Annual Report 2016–17

Victorian Health Promotion Foundation

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VicHealth™

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VICTORIA
State Government

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Victorian Health Promotion Foundation
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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 2017.

Ms Nicole Livingstone OAM
Deputy Chair of the Board

15 August 2017

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 all-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. Jill Hennessy MP

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

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

Functions

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

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

VicHealth performs and manages these functions by:

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

Our commitment

- Fairness – we promote fairness and opportunity for better health for all Victorians, by making health equity an aim of all 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 form alliances with others in health, sports, research, education, the arts and community, as well as nurture strong relationships with health promotion practitioners and the media.

Our difference

VicHealth has played a unique role since its inception. We champion positive influences for health and seek to reduce negative influences. This means helping individuals and communities make better-informed decisions, and shaping environments that support healthier choices.

Our strategy incorporates a behavioural insights lens that considers the influences on people's behavior and choices. This complements existing approaches with new ways to realise the health for all Victorians. Our culture of innovation enables us to be a catalyst for, and early adopter of, new health promotion approaches.

We work in partnership with all sectors as a trusted, independent source of evidence-based practice and advice. We play a critical role in creating and strengthening this evidence base through our rigorous research and evaluation of our actions.

Chair's report

In 1987, the Victorian Parliament established VicHealth, the world's first health promotion foundation, as part of the Tobacco Act. Thirty years on, as we reflect on a host of achievements we acknowledge there is still much to do.

VicHealth's creation represented a significant policy change for the Victorian Government and this new entity had to be established quickly in a challenging landscape. The pragmatism and drive of the founders and first staff team set the tone for VicHealth as a dynamic and innovative organisation, and those values hold true today.

Persistent and emerging health issues continue to challenge us, while the rapid pace of global change we are seeing in technology, society and sustainability require corresponding shifts in our thinking. VicHealth has already shown the necessary adaptability, which is evidenced in our updated Action Agenda for Health Promotion (Action Agenda).

In July 2016, we released Destination Wellbeing: VicHealth's updated Action Agenda, setting out how we will achieve our goals. Destination Wellbeing builds on the inaugural Action Agenda, released in 2013, which for the first time set out a 10-year action plan for VicHealth that reflects the changing environment in which we operate.

With the completion of the fourth year of our Action Agenda – and the first year working towards its 2016–19 priorities – we can see the progress and are well-placed to respond to the challenges and opportunities we face.

VicHealth's ground-breaking contribution to global health promotion and the people of Melbourne over the last 30 years was recognised with the prestigious Melbourne Achiever Award. At the awards event in May, the Committee for Melbourne acknowledged VicHealth as a significant and sustained contributor to evidence-based health promotion that will leave a lasting legacy, a fitting tribute in our anniversary year. This is a fitting tribute to the efforts of past Boards and staff members of VicHealth over the past 30 years.

We have seen much change since our inception, as well as enduring health issues. Obesity is steadily increasing, particularly in disadvantaged groups. Smoking rates have halved and alcohol consumption is reducing overall, but smoking and risky drinking continue to cause significant harm, particularly among populations or groups experiencing disadvantage. Our lifestyles have become increasingly sedentary over the past 50 years. Fewer than one in three Australians get enough physical activity to benefit their health. Two in three Victorian adults, and one in four of our children, are overweight or obese. Violence continues to be the most significant contributing risk factor to Victorian women's health and lives before the age of 45.

Most people drink alcohol responsibly but almost 500,000 Victorians drink 11 or more drinks on a single occasion on a monthly basis. Overall, young people are drinking less and starting to drink later in life than previous generations, but some are still drinking large amounts and are unaware that binge drinking can cause permanent brain damage. While we are working to address the societal pressure to get drunk, we are hampered by alcohol being so cheap, readily available and widely promoted.

Successful public health strategies over several decades have seen smoking rates in Australia decline steadily, to be among the lowest in the world. But rates remain high in groups experiencing disadvantage. In Victoria, smoking leads to the loss of around 4000 lives every year, and costs the state over $10 billion.

Almost half of all Victorians will experience a mental illness in their lifetime, with the first onset of symptoms most common in teenagers and young adults. One in eight young Victorians say they are intensely lonely. Global employment trends including moves towards automation and digitisation are changing the job market for young people and creating new challenges that will mean they need greater resilience and social connection.

We are pleased that the UN's Sustainable Development Goals for 2030 include a new gender equality goal that presents a much stronger view than the earlier, corresponding Millennium Development Goal. Rather than focusing on access to education, it takes a broader view. As well as focusing on reforms to ensure equal access to economic resources, the goal requires women to have full and effective participation in political, economic and public leadership. Underpinning this is the vital call for the elimination of all forms of violence against women.

I congratulate the Victorian Government on the release of its Free from violence strategy in response to the recommendations of the Royal Commission on Family Violence. The implementation of this strategy, including the establishment of the first family violence prevention agency, is set to have a huge impact over the coming years. The strategy builds on the evidence in *Change the story*, Australia's national prevention framework launched by ANROWS, Our Watch and VicHealth in 2015.

By ensuring that all our strategies and programs are backed by rigorous evidence, VicHealth continues to be a trusted friend to our many partners and the communities we serve. VicHealth has looked to collaborate with new and different partners, as well as developing our existing partnerships, to tackle our new challenges. These partnerships in sectors including health, arts, sports workplace education and digital, as well as across all levels of government, help us expand the reach of our work and to co-design innovative solutions that can be integrated across the community.

We continue our focus on Behavioural Insights through our Leading Thinker initiative as a means to drive change. We are heartened to see this approach featuring in the work of our partners and numerous government agencies. The creation of a behavioural insights unit within the Victorian Department of Premier and Cabinet and the inclusion of behavioural insights-related drivers in the Victorian Government's Gender Equality Strategy, *Safe and Strong*, are very positive developments.

On behalf of the VicHealth Board, I would like to thank the Victorian Minister for Health, The Hon. Jill Hennessy MP, for her support and leadership. I also thank the Minister for Mental Health, The Hon. Martin Foley MP, the Minister for Sport, The Hon. John Eren MP, the Minister for Women and Prevention of Family Violence, The Hon. Fiona Richardson MP, other Ministers and their Advisers, Members of the Victorian Parliament, and the government departments and agencies, who have supported VicHealth this year. Our work for the people of Victoria unites us and allows us to achieve much together.

I am very grateful to the members of the VicHealth Board and Committees, who have been trusted advisers and have made an invaluable contribution to our work during 2016–17. I thank Deputy Chair Nicole Livingstone OAM; Board members Susan Crow, Nick Green, Margaret Hamilton AO, Collen Hartland MLC, The Hon. Wendy Lovell MLC, Veronica Pardo, Sarah Ralph, Simon Ruth, Natalie Suleyman MP, Stephen Walter; and new Board members in 2016–17: Dr Sally Fawkes and Ben Hartung.

I would like to thank our past Chair, Emeritus Professor John Catford, for his immeasurable contribution during his two years as Chair and two years as Deputy Chair. John helped to shape VicHealth's priority directions in the Action Agenda. I also wish to acknowledge the valuable contribution of Sally Freeman, whose term as Chair of the Finance, Audit and Risk Committee ended in October.

As Chair of the Board, I am pleased that VicHealth continues to practice strong corporate governance with balanced budgets, contemporary policies, progressive planning and effective resource management. This is a tribute to our Board, Finance Audit and Risk Committee, staff and CEO. Jerril Rechter continues to be an inspiring and influential leader for VicHealth and has been a tremendous support to me in my first year as Chair. Thank you Jerril. I would also like to congratulate her on being named in *The Australian Financial Review* & Westpac 100 Women of Influence 2016.

Success in health promotion does not happen in isolation – it takes a coordinated approach from across the community. I am grateful to VicHealth's many and varied partners for your support and inspiration over the year. The commitment from our partners and the skills and experience of the VicHealth Board and staff will propel us towards our vision of: *One million more Victorians with better health and wellbeing by 2023*.

I have great pleasure in presenting this Annual Report on VicHealth's many achievements in 2016–17.

Fiona McCormack
Chair of the Board

Following the VicHealth Board approving this Annual Report on 15 August 2017, we were deeply saddened to subsequently learn of the passing of the Hon. Fiona Richardson MP – Minister for Women and Prevention of Family Violence. Fiona was a fearless advocate for women and children who had experienced the terrible toll of family violence, giving a voice to those who have too often been silenced. She also had the courage to share her own personal story, shining a light on the devastating impact of violence against women. We must all continue to build on Fiona's incredible legacy.

Chief Executive Officer's report

Year four of our 10-year Action Agenda for Health Promotion has brought a range of new opportunities to advance the VicHealth vision of: *One million more Victorians with better health and wellbeing by 2023*.

For 30 years, VicHealth has been a pioneer in health promotion with a unique role within Victoria to keep people healthy, happy and well – preventing chronic disease and keeping people out of the medical system. Our work provides individuals, groups and organisations with the latest evidence-based information and advice to make decisions which support the health of all Victorians. We understand how changes in the environment can promote health, and draw on practices that ensure we achieve the best outcomes for those who need it most. Our aim is that every Victorian, no matter their situation or resources, has the best chance for good health and wellbeing.

VicHealth is committed to five strategic imperatives that have the greatest potential to reduce disease burden and bring about the greatest measurable health gains. These are: promoting healthy eating, encouraging regular physical activity, preventing tobacco use, preventing harm from alcohol and improving mental wellbeing.

We continue to apply the VicHealth framework for health equity, Fair Foundations, to our work, recognising that good health is not distributed evenly in the community. People with low incomes, limited education or unskilled occupations, those from culturally diverse backgrounds, Aboriginal people, women, people with a disability and LGBTI communities often experience poorer health than the rest of the population. To reduce health inequities experienced by these groups, we work to address the underlying drivers of health and wellbeing and the social processes that distribute them unequally across society.

Innovation has always been part of our DNA. To us, innovation means discovering how to accelerate better health and wellbeing outcomes for Victorians. Pinpointing the strategies, approaches, insights and collaborations that can fast track our aim to create healthier lives. Innovation is embedded in our operating model, organisation structure, processes and reporting, funding criteria and systems. We value it as an essential business practice that keeps us delivering better outcomes.

Despite ongoing and emerging health challenges, positive new developments in VicHealth's operating environment will help us deliver better health and wellbeing impacts for Victorians.

This year, we were pleased to partner with the Department of Premier and Cabinet (DPC) Office for Prevention and Women's Equality to hold three 'Prevention is Possible' forums. The forums aimed to inform and build capacity for policy makers at all levels of government and the community to implement the Victorian Government's new strategy and help create a future free from family violence.

Over the last decade, VicHealth has used a public health approach to invest in the primary prevention of violence against women. We have worked with partners from a range of sectors to build policy, undertake research and implement programs that promote equal and respectful relationships between men and women. We are now working to ensure that our collective body of knowledge is used to inform the work of a growing number of organisations committed to preventing violence against women.

As the sector has grown and flourished, VicHealth has broadened its focus to consider the relationship between gender equality and health and wellbeing. VicHealth's Changing our Game program seeks to advance gender equality in sport for women and girls. Through the program, we continue to support the recommendations from the Victorian Government's Women in Sport and Active Recreation taskforce, and align with the Government's Gender Equality Strategy and women and girls in sport initiative.

Over the year, we worked with both new and longstanding partners to find innovative solutions to collectively tackle complex health and wellbeing challenges. VicHealth plays a critical role in bringing together diverse groups and organisations. This includes all levels of government, as well as groups and individuals working in health, sports, research, education, the arts, health promotion, the media and local communities.

We hosted the 16th Annual International Network of Health Promotion Foundations (INHPF) General Meeting, attended by health promotion leaders from across Asia Pacific to share expertise and the latest research developments. As part of our role as a WHO Collaborating Centre for Leadership in Health Promotion, we were proud to present VicHealth as a model of a successful health promotion foundation for other countries in the Western Pacific region to follow.

Together with the World Health Organization, the International Network of Health Promotion Foundations, CSIRO and the Melbourne School of Global and Population Health, we convened the Destination Wellbeing forum. The forum's objective was to refine global and local priorities and to prompt a new wave of health promotion research.

We were honoured to be invited to participate in the 9th Global Conference on Health Promotion in Shanghai. The Conference, which culminated in the Shanghai Declaration, focused on the Sustainable Development Goals and the key role health promotion can play in achieving them.

Similar themes emerged at the 15th World Congress on Public Health in Melbourne, where we were delighted to present a range of research findings, as well as taking part in celebrations for the 50th anniversary of the World Federation of Public Health Associations and hosting a Salt Reduction Breakfast Forum.

The Congress also gave us a great opportunity to celebrate VicHealth's 30th anniversary with a number of our key local and international stakeholders, including WHO Regional Director for the Western Pacific Dr Shin Young-soo.

We organised the first Kids Camp Out at Government House. Children from Sunshine North Primary School camped out in tents as part of a program to encourage them to lead active lives and have the confidence to try new experiences. The overnight camp was hosted by VicHealth's Patron-in-Chief the Hon. Linda Dessau AC and her husband, Mr Anthony Howard QC. The grade 5 and 6 children took part in activities with a focus on fitness, fun and healthy eating as we look to a future where all Victorians are more active and better equipped to make healthy food choices.

Our Leading Thinkers initiative continues to open up exciting new ways to address the entrenched beliefs and behaviours that shape our culture. Professor Iris Bohnet and Dr Jeni Klugman from the Harvard Kennedy School have taken up our second Leading Thinkers residency and will be working with us over the next three years. Building on the behavioural insights approach used by our inaugural Leading Thinker Dr David Halpern, who worked on obesity, Professor Bohnet and Dr Klugman will focus on gender equality. They are starting with two trials: the first, on gender bias in recruitment, has been incorporated into the Victorian Government's RecruitSmarter project. The second trial will use data analysis to look at women's profile in media, particularly in sport.

We continued to invest in women's sport and active recreation through the #ChangeOurGame campaign launched by Minister Hennessey, and Active Club Grants funding that prioritised clubs wanting to offer more opportunities for women and girls. We also partnered with the Melbourne Stars and Melbourne Renegades cricket teams for the second Women's Big Bash League, and with Carlton, Western Bulldogs and Melbourne football clubs for the inaugural AFL Women's season.

Funding to Cancer Council Victoria for the Quit Program continues to be our largest and longest-standing investment. Through this effective program and its impactful anti-smoking campaigns, we support delivery of a comprehensive and integrated approach to reducing harms from tobacco across Victoria.

We continued our work to address the health inequities experienced by the people living in the Latrobe Valley in our role delivering on the recommendations of the Hazelwood Mine Fire Inquiry Report. Through our involvement with the Latrobe Health Assembly, we are supporting community actions and working with service providers to tackle the social determinants of health in the area.

We launched our updated Action Agenda, which will give us greater confidence to tackle health challenges and to further build our distinctive capabilities as a leader in health promotion.

As we progress towards our goals, VicHealth will focus our efforts on three critical areas, where the underlying drivers of health often intersect: gender, youth and community.

Our actions include:

- Gender: Working with key partners in a range of settings, most notably sporting associations, to advance gender equality as a determinant of health and wellbeing
- Youth: Working with young people and partner organisations to build environments that support healthy young people across the State
- Community: Working with Victorian communities (defined by place or social identity), particularly those experiencing disadvantage and exclusion, to promote the drivers of good health and wellbeing.

Our updated Action Agenda has an even clearer direction for each of our five strategic imperatives:

- Promote healthy eating: In response to the community support for and suggestions of the Citizens' Jury on Obesity, we are advocating and supporting evidence-based action to improve the eating habits of all Victorians. We will give particular attention to highly processed foods and drinks that add significantly to the burden of chronic disease by seeking to reduce salt consumption, working with industry partners to reduce salt in processed food, and making water the drink of choice in Victoria.
- Encourage regular physical activity: We are helping even more Victorians make physical activity a routine part of everyday life, particularly women and girls. We will also continue to invest in one of the most effective strategies to increase physical activity across the whole population: making it easier and safer to walk for short trips and active recreation.
- Prevent tobacco use: We are continuing to support what we know works in reducing the rates of current smokers and preventing uptake: motivating and supporting smokers to quit. We will further advocate for policies and practices that help Victoria lead the fight against tobacco in Australia and internationally. We will try innovative approaches, in settings and with groups where smoking remains all too common.
- Prevent harm from alcohol: We are continuing to make the case for control measures on the price, availability and promotion of alcohol, based on evidence that this can reduce community harm. Building on our world-first alcohol culture change framework, we will work with partners to test new ways of changing behaviour in specific high-risk settings and groups.

- Improve mental wellbeing: We are implementing our Mental Wellbeing Strategy by forging new partnerships with sectors that can make a difference to the resilience and social connection of young Victorians, such as sports, arts, workplaces, education and government. We will work closely with young people themselves to build the evidence for what works, and we will work with partners to put the findings into practice. We will deliver innovative approaches in priority settings to increase gender equality and build on our work on preventing of violence against women.

Operational and budgetary performance

We achieved our statutory expenditure target of making payments of not less than 30 per cent to sporting bodies (34 per cent expended) and not less than 30 per cent for health promotion activities (35 per cent expended).

The VicHealth Board set target ranges on investments according to our five strategic imperatives. Our largest investments were made towards encouraging regular physical activity (achieved at 34 per cent), followed by investments towards preventing tobacco use (achieved at 14 per cent). In addition, 15 per cent was invested in research and evaluation.

VicHealth continued to provide funding through grants to organisations to deliver projects and initiatives aligned to the Action Agenda. Quit Victoria received the largest payment of $4.7 million to continue the work towards getting more Victorians smoke-free through the Quit program. This was followed by our investments into state and regional sporting organisations through the State and Regional Sports Programs, respectively, with a total of $3.65 million. The Active Club Grants program had the highest number of organisations receiving payments – 318 community sport and active recreation clubs received $930,000 of funding to increase participation in sport.

Sixty-three per cent of our grant funding was allocated to whole-of-population approaches to health promotion. The balance was allocated to a number of other target populations: Indigenous, women, children, those in low socioeconomic status groups, youth and older people.

Community settings received 42 per cent of our investments. This was followed by grants that focused on sports (37 per cent), digital/online (11 per cent) and the education setting (5 per cent).

2016–17 was the fourth year of our Action Agenda. Throughout the year, we focused on achieving our organisational goals and applying our organisational model of Innovate-Inform-Integrate. We continued to strengthen our internal processes, particularly in planning and delivering our work through the VicHealth Project Management Framework, and evaluating it through the Action Agenda Scorecard (see page 18).

Highlights of the year

Promoting healthy eating: more people choosing water and healthy food options

Water initiative / H30 Challenge

VicHealth's water initiative is an integrated program of work with the goal of more Victorians choosing water instead of drinks with added sugar. While 55% of Australians exceed sugar intake guidelines, reducing intake of sugar-sweetened beverages and increasing intake of water promotes a healthier diet, improves health, prevents tooth decay and saves money.

The H30 social marketing campaign encouraged Victorians to make a simple 30-day pledge to replace every sugary drink they would normally drink, with water. In 2017 we worked with 18 local councils to promote the challenge in their area and encourage residents to make the switch to water.

Partnership with Etihad stadium and sporting clubs

Free water refills are now available for footy fans and other visitors at Etihad Stadium, with VicHealth setting up 10 fountains around the ground. The project provides a free and healthy way for fans to rehydrate on game days. Nearly 4800 litres of water was dispensed through the water fountains in 2016. The project is a partnership between VicHealth, Etihad Stadium and Yarra Valley Water. In 2016, AFL clubs Western Bulldogs, Essendon, North Melbourne, Carlton and St Kilda joined us to support the initiative.

Evaluation of trials to reduce consumption sugar-sweetened beverages

VicHealth is calling on food retailers to reduce fatty, sugary and salty foods and beverages for sale and increase the amount of fresh, healthy and nutritious food available for consumers in a bid to tackle Australia's obesity epidemic. A VicHealth-funded evaluation of three healthy choices trials undertaken in the key public settings of healthcare and sport and recreation facilities, revealed that reducing the availability of unhealthy food and drinks and increasing the availability of healthy items has a positive effect on people's choices, with little to no effect on revenue.

Salt

A quarter of Victorians don't know that too much salt in childhood can lead to a lifetime of health risks. Many parents also don't realise that a lot of the salt we consume is hidden in processed foods like pizzas, breakfast cereals, bread, and packet soups and sauces. The Salt Reduction Partnership Group has continued its innovative approach in achieving commitment for action on salt reduction from governments, industry and the public.

As part of the partnership, VicHealth and the Heart Foundation (Victoria) led a salt awareness campaign based on the idea that you can't trust your tastebuds when it comes to knowing how much salt is in the food you buy.

Encouraging regular physical activity: more people physically active, playing sport and walking, with a focus on women and girls

Female participation in sport

Sport is sport, regardless of who's playing it. Sport should be inclusive, equal, respected and encouraged at all levels for a healthier lifestyle. By creating an even playing field for all sports persons whether female or male, we can contribute to a fairer community. VicHealth's #ChangeOurGame campaign has brought together top athletes, teams and partners to encourage Victorians to support gender equality in sport.

As part of our work to change attitudes in Victoria, we announced $7 million of new funding over the next three years for our Advancing Gender Equality in Sport for Women and Girls program. The investment aims to create new opportunities for women's participation in sport, increase the profile of women's sport and improve attitudes towards gender equality in sport, and improve sport policy and practice to create welcoming and inclusive environments for women and girls.

Walk to School

Victorian primary students who took part in Walk to School this year have smashed previous records by walking 1.6 million kilometres – the equivalent to two return trips to the moon. A record 758 schools took part with a total of 144,928 students participating, a significant increase over 2015. Walk to School month encourages primary school children to walk, ride or scoot to or from school to kick-start healthy habits for life.

Innovation Challenge: Sport

We invited sporting and active recreation organisations to apply for a share of $500,000 to test new ideas and get more people moving toward better health and wellbeing. We challenged them to lead sport in a new direction, creating fun and flexible sessions, finding more places to play and helping disadvantaged Victorians get active. We have given start-up funding to five organisations to make their ideas become a reality. The ideas being piloted include a flexible form of cricket played with teams of four, and a Tenpin bowling program that offers discounts to people who walk to the bowling alley.

Active Club Grants

VicHealth's grants program for community clubs has been supporting local sports and active recreation clubs in remote, rural, regional and metropolitan areas to get more Victorians living healthier and happier lives for nearly three decades. In 2016–17, the Active Club Grants provided funding to increase opportunities Victorians have to participate in community clubs, prioritising female participation and social and modified forms of sports. We awarded $930,000 to 318 sports and recreation clubs across Victoria.

Active Arts and White Night

We have funded three new projects connecting councils and the community to build physical activity, resilience and social connection and cohesion through active arts programs. One of the councils will provide a range of activities for young Sudanese people, Indian women and people with a disability to build the capacity of participants to become community leaders.

For the fourth year in a row we supported White Night Melbourne, as well as participating in the first White Night Ballarat, giving Victorians a great chance to get moving and have fun through art. Our contribution at both events was Swing City, a 12-hour dance marathon featuring almost every form of social dance, set to big band music from the 30s, 40s and 50s.

Victoria Walks

Walking is one of the most accessible forms of physical activity and delivers significant physical and mental health benefits, including helping to prevent chronic disease and increasing workplace productivity. We have committed to continue our support of Victoria Walks, to encourage more Victorians to walk for recreation and transport. The funding will enable Victoria Walks to deliver innovative walking participation projects, support Walk to School and work collaboratively with all levels of government to increase walking in Victoria.

Pride Game

VicHealth took a stand against homophobia by supporting the inaugural AFL Pride Game between Sydney Swans and the St Kilda Football Club on 13 August 2016. The game is about celebrating diversity and creating a safer, more inclusive environment for all players and supporters. With research showing 87% of young gay Australians who play sport feel the need to hide their sexuality, and with the rate of attempted suicide within the LGBTI community 14 times higher than that for the heterosexual population, the need for initiatives like the Pride Game is clear.

Preventing tobacco use: more people smoke-free and quitting

Quit Victoria

Overall in 2015, 11.9% of Victorians were daily smokers. This represents a substantial decline over the past decade, from 17.3% of Victorians who were daily smokers in 2004–05. However, smoking remains all too common in some settings and groups.

Quit Victoria launched a new campaign in April targeted at young men, which urges smokers to ditch cigarettes now rather than put off quitting until they are older and starting to feel the damage to their health. The campaign came as Cancer Council Victoria released data showing that more men in Victoria were daily smokers (13.9%) than women (10.1%).

We congratulate Uruguay on a landmark legal win that means graphic warnings will now cover 80% of cigarette packets, and terms used on packets to falsely imply that some cigarettes are less harmful than others – such as 'light' or 'mild' – will no longer be allowed.

Preventing harm from alcohol: more people and environments that support effective reduction in harmful alcohol use

Alcohol Culture Change

Across two funding stages, VicHealth's Alcohol Culture Change Grants Initiative for Local Councils provides a pool of $1.3 million to local councils to change risky drinking cultures across a number of sub-populations including young people disengaged from education, trade workforces and middle-aged men. Eight local councils were given funding for stage one to scope and plan interventions. Of these, the four projects demonstrating the most potential have been offered further funding to deliver their ideas over the next two years. We look forward to seeing the impact these grants will have on the communities they target.

Research from La Trobe's Centre for Alcohol Policy Research (CAPR) together with VicHealth, has looked at alcohol cultures in middle- and older-age groups, with a specific focus on drinking in licensed venues. The research showed this group is increasingly likely to drink at risky levels. A VicHealth funding round offered $1.06 million to fund up to six projects delivering solutions to tackle risky drinking cultures in sports bars, the construction industry and regional and rural settings.

Water in licensed premises

Offering free water in licensed premises is recommended for alcohol harm reduction but individual venues can decide how it is supplied.

VicHealth trialled an intervention that included having an attractive water dispenser and promoting the availability of free water throughout a Melbourne bar. The research found that very few patrons drink water if it is not promoted in some way. The interventions increased water consumption, were well-received by bar staff and had no negative effect on bar sales.

Improving mental wellbeing: more opportunities to build community resilience and positive social connections, with a focus on young people and women

Preventing violence against women in Victoria

Attitudes towards gender equality are a key driver of violence against women. They are also at the heart of the solution. VicHealth's world-first model for preventing violence against women, Generating Equality and Respect (GEAR), was recognised with the prestigious national Excellence in Evaluation Award, announced by the Australian Evaluation Society (AES). GEAR provides accessible tools and resources for local governments, workplaces and organisations to take violence against women to the next level.

Innovation Challenge: Arts

In 2015, VicHealth funded two new projects for two years to use technology to increase physical activity and social connection. Dance Break by No Lights, No Lycra is an app that gets people active wherever they are by overriding your phone with an energising dance track. Season 2 of The Cloud by Pop up Playground ran from January to March 2017. It was an immersive street game where players had to find passcodes in the real world to unlock documents and videos hidden online.

Creating healthy workplaces

A positive workplace can provide us with a positive sense of community and connection with others, as well as help to build self-esteem and reduce symptoms of anxiety and depression. VicHealth, SuperFriend and WorkSafe Victoria have been working in collaboration since May 2016 to help workplaces create positive and supportive cultures and environments that enable workers to be more engaged, positive and effective at work.

Bright Futures

Almost 75 per cent of mental illness commences before 25 years of age so it's crucial we take a preventative focus and proactively work to build resilience and connectedness. VicHealth is providing more than $400,000 in grants to support the resilience, social connection and mental wellbeing of Victorian youth. Twelve new projects connecting councils, community and young people have been funded through the Bright Futures for Young Victorians Challenge.

Knowledge and research

The VicHealth Innovation Research Grant calls for researchers to undertake a two-year innovative research project with the potential to generate large health gains. Five projects were funded in 2016 and each will receive $200,000 over two years.

We also opened NHMRC Partnership Project Grant and ARC Linkage Project Grant rounds in 2016. Eleven applicants were successful in gaining support, in principle, from VicHealth. Each project will receive $150,000 over three years from VicHealth, pending final funding decisions from NHMRC and ARC.

Healthy Living apps

For the second year in a row, VicHealth commissioned independent researchers at Deakin University to review over 300 health and wellbeing apps to see which ones are most likely to help Victorians achieve their health goals. The user-friendly guide rates apps that claim to promote healthy eating and physical activity, reduce harm from smoking and alcohol and smoking, and improve wellbeing. The page has been viewed tens of thousands of times since its launch in September 2015, with nearly 30,000 views in the past year alone.

Indicators

We asked almost 23,000 Victorians about their health as part of the VicHealth Indicators Survey – a Victorian community wellbeing survey that focuses on the social determinants of health. The survey is based on core questions related to individual and community health and wellbeing, critical to inform decisions about public health priorities.

The survey complements the Victorian Government's Population Health Survey and when combined these datasets give local government planners a comprehensive picture of health and wellbeing in Victoria. The initial findings were released in November 2016 and we have now started on the next step – drilling further down into the data to gain insights on specific sub-population groups.

Sustainable Development Partnership Grants

VicHealth's Sustainable Development Partnership Grants aim to foster collaboration between Victorian and international partners to explore how social and environmental issues such as climate change, ageing populations and the exponential growth of technology will affect our health over the next two decades. The funding, announced during the World Congress on Public Health, provides an opportunity to facilitate partnerships between leading global experts to tackle critical public health issues such as obesity, gender equality and mental wellbeing.

Health equity

Elevate is a three-year initiative that seeks to promote health equity by enabling innovative thinking and the design of new solutions at community, inter-organisation, or population levels. Elevate aims to transform the drivers of health inequity by working with communities.

As part of Elevate, the VicHealth Community Challenge: Latrobe Valley called on the community to share their ideas on how to generate more jobs in the region. 'Transitioning the Valley' was named the winner of the inaugural Challenge in August 2016, receiving a $20,000 boost from VicHealth. With significant community support, this project is a jobs and collective impact initiative that blends hard and soft infrastructure and new energy technologies. Initiated by the community, it will work with government, business and educational facilities to provide a pathway to transition local workers to future industries.

VicHealth is also supporting the Latrobe Health Assembly's planning by mapping current and recent health improvement activity in the Latrobe Health Zone. This information will help identify potential projects that could be scaled up across Latrobe City, and identify gaps where projects aren't currently being delivered.

Healthy communities

The Community Activation Program was a VicHealth initiative that aimed to assist less-active people to become more active. We partnered with five Victorian councils to create and 'activate' under-used public spaces within local communities, increasing access to opportunities for physical activity and social connection. We evaluated the program and found positive shifts in activity levels for many participants.

VicHealth is continuing to fund two of the councils' activations for extended delivery. Golden Plains Shire Council created an adventure park from a carpark and grassed area to engage women and families, and Latrobe City Council transformed a plaza and road, using tables, seating, temporary landscaping and an area for physical activity to make a pedestarian-friendly space for the community to use.

Leading Thinker initiative

As part of our inaugural Leading Thinker residency we ran Victoria's first Citizen's Jury on Obesity, where 100 jurors spent six weeks deliberating on the question: how can we make it easier to eat better? In October, VicHealth and collaborator Mosaic Lab won the IAP2 Core Values Award for Health for the project. We were proud to win this award, which recognises outstanding projects and organisations that are on the forefront of public participation.

Dr Klugman, one of our new Leading Thinkers, visited VicHealth in May and presented at various events and forums. There was a lot of interest in the Leading Thinkers initiative and we look forward to sharing results and learnings with our partners as the trials into de-biasing recruitment and women's profile in media progress.

These highlights are but a small sample of the many initiatives and projects on which VicHealth has worked in 2016–17. We have collaborated with organisations across the State and the knowledge we have generated has been extended through our many partners and their networks.

I would like to thank each and every member of the VicHealth team for their ongoing enthusiasm and dedication to achieving our goals. Their willingness to adapt and approach problems in new ways allows us to tread an innovative path that accelerates health outcomes for Victorians.

Thank you, too, to all VicHealth's partners and supporters including our colleagues across the Victorian Government and the local government, community and corporate partners with whom we have worked to achieve our common goals.

Our Board has continued to provide me with expert leadership and support. I acknowledge and thank our past Chair, Emeritus Prof. John Catford, for his expertise and guidance during his last two years as Chair and two years as Deputy Chair. VicHealth warmly welcomed Fiona McCormack as the new VicHealth Chair in October 2016. We have already benefited from the direction and insight Fiona brings through her extensive expertise in health and illness prevention, and her many years leading community change.

I particularly wish to thank the Victorian Minister for Health, The Hon. Jill Hennessy MP, for her support and leadership. I also thank the Minister for Mental Health, The Hon. Martin Foley MP, the Minister for Sport, The Hon. John Eren MP, the Minister for Women and Prevention of Family Violence, The Hon. Fiona Richardson MP, and other Ministers and their Advisers for their guidance and support.

As we celebrate our 30th anniversary and reflect on all that VicHealth has achieved, I am excited about our future. VicHealth has already truly established itself as a health promotion foundation with an international reputation for innovative, evidence-based programs that positively impact the people of Victoria. And with the immense skills of the VicHealth team and our partners, we can go even further.

Jerril Rechter
Chief Executive Officer

VicHealth Action Agenda for Health Promotion 2013–2023

VicHealth Action Agenda Scorecard

We use our Action Agenda Scorecard as a system to track our progress towards achieving targets set in the VicHealth Action Agenda for Health Promotion, our 10-year vision for championing the health and wellbeing of all Victorians.

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

OUR 10-YEAR GOALS

BY 2023:

200,000 more Victorians adopt a healthier diet

300,000 more Victorians engage in physical activity

400,000 more Victorians tobacco-free

200,000 more Victorians drink less alcohol

200,000 more Victorians resilient and connected

OUR THREE-YEAR PRIORITIES

BY 2019, THERE WILL BE:

80,000 more people choosing water and healthy food options

180,000 more people physically active, playing sport and walking, with a focus on women and girls

280,000 more people smoke-free and quitting

80,000 more people and environments that support effective reduction in harmful alcohol use

80,000 more opportunities to build community resilience and positive social connections, with a focus on young people and women

RESULTS: We track our progress through the VicHealth Action Agenda for Health Promotion Scorecard

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 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
- Connecting with people where they live, learn, work and play
- Focused on the 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. VicHealth's very inception was a pioneering act that set the stage for our unique contribution to better health.

Our healthscape

Social, economic, environmental, technological and demographic trends are driving an epidemic of non-communicable, chronic disease globally.

The Victorian Government is committed to addressing the social determinants of health and their unequal distribution across the population as evidenced by:

- The Victorian Public Health and Wellbeing Plan 2015–2019
- The Royal Commission into Family Violence
- The Hazelwood Mine Fire Inquiry – Health Improvement Report

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

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

Operational and budgetary objectives and performance against objectives

Budgetary performance

Under section 33 of the *Tobacco Act 1987*, the budget of VicHealth must include provision 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). The VicHealth Board also set the following parameters on grant expenditure for the financial year. These targets are used to guide the level of investment in each strategic imperative and in research and evaluation.

Our performance against these targets is summarised in Table 1.

Table 1: Performance against statutory and Board policy expenditure targets[(i)]

Performance measures	2016–17 minimum or target	2016–17 budget	2016–17 actual	2016–17 amount ($'000)
Statutory expenditure target[(ii)]				
Sporting bodies	30%	31%	34%	12,960
Health promotion	30%	35%	35%	13,354
Board policy expenditure target				
Promote healthy eating	5%	9%	8%	3,061
Encourage regular physical activity	21%	27%	34%	13,213
Prevent tobacco use	13%	14%	14%	5,238
Prevent harm from alcohol	5%	6%	5%	2,035
Improve mental wellbeing	8%	10%	11%	4,190
Research and evaluation[(iii)]	12%	15%	15%	5,843

Notes:

(i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2016–17 financial year our appropriation was $37.4 million. Figures exclude payments sourced from special funds unless otherwise indicated.

(ii) Spend against statutory expenditure targets is not exclusive of spend against Board policy targets. Expenditure coded against the statutory targets is also coded against the Board expenditure targets. Expenditure on 'health promotion' in this instance is defined as total grant payments less grant monies issued to sporting bodies.

(iii) The research and evaluation figure may include expenditure allocated to other statutory and Board expenditure categories.

Our operating performance against budget is summarised in Table 2.

Table 2: Operational performance against budget

Funding source	2016–17 actual ($'000)	2016–17 budget ($'000)
Total funds		
Total revenue	38,773	38,553
Total expenses	38,352	38,724
Total operating surplus/ (deficit)	421	(171)
Appropriation funds		
Revenue	38,542	38,475
Expenses	37,982	38,206
Operating surplus/(deficit) from appropriation	560	269
Special funding		
Revenue	231	78
Expenses	370	518
Operating surplus/(deficit) from special funding	(139)	(440)

VicHealth's operations can be viewed as having two distinct funding sources. VicHealth receives core funding via the Department of Health and Human Services (DHHS) to deliver its' objectives as outlined in the Tobacco Act 1987.

Additionally, VicHealth periodically receives special funding from various government agencies to deliver specific programs. Often this funding is received as a lump sum, with expenditure subsequently incurred over multiple years to deliver the programs. This has the potential to create either a large operating surplus or deficit in particular financial years, as the revenue is recorded in the year of receipt and expenses recorded when the expenditure is incurred, often in subsequent years. This is the key reason for the budgeted $0.2 million operating deficit from special funding this year.

Overall, the operating surplus for the year was $0.4 million, being $0.6 million greater than the budget deficit of $0.2 million.

Total revenue was $0.2 million (1%) higher than budget due to the receipt of special funding ($0.2 million) mainly for a number of special projects. The appropriation from government of $38.3 million was consistent with the budget.

Total expenditure of $38.4 million was $0.4 million (1%) lower than the budget. Wage and on-costs of $8.2 million were $1.1 million lower than budget due to staff vacancies and certain positions placed on hold. This underspend was used to increase our level of investment of health promotion programs and campaigns to $26.6 million. Details of these major investments are listed in Table 3.

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 include 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 3.

Table 3: Grants with payments totalling $250,000 or more during the reporting period

Funding round	No. of organisations receiving payments	Payments ($'000)
Active Club Grants	338	1,037,449
Alcohol Culture Change	17	1,346,253
Bright Futures Challenge	15	463,388
Change to Walking	1	250,000
Female Participation in Physical Activity	6	950,000
Gender Equality in Sport	21	1,901,927
Innovation Challenge: Physical Activity	24	870,500
Leading Thinkers	22	527,831
Local Government Active Arts Program	6	339,295
Physical Activity and Sport Evaluation	17	389,607
Quit Victoria	1	4,695,000
Regional Sport Program	9	1,500,000
Research Funding Rounds	6	1,108,000
Response to Royal Commission into Family Violence	38	311,857
Salt Reduction	3	1,001,612
State Sport Program	24	2,150,412
SunSmart	1	900,000
Vicsport Partnership	1	300,000
Victoria Walks	2	326,550
Walk to School	81	1,317,636
Water Initiative	51	869,753

Note:

(i) Evaluation and support relates to four funding rounds: Female Participation in Physical Activity, Innovation Challenge: Physical Activity, Regional Sport Program and State Sport Program.

Details of significant project payments to individual organisations are provided in Table 4.

Table 4: Organisations receiving grant payments totalling $250,000 or more during the reporting period

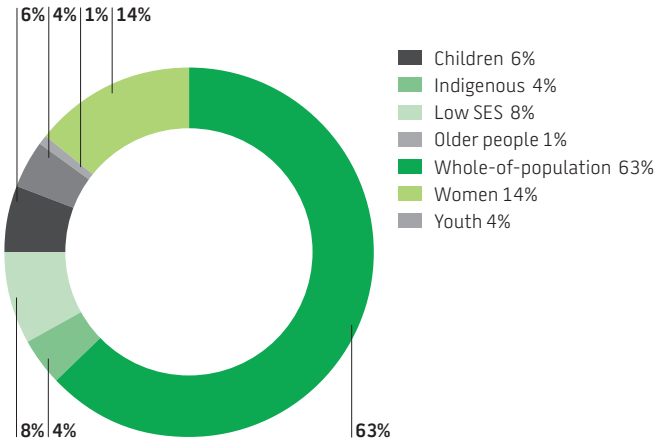
Organisation name	Project name(s)	Payments ($'000)
Australian Football League Victoria	Increasing Female Participation in Sport Initiative: AFL Active; Physical Activity Innovation Challenge: AFL Victoria Female Indigenous Program, AFL Blind & Saints Play; State Sport Program; Gender Equality in Sport; AFL Etihad Stadium drinking water fountain activation; AFL PhD Scholarship	488
Cancer Council of Victoria	Legal Capacity Support; Obesity Prevention Policy Coalition; Sunsmart; Quit Victoria;	5,785
City of Melbourne	Fun Run; White Night Melbourne; Bright Futures Challenge: My Journey – Empowering young leaders; Alcohol Culture Change Initiative: What's your story? – Scoping project of social harm due to alcohol use and misuse in our late night environments	349
Deakin University	Creating healthy supermarket food environments; Retailer-led economic interventions; STICKE Healthy Eating; Supermarket intervention; Transform-Us! program in schools; Alcohol Culture Change in the University setting; Walk to School research and evaluation; Bright Futures Challenge evaluation; Healthy eating policies in public settings; Etihad Stadium water fountain activation and use evaluation; Healthy Living Apps; SDG Partnership Grant; VicHealth Indicators supplement report	757
GippSport	Regional Sport Program	300
Gymnastics Victoria Inc.	Female Participation in Sport Initiative: Move My Way; Physical Activity Innovation Challenge: TeamGym; State Sport Program; #waterisbetter: Water as the drink of choice; Facilitation for Inclusion Sport Network	252
Jeni Klugman	Leading Thinkers Residency	266
La Trobe University	Centre for Alcohol Policy Research: Alcohol cultures and policy expertise 2016; Alcohol cultures in middle and older age groups research; Alcohol Culture Change Initiative Evaluation; Sports programs evaluation; Changing Our Game: Advancing Gender Equality in Sport for Women and Girls evaluation preparation; Gender Equality in Sport evaluation; Pride Game Evaluation; Gender, Alcohol & Family Violence Symposium 2017; Evaluation of the VicHealth Innovation Challenge: Sport; VicHealth Water Initiative Grants evaluation; Active Club Grants evaluation; VicHealth Indicators supplement report; Capacity Building Program	950
National Heart Foundation of Australia (Vic)	Innovative approaches to salt reduction: food industry and consumer engagement; Salt Awareness Campaign	660
Netball Victoria	Female Participation initiative: Rock Up Netball; State Sport Program	335
Surfing Victoria	Indigenous Surfing Program Integration; Female SUP Program: Coasting – Stand Up Paddle Board for women	280
Tennis Australia	Female Participation in Sport Initiative: Get Into Cardio Tennis	250

The University of Melbourne	Active Club Grants; Response to Royal Commission into Family Violence: evidence review of gender equality and health in the Australian context; International Network of Health Promotion Foundations; Young Workers Gamification Project; VicHealth Indicators supplement reports and health planner digital engagement tool; Women and Social Connection Formative research; Evaluation of the Leading Thinkers Residency; Onemda VicHealth Koori Health Unit; The McCaughey Centre; Maintaining tobacco abstinence among people leaving smoke-free prisons in Victoria; Promoting participation in sport for migrant and refugee children and youth; Developing a LGBTI safe housing network	1,135
VicSport	VicSport partnership to build sector capacity within the Victorian sport and recreation sector; 2016 Victorian Sport Awards	306
Victoria Walks Inc.	VictoriaWalks; Behavioural insight trials	557

Target populations

Sixty-three per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining 37 per cent was targeted at one or more of our target populations, including women, children, Indigenous and low socioeconomic groups as summarised in Graph 1.

Graph 1: Allocation of grant expenditure across target population groups[(i)]



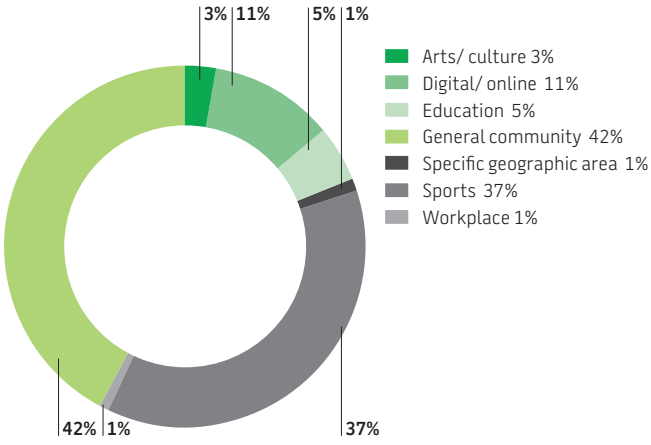
Note:

(i) Percentages are used to provide a relative indicator of investment across target populations. The percentages are a proportion of grant payments from appropriated revenue expended on each population group.

Settings

The proportion of grant funding allocated within each setting is provided in Graph 2. The largest setting is the community, closely followed by sports which reflects VicHealth's statutory obligation to provide grants to sporting bodies.

Graph 2: Allocation of grant expenditure across settings[(ii)]



Note:

(ii) Percentages are used to provide a relative indicator of investment across settings. The percentages are a proportion of grant payments from appropriated revenue expended within each setting.

Five-year financial summary

Table 5: Five-year financial summary

	2017 ($'000)	2016 ($'000)	2015 ($'000)	2014 ($'000)	2013 ($'000)
Operating Statement					
Revenue from government	38,558	38,305	37,503	37,328	41,173
Other income	215	256	371	376	401
Total income	38,773	38,561	37,874	37,704	41,574
Grant and other expense transfers	27,535	26,451	29,915	28,055	30,500
Employee expenses and other costs	10,817	11,143	11,298	10,617	9,827
Total expenses	38,352	37,594	41,213	38,672	40,327
Net surplus/(deficit) for the period	421	967	(3,339)	(968)	1,247
Balance Sheet					
Total assets	5,987	5,494	5,825	9,415	10,488
Total liabilities	2,057	1,985	3,283	3,534	3,639
Total equity	3,930	3,509	2,542	5,881	6,849

Major changes affecting performance

Overall, VicHealth generated an operating surplus of $0.4 million. The fact that special funding is usually received in one financial year, and then expended in subsequent financial years, tends to cause fluctuations in VicHealth's revenue, expenditure and operating results which has occurred in recent years as is illustrated in Table 5.

The 2016–17 operating result from special purpose funding has accounted for a $0.1 million operating deficit, whereas an operating surplus of $0.6 million from appropriation funds was generated.

Revenue of $38.8 million was $0.2 million higher than last year. VicHealth is appreciative of the continued financial support from the Victorian Government. The core funding received from the Department of Health and Human Services under the *Tobacco Act 1987* was $38.3 million. The appropriation was higher than the previous year after an indexation increase of $0.7 million, but revenue was partially offset by a decline in special funding by $0.5 million to $0.2 million.

Total expenditure for the year was $38.4 million being $0.8 million (2%) higher than last year, which is reflective of available funds due to the increase in the health promotion appropriation. Salaries and wages and other operating costs ($10.8 million) decreased as a result of staff vacancies and continuing strategies to mitigate cost escalations. These savings were directed towards funding grants and direct implementation costs, which combined with an increase in funding available from the Government, resulted in our grant expenditure increasing by $1.1 million to $27.5 million.

Significant changes in financial position during the year

VicHealth's assets are valued at nearly $6.0 million, comprising mostly bank balances ($4.7 million) and receivables ($0.8 million).

VicHealth maintains cash reserves at fiscally responsible levels, consistent with parameters stipulated in our cash reserves policy. Cash balances have increased by $0.3 million, largely as a result of our overall operating surplus during the year.

Provision for employee benefits is VicHealth's largest liability at $1.4 million, with grants payable and creditors amounting to $0.7 million. Total liabilities of $2.0 million and these categories of liabilities have remained consistent with last year.

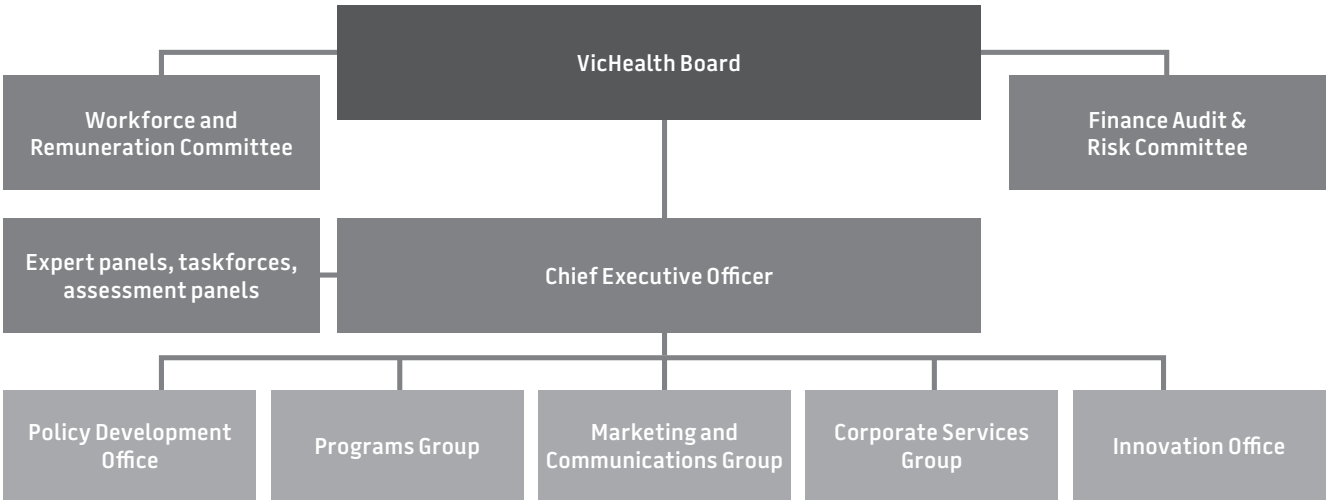
As at balance date, total equity increased to $3.9 million as a result of the $0.4 million operating surplus. Retained earnings of $3.8 million are, in part, earmarked for allocation for a potential future upgrade of our IT applications in addition to maintaining reserves to fund employee provisions and other liabilities. The balance of retained earnings is monies quarantined to deliver special funded projects.

Subsequent events

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

Section 2: VicHealth organisation structure

VicHealth organisation structure



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

Policy Development Office

Drive VicHealth's strategic imperatives and model, and ensure the organisation's policy, position statements and programs achieve world-class outcomes.

Programs Group

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

Marketing and Communications Group

Develop and deliver the 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, business planning, information technology and management, people and culture functions and manage the governance framework to support the work of VicHealth.

Innovation Office

Lead an organisation-wide innovation process for health promotion and internal business operations, and the VicHealth business model to inform, innovate and integrate.

Executive Management

The following people held executive management positions as at 30 June 2017:

Chief Executive Officer
Ms Jerril Rechter

Executive Lead, Policy Development Office (Acting)
Mr Greg Ford

Executive Manager, Marketing and Communications Group
Mr Stefan Grun

Executive Manager, Programs Group (Acting)
Ms Kellie Horton

Executive Manager, Corporate Services Group
Mr Dale Mitchell

Executive Lead, Innovation Office
Ms Nithya Solomon

Employee Committees

VicHealth has a number of cross-organisational employee committees or groups to assist management in operations:

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

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

VicHealth Board

The VicHealth Board members during the year were:

Ms Fiona McCormack – Member (1 July 2016 – 30 June 2017); Chair (1 October 2016 – 30 June 2017)

Fiona is the CEO of 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.

Fiona took up the role of Chair of the VicHealth Board from Professor John Catford on 1 October 2016.

Emeritus Prof John Catford – Chair (1 July 2016 – 30 September 2016)

Professor Catford is Executive Director, Academic and Medical, at Epworth HealthCare. He was previously Deputy Vice-Chancellor, Vice-President and Dean (Faculty of Health, Medicine, Nursing and Behavioural Sciences) at Deakin University.

Having trained as a pediatrician and public health physician, he was Chief Health Officer and Executive Director of Public Health for the Victorian Government from 1998 to 2002. In 1994 to 1995, he worked for the World Health Organization as Health Policy and Public Health Adviser to health ministers in Central and Eastern Europe. Professor Catford is Chair of the Editorial Board of the journal Health Promotion International published by Oxford University Press, which he helped establish in 1986 and was Editor-in-Chief until 2013. He has published widely with more than 300 publications, and was co-author of the WHO's Ottawa Charter for Health Promotion in 1986, the Bangkok Charter for Health Promotion in a Globalized World in 2005, and the Nairobi Call to Action for Closing the Implementation Gap in Health Promotion in 2009.

Ms Nicole Livingstone OAM – Deputy Chair

Ms Livingstone is currently a host and swimming broadcaster on Network Ten Australia and ONE HD. She is a former elite athlete who has a strong background in sport, community, communications and media. She chaired the Ministerial Community Advisory Committee on Body Image.

She is Vice-President of the Victorian Olympic Council, a member of the Executive of the Australian Olympic Committee and a Director of Swimming Australia.

Ms Livingstone has previously worked with VicHealth and VicHealth's funded projects including Quit Victoria and Victoria Walks where she has demonstrated a good knowledge of health promotion.

Ms Susan Crow

Ms Crow is currently employed as the Head of Community, Melbourne City Football Club where she is responsible for the development and delivery of Melbourne City's Social Responsibility program.

She has 20 years' experience in sports administration roles, as the Chief Executive Officer of Netball Victoria and Softball Australia and the Executive Director, Women's Cricket Australia.

Dr Sally Fawkes (1 October 2016 – 30 June 2017)

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

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

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

Mr Nick Green OAM

Mr Green is an experienced leader who has worked in senior roles across numerous areas including elite high performance sport, governance, finance and government relations. He is currently Chief Executive Officer of Cycling Australia, previously spending six years at the Victorian Major Events Company, including Group Manager of Acquisition and Development. He has been a member of the Commonwealth Games Australia Board of Management since 2016.

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

Mr Green has attended eight Olympic Games and was the Chef de Mission for the 2012 Australian Olympic Team. He was awarded the Order of Australia Medal and inducted into the Sport Australia Hall of Fame in recognition of his sporting achievements, starting as a world rowing champion and subsequently as broadcaster and team manager.

Professor Margaret Hamilton AO

Professor Hamilton has over 45 years' experience in the public health field, specialising in alcohol and drugs including clinical work, education and research. She has a background in social work and public health and was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria and Chair of the Multiple and Complex Needs Panel in Victoria.

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

Professor Hamilton contributes to many other advisory groups in the areas of children in out-of-home care, youth drug problems, alcohol and drug policy and research. She was appointed to the Civil Society Task Force planning for the Special Session of the United Nations' General Assembly meeting on drugs in 2016, and its review in 2019.

Professor Hamilton holds an honorary position at the University of Melbourne and is retired but remains active.

Mr Ben Hartung (1 October 2016 – 30 June 2017)

Mr Hartung is currently the General Manager of Hockey Operations at Hockey Australia.

Mr Hartung has served on the Board of Vicsport since November 2012. 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, Master of Sport Management and a Graduate Diploma in Sports Law. He is currently completing a Performance Leaders Program at the Australian Institute of Sport.

Hockey has been a life-long passion for Mr Hartung and he has been involved as a player and coach for over 35 years.

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

Ms Veronica Pardo

Ms Pardo is the Executive Director of Arts Access Victoria, the state's leading arts and disability organisation. In this role, she has led an ambitious agenda of social and artistic transformation for people with a disability and the communities in which they live. With a passion for social justice and equity, she has spearheaded campaigns relating to the inclusion of people with a disability in arts and culture, as audiences and cultural innovators.

Ms Pardo has a successful history of employment at senior levels in the not-for-profit sector, with a major focus on policy and advocacy. She has a long track record of leading research programs aimed at addressing barriers to participation. A linguist by training, she has specialised in Australia Sign Language (Auslan), where she holds two postgraduate qualifications.

Mr Simon Ruth

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

Mr Stephen Walter

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

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

The Members of Parliament appointed to the Board are:

Ms Colleen Hartland, MLC

Ms Hartland has been the Greens MP for the Western Suburbs of Melbourne and the Victorian Greens Spokesperson for Health since 2006.

Ms Hartland was raised in Morwell and has lived in Footscray for many years. She was a founding member of the Hazardous Materials Action Group (HAZMAG), campaigning for protection for residents from industrial hazards in the western suburbs, including the Coode Island explosion.

Amongst her varied job history, Ms Hartland worked at the Western Region Health Centre for five years, supporting older residents in the Williamstown high rise housing estate. She was a City of Maribyrnong Councillor between 2003 and 2005. She is passionate about addressing the social determinants of health.

The Hon. Wendy Lovell, MLC

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

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

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

Ms Natalie Suleyman MP

Ms Suleyman is the State Member for St Albans. In April 2015, she was appointed a member of the Parliamentary Committee for Law Reform, Road and Community Safety and also as a Member of Parliament's House Committee. Natalie is Secretary of the Victorian Parliamentary Friendship Groups for Turkey, Lebanon and India.

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

Ms Suleyman is pleased to be working with her community on the new $200 million Joan Kirner Women's and Children's Hospital project in Sunshine, a significant redevelopment of health services in Melbourne's West.

Table 6: Board Attendance Register

Board	No. of meetings attended in 2016–17	Eligible meetings in 2016–17
Emeritus Prof John Catford, Chair (1 July 2016 – 30 September 2016)	2	2
Ms Susan Crow	6	6
Dr Sally Fawkes	2	4
Mr Nick Green OAM	5	6
Prof Margaret Hamilton AO	6	6
Ms Colleen Hartland MLC	5	6
Mr Ben Hartung	3	4
Ms Nicole Livingstone OAM, Deputy Chair	4	6
The Hon. Wendy Lovell MLC	4	6
Ms Fiona McCormack, Member (1 July 2016–30 June 2017); Chair (1 October 2016 – 30 June 2017)	5	6
Ms Veroncia Pardo	5	6
Ms Sarah Ralph	0	1
Mr Simon Ruth	4	6
Ms Natalie Suleyman MP	2	6
Mr Stephen Walter	4	6

Finance, Audit and Risk Committee

The purpose of the committee is to assist the Board in 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 best practice.

During the reporting period, the Committee members were:

Independant Members	
Ms Sally Freeman	1 July – 30 October 2016 (Chair)
Mr Peter Moloney	1 November 2016 – 30 June 2017 (Chair) 1 July – 30 October 2016 (Member)
Ms Joanne Booth	1 December 2016 – 30 June 2017
Ms Kylie Maher	1 July 2016 – 5 April 2017
Mr Adam Todhunter	1 July 2016 – 30 June 2017
Board Members	
Mr Nick Green OAM	1 July 2016 – 30 June 2017
Ms Colleen Hartland MLC	16 November 2016 – 30 June 2017
Ms Sarah Ralph	1 July – 29 November 2016
Mr Simon Ruth	16 November 2016 – 30 June 2017

Table 7: Finance, Audit and Risk Committee attendance register

Finance, Audit and Risk Committee	No. of meetings attended in 2016–17	Eligible meetings in 2016–17
Ms Joanne Booth	2	2
Ms Sally Freeman	2	2
Mr Nick Green OAM	3	4
Ms Colleen Hartland MLC	2	2
Ms Kylie Maher	2	3
Mr Peter Moloney	4	4
Ms Sarah Ralph	0	1
Mr Simon Ruth	1	2
Mr Adam Todhunter	3	4

Workforce and Remuneration Committee

The purpose of the committee is to provide strategic advice on workforce strategy and planning, remuneration, human resources 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.

During the reporting period, the following Board members were members of the committee:

Board Members	
Ms Nicole Livingstone OAM	1 July 2016 – 30 June 2017 (Chair)
Emeritus Prof John Catford	1 July – 30 September 2016
Ms Fiona McCormack	1 October 2016 – 30 June 2017
Ms Veronica Pardo	1 July 2016 – 30 June 2017
Mr Stephen Walter	1 July 2016 – 30 June 2017

Table 8: Workforce and Remuneration Committee attendance register

Workforce and Remuneration Committee	No. of meetings attended in 2016–17	Eligible meetings in 2016–17
Emeritus Prof John Catford	1	1
Ms Nicole Livingstone OAM	2	3
Ms Fiona McCormack	2	2
Ms Veronica Pardo	3	3
Mr Stephen Walter	3	3

Advisory Governance Framework

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

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

- 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 2016–17 the following groups were formed:

Expert panels
None
Taskforces
Alcohol
Leading Thinkers
Youth
Mental Wellbeing
Healthy Eating
Physical Activity
Salt Reduction Strategic Partnership
Assessment Panels
Bright Futures
Active Club grants
Water Grants Initiative
Innovation Challenge – Sport
Regional Sport Program – Reserve Funding
Changing our Game

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

Patron-in-Chief

VicHealth is pleased and honoured to have as its Patron-in-Chief, The Honourable 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 OH&S Committee. This comprises staff from across the organisation to act as an employee consultation group by undertaking the following tasks and functions:

- provide an avenue for employee consultation relating to wellbeing and OH&S
- promote employee wellbeing and OH&S
- deliver employee health and wellbeing activities/topics.

Our performance against key OHS indicators during the 2016–17 financial year is summarised in Table 9.

Table 9: Performance against OHS management measures

Measure	Indicator	2016–17	2015–16
Incidents	No. of incidents	0	1
	No. of hazards reported	2	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(i)	$0	$0

Note:

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

Equity and diversity principles

Our equity and diversity policy demonstrates our commitment to creating and maintaining a positive working environment free of discrimination and harassment, which provides equal opportunities for all and values diversity.

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

As part of our diversity commitment, key activities commenced during the year include:

- development of a diversity action plan (in concert with the Disability Action Plan and Reconciliation Action Plan review)
- updating our Diversity and Inclusion Policy
- participation in the People Matter Survey (Diversity and Inclusion module)
- undertaking gender pay audit
- being a member of the Office of Prevention and Women's Equality's Gender Auditing Working Group.

VicHealth Disability Action Plan

VicHealth's Disability Action Plan (DAP) outlines a range of actions to be progressively implemented over a three year period. These actions include improving accessibility and removing barriers for people with disabilities so that they are treated equally. Initiatives include office modifications, website accessibility audit, improved employment policies and opportunities as well as staff awareness training.

VicHealth is pleased to report that it has implemented most of these initiatives. As VicHealth's DAP has nominally expired, work has commenced to renew our DAP for the next three years. It is anticipated that the updated DAP will be completed in late 2017.

VicHealth Reconciliation Action Plan

VicHealth has a strong history of working collaboratively with Aboriginal and Torres Strait Islander communities to meet locally identified needs in culturally appropriate ways. VicHealth's first Reconciliation Action Plan (RAP), released in 2013, is one of a number of mechanisms that VicHealth has implemented to ensure that we are supporting best practice in Aboriginal health promotion, both with our partner organisations and within our own organisation.

The RAP outlines practical actions VicHealth has undertaken to build a stronger relationship and enhance respect with Aboriginal and Torres Strait Islander peoples, including culture awareness sessions for employees, developing Indigenous language protocols and an Indigenous governance framework, and encouraging staff to participate in National Reconciliation and NAIDOC weeks. Similar to the DAP, the RAP has nominally expired, and work has commenced on updating our RAP for the next three years.

Public administration values and employment principles

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

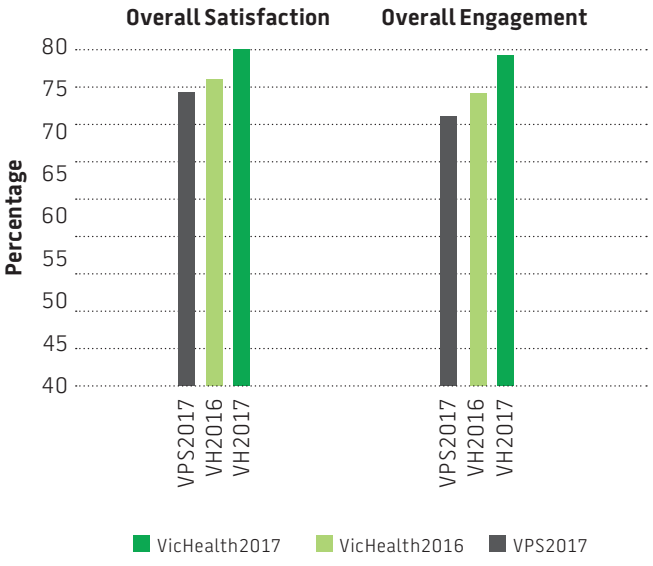
VicHealth regularly reviews its suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, performance management, learning and development, managing conflicts of interest and gifts benefits and hospitality.

In support of the above, VicHealth developed a 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, a peer-based recognition is awarded to staff members who best demonstrate these principles.

VicHealth workplace

Annually, VicHealth staff participate in the Victorian Public Sector Commission's (VPSC) People Matter Survey. VicHealth is committed to being an employer of choice and the 2017 survey illustrates this commitment with the majority of results either exceeding or being consistent with the Victorian Public Sector average.

Graph 3: Results from the People Matter survey



VicHealth is committed to continuous improvement and will develop an action plan in consultation with employees to address areas where the survey results were lower than desired.

VicHealth, in consultation with employees, is reviewing and updating its Workplace Flexibility Policy and practices to ensure it aligns with the VPSC's *Mainstreaming Flexibility Across the VPS* and that our existing practices continue to model better practice.

VicHealth is proud of its commitment to offering employees workplace flexibility with a range of options available. This is illustrated with over one-third of employees working part-time, an increase of 20% over the past three years.

One of the challenges for all employers is mental wellbeing of its employees. VicHealth's Mental Health and Wellbeing Policy outlines a range of work practices and initiatives to promote mental wellbeing and provide support services to employees. During the year, VicHealth implemented the SuperFit Mates Program.

SuperFit Mates is a peer mentoring program that supports employees who may be experiencing mental health illness or issues. A SuperFit Mate is someone with whom employees can talk through issues (both personal and work-related issues) to assist them in moving through some difficult times to get to a better place.

This program complements a range of other practices that VicHealth has to encourage and support positive mental wellbeing.

In late 2016, VicHealth commenced negotiations with the union and employee representatives for a new Enterprise Agreement as the existing Agreement was due to nominally expire in May 2017. Negotiations are well progressed and VicHealth anticipates that in-principle agreement will be reached in early 2017–18.

Workforce data

Table 10: Workforce data

	June 2017						
	All employees		Ongoing			Fixed term & casual	
	Number (HC)	FTE	Full-time (HC)	Part-time (HC)	FTE	Full-time (HC)	FTE
Gender							
Male	19	18.7	16	1	16.8	2	1.9
Female	60	51.5	31	19	43.8	10	7.7
Age							
15-24	3	2.4	1	0	1	2	1.4
25-34	21	19.8	15	3	17	3	2.8
35-44	30	26.4	17	9	22.8	4	3.6
45-54	16	14.3	10	4	12.8	2	1.5
55-64	9	7.3	4	4	7	1	0.3
65+	0	0	0	0	0	0	0
VicHealth EA							
Grade A	4	3.2	1	2	2.6	1	0.6
Grade B	1	0.8	0	0	0	1	0.8
Grade C	16	15.2	10	3	12.4	3	2.8
Grade D	36	31.3	23	9	28.8	4	2.5
Grade E	17	14.7	8	6	11.8	3	2.9
Grade F	0	0	0	0	0	0	0
Total VicHealth EA (A–F Grade)	74	65.2	42	20	55.6	12	9.6
Senior employees							
Executives [(i)]	5	5	5	0	5	0	0
Total senior employees	**5**	**5**	**5**	**0**	**5**	**0**	**0**
Total other	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total employees	**79**	**70.2**	**47**	**20**	**60.6**	**12**	**9.6**

Table 10: Workforce data – continued

	June 2016						
	All employees		Ongoing			Fixed term & casual	
	Number (HC)	FTE	Full-time (HC)	Part-time (HC)	FTE	Full-time (HC)	FTE
Gender							
Male	20	19.4	17	2	18.4	1	1
Female	59	53.8	36	11	44.1	12	9.7
Age							
15-24	1	1	0	0	0	1	1
25-34	25	24.8	21	1	21.8	3	3
35-44	33	30.1	21	7	25.9	5	4.2
45-54	14	11.9	7	3	9.4	4	2.5
55-64	6	5.4	4	2	5.4	0	0
65+	0	0	0	0	0	0	0
VicHealth EA							
Grade A	4	3.6	2	1	2.8	1	0.8
Grade B	1	1	0	0	0	1	1
Grade C	15	14	10	4	13	1	1
Grade D	35	31.9	23	4	25.6	8	6.3
Grade E	18	16.7	12	4	15.1	2	1.6
Grade F	0	0	0	0	0	0	0
Total VicHealth EA (A–F Grade)	73	67.2	47	13	56.5	13	10.7
Senior employees							
Executives (i)	6	6	6	0	6	0	0
Total senior employees	**6**	**6**	**6**	**0**	**6**	**0**	**0**
Total other	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total employees	**79**	**73.2**	**53**	**13**	**62.5**	**13**	**10.7**

Notes:

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

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

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

'FTE' means full-time staff equivalent.

'HC' means headcount.

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

Executive Officer data

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

Table 11: Breakdown of Executive Officers

The following table 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.

	June 2017			June 2016		
	Male	*Female*	*Vacancies*	*Male*	*Female*	*Vacancies*
CEO	0	1	0	0	1	0
Executives Managers	2	0	1	2	1	0
Executive Leads	0	2	0	0	2	0
Total	**2**	**3**	**1**	**2**	**4**	**0**

Table 12: Reconciliation of executive numbers

		2016–17	2015–16
	Executives with remuneration over $100,000	4	5
Add	Vacancies (Table 11)	1	0
	Executives employed with total remuneration below $100,000	0	0
	Accountable Officer (CEO)	1	1
Less	Separations	1	0
Total executive numbers at 30 June (Financial Statements Note 15)		**5**	**6**

A summary of executive remuneration is contained in the Financial Statements (Notes 14 and 15).

Section 4: Other disclosures

Consultancies

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

Consultant	Purpose of consultancy [(i)]	Total approved project fee ($'000)	2016–17 actual expenditure ($'000)	Future expenditure ($'000) [(ii)]
Corvus Group	Human resource consulting services	26	26	0
Data#3 Limited	Systems consulting services	39	39	0
Davidson Consulting	Human resource consulting services	18	18	0
Deloitte Touche Tohmatsu	Business and human resource consulting services	31	31	0
Fenton Communications	Business consulting services	25	25	0
Glocal Health Consultants	Business consulting services	10	10	0
Jo Fisher Executive Pty Ltd	Recruitment services	21	21	0
Linus Consulting	Business consulting services	20	20	0
LR Associates	Business consulting services	142	142	0
Maddocks Lawyers	Legal services	64	64	0
Pitcher Partners	International audit services	85	85	0
Victorian Government Solicitors Office	Legal services	18	18	0

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

Note:

(i) Consultancy agreements cover the period 1 July 2016 to 30 June 2017.

(ii) Unless otherwise indicated there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2017 as required.

Details of consultancies under $10,000

In 2016–17, there were 18 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during the financial year in relation to these consultancies is $67,000 (excl. GST).

Information, communication and technology (ICT) expenditure

Table 14: ICT expenditure during 2016–17 (excluding GST)

Business as Usual ICT expenditure Total ($'000)	Non-Business as Usual ICT expenditure Total = A + B ($'000)	Non-Business Operational expenditure A ($'000)	Non-Business as Usual Capital expenditure B ($'000)
1,109	463	463	0

Advertising expenditure

VicHealth delivered the following campaigns in the last financial year, for which the media expenditure was greater than $100,000:

Table 15: Advertising expenditure during 2016–17 (excluding GST)

Name of campaign	Campaign summary	Start/end date	Advertising (media) ($'000)	Creative and campaign development ($'000)	Research and evaluation expenditure ($'000)	Print and collateral expenditure ($'000)	Other campaign expenditure ($'000)
Change our Game	Print, online and social campaign to increase the profile of women's sport and improve attitudes towards gender equality in sport for women and girls.	Feb 2017 – June 2017	188	209	186	0	100

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:

Chief Finance and Accounting Officer
Victorian Health Promotion Foundation
15–31 Pelham Street
Carlton VIC 3053
Phone: (03) 9667 1333
Fax: (03) 9667 1375

VicHealth did not receive any FOI applications for the 12 months ending 30 June 2017.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (replacing the repealed *Whistleblowers Protection Act 2001*) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The 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 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 it is legally possible.

No disclosures were made within the financial reporting period.

Compliance with DataVic Access Policy

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

Victorian Industry Participation Policy

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

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

National Competition Policy

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

Office-based environmental impacts

Over the past three years, VicHealth has reduced its electricity consumption by 13% from 151,000 to 133,000 kilo watt hours. VicHealth continues to operate in an environmentally sustainable manner and has recently procured more energy efficient printers and equipment.

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 the 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
Fax: (03) 9667 1375

Attestation of compliance with Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes

I, Nicole Livingstone, certify that VicHealth has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The VicHealth Finance, Audit and Risk Committee verifies compliance with this Direction.

Ms Nicole Livingstone OAM
Deputy Chair of the Board

15 August 2017

Financial Statements

Victorian Health Promotion Foundation
2016–17

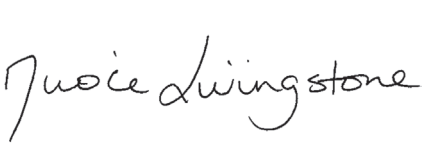
Board Member's, accountable officer's and chief finance and accounting officer's declaration

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 Minister for Finance 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 2017 and financial position of VicHealth at 30 June 2017.

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

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



Ms Nicole Livingstone OAM
Deputy Chair of the Board

Melbourne
15 August 2017

Ms Jerril Rechter
Accountable Officer

Melbourne
15 August 2017

Mr Dale Mitchell
Chief Finance and Accounting Officer

Melbourne
15 August 2017

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of the Victorian Health Promotion Foundation

Opinion

I have audited the financial report of the Victorian Health Promotion Foundation (the foundation) which comprises the:

- balance sheet as at 30 June 2017
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- board member's, accountable officer's and chief finance and accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the foundation as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

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 *Financial Management Act 1994*, 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.

In preparing the financial report, the Board is responsible for assessing the foundation's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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 our 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
25 August 2017

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Comprehensive operating statement
for the financial year ended 30 June 2017

	Notes	2017 ($'000)	2016 ($'000)
Income from transactions			
Appropriations and grants	2(a)	38,558	38,305
Interest and other income	2(b)	215	256
Total income		**38,773**	**38,561**
Expenses from transactions			
Employee expenses	3(a)	7,702	8,160
Depreciation and amortisation	3(b)	175	165
Grants and other expense transfers	3(c)	27,535	26,440
Other operating expenses	3(d)	2,940	2,829
Total expenses		**38,352**	**37,594**
Net result for the year		**421**	**967**
Comprehensive result for the year		**421**	**967**

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

Balance sheet
as at 30 June 2017

	Notes	2017 ($'000)	2016 ($'000)
Assets			
Current assets			
Cash and cash equivalents	4	4,696	4,435
Receivables	5	762	545
Prepayments		268	127
Total current assets		**5,726**	**5,107**
Non-current assets			
Property, plant and equipment	6	164	221
Intangible assets	7	97	166
Total non-current assets		**261**	**387**
Total assets		**5,987**	**5,494**
Current liabilities			
Payables	8	665	687
Provisions: employee benefits	9	1,225	1,056
Total current liabilities		**1,890**	**1,743**
Non-current liabilities			
Provisions: employee benefits	9	167	242
Total non-current liabilities		**167**	**242**
Total liabilities		**2,057**	**1,985**
Net assets		**3,930**	**3,509**
Equity			
Accumulated surplus/(deficit)		3,792	3,129
Reserves	10	138	380
Total equity		**3,930**	**3,509**

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

Statement of changes in equity
for the financial year ended 30 June 2017

2017	Equity at 1 July 2016 ($'000)	Transfer of reserves ($'000)	Total comprehensive result ($'000)	Equity at 30 June 2017 ($'000)
Accumulated surplus/(deficit)	2,783	-	421	3,204
Transfer from/(to) reserves	346	242	-	588
Total accumulated surplus/(deficit)	**3,129**	**242**	**421**	**3,792**
Reserves	380	-	-	380
Transfer (from)/to reserves	-	(242)	-	(242)
Total reserves	**380**	**(242)**	**-**	**138**
Total equity	**3,509**	**-**	**421**	**3,930**

2016	Equity at 1 July 2015 ($'000)	Transfer of reserves ($'000)	Total comprehensive result ($'000)	Equity at 30 June 2016 ($'000)
Accumulated surplus/(deficit)	1,816	-	967	2,783
Transfer from/(to) reserves	-	346	-	346
Total accumulated surplus/(deficit)	**1,816**	**346**	**967**	**3,129**
Reserves	726	-	-	726
Transfer (from)/to reserves	-	(346)	-	(346)
Total reserves	**726**	**(346)**	**-**	**380**
Total equity	**2,542**	**-**	**967**	**3,509**

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 2017

	Notes	2017 ($'000)	2016 ($'000)
Cash flows from operating activities			
Receipts			
Receipts from Government		38,539	38,189
Receipts from other entities		111	180
Interest received		121	143
Goods and Services Tax (paid to)/refund from the ATO		2,726	2,761
Total receipts		**41,497**	**41,273**
Payments			
Payment of grants and other transfers		(27,555)	(29,667)
Payments to suppliers and employees		(13,631)	(11,544)
Total payments		**(41,186)**	**(41,211)**
Net cash flow provided by/(used in) operating activities	**13**	**311**	**62**
Cash flows from investing activities			
Payments for non-financial assets		(50)	(42)
Net cash flows provided by/(used in) investing activities		**(50)**	**(42)**
Net increase/(decrease) in cash and cash equivalents		**261**	**20**
Cash and cash equivalents at the beginning of the financial year		4,435	4,415
Cash and cash equivalents at the end of the financial year	**4**	**4,696**	**4,435**

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

Notes to the financial statements
for the year ended 30 June 2017

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Notes to the financial statements
for the year ended 30 June 2017

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 2017. 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 Minister for Finance.

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 15 August 2017.

1.2 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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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.

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.

Historic cost accounting

The financial statements are prepared in accordance with the historical cost convention, except:

- non-current physical assets which, subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values
- the fair value of assets, which is generally based on their depreciated replacement value.
- employee benefit provisions which are generally based on a net present value calculation.

Historical cost is based on the fair values of the consideration given in exchange for assets.

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
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount.

Fair values

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.

Impairment of financial assets

VicHealth assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Those bad debts considered as written off are classified as a transaction expense.

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

1.3 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*. The Act stipulates that VicHealth's objectives are to:

(a) fund activity related to the promotion of good health, safety or the prevention and early detection of disease

(b) increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture

(c) encourage healthy lifestyles in the community, and support activities involving participation in healthy pursuits

(d) fund research and development activities in support of these objects.

VicHealth is predominantly funded by accrual-based parliamentary appropriations for the provision of outputs.

1.4 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 2017

1.5 Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial statements may not equate due to rounding.

1.6 Change in accounting policies

Subsequent to the 2015–16 reporting period there have been no new or revised Accounting Standards adopted by VicHealth for the first time with the exception of implementation of *AASB 124 Related Party Transactions.*

1.7 Comparative information

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

- Comprehensive operating statement
- Note 2 categories of income
- Note 3 categories of expenses.

Notes to the financial statements
for the year ended 30 June 2017

1.8 Issued but not yet effective Australian accounting and reporting pronouncements

The table below is provided to assist entities in updating their disclosure in relation to the Australian accounting standards that are issued but not yet effective for 2016–17 in accordance with paragraph 30 of AASB 108. This disclosure should be included in the *Summary of Significant Accounting Policies* note of entities' financial reports. Entities are expected to review the relevance of the proposed disclosure based on their own circumstances.

Standard/Interpretation[(i)]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements.

Standard/Interpretation[(i)]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018–19 reporting period in accordance with the transition requirements.

Standard/Interpretation[(i)]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • a promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • for items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • for licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019–20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.

Standard/Interpretation[(i)]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 *Income of Not-for-Profit Entities*	This standard replaces AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Notes:

(i) For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers*, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

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 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* [AASB 112]
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions*
- AASB 2016-6 *Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*
- AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle*

Notes to the financial statements
for the year ended 30 June 2017

Note 2. Income from transactions

	2017 ($'000)	2016 ($'000)
(a) Appropriation and grants		
General appropriation	38,341	37,589
Grants and Special appropriation	217	716
Total appropriation and grants	**38,558**	**38,305**
(b) Interest and other income		
Interest Income	123	136
Other Income	92	120
Total interest and other income	**215**	**256**

Income from transactions

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

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

Appropriation income

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

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

Grants and special appropriations

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

Special appropriations relates to funding to deliver specific programs from the Federal or State Government.

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

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

Interest income

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

Other income

Other income represents fees and charges from miscellaneous services.

Notes to the financial statements
for the year ended 30 June 2017

Note 3. Expenses from transactions

3.1 Schedule of Expenses

	2017 ($'000)	2016 ($'000)
(a) Employee expenses		
Salaries, wages, and leave payments	6,960	7,370
Defined contribution superannuation expense	621	669
Defined benefits superannuation expense	14	11
Other on-costs	107	110
Total employee expenses	**7,702**	**8,160**
(b) Depreciation and amortisation		
Depreciation		
Office equipment	73	66
Fixtures and fittings	1	2
Motor vehicles	9	9
Total depreciation	**83**	**77**
Amortisation – IT software	92	88
Total depreciation and amortisation	**175**	**165**
(c) Grants and other expense transfers		
General purpose grants	26,644	25,285
Project specific expenses	891	1,155
Total grants and other expense transfers	**27,535**	**26,440**
(d) Other operating expenses		
Personnel costs	554	541
Occupancy costs	696	673
Board and committee members fees	172	168
External audit fees (Victorian Auditor-General's Office)	22	22
Internal audit fees	85	96
General administration	864	808
Information systems	547	521
Total other operating expenses	**2,940**	**2,829**

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, 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.

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 in excess of $2,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

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

Amortisation

Intangible assets with a cost in excess of $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 five years in both the current and prior years.

Interest expense

Interest expenses are recognised as expenses in the period in which they are incurred.

Grants and other expense transfers

Grants and other transfers 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 state-owned agencies, local government, not-for profit-organisations, universities and community groups.

Project specific expenses
Non-grant and wage expenses directly attributable to the delivery of programs and associated activities.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Personnel costs: Agency staff, staff training, professional development and payroll processing costs.

Occupancy costs: Costs associated with the lease of the office building and the associated outgoings.

Board and committee member's fees: Remuneration, allowances and expenses paid to VicHealth Board and Committee Members.

External audit fees: Fees paid or payable to the Victorian Auditor-General's Office for the audit of these financial statements.

Internal audit fees: Costs incurred for the provision of internal audit services and associated activities.

General administration: Costs incurred due to the administration of VicHealth such as legal, marketing and advertising, consultants, printing and stationery.

Information systems: Rental costs for IT equipment, non-capitalised IT hardware and software purchases, and services/support.

Bad and doubtful debts: Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off are classified as a transaction expense.

Disposal of non-financial assets: Any gain or loss on the sale of non-financial assets is recognised 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.

Notes to the financial statements
for the year ended 30 June 2017

Note 3.2. Superannuation

	Paid contribution for the year	
	2017 ($'000)	**2016 ($'000)**
(a) Defined benefit plan		
ESS Super New Scheme	14	11
Total defined benefit plan	**14**	**11**
(b) Defined contribution plan		
VicSuper	253	286
Hesta	63	70
UniSuper	37	29
Care Super	30	28
Vision Super	30	31
Australian Super	28	20
First State	25	23
Other	155	182
Total defined contribution plan	**621**	**669**
Total superannuation contributions	**635**	**680**

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 2017

Note 4. Cash and cash equivalents

	2017 ($'000)	2016 ($'000)
Cash on hand	4	1
Cash at bank	345	358
Bank deposits at call	347	4,076
Term deposits	4,000	-
Total cash and cash equivalents	**4,696**	**4,435**

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 six months or less, which are held for the purpose of 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.

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

Note 5. Receivables

	2017 ($'000)	2016 ($'000)
(a) Contractual		
Debtors	125	23
Accrued income	10	8
Total contractual receivables	**135**	**31**
(b) Statutory		
GST credits receivable	627	514
Total statutory receivables	**627**	**514**
Total receivables	**762**	**545**

Receivables

Receivables consist of:

Contractual receivables

These include debtors for services provided and accrued interest income.

Debtors are carried at nominal amounts due, and due for settlement generally within 30 days from date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectable are written off. A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less an allowance for impairment.

Receivables that are contractual are classified as financial instruments.

Statutory receivables

These are predominantly GST input tax credits recoverable.

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.

Notes to the financial statements
for the year ended 30 June 2017

Note 6. Property, plant and equipment

6.1 Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017 ($'000)	2016 ($'000)	2017 ($'000)	2016 ($'000)	2017 ($'000)	2016 ($'000)
Office equipment	477	467	340	268	137	199
Office furniture	19	19	19	18	-	1
Fixtures and fittings	831	815	812	811	19	4
Motor vehicles	52	52	44	35	8	17
Total	**1,379**	**1,353**	**1,215**	**1,132**	**164**	**221**

6.2 Property, plant and equipment reconciliation

2017	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Total ($'000)
Fair value					
Opening balance	**467**	**19**	**815**	**52**	**1,353**
Additions	10	-	16	-	**26**
Transfers	-	-	-	-	**-**
Fair value closing balance	**477**	**19**	**831**	**52**	**1,379**
Accumulated depreciation					
Opening balance	**268**	**18**	**811**	**35**	**1,132**
Depreciation	72	1	1	9	**83**
Accumulated depreciation closing balance	**340**	**19**	**812**	**44**	**1,215**
Written-down value	**137**	**-**	**19**	**8**	**164**

2016	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Total ($'000)
Fair value					
Opening balance	444	19	815	52	**1,330**
Additions	26	-	-	-	**26**
Disposals	(3)				**(3)**
Fair value closing balance	**467**	**19**	**815**	**52**	**1,353**
Accumulated depreciation					
Opening balance	203	18	809	26	**1,056**
Depreciation	66	-	2	9	**77**
Accumulated depreciation closing balance	**268**	**18**	**811**	**35**	**1,132**
Written-down value	**199**	**1**	**4**	**17**	**221**

6.3 Fair value measurement hierarchy for assets

2017	Carrying amount as at 30 June 2017 ($'000)	Fair value measurement[(i)] at end of reporting period using: Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)
Office equipment	137	-	-	137
Office furniture	-	-	-	-
Fixtures and fittings	19	-	-	19
Motor vehicles	8	-	-	8
Written-down value	**164**	**-**	**-**	**164**

2016	Carrying amount as at 30 June 2016 ($'000)	Fair value measurement[(i)] at end of reporting period using: Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)
Office equipment	199	-	-	199
Office furniture	1	-	-	1
Fixtures and fittings	4	-	-	4
Motor vehicles	17	-	-	17
Written-down value	**221**	**-**	**-**	**221**

Note:
(i) Classified in accordance with the fair value hierarchy (refer Note 1.2).

6.4 Reconciliation of level 3 fair value

2017	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)
Opening balance	**199**	**1**	**4**	**17**
Purchases/(sales)	10	-	16	-
Gains or losses recognised in net result				
Depreciation	(72)	(1)	(1)	(9)
Closing balance	**137**	**-**	**19**	**8**

2016	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)
Opening balance	**241**	**1**	**6**	**26**
Purchases/(sales)	26	-	-	-
Transfers in/(out) of Level 3	(3)	-	-	-
Gains or losses recognised in net result				
Depreciation	(66)	-	(2)	(9)
Closing balance	**199**	**1**	**4**	**17**

There were no changes in valuation techniques throughout the period to 30 June 2017.

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.

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.

Property, plant and equipment

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. Details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 1.2.

Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value in accordance with *FRD 103F Non-current physical assets*. In accordance with FRD 103F, VicHealth's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

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.

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 2017

Note 7. Intangible assets

	2017 ($'000)	2016 ($'000)
Cost		
Opening balance	1,318	1,298
Additions	24	20
Cost closing balance	**1,342**	**1,318**
Accumulated amortisation		
Opening balance	1,152	1,065
Amortisation expense	93	87
Accumulated amortisation closing balance	**1,245**	**1,152**
Written-down value	**97**	**166**

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.

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 2017

Note 8. Payables

	2017 ($'000)	2016 ($'000)
(a) Contractual payables		
Accrued wages and salaries	134	119
Grants payable	93	113
Accrued expenses	75	75
Trade creditors	336	359
Other	16	17
Total contractual payables	**654**	**683**
(b) Statutory payables		
GST/PAYG payable	11	4
Total statutory payables	**11**	**4**
Total payables	**665**	**687**

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

Examples of these are goods and services tax and fringe benefits tax 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 are paid by the relevant legislative due date.

Notes to the financial statements
for the year ended 30 June 2017

Note 9. Provisions: Employee benefits

	2017 ($'000)	2016 ($'000)
Current provisions		
Annual leave	512	490
Long service leave	601	468
On-costs Annual leave	53	50
Long service leave	59	48
Total current provisions	**1,225**	**1,056**
Current employee benefits		
Expected to be utilised within 12 months	645	660
Expected to be utilised after 12 months	580	396
Total current employee benefits	**1,225**	**1,056**
Non-current provisions		
Long service leave	151	219
On-costs	16	23
Total non-current provisions	**167**	**242**
Total provisions	**1,392**	**1,298**
Movement in employee benefits		
Opening balance	1,298	1,127
Settlement made during the year	(706)	(719)
Provision made during the year	800	890
Balance at end of year	**1,392**	**1,298**

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 wages and salaries, annual leave, time in lieu and long service leave for services rendered to the reporting date.

Wages and salaries, annual leave, time in lieu

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

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

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

Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

On-costs

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

Notes to the financial statements
for the year ended 30 June 2017

Note 10. Reserves

	2017 ($'000)	2016 ($'000)
Externally funded programs reserve		
Bystanders for Primary Prevention Program	105	-
National Community Attitudes Towards Violence Against Women Survey	-	60
Sports Recreation Victoria	-	50
Victorian Law Enforcement Drug Fund	13	270
Other	20	-
Total externally funded programs reserve	**138**	**380**

VicHealth periodically receives special appropriations or other grants to deliver specific programs. This funding is often received upfront and is recognised as revenue in accordance with Note 2 with the delivery of the program occurring over multiple financial years. As at balance date unspent funds are allocated to a reserve to ensure these funds are quarantined for their intended purpose.

Notes to the financial statements
for the year ended 30 June 2017

Note 11. Commitments

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

11.1 Leases

	2017 ($'000)	2016 ($'000)
Non-cancellable operating lease commitments		
No longer than one year	604	631
Longer than one year and not longer than five years	1,774	2,450
Total	**2,378**	**3,081**

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

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

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

Operating leases

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

Leasehold Improvements

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

11.2 Expenditure commitments

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

	2017 ($'000)	2016 ($'000)
Expenditure commitments		
No longer than one year	14,703	14,361
Longer than one year and not longer than five years	10,878	18,150
Total	**25,581**	**32,511**

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.

Instalments of grants to be paid in future years are subject to the funded organisations meeting accountability requirements. 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 2017

Note 12. Financial instrument

12.1 Financial risk management objectives and policies

VicHealth's principal financial instruments comprise of:

- 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.

Categorisation of 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.* For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

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

Financial liabilities at amortised cost

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

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

Table 12 (a) Categorisation of financial instruments and holding gain/(loss)
The carrying amounts of VicHealth's contractual financial assets and financial liabilities by category are set out as follows:

	Contractual financial assets and liabilities			
	2017 Financial assets/ liabilities ($'000)	**2017 Holding gain/(loss) ($'000)**	**2016 Financial assets/ liabilities ($'000)**	**2016 Holding gain/(loss) ($'000)**
Financial assets				
Cash and deposits	4,696	123	4,435	136
Loans and receivables[(i)]	135	-	31	-
Total financial assets	**4,831**	**123**	**4,466**	**136**
Financial liabilities				
Contractual payables[(i)]	654	-	683	-
Total financial liabilities	**654**	**-**	**683**	**-**

Note:
(i) The total amounts disclosed exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

Notes to the financial statements
for the year ended 30 June 2017

12.2 Credit risk

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

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

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

Table 12(b) Credit quality of contractual financial assets that are neither past due nor impaired

2017	Financial institutions (AAA Credit Rating) ($'000)	Government agencies (AAA Credit Rating) ($'000)	Other (AA credit rating) ($'000)	Other (AA- credit rating) ($'000)	Other (no credit rating) ($'000)	Total ($'000)
Cash and cash equivalents	-	-	-	4,696	-	**4,696**
Contractual receivables	-	-	-	-	135	**135**
Total	**-**	**-**	**-**	**4,696**	**135**	**4,831**
2016						
Cash and cash equivalents	-	-	-	4,435	-	**4,435**
Contractual receivables	-	-	-	-	31	**31**
Total	**-**	**-**	**-**	**4,435**	**31**	**4,466**

Table 12(c) Ageing analysis of contractual financial assets

			Past due but not impaired				
2017	Carrying amount ($'000)	Not past due and not impaired ($'000)	Less than 1 month ($'000)	1-3 months ($'000)	3 months to 1 year ($'000)	1-5 years ($'000)	Impaired financial assets ($'000)
Cash and cash equivalents	4,696	4,696	-	-	-	-	-
Contractual receivables	135	135	-	-	-	-	-
Total	**4,831**	**4,831**	**-**	**-**	**-**	**-**	**-**
2016							
Cash and cash equivalents	4,435	4,435	-	-	-	-	-
Contractual receivables	31	23	-	-	8	-	-
Total	**4,466**	**4,458**	**-**	**-**	**8**	**-**	**-**

12.3 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.

Table 12(d) Maturity analysis of contractual financial liabilities

			Maturity Dates			
2017	**Carrying amount ($'000)**	**Nominal amount ($'000)**	**Less than 1 month ($'000)**	**1-3 months ($'000)**	**3 months to 1 year ($'000)**	**1-5 years ($'000)**
Contractual payables	654	654	638	11	5	-
Total	**654**	**654**	**638**	**11**	**5**	**-**
2016						
Contractual payables	682	682	672	5	5	-
Total	**682**	**682**	**672**	**5**	**5**	**-**

Notes to the financial statements
for the year ended 30 June 2017

12.4 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, term deposits as these assets are held in variable interest rate accounts. Receivables are non-interest bearing.

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

Table 12(e) Interest rate exposure of financial assets and liabilities

			Interest rate exposure		
2017	**Weighted average interest rate**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	1.5%	4,696	4,000	347	349
Contractual receivables	-	135	-	-	135
Total financial assets	**-**	**4,831**	**4,000**	**347**	**484**
Financial liabilities					
Contractual payables	-	654	-	-	654
Total financial liabilities	**-**	**654**	**-**	**-**	**654**
			Interest rate exposure		
2016	**Weighted average interest rate**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	1.6%	4,435	-	4,076	359
Contractual receivables	-	31	-	-	31
Total financial assets	**-**	**4,446**	**-**	**4,076**	**390**
Financial liabilities					
Contractual payables	-	683	-	-	683
Total financial liabilities	**-**	**683**	**-**	**-**	**683**

Notes to the financial statements
for the year ended 30 June 2017

12.5 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 outlined in the following table.

Table 12(f) Interest risk exposure – sensitivity analysis

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
2017	**Carrying amount ($'000)**	**Net result ($'000)**	**Net result ($'000)**	**Equity ($'000)**	**Equity ($'000)**
Financial assets					
Cash and cash deposits	4,696	(43)	43	(43)	43
Receivables	135	-	-	-	-
Total financial assets	**4,831**	**(43)**	**43**	**(43)**	**43**
Financial liabilities					
Payables	654				
Total financial liabilities	**654**				
2016	**Carrying amount ($'000)**	**Net result ($'000)**	**Net result ($'000)**	**Equity ($'000)**	**Equity ($'000)**
Financial assets					
Cash and cash deposits	4,435	(41)	41	(41)	41
Receivables	31	-	-	-	-
Total financial assets	**4,466**	**(41)**	**41**	**(41)**	**41**
Financial liabilities					
Payables	683	-	-	-	-
Total financial liabilities	**683**	**-**	**-**	**-**	**-**

12.6 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 2017

Note 13. Reconciliation of net result for the period to net cash flows from operating activities

	2017 ($'000)	2016 ($'000)
Net result for the period	**421**	**967**
Non-cash movements		
Depreciation and amortisation	175	165
Movements in assets and liabilities		
(Increase)/decrease in receivables	(217)	134
(Increase)/decrease in prepayments	(141)	97
Increase/(decrease) in payables	(21)	(1,472)
Increase/(decrease) in provisions	94	171
Net cash flows from/(used in) operating activities	**311**	**62**

Note 14. Responsible persons disclosures

14.1 Responsible persons appointments

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

Responsible Minister

The Hon. Jill Hennessy, MLA, Minister for Health	1/07/2016 – 30/06/2017

Governing Board

Professor John Catford – Chair	1/07/2016 – 30/09/2016
Ms Fiona McCormack – Chair(1/10/2016 to 30/06/2017)	1/07/2016 – 30/06/2017
Ms Nicole Livingstone OAM – Deputy Chair	1/07/2016 – 30/06/2017
Ms Susan Crow	1/07/2016 – 30/06/2017
Dr Sally Fawkes	1/10/2016 – 30/06/2017
Mr Nick Green OAM	1/07/2016 – 30/06/2017
Professor Margaret Hamilton AO	1/07/2016 – 30/06/2017
Ms Colleen Hartland MLC	1/07/2016 – 30/06/2017
Mr Ben Hartung	1/10/2016 – 30/06/2017
The Hon Wendy Lovell MLC	1/07/2016 – 30/06/2017
Ms Veronica Pardo	1/07/2016 – 30/06/2017
Ms Sarah Ralph(*)	1/07/2016 – 29/11/2016
Mr Simon Ruth	1/07/2016 – 30/06/2017
Ms Natalie Suleyman MP	1/07/2016 – 30/06/2017
Mr Stephen Walter	1/07/2016 – 30/06/2017

(*) Ms Ralph resigned on 23 August 2016. The Governor in Counsel accepted her resignation effective 29 November 2016.

Accountable Officer

Ms Jerril Rechter	1/07/2016 – 30/06/2017

Notes to the financial statements
for the year ended 30 June 2017

14.2 Responsible persons remuneration

The remuneration of responsible persons is disclosed as follows:

Income band		
	2017	**2016**
		No.
$ 0 – 9,999	5	7
$ 10,000 – 19,999	10	7
$ 20,000 – 29,999	-	1
$ 290,000 – 299,999	-	1
$ 300,000 – 309,999	1	-
Total numbers	**16**	**16**
Total amount	**$460,502**	**$431,094**

Total remuneration received or receivable by the Accountable Officer was in the range: $300,000 – $309,999 ($290,000 – $299,999 in 2015–16).

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.

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 salaries, performance incentives, leave taken, as well as non-monetary benefits such as allowances and car parking.
- *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 benefit or deferred compensation.
- *Termination benefits* include termination of employment payments including leave payments.

	2017
Salaries and other short-term benefits	$426,339
Post-employment benefits	$34,163
Other long-term benefits	-
Termination payments	-
Total remuneration	**$460,502**
Total number of responsible persons officers	**16**

This is the first year of implementation of AASB124, hence no comparative figures are required to be disclosed.

Notes to the financial statements
for the year ended 30 June 2017

14.3 Responsible persons related party transactions

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.

Key management personnel (KMP) of VicHealth include the Portfolio Ministers and Cabinet Ministers, VicHealth Board Members and Chief Executive Officer as determined by VicHealth. The remuneration detailed in Note 14.2 excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the Department of Parliamentary Services' Financial Report.

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 scare resources. The transactions generally related to awarding of grants and funding as outlined in the following table:

Table 14 (a) Expenditure transactions (including grant payments) of responsible persons and their related parties

	2017 ($'000)
Cricket Victoria of which Ms Susan Crow served as a Board member until 13 April 2017	550
Cycling Australia of which Mr Nick Green served as the Chief Executive Officer	10
Melbourne City Football Club of which Ms Susan Crow served as an employee	42
VicSport of which Mr Ben Hartung (i) served as a Director	156
Victorian AIDS Council of which Mr Simon Ruth served as the Chief Executive Officer	60

This is the first year of implementation of AASB124, hence no comparative figures are required to be disclosed

Note:

(i) Mr Ben Hartung commenced as VicHealth Board member on 1 October 2017.

Significant transactions with government-related entities

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

Entity	2017 ($'000)
Department of Health and Human Services – Appropriation	$38,341
Department of Premier and Cabinet – Special Purpose Grant	$105

This is the first year of implementation of AASB124, hence no comparative figures are required to be disclosed.

Note 15. 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 year a number of employees acted in Executive Officer positions following employee resignations. The remuneration in the following table only relates to their remuneration payable in their role as an Executive Officer.

	2017
Salaries and other short-term benefits	$812,972
Post-employment benefits	$75,194
Other long-term benefits	$9,773
Termination payments	$14,553
Total remuneration	**$912,492**
Total number of executive officers	**6**
Total annualised employee equivalent[(i)]	**5**

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.

This if the first year of implementation of FRD21C, hence no comparative figures are required to be disclosed.

Remuneration comprises employee 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 salaries, performance incentives, leave taken, as well as non-monetary benefits such as allowances and car parking.
- *Post-employment benefits include amounts such as superannuation entitlements and other retirement benefits.*
- *Other long-term benefits* include long service leave, other long-service benefit or deferred compensation.
- *Termination benefits* include termination of employment payments including leave payments

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year. A number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Notes to the financial statements
for the year ended 30 June 2017

Note 16. Contingencies

The contingent assets and liabilities as balance date are listed in the following table:

	2017 ($'000)	2016 ($'000)
Contingent assets	-	-
Contingent liabilities	-	-

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Note 17. Ex-gratia payments

VicHealth made no ex-gratia payments during the years ended 30 June 2017 or 30 June 2016.

Note 18. Economic support

VicHealth is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services (DHHS). VicHealth has a three-year service agreement with DHHS, which commenced in July 2015. 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*.

Note 19. Events subsequent to balance date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between VicHealth and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue, where the events relate to conditions which arose after the end of the reporting period, and which may have a material impact on the results of subsequent reporting periods.

There have been no events that have occurred subsequent to 30 June 2017 which would, in the absences of disclosure, cause the financial statements to become misleading.

Section 6: Disclosure index

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.

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State Government