Annual Report 2013–14

Victorian Health Promotion Foundation

www.vichealth.vic.gov.au

VicHealth

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VicHealth acknowledges the support of the Victorian Government.

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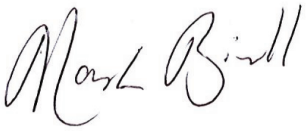
Report of Operations

Victorian Health Promotion Foundation

2013–14

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 2014.



Mr Mark Birrell
Chair of the Board
Victorian Health Promotion Foundation

26 August 2014

Section 1: Year in review

Our origin

The Victorian Health Promotion Foundation (VicHealth) is a world-first health promotion foundation. 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. David Davis MLC.

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

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

Functions

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

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

VicHealth performs and manages these functions by:

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

Our commitment

- In partnership with others, we promote good health.
- We recognise that the social and economic conditions for all people influence their health.
- We promote fairness and opportunity for better health.
- We support initiatives that assist individuals, communities, workplaces and the broader society to improve wellbeing.
- We seek to prevent chronic conditions for all Victorians.

Our work

VicHealth has played a unique role since 1987. We have been at the forefront of health promotion and illness prevention. We have addressed sensitive and difficult issues – many that involved venturing into untested territory or affecting Victorians with limited capacity to have their voices heard. We have funded unproven but promising practice, including highly successful programs that are now recurrently funded by other sources. We have invested in exploratory research and grown a research culture in health promotion.

Chair's report

In a time of significant change in the landscape of health promotion, having a clear plan of action to steer the 'lifestyle' choices of Victorians towards better health has never been more important.

While we are living longer, more people are living with largely preventable diseases, including heart disease, type 2 diabetes and some cancers, that greatly impact on their quality of life.

Nearly two in three Australian adults are overweight or obese. Over the past 33 years, the increase of obesity in our population jumped from 9.4 per cent to 28.6 per cent – one of the world's fastest growth rates. Poor diet, physical inactivity, smoking, risky alcohol consumption and exposure to risk factors that cause stress or anxiety – these are the major influences contributing to ill health in Victoria and increasing the burden on the health system. Tackling this is at the heart of the VicHealth Action Agenda for Health Promotion, the organisation's strategic plan to 2023.

In our first full year of implementing the Action Agenda, we are shifting all of our organisation's energy and muscle into the five areas where the most health gains can be made: promoting healthy eating, encouraging regular physical activity, preventing tobacco use, preventing harm from alcohol, and improving mental wellbeing.

We are not doing this on our own. For 27 years VicHealth has drawn together diverse groups of people and organisations to influence and improve health, and this year we have continued to forge new partnerships and deepen existing ones across governments and agencies in health, sports, research, the arts and community.

Only 12 months into our plan, we can see the benefits of having a clearer vision where we are adding value to the Victorian Prevention System. We have received significant support from the Victorian Government in a range of areas, from a partnership to prevent rising alcohol-related harms, to the Premier's Active April Challenge to get Victorians outdoors in the autumn air. The Victorian Minister for Health, The Hon. David Davis MLC, led the extension of smoke-free areas, which has seen the full roll-out of the State Government's expansion of smoking bans on train and tram platforms, and within 10 metres of playgrounds, parks and public pools.

This past financial year, VicHealth began a forthright conversation about our drinking culture that has led to more of us questioning and changing risky behaviour. This was a partnership with the State Government and other agencies, as an initiative to support the Government's *Reducing the alcohol and drug toll: Victoria's plan 2013–2017* launched by The Hon. Mary Wooldridge MP.

A partnership with the Victorian Commission for Gambling and Liquor Regulation and the Emergency Services Telecommunications Agency has resulted in an online liquor licensing map, a valuable interactive resource for councils and agencies about Victoria's 19,000 liquor licences.

We know being active every day is one of the greatest lifetime habits we can pass on to young people, which has inspired our *Active for Life* resource and another successful *Walk to School* campaign. This past year we broke all participation records with over 30,000 students from more than 300 Victorian primary schools taking part.

From our *Active Cities* partnership with the City of Melbourne and the Department of Health to tackle sedentary behaviour in the city's workplaces, to a marathon 12-hour dance session at Melbourne's White Night festival which got tens of thousands moving, to the popular For You dance floor at the National Gallery of Victoria's Melbourne Now exhibition, and a large-scale game of Twister at the Australian Open, VicHealth is taking centre stage to inspire more of us into moving for our physical and mental health.

VicHealth has always been a pioneer in pushing boundaries and we are now making better use of new and emerging technologies for health promotion. We are engaging Victorians through our TeamUp digital platform so they can get active and connected in physical activity when and where they want. Our Seed Challenge's online market place has linked farmers and consumers to healthy food hubs, and helped transform a vacant car park in Fitzroy into an urban agricultural oasis.

This year, VicHealth also laid the groundwork for its inaugural Leading Thinker initiative, which aims to generate fresh ideas and inspire new solutions to contemporary health issues. We have engaged Dr David Halpern, Chief Executive of the United Kingdom's Behavioural Insights Team, an expert in applying behavioural economics and psychology to deliver better public policy and services. Dr Halpern's residency will focus on obesity – a complex issue requiring innovative approaches that encourage and enable people to make healthier choices.

VicHealth continued its legacy as a leader in promoting mental wellbeing through its partnerships and research. Our work in the prevention of violence against women was acknowledged with a partnership to develop a national framework to prevent violence, with the federal Foundation to Prevent Violence Against Women and their Children led by its Chair, Natasha Stott-Despoja AM.

VicHealth's leadership in gathering and synthesising evidence in the area of race-based discrimination continued with the release of a research review on the impacts of racism on young people's health.

We continued our investment in the arts as an important setting to reach people and promote health, based on many years of experience of the contribution of the arts to enhanced physical activity levels and mental wellbeing. We supported a range of arts projects through large and small collaborations.

VicHealth is deeply indebted to our partners, advocates and supporters, without whom our 10-year vision could not have progressed this far or this fast, and in so many creative ways.

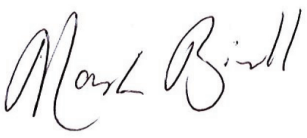
On behalf of the VicHealth Board, I thank in particular The Hon. David Davis MLC, who has supported our strategic imperatives at every stage, and all Members of Parliament for their ongoing support of VicHealth's work.

VicHealth has always enjoyed tripartisan support that sets us apart from other organisations, giving us the opportunity to work with a variety of partners to tackle complex health issues.

We have also been fortunate to have a diverse and knowledgeable Board, drawing on experience and adding valuable insight to guide the work of the organisation. I am extremely grateful to our Board members for their advice and energy, and for acting within a strong governance framework. I would like to acknowledge outgoing Board Members Ms Belinda Duarte and Mr Tim Bull MLA for their service to the Board. Together with our outstanding CEO, Jerril Rechter, we have positioned VicHealth to continue its unique role in promoting health, preventing ill health and reducing the burden of disease.

To our partners – old and new – thank you for your tremendous support and willingness to work with us on new approaches in a complex and challenging environment.

It gives me great pleasure to present this report on VicHealth's work and achievements.



Mark Birrell
Chair of the Board

Chief Executive Officer's report

In the first year of the VicHealth Action Agenda for Health Promotion we have taken positive steps towards tackling our most pressing heath issues by engaging people where health happens – in our homes, workplaces, online and in our communities.

Change starts with recognising a problem, and we have started some of the most difficult conversations with Victorians in the last 12 months, including those about our risky drinking culture and the public health emergency that is obesity. Engaging young people to understand why they drink to get drunk has shown us the value of a positive and non-judgemental social marketing campaign that encouraged people to talk openly. Two out of three Victorians are now classified as overweight or obese, and this will rise to 83 per cent of men and 75 per cent of women by 2025 if we don't change our lifestyle.

Important conversations about time spent sitting, the impacts of racism and violence against women are now happening.

Building greater connections in the community and the digital world has helped us and our partners turn unused space into communal veggie gardens, empowered football clubs to respond to racist taunts, and put Victoria's myriad of liquor licences on a digital map to support better decision-making.

From our groundbreaking partnership with the Foundation to Prevent Violence Against Women and their Children to sweeping changes to sporting clubs to become healthier and more welcoming places, I am extremely proud of what has been achieved in just 12 months of the Action Agenda.

The highlights of the 2013–14 financial year are a credit to the VicHealth staff and our many partners who have joined with us to start the conversations and inspire the actions that will help all Victorians lead longer and healthier lives.

Operational and budgetary performance

The first three-year phase of the 10-year Action Agenda has involved the alignment of investments to meet longer-term goals. In the last financial year we have restructured the internal organisation and streamlined operations to match our goals, as well as implemented improvements and enabled career progression opportunities for staff.

This was a challenging time for all and I would like to thank all VicHealth staff for their hard work, perseverance and professionalism during this period.

We merged our previous program units and our combined Programs Group reflects the Action Agenda's five strategic imperatives along with our integrated themes of knowledge, health equity, and sport and healthy communities. In addition, the creation of two new offices reporting to the CEO – an Innovations Office and a Policy Development Office – is supporting VicHealth's roles as a world-leader and trailblazer in health promotion and adding value to our local, national and global collaborations.

We have also completed the foundations for VicHealth's Leading Thinker initiative which will see VicHealth pushing the envelope to uncover new solutions to today's health and wellbeing problems. Our first Leading Thinker, Dr David Halpern, will challenge our approaches to program design and delivery in addressing obesity.

A new Results Framework is evaluating the benefits of our investments, and we are building equity into our programs by filtering activity through our *Fair Foundations* framework.

VicHealth met its statutory expenditure targets of making payments of not less than 30 per cent to sporting bodies (32 per cent expended), and 30 per cent to health promotion expenditure (37 per cent expended) of our budgeted appropriation.

All expenditure targets relating to the five Strategic Imperatives and research were within the Board-approved ranges. We made over 1300 grant payments totalling $25.5 million, of which $11.1 million supported our objective to increase participation in physical activity. The next highest grant expenditures were $3.6 million to support the strategic imperative of preventing tobacco use, and $3.4 million for improving mental wellbeing.

Other key highlights of our investments:

Our largest health investments are aimed at improving the health of all Victorians with 60 per cent of investment given to whole-of-population approaches to health promotion.

Improving health through sport remains a top priority, with this sector receiving 35 per cent of our investments. However, we are also increasing our impact through new settings by greater investment in the arts (4 per cent) and in workplaces (5 per cent). We have maintained support for the academic sector which received 12 per cent of our investments. The remaining funds were distributed among local governments, education, community, media, information technology, and workplaces.

To increase opportunities to participate in sport, $3.5 million was invested through the State Sporting Association Participation Program (SSAPP), $1.6 million in the roll-out of our Healthy Sporting Environments program, and $1.8 million to 742 community clubs through the Active Club Grants.

We invested $1.4 million in the TeamUp digital campaign, which connected Victorians and enabled them to become more active through participation opportunities in casual sports and physical activity.

After the SSAPP, the next largest payment went to the Cancer Council Victoria for the Quit Victoria program ($3.4 million).

Highlights of the year

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

We live in a time where poor diet may overtake smoking as the biggest killer in Australia. Making sure Victorians have access to healthy, affordable food now and into the future is a key part of our work. Our Seed Challenge, with support from The Australian Centre for Social Innovation, brought together innovators and healthy eating experts to develop new ways of working together, prototyping the brightest ideas and using digital technology to improve local fresh food distribution and access. The two winners have invested in online platforms to make it easier to access affordable local food. The 3000acres initiative is turning unused urban, suburban and rural spaces for food gardens, while the Open Food Network is growing an online market for farmers, consumers and independent food enterprises to connect, trade and manage their business. Online food hubs have been set up with over 40 farmers participating to date.

VicHealth is also supporting the Food Alliance, a network of key health organisations, to protect food-growing areas on Melbourne's fringe and mapping Melbourne's land capability as the city grows outwards.

Another collaboration focused on young people's nutrition is the Parents' Jury and the Fame and Shame Awards, showing the worst and best of food advertising directed at children.

Encouraging regular physical activity: more people physically active, participating in sport and walking

Research has found that less than a third of Australians are getting enough physical activity to benefit their health, and our sedentary lifestyles are costing the nation almost $14 billion a year.

We know being active every day is one of the greatest lifetime habits we can pass on to young people, yet 80 per cent of Victorian school children aren't getting the hour of exercise crucial for good health every day. This inspired our *Active for Life* resource to help teachers, sporting clubs and community leaders find new ways to integrate movement into everyday life, and to deliver the month-long *Walk to School* campaign.

Our work with the Parenting Research Centre on the biggest-ever survey about 'cotton-wool' kids will help us understand what drives concern from parents about the dangers of children riding or walking to school so we can develop strategies to turn this problem around.

But it's not just our kids. With obesity in Australian adults on a steep rise, we joined forces with the City of Melbourne and the Victorian Government in June through the *Active Cities* initiative to offer 100 ways to get Melbourne's two million city workers moving with free activities before, during and after work. A survey of 1413 Melbourne adults by VicHealth and Griffith University found gender differences in the way we exercise, with women over 30 facing more barriers and finding time the biggest hurdle.

We have reached huge numbers of Victorians to overcome the barrier of lack of time to exercise in the TeamUp campaign; our app connects you to more than 150 sports and activities from a casual kick in the park to a dance class that's near you.

Understanding the important role of the arts in increasing physical activity, a second round of MOTION funding has supported tens of thousands of people to get physical through local arts initiatives, such as free community dance workshops and theatre in the park.

Over 200,000 members in 742 sports and active recreation clubs across Victoria have been supported through Active Club Grants. Seventy clubs in the Barwon region which trialled our Healthy Sporting Environments Program have made sweeping changes in their operations and governance to make their clubs healthier, more welcoming and inclusive. The same changes are now being implemented by a further 250 community sports clubs in country Victoria.

Preventing tobacco use: more people smoke-free and less harm among resistant smokers

Australian Treasury data shows cigarette sales have fallen 3.4 per cent in Australia since the introduction of world-leading plain packaging, which shows the success of cumulative measures to prevent disease associated with tobacco use. This is a great outcome, and we can expect

less harm from smoking with the Victorian Government's extension to bans in public places to include train and tram platforms, public playgrounds, swimming pools and smoking during organised underage sporting events. It was good to see unprecedented support among universities to ban smoking across all campuses. Next year smoking will also be phased out in all Victorian correction facilities.

As well as continuing to support and fund the Quit Victoria program, VicHealth is researching new trends and evidence nationally and internationally to help those who find it hardest to quit.

Preventing harm from alcohol: more people actively seeking the best ways to reduce alcohol-related harm

Our *Name That Point* campaign has brought questions about our drinking culture out into the open and exceeded all expectations in terms of exposure and engagement with young people. With more than 45,000 web visits, 125,000 views of its YouTube clips and over 1800 entries to the campaign that encouraged people to name that point during drinking when clear thinking turns into more drinking, an evaluation found it more than reached its goal of encouraging young people to think about the place of alcohol in their lives. An unexpected and welcome result was that three in 10 campaign users reported drinking less alcohol as a result. The findings will shape the second phase of the campaign later in 2014.

VicHealth also joined forces with *Hello Sunday Morning*, a tried and tested initiative that has helped thousands of Australians rethink their relationship with booze, and released important research into Victoria's drinking habits.

Our work with RMIT helped us understand the four different types of drinkers in Victoria, with the results of this research reported widely and positively in state and national media. Another VicHealth survey of 6000 drinkers on their attitudes towards cider – one of the fastest-growing alcohol categories for under 30s – has given us insights to fine tune our alcohol-harm messages.

In the 2013 Australasian Professional Society Alcohol and Drug Conference, VicHealth presented new research on 'loading' behaviours which showed that Victorian drinkers are drinking before they go out, between venues, and after they get home. These findings showed how common this practice is, and raised concern about the acceptability of consuming alcohol beyond recommended levels without regard for potential risks.

Researcher Professor Anne Kavanagh surveyed 2334 people from 21 local government areas within 20 kilometres of the Melbourne CBD and found that it is not how close you live to a bottle shop that determines heavy drinking patterns, but the sheer number of alcohol stores in the area.

Our launch of an online interactive map showing where the 19,000 Victorian liquor licences are held will help local government decision-makers to make informed decisions about the density of liquor licences at a glance.

Just how hard the task of shifting our drinking culture is was underscored by research into the impact of alcohol advertising during live sports broadcasts, finding half of all alcohol ads (49.5 per cent) and fast-food ads (46 per cent) were aired during sports programs. Victorians were not spared from in-game advertising (ground and uniform signage) either – viewers had significantly more time exposure to alcohol drink products through advertising on the ground than they did through advertising during breaks.

Improving mental wellbeing: building stronger approaches to resilience, focusing on young people

It's a tough world for a young person. One in four will develop a mental illness, many are exposed to cyberbullying and young people from minority groups are often targets of racism. There are strong links between exposure to racism and serious mental illness, which is why VicHealth has been tackling it in our schools and on the sporting fields.

This year a VicHealth and University of Melbourne study entitled 'Talking Culture', by Dr Naomi Priest, looked at how eight- to twelve-year-old primary school children in Melbourne learn about racial, ethnic and cultural diversity and racism and found that parents generally only broach the topic if their child raises it first, while teachers sometimes feel unqualified to discuss it. The study and the learnings from previous diversity projects will assist educators and parents in talking about cultural diversity.

Through our partnership with Football Federation Victoria, we empowered the football community to respond and intervene safely when racism is seen or heard. The *Don't Stand By, Stand Up!* campaign, supported by various ambassadors and representatives from Melbourne Victory and Melbourne Heart, hopes to boot out subtle to overt forms of racism on and off the sports field.

VicHealth's *Arts About Us* program and travelling roadshows are also helping improve understanding of the impacts of race-based discrimination through celebrating cultural diversity, while we continue to support Indigenous arts through the Victorian Indigenous Performing Arts Awards.

Our entire portfolio of arts investments also grew with various collaborations, large and small, that continue to prove that the arts is a key way to increase physical health and mental wellbeing. Our funding of large-scale events got thousands moving, such as the For You dance floor at the National Gallery of Victoria's Melbourne Now exhibition which saw an attendance of 750,000 people. In addition, we launched a new Arts for Health website to help people to find out about how and where they can participate in these events and showcase our funded projects' achievements.

A continued focus this year has been on eliminating the cause of violence against women by promoting equal and respectful relationships between men and women. Ten years ago VicHealth pioneered frontline community action in local government, media, sporting clubs and associations, faith-based organisations, schools and education organisations. This work has been a catalyst for our groundbreaking partnership with the federal Foundation to Prevent Violence Against Women and their Children.

More guidance on where to focus government and community efforts will come from our joint work with the University of Melbourne and Social Research Centre on the National Community Attitudes Towards Violence Against Women Survey, funded by the Commonwealth Government, which will be released in late 2014.

Where we are headed

From the obesity epidemic, to racism in schools, binge drinking and cotton-wool parenting, we have opened up important conversations about our most pressing health challenges.

As we continue to build on VicHealth's 27 years of pioneering history, the next year of the Action Agenda goes beyond asking Victorians to eat well and do more exercise, to understanding why we're not.

Removing the barriers to better health and reducing chronic illness is a massive task, and I thank our many collaborators who are eager, like us, to take this on.

As we head deeper into the Action Agenda, we will ensure VicHealth's legacy as a risk-taker is backed up by strong evidence that informs all our work.

I thank our Chair, Mark Birrell, and the VicHealth Board and Committees for their support, encouragement and guidance through our first year of the Action Agenda. The support we have had from the Minister for Health, The Hon. David Davis MLC, and from across the Victorian Government, members of the Victorian Parliament, other government agencies and key partners has been instrumental in supporting new approaches.

We work in a challenging environment where change is the only constant, and the staff at VicHealth have embraced this with great enthusiasm. I thank each and every one of them for their unswerving commitment to improving the health and wellbeing of Victorians.

With the complexities of chronic disease growing and the pressure for sustainable health solutions a national priority, VicHealth's unique role in health promotion and illness prevention has never been more important. We look forward to redoubling our efforts to meet the challenge.

Jerril Rechter
Chief Executive Officer

View our Action Agenda for Health Promotion
www.vichealth.vic.gov.au/actionagenda

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.

Our performance against these targets is summarised in Table 1.

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

Performance measures	2013–14 range or minimum amount	2013–14 budget	2013–14 actual
Statutory expenditure target[(ii)]			
Sporting bodies	30%	30%	32%
Health promotion	30%	39%	37%
Board policy expenditure targets			
Promote healthy eating	5% to 10%	7%	6%
Encourage regular physical activity	25% to 35%	30%	32%
Prevent tobacco use	12% to 16%	12%	12%
Prevent harm from alcohol	5% to 10%	6%	6%
Improve mental wellbeing	11% to 18%	12%	11%
Research and evaluation[(iii)]	14% to 20%	15%	16%

Notes:

(i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2013–14 financial year our appropriation was $35,736,000. Figures exclude payments sourced from special funds.

(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	2013–14 actual ($'000)	2013–14 budget ($'000)
Total funds		
Total revenue	37,704	36,614
Total expenses	38,672	38,907
Total operating surplus/(deficit)	(968)	(2,293)
Appropriation funds		
Revenue	36,140	36,614
Expenses	36,024	36,513
Operating surplus/(deficit) from appropriations	116	101
Special funding		
Revenue	1,564	0
Expenses	2,647	2,394
Operating surplus/(deficit) from special funding	(1,083)	(2,394)

VicHealth's operations can be viewed as having two distinct funding sources. VicHealth receives core funding from the Department of Health 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 to deliver the programs over multiple years. This has the potential to create either a large operating surplus or deficit in particular financial years.

Overall, the operating deficit was $1.1 million, being $1.3 million less than the budget deficit of $2.4 million, predominantly due to unbudgeted revenue and expenditure associated with special funding programs.

The operating surplus from appropriation funds was consistent with the budget surplus of $0.1 million, with the variance in the overall operating result being attributable to special funding operations.

Total revenue exceeded budget by $1.1 million due to special funding for Tobacco Control and the State Government Violence Against Women Action Plan project which was partially offset by a reduction in funding representing VicHealth's contribution to the State Government's Healthy Together Victoria program. Expenditure associated with the Tobacco Control program will occur next financial year.

Expenditure was $0.2 million lower than budget, with $0.9 million being due to unbudgeted expenditure associated with the delivery of special funding Active Cities, as these funds were received late in 2012–13, after the 2013–14 budget was established, partially offset by the partial deferral of the National Community Attitudes Towards Violence Against Women Survey and Alcohol Cultural Change programs.

Expenditure from appropriation funds was lower than budget due to savings across a range of general operating expenditure categories and wages costs as a result of temporary staff vacancies following an organisational restructure in late 2013, partially offset by expanding the Active Club Grants and Walk to School programs.

The VicHealth Action Agenda for Health Promotion

OUR ORIGIN

OUR COMMITMENT

OUR FOCUS

OUR 10-YEAR GOAL

OUR THREE-YEAR PRIORITIES

OUR MODEL

OUR ACTIONS

OUR RESULTS

VicHealth is a world-first health promotion foundation. We were established with all-Party support by the State Parliament of Victoria with the statutory objectives mandated by the *Tobacco Act 1987* (Vic):

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

- In partnership with others, we promote good health.
- We recognise that the social and economic conditions for all people influence their health.
- We promote fairness and opportunity for better health.
- We support initiatives that assist individuals, communities, workplaces and broader society to improve wellbeing.
- We seek to prevent chronic conditions for all Victorians.

Promote healthy eating

Encourage regular physical activity

Prevent tobacco use

Prevent harm from alcohol

Improve mental wellbeing

More Victorians adopt a healthier diet

More Victorians engage in physical activity

More Victorians tobacco-free

More Victorians drink less alcohol

More Victorians resilient and connected

More people choosing water and healthy food options

More people physically active, participating and engaging in sport and walking

More people smoke-free and less harm among resistant smokers

More people actively seeking the best ways to reduce alcohol-related harm

Build stronger approaches to resilience, focusing on young people

INNOVATE

Bold new ways to address our health priorities

- Cutting-edge interventions
- Digital technologies
- Pioneering research
- Cross-sectoral knowledge

INFORM

Instigate action and broaden our impact

- Social marketing
- Public debate
- Communications
- Strategic partnerships

INTEGRATE

Embed interventions into the Victorian Prevention System

- Policy and best practice
- Supporting the Victorian Prevention System
- Strategic investments and co-funding
- Training and development

We track our progress through:

- Measuring effectiveness
- Evaluation of processes
- Economic analysis
- Engagement with community and professional reference groups

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 specific purposes.

Table 3: Summary of grant payments made

	No. of payments made	Payments ($'000)
Strategic Imperatives[(i)]		
Promote Healthy Eating	40	1,177
Encourage Regular Physical Activity	985	11,156
Prevent Tobacco Use	24	3,606
Prevent Harm from Alcohol	56	2,055
Improve Mental Wellbeing	175	3,413
Integrated Themes[(ii)]		
Knowledge	36	910
Sport and Healthy Communities	31	1,937
Health Equity	12	701
UV		
UV	8	515
Total[(iii)]	**1,367**	**25,470**

Notes:

(i) Grants have been recorded in the table above, based on the predominant area to which the grant relates. For the purposes of Table 1, expenditure is allocated proportionally to the relevant strategic imperative(s) to which it contributes.

(ii) Integrated themes grants are allocated proportionally to the relevant strategic imperatives in Table 1 based on the proportion that they contribute to those imperatives.

(iii) Grant expenditure includes $23.6 million from appropriation funds and $1.9 million from special purpose funds.

Significant grant expenditure

Significant grant expenditure is defined as:

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

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

Table 4: Grant funding rounds[(i)] with payments totalling $250,000 or more during the reporting period

Funding round	No. of organisations receiving payments	Payments ($'000)
Active Cities	1	900
Active Club Grants	746	1,857
AFL Victoria Alcohol Cultural Change project	1	425
Alcohol Cultural Change	12	682
Arts About Us	12	601
Creating Healthy Workplaces – Alcohol research and advocacy strategy	1	350
Good Sports program	1	250
Healthy Sporting Environments roll-out	10	1,600
Innovations research	4	307
Local Government Physical Activity (BE ACTIVE)	6	885
National Community Attitudes Towards Violence Against Women Survey (NCAS)	12	352
Onemda VicHealth Koori Health Unit	1	540
Quit Victoria	1	3,494
Respect, Responsibility and Equality program – phase IV (GEAR)	5	530
State Sporting Association Participation program	35	3,532
SunSmart program	1	500
TeamUp	18	1,401
Victoria Walks	1	389
Walk to School	61	961
Water Initiative – City of Melbourne partnership	1	350

Note:

(i) Payments include $18.1 million from appropriation funds and $1.8 million from special purpose funds.

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

Table 5: Organisations receiving grant payments[(i)] totalling $250,000 or more during the reporting period

Organisation name	Project name	Payments ($'000)
AFL Victoria Ltd	AFL Victoria Alcohol Cultural Change project	425
Australian Drug Foundation	Good Sports program	250
Cancer Council Victoria	Quit Victoria	3,494
Cancer Council Victoria	SunSmart program	500
City of Melbourne	Active Cities	900
City of Melbourne	Water Initiative – City of Melbourne partnership	350
GippSport	Healthy Sporting Environments roll-out	310
LeeJenn Health Consultants	Creating Healthy Workplaces – Alcohol research and advocacy strategy	350
Monash City Council	Respect, Responsibility and Equality program – phase IV (GEAR)	479
Onemda VicHealth Koori Health Unit – The University of Melbourne	Onemda VicHealth Koori Health Unit	540
Victoria Walks Inc	Victoria Walks	389

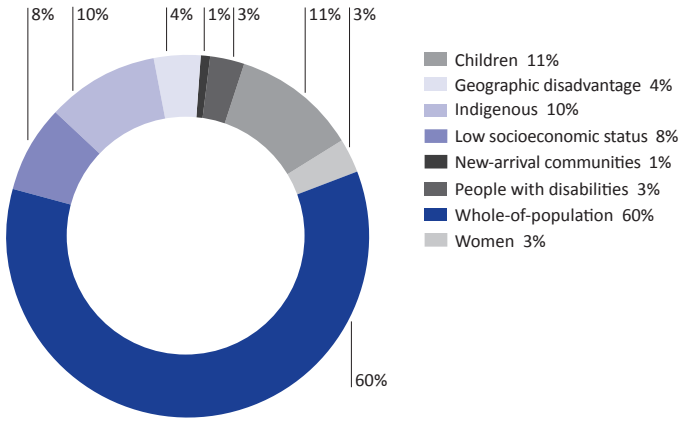
Note:

(i) Payments include $7.0 million from appropriation funds and $1.0 million from special purpose funds.

Target populations

Sixty per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining 40 per cent was targeted at one or more of our target populations as summarised in Graph 1.

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



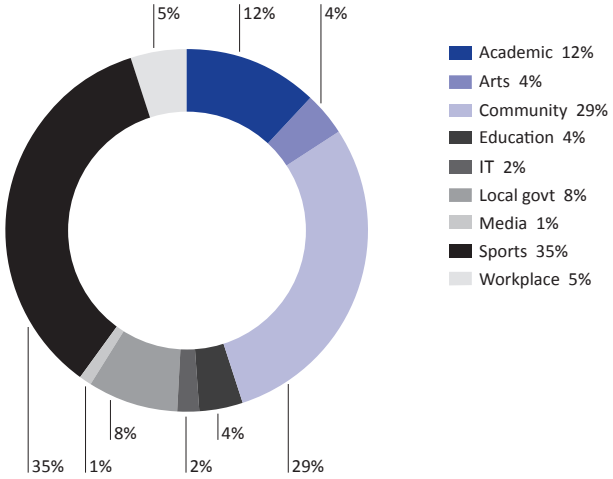
Note:

(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 Sports which reflects VicHealth's statutory obligation to provide grants to sporting bodies.

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



Note:

(i) 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 6: Five-year financial summary

	2014 ($'000)	2013 ($'000)	2012 ($'000)	2011 ($'000)	2010 ($'000)
Revenue from government	37,328	41,173	40,657	35,381	32,749
Total income	37,704	41,574	41,101	35,756	34,511
Total expenses	38,672	40,327	38,259	37,627	33,482
Net surplus/(deficit) for the period	(968)	1,247	2,842	(1,871)	1,029
Total assets	9,415	10,488	11,871	6,308	7,235
Total liabilities	3,534	3,639	6,269	3,548	2,604
Total equity	5,881	6,849	5,602	2,760	4,631

Major changes affecting performance

Overall VicHealth incurred an operating deficit of $1.0 million. The fact that special funding tends to be received in one financial year, and then expended in subsequent financial years, tends to cause significant fluctuations in VicHealth's revenue, expenditure and operating results.

The operating result from special purpose funding has accounted for a $1.1 million operating deficit, whereas a modest operating surplus of $0.1 million from appropriation funds was generated.

Revenue of $37.7 million is significantly lower than last year, due mainly to limited receipt of special funding (outside of VicHealth's core funding) to deliver special purpose programs in comparison to the past two years.

The core funding received from the Department of Health under the *Tobacco Act 1987* was $35.7 million, which was $0.2 million higher than the prior year, after accounting for an increase due to indexation, which was partially offset by a reduction to contribute to the State Government's Healthy Together Victoria program.

Total expenditure on program delivery and operating costs of $38.7 million has decreased by $1.3 million from the prior year. Expenditure from appropriation funds is consistent with last year. Expenditure associated with special purpose funding programs was $2.7 million, representing a decrease of $1.6 million as less special purpose programs were undertaken this year compared to last year.

VicHealth's assets are $9.4 million, comprising mostly bank balances ($8.1 million) and receivables ($1.0 million). These relatively large bank balances are due mainly to special funding received in prior years that will be expended in future years. As at balance date, reserves attributed to these unspent special funds amount to $4.1 million.

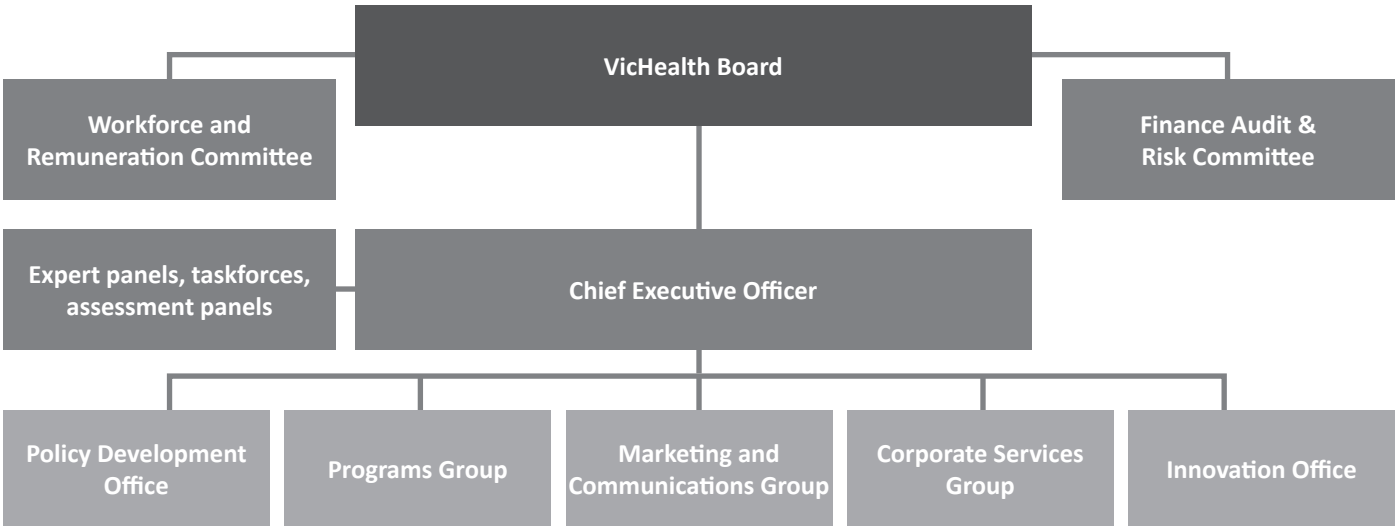
Total liabilities amounted to $3.5 million at balance date. VicHealth historically tends to have a relatively large amount of payables as at 30 June, reflecting the operating cycle of grant payments which are paid in early July.

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 Board and organisational structure

VicHealth organisational structure



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

Corporate Services Group

To 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 of inform, innovate and integrate.

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.

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.

Executive Management

These positions were held by the following people during the financial reporting period:

Chief Executive Officer
Ms Jerril Rechter

Executive Manager, Corporate Services;
Chief Finance and Accounting Officer (CFAO)
Mr Dale Mitchell

Executive Manager, Marketing and Communications Group
Ms Kerry Grenfell

Executive Manager, Programs Group
Dr Bruce Bolam

Lead, Innovation Office
Mr Nick Boyle (1 December 2013 to 30 June 2014)

Lead, Policy Development Office
Mr Jack Quinane (31 March 2014 to 20 June 2014)

Lead, Policy Development Office (Acting)
Ms Sue McGill (21 June 2014 to 30 June 2014)

VicHealth Board

The VicHealth Board members during the year were:

Mr Mark Birrell – Chair

Mr Birrell is a lawyer and company director with deep experience in public policy. He previously served as a Cabinet Minister and Government Leader in the Legislative Council, playing a leading role as Shadow Minister for Health in the passage of the *Tobacco Act 1987* and the creation of VicHealth.

He is currently the Chairman of Infrastructure Australia, the Port of Melbourne Corporation, and Citywide. He is also the President of the Victorian Employers' Chamber of Commerce and Industry.

Other roles have included being founding Chairman of Infrastructure Partnerships Australia, Deputy Chairman of the Board of Australia Post and Chairman of Evans & Peck Limited. Mr Birrell is a Fellow of the Australian Institute of Company Directors.

Professor Emeritus John Catford – Deputy Chair

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

From 1998 to 2002, he was Chief Health Officer and Executive Director of Public Health for the Victorian Government. 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 Editor-in-Chief of the journal *Health Promotion International* published by Oxford University Press, which he helped establish in 1986.

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 Susan Crow

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

She has twenty 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.

Ms Belinda Duarte (resigned 26 February 2014)

Belinda Duarte is a Wotjobaluk woman and a descendant from the country of Poland. Born and raised in Ballarat, Victoria her professional experience involves extensive work with young people, Aboriginal communities and pathway programs in education, training and employment. She is a qualified teacher and a former elite athlete. Positions held by Belinda have included: General Manager – Indigenous & Multicultural Employment Program with AFL SportsReady, Chair – National Aboriginal Sporting Chance Academy, Director – Indigenous Leadership Network of Victoria, Australian Indigenous Leadership Centre graduate, Council member of the National Aboriginal & Torres Strait Islander Health Equalities Council, and member of National Congress of Australia's First Peoples. Belinda is currently the Director of the Korin Gamadji Institute based at Richmond Football Club – a facility established to provide leadership, accredited training and career pathway programs for young Indigenous people together with pathway partners.

Ms Margot Foster

Ms Foster is a former elite athlete representing Australia in rowing at the Olympic and Commonwealth Games, winning medals at both events. She has over 25 years experience in law and is currently self-employed in her own law practice.

Ms Foster is currently a Director of vicsport and Gymnastics Australia and a committee member of Australian University Sport. She has had significant roles on various not-for-profit boards and committees in sport, education, national parks and women's affairs.

Mr Peter Gordon

Mr Gordon is a lawyer in private practice and a leader in smoking and health litigation in Australia. He was first appointed to the VicHealth Board in 2006 and during his time on the Board, he has taken on the roles of Deputy Chair, Chair of Victoria Walks and Chair of the Australian Community Centre for Diabetes.

Mr Gordon is President of Footscray (Western Bulldogs) football club, and a former AFL Director (1990-93). He was founding co-chair of the McCabe Centre for Law and Cancer. He currently serves as Director of Gordon Legal, and Comprehensive Legal Funding LLC.

Professor Margaret Hamilton AO

Professor Hamilton has over forty 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. She was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria, and Chair of the Multiple and Complex Needs Panel, a statutory body in Victoria.

Professor Hamilton is currently a Member of the Executive of the Australian National Council on Drugs and the Prime Ministers Council on Homelessness. She is President of the Cancer Council and Chairs the alcohol advisory group to the Australian National Preventive Health Agency. Professor Hamilton is retired.

Ms Nicole Livingstone OAM

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.

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.

Professor Mike Morgan

Professor Morgan is the Colgate Chair of Population Oral Health, University of Melbourne, and Executive Director, Oral Health Leadership, Dental Health Services Victoria. Professor Morgan is a member of the Australian Dental Council Executive and chairs the Australian Dental Council Accreditation Committee.

His principal teaching responsibility is in Community Dental Health, focusing on disease causation in relation to social factors, models of health behaviour and communication. He has a strong background and interest in the causes and prevention of oral disease.

Professor Ruth Rentschler OAM MAICD

Professor Ruth Rentschler is an experienced non-profit director. She is Chair Academic Board and Chair and Professor Arts Management, Deakin University. She is a member of University Council and the University Executive. She is on the boards of VicHealth, Art Gallery of Ballarat, Multicultural Arts Victoria and the Duldig Gallery. She is on the boards of the international arts management association (AIMAC) and various refereed journals.

She has worked with national, state and local organisation boards. She has conducted governance research in Australia for visual arts organisations, arts ministries, performing arts organisations (to name a few) and has spoken internationally on the topic in the UK, Europe and Taiwan as an invited key note speaker. She is contracted to Routledge UK to write a book on arts governance.

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 at Australia Post where he also sat in 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 the Special Olympics and Opera Australia.

The three Members of Parliament appointed to the Board are:

Mr Neil Angus MLA

Neil Angus was elected to the Victorian Parliament as the member for Forest Hill in November 2010 and was appointed soon after as a member of the Public Accounts and Estimates Committee. Prior to entering Parliament, he was a chartered accountant in public practice for over twenty five years, specialising in audit and investigations.

Mr Angus has been actively involved in the community for many years, serving on the board of a range of not for profit organisations, including his children's school and his local church. He is married and has four children

Mr Tim Bull MLA (resigned 28 March 2014)

Tim Bull is MP for Gippsland East and is a member of The Nationals. He sits in the Parliamentary Committee on Environment and Natural Resources. Before entering politics, Mr Bull worked as a newspaper editor, journalist, and sports program coordinator with the Australian Sports Commission. He is active in community sporting groups including cricket and football. He helped establish the East Gippsland Specialist School and continues to serve in the school's council as well as Bairnsdale West Primary School. Mr Bull lives in Bairnsdale with his family and three children where they enjoy an active lifestyle.

Ms Danielle Green MLA

Danielle Green is MP for the district of Yan Yean, to which she was elected in 2002 and re-elected in 2006 and 2010. She is currently Shadow Minister with responsibilities for these portfolios: Child Safety, Disability Services, Health Promotion, and Women. She has been a member of the Australian Labor Party since 1988.

Ms Green is a member of a number of local clubs and community organisations, including as a CA volunteer firefighter who fought the 2009 Black Saturday Bushfires and has worked tirelessly in the process of recovery including as a member of the Expert Reference Panel of the Victorian Bushfire Reconstruction and Recovery Authority. Earlier this year Danielle represented Australia at the United Nations International Parliamentarians' Conference on Population and Development and Women's Health in Istanbul, Turkey.

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:

Ms Sally Freeman (Independent) – Chair
Mr Neil Angus MLA
Mr Tim Bull MLA (resigned 28 March 2014)
Ms Danielle Green MLA
Mr Peter Moloney (Independent)
Professor Ruth Rentschler OAM
Mr John Thomson (Independent)

Workforce and Remuneration Committee

The purpose of the Committee is to review the CEO's performance and remuneration. Additionally it provides strategic advice to the CEO on workforce strategy and planning, organisational structure, human resources policies and alignment of VicHealth's policies with relevant industrial relations and employment legislation and Victorian government policies.

During the reporting period, the Committee members were:

Professor John Catford – Chair
Mr Mark Birrell
Professor Margaret Hamilton AO

Advisory Governance Framework

The VicHealth Advisory Governance Framework was reviewed during the year. As a result, VicHealth has implemented a new framework.

The governance principles outlined in the framework provide VicHealth stakeholders and the community with confidence that the decision-making processes with regard to the provision of programs, research and grants 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 will be 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.

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.

Our performance against key OHS indicators during the 2013–14 financial year is summarised in Table 10.

Table 7: Performance against OHS management measures

Measure	Indicator	2013–14	2012–13
Incidents	No. of incidents	3	3
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 nor wages.

Organisation restructure

VicHealth implemented, with effect from December 2013, a restructure in order to align the organisation to the Action Agenda for Health Promotion, improve career opportunities and implement other administrative reforms. The restructure was implemented with consultation from the employee representative group and the union. Management acknowledges that this was a challenging period for our employees, and would like to thank them for their continued hard work and professionalism during this time. The new organisation structure is represented on page 23.

Enterprise agreement

VicHealth entered into negotiations with employees and the union for a new multi-year agreement following the nominal expiry of the existing arrangements in March 2014. An in-principle agreement was reached, effective from 1 June 2014, although implementation is pending formal endorsement from a staff ballot and approval from the relevant Government agencies.

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.

Public administration values and employment principles

VicHealth continues to implement the previous 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 annually reviews its suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, performance management and managing diversity.

Healthy workplace

VicHealth has registered to become a healthy workplace as part of the Healthy Together Victoria Achievement program. There are five health priority areas outlined in the program that are closely aligned to our externally focused strategic imperatives:

- healthy eating
- physical activity
- mental health and wellbeing
- alcohol
- smoking.

VicHealth has undertaken a workplace assessment in terms of our current practices and policies against the programs' benchmarks and is developing action plans to achieve all benchmarks. It is envisaged that VicHealth will achieve formal recognition as a healthy workplace by June 2015.

Workforce data

Table 8: Employee headcount (HC) and full-time equivalent (FTE)

	June 2014			June 2013		
	Ongoing	*Fixed-term & Casual*	**Total**	*Ongoing*	*Fixed-term & Casual*	**Total**
Employee headcount (HC)	70	8	78	58	20	78
Full-time (HC)	58	5	63	13	13	26
Part-time (HC)	12	3	15	11	7	18
Full-time equivalent (FTE)	66.8	6.8	73.6	55	18	73

Table 9: Breakdown of headcount by gender

	June 2014						June 2013					
Gender	*Ongoing*		*Fixed-term & Casual*		**Total**		*Ongoing*		*Fixed-term & Casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Male	22	21.8	2	2.0	24	23.8	19	18.8	7	6.6	26	25.4
Female	48	45.0	6	4.8	54	49.8	39	36.2	13	11.4	52	47.6
Total	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**	**58**	**55.0**	**20**	**18.0**	**78**	**73.0**

Table 10: Breakdown of headcount by age

	June 2014						June 2013					
Age	*Ongoing*		*Fixed-term & Casual*		**Total**		*Ongoing*		*Fixed-term & Casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Up to 19	-	-	-	-	-	-	-	-	-	-	-	-
20–24	-	-	1	1.0	1	1.0	1	1.0	1	0.8	2	1.8
25–29	11	11.0	1	0.8	12	11.8	10	10.0	6	5.8	16	15.8
30–34	20	19.6	4	3.8	24	23.4	11	10.6	6	6.0	17	16.6
35–39	11	10.5	-	-	11	10.5	7	6.8	2	1.4	9	8.2
40–44	12	10.9	-	-	12	10.9	11	10.1	3	2.7	14	12.8
45–49	4	3.7	-	-	4	3.7	5	4.4	2	1.3	7	5.7
50–54	3	2.8	2	1.2	5	4.0	6	5.4	-	-	6	5.4
55–59	8	7.3	-	-	8	7.3	6	5.7	-	-	6	5.7
60–64	1	1.0	-	-	1	1.0	1	1.0	-	-	1	1.0
65+	-	-	-	-	-	-	-	-	-	-	-	-
Total	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**	**58**	**55.0**	**20**	**18.0**	**78**	**73.0**

Table 11: Breakdown of headcount by classification

	June 2014						June 2013					
Classification	*Ongoing*		*Fixed-term & Casual*		**Total**		*Ongoing*		*Fixed-term & Casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Grade A	3	2.7	1	1.0	4	3.7	4	3.7	-	-	4	3.7
Grade B	2	2.0	-	-	2	2.0	4	3.6	-	-	4	3.6
Grade C	13	12.6	-	-	13	12.6	10	9.6	5	4.8	15	14.4
Grade D	30	28.4	6	4.8	36	33.2	19	17.5	12	10.7	31	28.2
Grade E	17	16.1	1	1.0	18	17.1	17	16.6	3	2.5	20	19.1
Grade F	-	-	-	-	-	-	-	-	-	-	-	-
Executives	5	5.0	-	-	5	5.0	4	4.0	-	-	4	4.0
Total	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**	**58**	**55.0**	**20**	**18.0**	**78**	**73.0**

Notes:

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.

The headcounts exclude those persons on leave without pay or absent on secondment, external contractors/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 12: Breakdown of executive officers

	Headcount		
	Males	*Females*	*Vacancies*
CEO	0	1	0
Executive Manager	2	1	0
Office Lead	1	0	1
Total	**3**	**2**	**1**

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year.

Table 13: Reconciliation of executive numbers

		2013–14
	Executives with remuneration over $100,000	4
Add	Vacancies (Table 15)	1
	Executives employed with total remuneration below $100,000	0
	Accountable Officer (CEO)	1
Less	Separations	1
Total executive numbers at 30 June		**5**

Section 4: Other disclosures

Consultancies

Table 14: Details of consultancies over $10,000 (excluding GST)

Consultant	Purpose of consultancy	2013–14 total approved project fee ($'000)	2013–14 actual expenditure ($'000)	Future expenditure[(i)] ($'000)
Achemar Advisory	Business consulting services	40	40	10
Arnold Bloch Liebler	Legal services	31	31	0
Corrs Chambers Westgarth	Legal services	24	24	0
Decisions Consulting	Business consulting services	28	28	0
Dixon Appointments	Recruitment services	36	36	0
Ernst & Young	Business consulting services	25	25	0
Hinton Talent Solutions	Recruitment services	15	15	0
Horton International	Recruitment services	49	49	0
Kriss Will consulting	Specialist human resources and industrial relations advice and assistance	13	13	0
Maddocks Lawyers	Legal services	54	54	0
Mercer (Australia)	Business consulting services	16	16	0
MicroChannel Services	Systems consulting services	17	17	0
Pitcher Partners	Internal audit services	58	58	85
Premium IT Recruitment	Systems consulting services	83	83	0
Right Management	Specialist human resources and industrial relations advice and assistance	33	33	0
Talent 2	Recruitment services	10	10	0
The Access Guru	Systems consulting services	13	13	0
Thomas Peer Solutions	Information technology services	21	21	0

Note:

(i) Future committed expenditure relates to contractual or other commitments for the completion of projects that are coming to completion in the 2014–15 financial year.

Details of consultancies under $10,000

In 2013–14, the total for the 16 consultancies engaged during the year, where the total fees payable to the consultants was less than $10,000, was $32,049. All figures are excluding GST.

Advertising expenditure

VicHealth delivered the following campaigns in the last financial year:

- TeamUp – a unique smartphone and Facebook 'physical activity marketplace' app. TeamUp encourages people to connect and take part in any physical activity, whenever and wherever they want.
- Walk to School – a month-long activity in November 2013 encouraging primary school children to walk to and from school more often.
- Name That Point – a five-month campaign engaging the public in an online conversation about alcohol culture in Victoria. This campaign is part of the integrated Alcohol Cultural Change project.

VicHealth's paid media expenditure for each campaign was less than $150,000 during the financial reporting period.

Disclosure of major contracts

VicHealth entered into no contracts greater than $10 million during the financial reporting period.

VicHealth retains one existing contract over $10 million which is a four-year grant provided to the Cancer Council Victoria's Tobacco Control Unit for the Quit Victoria program as part of our commitment to resolving harm from tobacco. The total value of the contract is $19.7 million and the contract period is for four years, ending in December 2015.

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

For the 12 months ending 30 June 2014, VicHealth received no applications.

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.

VicHealth Disability Action Plan

VicHealth is committed to improving the health of all Victorians, including those with a disability. As a public body, we are also required under the *Victorian Disability Act 2006* to develop a Disability Action Plan (DAP) and report our progress.

In March 2013, VicHealth released its Disability Action Plan 2013–15. The DAP outlines a range of actions to be progressively implemented over this 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 and staff awareness training.

VicHealth is pleased to report that it has already implemented a number of initiatives and is scheduled to implement further initiatives in 2014–15.

VicHealth Reconciliation Action Plan

VicHealth released its Reconciliation Action Plan (RAP) in May 2013. The RAP outlines practical actions VicHealth will undertake to build a stronger relationship and enhance respect with Aboriginal and Torres Strait Islander peoples. During the year VicHealth implemented a number of actions including improved employment policies, installation of Indigenous signage and artwork, and encouraging staff to participate in National Reconciliation and NAIDOC weeks. Further action is planned in future years.

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

VicHealth's activities did not require reporting against the National Competition Policy during the financial reporting period.

Office-based environmental impacts

In 2012–13, VicHealth commissioned The National Centre for Sustainability at Swinburne University of Technology to review VicHealth's environmental management policy and framework. This included development of an environmental reporting framework to monitor its progress towards continuing to operate in an environmentally sustainable manner. This reporting framework is used to benchmark our environmental performance.

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).

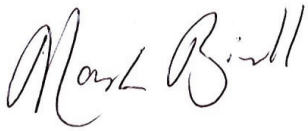
For further information please contact:

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

Attestation of compliance with the Australian/New Zealand Risk Management Standard

I, Mark Birrell, certify that the Victorian Health Promotion Foundation has:

- risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated standard)
- an internal control system in place that enables the executive to understand, manage and satisfactorily control risk exposures
- critically reviewed the risk profile of the Victorian Health Promotion Foundation within the last 12 months.



Mr Mark Birrell
Chair of the Board

26 August 2014

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Jerril Rechter, certify that VicHealth has complied with Ministerial Direction 4.5.5.1 – Insurance.

Ms Jerril Rechter
Accountable Officer and Chief Executive Officer

26 August 2014

Attestation on data integrity

I, Jerril Rechter, certify that VicHealth has put in place appropriate internal controls and processes to ensure that reported financial data reasonably reflects actual performance. VicHealth has critically reviewed these controls and processes during the year.

VicHealth is of the opinion that non-financial datasets reasonably reflect actual performance, however, cannot attest to full compliance with all aspects of 3.4.13 Information Collection and Management, Standing Directions under the *Financial Management Act 1994*.

VicHealth has implemented a range of actions during recent years to improve data integrity, and will implement a range of improved internal controls during the coming year to address areas of partial compliance.

Ms Jerril Rechter
Accountable Officer and Chief Executive Officer

26 August 2014

Compliance with DataVic Access Policy

Work has begun on VicHealth's compliance with the DataVic Access Policy, with registering and classification of many of our datasets occuring during the year.

In 2014–15, we will make available a catalogue of all datasets, and work through processes for release of all those that are high priority. Other datasets will be released progressively.

Financial Statements

Victorian Health Promotion Foundation

2013–14

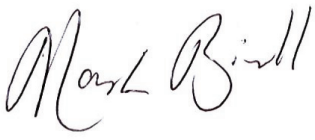
Board member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for the Victorian Health Promotion Foundation (VicHealth) have been prepared in accordance with Standing Direction 4.2 of 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 notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of VicHealth at 30 June 2014.

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

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



Mr Mark Birrell
Chair of the Board

Melbourne
26 August 2014

Ms Jerril Rechter
Accountable Officer

Melbourne
26 August 2014

Mr Dale Mitchell
Chief Finance and Accounting Officer

Melbourne
26 August 2014

VAGO
Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Health Promotion Foundation

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the Victorian Health Promotion Foundation which comprises the Comprehensive operating statement, Balance sheet, Statement of changes in equity, Cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Victorian Health Promotion Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Independence

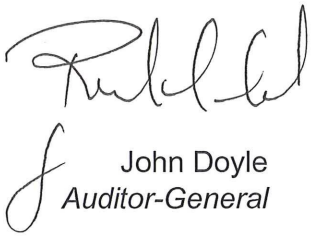
The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Health Promotion Foundation as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Health Promotion Foundation for the year ended 30 June 2014 included both in the Victorian Health Promotion Foundation's annual report and on the website. The Board Members of the Victorian Health Promotion Foundation are responsible for the integrity of the Victorian Health Promotion Foundation's website. I have not been engaged to report on the integrity of the Victorian Health Promotion Foundation's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.



John Doyle
Auditor-General

MELBOURNE
28 August 2014

Comprehensive operating statement for the financial year ended 30 June 2014

	Notes	2014 ($'000)	2013 ($'000)
Income from transactions			
General appropriations		35,736	35,543
Special appropriations		1,190	2,798
Grants and other income transfers	2(b)	402	2,832
Interest income	2(a)	310	296
Other income		66	90
Profit/(loss) on disposal of plant and equipment	2(c)	-	15
Total income		**37,704**	**41,574**
Expenses from transactions			
Employee expenses	3(a)	7,546	7,167
Depreciation and amortisation	3(b)	74	124
Grants and other expense transfers	3(c)	28,055	30,500
Other operating expenses	3(d)	2,997	2,536
Total expenses		**38,672**	**40,327**
Net result for the year		**(968)**	**1,247**
Other comprehensive income		-	-
Comprehensive result for the year		**(968)**	**1,247**

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

Balance sheet as at 30 June 2014

	Notes	2014 ($'000)	2013 ($'000)
Assets			
Current assets			
Cash and cash equivalents	4	8,056	8,012
Receivables	5	990	2,271
Prepayments		48	18
Total current assets		**9,094**	**10,301**
Non-current assets			
Property, plant and equipment	6	225	89
Intangible assets	7	96	98
Total non-current assets		**321**	**187**
Total assets		**9,415**	**10,488**
Current liabilities			
Payables	8	2,520	2,736
Provisions: Employee benefits	9	726	778
Total current liabilities		**3,246**	**3,514**
Non-current liabilities			
Provisions: Employee benefits	9	288	125
Total non-current liabilities		**288**	**125**
Total liabilities		**3,534**	**3,639**
Net assets		**5,881**	**6,849**
Equity			
Accumulated surplus/(deficit)		1,822	1,705
Reserves	10	4,059	5,144
Total equity		**5,881**	**6,849**

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

Statement of changes in equity for the financial year ended 30 June 2014

2014	*Equity at 1 July 2013 ($'000)*	*Transfer of reserves ($'000)*	*Total comprehensive result ($'000)*	*Equity at 30 June 2014 ($'000)*
Accumulated surplus/(deficit)	1,705	-	(968)	737
Transfer from/(to) reserves	-	1,085	-	1,085
Total accumulated surplus/(deficit)	**1,705**	**1,085**	**(968)**	**1,822**
Reserves	5,144	-	-	5,144
Transfer (from)/to reserves	-	(1,085)	-	(1,085)
Total reserves	**5,144**	**(1,085)**	**-**	**4,059**
Total equity	**6,849**	**-**	**(968)**	**5,881**

2013	*Equity at 1 July 2012 ($'000)*	*Transfer of reserves ($'000)*	*Total comprehensive result ($'000)*	*Equity at 30 June 2013 ($'000)*
Accumulated surplus/(deficit)	5,602	-	1,247	6,849
Transfer from/(to) reserves	-	(5,144)	-	(5,144)
Total accumulated surplus/(deficit)	**5,602**	(5,144)	**1,247**	**1,705**
Reserves	-	-	-	-
Transfer (from)/to reserves	-	5,144	-	5,144
Total reserves	**-**	**5,144**	**-**	**5,144**
Total equity	**5,602**	**-**	**1,247**	**6,849**

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 2014

	Notes	2014 ($'000)	2013 ($'000)
Cash flows from operating activities			
Receipts from Government		38,318	40,308
Receipts from other entities		516	91
Interest received		273	301
Goods and Services Tax (paid to)/refund from the ATO		2,785	2,958
Total receipts		**41,892**	**43,657**
Payments			
Payment of grants and other transfers		(31,456)	(36,289)
Payments to suppliers and employees		(10,184)	(9,752)
Total payments		**(41,640)**	**(46,041)**
Net cash flow provided by/(used in) operating activities	**15**	**252**	**(2,384)**
Cash flows from investing activities			
Payments for non-financial assets		(208)	(106)
Net cash flows provided by/(used in) investing activities		**(208)**	**(106)**
Net increase/(decrease) in cash and cash equivalents		**44**	**(2,490)**
Cash and cash equivalents at the beginning of the year		8,012	10,501
Cash and cash equivalents at the end of the year	**4**	**8,056**	**8,012**

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

Notes to the financial statements for the year ended 30 June 2014

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Notes to the financial statements for the year ended 30 June 2014

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 2014. The purpose of the report is to provide users with information about VicHealth's stewardship of resources entrusted to it.

(a) 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 26 August 2014.

(b) Basis of accounting preparation and measurement

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 set out below have been applied in preparing the financial statements for the year ended 30 June 2014, and the comparative information presented in these financial statements for the year ended 30 June 2013.

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

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

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.

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.

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

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

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

- the fair value of plant and equipment (refer to Note 1(i))
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(j)).

Notes to the financial statements for the year ended 30 June 2014

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

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.

(c) 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.

(d) Scope and presentation of financial statements

Comprehensive operating statement

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from transactions or other economic flows. The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are categorised as current and non-current assets and liabilities. Non-current being those expected to be recovered or settled more than 12 months after the reporting period.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also separately shows changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Notes to the financial statements for the year ended 30 June 2014

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

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities or financing activities. This classification is consistent with requirements under *AASB 107 Statement of Cash Flows*.

For the cash flow statement presentation purposes, cash and cash equivalents includes short-term cash deposits and investments.

(e) Change in accounting policies

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when VicHealth is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. VicHealth has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, VicHealth has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of VicHealth. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including *AASB 7 Financial Instruments: Disclosures*.

The disclosure requirements of AASB 13 apply prospectively and need not to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012–13.

AASB 119 Employee Benefits

In 2013–14, VicHealth has applied *AASB 119 Employee Benefits* (Sep 2011, as amended), and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on VicHealth.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service; however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits where applicable. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis. VicHealth assessed that the change in classification has not materially altered its measurement of the annual leave provision.

(f) 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.

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

Special appropriations relates to funding to deliver specific programs.

Notes to the financial statements for the year ended 30 June 2014

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

Government grants and other transfers of income

In accordance with *AASB 1004 Contributions*, government 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.

VicHealth's administered grants mainly comprise funds provided by the Commonwealth to assist the State Government in meeting general or specific service delivery obligations, primarily for the purpose of aiding in the financing of the operations of the recipient, capital purposes and/or for on passing to other recipients. Grants also include grants from other jurisdictions.

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.

(g) Expenses from transactions

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
- annual leave
- sick leave
- long service leave
- work-cover premiums
- salary continuance insurance
- superannuation expenses.

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

The name and details of the major employee superannuation funds and contributions made by VicHealth are outlined in Note 11.

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.

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.

Notes to the financial statements for the year ended 30 June 2014

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

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.

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

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

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

Intangible assets with finite useful lives are amortised over 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.

They include transactions made to State-owned agencies, local government, non-government schools and community groups.

Other operating expenses

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

Occupancy costs

Costs associated with the lease of the office building and the associated outgoings.

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.

Project specific expenses

Non-grant and wage expenses directly attributable to the delivery of programs.

Personnel costs

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

Impairment of non-financial 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.

Notes to the financial statements for the year ended 30 June 2014

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

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.

(h) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three 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.

Receivables

Receivables consist of:

- contractual receivables, which includes debtors for services provided and accrued interest income
- statutory receivables, which are predominantly GST input tax credits recoverable.

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

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

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.

Investments

Investments are classified in the following categories:

- financial assets at fair value through profit or loss
- loans and receivables
- available for sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. VicHealth classifies investments as loans and receivables.

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

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.*

(i) Non-financial assets

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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 6.

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 103E Non-current physical assets*.

Notes to the financial statements for the year ended 30 June 2014

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

This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with *FRD 103E*, VicHealth's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as 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.

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services, or that part of expenditure made in one accounting period covering a term extending beyond that period.

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 2014

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

(j) Liabilities

Payables

Payables consist of:

- contractual payables which 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
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

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

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.

(i) Wages and salaries, annual leave, time in lieu

Liabilities for wages and salaries, including non-monetary benefits, annual 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.

(ii) 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.

Notes to the financial statements for the year ended 30 June 2014

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

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. VicHealth recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) On-costs

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

(k) Leases

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.

Lease incentives

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature, form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

(l) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

Reserves

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 1(f) 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 (as disclosed in Note 10).

(m) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Notes 12 and 13) 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.

Notes to the financial statements for the year ended 30 June 2014

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

(n) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(o) 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.

(p) Events after the reporting period

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.

(q) 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.

(r) Comparative information

There has been no change in comparative figures in the financial statements.

(s) 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 (refer to Note 1(g)), 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.

Notes to the financial statements for the year ended 30 June 2014

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

Financial liabilities at amortised cost

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

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

Notes to the financial statements for the year ended 30 June 2014

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

(t) Issued but not yet effective Australian accounting and reporting pronouncements

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2014 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises VicHealth of their applicability and early adoption where applicable.

As at 30 June 2014, the following standards and interpretations have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. VicHealth has not early adopted these standards.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on VicHealth financial statements
AASB 9 Financial instruments	*This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).*	*1 Jan 2017*	*The preliminary 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.* *While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.*

Notes to the financial statements for the year ended 30 June 2014

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

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013–14 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. The AASB Interpretation in the list below is also not effective for the 2013–14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010).
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*.
- 2013-1 *Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.*
- 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*
- 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.*
- 2013-5 *Amendments to Australian Accounting Standards – Investment Entities.*
- 2013-6 *Amendments to AASB 136 arising from Reduced Disclosure Requirements*.
- 2013-7 *Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders*.
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*.
- *AASB Interpretation 21 Levies*.

Notes to the financial statements for the year ended 30 June 2014

Note 2. Income from transactions

	2014 ($'000)	*2013 ($'000)*
(a) Interest		
Interest on treasury deposits	182	188
Interest on bank deposits	128	108
Total interest	**310**	**296**
(b) Grants and other income transfers		
Commonwealth grants	-	1,489
Other grants	402	1,343
Total grants and other income transfers	**402**	**2,832**
(c) Profit/(loss) on disposal of plant and equipment		
Proceeds from disposal of plant and equipment	-	15
Written-down value of plant and equipment	-	-
Total profit/(loss) on disposal of plant and equipment	**-**	**15**

Notes to the financial statements for the year ended 30 June 2014

Note 3. Expenses from transactions

	2014 ($'000)	*2013 ($'000)*
(a) Employee expenses		
Salaries, wages and leave payments	6,657	6,418
Defined contribution superannuation expense	580	630
Defined benefits superannuation expense	17	6
Termination benefits	185	10
Other on-costs	107	103
Total employee expenses	**7,546**	**7,167**
(b) Depreciation and amortisation		
Depreciation		
Office equipment	11	22
Office furniture	-	1
Fixtures and fittings	1	3
Motor vehicles	10	9
Total depreciation	**22**	**35**
Amortisation – IT software	52	89
Total depreciation and amortisation	**74**	**124**
(c) Grants and other expense transfers		
General purpose grants	26,203	28,569
Project specific expenses	1,852	1,931
Total grants and other expense transfers	**28,055**	**30,500**
(d) Other operating expenses		
Personnel costs	490	416
Occupancy costs	689	676
Board and committee members' fees	138	69
External audit fees (Victorian Auditor General's Office)	21	20
Internal audit fees	58	92
General administration	755	595
Information systems	846	668
Total	**2,997**	**2,536**

Notes to the financial statements for the year ended 30 June 2014

Note 4. Cash and cash equivalents

	2014 ($'000)	*2013 ($'000)*
Cash on hand	1	1
Cash at bank	257	303
Bank deposits at call	4,798	4,708
Term deposit	3,000	3,000
Total cash and cash equivalents	**8,056**	**8,012**

Note 5. Receivables

	2014 ($'000)	*2013 ($'000)*
Contractual		
Trade debtors	56	160
Grants receivable	-	1,320
Accrued income	47	9
Other debtors	56	-
Total contractual receivables	**159**	**1,489**
Statutory		
GST credits receivable	831	782
Total statutory receivables	**831**	**782**
Total receivables	**990**	**2,271**

Notes to the financial statements for the year ended 30 June 2014

Note 6. Property, plant and equipment

(a) Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2014 ($'000)	*2013 ($'000)*	*2014 ($'000)*	*2013 ($'000)*	*2014 ($'000)*	*2013 ($'000)*
Office equipment	197	189	167	156	30	33
Office furniture	19	19	18	18	1	1
Fixtures and fittings	815	815	806	805	9	10
Motor vehicles	52	52	17	7	35	45
Capital works in progress	150	-	-	-	150	-
Total	**1,233**	**1,075**	**1,008**	**986**	**225**	**89**

(b) Property, plant and equipment reconciliation

	2014 ($'000)	*2013 ($'000)*
Fair value		
Opening balance	1,075	1,057
Additions	158	62
Disposals	-	(44)
Fair value closing balance	**1,233**	**1,075**
Accumulated depreciation		
Opening balance	986	995
Depreciation	22	35
Disposals	-	(44)
Accumulated depreciation closing balance	**1,008**	**986**
Written-down value	**225**	**89**

Notes to the financial statements for the year ended 30 June 2014

Note 6. Property, plant and equipment (cont'd)

(c) Fair value measurement hierarchy for assets

		Fair value measurement at end of reporting period using:		
	Carrying amount as at 30 June 2014	**Level 1[(i)]**	**Level 2**	**Level 3[(i)]**
	($'000)	*($'000)*	*($'000)*	*($'000)*
Office equipment	30	-	-	30
Office furniture	1	-	-	1
Fixtures and fittings	9	-	-	9
Motor vehicles	35	-	-	35
Capital works in progress	150	-	-	150
Written-down value	**225**	**-**	**-**	**225**

Note:
(i) Classified in accordance with the fair value hierarchy, see Note 1.

There were no changes in valuation techniques throughout the period to 30 June 2014.

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, which sets 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.

Notes to the financial statements for the year ended 30 June 2014

Note 6. Property, plant and equipment (cont'd)

(d) Reconciliation of level 3 fair value

	Office equipment	Office furniture	Fixtures and fittings	Motor vehicles	Capital works in progress
	2014 ($'000)	*2014 ($'000)*	*2014 ($'000)*	*2014 ($'000)*	*2014 ($'000)*
Opening balance	33	1	10	45	-
Purchases/(sales)	7	-	-	-	150
Transfers in/(out) of level 3	-	-	-	-	-
Gains or losses recognised in net result	-	-	-	-	-
Depreciation	(10)	-	(1)	(10)	-
Closing balance	**30**	**1**	**9**	**35**	**150**

Notes to the financial statements for the year ended 30 June 2014

Note 6. Property, plant and equipment (cont'd)

(e) Description of significant unobservable inputs to level 3 valuations

	Valuation techniques	Significant unobservable Inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Office equipment, furniture and fixtures and fittings	Depreciated replacement cost	Cost per unit	$2,035–$542,207 ($16,634)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3–10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Motor vehicles	Depreciated replacement cost	Cost per unit	$23,480–$28,755 ($26,118)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5.7 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Capital works in progress	Replacement cost	Cost per unit	$49,993–$99,986 ($74,990)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.

Notes to the financial statements for the year ended 30 June 2014

Note 7. Intangible assets

	2014 ($'000)	*2013 ($'000)*
Cost		
Opening balance	1,058	999
Additions	50	59
Disposals	-	-
Cost closing balance	**1,108**	**1,058**
Accumulated amortisation		
Opening balance	960	871
Amortisation expense	52	89
Disposals	-	-
Accumulated amortisation closing balance	**1,012**	**960**
Written-down value	**96**	**98**

Note 8. Payables

	2014 ($'000)	*2013 ($'000)*
Contractual payables		
Accrued wages and salaries	152	77
Accrued grant payments	1,338	1,919
Accrued expenses	66	33
Trade creditors	960	490
Total contractual payables	**2,516**	**2,519**
Statutory payables		
GST/PAYG payable	4	217
Total statutory payables	**4**	**217**
Total payables	**2,520**	**2,736**

Notes to the financial statements for the year ended 30 June 2014

Note 9. Provisions: Employee benefits

	2014 ($'000)	2013 ($'000)
Current provisions		
Annual leave	374	399
Long service leave	283	307
On-costs Annual leave	39	40
Long service leave	30	32
Total current provisions	**726**	**778**
Current employee benefits		
Expected to be utilised within 12 months	504	509
Expected to be utilised after 12 months	222	269
Total current employee benefits	**726**	**778**
Non-current provisions		
Long service leave	260	113
On-costs	28	12
Total non-current provisions	**288**	**125**
Total provisions	**1,014**	**903**
Movement in employee benefits		
Opening balance	903	793
Settlement made during the year	(688)	(672)
Provision made during the year	799	782
Balance at end of year	**1,014**	**903**

Notes to the financial statements for the year ended 30 June 2014

Note 10. Reserves

	2014 ($'000)	*2013 ($'000)*
Externally funded programs reserve		
Alcohol Cultural Change	1,697	2,597
Active Cities	300	1,200
National Community Attitudes Towards Violence Against Women Survey	640	1,105
Office of Women's Affairs	300	-
Tobacco Control	1,000	-
Other	122	242
Total externally funded programs reserve	**4,059**	**5,144**

Reserves relate to special purpose funding, unspent as at balance date. These funds have been quarantined for use on these projects. Refer to the Statement of Changes in Equity and Note 1(l) for additional information.

Note 11. Superannuation

	Paid contribution for the year	
	2014 ($'000)	*2013 ($'000)*
Defined benefit plan		
ESS Super New Scheme	10	10
PSS Super New Scheme	7	-
Total defined benefit plan	**17**	**10**
Defined contribution plan		
VicSuper	297	297
Hesta	46	43
Australian Super	33	27
Vision Super	26	28
Other	313	249
Total defined contribution plan	**715**	**644**
Total superannuation contributions	**732**	**654**

Payment to superannuation funds include employer superannuation contributions, salary sacrifice and after tax employee contributions.

Notes to the financial statements for the year ended 30 June 2014

Note 12. Lease commitments

Disclosures for lessees

Leasing arrangements

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

	2014 ($'000)	*2013 ($'000)*
Non-cancellable operating lease commitments		
No longer than one year	590	594
Longer than one year and not longer than five years	2,470	2,414
Longer than five years	1,177	1,823
Total	**4,237**	**4,831**

Note 13. Expenditure commitments

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

Future grants commitments

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 subject to the funded organisation meeting accountability requirements are:

	2014 ($'000)	*2013 ($'000)*
Payable		
Not longer than one year	15,095	19,511
Longer than one year and not longer than five years	4,542	12,190
Longer than five years	-	-
Total	**19,637**	**31,701**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments

(a) Financial risk management objectives and policies

VicHealth's principal financial instruments comprise:

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

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

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

Table 14.1 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			
	2014 Financial assets/ liabilities ($'000)	*2014 Holding gain/(loss) ($'000)*	*2013 Financial assets/ liabilities ($'000)*	*2013 Holding gain/(loss) ($'000)*
Financial assets				
Cash and deposits	8,056	310	8,012	296
Loans and receivables[(i)]	159	-	1,489	-
Total financial assets	**8,215**	**310**	**9,501**	**296**
Financial liabilities				
Contracted payables[(i)]	2,516	-	2,519	-
Total financial liabilities	**2,516**	**-**	**2,519**	**-**

Note:

(i) The total amounts disclosed exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

(b) Credit risk

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

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

In addition, VicHealth does not engage in high risk hedging for its financial assets and mainly obtains financial assets with variable interest rates. 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 14.2 Credit quality of contractual financial assets that are neither past due nor impaired

2014	*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	1,000	-	-	7,055	1	**8,056**
Contractual receivables	-	-	-	-	159	**159**
Total	**1,000**	**-**	**-**	**7,055**	**160**	**8,215**
2013						
Cash and cash equivalents	5,000	-	3,011	-	1	**8,012**
Contractual receivables	-	1,320	-	-	169	**1,489**
Total	**5,000**	**1,320**	**3,011**	**-**	**170**	**9,501**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

Table 14.3 Ageing analysis of contractual financial assets

			Past due but not impaired				
2014	*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	8,056	8,056	-	-	-	-	-
Contractual receivables	159	158	-	-	1	-	-
Total	**8,215**	**8,214**	**-**	**-**	**1**	**-**	**-**
2013							
Cash and cash equivalents	8,012	8,012	-	-	-	-	-
Contractual receivables	1,489	1,487	-	-	2	-	-
Total	**9,501**	**9,499**	**-**	**-**	**2**	**-**	**-**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

(c) 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 14.4 Maturity analysis of contractual financial liabilities

			Maturity dates			
2014	*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	2,516	2,516	2,469	42	5	-
Total	**2,516**	**2,516**	**2,469**	**42**	**5**	**-**
2013						
Contractual payables	2,519	2,519	2,476	22	21	-
Total	**2,519**	**2,519**	**2,476**	**22**	**21**	**-**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

(d) 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 rate risks through its cash and deposits, and 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 14.5 Interest rate exposure of financial assets and liabilities

			Interest rate exposure		
2014	*Weighted average interest rate %*	*Carrying amount ($'000)*	*Fixed interest rate ($'000)*	*Variable interest rate ($'000)*	*Non-interest bearing ($'000)*
Financial assets					
Cash and deposits	2.6	8,056	3,000	4,798	258
Contractual receivables	-	159	-	-	159
Total financial assets	-	**8,215**	**3,000**	**4,798**	**417**
Financial liabilities					
Contractual payables	-	2,516	-	-	2,516
Total financial liabilities	-	**2,516**	**-**	**-**	**2,516**

			Interest rate exposure		
2013	*Weighted average interest rate %*	*Carrying amount ($'000)*	*Fixed interest rate ($'000)*	*Variable interest rate ($'000)*	*Non-interest bearing ($'000)*
Financial assets					
Cash and deposits	1.9	8,012	3,000	4,709	303
Contractual receivables	-	1,489	-	-	1,489
Total financial assets	-	**9,501**	**3,000**	**4,709**	**1,792**
Financial liabilities					
Contractual payables	-	2,519	-	-	2,519
Total financial liabilities	-	**2,519**	**-**	**-**	**2,519**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

(e) 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 14.6 Interest risk exposure – sensitivity analysis

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
2014	*Carrying amount ($'000)*	*Net result ($'000)*	*Net result ($'000)*	*Equity ($'000)*	*Equity ($'000)*
Financial assets					
Cash and cash deposits	8,056	(78)	78	(78)	78
Receivables	159	-	-	-	-
Total financial assets	**8,215**	(78)	78	(78)	78
Financial liabilities					
Payables	2,516	-	-	-	-
Total financial liabilities	**2,516**	**-**	**-**	**-**	**-**
2013					
Financial assets					
Cash and cash deposits	8,012	(57)	57	(57)	57
Receivables	1,489	-	-	-	-
Total financial assets	**9,501**	**(57)**	**57**	**(57)**	**57**
Financial liabilities					
Payables	2,519	-	-	-	-
Total financial liabilities	**2,519**	**-**	**-**	**-**	**-**

Notes to the financial statements for the year ended 30 June 2014

Note 14. Financial instruments (cont'd)

(f) 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 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.

Note 15. Reconciliation of net result for the period to net cash flows from operating activities

	2014 ($'000)	*2013 ($'000)*
Net result for the period	**(968)**	**1,247**
Non-cash movements		
(Gain)/loss on disposal of non-financial assets	-	(15)
Depreciation and amortisation	74	124
Movements in assets and liabilities		
(Increase)/decrease in receivables	1,280	(1,285)
(Increase)/decrease in prepayments	(30)	(12)
Increase/(decrease) in payables	(216)	(2,554)
Increase/(decrease) in provisions	112	111
Net cash flows from/(used in) operating activities	**252**	**(2,384)**

Notes to the financial statements for the year ended 30 June 2014

Note 16. Responsible persons disclosures

(a) Responsible persons appointments and remuneration

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. David Davis MLC, Minister for Health	1/07/2013 – 30/06/2014

Governing Board

Mr Mark Birrell, Chair	1/07/2013 – 30/06/2014
Professor John Catford, Deputy Chair	1/07/2013 – 30/06/2014
Mr Neil Angus MLA	1/07/2013 – 30/06/2014
Mr Tim Bull MLA	1/07/2013 – 28/03/2014
Ms Susan Crow	1/07/2013 – 30/06/2014
Ms Belinda Duarte	1/07/2013 – 26/02/2014
Ms Margot Foster	1/07/2013 – 30/06/2014
Mr Peter Gordon	1/07/2013 – 30/06/2014
Ms Danielle Green MLA	1/07/2013 – 30/06/2014
Professor Margaret Hamilton AO	1/07/2013 – 30/06/2014
Ms Nicole Livingstone OAM	1/07/2013 – 30/06/2014
Professor Michael Morgan	1/07/2013 – 30/06/2014
Professor Ruth Rentschler OAM	1/07/2013 – 30/06/2014
Mr Stephen Walter	1/07/2013 – 30/06/2014

Accountable Officer

Ms Jerril Rechter	1/07/2013 – 30/06/2014

Notes to the financial statements for the year ended 30 June 2014

Note 16. Responsible persons disclosures (cont'd)

Remuneration of responsible persons

	2014 No.	*2013 No.*
Income band		
$ 0–9,999	7	11
$ 10,000–19,999	8	2
$ 250,000–259,999	-	1
$ 260,000–269,999	1	-
Total numbers	**16**	**14**
Total amount	**$393,472**	**$320,713**

Amounts relating to responsible Ministers are reported in the statements of the Department of Premier and Cabinet. The three parliamentary members of the Board received no remuneration for their services. Three members are ineligible to receive remuneration under the Victorian Government's Appointment and Remuneration for Victorian Boards, Statutory Bodies and Advisory Committees as they are employees of other Government agencies.

Notes to the financial statements for the year ended 30 June 2014

Note 16. Responsible persons disclosures (cont'd)

(b) Related party transactions

Other transactions (including grant payments) of responsible persons and their related parties

	2014 ($'000)	*2013 ($'000)*
Australian Drug Foundation of which Professor Margaret Hamilton has declared a pecuniary interest	390	330
Cancer Council Victoria of which Professor Margaret Hamilton served as a Board member within the period	4,643	9,105
Cricket Victoria of which Ms Susan Crow served as a Board member within the period	102	211
Deakin University of which Professor John Catford and Professor Ruth Rentschler were employees within the period	469	551
Melbourne Heart of which Ms Susan Crow served as an employee within the period	99	127
Monash University of which Professor John Catford served as an employee within the period	83	59
University of Melbourne of which Professor Michael Morgan was an employee within the period	1,297	2,615
VicSport of which Ms Margot Foster served as a Board member within the period	176	192
Victorian Employers' Chamber of Commerce and Industry of which Mr Mark Birrell served as a Board member within the period	1	1
Western Bulldogs Football Club of which Mr Peter Gordon served as a Board member within the period	220	-

Notes to the financial statements for the year ended 30 June 2014

Note 17. Remuneration of executives

The number of executive officers (including acting executive officers) and their total remuneration during the reporting period is shown in the first two columns in the table below in the relevant income band. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	Total remuneration		Base remuneration	
	2014 No.	*2013 No.*	*2014 No.*	*2013 No.*
Income band				
$0–9,999	-	-	-	-
$ 20,000–29,999	2	-	2	-
$ 30,000–39,999	1	-	1	-
$ 50,000–59,999	-	1	-	1
$ 60,000–69,999	1	-	1	-
$ 90,000–99,999	-	-	-	1
$ 140,000–149,999	-	-	-	1
$ 150,000–159,999	-	2	-	1
$ 160,000–169,999	2	-	-	-
$ 170,000–179,999	1	1	2	1
$ 180,000–189,999	-	1	1	-
Total numbers	**7**	**5**	**7**	**5**
Total annualised employee equivalent [(i)]	**5**	**4**	**5**	**4**
Total amount	**$690,423**	**$727,154**	**$664,283**	**$622,142**

Note:

(i) Annualised employee equivalent is based on 38 ordinary hours per week over the reporting period.

During the year a number of employees acted in executive management positions following employee resignations. The annualised remuneration of the executive management positions exceeded $100,000; however, only the pro-rata amount earned whilst undertaking that role has been disclosed in the table. The variance between total remuneration relates to employee entitlements upon resignation and performance incentives.

Notes to the financial statements for the year ended 30 June 2014

Note 18. Contingencies

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

	2014 ($'000)	*2013 ($'000)*
Contingent assets	-	-
Contingent liabilities	-	-

Note 19. Ex-gratia payments

VicHealth made no ex-gratia payments during the years ending 30 June 2014 and 30 June 2013.

Note 20. Economic dependency

VicHealth is wholly dependent on the continued financial support of the State Government and, in particular, the Department of Health. VicHealth has a three-year service agreement with the Department of Health which commenced in July 2012. 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 21. Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2014 which would, in the absence of disclosure, cause the financial statements to become misleading.

Section 6: Disclosure index

Disclosure index

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

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