

# Annual Report

## 2019–20

Victorian Health Promotion Foundation

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# **Report of Operations**

Victorian Health Promotion Foundation  
2019–20

# 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 2020.

A handwritten signature in black ink, appearing to read 'Nick Green', written in a cursive style.

**Nick Green OAM**  
Chair of the Board

*26 August 2020*

# 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, the Hon. Jenny Mikakos MP.

The objectives 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 objectives.

## Functions

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

- promote its objectives
- make grants from the Health Promotion Fund for activities, facilities, projects or research programs in furtherance of the objectives of VicHealth
- provide sponsorships for sporting or cultural activities
- keep statistics and other records relating to the achievement of the objectives of VicHealth
- provide advice to the Minister on matters related to its objectives referred by the Minister to VicHealth and generally in relation to the achievement of its objectives
- make loans or otherwise provide financial accommodation for activities, facilities, projects or research programs in furtherance of the objectives 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, work 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, which in 2019–20 included the impacts on community health from the bushfires and the coronavirus pandemic. 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

VicHealth has championed better health and wellbeing for Victorians for over 3 decades. In a year of tumultuous change caused by bushfires and the coronavirus pandemic this mission has become even more critical.

In the final 4 years of the *VicHealth Action Agenda for Health Promotion 2013–23*, we are prioritising partnership and collaboration to amplify our impact and ensure we reach the ultimate goal of improving the lives of 1 million more Victorians by 2023.

This year we partnered with more than 600 organisations and over 70 local councils to encourage more Victorians to get active, increase availability and affordability of healthier foods, improve mental wellbeing, and prevent the use of tobacco and harms from alcohol.

These partnerships were facilitated through Active Club Grants, Partnership Grants, our long-running and successful Walk to School program, and a range of mental wellbeing programs. Complementing our grants and program activity, we pursued collaborations with government departments and the health promotion sector.

## Building health equity

Achieving better health and wellbeing for *everyone* means levelling the playing field between people who can easily access good health and people who face barriers. VicHealth's commitment to health equity was illustrated by the following initiatives this year:

- Our *This Girl Can – Victoria* campaign encourages all women, regardless of background, location or experience to get active, and shares the stories of diverse women from across the community.
- Increased investment into arts and community programs benefiting First Nations people to inspire new narratives around family violence prevention and expand support for young Aboriginal artists.
- Tackling discrimination through our ongoing collaboration with Pride Cup and Proud 2 Play to ensure members of the LGBTIQ community feel welcome and included in sport.

## Deepening the evidence base

Health promotion research is essential to understand the factors that drive preventable disease and to guide effective intervention.

We know that research describing public health problems is plentiful, so VicHealth's research is focused on deepening the evidence base to inform policy and the application of knowledge into health promotion practice.

Following this year's release of the *VicHealth Research Strategy 2019–23*, research highlights included:

- A world-first report on loneliness, highlighting problematic social isolation in young people, published in partnership with Swinburne University.
- Bystander action on sexism and sexual harassment intervention trials, in collaboration with the University of Melbourne and Victoria University.

## Responding to change

It has been astounding to see the way the Victorian Government, Victorians and the health promotion sector have responded to the coronavirus pandemic. At times like these we see the true strength of partnership and collaboration.

On behalf of the VicHealth Board, I would like to thank the Victorian Minister for Health, the Hon. Jenny Mikakos MP, for her support, leadership and outstanding commitment to the people of Victoria this year. I also thank the Minister for Mental Health, Creative Industries and Equality, the Hon. Martin Foley MP; the Minister for Sport, the Hon. Martin Pakula MP; the Minister for Women, Prevention of Family Violence and Aboriginal Affairs, the Hon. Gabrielle Williams MP; and other ministers, advisors and Members of the Victorian Parliament. Our work for the people of Victoria unites us and allows us to achieve together.

I am also very grateful to the VicHealth Board, committees and staff for making an invaluable contribution to our work this year. I would particularly like to thank outgoing Chair, Fiona McCormack, for her outstanding leadership of the VicHealth Board over the past 4 years. I also thank Dr Lyn Roberts AO for taking the helm as CEO and expertly steering VicHealth for 6 months until we welcomed Dr Sandro Demaio as VicHealth CEO in September 2019.

Together their unwavering dedication to the health and wellbeing of Victorians is integral to VicHealth's past achievements and future impact.

I am delighted to take on the role of VicHealth Chair to work with Dr Demaio and the wider VicHealth team to create a healthier Victoria for everyone.



**Nick Green OAM**  
Chair, VicHealth



# Chief Executive Officer's report

I am humbled and privileged to take on the role as Chief Executive Officer of VicHealth. I have long admired VicHealth's excellent reputation for ground-breaking research, impactful programs and life-changing campaigns.

As we enter the final 4 years of our Action Agenda, we have an opportunity to further evolve our work and build on its strengths to create a healthier future for all Victorians.

A future where people can get active and enjoy physical activity regardless of who they are, what their background is or where they live. A future where all families have access to affordable and healthy food. A future of improved mental wellbeing, and where Victorians are protected from the harms of alcohol and tobacco.

## Delivering better health and wellbeing for all Victorians

Meeting VicHealth stakeholders and partners in regional Victoria was the highlight of my first few months in the role. Prior to the coronavirus restrictions, I visited Swan Hill, Echuca, Geelong, Ballarat, Bendigo, Mildura and Shepparton. The opportunity to listen to those we serve and those we work with was invaluable. I was better able to understand the impact we are having on regional communities and how we can work with them more closely in the future.

One of Victoria's greatest challenges is the dramatic increase of childhood obesity with one in four children (aged between 2 and 18) now living above a healthy weight. Some health experts believe this could be the first generation to have a lower life expectancy than their parents. This year, VicHealth led the development of a consensus statement on obesity prevention, in collaboration with the Healthy Eating and Active Living Roundtable. *A Healthier Start for Victorians* outlines eight practical recommendations, providing the springboard for action to prevent childhood obesity over the coming years.

## Responding to the bushfires and coronavirus pandemic

Devastation caused by bushfires and the ongoing coronavirus pandemic has tested every individual, community, organisation and business in Victoria. I am incredibly proud of the way VicHealth has responded to the emerging needs of Victorian communities.

Our team increased the level and flexibility of funding across a range of grants programs, allowing sports, arts and cultural organisations to tell us what they needed to aid their recovery. We also supported organisations in bushfire-affected communities to ensure they have the resources to apply for, and manage, grants and health promotion programs.

## Strengthening our partnerships and collaboration

I would like to acknowledge the incredible partners we work with at all levels of government, health, sport, education, workplaces, the arts and the non-profit sector. The true strength of health promotion depends on how we work together. This year, VicHealth continued to grow its leadership role as facilitator and convenor to augment the impact with our partner organisations.

To support the work of the Victorian Government's response to the coronavirus pandemic, we created an online Health Promotion Coronavirus (COVID-19) Resource Hub to share information and resources across the health promotion sector. We also convened several leadership groups, including:


- Health Promotion Peak Agency COVID-19 Working Group
- Mental Health COVID-19 Working Group
- Food Security/Food Systems COVID-19 Working Group
- Health Promotion Research COVID-19 Working Group
- Walking and Cycling Post COVID-19 Working Group.

Our Board continued to provide excellent governance and expert leadership. I would like to thank former Chair of the Board, Fiona McCormack for her support and commitment to VicHealth, and welcome our new Chair, Nick Green OAM.

I am particularly proud of VicHealth's incredible staff. They have continued to demonstrate their passion and commitment to deliver for the Victorian community during this time of incredible change.

As Victoria emerges from the initial shocks of the coronavirus pandemic, we have a once in a lifetime opportunity to re-imagine a healthier, more sustainable and more equitable Victoria. In June, VicHealth launched a 5-week research and event series on this subject. The findings and recommendations will be incorporated into our future work.

The impact of 2020 will be felt in Victoria for years to come. VicHealth will be here to walk alongside every Victorian as, together, we work to improve health and wellbeing.



**Dr Sandro Demaio**  
Chief Executive Officer, VicHealth

# This year's highlights



## Encouraging more physical activity

- We invested over \$1.2m in 418 sporting clubs to kick-start new ideas that increase participation by women and girls and less active Victorians via our Active Club Grants program.
- We partnered with 23 sporting organisations to work alongside young people, women and girls, and people of all abilities and backgrounds to innovate and deliver new offerings for people who are less active.
- In partnership with Victoria's nine Regional Sports Assemblies we created more opportunities for rural and regional Victorians to engage in sport and recreation, be active and socially connected. Alongside Sport and Recreation Victoria we continued to build the capacity of Regional Sport Victoria to deliver outcomes for regional communities.
- By increasing partnerships with 71 local councils we engaged 942 schools and around 186,000 students in walking, riding, scooting and skating to and from school in October; this equates to approximately 1 in every 3 Victorian primary school students.
- In response to the coronavirus pandemic, VicHealth stimulated collaborative action to better support walking and cycling within local communities over the coming period and into the future.
- As part of our Leading Thinkers Initiative, we produced a first ever, large-scale big data analysis of the extent and nature of the portrayal of women and men in Victorian sports print media. These findings provide new evidence to inform the debate, and highlight challenges and opportunities, to achieve gender equality goals in women's sports reporting.
- Our successful *This Girl Can – Victoria* campaign moved into its third consecutive year. With the coronavirus restrictions, we worked with our ambassadors and campaign supporters to build new home exercise video content, supporting women to be active at home.



## Preventing tobacco use

- We continued to collaborate with the Victorian Government and Cancer Council Victoria to support Quit Victoria, who this year ran a series of campaigns including *16 Cancers*; educated the public about the impact of smoking during the coronavirus pandemic; and advocated for the inclusion of vaping in local smokefree areas.
- We boosted our support for the work of Tobacco-Free Portfolios with 80 leading financial organisations from more than 10 countries to support them to implement tobacco-free finance policies spanning lending, investment and insurance.



## Improving mental wellbeing

- In partnership with Swinburne University, VicHealth contributed to discovering new insights into the experiences of loneliness among young Australians. The world-first Young Australians Loneliness Survey engaged 1,500 young people aged 12–25 years and highlighted problematic levels of loneliness, social isolation and risk of poor mental health, particularly in the 18–25 year old group, with higher risk of social anxiety and depressive symptoms for young women.
- VicHealth teamed up with the Victorian Office for Women, the Behavioural Insights Team, the University of Melbourne and Victoria University to trial approaches to supporting bystander action against sexism and sexual harassment in the university setting. The project led to the development of a suite of tools and resources implemented across additional settings.
- VicHealth's new Masculinities and Health Framework was created to provide guidance for addressing masculine gender stereotypes to benefit the health and wellbeing of men, boys and the broader community.
- Many new arts investments were created during this period including stronger support for arts benefiting First Nations people. This included initiatives such as *Scar Trees* by ILBIJERRI Theatre Company and the Victorian Aboriginal Child Care Agency (VACCA), and the Office for Women and Creative Victoria to challenge old and inspire new narratives around family violence awareness and prevention across 11 Victorian locations. In addition, the Barpiridhila Foundation's Youth Programs provided platforms to nurture, develop and support Aboriginal excellence within the creative industries through regional youth camps, performance opportunities, artist development programs and music industry/business workshops. These projects were delivered in partnership with Girls Rock! Melbourne and Korin Gamadji Institute (KGI).
- A new partnership with the Human Rights Film Festival saw VicHealth contribute to this 7-day online film festival showcasing a retrospective of films highlighting the strength of the human spirit, complemented by talks and performances by local artists.
- VicHealth provided a submission to the Royal Commission into Victoria's Mental Health System in August 2019, which highlighted the importance of primary prevention and health promotion approaches, coordinated cross-sectoral action, and a focus on children and young people. In 2020 VicHealth commissioned an updated evidence review of primary prevention risk factors and interventions, which was provided to the Royal Commission along with evidence around the mental health impacts of coronavirus.



## Promoting healthy eating

- In partnership with Museums Victoria we phased out sugary drinks, improved healthy food environments and commissioned health related creative programming at Melbourne Museum, Scienceworks and the Immigration Museum. This partnership received much positive media attention including around 700 media items produced in Australia and globally.
- We increased the availability of free drinking water as a genuine alternative to sugary drinks in major settings including the Melbourne Cricket Ground, Melbourne and Olympic Parks, and Kardinia Park.
- In partnership with more than 50 sport and recreation facilities across the state, we continued to drive down the availability of sugary drinks (from 38 per cent to 14 per cent availability) to make healthier options such as water more available (up to 66 per cent from 45 per cent). Many of these achievements were supported by long-term policy change.
- Through a new partnership with The Community Grocer we contributed to greater food security for those facing disadvantage, many for the first time due to pandemic related financial distress, with an emphasis on affordable access to fruits and vegetables.
- The report *A Healthier Start for Victorians: A Consensus Statement on Obesity Prevention* led by VicHealth on behalf of the Healthy Eating and Active Living Roundtable was launched by the Parliamentary Secretary for Health, Mr Anthony Carbin MP. Eight practical recommendations to address childhood obesity have influenced Victorian Government and stakeholders' actions since the launch.
- With strong leadership from the Obesity Policy Coalition we continue to contribute efforts to enhance regulation and reduce unhealthy marketing and food labelling in Australia. This work has also included significant work in public opinion polling, which informs the future work of government and partners.



## Reducing harm from alcohol

- We collaborated with the Alcohol and Drug Foundation and consulted with four local councils to develop a 'how to' guide on what local governments can do to reduce alcohol-related harm.
- We began exploring risky drinking cultures among nurses and lawyers and funded research to test the uptake of brief interventions for risky alcohol use across a range of settings including BreastScreen services and GPs working in low-income communities.
- Together with four councils, we implemented targeted local programs under the Men's Risky Drinking initiative to help shift the culture of risky drinking that persists among specific groups of men.

## Values-based messaging

- Our Healthy Persuasions message guide was released to the sector with an overwhelmingly positive response. The cutting-edge research and resulting insights assist the health promotion sector to use the most effective frames and messages to build support for evidence-based health promotion action.

## Partnership Grants

- VicHealth's Partnership Grants supported 175 organisations to share in approximately \$2.5m of funding to advance the health of Victorians and contribute to greater health equity.

## Responding to communities affected by bushfires

- We supported organisations, clubs and communities affected by the 2019/20 bushfires by reaching out to bushfire-affected communities to ensure they have the resources and capacity to apply for and manage grants, as well as prioritising those communities in activities such as *This Girl Can – Victoria*.
- We also introduced flexibility into the grant application process for organisations in bushfire-affected communities by adjusting requirements and applying additional consideration to their needs within the assessment process.
- Existing funding agreements with organisations and communities affected by bushfires were also adjusted, as necessary.

## Coronavirus pandemic response and recovery

- In response to the pandemic, we increased funding for the Active Club Grants program to fund more sports organisations. We also introduced flexibility in funding to enable community sports organisations to use funds in the recovery from the impacts of coronavirus and re-establish participation in community sport.
- In consultation with peak bodies, the level and flexibility of funding for arts organisations was increased in response to the impact coronavirus has had on the arts, cultural and creative sectors.
- To support the Victorian Government, particularly the Department of Health and Human Services, we disseminated coronavirus health and wellbeing messages to the community throughout the pandemic. We also established an online Health Promotion Coronavirus Resource Hub for use by health promotion organisations and practitioners, with regularly updated key messages and resources.

## Innovate Reconciliation Action Plan

- Reflective of our support for First Nations people, we demonstrated our commitment to reconciliation by developing and finalising our Innovate Reconciliation Action Plan (RAP), VicHealth's second RAP, which received conditional endorsement from Reconciliation Australia in May 2020. The VicHealth Board approved the plan in July 2020 with final endorsement by Reconciliation Australia expected in the first half of 2020–21. Development of the RAP would not have been possible without the invaluable contribution of the Aboriginal and Torres Strait Islander Advisory Group. We look forward to working closely with the Group to further build relationships, celebrate culture and tackle health inequities as we implement the Innovate Reconciliation Action Plan over the next two years.

# 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 3-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:

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

The Action Agenda was revised and refreshed in 2019, outlining a continued commitment to our five strategic imperatives and setting specific targets for each strategic imperative over the final 4 years from 2019 to 2023.

## 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 of Victoria.

## 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:

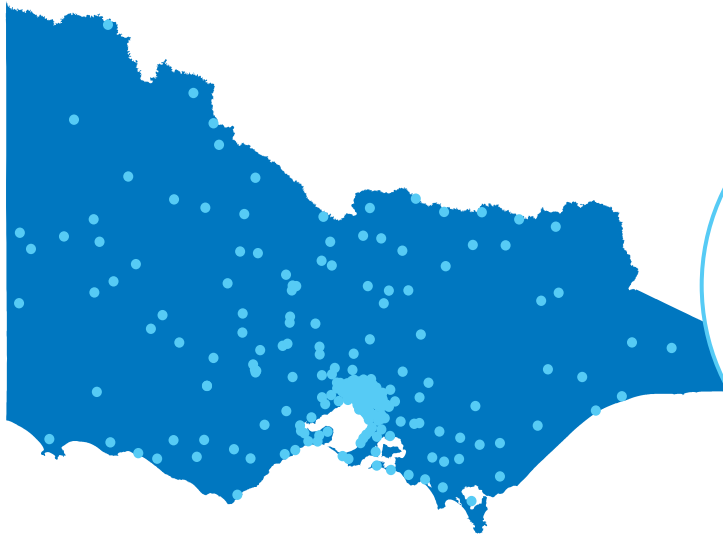
- the Victorian Public Health and Wellbeing Plan 2019–2023
- the Royal Commission into Victoria's Mental Health System
- the Royal Commission into Family Violence
- the *Hazelwood Mine Fire Inquiry report 2015/2016 – Volume III Health Improvement*.

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

## 2019-2020



**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

**\$14.1m**



**INCREASING  
PHYSICAL  
ACTIVITY**

**\$6.1m**



**PREVENTING  
TOBACCO  
USE**

**\$3.1m**



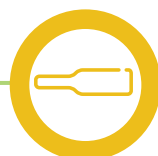
**IMPROVING  
MENTAL  
WELLBEING**

**\$2.4m**



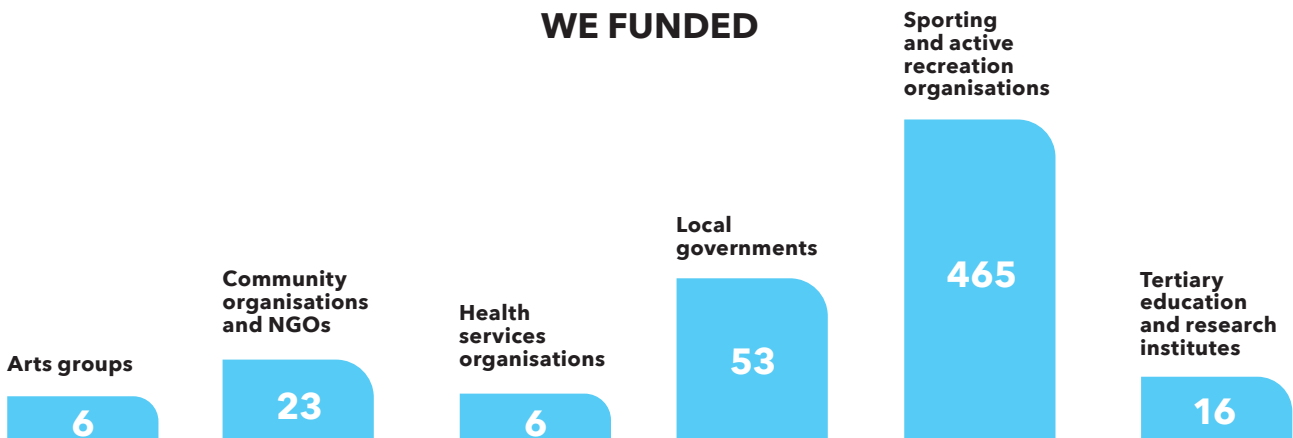
**PROMOTING  
HEALTHY  
EATING**

**\$1.7m**



**PREVENTING  
HARM FROM  
ALCOHOL**

### WE FUNDED



# SUPPORTING VICTORIANS DURING CORONAVIRUS

## PROGRAM CHANGES MARCH-JUNE 2020

### 151 Stakeholders

ENGAGED IN CORONAVIRUS WORKING GROUPS



Research



Walking  
& cycling



Food systems/  
food security



Mental  
wellbeing



Health  
promotion

## \$664,000 grant funding

DIVERTED TO COMMUNITIES AFFECTED BY BUSHFIRES AND CORONAVIRUS



Physical  
Activity



Mental  
Wellbeing



Healthy  
Eating



Arts

## CORONAVIRUS MESSAGING RESULTS MARCH-JUNE 2020



2,106

News media mentions



160,753

Facebook organic impressions



744,000

Twitter organic impressions



65,000

Be Healthy Blog views

18,348,939

Circulation reach

4,393,903

Social media paid impressions

9,247

Health Promotion Coronavirus  
Resource Hub views

## THIS GIRL CAN - VICTORIA: KEY ACHIEVEMENTS

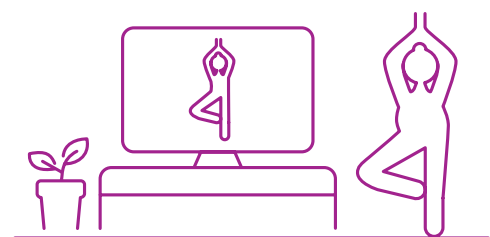
While the campaign was significantly impacted by the pandemic, This Girl Can – Victoria pivoted to continue supporting women to get active, resulting in the campaign's biggest impact to date.



MORE THAN

**319,000 women got active**

IN RESPONSE TO THE CAMPAIGN IN 2020



NEW GET ACTIVE @ HOME VIDEOS  
WERE WATCHED MORE THAN

**12,000 times**

# Operational and budgetary objectives and performance against objectives

## Operational performance against budget

The total income for the year was \$41.4m and largely in line with the budgeted income of \$41.5m (down by \$0.1m).

Notable variations in income to budget reflect:

- a) The difference between the budgeted appropriation increase of 2.5 per cent compared to an actual appropriation increase of 2 per cent reflecting an unfavourable variance of (\$0.2m). Total appropriation income was \$41.2m.
- b) A reduction in SunSmart income reflecting DHHS paying Cancer Council Victoria directly (\$0.4m).
- c) An unfavourable variance of (\$0.1m) in interest income due to lower interest rates.
- d) Additional appropriation received for a childhood obesity campaign (\$0.4m).
- e) Additional appropriation for prevention investment (\$0.1m).
- f) Special grants of \$0.1m received for sports participation and Bystanders for Primary Prevention of Violence Against Women.

Total grant funding and program expenditure from appropriation was \$27.7 million, which was in line with the budget despite VicHealth needing to adjust its grant and program deliverables over the March–June 2020 period reflecting impacts on stakeholders, partners and grant recipients as a result of the coronavirus pandemic.

Wages and on-costs of \$9.9 million were \$0.4 million (or 4 per cent) above the budget due to five unbudgeted redundancy/termination payments to staff, three additional staff positions, working from home allowances during the coronavirus pandemic, and temporary staff resources in the areas of our new ICT platform's change management and major ICT server and software upgrades prior to cutover to VicHealth's new ICT platform, known as Phoenix.

In respect to wages and on-costs, most notably, and in line with Victorian Government reporting according to Australian accounting standards, all of VicHealth's employee expenses are disclosed in the Financial Statements as a separate expense within total expenses. The reporting of employee expenses as a single item does not adequately reflect the role of VicHealth staff in contributing to health outcomes for the Victorian community. If staff costs associated with health promotion delivery were added to grant funding and program costs, the overall proportion of VicHealth's operating result delivering health and wellbeing outcomes would be in the order of \$35m in 2019–20, approximately 85 per cent of the total appropriation from DHHS.

Operating costs including depreciation and amortisation of \$3.1 million were \$0.8 million below budget due to: favourable employee development and wellbeing costs of \$0.1m primarily reflecting training costs, conference costs and personal development course costs being down due to the impact of the coronavirus pandemic; and favourable consultancy costs of \$0.6m primarily reflecting lower Phoenix consultancy costs of \$0.2m due to delays related to the coronavirus pandemic and lower than budgeted general consultancy costs of \$0.4m as a result of a focus by management on significantly reducing costs in 2019–20.

The comprehensive result for the year was a deficit of \$34,000 from general appropriation funded activities offset by a surplus of \$27,000 from special purpose funded activities, resulting in a net deficit comprehensive result of \$7,000 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 with the delivery of the program occurring over subsequent and/or multiple financial years. Special purpose funding where programs have not yet been delivered is captured in reserves on the balance sheet.

Our operating budget performance is summarised in Table 1.



**Table 1: Operational performance against budget for 2019–20**

	Appropriation funds		Special purpose funds		Total	
	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)
<b>Income</b>						
Appropriation	41,168	41,229	0	0	41,168	41,229
Other income	119	206	104	25	223	231
<b>Total income</b>	<b>41,287</b>	<b>41,435</b>	<b>104</b>	<b>25</b>	<b>41,391</b>	<b>41,460</b>
Grants & direct project implementation	28,315	28,539	77	25	28,392	28,564
Employee expenses						
– Health promotion delivery	7,753	7,465	0	0	7,753	7,465
– Management & support	2,187	2,106	0	0	2,187	2,106
Operating costs	3,066	3,844	0	0	3,066	3,844
<b>Total expenses</b>	<b>41,321</b>	<b>41,954</b>	<b>77</b>	<b>25</b>	<b>41,398</b>	<b>41,979</b>
<b>Operating surplus/(deficit)</b>	<b>(34)</b>	<b>(519)</b>	<b>27</b>	<b>0</b>	<b>(7)</b>	<b>(519)</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	2019–20 minimum or guideline	2019–20 budget (\$'000)	2019–20 actual	2019–20 amount (\$'000)
<b>Statutory expenditure target<sup>(ii)</sup></b>				
Sporting bodies	At least 30%	12,812	32.9%	13,546
Health promotion	At least 30%	14,909	33.7%	13,866
<b>Board policy expenditure guideline<sup>(iii)</sup></b>				
Promote healthy eating	5%	2,274	5.9%	2,416
Encourage regular physical activity	21%	13,670	34.2%	14,086
Prevent tobacco use	13%	5,427	14.9%	6,147
Prevent harm from alcohol	5%	2,097	4.0%	1,651
Improve mental wellbeing	8%	3,728	7.6%	3,111
Research and evaluation <sup>(iv)</sup>	12%	6,318	10.8%	4,434

## Notes:

- (i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2019–20 financial year our budgeted appropriation was \$41.2 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) Underspends in several strategic imperative areas against the Board policy expenditure guideline reflected impacts to spend allocation caused by the coronavirus pandemic.
- (iv) The research and evaluation figure may include expenditure allocated to other statutory and Board expenditure categories.

## 5-year financial summary

Table 3: 5-year financial summary

	2020 (\$'000)	2019 (\$'000)	2018 (\$'000)	2017 (\$'000)	2016 (\$'000)
<b>Operating statement</b>					
Revenue from government	41,272	40,505	39,863	38,558	38,305
Other income	119	222	226	215	256
Total income	41,391	40,727	40,089	38,773	38,561
Grants and funding	28,392	28,819	26,596	27,455	26,451
Employee expenses <sup>(i)</sup>	9,940	8,832	8,964	7,782	8,149
Operating costs	3,066	3,263	2,803	3,115	2,994
Total expenses	41,398	40,914	38,363	38,352	37,594
Net surplus/(deficit) for the period	(7)	(187)	1,726	421	967
<b>Balance sheet</b>					
Total assets	8,774	8,105	7,935	5,987	5,494
Total liabilities	3,311	2,635	2,279	2,057	1,985
Total equity	5,463	5,470	5,656	3,930	3,509

Note:

- (i) Approximately 78% of VicHealth's staffing relates to health promotion delivery, with the remainder providing overall management and support (Corporate Services).

## Major changes affecting performance

Total income was \$41.4 million, an increase of \$0.7 million compared to the \$40.7 million received in 2018–19, primarily due to a 2 per cent 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 \$41.4 million, an increase of \$0.5 million. Expenditure on grants and funding of \$28.4 million decreased by \$0.4 million since last year reflecting the impact of the coronavirus pandemic on stakeholders, partners, grant recipients and events in the last quarter of 2019–20.

Employee expenses and other operating costs have increased by \$0.9 million primarily due to five unbudgeted redundancy/termination payments to staff, three additional staff positions, working from home allowances during the coronavirus pandemic, and temporary staff resources in the areas of our new ICT platform's change management and major ICT server and software upgrades prior to cutover to VicHealth's new ICT platform, known as Phoenix.

Refer Note 3 Expenses from Transactions on page 55 and 56 within the Financial Statements for 2019–20.

## Significant changes in financial position during the year

The value of total assets is \$8.8 million, an increase of \$0.7 million reflecting Phoenix work-in-progress and the recognition of right of use assets under the new Accounting Standard AASB116 Leases. VicHealth's cash balances are \$6.4 million down from \$7.0 million in the year prior reflecting VicHealth's investment in its new ICT platform Phoenix.

Receivables have increased from \$0.7 million to \$0.8 million, mainly due to the value of GST credits receivable from the ATO.

Liabilities are \$3.3 million with the increase of \$0.7 million mostly relating to recognition of right of use liability under the new Accounting Standard AASB116 Leases.

## Subsequent events

VicHealth's lease at 15-31 Pelham Street, Carlton, ends in March 2021. Accordingly, VicHealth has included in its 2020–21 budget maintenance costs related to the end of lease for 15–31 Pelham Street as well as capital costs associated with a refurbishment/fit-out of VicHealth's future accommodation.

VicHealth through its core system replacement project implemented its new \$2.1 million grants, stakeholder and project management system known as Phoenix in late July 2020. The new system will see new ways of delivering enhancements in efficiency and effectiveness of VicHealth's grant, stakeholder and project management.

## 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)
2018 Impact Research Funding Rounds	3	314
Active Club Grants (2019–21)	419	1,348
Active Women and Girls – Participation	12	1,162
Alcohol and Drug Foundation (2019–21): Local government capacity building	1	316
Alcohol Culture Change Grants Initiative (2016–19)	13	429
Arts Strategy 2019 to 2023	18	981
Bystanders for Primary Prevention of Violence Against Women	4	319
Growing Participation in Sport Program (2018–21)	25	2,036
Leading Thinkers: Gender Equality	9	273
Men's Risky Drinking Initiative	5	289
New COVID cycling and walking program	6	303
Quit Victoria (2016–19)	1	2,347
Quit Victoria (2020–23)	1	3,475
Regional Sport Program (2018–21)	13	2,396
Salt Partnership	5	312
This Girl Can (Phase 1)	67	3,896
VicHealth Innovation Challenge: Sport (2019–21)	16	468
Vicsport – Partnership (2019–21)	1	470
Victoria Walks	1	350
Walk to School 2018–2020	9	297
Water Initiative (2017–20)	12	428

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 (2019–21): Local government capacity building	316
Cancer Council Victoria	Quit Victoria (2016–19) Quit Victoria (2020–23) SunSmart Program (2019–23) Obesity Policy Coalition 2019–21 Alcohol Legal Capacity – CCV Alcohol Commissioned Research	6,261
Deakin University	2018 Impact Research Grant Water Initiative (2017–20) Alcohol Culture Change Grants Initiative (2016–19) 2016 ARC & NHMRC Research Partnership Grant 2017 ARC & NHMRC Research Partnership Grant 2018 ARC & NHMRC Research Partnership Grant Promoting Healthy Food in Sport (2019–21) UNICEF – Child Obesity Unhealthy Marketing to Kids Bright Futures Challenge 2017 Innovation Research Grant	455
Football Federation Victoria	Active Women and Girls – Participation Growing Participation in Sport Program (2018–21) VicHealth Innovation Challenge: Sport (2019–21)	460
GippSport	Regional Sport Program (2018–21)	415
La Trobe University, Bundoora Campus	This Girl Can (Phase 1) Active Women and Girls – Participation Growing Participation in Sport Program (2018–21) Regional Sport Program (2018–21) Alcohol Culture Change Grants Initiative (2016–19) Consultation for VicHealth Indicators VicHealth Innovation Challenge: Sport (2019–21) Men’s Risky Drinking Initiative Active Club Grants (2019–21) VicHealth Innovation Challenge: Physical Activity (2015–17) Health Equity Resources for Partnership Grants	1,080
Leisure Networks	Regional Sport Program (2018–21) VicHealth Innovation Challenge: Sport (2019–21) VicHealth Innovation Challenge: Physical Activity (2015–17)	307
Mediacom	This Girl Can (Phase 1)	528

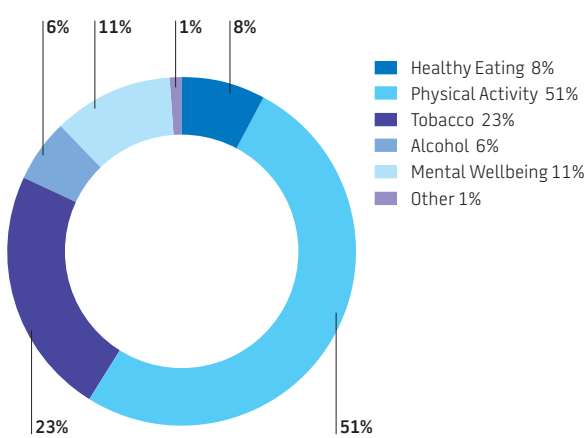
Organisation name	Project name(s)	Payments (\$'000)
Monash University	2018 Impact Research Grant Men's Risky Drinking Initiative 2017 ARC & NHMRC Research Partnership Grant Healthy Masculinities Cultures of Care Supporting local government planning New COVID cycling and walking program PHD Students (GRIP Behaviour Change) Alcohol and Gambling 2017 Innovation Research Grant Pride Game 2018–2021	428
The Behavioural Insights Team	Bystanders for Primary Prevention of Violence Against Women	310
The Shannon Company	This Girl Can (Phase 1) COVID-19 Communications	1,195
The University of Melbourne	Arts Strategy 2019 to 2023 Lancet Research Fellow Sustainable Development Goals Research Project Research funding grant 2017 ARC & NHMRC Research Partnership Grant 2016 ARC & NHMRC Research Partnership Grant Salt Partnership Leading Thinkers Evaluation Youth Engagement Project Leading Thinkers: Gender Equality PHAA VicHealth Scholarship Bystanders for Primary Prevention of Violence Against Women PVAW Integration/Gender Equality	592
Touch Football Australia – Victorian Branch	Active Women and Girls – Participation Growing Participation in Sport Program (2018–21)	285
VicSport	Vicsport – Partnership (2019–21) PASHE – Special Projects	405
Victoria Walks Inc	Victoria Walks Walk to School 2018–2020 Victoria Walks & Parks Victoria	385
Victorian Cricket Association trading as Cricket Victoria	This Girl Can (Phase 1) Active Women and Girls – Participation	311
Western Bulldogs Football Club	This Girl Can (Phase 1) Sons of the West 2019 and 2020 (Footscray Football Club)	253

The following graphs (1–5) represent the proportion of our total grants and funding expenditure of \$28.4 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 (\$14.1 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 \$6.1 million was invested to encourage more Victorians to be tobacco-free, largely in our long-term partnership with Cancer Council Victoria to deliver the Quit program. A shift in strategic imperatives has occurred in 2019–20 compared to the prior year as VicHealth focused on responding to the impacts of the coronavirus pandemic during the second half of 2019–20.

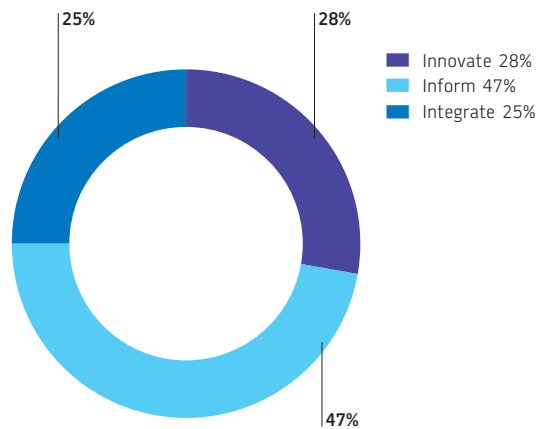
**Graph 1: Expenditure by strategic imperative**



## Operating model

VicHealth’s operating model covers three pillars: Innovate, Inform and Integrate. Graph 2: Expenditure by operating model indicates VicHealth’s 2019–20 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. Inform has also been a significant focus during the coronavirus pandemic in order to keep Victorians safe and healthy.

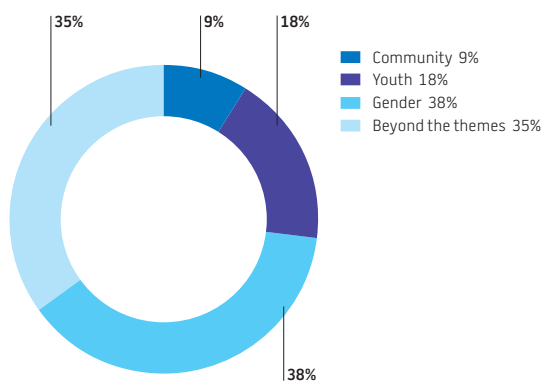
**Graph 2: Expenditure by operating model**



## Key themes for action

In addition to the five strategic imperatives, VicHealth actively considers three themes: gender, youth and community. The 2019–20 investment reflects a strong gender equality focus, including investment in the Active Women and Girls program (sports) and the *This Girl Can – Victoria* campaign (Graph 3). There has also been a strong focus on informing all Victorians during the coronavirus pandemic.

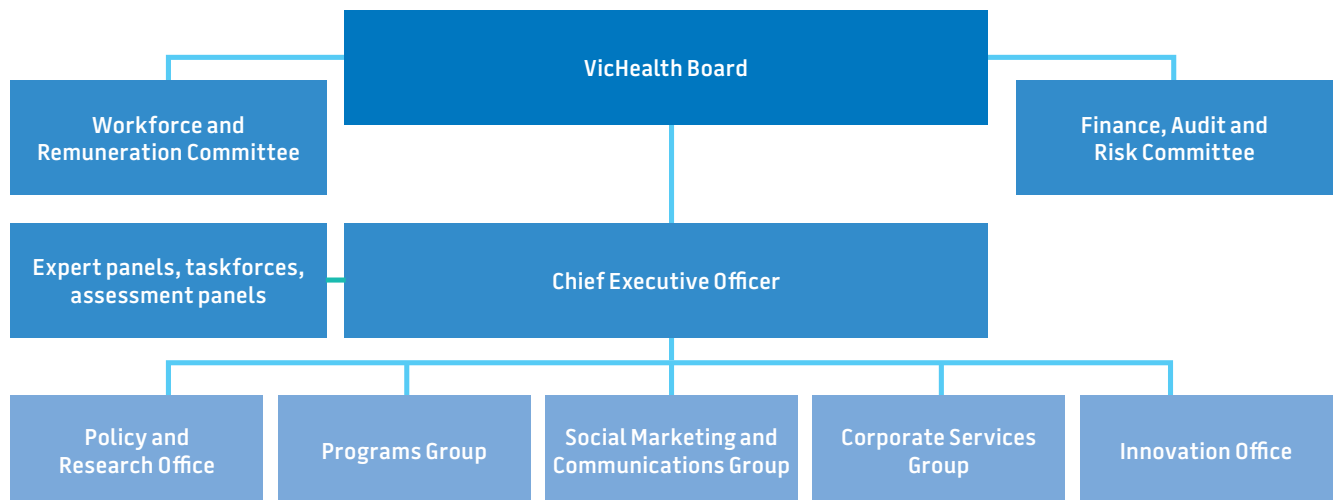
**Graph 3: Expenditure by key themes for action**





# 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.

### Policy and Research Office

Ensure VicHealth's research and policy development add value to health promotion practice and the public policy process to deliver sustained health benefits for Victorians.

### Programs Group

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

### Social 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.

### 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.

### Innovation Office

Trial the strategies, approaches, insights and collaborations that discover how to accelerate health outcomes in a rapidly changing world.

## Executive Management

The following people held executive management positions as at 30 June 2020:

*Chief Executive Officer*  
Dr Sandro Demaio

*Executive Manager, Programs Group*  
Ms Kirstan Corben

*Executive Manager, Corporate Services Group*  
Mr Paul Crapper

*Acting Executive Manager, Social Marketing and Communications Group*  
Ms Melanie Fineberg

*Executive Lead, Policy and Research Office*  
Ms Kellie Horton

*Executive Lead, Innovation Office*  
Ms Nithya Solomon

*Social Marketing & Communications Advisor*  
Mr Phillip Wade

## 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.

## Core Systems Replacement Project

VicHealth 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.

During 2019–20 at a cost of \$2.1 million, VicHealth's new grants, stakeholder and project management system known as Phoenix has been developed to VicHealth's identified business requirements. The system was subsequently cutover in mid-July 2020 following full training and user acceptance testing. The system was fully funded from VicHealth's cash reserves and despite being delayed 3 months due to the impacts on face-to-face system training caused by the coronavirus pandemic, the system was delivered on budget.

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, human resource management, recording and reporting associated with VicHealth's grants and programs' key business processes and procedures. Integrated with the new system, these business improvement projects will deliver efficient and effective new ways of working.

## Carbon Emissions Project

To align with VicHealth's Environmental Management Policy, management engaged our internal auditors and commercial advisors RSM to assist with analysing and measuring VicHealth's carbon emissions by delivering a report on VicHealth's Carbon Emissions Inventory and Reduction Strategy. We seek to understand the environmental aspects and impacts of our activities, how we might change the way we operate and achieve carbon neutral certification by 30 June 2021.

RSM identified that 93 per cent of VicHealth's emissions (1,219.40 tCO<sub>2</sub>e) from 1 January 2019 to 31 December 2019 came from indirect sources within VicHealth's value chain.

Carbon neutral certification by 30 June 2021 is expected to be achieved following VicHealth's registration with Climate Active and through the purchase of Australian Carbon Credit Units during 2020–21.

## VicHealth Board

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

### **Mr Nick Green OAM, Chair (Chair 7 April 2020 – 30 June 2020)**

Nick Green is an experienced leader who has worked in senior roles across global corporations, national sport and public-sector organisations. He is currently a senior Director and Industry Practice Leader at Aon, a global provider of risk management, insurance and professional services. Previous to this role, Mr Green was the Chief Executive Officer of Cycling Australia.

Mr Green has served as President of the Victorian Olympic Council from 2005 to 2016, an Executive Board Member of the Australian Olympic Committee (2005–2017), a Fellow and Director of Leadership Victoria (2014–2016) with further studies (science and governance) at the University of Melbourne (VCAH Burnley) and Melbourne Business School.

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 founder partner of the Oarsome Foursome. Mr Green has been awarded life memberships of Victorian Olympic Council and Rowing Australia in recognition of his contribution.

Mr Green joined the Board of VicHealth in July 2014. He also serves on the Finance, Audit and Risk Committee.

### **Dr Sally Fawkes, Deputy Chair**

Dr Sally Fawkes is a senior academic at La Trobe University, coordinating the Doctor of Public Health and post-graduate public health subjects. She holds a Bachelor of Science, Graduate Diploma in Health Education, Master of Business Administration (Health) and PhD in health policy. She has served on VicHealth's board since 2016, including as Chair (Acting) for periods in 2019 and 2020. Dr Fawkes is a long-standing technical advisor for the World Health Organization (WHO), contributing to health promotion and urban health/healthy cities policy initiatives in Western Pacific, European and Eastern Mediterranean regions. She was on faculty for WHO ProLEAD health leadership development program for over a decade. She is serving her fourth term on the International Network of Health Promoting Hospitals and Health Services Governance Board, and is Vice Chair.

Dr Fawkes' research, teaching and professional work emphasises the application of foresight/futures studies, systems thinking and health promotion to improve the effectiveness of public sector governance, strategy and programs. She has held positions at WHO Regional Office for Europe and leadership roles at Victorian Healthcare Association, Deakin University and several major hospitals. Previous board and committee appointments include Council of Academic

Public Health Institutions Australasia, Women's Health Victoria and community health services. Dr Fawkes is co-author of *Public Health Practice in Australia: The Organised Effort* (with Lin and Smith).

### **Ms Catherine Harding (1 March 2020 – 30 June 2020)**

Catherine Harding is a qualified lawyer who has spent over 15 years working in social policy across the government, non-profit and corporate sectors across Australia. Her work has encompassed policy areas including justice, health, education, family violence, sport and human rights as an Associate Director at KPMG and in prior roles with the Victorian and Australian Governments.

Ms Harding is driven to find creative and innovative solutions to complex problems, and is experienced in setting organisational strategies to drive the growth and performance of organisations. She is also a passionate public health advocate, and has worked on healthy eating campaigns with The Good Foundation and Jamie Oliver.

Ms Harding has served as a non-Executive Director of Vicsport since 2018 and of Women's Health West since 2014.

### **Mr Ben Hartung (1 July 2019 – 30 September 2019)**

Ben Hartung served on the Board of VicHealth from October 2016 to September 2019. He previously served on the Board of the Sports Federation of Victoria (Vicsport) from November 2012 to November 2017 as well as the Boards of Commonwealth Games Australia (CGA) and the Australian Commonwealth Games Foundation (ACGF) from March 2017 to November 2018.

Mr Hartung held various senior executive positions, including a period as Interim CEO, at Hockey Australia from 2014 to 2019, and with Sport and Recreation Victoria. 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 life-long passion for Mr Hartung and 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 Fiona McCormack**  
(Chair 1 July 2019 – 7 April 2020)

Fiona McCormack is currently the Victorian Victims of Crime Commissioner and previously held the role of CEO Domestic Violence Victoria, the peak body for family violence services for women and children in Victoria.

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 a state and national level.

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.

Ms McCormack served as Chair of the VicHealth Board from October 2016 to April 2020.

**Dr Bridie O'Donnell**

Dr Bridie O'Donnell is a medical doctor, champion cyclist and the first head of the Victorian Government's Office for Women in Sport and Recreation.

After competing in rowing and Ironman Triathlon, Dr O'Donnell began road cycling and raced in the Australian National Team, and then professional teams in Europe and the United States, from 2008 to 2012, representing Australia at three World Championships.

In 2013 she returned to Melbourne to work as a behaviour change physician at Epworth HealthCheck and the Epworth Breast Service, with a part-time role teaching doctor-patient communication at Deakin University Medical School.

From 2013 to 2016, Dr O'Donnell also managed and raced for Rush Women's Team, a National Road Series cycling team in Australia. In 2016, she became the first Australian woman to make an attempt on the UCI World Hour record in 15 years, setting a new world record of 46.882km at the Adelaide SuperDrome.

In November 2017, Dr O'Donnell was appointed the inaugural Head of the Office for Women in Sport and Recreation by the Victorian Government and in 2018 she published 'Life and Death – a cycling memoir' about her experiences as a professional cyclist in the international peloton.

In 2019 Dr O'Donnell commenced an Executive Master of Public Administration at the Australian & New Zealand School of Government, and is looking forward to graduating in 2020. She is a strong advocate for promoting gender equality and improving the health of the community through sport.

**Ms Peggy O'Neal AO**  
(1 January 2020 – 30 June 2020)

Peggy O'Neal has specialised in superannuation and financial services law for more than 25 years and is presently a consultant to Lander & Rogers and was previously a partner at Herbert Smith Freehills from 1995 to 2009.

Ms O'Neal has been president of the Richmond Football Club since October 2013, having served on the Club's board since 2005. She is the first woman to be president of an AFL club. In 2018, she was appointed by the AFL as one of the 12 members of its inaugural Competition Committee which advises the AFL Commission on issues regarding the design and future of the AFL competition.

In 2014 she was appointed to chair the Victorian Minister for Sport's year-long Inquiry into 'Women and Girls in Sport and Active Recreation' and until 2018 was convenor of the Minister's Change Our Game Champions program.

In 2017, Ms O'Neal was appointed to Victoria's Ministerial Council on Women's Equality. Two years later, she was appointed to the Australian Institute of Sport Athlete Wellbeing and Engagement Advisory Committee, as well as the AFL's Mental Health Steering Committee.

Ms O'Neal holds senior board and advisory roles within the financial services sector. She is also on the board of Women's Housing Limited and on the investment advisory panel of Home for Homes (an initiative of the Big Issue).

She is a Fellow of the Australian Institute of Company Directors and is also a member of Chief Executive Women and the Melbourne Forum.

In 2019 she was made an Officer of the Order of Australia for her services to Australian rules football, financial services law and women in leadership roles. She has an honorary Doctor of Laws from Swinburne University.

### **Ms Veronica Pardo**

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 by 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.

### **Professor Anna Peeters**

Professor Anna Peeters is Director of the Institute for Health Transformation and Professor of Epidemiology and Equity in Public Health at Deakin University. She is Past President of the Australian and New Zealand Obesity Society and sits on national and international advisory boards and steering committees. In 2014 she was awarded the World Obesity Federation Andre Mayer Award for research excellence in obesity and a Churchill Award for innovative work in improving the equity of population prevention initiatives.

Professor Peeters leads the NHMRC Centre of Research Excellence into Healthy Food Retail (RE-FRESH, 2018–2022) and is the recipient of an NHMRC Investigator Grant (2020–2025).

### **Ms Stella Smith**

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 and has 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 create greater opportunities for community engagement.

### **Mr Stephen Walter**

**(Leave of absence 1 July 2019– 31 December 2019)**

Stephen Walter is a corporate affairs professional with over 35 years' experience in corporate communications, media and stakeholder relations, brand management, marketing, advertising and business development gained through the public and private sectors. He is currently Executive Director of Persuade Consulting, principally an international tennis management consultancy. Prior to this, he was Chief of Staff and Group General Manager, Corporate Public Affairs at Australia Post where he also served on 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 for the development of East Timor's visual arts community.

### **Ms Sheena Watt**

Sheena Watt is a public health advocate and company director. Ms Watt, a proud Yorta Yorta woman, is a Board Member of the Victorian Council of Social Services, Women's Health Victoria, Merri Health and Progressive Public Health Australia.

Ms Watt is the Executive Manager, Aboriginal and Torres Strait Islander Policy & Programs for AFL SportsReady, a national not-for-profit that delivers employment and education for young people.

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

**Ms Sarah Connolly MP  
(14 August 2019 – 30 June 2020)**

Sarah Connolly is a member of the Parliament of Victoria in the Legislative Assembly. She represents the multicultural district of Tarneit, located in Melbourne's outer west. Her Electorate of Tarneit sits within one of Australia's largest growth corridors.

Ms Connolly is a highly qualified policy and regulatory expert, community advocate and engagement specialist. Prior to entering politics, she worked for over a decade across the country on Australia's energy future. She has worked at the Australian Competition and Consumer Commission, Australian Energy Regulator and across public and privately owned energy networks.

Prior to that she worked in various areas of the criminal justice system, including the Department of Justice, Department of Public Prosecutions, as a Judge's Associate and in a law firm.

Ms Connolly holds a Bachelor of Laws from the University of Queensland and a Graduate Diploma of Legal Practice from the Queensland University of Technology.

**Mr Andy Meddick MP  
(14 August 2019 – 30 June 2020)**

Andy Meddick is a social justice and animal rights campaigner and has dedicated many years to achieving positive change for animals. After standing as a candidate in Council, State and Federal elections, Andy was successfully elected as a Member of the Legislative Council for Western Victoria in the 2018 Victorian State Election.

Before being elected he spent many years working in the construction industry as a scaffolder, working on some of Melbourne's largest buildings.

Mr Meddick is passionate about healthy eating and the wellbeing of Victorians.

**Ms Bridget Vallence MP  
(14 August 2019 – 30 June 2020)**

Bridget Vallence was elected as a Member of the Victorian Parliament on 24 November 2018 to represent the Evelyn District, and upon being sworn in to Parliament was appointed Shadow Cabinet Secretary and Shadow Assistant Minister for Industry.

In March 2020 Ms Vallence was promoted to the role of Shadow Minister for Environment & Climate Change and Shadow Minister for Youth on the Victorian Liberal Nationals front bench, portfolios that Ms Vallence believes are critical to our community and future prosperity.

Ms Vallence serves on the Parliament's Public Accounts and Estimates Committee (PAEC), which examines expenditure of public money to improve outcomes for the Victorian community.

Ms Vallence is passionate about helping people, volunteer groups and businesses in her local community to thrive. Ms Vallence lives in the Yarra Valley with her husband and two sons and is actively involved in her community, including at several local sporting clubs, community organisations and her son's primary school.

Prior to entering Parliament, Ms Vallence worked for 16 years in the automotive industry as a procurement executive in both the manufacturing and retail sectors in Australian, Asian and global markets, and is also experienced with organisational change and business transformation projects.

Ms Vallence holds a Bachelor of Arts and Bachelor of Commerce (Honours) from the University of Melbourne. In 2016, Ms Vallence was an inaugural fellow of the Melbourne School of Government Pathway to Politics Program for Women.

**Table 6: VicHealth Board attendance register**

<b>Board</b>	<b>No. of meetings attended in 2019–20</b>	<b>Eligible meetings in 2019–20</b>
Ms Sarah Connolly MP 14 August 2019 – 30 June 2020	1	5
Dr Sally Fawkes 1 July 2019 – 30 June 2020	6	6
Mr Nick Green OAM 1 July 2019 – 30 June 2020	5	6
Ms Catherine Harding 1 March 2020 – 30 June 2020	1	1
Mr Ben Hartung 1 July 2019 – 30 September 2019	2	2
Ms Fiona McCormack 1 July 2019 – 7 April 2020	3	5
Mr Andy Meddick MP 14 August 2019 – 30 June 2020	4	5
Dr Bridie O'Donnell 1 July 2019 – 30 June 2020	4	6
Ms Peggy O'Neal AO 1 January 2020 – 30 June 2020	1	2
Ms Veronica Pardo 1 July 2019 – 30 June 2020	6	6
Prof. Anna Peeters 1 July 2019 – 30 June 2020	6	6
Ms Stella Smith 1 July 2019 – 30 June 2020	6	6
Ms Bridget Vallenge MP 14 August 2019 – 30 June 2020	2	5
Mr Stephen Walter <sup>(i)</sup> 1 July 2019 – 30 June 2020	2	2
Ms Sheena Watt 1 July 2019 – 30 June 2020	5	6
Mr Peter Moloney (Board advisor and Chair of Finance, Audit and Risk Committee)	6	6

(i) Mr Walter was on leave of absence from 1 July 2019 to 31 December 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 2019–20	Eligible meetings in 2019–20
Mr Peter Moloney, Chair 1 July 2019 – 30 June 2020 Independent	5	5
Ms Joanne Booth 1 July 2019 – 30 June 2020 Independent	5	5
Ms Kerry Bradley 1 July 2019 – 15 November 2019 Independent	1	2
Mr Nick Green OAM 1 July 2019 – 30 June 2020 Board member	4	5
Ms Gaye Mason 12 February 2020 – 30 June 2020 Independent	2	2
Ms Stella Smith 1 November 2019 – 30 June 2020 Board member	3	4
Mr Adam Todhunter 1 July 2019 – 30 October 2019 Independent	1	1

## 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 2019–20	Eligible meetings in 2019–20
Dr Sally Fawkes, Chair 1 July 2019 – 30 June 2020 Board member	3	3
Ms Fiona McCormack Deputy Chair 1 July 2019 – 7 April 2020 Board member	2	2
Mr Nick Green OAM Deputy Chair 7 April 2020 – 30 June 2020	1	1
Ms Veronica Pardo 2 October 2019 – 30 June 2020 Board member	2	2
Mr Stephen Walter <sup>(i)</sup> 1 July 2019 – 30 June 2020 Board member	1	1

(i) Mr Walter was on leave of absence from 1 July 2019 to 31 December 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 is replacing its ageing legacy systems. This committee has comprised internal leaders of VicHealth as well as external experts in IT governance, change management and the core systems provider. The committee reports to both the Executive Management Team and the Finance, Audit and Risk Committee and has been instrumental in 2019–20 in driving good governance in the development and delivery of the new system within budget to achieve VicHealth’s business requirements.

## 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 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 2019–20 the following groups were convened:

### Expert panels

Victorian Community Attitudes Survey Technical Advisory Group  
VicHealth Partnership Grants Advisory Panel

### Taskforces

Mental Wellbeing Taskforce  
Alcohol Taskforce  
Physical Activity Taskforce  
Childhood Obesity Taskforce

### Assessment panels

Active Club Grants Assessment Panel  
Citizen Science Tender Assessment Panel  
Obesity Policy Coalition Investment Review  
Research Partnership Grants Assessment Panel  
Victorian Community Attitudes Survey Assessment Panel  
Victoria Walks Investment Review  
Walk to School Investment Review

### Other stakeholder groups convened

Alcohol Leadership Group  
Arts Roundtable  
Childhood Obesity Leadership Group  
Healthy Eating and Active Living Roundtable  
Local Government Health Planners Focus Group  
Health Promotion Peak Agency COVID-19 Working Group  
Mental Health COVID-19 Working Group  
Health Promotion Research COVID-19 Working Group  
Food Security/Food Systems COVID-19 Working Group  
Walking and Cycling Post COVID-19 Working Group

In addition to these groups, 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	2019–20	2018–19
Incidents	No. of incidents	2	1
	No. of hazards reported	1	0
Claims	No. of standard claims	0	0
	No. of lost time claims	0	0
	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 across the organisation.

### Innovate Reconciliation Action Plan

Reflective of VicHealth's focus on supporting First Nations people, a major project and deliverable of the Diversity and Inclusion Committee during 2019–20 was the development and finalisation of an Innovate Reconciliation Action Plan (RAP), VicHealth's second RAP. VicHealth was pleased to achieve conditional endorsement of its Innovate RAP from Reconciliation Australia in May 2020, prior to achieving VicHealth Board approval in July 2020, with final endorsement by Reconciliation Australia expected in the first half of 2020–21.

## 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 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. This is reflected in VicHealth's People Strategy, a 3-year plan that identifies and sets out initiatives on the ways VicHealth will support, develop and enhance each of the three enablers of Culture, Capability and Capacity.

The People Matter Survey that VicHealth participates in annually has been postponed for 2020 by the Victorian Public Sector Commission in response to the coronavirus pandemic. While it may take place later in the year its postponement means VicHealth does not currently have available staff satisfaction and engagement results for 2020. Following the first 6 months of the People Strategy being delivered, the most recent 2019 results showed an upward trend in VicHealth's results and that VicHealth's results are better overall than the VPS average. We scored 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). With the delivery of People Strategy initiatives continuing across the 2020 financial year VicHealth has no reason to believe that this upward trend would not have continued.

## 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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Gender</b>														
Male	16	17.0	15.1	16.5	13.0	13	2.0	3	14.7	15.5	1.0	1	0.4	1
Female	62	59.0	55.2	50.7	26.0	25.0	22.0	23	42.4	41.5	14.0	11	12.8	9.2
Self-described	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Age</b>														
15–24	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
25–34	19	18	18.2	17.2	11.0	11	1.0	2	11.6	12.4	7.0	5	6.6	4.8
35–44	31	31.0	26.8	26.4	14.0	15.0	12.0	11.0	22.8	22.6	5.0	5	4.0	3.8
45–54	20	17	18.2	14.6	10.0	6	8.0	9	16.4	13	2.0	2	1.8	1.6
55–64	7	10.0	6.3	9.0	4.0	6.0	2.0	4	5.5	9.0	1.0	0	0.8	0
65+	1	0	0.8	0	0.0	0	1.0	0	0.8	0	0.0	0.0	0.0	0.0
<b>VicHealth EA</b>														
Grade A	3	2	2.3	1.6	0.0	0	3.0	2	2.3	1.6	0.0	0	0.0	0
Grade B	1	1	0.6	.6	0.0	0	1.0	1	0.6	.6	0.0	0	0.0	0
Grade C	11	10	10.6	9.4	6.0	7	0.0	2	6.0	8.4	5.0	1	4.6	1
Grade D	35	37	31.7	33.2	17.0	19	12.0	12	25.9	27.8	6.0	6	5.8	5.4
Grade E	22	21	20.0	17.7	13.0	9	6.0	7	17.6	13.9	3.0	5	2.4	3.8
Grade F	0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0
<b>Total VicHealth EA (A–F Grade)</b>	<b>72</b>	<b>71</b>	<b>65.2</b>	<b>62.5</b>	<b>36</b>	<b>35</b>	<b>22.0</b>	<b>24</b>	<b>52.4</b>	<b>52.3</b>	<b>14.0</b>	<b>12</b>	<b>12.8</b>	<b>10.2</b>
<b>Senior employees</b>														
Executives	6	5.0	5.1	4.7	3.0	3	2.0	2	4.7	4.7	1.0	0.0	0.4	0.0
<b>Total senior employees</b>	<b>6</b>	<b>5.0</b>	<b>5.1</b>	<b>4.7</b>	<b>3.0</b>	<b>3</b>	<b>2.0</b>	<b>2</b>	<b>4.7</b>	<b>4.7</b>	<b>1.0</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>
<b>Total other</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>
<b>Total employees</b>	<b>78</b>	<b>76.0</b>	<b>70.3</b>	<b>67.2</b>	<b>39.0</b>	<b>38</b>	<b>24.0</b>	<b>26</b>	<b>57.1</b>	<b>57</b>	<b>15.0</b>	<b>12</b>	<b>13.2</b>	<b>10.2</b>

### Notes:

Executives includes the Accountable Officer (CEO) as well as the Social Marketing and Communications Advisor who has been appointed on a short-term executive contract to perform several projects.

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

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

'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 2020				June 2019			
	Male	Female	Self-described	Vacancies	Male	Female	Self-described	Vacancies
Chief Executive Officer	1	0	0	0	0	1	0	0
Executive Managers	2	3	0	1	2	3	0	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>0</b>	<b>0</b>

**Table 12: Reconciliation of executive numbers**

		2019–20	2018–19
	Executives with remuneration over \$100,000*	5	5
<i>Add</i>	Vacancies (Table 11)	1	0
	Executives employed with total remuneration below \$100,000	0	0
	Accountable Officer (Chief Executive Officer)	1	1
<i>Less</i>	Separations	1	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 8.5).

Executive remuneration is based on full-time annualised salary; however, it should be noted that as per Table 10, three of the five executives are contracted to part-time hours ranging from 0.4 FTE to 0.9 FTE. This includes the Social Marketing and Communications Advisor who has been appointed on a short-term executive contract, with the short-term role to cease when the Executive Manager Social Marketing and Communications vacancy is filled.

The role of Acting Chief Executive Officer was held by Dr Lyn Roberts AO for the period 30 June 2019 to 22 September 2019. Dr Sandro Demaio was CEO for the period 23 September 2019 to 30 June 2020. Dr Roberts was remunerated as a consultant during her tenure as Acting Chief Executive Officer, whereas Dr Demaio is remunerated as an executive employee under a Public Service Executive contract.

Supporting the Department of Health and Human Services (DHHS) in the response to COVID-19 two executive staff members were seconded to DHHS in the latter part of the financial year.

Dr Sandro Demaio, CEO, was seconded as Deputy Public Health Commander (Public Information) with the COVID-19 Department Incident Management Team for 2 days a week from 16 April 2020 to 17 June 2020.

Nithya Solomon, Executive Lead, Innovation Office was seconded as Private Pathology Deputy Lead with the COVID-19 Project Management Office for 2 days a week from 14 May 2020 to 31 July 2020.

Dr Sandro Demaio, CEO was offered an appointment as an Adjunct Associate Professor in the Institute for Health Transformation, Faculty of Health at Deakin University in May 2020.

Kirstan Corben, Executive Manager, Programs was offered an appointment as an Honorary Fellow in the Institute for Health Transformation, Faculty of Health at Deakin University in May 2020.

## Section 4: Other disclosures

### Consultancies

Table 13 details the consultancies valued at 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	Total approved project fee (\$'000)	2019–20 actual expenditure (\$'000)	Future expenditure (\$'000)
Corvus Group	Human resources consulting services	73	73	-
LR Associates	Business consulting services	82	82	-
Wise Technology Management	Business/systems consulting services	24	24	-
Our Very Own	Business/systems consulting services	24	24	-
The Anderson Partnership	Business consulting services	17	17	-
Victorian Government Solicitor's Office	Legal services	29	29	-

Note: Consultancy agreements cover the period 1 July 2019 to 30 June 2020. Unless otherwise indicated, there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2020 as required.

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

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

In 2019–20, there were 12 consultancies where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during the financial year in relation to these consultancies was \$61,000 (excluding GST).

## Information, communication and technology (ICT) expenditure

Details of ICT expenditure during the financial year were:

**Table 14: ICT expenditure during 2019–20 (excluding GST)**

Expenditure	(\$'000)
Business as Usual ICT expenditure	1,371
Non-Business as Usual ICT expenditure Total = A + B	1,650
Non-Business as Usual Operational expenditure A	769
Non-Business as Usual Capital expenditure B	821

## 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 exceeding \$100,000 during 2019–20 (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	1/03/2020 – 30/6/2020
Advertising (media) (\$'000)	\$584
Creative and campaign development (\$'000)	\$1,143
Research and evaluation expenditure (\$'000)	\$309
Other campaign expenditure (\$'000)	\$1,895

## 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.

## 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](http://www.data.vic.gov.au) in machine-readable format. VicHealth will progressively release other data in the future as it becomes available.

## Local jobs disclosures

VicHealth abides by the requirements of the Local Jobs First Policy in its procurement practices.

During the reporting period, no tenders or projects were deemed as falling within the scope of Local Jobs First Strategic (projects with a budget of \$50 million or more), Local Jobs First Standard (projects with a budget of \$3 million or more in metropolitan Melbourne or \$1 million in rural Victoria) or projects that the Major Projects Skills Guarantee has been applied to.

## 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 2019–20, 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.

VicHealth also undertook a carbon emissions project in 2019–20 with a focus on becoming a carbon neutral organisation by 30 June 2021, which is detailed earlier under Section 2 of the Annual Report.

## 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, Nick Green, Board Chair on behalf of the Responsible Body, certify that VicHealth has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'Nick Green', written in a cursive style.

**Nick Green OAM**  
Chair of the Board

*26 August 2020*

# **Section 5: Financial statements**

## Victorian Health Promotion Foundation 2019–20

# 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 2020 and financial position of VicHealth at 30 June 2020.


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.



**Mr Nick Green OAM**  
Chair of the Board

Melbourne  
26 August 2020



**Dr Sandro Demaio**  
Accountable Officer

Melbourne  
26 August 2020



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

Melbourne  
26 August 2020



Victorian Auditor-General's Office

## 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 2020</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 2020 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 APES 110 <i>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>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>
<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 2020, 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>

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**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  
3 September 2020

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

# Comprehensive operating statement

## for the financial year ended 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Income from transactions</b>			
Appropriations and grants	2.1	41,272	40,505
Interest and other income	2.2	119	222
<b>Total income</b>		<b>41,391</b>	<b>40,727</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1 (a)	8,719	7,603
Other employee expenses	3.1 (b)	1,221	1,229
Depreciation and amortisation	3.1 (c)	619	77
Grants and funding	3.1 (d)	28,392	28,819
Operating costs	3.1 (e)	2,447	3,186
<b>Total expenses</b>		<b>41,398</b>	<b>40,914</b>
<b>Net result for the year</b>		<b>(7)</b>	<b>(187)</b>
<b>Comprehensive result for the year</b>	8.1	<b>(7)</b>	<b>(187)</b>

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

# Balance sheet

## as at 30 June 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	6,354	6,960
Receivables	4.2	755	696
Prepayments		266	348
<b>Total current assets</b>		<b>7,375</b>	<b>8,004</b>
<b>Non-current assets</b>			
Property, plant and equipment	5.1	517	38
Intangible assets	5.2	882	63
<b>Total non-current assets</b>		<b>1,399</b>	<b>101</b>
<b>Total assets</b>		<b>8,774</b>	<b>8,105</b>
<b>Current liabilities</b>			
Payables	6.1	1,149	1,100
Borrowings	6.1	450	-
Provisions: employee benefits	6.2	1,416	1,244
<b>Total current liabilities</b>		<b>3,015</b>	<b>2,344</b>
<b>Non-current liabilities</b>			
Provisions: employee benefits	6.2	296	291
<b>Total non-current liabilities</b>		<b>296</b>	<b>291</b>
<b>Total liabilities</b>		<b>3,311</b>	<b>2,635</b>
<b>Net assets</b>		<b>5,463</b>	<b>5,470</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		5,284	5,273
Reserves	8.2	179	197
<b>Total equity</b>		<b>5,463</b>	<b>5,470</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 2020

	Equity at 1 July 2019 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2020 (\$'000)
<b>2020</b>				
Accumulated surplus/(deficit)	5,273	18	(7)	5,284
Reserves	197	(18)	-	179
<b>Total equity</b>	<b>5,470</b>	<b>-</b>	<b>(7)</b>	<b>5,463</b>

	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>

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 2020

	Notes	2020 (\$'000)	2019 (\$'000)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from Government		41,376	40,512
Receipts from other entities		44	35
Interest received		75	179
Goods and Services Tax (paid to)/refund from the ATO		2,881	2,880
<b>Total receipts</b>		<b>44,376</b>	<b>43,606</b>
<b>Payments</b>			
Payment of grants and funding		(31,028)	(27,720)
Payments to suppliers and employees		(12,485)	(15,849)
<b>Total payments</b>		<b>(43,513)</b>	<b>(43,569)</b>
<b>Net cash flow provided by/(used in) operating activities</b>	<b>8.3</b>	<b>863</b>	<b>37</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(888)	(68)
<b>Net cash flows provided by/(used in) investing activities</b>		<b>(888)</b>	<b>(68)</b>
<b>Cash flows from financing activities</b>			
Cash outflow for leases		(581)	-
<b>Net cash flow provided by/(used in) financing activities</b>		<b>(581)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(606)</b>	<b>(31)</b>
Cash and cash equivalents at the beginning of the financial year		6,960	6,991
<b>Cash and cash equivalents at the end of the financial year</b>	<b>4.1</b>	<b>6,354</b>	<b>6,960</b>

Note:

- (a) VicHealth has recognised cash payments for the principal portion of right of use lease payments as financing activities. Cash payments for the interest portion as operating activities.

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

# Notes to the financial statements

## for the year ended 30 June 2020

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# Notes to the financial statements

## for the year ended 30 June 2020

### 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 2020. 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 26 August 2020.

#### 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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

#### 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 2020

### 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.

# Notes to the financial statements

## for the year ended 30 June 2020

### Note 2. Income from transactions

#### 2.1 Appropriation and grants

	2020 (\$'000)	2019 (\$'000)
General appropriation	41,168	40,223
Grants and special purpose funding	104	282
<b>Total appropriation and grants</b>	<b>41,272</b>	<b>40,505</b>

#### Revenue recognition

##### Change in accounting policies – AASB 15 & 1058

From 1 July 2019 income is recognised in accordance with AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities (except for income that arises from sources covered by other standards). The adoption of these new accounting standards has not resulted in significant changes to the recognition of revenue for VicHealth.

**AASB 15 Revenue from Contracts with Customers:** Revenue shall be recognised when there is satisfaction of a performance obligation by transferring of a promised good or service to a customer. Recognition occurs as the asset is transferred when or as the customer obtains control of that asset.

**AASB 1058 Income of Not-for-Profit Entities:** Applies to transactions where the consideration to acquire an asset is significantly less than fair value, principally to enable a Not-for-Profit Entity to further its objectives. For transactions within the scope of AASB 1058 income is recognised immediately.

In accordance with FRD 121 Transitional requirements on the application of AASB 15 Revenue from contracts with customers and FRD 122 Transitional requirements on the application of AASB 1058 Income of Not-for-Profit Entities VicHealth has applied the modified retrospective method with the cumulative effect of initially applying these standards against the opening retained earnings. However, no retrospective adjustment to retained earnings was required. Comparative information has not been restated.

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.

Grants and other transfers of income are recognised as income in accordance with AASB 15 where there is an enforceable contract with the customer and the conditions are sufficiently specific to enable determination if the conditions have been satisfied. Where sufficiently specific performance obligations do not exist, revenue is recognised upon receipt in line with AASB 1058.

# Notes to the financial statements

## for the year ended 30 June 2020

Note 2. Income from transactions (cont'd)

### 2.2 Interest and other income

	2020 (\$'000)	2019 (\$'000)
Interest income	75	174
Other income	44	48
<b>Total interest and other income</b>	<b>119</b>	<b>222</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.

# Notes to the financial statements

## for the year ended 30 June 2020

### Note 3. Expenses from transactions

#### 3.1 Expenses

	2020 (\$'000)	2019 (\$'000)
<b>(a) Employee expenses</b>		
Salaries, wages and leave payments	8,719	7,603
<b>Total employee expenses</b>	<b>8,719</b>	<b>7,603</b>
<b>(b) Other employee expenses</b>		
Agency and temporary staff	249	296
Board and committee members fees	108	126
Fringe benefits tax	28	47
Superannuation	765	697
WorkCover premium	60	63
Relocation expenses	11	-
<b>Total other employee expenses</b>	<b>1,221</b>	<b>1,229</b>
<b>(c) Depreciation and amortisation</b>		
Depreciation		
Office equipment	23	50
Office equipment – Right of Use	22	-
Fixtures and fittings	4	5
Motor vehicles	5	-
Buildings – Right of Use	563	-
<b>Total depreciation</b>	<b>617</b>	<b>55</b>
Amortisation – IT software	2	22
<b>Total depreciation and amortisation</b>	<b>619</b>	<b>77</b>
<b>(d) Grants and funding</b>		
General purpose grants and funding	27,712	28,035
Program support expenses	680	784
<b>Total grants and other expense transfers</b>	<b>28,392</b>	<b>28,819</b>
<b>(e) Operating costs</b>		
Audit and legal fees	164	117
Consultancy fees	646	895
Employee development and wellbeing	140	326
General administration	134	180
Information, communications and technology systems	980	745
Occupancy costs	368	923
Lease interest – Right of Use Assets	15	-
<b>Total operating costs</b>	<b>2,447</b>	<b>3,186</b>

# Notes to the financial statements

## for the year ended 30 June 2020

### 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, work-cover premiums, and superannuation expenses. The name 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. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

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
- buildings (Right-of-Use): 1–2 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 2020

Note 3. Expenses from transactions (cont'd)

### 3.2 Superannuation

	Paid contribution for the year	
	2020 (\$'000)	2019 (\$'000)
<b>(a) Defined benefit plan</b>		
ESS Super New Scheme	10	9
<b>Total defined benefit plan</b>	<b>10</b>	<b>9</b>
<b>(b) Defined contribution plan</b>		
VicSuper	273	254
Hesta	83	59
UniSuper	42	36
Australian Super	74	70
First State	56	40
Rest Superannuation	25	15
Host Plus Super	22	2
Macquarie Super Manager	22	18
Other	158	194
<b>Total defined contribution plan</b>	<b>755</b>	<b>688</b>
<b>Total superannuation contributions</b>	<b>765</b>	<b>697</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 2020

### Note 4. Financial assets

#### 4.1 Cash and cash equivalents

	2020 (\$'000)	2019 (\$'000)
Cash on hand	8	4
Cash at bank	6,287	6,545
Bank deposits at call	59	411
<b>Total cash and cash equivalents</b>	<b>6,354</b>	<b>6,960</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 3 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.

# Notes to the financial statements

## for the year ended 30 June 2020

Note 4. Financial assets (cont'd)

### 4.2 Receivables

	2020 (\$'000)	2019 (\$'000)
<b>(a) Contractual</b>		
Debtors	8	113
Accrued income	-	3
<b>Total contractual receivables</b>	<b>8</b>	<b>116</b>
<b>(b) Statutory</b>		
GST credits receivable	747	580
<b>Total statutory receivables</b>	<b>747</b>	<b>580</b>
<b>Total receivables</b>	<b>755</b>	<b>696</b>

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.

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 2020 and 30 June 2019.

#### 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 2020

### 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	
	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)	2020 (\$'000)	2019 (\$'000)
Office equipment	483	483	476	454	7	29
Office equipment Right-of-Use	38		22		16	
Office furniture	19	19	19	19	-	-
Fixtures and fittings	83	831	826	822	5	9
Motor vehicles	66	52	6	52	60	-
Buildings Right-of-Use	992	-	563	-	429	-
<b>Total</b>	<b>2,429</b>	<b>1,385</b>	<b>1,912</b>	<b>1,347</b>	<b>517</b>	<b>38</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 2020.

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.

#### Right of Use Assets acquired

From 1 July 2019 accounting for Right of Use Assets (and a lease liability) is recognised in accordance with AASB 16 Leases. VicHealth recognised Right of Use Building and Plant & Equipment that were previously recognised as operating Lease expenses. In accordance with FRD 123 Transitional requirements on the application of AASB 16 Leases the Right of Use Asset has been recognised equal to the lease liability which has been measured at the present value of the remaining lease payments. Comparative information has not been restated and no adjustment to the opening balance of retained earnings is required.

# Notes to the financial statements

## for the year ended 30 June 2020

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

#### 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.

#### 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 2020 and at 30 June 2019.

#### 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 2020

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

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

2020	Office equipment (\$'000)	Office equipment ROU (\$'000)	Office furniture (\$'000)	Fixtures and fittings (\$'000)	Motor vehicles (\$'000)	Buildings ROU (\$'000)	Total (\$'000)
<b>Fair value</b>							
Opening balance	483	-	19	831	52	-	1,385
Additions	-	38	-	-	66	992	<b>1,096</b>
Disposals	-	-	-	-	(52)	-	(52)
<b>Fair value closing balance</b>	<b>483</b>	<b>38</b>	<b>19</b>	<b>831</b>	<b>66</b>	<b>992</b>	<b>2,429</b>
<b>Accumulated depreciation</b>							
Opening balance	454	-	19	822	52	-	1,347
Depreciation	22	22	-	4	6	563	617
Disposals	-	-	-	-	(52)	-	(52)
<b>Accumulated depreciation closing balance</b>	<b>476</b>	<b>22</b>	<b>19</b>	<b>826</b>	<b>6</b>	<b>563</b>	<b>1,912</b>
<b>Written-down value</b>	<b>7</b>	<b>16</b>	<b>-</b>	<b>5</b>	<b>60</b>	<b>429</b>	<b>517</b>
<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>-</b>	<b>19</b>	<b>831</b>	<b>52</b>	<b>-</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>-</b>	<b>19</b>	<b>822</b>	<b>52</b>	<b>-</b>	<b>1,347</b>
<b>Written-down value</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>38</b>

# Notes to the financial statements

## for the year ended 30 June 2020

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

### 5.2 Intangible assets

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

	2020 (\$'000)	2019 (\$'000)
Intangible produced assets – IT software	1,342	1,342
Less accumulated amortisation	(1,342)	(1,340)
	-	2
Intangible Non-Produced Assets – Core ICT systems replacement work in progress	882	61
Less accumulated amortisation	-	-
	882	61
<b>Total intangible assets</b>	<b>882</b>	<b>63</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 2018</b>	<b>24</b>	<b>-</b>	<b>24</b>
Additions	-	61	61
Amortisation (Note 3.1)	(22)	-	(22)
<b>Balance at 1 July 2019</b>	<b>2</b>	<b>61</b>	<b>63</b>
Additions	-	821	821
Amortisation (Note 3.1)	(2)	-	(2)
<b>Balance at 30 June 2020</b>	<b>-</b>	<b>882</b>	<b>882</b>

# Notes to the financial statements

## for the year ended 30 June 2020

### 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 2020

### Note 6. Liabilities and commitments

#### 6.1 Payables and borrowings

	2020 (\$'000)	2019 (\$'000)
<b>(a) Contractual payables</b>		
Trade creditors	404	358
Accrued wages and salaries	216	134
Grants payable	419	414
Accrued expenses	86	166
<b>Total contractual payables</b>	<b>1,125</b>	<b>1,072</b>
<b>(b) Statutory payables</b>		
GST/PAYG payable	-	13
Superannuation payable	24	15
<b>Total statutory payables</b>	<b>24</b>	<b>28</b>
<b>Total payables</b>	<b>1,149</b>	<b>1,100</b>
<b>(c) Contractual borrowings</b>		
Right of Use Lease Liabilities	450	-
<b>Total borrowings</b>	<b>450</b>	<b>-</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.

#### **Contractual borrowings**

This consists of Lease liabilities for Right of Use Assets in accordance with AASB16 Leases and consists of:

- Right of use Asset – Buildings: This represents the capitalisation of the VicHealth office tenancy leases.
- Right of use asset – Office Equipment: This represents the capitalisation of a photocopier lease.

# Notes to the financial statements

## for the year ended 30 June 2020

Note 6. Liabilities and commitments (cont'd)

### 6.2 Provisions: Employee benefits

	2020 (\$'000)	2019 (\$'000)
<b>Current provisions</b>		
Annual leave	642	483
Long service leave	643	645
On-costs Annual leave	65	49
On-costs Long service leave	66	67
<b>Total current provisions</b>	<b>1,416</b>	<b>1,244</b>
<b>Current employee benefits</b>		
Expected to be utilised within 12 months	747	608
Expected to be utilised after 12 months	669	636
<b>Total current employee benefits</b>	<b>1,416</b>	<b>1,244</b>
<b>Non-current provisions</b>		
Long service leave	269	264
On-costs	27	27
<b>Total non-current provisions</b>	<b>296</b>	<b>291</b>
<b>Total provisions</b>	<b>1,712</b>	<b>1,535</b>
<b>Movement in employee benefits</b>		
Opening balance	1,535	1560
Settlement made during the year	(817)	(1,012)
Provision made during the year	994	987
<b>Balance at end of year</b>	<b>1,712</b>	<b>1,535</b>

### Reconciliation of movement in on-cost provision

	2020 (\$'000)
<b>Opening balance</b>	<b>143</b>
Additional provisions recognised	101
Reductions arising from payments/other sacrifices of future economic benefits	(83)
Unwind of discount and effect of changes in the discount rate	(3)
<b>Closing balance</b>	<b>158</b>
<b>Current</b>	<b>131</b>
<b>Non-current</b>	<b>27</b>

# Notes to the financial statements

## for the year ended 30 June 2020

### 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 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 2020

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. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

#### 6.3 (a) Expenditure commitments

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

	2020 (\$'000)	2019 (\$'000)
<b>Expenditure commitments</b>		
No longer than 1 year	13,328	17,104
Longer than 1 year and not longer than 5 years	15,547	7,124
<b>Total</b>	<b>28,875</b>	<b>24,228</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.

# Notes to the financial statements

## for the year ended 30 June 2020

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

#### 6.3 (b) Change in accounting policies – AASB 16 Leases

VicHealth has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

On adoption of AASB 16, VicHealth recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117.

#### *Impacts on financial statements*

On transition to AASB 16, VicHealth recognised \$1.016 million of right-of-use assets and \$1.016 million of lease liabilities.

When measuring lease liabilities, VicHealth discounted lease payments using its incremental borrowing rate at 1 July 2019.

	<b>1 July 2019</b>
Total operating lease commitments disclosed at 30 June 2019	1,183
Discounted using the incremental borrowing rate at 1 July 2019	(167)
<b>Finance lease liabilities as at 1 July 2019</b>	<b>1,016</b>

Impact on balance sheet due to the adoption of AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019:

<b>Balance sheet</b>	<b>Notes</b>	<b>Before new accounting standards Opening 1 July 2019</b>	<b>Impact of new accounting standards – AASB 16</b>	<b>After new accounting standards Opening 1 July 2019</b>
Total current assets		8,004	-	8,004
Total non-current assets		101	1,016	1,117
<b>Total assets</b>		<b>8,105</b>	<b>1,016</b>	<b>9,121</b>
Payables and contract liabilities		1,100	-	1,100
Borrowings		-	1,016	1,016
Other liabilities		1,535	-	1,535
<b>Total liabilities</b>		<b>2,635</b>	<b>1,016</b>	<b>3,651</b>
Accumulated surplus/(deficit)		5,273	-	5,273
Other reserves		197	-	197
<b>Total equity</b>		<b>5,470</b>	-	<b>5,470</b>

# Notes to the financial statements

## for the year ended 30 June 2020

### 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.

#### Categories of financial instruments

##### *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. VicHealth recognises the following assets in this category:

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

##### *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 3 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, borrowings, 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 2020

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.

2020	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
<b>Contractual financial assets</b>			
Cash and cash equivalents	6,354	-	6,354
<i>Receivables</i>			
Debtors	8	-	8
Other receivables	-	-	-
<b>Total financial assets<sup>1</sup></b>	<b>6,362</b>	<b>-</b>	<b>6,362</b>
<b>Financial liabilities</b>			
Payables	-	1,125	1,125
Borrowings (Right of Use)	-	450	450
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>1,575</b>	<b>1,575</b>
<b>2019</b>			
<b>Contractual financial assets</b>			
Cash and cash equivalents	6,960	-	6,960
<i>Receivables<sup>(1)</sup></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	1,072
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>1,072</b>	<b>1,072</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 2020

### 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 comprises 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>2020</b>				
Cash and cash equivalents	-	6,346	8	<b>6,354</b>
Contractual receivables	-	-	8	<b>8</b>
<b>Total</b>	<b>-</b>	<b>6346</b>	<b>16</b>	<b>6,362</b>
<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>



# Notes to the financial statements

## for the year ended 30 June 2020

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 2020 and 30 June 2019.

### 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>2020</b>						
Contractual payables	1,125	1,125	1,125	-	-	-
Borrowings (Right of Use)	450	450	50	100	300	-
<b>Total</b>	<b>1,573</b>	<b>1,576</b>	<b>1,173</b>	<b>100</b>	<b>300</b>	<b>-</b>
<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>

# Notes to the financial statements

## for the year ended 30 June 2020

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 2020

### 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>2020</b>					
<b>Financial assets</b>					
Cash and deposits	1.7	6,354	-	6,346	8
Contractual receivables	-	8	-	-	8
<b>Total financial assets</b>		<b>6,362</b>	<b>-</b>	<b>6,351</b>	<b>11</b>
<b>Financial liabilities</b>					
Contractual payables	-	1,125	-	-	1,125
Borrowings (Right of Use)	2.1	450	450	-	-
<b>Total financial liabilities</b>		<b>1,575</b>	<b>450</b>	<b>-</b>	<b>1,125</b>
			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>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>1,072</b>	<b>-</b>	<b>-</b>	<b>1,072</b>

# Notes to the financial statements

## for the year ended 30 June 2020

### 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>2020</b>					
<b>Financial assets</b>					
Cash and cash deposits	6,354	(64)	64	(64)	64
Receivables	8	-	-	-	-
<b>Total financial assets</b>	<b>6,362</b>	<b>(64)</b>	<b>64</b>	<b>(64)</b>	<b>64</b>
<b>Financial liabilities</b>					
Payables	1,125	-	-	-	-
Borrowings (Right of Use)	450	(5)	5	(5)	(5)
<b>Total financial liabilities</b>	<b>1,575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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>

# Notes to the financial statements

## for the year ended 30 June 2020

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 2020

### Note 8. Other disclosures

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

	Notes	2020 (\$'000)	2019 (\$'000)
<b>(a) Funding from general appropriation</b>			
<b>General appropriation and other income</b>			
General appropriation income	2.1	41,168	40,223
Interest and other income	2.2	119	222
Expenses from transactions		(41,321)	(40,235)
<b>Net surplus/(deficit) from general appropriation and other income</b>		<b>(34)</b>	<b>210</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	104	282
Expenses from transactions		(77)	(679)
<b>Net surplus/(deficit) from externally funded programs</b>		<b>27</b>	<b>(397)</b>
<b>Comprehensive result for the year</b>		<b>(7)</b>	<b>(187)</b>

The comprehensive result for the year includes a deficit of \$0.034m from general appropriation funding activities offset by a surplus of \$0.027m from special purpose funded activities, resulting in a net deficit comprehensive result for the year of \$0.07m.

# Notes to the financial statements

## for the year ended 30 June 2020

Note 8. Other disclosures (cont'd)

### 8.2 Reserves

	2020 (\$'000)	2019 (\$'000)
<b>Externally funded programs reserve</b>		
Bystanders for Primary Prevention Program	68	100
Water Fountains Initiative	-	45
Sport Participation Research Project	111	52
<b>Total externally funded programs reserve</b>	<b>179</b>	<b>197</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

	2020 (\$'000)	2019 (\$'000)
<b>Net result for the period</b>	<b>(7)</b>	<b>(187)</b>
<b>Non-cash movements</b>		
Depreciation and amortisation	619	77
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(58)	(109)
(Increase)/decrease in prepayments	82	(100)
Increase/(decrease) in payables	49	401
Increase/(decrease) in income received in advance	-	(20)
Increase/(decrease) in provisions	178	(25)
<b>Net cash flows from/(used in) operating activities</b>	<b>863</b>	<b>37</b>

# Notes to the financial statements

## for the year ended 30 June 2020

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. Jenny Mikakos MP Minister for Health	1/7/2019 – 30/06/2020
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#### Governing Board

Mr Nick Green OAM Chair: 7/04/2020 – 30/06/2020	1/07/2019 – 30/06/2020
Ms Fiona McCormack – Chair	1/07/2019 – 06/04/2020
Ms Sarah Connolly MP	14/08/2019 – 30/06/2020
Dr Sally Fawkes	1/07/2019 – 30/06/2020
Ms Catherine Harding	1/03/2020 – 30/06/2020
Mr Ben Hartung	1/07/2019 – 30/09/2019
Mr Andy Meddick MP	14/08/2019 – 30/06/2020
Dr Bridie O'Donnell	1/07/2019 – 30/06/2020
Ms Peggy O'Neal AO	1/01/2020 – 30/06/2020
Ms Veronica Pardo	1/07/2019 – 30/06/2020
Prof Anna Peeters	1/07/2019 – 30/06/2020
Ms Stella Smith	1/07/2019 – 30/06/2020
Ms Bridget Vallence MP	14/08/2019 – 30/06/2020
Mr Stephen Walter	1/07/2019 – 30/06/2020
Ms Sheena Watt	1/07/2019 – 30/06/2020

#### Accountable Officer

Dr Lyn Roberts AO	1/07/2019 – 22/09/2019
Dr Sandro Demaio	23/09/2019 – 30/06/2020



# Notes to the financial statements

## for the year ended 30 June 2020

Note 8. Other disclosures (cont'd)

### 8.4 (b) Responsible persons remuneration

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

	2020 (\$'000)	2019 (\$'000)
<b>Total amount</b>	<b>406</b>	<b>503</b>
<b>Income band</b>	<b>No.</b>	<b>No.</b>
\$0 – 9,999	9	5
\$ 10,000 – 19,999	6	7
\$ 80,000 – 89,999	1	-
\$ 110,000 – 119,999	-	1
\$ 210,000 – 219,999	1	-
\$ 260,000 – 269,999	-	1
<b>Total numbers</b>	<b>17</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 are 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 1 July 2019 to 22 September 2019, Dr Lyn Roberts AO was remunerated as a consultant. Accordingly, Dr Roberts' remuneration of \$81,600 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 2020

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	2020 (\$'000)	2019 (\$'000)
Salaries and other short-term benefits	808	824
Post-employment benefits	76	71
Other long-term benefits	8	18
Termination benefits	70	-
Total remuneration	<b>962</b>	<b>913</b>
<b>Total number of executive officers</b>	<b>7</b>	<b>6</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 2020

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	2020 (\$'000)	2019 (\$'000)
Salaries and other short-term benefits	381	472
Post-employment benefits	25	26
Other long-term benefits	-	5
<b>Total remuneration</b>	<b>406</b>	<b>503</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 2020

### 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 occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

The *Tobacco Act* 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 is outlined in the following table:

Key management personnel/transaction	2020 (\$'000)	2019 (\$'000)
Centre for Australian Progress of which Ms Sheena Watt <sup>(i)</sup> served as a Board member	-	6
Deakin University of which Dr Lyn Roberts AO <sup>(ii)</sup> served as a Council Member	185	574
Deakin University of which Prof. Anna Peeters served as an employee	185	-
Edinburgh Cricket Club of which Prof. Anna Peeters served as an Executive Committee member	1	-
Hockey Australia of which Mr Ben Hartung <sup>(iii)</sup> served as General Manager	-	25
KPMG of which Catherine Harding <sup>(iv)</sup> served as an employee	22	-
Latrobe University of which Ms Sally Fawkes served as an employee	1,213	1,362
Vicsport of which Ms Catherine Harding <sup>(iv)</sup> served as a Board member	452	-
Western Bulldogs Football Club of which Ms Jerril Rechter <sup>(v)</sup> served as a Board member	279	197

Note:

- (i) Ms Watt commenced as a VicHealth Board member on 4 September 2018.
- (ii) Dr Roberts AO served as Interim CEO of VicHealth from 18 March 2019 to 23 September 2019.
- (iii) Mr Hartung completed his tenure at Hockey Australia in December 2018.
- (iv) Ms Harding commenced as a VicHealth Board member on 1 March 2020.
- (v) 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 2020

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	2020 (\$'000)	2019 (\$'000)
Department of Health and Human Services – Appropriation	41,168	40,223
Department of Health and Human Services – Special Purpose Grant	-	182
Department of Premier and Cabinet – Special Purpose Grant	45	100
Department of Jobs, Precincts and Regions – Special Purpose Grant	59	-

### 8.7 Ex-gratia payments

There were no ex-gratia payments made during the reporting period (2019: nil).

### 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:

	2020 (\$'000)	2019 (\$'000)
Audit and review of the financial statements	24	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 4-year service agreement with DHHS expired in June 2019 and was renewed for a further 4 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 2020 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 2020

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

Certain new and revised accounting standards and interpretations have been issued but are not effective for the 2019–20 reporting period. These accounting standards, as listed below, have not been applied to these Financial Statements:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 <i>Insurance Contracts</i>	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contracts, that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.  This standard currently does not apply to the not-for-profit public sector entities.	1 January 2021	The assessment has indicated that there will be no significant impact on the public sector.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

# Notes to the financial statements

## for the year ended 30 June 2020

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

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019–20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business.*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework.*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform.*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements.*
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *Conceptual Framework for Financial Reporting.*<sup>1</sup>

<sup>1</sup> To be applied by For-Profit private sector entities. Application by other For-Profit entities is optional.

## 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 88
FRD 11A	Disclosure of ex-gratia expenses	Page 85
FRD 21C	Responsible person and executive officer disclosures	Page 80, 81, 82, 83
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	Page 40
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Page 40
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 40
FRD 22H	Details of consultancies over \$10,000	Page 38
FRD 22H	Details of consultancies under \$10,000	Page 38
FRD 22H	Employment and conduct principles	Page 34
FRD 22H	Information and communication technology expenditure	Page 39
FRD 22H	Major changes or factors affecting performance	Page 19
FRD 22H	Operational and budgetary objectives and performance against objectives	Page 16
FRD 22H	Summary of the entity's environmental performance	Page 40
FRD 22H	Significant changes in financial position during the year	Page 19
FRD 22H	Statement on National Competition Policy	Page 40
FRD 22H	Subsequent events	Page 19
FRD 22H	Summary of the financial results for the year	Page 18
FRD 22H	Additional information available on request	Page 40
FRD 22H	Workforce data disclosures including a statement on the application of employment and conduct principles	Page 36
FRD 25D	Local Jobs Disclosures	Page 40
FRD 29C	Workforce data disclosures	Page 36
FRD 103H	Non-financial physical assets	Page 60
FRD 110A	Cash flow statements	Page 49
FRD 112D	Defined benefit superannuation obligations	Page 57



<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 41
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.2	Declaration in financial statements	Page 43
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 43, 51
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 51
<b>Legislation</b>		
<i>Freedom of Information Act 1982</i>		Page 40
<i>Protected Disclosure Act 2012</i>		Page 40
<i>Local Jobs Disclosures</i>		Page 40
<i>Building Act 1993</i>		Page 40
<i>Financial Management Act 1994</i>		Page 51

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