciation

Depreciation is calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate.

Depreciation is provided on property, plant and equipment. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Assets with a cost of more than \$2,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

The following are estimated useful lives for non-current assets on which the depreciation charges are based for both current and prior years:

- office equipment: 3–5 years
- office furniture: 10 years
- fixtures and fittings: 10 years
- motor vehicles: 6 years.

#### Amortisation

Intangible assets with a cost of more than \$2,000 are capitalised. Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

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

Intangible assets with finite useful lives are amortised over two to five years in both the current and prior years.

#### Grants and funding

Grants and funding to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. These relate to funding and other agreements for delivery of health promotion programs and campaigns and direct implementation costs.

They include transactions made to sporting organisations, local government, not-for-profit organisations, universities and community groups.

##### *Program support expenses*

Non-grant costs attributable to supporting the delivery of health promotion programs, campaigns and associated activities.

#### Operating costs

Operating costs generally represent the day-to-day running costs incurred in normal operations and include such things as:

- *Audit and legal fees:* Fees paid or payable to the Victorian Auditor-General's Office for the audit of these financial statements, costs incurred for the provision of internal audit services and associated activities and costs associated with the provision of legal advice for funding, contract and employment related matters
- *Consultancy costs:* Provision of expertise and advice
- *General administration:* Costs incurred due to the administration of VicHealth such as legal, marketing and advertising, printing and stationery
- *Information, communications and technology systems:* Rental costs for IT equipment, non-capitalised IT hardware and software purchases, licence fees and associated services, support and maintenance
- *Occupancy costs:* Costs associated with the lease of the office building and the associated outgoings.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 3. Expenses from transactions (cont'd)

### 3.2 Superannuation

	Paid contribution for the year	
	2019 (\$'000)	2018 (\$'000)
<b>(a) Defined benefit plan</b>		
ESS Super New Scheme	9	9
<b>Total defined benefit plan</b>	<b>9</b>	<b>9</b>
<b>(b) Defined contribution plan</b>		
VicSuper	254	255
Hesta	59	52
UniSuper	36	47
Care Super	29	30
Vision Super	25	32
Australian Super	70	56
First State	40	30
Other	175	196
<b>Total defined contribution plan</b>	<b>688</b>	<b>698</b>
<b>Total superannuation contributions</b>	<b>697</b>	<b>707</b>

Employees of VicHealth are entitled to receive superannuation benefits and VicHealth contributes to both the defined benefit and defined contribution plans.

#### Defined contribution superannuation plans

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

#### Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by VicHealth to the superannuation plans in respect of the services of current VicHealth staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice. The defined benefit plans provide benefits based on years of service and final average salary.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 4. Financial assets

#### 4.1 Cash and cash equivalents

	2019 (\$'000)	2018 (\$'000)
Cash on hand	4	3
Cash at bank	6,545	417
Bank deposits at call	411	571
Term deposits < 3 months	-	6,000
<b>Total cash and cash equivalents</b>	<b>6,960</b>	<b>6,991</b>

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

As a result of changes made to Standing Directions during the reporting period, with the introduction of the Victorian Government Centralised Banking System ("CBS"), VicHealth has moved away from investing in term deposits and now deposits their surplus cash/investments (not used for transactional purposes or subject to other exceptions) into the CBS.



# Notes to the financial statements

## for the year ended 30 June 2019

Note 4. Financial assets (cont'd)

### 4.2 Receivables

	2019 (\$'000)	2018 (\$'000)
<b>(a) Contractual</b>		
Debtors	113	127
Accrued income	3	7
<b>Total contractual receivables</b>	<b>116</b>	<b>134</b>
<b>(b) Statutory</b>		
GST credits receivable	580	452
<b>Total statutory receivables</b>	<b>580</b>	<b>452</b>
<b>Total receivables</b>	<b>696</b>	<b>586</b>

#### Revenue Recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which predominantly includes amounts owing from the Goods and Services Tax (GST) input tax credits recoverable.

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

Receivables are recognised initially at fair value and subsequently measured at amortised cost less any accumulated impairment.

There are changes to the recognition of impairment on contractual receivables at amortised cost under AASB 9, effective 1 July 2018. These do not impact VicHealth's reporting as no impairments have been recognised for these assets as at 1 July 2018 or for the 2019 financial year. Refer to note 7.1 for further information.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with *AASB 136 Impairment of Assets*.

VicHealth assesses at each end of the reporting period whether a financial asset or group of financial assets is impaired.

#### Ageing analysis of receivables

All contractual receivables are not past due and not impaired as at 30 June 2019 and 30 June 2018.

#### Nature and extent of risk arising from receivables

Refer to Note 7.1 (b) for the nature and extent of credit risk arising from contractual receivables.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 5. Non-financial assets

#### 5.1 Property, plant and equipment

##### 5.1 (a) Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)	2019 (\$'000)	2018 (\$'000)
Office equipment	483	477	454	404	29	73
Office furniture	19	19	19	19	-	-
Fixtures and fittings	831	831	822	817	9	14
Motor vehicles	52	52	52	52	-	-
<b>Total</b>	<b>1,385</b>	<b>1,379</b>	<b>1,347</b>	<b>1,292</b>	<b>38</b>	<b>87</b>

#### Valuation and measurement

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned. Refer to Note 3.1 for details of the depreciation policy.

There were no changes in valuation techniques throughout the period to 30 June 2019.

For all assets measured at fair value, the current use is considered the highest and best use. There have been no transfers between levels during the period.

#### Revaluations of non-current physical assets

Non-current physical assets are measured at fair value in accordance with FRD 103H non-current physical assets. In accordance with FRD 103H, VicHealth's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. Based on the short-term nature of assets held by VicHealth, no assets were assessed as requiring revaluation.

#### Valuation hierarchy

Consistent with AASB 13 Fair Value Measurement, VicHealth determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

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

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

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

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

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 5. Non-financial assets (cont'd)

#### Vehicles

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

#### Office equipment, furniture and fixtures and fittings

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

#### Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time. Based on the above assessment, all property, plant and equipment held by VicHealth is deemed to be valued under Level 3 as at 30 June 2019 and at 30 June 2018.

#### Impairment of non-financial assets

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment.

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

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

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

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 5. Non-financial assets (cont'd)

#### 5.1 (b) Property, plant and equipment reconciliation

	Office equipment (\$'000)	Office furniture (\$'000)	Fixtures and fittings (\$'000)	Motor vehicles (\$'000)	Total (\$'000)
<b>2019</b>					
<b>Fair value</b>					
Opening balance	477	19	831	52	<b>1,379</b>
Additions	6	-	-	-	<b>6</b>
Transfers	-	-	-	-	-
<b>Fair value closing balance</b>	<b>483</b>	<b>19</b>	<b>831</b>	<b>52</b>	<b>1,385</b>
<b>Accumulated depreciation</b>					
Opening balance	404	19	817	52	1,292
Depreciation	50	-	5	-	55
<b>Accumulated depreciation closing balance</b>	<b>454</b>	<b>19</b>	<b>822</b>	<b>52</b>	<b>1,347</b>
<b>Written-down value</b>	<b>29</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>38</b>
<b>2018</b>					
<b>Fair value</b>					
Opening balance	477	19	831	52	<b>1,379</b>
Additions	-	-	-	-	-
Transfers	-	-	-	-	-
<b>Fair value closing balance</b>	<b>477</b>	<b>19</b>	<b>831</b>	<b>52</b>	<b>1,379</b>
<b>Accumulated depreciation</b>					
Opening balance	340	19	812	44	1,215
Depreciation	64	-	5	8	77
<b>Accumulated depreciation closing balance</b>	<b>404</b>	<b>19</b>	<b>817</b>	<b>52</b>	<b>1,292</b>
<b>Written-down value</b>	<b>73</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>87</b>

# Notes to the financial statements

## for the year ended 30 June 2019

Note 5. Non-financial assets (cont'd)

### 5.2 Intangible assets

#### 5.2 (a) Intangible assets – Gross carrying amount and accumulated amortisation

	2019 (\$'000)	2018 (\$'000)
Intangible produced assets – IT software	1,342	1,342
Less accumulated amortisation	(1,340)	(1,318)
	<b>2</b>	<b>24</b>
Intangible Non-Produced Assets – Core ICT systems replacement work in progress	61	-
Less accumulated amortisation	-	-
	<b>61</b>	<b>-</b>
<b>Total intangible assets</b>	<b>63</b>	<b>24</b>

#### 5.2 (b) Intangible assets – Reconciliation of the carrying amount by class of asset

	IT Software (\$'000)	Work in progress (\$'000)	Total (\$'000)
<b>Balance at 1 July 2017</b>	97	-	97
Additions	-	-	-
Amortisation (Note 3.1)	73	-	73
<b>Balance at 1 July 2018</b>	<b>24</b>	<b>-</b>	<b>24</b>
Additions	-	61	61
Amortisation (Note 3.1)	22	-	22
<b>Balance at 30 June 2019</b>	<b>2</b>	<b>61</b>	<b>63</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 5. Non-financial assets (cont'd)

#### Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance relating to computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost, less accumulated amortisation and accumulated impairment losses. Refer to Note 3.1 for details of VicHealth's amortisation policy.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to VicHealth.

#### Impairment of intangible assets

Intangible assets are tested annually for impairment (i.e. whether their carrying value exceeds their recoverable amount, and so require write-downs) and whenever there is an indication that the asset may be impaired. All other assets are assessed annually for indications of impairment, except for financial assets.

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

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

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 6. Liabilities and commitments

#### 6.1 Payables

	2019 (\$'000)	2018 (\$'000)
<b>(a) Contractual payables</b>		
Trade creditors	358	290
Accrued wages and salaries	134	121
Grants payable	414	110
Accrued expenses	166	122
<b>Total contractual payables</b>	<b>1,072</b>	<b>643</b>
<b>(b) Statutory payables</b>		
GST/PAYG payable	13	42
Superannuation payable	15	14
<b>Total statutory payables</b>	<b>28</b>	<b>56</b>
<b>Total payables</b>	<b>1,100</b>	<b>699</b>

Payables consist of:

#### **Contractual payables**

These consist predominantly of accounts payable representing liabilities for grants, goods and services provided to VicHealth prior to the end of the financial year that are unpaid and arise when VicHealth becomes obliged to make future payments in respect of the purchase of those goods and services or provision of grant conditions.

The normal credit terms for accounts payable are usually net 30 days.

Contractual payables are initially recognised at fair value, and then subsequently carried at amortised cost.

#### **Statutory payables**

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost because they do not arise from a contract. Statutory payables (such as GST and fringe benefits tax payable) are paid by the relevant legislative due date.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 6. Liabilities and commitments (cont'd)

### 6.2 Provisions: Employee benefits

	2019 (\$'000)	2018 (\$'000)
<b>Current provisions</b>		
Annual leave	483	567
Long service leave	645	605
On-costs Annual leave	49	58
Long service leave	67	63
<b>Total current provisions</b>	<b>1,244</b>	<b>1,293</b>
<b>Current employee benefits</b>		
Expected to be utilised within 12 months	608	665
Expected to be utilised after 12 months	636	628
<b>Total current employee benefits</b>	<b>1,244</b>	<b>1,293</b>
<b>Non-current provisions</b>		
Long service leave	264	242
On-costs	27	25
<b>Total non-current provisions</b>	<b>291</b>	<b>267</b>
<b>Total provisions</b>	<b>1,535</b>	<b>1,560</b>
<b>Movement in employee benefits</b>		
Opening balance	1,560	1,392
Settlement made during the year	(1,012)	(820)
Provision made during the year	987	988
<b>Balance at end of year</b>	<b>1,535</b>	<b>1,560</b>

### Reconciliation of movement in on-cost provision

	2019 (\$'000)
<b>Opening balance</b>	146
Additional provisions recognised	100
Additions due to transfer in	1
Reductions arising from payments/other sacrifices of future economic benefits	(102)
Unwind of discount and effect of changes in the discount rate	3
Reduction transfer out	(5)
<b>Closing balance</b>	<b>143</b>
<b>Current</b>	116
<b>Non-current</b>	27



# Notes to the financial statements

## for the year ended 30 June 2019

### Note 6. Liabilities and commitments (cont'd)

#### Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

#### Employee benefits

Provision is made for benefits accruing to employees in respect of annual leave, time in lieu and long service leave for services rendered to the reporting date.

##### *Annual leave and time in lieu*

Liabilities for annual leave, purchased leave and time in lieu are recognised in the provision for employee benefits as current liabilities as VicHealth does not have an unconditional right to defer settlement of these liabilities.

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

- present value – component that VicHealth does not expect to wholly settle within 12 months
- undiscounted value – component that VicHealth expects to wholly settle within 12 months.

##### *Long service leave*

The liability for long service leave (LSL) is recognised in the provision for employee benefits.

*Current liability – unconditional LSL* (representing seven or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where VicHealth does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value – component that VicHealth does not expect to wholly settle within 12 months
- undiscounted value – component that VicHealth expects to wholly settle within 12 months.

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

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

##### *On-costs*

Employee benefit on-costs, such as worker's compensation premium and superannuation are recognised separately from provisions for employee benefits.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 6. Liabilities and commitments (cont'd)

#### 6.3 Commitments for expenditure

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

##### 6.3 (a) Lease commitments

	2019 (\$'000)	2018 (\$'000)
<b>Non-cancellable operating lease commitments</b>		
No longer than one year	667	619
Longer than one year and not longer than five years	516	1,141
<b>Total</b>	<b>1,183</b>	<b>1,760</b>

Lease commitments consist of information technology equipment leases and an office tenancy lease.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease substantially transfer all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

#### Operating leases

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. The leased asset is not recognised in the balance sheet.

#### Leasehold improvements

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

# Notes to the financial statements

## for the year ended 30 June 2019

Note 6. Liabilities and commitments (cont'd)

### 6.3 (b) Expenditure commitments

The following commitments have not been recognised as liabilities in the financial statements.

	2019 (\$'000)	2018 (\$'000)
<b>Expenditure commitments</b>		
No longer than one year	17,104	18,245
Longer than one year and not longer than five years	7,124	12,492
<b>Total</b>	<b>24,228</b>	<b>30,737</b>

VicHealth has entered into certain agreements for funding of grants for multiple years. The payment of future years' instalments of these grants is dependent on the funded organisation meeting specified accountability requirements and the continued availability of funds from the Government. Additionally, VicHealth enters into multi-year contracts for the purchase of various goods and/or services.

## Note 7. Risk, contingencies and valuation uncertainties

### 7.1 Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of VicHealth's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

VicHealth's principal financial instruments comprise:

- cash and cash equivalents
- receivables (excluding statutory receivables)
- payables (excluding statutory payables).

The main purpose in holding financial instruments is to prudentially manage VicHealth's financial risks within the organisation's policy parameters.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 7. Risk, contingencies and valuation uncertainties (cont'd)

#### Changes in accounting policy – AASB 9

##### **Recognition and measurement**

VicHealth has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application.

As a result:

- (a) any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period with difference recognised in opening retained earnings; and
- (b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

##### **Changes to the impairment of financial assets**

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For other loans and receivables, VicHealth applies the AASB 9 simplified approach to measure expected credit losses based on the change in the ECLs over the life of the asset. On this basis, VicHealth determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year to be nil.

Application of the lifetime ECL allowance method has therefore resulted in no changes to the impairment loss allowances as at 1 July 2018, or during the 2019 financial year.

#### Categories of financial instruments under AASB 9

From 1 July 2018, VicHealth applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

##### **Financial assets at amortised cost**

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by VicHealth to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Department recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

#### Categories of financial instruments under AASB 139

##### **Loans and receivables**

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

The loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### **Financial liabilities at amortised cost**

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

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

# Notes to the financial statements

## for the year ended 30 June 2019

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

### 7.1 (a) Categorisation of financial instruments

The carrying amounts of VicHealth's contractual financial assets and liabilities by category are set out as follows.

2019	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
<b>Contractual financial Assets</b>			
Cash and cash equivalents	6,960	-	6,960
<i>Receivables</i>			
Debtors	113	-	113
Other receivables	3	-	3
<b>Total financial assets<sup>1</sup></b>	<b>7,076</b>	<b>-</b>	<b>7,076</b>
<b>Financial liabilities</b>			
Payables	-	1,072	<b>1,072</b>
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>1,072</b>	<b>1,072</b>
<b>2018</b>			
	Loans and receivables (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
<b>Contractual financial Assets</b>			
Cash and cash equivalents	6,991	-	6,991
<i>Receivables<sup>(1)</sup></i>			
Debtors	127	-	127
Other receivables	7	-	7
<b>Total financial assets<sup>1</sup></b>	<b>7,125</b>	<b>-</b>	<b>7,125</b>
<b>Financial liabilities</b>			
Payables	-	643	<b>643</b>
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>643</b>	<b>643</b>

Note:

(1) The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 7. Risk, contingencies and valuation uncertainties (cont'd)

#### 7.1 (b) Credit risk

Credit risk arises from the contractual financial assets of VicHealth, which comprise cash and deposits and non-statutory receivables. VicHealth's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to VicHealth. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with VicHealth's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than government, VicHealth has limited credit risk due to limited dealings with entities external to the Victorian or Commonwealth Government.

In addition, VicHealth does not engage in high-risk hedging for its financial assets and mainly obtains financial assets with variable interest rates. Consistent with directions from the

state government, VicHealth's policy is to deal with financial institutions with high credit ratings.

Provision of impairment for financial assets is calculated based on past experience and current and expected changes in client credit ratings. Objective evidence includes financial difficulties of the debtor, default payments and debts which are more than 90 days overdue.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents VicHealth's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The following table outlines the credit quality of contractual financial assets that are neither past due nor impaired.

	Government agencies (AAA credit rating) (\$'000)	Financial institutions (AA credit rating) (\$'000)	Other (no credit rating) (\$'000)	Total (\$'000)
<b>2019</b>				
Cash and cash equivalents	-	6,956	4	<b>6,960</b>
Contractual receivables	-	-	116	<b>116</b>
<b>Total</b>	<b>-</b>	<b>6,956</b>	<b>120</b>	<b>7,076</b>
<b>2018</b>				
Cash and cash equivalents	4,000	2,988	3	<b>6,991</b>
Contractual receivables	-	-	134	134
<b>Total</b>	<b>4,000</b>	<b>2,988</b>	<b>137</b>	<b>7,125</b>

# Notes to the financial statements

## for the year ended 30 June 2019

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

### 7.1 (c) Ageing of financial assets

All financial assets are not past due and not impaired as at 30 June 2019 and 30 June 2018.

### 7.1 (d) Liquidity risk

Liquidity risk is the risk that VicHealth would be unable to meet its financial obligations as and when they fall due. VicHealth's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. VicHealth manages its liquidity risk as follows:

- careful maturity planning of its financial obligations based on forecasts of future cash flows maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets.

It operates under the Government's fair payment policy of settling financial obligations generally within 30 days.

VicHealth's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The following table discloses the contractual maturity analysis for VicHealth's contractual financial liabilities.

	Carrying amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than 1 month (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)
<b>2019</b>						
Contractual payables	1,072	1,072	1,034	27	11	-
<b>Total</b>	<b>1,072</b>	<b>1,072</b>	<b>1,034</b>	<b>27</b>	<b>11</b>	<b>-</b>
<b>2018</b>						
Contractual payables	643	643	629	11	3	-
<b>Total</b>	<b>643</b>	<b>643</b>	<b>629</b>	<b>11</b>	<b>3</b>	<b>-</b>

# Notes to the financial statements

## for the year ended 30 June 2019

Note 7. Risk, contingencies and valuation  
uncertainties (cont'd)

### 7.1 (e) Market risk

VicHealth's exposure to market risk is primarily through interest rate risk. VicHealth has an insignificant exposure to currency risk and other market risks.

VicHealth does not hold any interest-bearing financial liabilities, therefore has nil exposure to interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

VicHealth has minimal exposure to cash flow interest rate risks through its cash and deposits at call, as these assets are held in variable interest rate accounts. Receivables are non-interest bearing.



# Notes to the financial statements

## for the year ended 30 June 2019

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are outlined in the following table.

			Interest rate exposure		
	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
<b>2019</b>					
<b>Financial assets</b>					
Cash and deposits	1.5%	6,960	-	5,941	1,019
Contractual receivables	-	-	-	-	-
<b>Total financial assets</b>	<b>-</b>	<b>6,960</b>	<b>-</b>	<b>5,941</b>	<b>1,019</b>
<b>Financial liabilities</b>					
Contractual payables	-	1,072	-	-	1,072
<b>Total financial liabilities</b>	<b>-</b>	<b>1,072</b>	<b>-</b>	<b>-</b>	<b>1,072</b>
			Interest rate exposure		
	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
<b>2018</b>					
<b>Financial assets</b>					
Cash and deposits	1.0%	6,991	6,000	571	420
Contractual receivables	-	134	-	-	134
<b>Total financial assets</b>	<b>-</b>	<b>7,125</b>	<b>6,000</b>	<b>571</b>	<b>554</b>
<b>Financial liabilities</b>					
Contractual payables	-	643	-	-	643
<b>Total financial liabilities</b>	<b>-</b>	<b>643</b>	<b>-</b>	<b>-</b>	<b>643</b>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 7. Risk, contingencies and valuation uncertainties (cont'd)

#### 7.1 (f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, VicHealth believes the following movement is 'reasonably possible' over the next 12 months: a parallel shift of +1% and -1% in market interest rates (AUD).

The table below discloses the impact on net operating result and equity for each category of financial instrument held by VicHealth at year-end as presented to key management personnel, if the below movements were to occur.

VicHealth's sensitivity to interest rate risk is considered low and is outlined in the following table.

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
	Carrying amount (\$'000)	Net result (\$'000)	Net result (\$'000)	Equity (\$'000)	Equity (\$'000)
<b>2019</b>					
<b>Financial assets</b>					
Cash and cash deposits	6,960	(90)	90	(90)	90
Receivables	116	-	-	-	-
<b>Total financial assets</b>	<b>7,076</b>	<b>(90)</b>	<b>90</b>	<b>(90)</b>	<b>90</b>
<b>Financial liabilities</b>					
Payables	1,072	-	-	-	-
<b>Total financial liabilities</b>	<b>1,072</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2018</b>					
<b>Financial assets</b>					
Cash and cash deposits	6,991	(66)	66	(66)	66
Receivables	134	-	-	-	-
<b>Total financial assets</b>	<b>7,125</b>	<b>(66)</b>	<b>66</b>	<b>(66)</b>	<b>66</b>
<b>Financial liabilities</b>					
Payables	643	-	-	-	-
<b>Total financial liabilities</b>	<b>643</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements

## for the year ended 30 June 2019

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

### 7.1 (g) Fair value

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 – the fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

VicHealth considers that the carrying amount of financial assets and financial liabilities recorded in the financial report to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures

#### 8.1 Comprehensive result for the year by funding source

	Notes	2019 (\$'000)	2018 (\$'000)
<b>(a) Funding from general appropriation</b>			
<b>General appropriation and other income</b>			
General appropriation income	2.1	40,223	39,108
Interest and other income	2.2	222	226
Expenses from transactions		(40,235)	(38,062)
<b>Net surplus/(deficit) from general appropriation and other income</b>		<b>210</b>	<b>1,272</b>
<b>(b) Funding from grants and special purpose funding</b>			
<b>Income from externally funded programs</b>			
External grants and special purpose funding	2.1	282	755
Expenses from transactions		(679)	(301)
<b>Net surplus/(deficit) from externally funded programs</b>		<b>(397)</b>	<b>454</b>
<b>Comprehensive result for the year</b>		<b>(187)</b>	<b>1,726</b>

The comprehensive result for the year includes a surplus of \$0.21m from general appropriation funding activities offset by a deficit of \$0.40m from special purpose funded activities, resulting in a net deficit comprehensive result for the year of \$0.19m. This deficit has resulted from the timing differences with the receipt and expenditure of special appropriations or other grants to deliver specific programs.

This funding is often received upfront close to balance date and is recognised as revenue in accordance with Note 2 with the delivery of the program occurring over subsequent and/or multiple financial years.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.2 Reserves

	2019 (\$'000)	2018 (\$'000)
<b>Externally funded programs reserve</b>		
Bystanders for Primary Prevention Program	100	264
Water Fountains Initiative	45	300
Sport Participation Research Project	52	-
Other	-	8
<b>Total externally funded programs reserve</b>	<b>197</b>	<b>572</b>

VicHealth periodically receives special appropriations or other grants to deliver specific programs. As at balance date unspent funds are allocated to a reserve to ensure these funds are quarantined for their intended purpose.

### 8.3 Reconciliation of net result for the period to net cash flows from operating activities

	2019 (\$'000)	2018 (\$'000)
<b>Net result for the period</b>	<b>(187)</b>	<b>1,726</b>
<b>Non-cash movements</b>		
Depreciation and amortisation	77	150
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(109)	177
(Increase)/decrease in prepayments	(100)	21
Increase/(decrease) in payables	401	49
Increase/(decrease) in income received in advance	(20)	4
Increase/(decrease) in provisions	(25)	168
<b>Net cash flows from/(used in) operating activities</b>	<b>37</b>	<b>2,295</b>

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.4 Responsible persons

#### 8.4 (a) Responsible persons appointments

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

#### Responsible Minister

The Hon. Jill Hennessy, MP Minister for Health	1/07/2018 – 29/11/2018
The Hon. Jenny Mikakos, MP Minister for Health	29/11/2018 – 30/06/2019

#### Governing Board

Ms Fiona McCormack – Chair	1/07/2018 – 30/06/2019
Dr Sally Fawkes	1/07/2018 – 30/06/2019
Mr Nick Green OAM	1/07/2018 – 30/06/2019
Professor Margaret Hamilton AO	1/07/2018 – 9/11/2018
Mr Ben Hartung	1/10/2018 – 30/06/2019
The Hon. Wendy Lovell, MP	1/07/2018 – 11/04/2019
Ms Veronica Pardo	1/07/2018 – 9/11/2018
Mr Simon Ruth	1/07/2018 – 9/11/2018
Ms Stella Smith	4/09/2018 – 30/06/2019
Ms Natalie Suleyman, MP	1/07/2018 – 11/04/2019
Mr Stephen Walter	1/07/2018 – 30/06/2019
Ms Sheena Watt	4/09/2018 – 30/06/2019

#### Accountable Officer

Ms Jerril Rechter	1/07/2018 – 15/03/2019
Dr Lyn Roberts AO	18/03/2019 – 30/06/2019

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.4 (b) Responsible persons remuneration

The remuneration received or receivable by responsible persons is disclosed as follows.

	2019 (\$'000)	2018 (\$'000)
<b>Total amount</b>	<b>503</b>	<b>466</b>
<b>Income band</b>	<b>No.</b>	<b>No.</b>
\$ 0 – 9,999	5	4
\$ 10,000 – 19,999	7	8
\$ 20,000 – 29,999	-	1
\$ 110,000 – 119,999	1	-
\$ 260,000 – 269,999	1	-
\$ 310,000 – 319,999	-	1
<b>Total numbers</b>	<b>14</b>	<b>14</b>

Remuneration of board members is prescribed by Governor in Council. The Parliamentary members of the Board received no remuneration for their services on the VicHealth Board.

The compensation detailed above excludes the salaries and benefits the Responsible Ministers receive. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the financial statements of the Parliamentary Services.

As Accountable Officer for the period 18 March 2019 to 30 June 2019, Dr Lyn Roberts AO was remunerated as a consultant. Accordingly, Dr Roberts' remuneration of \$113,000 is disclosed as Consulting expenditure under operating costs in the Operating Statement within the reporting period.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.5 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. During the reporting period, a number of employees acted in executive officer positions following employee resignations and/or parental leave. The remuneration in the following table only relates to their remuneration payable in their role as an executive officer.

Category	2019 (\$'000)	2018 (\$'000)
Salaries and other short-term benefits	824	723
Post-employment benefits	71	67
Other long-term benefits	18	11
Total remuneration	<b>913</b>	<b>801</b>
<b>Total number of executive officers</b>	<b>6</b>	<b>5</b>
<b>Total annualised employee equivalent<sup>(i)</sup></b>	<b>5</b>	<b>5</b>

Note:

- (i) Annualised employee equivalent is based on 38 ordinary hours per week over the reporting period. The variance between number of executive officers and annualised employee equivalent is reflective of resignations during the year.

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

- *Salaries and other short-term employee benefits* include amounts such as superannuation entitlements and other retirement benefits paid or payable on a discrete basis when employment has ceased
- *Post-employment benefits* include amounts such as superannuation entitlements and other retirement benefits paid or payable on a discrete basis when employment has ceased
- *Other long-term benefits* include long service leave, other long-service benefits or deferred compensation
- *Termination benefits* include termination of employment payments including leave payments.



# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.6 Related parties

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

- all key management personnel and their close family members; and
- all Cabinet Ministers and their close family members
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

#### 8.6 (a) Key management personnel

Key management personnel (KMP) of VicHealth include the Portfolio Ministers and Cabinet Ministers, VicHealth Board Members and Chief Executive Officer as determined by VicHealth.

Category	2019 (\$'000)	2018 (\$'000)
Salaries and other short-term benefits	472	433
Post-employment benefits	26	33
Other long-term benefits	5	-
<b>Total remuneration</b>	<b>503</b>	<b>466</b>

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, as described and in Note 8.4 Responsible Persons and Note 8.5 Remuneration of Executives.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures (cont'd)

#### 8.6 (b) Transactions with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occurs on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

The *Tobacco Act 1987* stipulates that VicHealth has a representational board member composition, consequently there is an increased likelihood of related party transactions as board members often are either employed or serve on boards of organisations that VicHealth transacts with.

During the reporting period, related parties of key management personnel were awarded contracts on terms and conditions equivalent for those that prevail in arm's length transactions under VicHealth's grant-making and procurement policies and guidelines, including management of conflicts of interest.

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

The transactions (generally related to awarding of grants and funding) with key management personnel are outlined in the following table.

Key management personnel/transaction	2019 (\$'000)	2018 (\$'000)
Centre for Australian Progress of which Ms Sheena Watt <sup>(i)</sup> served as a Board member	6	-
Cycling Australia of which Mr Nick Green served as the Chief Executive Officer <sup>(ii)</sup>	-	94
Deakin University of which Dr Lyn Roberts AO <sup>(iii)</sup> served as a Council Member	574	-
Hockey Australia of which Mr Ben Hartung served as General Manager	25	86
La Trobe University of which Ms Sally Fawkes served as an employee	1,362	991
Melbourne City Football Club of which Ms Susan Crow <sup>(iv)</sup> served as an employee	-	116
Vicsport of which Mr Ben Hartung <sup>(v)</sup> served as a Director	-	138
Victorian AIDS Council of which Mr Simon Ruth <sup>(vi)</sup> served as the Chief Executive Officer	-	77
Victorian Institute of Sport of which Ms Nicole Livingstone <sup>(vii)</sup> served as a Chairperson	-	58
Western Bulldogs Football Club of which Ms Jerril Rechter served as a Board member <sup>(viii)</sup>	197	66

#### Note:

- (i) Ms Watt commenced as a VicHealth Board member on 4 September 2018.
- (ii) Mr Green served as the Chief Executive Officer of Cycling Australia until 5 February 2018.
- (iii) Dr Roberts AO was appointed as Interim CEO of VicHealth on 18 March 2019.
- (iv) Ms Crow's term as a VicHealth Board member ceased on 30 June 2018.
- (v) Mr Hartung was a Vicsport Director until 21 November 2017.
- (vi) Mr Ruth's term as a VicHealth Board member ceased on 9 November 2018.
- (vii) Ms Livingstone's term as a VicHealth Board member ceased on 20 November 2017.
- (viii) Ms Rechter commenced as Western Bulldogs Football Club Director on 24 January 2018 and resigned as VicHealth CEO on 15 March 2019.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### Significant transactions with government-related entities

During the financial period VicHealth funding received or receivable from government-related entity transactions were:

Entity	2019 (\$'000)	2018 (\$'000)
Department of Health and Human Services – Appropriation	40,223	39,108
Department of Health and Human Services – Special Purpose Grant	182	620
Department of Economic Development, Jobs, Transport and Resources – Special Purpose Grant	-	100
Department of Premier and Cabinet – Special Purpose Grant	100	-

### 8.7 Ex gratia payments

The ex gratia payments made during the reporting period are listed in the following table:

	2019 (\$'000)	2018 (\$'000)
Payment made on termination of employment	-	39

### 8.8 Remuneration of auditors

The payments made to the Victorian Auditor-General's Office during the reporting period are listed in the following table:

	2019 (\$'000)	2018 (\$'000)
Audit and review of the financial statements	23	23

### 8.9 Economic support

VicHealth is wholly dependent on the continued financial support of the State Government and the Department of Health and Human Services (DHHS). VicHealth's four-year service agreement with DHHS expired in June 2019 and was renewed for a further four years, expiring in June 2023. VicHealth's budget is required to be submitted to the Minister for Health for approval annually, as per the requirements of the *Tobacco Act 1987*.

### 8.10 Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2019 which would, in the absence of disclosure, cause the financial statements to become misleading.

# Notes to the financial statements

## for the year ended 30 June 2019

Note 8. Other disclosures (cont'd)

### 8.11 Issued but not yet effective Australian accounting and reporting pronouncements

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2019 reporting period in accordance with paragraph 30 of AASB 108. The following standards and interpretations have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the following table. VicHealth has not early adopted these standards.

#### Change in accounting policies

During the 2018–19 reporting period there have been no new or revised Accounting Standards adopted by VicHealth for the first time.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018 for Not-for-Profit entities.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied.  Management has assessed that there will be minimal impact on its financial reporting obligations as a result of implementing AASB 15.

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures (cont'd)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	<p>AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15.</p> <p>This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p>	1 Jan 2019	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include:</p> <ul style="list-style-type: none"> <li>• AASB 9</li> <li>• Statutory receivables are recognised and measured similarly to financial assets</li> <li>• AASB 15</li> <li>• The 'customer' does not need to be the recipient of goods and/or services</li> <li>• The 'contract' could include an arrangement entered into under the direction of another party</li> <li>• Contracts are enforceable if they are enforceable by legal or 'equivalent means'</li> <li>• Contracts do not have to have commercial substance, only economic substance; and</li> <li>• Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.</li> </ul>
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on the balance sheet.	1 Jan 2019	<p>In the 2019–20 reporting period AASB 16 Leases will come into effect. In the 2019–20 reporting period the 2018–19 comparative figures will need to be adjusted to reflect these changes.</p> <p>In 2018–19 comparative figures will need to reflect an increase in non-current assets of \$1.07m whilst current liabilities will increase by \$0.52m and non-current liabilities by \$0.71m. Adjustments to depreciation, interest and leasing expenses will reduce the 2018–19 comprehensive result by \$0.05m.</p>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures (cont'd)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2018-8 <i>Amendments to Australian Accounting Standards – Right of Use Assets of Not-for-Profit Entities</i></p>	<p>This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	<p>1 Jan 2019</p>	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures (cont'd)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 <i>Income of Not-for-Profit Entities</i>	<p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context.</p> <p>AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p>	1 Jan 2019	<p>Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions.</p> <p>The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed.</p> <p>Management has assessed that there will be minimal impact on its financial reporting obligations as a result of implementing AASB 1058.</p>
AASB 1059 <i>Service Concession Arrangements: Grantor</i>	<p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p>	1 Jan 2020 (The state is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	<p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> <li>• Operator is providing public services using a service concession asset</li> <li>• Operator manages at 'least some' of public services under its own discretion</li> <li>• The State controls/regulates <ul style="list-style-type: none"> <li>- what services are to be provided</li> <li>- to whom; and</li> <li>- at what price</li> </ul> </li> <li>• State controls any significant residual interest in the asset.</li> </ul> <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p>

# Notes to the financial statements

## for the year ended 30 June 2019

### Note 8. Other disclosures (cont'd)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2018-5 <i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 Jan 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

In addition to the new standards above, the AASB has issued other amending standards and interpretations that are not effective for the 2018–19 reporting period that are not expected to have a significant impact on VicHealth's reporting.



## Section 6: Disclosure index

Annual reports are required to contain a disclosure index to assist in identifying the extent of compliance with statutory disclosure and other requirements.

Note: This Disclosure Index consists of two pages and is not required to be completed by denominational hospitals.

The annual report of VicHealth is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	Page 7
FRD 22H	Purpose, functions, powers and duties	Page 7
FRD 22H	Initiatives and key achievements	Page 7
FRD 22H	Nature and range of services provided	Page 7
<b>Management and structure</b>		
FRD 22H	Organisational structure	Page 25
<b>Financial and other information</b>		
FRD 10A	Disclosure index	Page 85
FRD 11A	Disclosure of ex gratia expenses	Page 82
FRD 21C	Responsible person and executive officer disclosures	Page 78, 79, 80, 81, 82
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	Page 38
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 38
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 38
FRD 22H	Details of consultancies over \$10,000	Page 36
FRD 22H	Details of consultancies under \$10,000	Page 36
FRD 22H	Employment and conduct principles	Page 32, 33
FRD 22H	Information and Communication Technology Expenditure	Page 37
FRD 22H	Major changes or factors affecting performance	Page 20
FRD 22H	Operational and budgetary objectives and performance against objectives	Page 18
FRD 22H	Summary of the entity's environmental performance	Page 38
FRD 22H	Significant changes in financial position during the year	Page 20
FRD 22H	Statement on National Competition Policy	Page 38
FRD 22H	Subsequent events	Page 20
FRD 22H	Summary of the financial results for the year	Page 20
FRD 22H	Additional information available on request	Page 38
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	Page 34
FRD 25C	Victorian Industry Participation Policy disclosures	Page 38
FRD 29B	Workforce Data disclosures	Page 34
FRD 103F	Non-Financial Physical Assets	Page 58
FRD 110A	Cash flow Statements	Page 47
FRD 112D	Defined Benefit Superannuation Obligations	Page 55

<b>Legislation</b>	<b>Requirement</b>	<b>Page reference</b>
SD 5.2.3	Declaration in report of operations	Page 6
SD 3.7.1	Risk management framework and processes	Page 39
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.2	Declaration in financial statements	Page 41
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SD 5.2.1(a)	Compliance with Ministerial Directions	Page 49
<b>Legislation</b>		
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<i>Protected Disclosure Act 2012</i>		Page 38
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<i>Building Act 1993</i>		Page 38
<i>Financial Management Act 1994</i>		Page 49



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