

# Annual Report

## 2011–12

Victorian Health Promotion Foundation

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Published in August 2012 by the Victorian Health Promotion Foundation (VicHealth), Carlton, Victoria, Australia

ISBN: 978-1-921822-64-3

Publication number: C-068-CO

**SUGGESTED CITATION:**

Victorian Health Promotion Foundation (VicHealth). 2012.  
Annual Report 2011-12. VicHealth: Carlton, Australia.

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# Report of Operations

Victorian Health Promotion Foundation

2011–12

# 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 2012.

A handwritten signature in black ink that reads "Mark Birrell". The signature is written in a cursive, slightly slanted style.

**Mr Mark Birrell**  
Chair of the Board

*22 August 2012*

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# Section 1: Year in review

## Establishment of the Victorian Health Promotion Foundation

The Victorian Health Promotion Foundation (VicHealth) was established by the *Tobacco Act 1987* No. 81 (the Act). The responsible minister is the Minister for Health, The Hon. David Davis MP.

## Objectives

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 the Foundation
- provide sponsorships for sporting or cultural activities
- keep statistics and other records relating to the achievement of the objects of the Foundation
- provide advice to the Minister on matters related to its objects referred by the Minister to the Foundation 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 the Foundation
- 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 the Foundation 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 vision

VicHealth envisages a community where:

- health is a fundamental human right
- everyone shares in the responsibility for promoting health
- everyone benefits from improved health outcomes.

## Our mission

Our mission is to build the capabilities of organisations, communities and individuals in ways that:

- change social, economic, cultural and physical environments to improve health for all Victorians
- strengthen the understanding and skills of individuals in ways that support their efforts to achieve and maintain health.

## Our values

Brave, Just, Creative

# Chair's report

It is a privilege to present this report on VicHealth's work and achievements for the financial year 2011–12.

This has been a significant year for VicHealth. Internally, a substantially new Board and a new CEO, Jerril Rechter, began in the early part of the financial year. Both were appointed with the challenge of ensuring the continuity of the organisation's work to promote good health and prevent ill health in Victoria, as well as taking stock of opportunities in the external environment.

The new Board is committed to advancing VicHealth's long term mission and objectives and has established a common understanding of the tasks ahead, advising on solutions to challenges and assessing and approving new investments.

Externally, key developments have taken place that show the Victorian Government's continuing commitment to the prevention of ill health, with some complimentary initiatives at a national level.

The Victorian Department of Health launched our state's first ever public health plan to fight chronic disease. The Victorian Public Health and Wellbeing Plan 2011–2015 set the agenda for improving health and wellbeing over four years.

This was followed up with the roll-out of the Prevention Community Model, a major investment to support and encourage Victorians to turn around unhealthy lifestyles through targeted health plans, initially in 14 local government areas. The Department also put in place actions to address childhood obesity such as the Victorian Healthy Eating Advisory Service.

To support preventative health research and ensure evidence-based action, The Centre of Excellence in Intervention and Prevention Science was established to gather the best possible research partners.

The impetus for these moves is compelling.

Earlier this year, the findings of the Victorian Population Health Survey 2009, based on research of 7500 adults, pinpointed priority areas for health promotion. It showed Victorians do not eat enough fruit and vegetables, and more and more Victorians are becoming obese or developing Type 2 diabetes. It also showed that while smoking rates have decreased, there are still almost 4000 Victorians who die each year from tobacco-related illness.

Such developments reinforce the purpose of VicHealth's mission, showing that there is much work to be done to successfully prevent ill health and address the social and economic determinants of health that influence the broader risk conditions in which people find themselves.

VicHealth's unique role focusing on health and wellbeing has been articulated consistently in our programs and investments for nearly a quarter of a century – with considerable and enduring results.

This year VicHealth forged its work in healthy environments with major investments in addressing determinants of workplace health and in community sport.

As a leader and innovator in health promotion, the organisation's achievements and successes in 2011–12 highlighted in the CEO's report encapsulate best practice in Australia.

VicHealth's role and focus complements the work of public and private health bodies, and make it an asset to efforts in illness prevention and its attendant costs and burden to the health system.

As we reach our 25th year, we are looking to a renewed strategic direction.

A 'stocktake' exercise commenced in early 2012 and its findings were documented in a report which articulates where, why and how VicHealth is focusing its health promotion work. This report will be drawn upon in the development of the 2013–16 Strategic Plan.

VicHealth's future direction will be created from an assessment of current and future priorities and the broader environment with its emerging issues, mindful of lessons from the body of health promotion work to date.

I would like to take this opportunity to personally thank members of both previous and current Boards for their unfailing support, as well as our committee members and the VicHealth staff for their dedication and perseverance to pursuing our objectives.

I especially acknowledge former Board Chair Ms Jane Fenton, for her work and commitment to VicHealth for 10 years. Jane's thorough knowledge of VicHealth's history and operations helped steer the organisation through changes and keep its focus on its unique contribution to health promotion in Victoria and beyond.

Our appreciation also goes to Mr Peter Gordon, who was a Board member since 2006, Deputy Chair from June 2010 to June 2011 and was Acting Chair on a number of occasions. Peter has been an ardent advocate for VicHealth's work.

I thank CEO Jerril Rechter for confidently leading the organisation with fresh perspectives and a renewed energy and enthusiasm.

We are also indebted to our partners, advocates and supporters without whom the successes of this year would not have been achieved.

On behalf of the Board, I thank the Victorian Minister for Health, The Hon. David Davis MP, for his support and leadership.

I look forward to the next steps in our journey as we work with the Victorian Government and our other partners to address fresh and continuing challenges, and delivering meaningful outcomes for the state of health in Victoria.



**Mark Birrell**  
Chair of the Board

# Chief Executive Officer's report

It gives me great pleasure to report back on our achievements in the past twelve months.

It has been an honour to build on the work of my esteemed predecessors who have kept true to the vision of a leading health promotion body that improves the lives of all Victorians and beyond.

This report recognises the efforts of our Board and committee members, partners and staff, for their contributions in the last 12 months to driving innovative approaches to health promotion.

## Highlights of the year

### Increasing participation in sport and active recreation

We expanded our work in sport and active recreation through the State Sporting Association Participation Program, a \$10.2 million funding program over three years that aims to create sporting environments that are safe, accessible, inclusive and equitable. Targeting 30 State Sporting Associations, it offers the potential to reach 80 per cent of direct and indirect formal sport participants in Victoria.

Our Everyone Wins resource, a comprehensive system of support to sporting groups, is being trialled at the state level and provides a rich and profound base of knowledge and strategies to help these groups develop sustainable projects to improve community sport environments.

The Be Active Program – commenced in June 2012 – is a partnership with local governments and Sport and Recreation Victoria to increase participation by children, families and older people, and increase civic leadership through volunteering. This program will be implemented with Local Government Areas which are also part of the Victorian Government's Prevention Community Model. This allows us to identify and respond to physical activity participation challenges as they emerge at the community level.

We evaluated our Streets Ahead program which analysed the enablers and barriers to children walking to and from school, and around their neighbourhood. The lessons from this program complement the findings from our research report 'Towards active and independently mobile children' on Victorian community attitudes about active travel for children. These endeavours significantly raised the awareness of active travel at the local government level and highlighted areas for consideration to increase this.

Our Active Club Grants continued to support community sport and active recreation clubs and organisations for sports injury prevention, essential sporting equipment, portable shade and volunteer training. In some Victorian towns, the sport's club is the only opportunity for families to gather and connect with their communities. These grants have had a positive impact on more than half a million Victorians in the past three years.

### Creating healthy environments

VicHealth is playing a leading role in building the Australian knowledge base on effective workplace health interventions with our Creating Healthy Workplaces evidence review series and pilot projects.

With 11.4 million Australians in workplaces – 70 per cent in full-time employment, each month working a total of 1.6 million hours – workplaces are ideal to promote health and wellbeing to a large audience. Underpinned by a rich base of international workplace health research, VicHealth has established five large-scale pilot projects to find solutions to prevent workplaces from contributing to ill health. These areas include the reduction of stress, prolonged sitting, alcohol-related harm, the prevention of race-based discrimination and violence against women. The program puts VicHealth in a leadership role, partnering with researchers and corporate organisations to translate health knowledge into tangible actions.

In sport, our Healthy Sporting Environments program took the valuable lessons from our demonstration project that ran in the Barwon region in the last two years, and translated this into a comprehensive support system for nine Regional Sports Assemblies to roll-out. The Barwon region project ran in partnership with the regional sports assembly Leisure Networks. It sought to improve club culture through changes to the use of alcohol in clubs, reduced tobacco use, encouraging healthy eating, creating safe and inclusive environments for women and addressing race-based discrimination.

The new statewide program has the potential to reach a quarter of a million Victorians to improve their participation and experience of sport, and will benefit both their physical and mental health.

## Reducing harms from alcohol and tobacco consumption and UV

Our work with the Australian Football League (AFL) Victoria continued to focus on a cultural change program addressing alcohol consumption by integrating what we know from research with policy development. This includes trials of reduced alcohol beverages in community AFL Victoria events.

With research partners Australian Drug Foundation and Turning Point, we released various findings of the impact of alcohol in the community. Notably, our work with Turning Point has revealed disturbing trends of an increase in alcohol outlets in areas where people can least afford it.

We also researched the relationship between social occasions and alcohol consumption, pointing to increases in harms during such periods, a finding corroborated by data from law enforcers and emergency services.

To address the growing trend of alcohol use in young people, we worked with the Departments of Health and Justice, and the Australian Drug Foundation to launch the ‘Teen Drinking Law’ project, to make parents and young people aware of a new law prohibiting the supply of alcohol to minors without parental consent. This project, which also focused on raising awareness about the harms alcohol can cause teenagers, includes practical resources such as a website, mobile device application and series of community forums to drive home these important messages. We also supported ‘Say When’, the Department of Health’s free and confidential online tool that gives Victorian adults a chance to assess their drinking and what it means for their health and wellbeing.

We continued to work with our partners Quit and SunSmart to direct public programs to change attitudes and behaviours on smoking and UV exposure.

## Healthy eating

This year, we partnered with the Heart Foundation Victoria to develop and disseminate a manual to improve knowledge and skills that ensure urban planning and design includes food supply and access. This work will ultimately benefit those with busy lifestyles to ensure that healthy eating is possible within the realm of city life.

Our work with the Obesity Policy Coalition, focusing on reducing overweight and obesity particularly in children, has resulted in submissions to government enquiries and advocacy work with regulatory bodies. As well, through the Obesity Policy Coalition, VicHealth and its partners have made public expressions against poor industry practices that hinder Victorians’ efforts in improving their nutrition.

## Addressing health inequalities

Recognising the significant impact of housing on health and wellbeing, we released our research reports on housing ‘stress’ being experienced by many Victorians. This piece of work has made an important contribution to the evidence base in this area, and the work on determining housing and health interventions.

Our support for the Indigenous Surfing Program has continued to yield gains from the participation of Indigenous Victorians in surfing. In addition, the program has been expanded to address broader opportunities for the participants through links to education and employment in the aquatic and sporting industry.

## Increasing social connection

This is a truly enabling program that helps build community connections – MOTION is an arts, social connection and physical activity program that fuses creativity through physical movement such as dance with engagement with other people.

## Preventing violence against women

Building upon our body of work in preventing violence against women, the evaluation of our Respect, Responsibility and Equality program resulted in tools and strategies for local governments and community organisations. The support for these groups was enhanced with the release of the final report of the Local Government Networking and Capacity Building project, which reinforces the leadership role that local governments play in addressing the prevention of violence against women through planning and policy making.

In sport, the 'Fair Game: Respect Matters' program with the Australian Football League has continued to introduce the importance of respectful relationships through training sessions and resources. Through this program we work closely with community football clubs across Victoria to develop safe, inclusive and respectful environments for girls and women.

The release of our research findings on bystander (witness) attitudes to sexist behaviours and language showed that Victorians do not accept these behaviours and many are willing to act. Sexism has known links to violence against women. Our research included a statewide survey to examine Victorian's readiness for bystander action against sexist comments and behaviours. The findings provide a solid base with which we and others can develop programs that encourage pro-social bystander action and push for respectful attitudes.

## Reducing race-based discrimination

We developed and implemented the social marketing campaign 'See Beyond Race' in the Cities of Shepparton and Whittlesea engaging local residents who became the faces of this Australian-first four-month campaign. This fostered discussion and greater understanding about cultural differences and community connection.

Our 'Arts About Us' program supported 16 organisations to share the benefits of diversity as well as the harmful impacts of discrimination on health, reaching 700,000 Victorians through audiences in arts events or through articles in the media.

## Building capacity

As a leader in developing the health promotion workforce, we have conducted Short Courses on health promotion including specific areas such as healthier sporting environments. We have also established a partnership with the Department of Human Services and the Department of Justice to introduce skills and knowledge in illness prevention to local governments.

## Conclusion

It has been an exceptional year for VicHealth. Some of these highlights are pioneering projects in Australia. Some involved many partners. This is the essence of VicHealth – performing to our mission and objectives using creative ways to build and reinforce knowledge and trialling solutions – a unique but vital approach.

This essence will continue into the next VicHealth strategic plan, while refining our unique role and focus to address new challenges in health and wellbeing.

I would like to thank the current and previous Boards and committees for their expert advice. In particular, I am indebted to former Board Chair Jane Fenton for her vision and guidance.

I would also like to thank the staff for their dedication and commitment to our work, and for their support and encouragement as I embarked upon my first year at VicHealth.

Congratulations and thanks are due to our partners at both state and community levels who have worked with us to champion common goals. Our appreciation goes to the Department of Health and other State agencies whose broader work helps sharpen our focus.

I look forward to the next year as we continue our work in partnership with organisations and communities to promote good health and prevent ill health for all Victorians.



**Ms Jerril Rechter**  
Chief Executive Officer

# Operational and budgetary objectives and performance against objectives

## Budgetary performance

Under section 33 of the *Tobacco Act*, 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 targets on grant expenditure within internal policy for the financial year:

- 20 per cent of budget is to be expended on research and evaluation
- 12 per cent of budget is to be expended on tobacco health issues.

Our performance against these targets is summarised in Table 1.

**Table 1: Performance against statutory and policy financial targets<sup>(i)</sup>**

Performance measures	Unit of measure	2011–12 actual	2011–12 budget	2010–11 actual
<b>Statutory expenditure target</b>				
Sporting bodies	per cent	30%	30%	30%
Health promotion <sup>(iii)</sup>	per cent	48%	47%	48%
<b>Board policy budget targets</b>				
Research and evaluation <sup>(iii)</sup>	per cent	19%	16%	18%
Tobacco	per cent	14%	14%	14%

Notes:

- (i) Percentage figures are calculated as grant expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2011–12 financial year our appropriation was \$34,829,000.
- (ii) Spend against statutory expenditure targets is not exclusive of spend against Board policy targets. Expenditure on ‘health promotion’ in this instance is defined as total grant payments less grant monies issued to sporting bodies. It includes research and evaluation payments and payments made directly towards tobacco issues.
- (iii) The research figure includes 20 per cent of our major grant to QUIT which is disclosed under our tobacco target and also allocated to research and evaluation activity. In dollar terms this equates to \$825,000 for the financial reporting period. Please note that in the Annual Report of Operations for the 2010–11 financial year, the figure of 20 per cent which reflects this methodology is noted in footnote 3 of Table 1.

Our operating performance against budget is summarised in Table 2.

**Table 2: Operational performance against budget**

	<b>2011–12 actual \$000</b>	<b>2011–12 budget \$000</b>
Total revenue	41,101	35,683
Total expenses	38,259	36,155
Operating surplus / (deficit)	2,842	(472)

Revenue exceeded budget by \$5.4 million due to special funding for specific programs for SunSmart, Secondary Alcohol Supply, National Survey of Community Attitudes to Violence Against Women, UV and tobacco. Funding for the latter three programs was received in late 2011–12 consequently, these funds were largely unspent as at 30 June, but the programs will be delivered in 2012–13. Expenditure was \$2.1 million higher than budget, due to the delivery of programs as SunSmart and Secondary Alcohol Supply programs. General operating expenditure was consistent with the budget. The operating surplus of \$2.8 million is attributed to the receipt of unbudgeted funding in late 2011–12 as outlined above and will be spent on program delivery next year.

# Performance against Strategic Framework

## The Victorian Health Promotion Foundation Strategic Framework 2009–13

Priorities for focus					
Reducing smoking	Improving nutrition	Reducing harm from alcohol	Increasing physical activity	Increasing social and economic participation	Reducing harm from UV exposure
Key result areas					
<b>KRA 1 Health inequalities</b> 1.1 Improve the physical and mental health of those experiencing social, economic or geographic disadvantage. 1.2 Contribute to closing the health gap between Indigenous and non-Indigenous Victorians.		<b>KRA 2 Participation</b> 2.1 Increase participation in physical activity. 2.2 Increase opportunities for social connection. 2.3 Reduce race-based discrimination and promote diversity. 2.4 Prevent violence against women by increasing participation in respectful relationships. 2.5 Build knowledge to increase access to economic resources.		<b>KRA 3 Nutrition, tobacco, alcohol and UV</b> 3.1 Create environments that improve health. 3.2 Increase optimal nutrition. 3.3 Reduce tobacco use. 3.4 Reduce harm from alcohol. 3.5 Reduce harmful UV exposure.	
Our approach					
To lead the development and implementation of innovative ways to promote health through partnering, advocacy and capacity building.					
Key result areas					
<b>KRA 4 Knowledge</b> 4.1 Produce, synthesise and translate practical health promotion knowledge. 4.2 Evaluate health promotion practice.		<b>KRA 5 Communications</b> 5.1 Develop, implement and evaluate marketing and communications approaches to improve health. 5.2 Develop evidence on effective social marketing. 5.3 Provide accurate, credible and timely information to stakeholders on health promotion issues.		<b>KRA 6 Business operations</b> 6.1 Ensure effective business and risk processes and systems. 6.2 Develop high-performing people in a healthy and sustainable work environment. 6.3 Operate transparently and with accountability.	

The financial year 2011–12 was the third year of operation of VicHealth's four-year strategic framework and business plan.

Our performance across the new strategic framework and a comparison to last year is summarised within this section. Full details of financial performance are provided in the audited financial statements at the back of this annual report.

## 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.

Our state government appropriated revenue of \$27,504,000 was expended in grant payments in 2011–12 across all of our strategic objectives, as summarised in Table 3.

**Table 3: Summary of grant payments made<sup>(i)</sup>**

Strategic objective	2011–12 No. of grants	2011–12 payments \$000	2010–11 No. of grants	2010–11 payments \$000
<b>KRA 1: Health inequalities</b>				
1.1 Improve the physical and mental health of those experiencing social, economic or geographic disadvantage.	11	1,154	13	974
1.2 Contribute to closing the health gap between Indigenous and non-Indigenous Victorians.	15	917	13	1,197
<b>KRA 2: Participation</b>				
2.1 Increase participation in physical activity .	611	8,074	609	8,896
2.2 Increase opportunities for social connection.	18	868	27	1,244
2.3 Reduce race-based discrimination and promote diversity.	17	1,388	34	1,879
2.4 Prevent violence against women by increasing participation in respectful relationships.	24	1,256	20	1,033
2.5 Build knowledge to increase access to economic resources.	7	231	15	618
<b>KRA 3: Nutrition, tobacco, alcohol and UV</b>				
3.1 Create environments that improve health.	23	2,484	6	946
3.2 Increase optimal nutrition.	4	333	11	721
3.3 Reduce tobacco use.	7	4,681	4	4,926
3.4 Reduce harm from alcohol.	16	1,771	17	1,303
3.5 Reduce harmful UV exposure.	1	1,501	1	1,500
<b>KRA 4: Knowledge</b>				
4.1 Produce, synthesise and translate practical health promotion knowledge.	47	1,431	25	1,981
4.2 Evaluate health promotion practice.	1	16	1	36
<b>TOTALS</b>	<b>802</b>	<b>26,104</b>	<b>798</b>	<b>27,255</b>

Notes:

- (i) In addition to the \$26,104,000 paid out in grants from government appropriation, VicHealth also issued grants totalling \$625,000 from other revenue sources.

## Significant grant expenditure

Significant project expenditure is defined as:

- any grant funding round where payments to successful bodies total \$300,000 or more during the financial reporting period, or
- single projects where payments to the organisation total \$300,000 or more during the financial reporting period.

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

**Table 4: Funding rounds with payments totalling \$300,000 or more during the reporting period**

Funding round	Number of organisations receiving payments	2011–12 payments \$000
Active Club Grants	524	\$952
Arts About Us	18	\$608
Healthy Sporting Environments	17	\$1,045
Innovations Research	11	\$769
Localities Embracing and Accepting Diversity (LEAD)	7	\$745
Localities Enhancing Arts Participation (LEAP)	5	\$475
Local Government Physical Activity (BE ACTIVE)	9	\$797
State and Regional Grants program – Regional Sports Assembly	20	\$1,173
State Sporting Association Participation Program 2011–2014	76	\$4,154

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

**Table 5: Organisations receiving grant payments totalling \$300,000 or more during the reporting period**

Organisation name	Project name	2011–12 payments \$000
AFL Victoria Ltd	Alcohol Cultural Change Project	\$500
Australian Drug Foundation	Good Sports program	\$400
Cancer Council Victoria	Quit Victoria – Tobacco Control Unit	\$4,126
Cancer Council Victoria	Quit Social Marketing	\$341
Cancer Council Victoria	SunSmart Program	\$1,501
Deloitte Access Economics Pty Ltd	State Sporting Association Participation Program Evaluation	\$400
Leisure Networks	Healthy Sporting Environments Demonstration Project	\$653
Monash City Council	Preventing Violence Against Women Respect, Responsibility and Equality program	\$300
The University of Melbourne	The McCaughey Centre core funding	\$700
The University of Melbourne	Onemda VicHealth Koori Health Unit	\$480
Victoria Walks Inc	Victoria Walks	\$400

## Strategic priorities

The proportion of grant funding in 2011–12 targeting each of VicHealth’s strategic priorities is provided in Table 6.

**Table 6: Allocation of grant expenditure across strategic priorities<sup>(i)</sup>**

Strategic priority	2011–12 allocation	2010–11 allocation
Reducing smoking <sup>(ii)</sup>	20%	20%
Improving nutrition	4%	5%
Reducing harm from alcohol <sup>(iii)</sup>	14%	7%
Increasing physical activity <sup>(iii)</sup>	25%	35%
Increasing social and economic participation <sup>(iii)</sup>	31%	27%
Reducing harm from UV exposure	6%	6%

Notes:

- (i) Percentages are used to provide a relative indicator of investment across strategic priorities. The percentages are a proportion of grant payments from appropriated revenue expended on each priority.
- (ii) This 20 per cent figure against reducing smoking is different to the 14 per cent figure against the tobacco target spend reported in Table 1. This is due to the fact that the Table 1 tobacco target is calculated as a proportion of our total appropriation (\$34,829,223). This figure in Table 5 is calculated as a proportion of grants payments from appropriation (\$26,104,000).
- Spend against the tobacco target in Table 1 includes money spent directly on tobacco issues only. Some of our other investments include a partial focus on interventions to reduce smoking. The calculation in Table 5 recognises this spend.
- (iii) The variance in allocation to alcohol, physical activity and social and economic participation is due to a change in design of significant programs in the sport setting. Traditionally programs in this area have been predominantly focused on increasing physical activity. This financial year the focus has been to integrate measures to reduce harm from alcohol and create more inclusive healthy sporting environments.

## Target populations

Fifty-five per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining 45 per cent was targeted at one or more of our target populations as summarised in Table 7.

**Table 7: Allocation of grant expenditure across target population groups<sup>(i)</sup>**

Target population	2011–12 allocation	2010–11 allocation
Whole-of-population approach	55%	55%
Low socioeconomic status	12%	10%
Indigenous	11%	10%
Geographic disadvantage	5%	5%
New-arrival communities	5%	7%
People with disabilities	6%	5%
Children	7%	8%

Notes:

- (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 Table 8.

**Table 8: Allocation of grant expenditure across settings<sup>(i)</sup>**

Setting	2011–12 allocation	2010–11 allocation
Arts	3%	5%
Community	27%	27%
Education	1%	1%
Information technology	1%	0%
Local government	9%	7%
Media	1%	1%
Sports	37%	36%
Workplace	7%	7%
Academic	14%	15%

Notes:

- (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.

## Workforce development

VicHealth's strategic plan indicates that our mission is to build the capacities of organisations and communities as well as the skills of individuals to improve health.

VicHealth contributed to increasing the health promotion knowledge and practice of workers from sectors such as local government, education, justice, health, sports, arts and community, through the design and delivery of short course training. Each two-day short course aims to increase the skills and capacity of workers to integrate successful health promotion activity into their work. This results in improved service delivery.

Through VicHealth's capacity-building program we aim to:

- improve methods of knowledge translation arising from our investments
- provide practical assistance and tools to support required policy and practice reform
- improve the quality of cross sector activity, including that of organisations funded by VicHealth
- build ambassadors and champions of health promotion across government departments, regions and diverse sectors.

Table 9 indicates the variety of short courses which were provided during 2011–2012. Evaluations of these courses have indicated that sustainability of learnings will be maximised through improved alignment of courses for workers and their managers. Demands for the development of courses in new health areas and settings such as nutrition and workplaces will form the plan for the next 12 months.

**Table 9: Short course training provided**

Short course	2011–12 Number of courses held	2011–12 Total number of participants	2010–11 Number of courses held	2010–11 Total number of participants
Participation for Health	4	98	16	256
Preventing Violence Against Women	3	75	3	62
Reducing Race-based Discrimination and Supporting Diversity for Health	2	43	0	0
Participation for Health Senior Manager/CEO Masterclass	1	20	1	28
Preventing Violence Against Women Executive Masterclass	1	28	0	0
Healthier Sporting Environments	8	131	0	0

## Five-year financial summary (\$'000)

	2012	2011	2010	2009	2008
Revenue from government	40,657	35,381	32,749	31,744	30,850
Total income from transactions	41,101	35,756	34,511	35,052	32,701
Total expenses from transactions	38,259	37,627	(33,482)	(35,838)	(30,196)
Net result for the period	2,842	(1,871)	1,029	(786)	2,532
Total assets	11,871	6,308	7,235	8,056	6,958
Total liabilities	6,269	3,548	2,604	4,455	2,571
Total Equity	5,602	2,760	4,631	3,601	4,387

### Major changes affecting performance

Revenue has increased by \$5.3 million to \$41.1 million due to receipt of funding outside VicHealth's core funding to deliver specific programs for SunSmart, Secondary Alcohol Supply, National Survey of Community Attitudes to Violence Against Women, Cancer Prevention Initiatives and Tobacco Social Marketing Campaigns. Expenditure on program delivery and operating costs of \$38.3 million has increased slightly from the prior year reflecting the expenditure on delivery of the previously mentioned projects, although around \$3.4 million of this funding is anticipated to be spent in future years, thus the key contributing factor to the operating surplus of \$2.8 million. This operating surplus is in contrast to the \$1.9 million operating deficit from 2010–11.

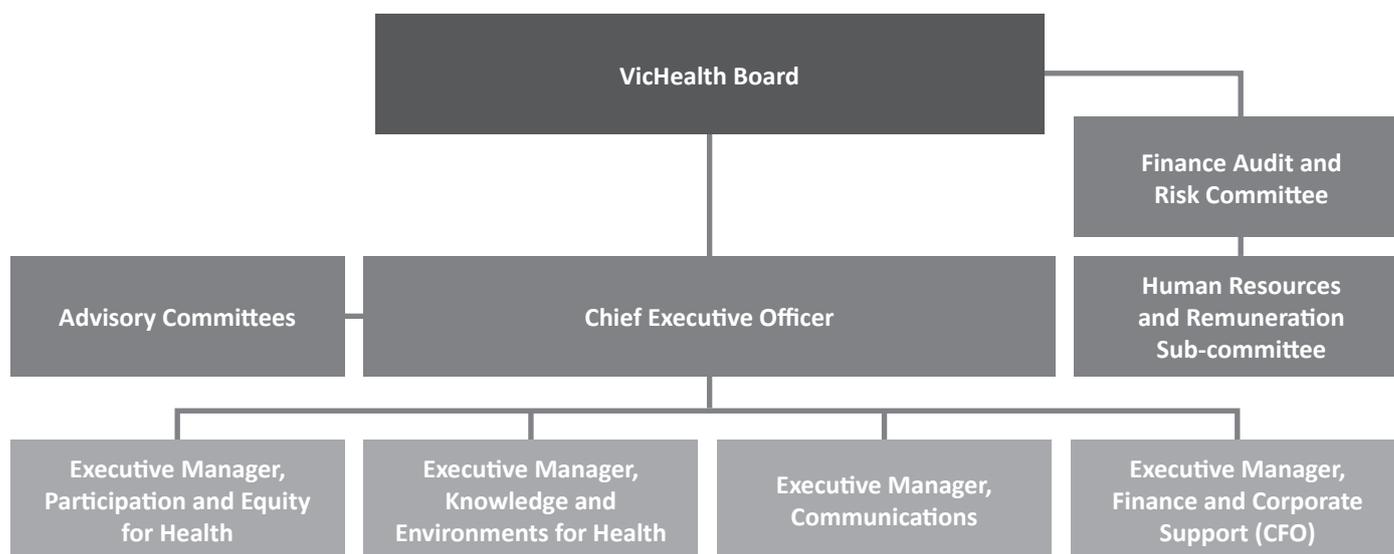
VicHealth's assets are \$11.9 million, comprising mostly of bank balances (\$10.5 million), rising by \$6.3 million which is predominately a result of the receipt of special funding in late 2011–12 which will be expended in future years and an increase in creditors balances as outlined below. Total liabilities amounted to \$6.3 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. Grants payable were \$4.6 million. The increase compared to last year is mostly attributable to timing of grant submissions and payments, which were paid to grant recipients in early July.

### Subsequent events

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

## Section 2: Governance and organisational structure

### VicHealth organisational structure



### VicHealth Board

The Board members during the year were:

#### Ms Jane Fenton AM – Chair

Ms Fenton AM is the founder and chair of Fenton Strategic Communications, which she founded in 1987. She has held the position of Board Chairperson since 2006 and is being appointed as Chairperson for a final one year period, to provide continuity for the new Board. Ms Fenton has served on the VicHealth Board since 1999. She has more than 25 years experience providing strategic communications advice to clients across a range of sectors including professional services, health, government and not-for-profit.

#### Mr Mark Birrell – Deputy 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. Mark is the Chairman of the Port of Melbourne Corporation. Among his other roles, Mr Birrell is Deputy President of the Victorian Employers Chamber of Commerce and Industry.

### Professor John Catford

Professor Catford is the Deputy Vice-Chancellor and Vice-President (Academic) and Professor of Health Development at Deakin University. Professor Catford has a strong history in health promotion and disease prevention. From 1998 to 2002 he was the Chief Health Officer and Executive Director of Public Health for the Victorian Government. During 1994 and 1995 he worked for the World Health Organization as Health Policy and Public Health Adviser to health ministers in Central and Eastern Europe. He 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 recent 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**

Ms Duarte is the General Manager, Indigenous and Multi-cultural Employments Programs with AFL Sportsready, a position she has held since 2009. She has been involved with the sporting industry for many years as an elite athlete competing at a national level. Ms Duarte is an ambassador for *beyondblue* and a Director for the National Aboriginal Sporting Chance Academy (NASCA) which is committed to improving participation in sport. Ms Duarte has served on VicHealth's Board since 2001 where she has played a leading role in progressing Indigenous health and discrimination in a sports setting.

**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 (resigned 2 April 2012)**

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 also a former AFL Director (1990-93) and President of Footscray Football Club (1989-96).

**Professor Margaret Hamilton AO**

Professor Hamilton has over thirty-five 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 Vice-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 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**

Professor Rentschler is Foundation Professor in Arts and Entertainment Management at Deakin University and is the Director of Deakin University's External Research Program. Professor Rentschler is the Deputy Chair of the board of Multicultural Arts Victoria and has published widely including: Cultural and Entertainment Industries Handbook, Shaping Culture (in English and translated into Chinese), Innovative Arts Marketing, The Entrepreneurial Arts Leader, Museum Marketing in a Global Marketplace and Reflections on ANZAC Day. One of her key research interests is arts governance.

The three Members of Parliament appointed to the Board are:

**Neil Angus MLA**

Neil 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, Neil was a chartered accountant in public practice for over twenty five years, specialising in audit and investigations. Neil 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. Neil is married and has four children.

**Tim Bull MLA**

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. He lives in Bairnsdale with his family and three children where they enjoy an active lifestyle.

**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 CFA 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.

## Advisory Committees

VicHealth's Advisory Committees advise the CEO on a range of health promotion areas. The members comprise subject matter experts from VicHealth, its Board and external organisations. These committees are the:

- Victorian Indigenous Health Advisory Committee
- Social Connection Advisory Committee
- Physical Activity Advisory Committee
- Race-based Discrimination and Supporting Diversity Advisory Committee
- Preventing Violence Against Women Advisory Committee
- Economic Resources and Workplace Health Advisory Committee
- Alcohol Strategy Advisory Committee
- Knowledge Advisory Committee

## Finance, Audit and Risk Committee

During the reporting period, the Finance Audit and Risk committee consisted of the following members:

Mr Leigh Johns (Independent) – Chair  
 Mr Neil Angus MLA  
 Mr Tim Bull MLA  
 Ms Jane Fenton AM  
 Ms Sally Freeman (Independent)  
 Mr Peter Gordon (resigned 2 April 2012)  
 Ms Danielle Green MLA  
 Mr Peter Moloney (Independent)  
 Mr Jeremy Nott (Independent)  
 Ms Carol Pagnon (Independent, resigned 28 March 2012)  
 Mr John Thomson (Independent)

## Human Resources and Remuneration Sub-committee

Ms Jane Fenton AM  
 Mr David Saunders (Independent)

## Executive Management

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

### *Chief Executive Officer*

Associate Professor John Fitzgerald (Acting) – 1 July 2011 to 16 October 2011

Ms Jerril Rechter – 17 October 2011 to 30 June 2012

### *Executive Manager, Participation and Health Inequalities*

Ms Irene Verins (Acting) – 1 July 2011 to 2 October 2011

Ms Lyn Walker – 3 October 2011 to 30 June 2012

### *Executive Manager, Knowledge and Environments for Health*

Ms Jeanette Pope (Acting) – 1 July 2011 to 30 September 2011

Mr Brian Vandenberg (Acting) – 1 October 2011 to 13 May 2012

Dr Bruce Bolam – 14 May 2012 to 30 June 2012

### *Executive Manager, Communications*

Ms Kerry Grenfell

### *Executive Manager, Finance and Corporate Support; Chief Finance and Accounting Officer (CFAO)*

Mr Randall Kent (Acting Chief Finance and Accounting Officer) – 1 July 2011 to 1 April 2012

Mr Nick Boyle (Acting Executive Manager, Corporate Support) – 1 July 2011 to 1 April 2012

Mr Dale Mitchell – 2 April 2012 to 30 June 2012

## 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 2011–12 financial year is summarised in Table 10.

**Table 10: Performance against OHS management measures**

Measure	Indicator	2011–12	2010–11
Incidents	No. of incidents	3	2
Claims	No. of standard claims	1	1
	No. of lost time claims	0	0
	No. of claims exceeding 13 weeks	0	1
Claim costs	Average cost per standard claim <sup>(i)</sup>	\$80	\$592

Notes:

- (i) Average cost per claim includes medical expenses only and does not include salary nor wages.

### Equity and diversity principles

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

### Young people

The Youth Employment Scheme (YES) is a Victorian Government initiative to enable young people to enter the workforce, acquire skills and capabilities and build sustainable careers. In 2011–12, we employed one YES scheme trainee during the financial year.

### 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, redeployment and managing diversity.

## Workforce data as at 30 June 2012

	Headcount			Full-time equivalent (FTE)		
	<i>Females</i>	<i>Males</i>	<i>Total</i>	<i>Females</i>	<i>Males</i>	<i>Total</i>
<b>Total staff</b>	49	23	72	41.7	22.8	64.5

### Age groups

	Headcount		
	<i>Females</i>	<i>Males</i>	<i>Total</i>
Up to 19 years			
20 – 24	3	1	4
25 – 29	9	6	15
30 – 34	7	5	12
35 – 39	4	3	7
40 – 44	9	6	15
45 – 49	5	0	5
50 – 54	7	1	8
55 – 59	5	0	5
60 – 64	0	1	1
65 +	0	0	0

### Base salary groups <sup>(i)</sup>

	Headcount		
	<i>Females</i>	<i>Males</i>	<i>Total</i>
Up to \$20,000	0	0	0
\$20,001 to \$29,999	0	0	0
\$30,000 to \$39,999	0	0	0
\$40,000 to \$49,999	3	0	3
\$50,000 to \$59,999	5	1	6
\$60,000 to \$69,999	7	3	10
\$70,000 to \$79,999	12	7	19
\$80,000 to \$89,999	6	2	8
\$90,000 to \$99,999	1	2	3
\$100,000 +	15	8	23

Notes:

(i) Salary depicted as full-time annualised salary.

## Executive Officer data

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

**Table 11: Breakdown of executive officers**

	<i>Male</i>	<i>Female</i>	<i>Vacancies</i>
<i>Class</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
EO	<b>2</b>	<b>3</b>	<b>0</b>
<b>Total</b>	<b>2</b>	<b>3</b>	<b>0</b>

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 12: Reconciliation of executive numbers**

		<b>2011–12</b>
	Executives with remuneration over \$100,000	4
<i>Add</i>	Vacancies (Table 9)	0
	Executives employed with total remuneration below \$100,000	0
	Accountable Officer (CEO)	1
<i>Less</i>	Separations	0
	<b>Total executive numbers at 30 June</b>	<b>5</b>

## Section 4: Other disclosures

### Consultancies

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

Consultant	Purpose of consultancy	Total approved project fee 2011–12 \$000 (excluding GST)	Actual Expenditure 2011–12 \$000 (excluding GST)	Future Expenditure <sup>(i)</sup> \$000 (excluding GST)
Horsburgh Consulting Services	Risk and Governance review and improvement	\$75	\$57	\$0
Kriss Will Consulting Pty Ltd	Specialist Human Resources and Industrial Relations advice and assistance	\$21	\$21	\$0
Arnold Bloch Leiber	Legal services	\$43	\$43	\$0
Ernst & Young	Internal audit services	\$85	\$88	\$0

#### Notes:

- (i) Ernst & Young ended a six-year contract as VicHealth's internal auditor on 30 June 2012. A new internal audit contract with Pitcher Partners started in operation on 1 July 2012.

While it is possible that Kriss Will Consulting Pty Ltd and Arnold Bloch Leiber will be utilised in the future, no expenditure has yet been confirmed so the future expenditure has been reported as \$0.

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

In 2011–12, the total for the 16 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000, was \$72,498. All figures are excluding GST.

#### Disclosure of major contracts

VicHealth entered into one contract greater than \$10 million during the financial reporting period.

That contract is a renewal of our four-year grant provided to the Cancer Council Victoria's Tobacco Control Unit for the Quit program as part of our 12 per cent annual budgetary commitment to resolving harm from tobacco. The total value of the contract is \$19,700,000. The contract was finalised following a significant formal review of performance and a reprioritisation of focus for the next four years. Contract payments commenced in January 2012.

## Disclosure of ex-gratia payments

Ex-gratia payments during the reporting period were:

- 2011–12 \$107,166
- 2010–11 \$0

## 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 2012, VicHealth received no applications.

## Compliance with *Whistleblowers Protection Act 2001*

The *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.

## 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 \$1m or more in rural Victoria.

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

Subsequent to an audit of environmental performance in the 2010-11 financial year, a number of initiatives to reduce energy, paper and waste were implemented in the 2011–12 financial year. An audit of performance against baseline data will be conducted in the early part of the 2012–13 financial year.

VicHealth operates in a mixed tenant facility and is currently working with the landlord to identify additional opportunities to improve the environmental performance of the overall building, including greener air conditioning technology.

## 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 the Victorian Health Promotion Foundation and is available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements).

For further information please contact:

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

## **Attestation of compliance with 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) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Finance Audit and Risk Committee reviews this framework and confirms that the risk profile of the Victorian Health Promotion Foundation has been critically reviewed within the last 12 months.



**Mr Mark Birrell**  
Chair of the Board

*22 August 2012*

### **Attestation on data integrity**

I, Jerril Rechter, certify that VicHealth has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. VicHealth has critically reviewed these controls and processes during the year. VicHealth has met all the requirements of 3.4.13 Information Collection and Management, Standing Directions under the *Financial Management Act* except for certain requirements relating to non-financial data. VicHealth is developing an action plan in 2012–13 to address areas of non-compliance.



**Ms Jerril Rechter**

Accountable Officer and Chief Executive Officer

22 August 2012

## 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.

Legislation	Requirement	Page reference
<b>Ministerial Directions</b>		
Report of operations – FRD Guidance		
<b>Charter and purpose</b>		
FRD 22C	Manner of establishment and the relevant Ministers	Page 5
FRD 22C	Objectives, functions, powers and duties	Page 5
FRD 22C	Nature and range of services provided	Page 5
<b>Management and structure</b>		
FRD 22C	Organisational structure	Page 20
<b>Financial and other information</b>		
FRD 10	Disclosure index	Page 31
FRD 12A	Disclosure of major contracts	Page 27
FRD 15B	Executive officer disclosures	Page 26, 76
FRD 22C, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	Pages 11, 12
FRD 22C	Employment and conduct principles	Page 24
FRD 22C	Occupational health and safety policy	Page 24
FRD 22C	Summary of the financial results for the year	Page 19
FRD 22C	Significant changes in financial position during the year	Page 19
FRD 22C	Major changes or factors affecting performance	Page 19
FRD 22C	Subsequent events	Page 19
FRD 22C	Application and operation of <i>Freedom of Information Act 1982</i>	Page 28
FRD 22C	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 28
FRD 22C	Statement on National Competition Policy	Page 28
FRD 22C	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	Page 28
FRD 22C	Details of consultancies over \$10,000	Page 27
FRD 22C	Details of consultancies under \$10,000	Page 27
FRD 22C	Statement of availability of other information	Page 28
FRD 24C	Reporting of office-based environmental impacts	Page 28
FRD 11	Ex-gratia payments	Page 28

Legislation	Requirement	Page reference
<b>Ministerial Directions</b>		
<b>Report of operations – FRD Guidance</b>		
FRD 25	Victorian Industry Participation Policy disclosures	Page 28
FRD 29	Workforce Data disclosures	Page 24
SD 4.5.5	Risk management compliance attestation	Page 29
SD 4.2(g)	General information requirements	Page 28
SD 4.2(j)	Sign-off requirements	Page 2
SD 3.4.13	Attestation on data integrity	Page 30
<b>Financial statements</b>		
<b>Financial statements required under Part 7 of the FMA</b>		
SD 4.2(a)	Statement of changes in equity	Page 41
SD 4.2(b)	Operating statement	Page 39
SD 4.2(b)	Balance sheet	Page 40
SD 4.2(b)	Cash flow statement	Page 42
<b>Other requirements under Standing Direction 4.2</b>		
SD 4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 36
SD 4.2(a)	Statement of compliance	Page 44
SD 4.2(d)	Rounding of amounts	Page 53
SD 4.2(c)	Accountable Officer's declaration	Page 36
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 9A	Departmental disclosure of administered assets and liabilities	n/a
FRD 11	Disclosure of ex gratia payments	Page 28
FRD 13	Disclosure of parliamentary appropriations	Page 39
FRD 21A	Responsible person and executive officer disclosures	Page 74, 76
FRD 102	Inventories	n/a
FRD 103D	Non-current physical assets	Page 40
FRD 104	Foreign currency	n/a
FRD 106	Impairment of assets	Page 48, 49
FRD 109	Intangible assets	Page 40
FRD 107	Investment properties	n/a
FRD 110	Cash flow statements	Page 42

<b>Legislation</b>	<b>Requirement</b>	<b>Page reference</b>
<b>Ministerial Directions</b>		
<b>Financial statements</b>		
FRD 112A	Defined benefit superannuation obligations	Page 66
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	n/a
FRD 114A	Financial Instruments	Page 67
FRD 119	Contributions by owners	Page 52
<b>Legislation</b>		
<i>Freedom of Information Act 1982</i>		Page 28
<i>Building Act 1983</i>		Page 28
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<i>Financial Management Act 1994</i>		Page 36, 44

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# Financial Statements

Victorian Health Promotion Foundation

**2011–12**

## 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 statements and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2012 and financial position of VicHealth at 30 June 2012.

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 22 August 2012



**Mr Mark Birrell**  
Chair of the Board

Melbourne  
22 August 2012



**Ms Jerril Rechter**  
Accountable Officer

Melbourne  
22 August 2012



**Mr Dale Mitchell**  
Chief Finance and Accounting  
Officer

Melbourne  
22 August 2012

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

The accompanying financial report for the year ended 30 June 2012 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 2012 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 2012 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.

MELBOURNE  
22 August 2012

  
For D D R Pearson  
Auditor-General

## Comprehensive operating statement for the year ended 30 June 2012

	<i>Notes</i>	2012 (\$'000)	2011 (\$'000)
<b>Income from transactions</b>			
General appropriations		34,829	33,778
Special appropriations		4,093	1,000
Grants and other income transfers	2(b)	1,735	603
Interest income	2(a)	334	321
Other income		110	51
<b>Total income</b>		<b>41,101</b>	<b>35,753</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	6,670	5,581
Depreciation and amortisation	3(b)	130	342
Grants and other expense transfers	3(c)	29,122	29,441
Other operating expenses	3(d)	2,337	2,264
<b>Total expenses</b>		<b>38,259</b>	<b>37,628</b>
<b>Net result for the year</b>		<b>2,842</b>	<b>(1,875)</b>
<b>Other comprehensive income</b>			
Profit/(loss) on disposal of plant and equipment	2(c)	-	4
<b>Comprehensive result for the year</b>		<b>2,842</b>	<b>(1,871)</b>

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

## Balance sheet as at 30 June 2012

	<i>Notes</i>	2012 (\$'000)	2011 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	10,501	5,145
Receivables	5	1,172	835
Prepayments		8	3
<b>Total current assets</b>		<b>11,681</b>	<b>5,983</b>
<b>Non-current assets</b>			
Property, plant and equipment	6.1, 6.2	62	107
Intangible assets	7	128	218
<b>Total non-current assets</b>		<b>190</b>	<b>325</b>
<b>Total assets</b>		<b>11,871</b>	<b>6,308</b>
<b>Current liabilities</b>			
Payables	8	5,476	2,993
Provisions: Employee benefits	9	713	467
<b>Total current liabilities</b>		<b>6,189</b>	<b>3,460</b>
<b>Non-current liabilities</b>			
Provisions: Employee benefits	9	80	88
<b>Total non-current liabilities</b>		<b>80</b>	<b>88</b>
<b>Total liabilities</b>		<b>6,269</b>	<b>3,548</b>
<b>Net assets</b>		<b>5,602</b>	<b>2,760</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		5,602	2,760
<b>Total equity</b>		<b>5,602</b>	<b>2,760</b>

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

## Statement of changes in equity for the year ended 30 June 2012

	<i>Equity at 1 July 2011 (\$'000)</i>	<i>Transfer of reserves (\$'000)</i>	<i>Total Comprehensive result (\$'000)</i>	<i>Equity at 30 June 2012 (\$'000)</i>
<b>2012</b>				
Accumulated surplus/(deficit)	2,760	-	2,842	5,602
Transfer from/(to) reserves	-	-	-	-
<b>Total accumulated surplus/(deficit)</b>	<b>2,760</b>	<b>-</b>	<b>2,842</b>	<b>5,602</b>
Reserves	-	-	-	-
Transfer (from)/to reserves	-	-	-	-
<b>Total reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>2,760</b>	<b>-</b>	<b>2,842</b>	<b>5,602</b>

	<i>Equity at 1 July 2010 (\$'000)</i>	<i>Transfer of reserves (\$'000)</i>	<i>Total Comprehensive result (\$'000)</i>	<i>Equity at 30 June 2011 (\$'000)</i>
<b>2011</b>				
Accumulated surplus/(deficit)	4,243	-	(1,871)	2,372
Transfer from/(to) reserves	-	388	-	388
<b>Total accumulated surplus/(deficit)</b>	<b>4,243</b>	<b>388</b>	<b>(1,871)</b>	<b>2,760</b>
Reserves	388	-	-	388
Transfer (from)/to reserves	-	(388)	-	(388)
<b>Total reserves</b>	<b>388</b>	<b>(388)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>4,631</b>	<b>-</b>	<b>(1,871)</b>	<b>2,760</b>

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

## Cash flow statement for the year ended 30 June 2012

	<i>Notes</i>	2012 (\$'000)	2011 (\$'000)
<b>Cash flow from operating activities</b>			
Receipts from Government		40,649	35,906
Receipts from other entities		110	63
Interest received		328	312
Goods and Services Tax (paid to)/refund from the ATO		2,786	3,771
<b>Total receipts</b>		<b>43,873</b>	<b>40,052</b>
<b>Payments</b>			
Payment of grants and other transfers		(31,898)	(34,280)
Payments to suppliers and employees		(6,586)	(6,038)
<b>Total payments</b>		<b>(38,484)</b>	<b>(40,318)</b>
<b>Net cash flow provided by/(used in) operating activities</b>	<b>14</b>	<b>5,389</b>	<b>(266)</b>
Payments for non-financial assets		(33)	(17)
Proceeds from disposal of non-financial assets		-	13
<b>Net cash flows provided by/(used in) investing activities</b>		<b>(33)</b>	<b>(4)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,356</b>	<b>(270)</b>
Cash and cash equivalents at the beginning of the year		5,145	5,415
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>10,501</b>	<b>5,145</b>

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

# Notes to the financial statements for the year ended 30 June 2012

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# Notes to the financial statements for the year ended 30 June 2012

## Note 1. Summary of significant accounting policies

### (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).

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 22 August 2012.

### (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, thereby ensuring 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 2012, and the comparative information presented in these financial statements for the year ended 30 June 2011.

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 for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- 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; and
- the fair value of assets 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(h));
- 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(i)).

# Notes to the financial statements for the year ended 30 June 2012

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

### (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; and
- (b) increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture; and
- (c) encourage healthy lifestyles in the community and support activities involving participation in healthy pursuits; and
- (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 (those expected to be recovered or settled beyond 12 months).

#### Statement of changes in equity

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

#### 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) Income from transactions

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as 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 specific and/or general purposes.

# Notes to the financial statements for the year ended 30 June 2012

## 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.

### Commonwealth grants

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.

## (f) 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; and
- 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 10.

### 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 plan provide benefits based on years of service and final average salary.

### Depreciation

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. 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.

# Notes to the financial statements for the year ended 30 June 2012

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

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

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

### Amortisation

Intangible assets with a cost in excess of \$2,000 are capitalised. Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, 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; and
- 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 5 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 contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

They include transactions such as: grants and payments 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 stationary.

#### *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.

# Notes to the financial statements for the year ended 30 June 2012

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

### *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. as to whether their carrying value exceeds their recoverable amount, and so require write downs) and whenever there is an indication that the asset may be impaired.

All other assets are assessed annually for indications of impairment, except for financial assets.

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

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

### **(g) Financial assets**

#### **Cash and deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those 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; and
- statutory receivables which is 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 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, and
- 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 classify 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.

# Notes to the financial statements for the year ended 30 June 2012

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

### 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*.

### (h) Non-financial Assets

#### Property, plant and equipment

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

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

#### Revaluations of non-current physical assets

Non-current physical assets are measured at fair value in accordance with *FRD 103D Non-current physical assets*.

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 103D, 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.

# Notes to the financial statements for the year ended 30 June 2012

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

### 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.

## (i) 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 cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows using a discount rate that reflects the time value of money and risks specific to the provision.

# Notes to the financial statements for the year ended 30 June 2012

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

### 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 and annual leave are expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits. These liabilities are classified as current liabilities and measured at their nominal values.

Those liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

#### (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 settle within 12 months; and
- nominal value – component that VicHealth expects to 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.

#### (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 compensation, salary continuance and superannuation are recognised together with provisions for employee benefits.

#### (j) 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 transfer substantially all the risks and rewards of ownership from the lessor to the lessee. All other leases are classified as operating leases.

# Notes to the financial statements for the year ended 30 June 2012

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

### 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 or form or the timing of payments.

In the event that lease incentives are received to enter into operating leases, the aggregate cost of incentives are 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 are 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.

## (k) 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.

## (l) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to note 11 and 12) 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.

## (m) 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 17) and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

## (n) Goods and Services Tax (GST)

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

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

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

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

# Notes to the financial statements for the year ended 30 June 2012

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

### (o) 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.

### (p) 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.

### (q) Comparative Information

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

- revenue and expenses in the comprehensive operating statement
- assets and liabilities in the balance sheet
- cash inflows and outflows in the cashflow statement
- expenditure categories in Note 3
- Note 5 separately disclosing contractual and statutory receivables
- Note 8 separately disclosing contractual and statutory payables

### (r) 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.

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 of 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 2012

## **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 2012

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

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

As at 30 June 2012, the following standards and interpretations had been issued by the AASB but were 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 public sector entity financial statements
AASB 9 <i>Financial instruments</i>	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 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i> ).	1 Jan 2013	Detail of impact is still being assessed.
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.

# Notes to the financial statements for the year ended 30 June 2012

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]</i>	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-2 <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i>	These consequential amendments are in relation to the introduction of AASB 9.	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2010-10 <i>Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009-11 &amp; AASB 2010-7]</i>	The amendments ultimately affect AASB 1 <i>First-time Adoption of Australian Accounting Standards</i> and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	1 Jan 2013	No significant impact is expected on entity reporting.

# Notes to the financial statements for the year ended 30 June 2012

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-2 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements</i> [AASB 101 & AASB 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-3 <i>Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	1 July 2012	This amendment provides clarification to users preparing the whole of government and general government sector financial reports on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on departmental or entity reporting.
AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> [AASB 124]	This Standard amends AASB 124 <i>Related Party Disclosures</i> by removing the disclosure requirements in AASB 124 in relation to individual key management personnel (KMP).	1 July 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-6 <i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements</i> [AASB 127, AASB 128 & AASB 131]	The objective of this Standard is to make amendments to AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 2011-7 <i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards</i> [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	This Standard outlines consequential changes arising from the issuance of the five 'new Standards' to other Standards. For example, references to AASB 127 <i>Consolidated and Separate Financial Statements</i> are amended to AASB 10 <i>Consolidated Financial Statements</i> or AASB 127 <i>Separate Financial Statements</i> , and references to AASB 131 <i>Interests in Joint Ventures</i> are deleted as that Standard has been superseded by AASB 11 and AASB 128 (August 2011).	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.

# Notes to the financial statements for the year ended 30 June 2012

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i> [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	This amending Standard makes consequential changes to a range of Standards and Interpretations arising from the issuance of AASB 13. In particular, this Standard replaces the existing definition and guidance of fair value measurements in other Australian Accounting Standards and Interpretations.	1 Jan 2013	Disclosures for fair value measurements using unobservable inputs is potentially onerous, and may increase disclosures for assets measured using depreciated replacement cost.
AASB 2011-9 <i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from this Standard is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). These amendments do not remove the option to present profit or loss and other comprehensive income in two statements, nor change the option to present items of OCI either before tax or net of tax.	1 July 2012	This amending Standard could change the current presentation of 'Other economic flows- other movements in equity' that will be grouped on the basis of whether they are potentially reclassifiable to profit or loss subsequently. No other significant impact will be expected.
AASB 2011-10 <i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)</i> [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]	This Standard makes consequential changes to a range of other Australian Accounting Standards and Interpretation arising from the issuance of AASB 119 <i>Employee Benefits</i> .	1 Jan 2013	No significant impact is expected from these consequential amendments on entity reporting.
AASB 2011-11 <i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	This Standard makes amendments to AASB 119 <i>Employee Benefits</i> (September 2011), to incorporate reduced disclosure requirements into the Standard for entities applying Tier 2 requirements in preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented in the Victorian public sector.

# Notes to the financial statements for the year ended 30 June 2012

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
<p>AASB 2011-12 <i>Amendments to Australian Accounting Standards arising from Interpretation 20</i> [AASB 1]</p>	<p>This Standard makes amendments to AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>, as a consequence of the issuance of IFRIC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>. This Standard allows the first-time adopters to apply the transitional provisions contained in Interpretation 20.</p>	1 Jan 2013	<p>There may be an impact for new agencies that adopt Australian Accounting Standards for the first time. No implication is expected for existing entities in the Victorian public sector.</p>
<p>2011-13 <i>Amendments to Australian Accounting Standard – Improvements to AASB 1049</i></p>	<p>This Standard aims to improve the AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i> at the operational level. The main amendments clarify a number of requirements in AASB 1049, including the amendment to allow disclosure of other measures of key fiscal aggregates as long as they are clearly distinguished from the key fiscal aggregates and do not detract from the the information required by AASB 1049. Furthermore, this Standard provides additional guidance and examples on the classification between ‘transactions’ and ‘other economic flows’ for GAAP items without GFS equivalents.</p>	1 July 2012	<p>No significant impact is expected from these consequential amendments on entity reporting.</p>
<p>2012-1 <i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements</i> [AASB 3, AASB 7, AASB 13, AASB 140 &amp; AASB 141]</p>	<p>This amending Standard prescribes the reduced disclosure requirements in a number of Australian Accounting Standards as a consequence of the issuance of AASB 13 <i>Fair Value Measurement</i>.</p>	1 July 2013	<p>As the Victorian whole of government and the general government (GG) sector are subject to Tier 1 reporting requirements (refer to AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>), the reduced disclosure requirements included in AASB 2012-1 will not affect the financial reporting for Victorian whole of government and GG sector.</p>

# Notes to the financial statements for the year ended 30 June 2012

## Note 2. Income from transactions

	2012 (\$'000)	2011 (\$'000)
<b>(a) Interest</b>		
Interest on Treasury deposits	134	49
Interest on bank deposits	200	272
<b>Total interest</b>	<b>334</b>	<b>321</b>
<b>(b) Grants and other income transfers</b>		
Commonwealth grants	1,442	160
Other grants	293	443
<b>Total grants and other income transfer</b>	<b>1,735</b>	<b>603</b>
<b>(c) Profit/(loss) on disposal of plant and equipment</b>		
Proceeds from disposal of plant and equipment	-	13
Written down value of plant and equipment	-	(9)
<b>Total profit/(loss) on disposal of plant and equipment</b>	<b>-</b>	<b>4</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 3. Expenses from transactions

	2012 (\$'000)	2011 (\$'000)
<b>(a) Employee expenses</b>		
Salaries, wages, and leave payments	5,859	4,840
Defined contribution superannuation expense	640	484
Defined benefits superannuation expense	6	7
Termination benefits	45	109
Other on-costs	120	141
<b>Total employee expenses</b>	<b>6,670</b>	<b>5,581</b>
<b>(b) Depreciation and amortisation</b>		
Depreciation		
Office equipment	22	19
Office furniture	4	8
Fixtures and fittings	7	76
Motor vehicles	8	10
<b>Total depreciation</b>	<b>41</b>	<b>113</b>
Amortisation – IT software	89	229
<b>Total depreciation and amortisation</b>	<b>130</b>	<b>342</b>
<b>(c) Grants and other expense transfers</b>		
General purpose grants	26,572	27,881
Project specific expenses	2,550	1,560
<b>Total grants and other expense transfers</b>	<b>29,122</b>	<b>29,441</b>
<b>(d) Other operating expenses</b>		
Personnel costs	497	623
Occupancy costs	607	495
Board and committee members fees	77	95
External audit fees (Victorian Auditor General's Office)	29	21
Internal audit fees	84	81
General administration	482	489
Information systems	561	461
<b>Total</b>	<b>2,337</b>	<b>2,264</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 4. Cash and cash equivalents

	2012 (\$'000)	2011 (\$'000)
Cash on hand	1	1
Cash at bank	415	4,110
Bank deposits at call	4,085	34
Treasury Corporation Victoria deposit at call	6,000	1,000
<b>Total cash and cash equivalents</b>	<b>10,501</b>	<b>5,145</b>

## Note 5. Receivables

	2012 (\$'000)	2011 (\$'000)
<b>Contractual</b>		
Trade debtors	139	59
Grants receivable	110	65
Accrued income	15	8
<b>Total contractual receivables</b>	<b>264</b>	<b>132</b>
<b>Statutory</b>		
GST credits receivable	908	703
<b>Total statutory receivables</b>	<b>908</b>	<b>703</b>
<b>Total receivables</b>	<b>1,172</b>	<b>835</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 6.1. Property, plant and equipment

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2012 (\$'000)	2011 (\$'000)	2012 (\$'000)	2011 (\$'000)	2012 (\$'000)	2011 (\$'000)
Office equipment	179	176	133	135	46	41
Office furniture	19	94	17	56	2	38
Fixtures and fittings	815	824	802	805	13	19
Motor vehicles	44	44	43	35	1	9
<b>Written down value</b>	<b>1,057</b>	<b>1,138</b>	<b>995</b>	<b>1,031</b>	<b>62</b>	<b>107</b>

## Note 6.2. Property, plant and equipment reconciliation

	2012 (\$'000)	2011 (\$'000)
<b>Fair value</b>		
Opening balance	1,138	1,140
Additions	32	17
Disposals	(13)	(19)
Reclassification (a)	(100)	-
<b>Fair value closing balance</b>	<b>1,057</b>	<b>1,138</b>
<b>Accumulated depreciation</b>		
Opening balance	1,031	928
Depreciation	41	113
Disposals	(13)	(10)
Reclassification (a)	(64)	-
<b>Accumulated depreciation closing balance</b>	<b>995</b>	<b>1,031</b>
<b>Written down value</b>	<b>62</b>	<b>107</b>

(a) Certain items of plant and equipment acquired in prior years were reclassified as operating expenses during 2011-12, as the initial acquisition cost was below the asset capitalisation threshold of \$2,000.

# Notes to the financial statements for the year ended 30 June 2012

## Note 7. Intangible assets

	2012 (\$'000)	2011 (\$'000)
<b>Cost</b>		
Opening balance	999	999
Additions	-	-
Disposals	-	-
<b>Cost closing balance</b>	<b>999</b>	<b>999</b>
<b>Accumulated amortisation</b>		
Opening balance	781	552
Amortisation expense	90	229
Disposals	-	-
<b>Accumulated amortisation closing balance</b>	<b>871</b>	<b>781</b>
<b>Written down value</b>	<b>128</b>	<b>218</b>

## Note 8. Payables

	2012 (\$'000)	2011 (\$'000)
<b>Contractual payables</b>		
Accrued wages and salaries	-	127
Grant payments accrued	4,617	2,289
Accrued expenses	181	76
Trade creditors	493	385
<b>Total contractual payables</b>	<b>5,291</b>	<b>2,877</b>
<b>Statutory payables</b>		
GST/PAYG payable	185	116
<b>Total statutory payables</b>	<b>185</b>	<b>116</b>
<b>Total payables</b>	<b>5,476</b>	<b>2,993</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 9. Provisions: Employee Benefits

	2012 (\$'000)	2011 (\$'000)
<b>Current provisions:</b>		
Annual leave	339	278
Long service leave	303	152
On-costs Annual leave	38	26
Long service leave	33	11
<b>Total current</b>	<b>713</b>	<b>467</b>
<b>Current employee benefits that are:</b>		
Expected to be utilised within 12 months	435	410
Expected to be utilised after 12 months	278	57
<b>Total</b>	<b>713</b>	<b>467</b>
<b>Non-current provisions</b>		
Long service leave	72	82
On-costs	8	6
<b>Total non-current provisions</b>	<b>80</b>	<b>88</b>
<b>Total provisions</b>	<b>793</b>	<b>555</b>
<b>Movement in employee benefits</b>		
Opening balance	555	582
Settlement made during the year	(538)	(434)
Provision made during the year	776	407
<b>Balance at end of year</b>	<b>793</b>	<b>555</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 10. Superannuation

	<i>Paid contribution for the year</i>	
	<i>2012 (\$'000)</i>	<i>2011 (\$'000)</i>
<b>Defined benefit plan</b>		
ESS Super New Scheme	7	7
<b>Total defined benefit plan</b>	<b>7</b>	<b>7</b>
<b>Defined contribution plan</b>		
Other	360	221
VicSuper	264	220
Hesta	59	42
<b>Total defined contribution plan</b>	<b>683</b>	<b>483</b>
<b>Total superannuation contributions</b>	<b>690</b>	<b>490</b>
	<i>Payable at the end of the year</i>	
	<i>2012 (\$'000)</i>	<i>2011 (\$'000)</i>
Superannuation contributions payable	-	23

## Note 11. Lease commitments

### Disclosures for lessees

#### Leasing arrangements

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

	<i>2012 (\$'000)</i>	<i>2011 (\$'000)</i>
	<b>Non-cancellable operating lease commitments</b>	
Not longer than one year	609	410
Longer than one year and not longer than five years	2,382	1,411
Longer than five years	2,449	1,639
<b>Total</b>	<b>5,440</b>	<b>3,460</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 12. 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 organisations meeting accountability requirements are:

	2012 (\$'000)	2011 (\$'000)
<b>Payable</b>		
Not longer than one year	20,190	17,280
Longer than one year and not longer than five years	26,671	16,410
Longer than five years	-	-
<b>Total</b>	<b>46,861</b>	<b>33,690</b>

## Note 13. Financial instruments

### (a) Financial risk management objectives and policies

VicHealth's principal financial instruments comprise of:

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

# Notes to the financial statements for the year ended 30 June 2012

**Table 13.1 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			
	2012 <i>Financial assets / liabilities</i> (\$'000)	2012 <i>Holding gain/ (loss)</i> (\$'000)	2011 <i>Financial assets / liabilities</i> (\$'000)	2011 <i>Holding gain/ (loss)</i> (\$'000)
<b>Financial assets</b>				
Cash and deposits	10,501	334	5,145	318
Loans and receivables (i)	264	-	132	-
<b>Total financial assets</b>	<b>10,765</b>	<b>334</b>	<b>5,277</b>	<b>318</b>
<b>Financial liabilities</b>				
Amortised cost (i)	5,291	-	2,877	-
<b>Total financial liabilities</b>	<b>5,291</b>	<b>-</b>	<b>2,877</b>	<b>-</b>

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).

## (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.

# Notes to the financial statements for the year ended 30 June 2012

**Table 13.2 Credit quality of contractual financial assets that are neither past due nor impaired**

	<i>Financial institutions (AAA Credit Rating) (\$'000)</i>	<i>Government Agencies (AAA Credit Rating) (\$'000)</i>	<i>Other (AA- credit rating) (\$'000)</i>	<i>Other (no credit rating) (\$'000)</i>	<b>Total (\$'000)</b>
<b>2012</b>					
Cash and cash equivalents	6,000	-	4,500	1	<b>10,501</b>
Contractual receivables	-	125	-	139	<b>264</b>
<b>Total</b>	<b>6,000</b>	<b>125</b>	<b>4,500</b>	<b>140</b>	<b>10,765</b>
<b>2011</b>					
Cash and cash equivalents	1,000	-	4,144	1	<b>5,145</b>
Contractual receivables	-	82	-	50	<b>132</b>
<b>Total</b>	<b>1,000</b>	<b>82</b>	<b>4,144</b>	<b>51</b>	<b>5,277</b>

**Table 13.3 Ageing analysis of contractual financial assets**

	<i>Carrying amount (\$'000)</i>	<i>Not past due and not impaired (\$'000)</i>	<b>Past due but not impaired</b>				<i>Impaired financial assets (\$'000)</i>
			<i>Less than 1 month (\$'000)</i>	<i>1-3 months (\$'000)</i>	<i>3 months to 1 year (\$'000)</i>	<i>1-5 years (\$'000)</i>	
<b>2012</b>							
Cash and cash equivalents	10,501	10,501	-	-	-	-	-
Contractual receivables	264	253	7	-	4	-	-
<b>Total</b>	<b>10,765</b>	<b>10,754</b>	<b>7</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b>2011</b>							
Cash and cash equivalents	5,145	5,145	-	-	-	-	-
Contractual receivables	132	23	85	10	14	-	-
<b>Total</b>	<b>5,277</b>	<b>5,168</b>	<b>85</b>	<b>10</b>	<b>14</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements for the year ended 30 June 2012

## (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; and
- 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. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

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

**Table 13.4 Maturity analysis of contractual financial liabilities**

	Carrying amount (\$'000)	Nominal amount (\$'000)	Past due but not impaired			
			Less than 1 month (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)
<b>2012</b>						
Contractual payables	5,291	5,291	5,249	18	24	-
<b>Total</b>	<b>5,291</b>	<b>5,291</b>	<b>5,249</b>	<b>18</b>	<b>24</b>	<b>-</b>
<b>2011</b>						
Contractual payables	2,877	2,877	2,795	32	50	-
<b>Total</b>	<b>2,877</b>	<b>2,877</b>	<b>2,795</b>	<b>32</b>	<b>50</b>	<b>-</b>

## (d) Market risk

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

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

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

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

# Notes to the financial statements for the year ended 30 June 2012

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

**Table 13.5 Interest rate exposure of financial assets and liabilities**

	<i>Weighted average interest rate %</i>	<i>Carrying amount (\$'000)</i>	Interest rate exposure		
			<i>Fixed interest rate (\$'000)</i>	<i>Variable interest rate (\$'000)</i>	<i>Non-interest bearing (\$'000)</i>
<b>2012</b>					
<b>Financial assets</b>					
Cash and deposits	3.7%	10,501	-	10,500	1
Contractual receivables	-	264	-	-	264
<b>Total financial assets</b>		<b>10,765</b>	<b>-</b>	<b>10,500</b>	<b>265</b>
<b>Financial liabilities</b>					
Contractual payables	-	5,291	-	-	5,291
<b>Total financial liabilities</b>		<b>5,291</b>	<b>-</b>	<b>-</b>	<b>5,291</b>
			Interest rate exposure		
	<i>Weighted average interest rate %</i>	<i>Carrying amount (\$'000)</i>	<i>Fixed interest rate (\$'000)</i>	<i>Variable interest rate (\$'000)</i>	<i>Non-interest bearing (\$'000)</i>
<b>2011</b>					
<b>Financial assets</b>					
Cash and deposits	2.2%	5,145	-	5,144	1
Contractual receivables	-	132	-	-	132
<b>Total financial assets</b>		<b>5,277</b>	<b>-</b>	<b>5,144</b>	<b>133</b>
<b>Financial liabilities</b>					
Contractual payables		2,877	-	-	2,877
<b>Total financial liabilities</b>		<b>2,877</b>	<b>-</b>	<b>-</b>	<b>2,877</b>

# Notes to the financial statements for the year ended 30 June 2012

## (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 movements are 'reasonably possible' over the next 12 months:

A parallel shift of +1% and -1% in market interest rates (AUD). The table above 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 above movements were to occur.

VicHealth's sensitivity to interest rate risk is outlined in the following table:

**Table 13.6 Interest risk exposure – sensitivity analysis**

		-100 basis points	+100 basis points
	<i>Carrying amount (\$'000)</i>	<i>Net result (\$'000)</i>	<i>Net result (\$'000)</i>
<b>2012</b>			
<b>Financial assets</b>			
Cash and cash deposits	10,501	(101)	101
Receivables	264	-	-
<b>Total financial assets</b>	<b>10,765</b>	<b>(101)</b>	<b>101</b>
<b>Financial liabilities</b>			
Payables	5,291	-	-
<b>Total financial liabilities</b>	<b>5,291</b>	<b>-</b>	<b>-</b>
<b>2011</b>			
<b>Financial assets</b>			
Cash and cash deposits	5,145	(51)	51
Receivables	132	-	-
<b>Total financial assets</b>	<b>5,277</b>	<b>(51)</b>	<b>51</b>
<b>Financial liabilities</b>			
Payables	2,877	-	-
<b>Total financial liabilities</b>	<b>2,877</b>	<b>-</b>	<b>-</b>

# Notes to the financial statements for the year ended 30 June 2012

## (f) Fair value

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

## Note 14. Reconciliation of net result for the period to net cash flows from operating activities

	2012 (\$'000)	2011 (\$'000)
<b>Net result for the period</b>	<b>2,842</b>	<b>(1,871)</b>
<b>Non-cash movements</b>		
(Gain)/loss on disposal of non-financial assets	-	(4)
Depreciation and amortisation	130	342
Reclassification of assets below capitalisation threshold	36	-
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	(337)	410
(Increase)/decrease in prepayments	(5)	30
Increase/(decrease) in payables	2,485	855
Increase/(decrease) in provisions	238	(28)
<b>Net cash flows from (used in) operating activities</b>	<b>5,389</b>	<b>(266)</b>

# Notes to the financial statements for the year ended 30 June 2012

## Note 15.1. Responsible person's disclosures

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 MP, Minister for Health 1/07/2011 – 30/06/2012

### Governing Board

Ms Jane Fenton AM, Chair	1/07/2011 – 30/06/2012
Mr Mark Birrell, Deputy Chair	1/07/2011 – 30/06/2012
Mr Neil Angus MLA	1/07/2011 – 30/06/2012
Mr Tim Bull MLA	1/07/2011 – 30/06/2012
Professor John Catford	1/07/2011 – 30/06/2012
Ms Susan Crow	1/07/2011 – 30/06/2012
Ms Belinda Duarte	1/07/2011 – 30/06/2012
Mr Peter Gordon	1/07/2011 – 02/04/2012
Ms Danielle Green MLA	1/07/2011 – 30/06/2012
Professor Margaret Hamilton AO	1/07/2011 – 30/06/2012
Ms Margot Foster	1/07/2011 – 30/06/2012
Ms Nicole Livingstone OAM	1/07/2011 – 30/06/2012
Professor Michael Morgan	1/07/2011 – 30/06/2012
Professor Ruth Rentschler OAM	1/07/2011 – 30/06/2012

### Accountable Officer

Associate Professor John Fitzgerald	1/07/2011 – 16/10/2011
Ms Jerril Rechter	17/10/2011 – 30/06/2012

# Notes to the financial statements for the year ended 30 June 2012

## Remuneration of responsible persons

Income Band	2012	2011
	No.	No.
\$ 0 – 9,999	12	8
\$ 10,000 – 19,999	1	1
\$ 60,000 – 69,999	1	-
\$ 150,000 – 159,999	1	-
\$ 210,000 – 219 999	-	1
<b>Total numbers</b>	<b>15</b>	<b>10</b>
<b>Total amount</b>	<b>\$254,394</b>	<b>\$293,169</b>

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 Governments Appointment and Remuneration for Victorian Boards, Statutory Bodies and Advisory Committees as they are employees of other Government agencies.

## Note 15.2. Related party transactions

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

	2012	2011
	\$'000	\$'000
Cancer Council Victoria of which Professor David Hill and Mr Todd Harper are or were employees within the period	-	7,748
Leisure Networks of which Ms Sue Cormack was an employee within the period	-	883
Diabetes Australia of which Ms Jane Fenton has declared a pecuniary interest	-	44
Cancer Council Victoria of which Professor Margaret Hamilton served as a Board member within the period	6,894	-
Australian Drug Foundation of which Professor Margaret Hamilton has declared a pecuniary interest	706	-
AFL of which Ms Belinda Duarte was an employee within the period	908	748
Parenting Research Centre of which Ms Jane Fenton has declared a pecuniary interest	220	-
Deakin University of which Professor John Catford and Professor Ruth Rentschler were employees within the period	529	-
Cricket Victoria of which Ms Susan Crow served as a Board member within the period	155	-
VicSport of which Margot Foster served as a Board member within the period	313	-
University of Melbourne of which Professor Michael Morgan was an employee within the period	2,386	-

# Notes to the financial statements for the year ended 30 June 2012

## Note 16. Remuneration of executives

The number of executive officers (including acting executive officers) and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. 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.

Income Band	Total remuneration		Base remuneration	
	2012 No.	2011 No.	2012 No.	2011 No.
\$ 0 – 9,999	-	-	1	-
\$ 20,000 – 29,999	1	-	1	-
\$ 40,000 – 49,999	1	-	1	-
\$ 60,000 – 69,999	1	-	1	-
\$ 80,000 – 89,999	1	-	1	-
\$ 90,000 – 99,999	2	1	2	2
\$ 100,000 – 109,999	-	1	-	-
\$ 130 000 – 139 999	-	-	-	1
\$ 150,000 – 159,999	-	1	1	4
\$ 160,000 – 169,999	1	-	-	-
\$ 170,000 – 179,999	-	2	-	-
\$ 180,000 – 189,999	2	2	1	-
<b>Total numbers</b>	<b>9</b>	<b>7</b>	<b>9</b>	<b>7</b>
<b>Total annualised employee equivalent (1)</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>Total amount</b>	<b>\$938,174</b>	<b>\$1,074,726</b>	<b>\$738,174</b>	<b>\$940,064</b>

(1) 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 bonus.

## Note 17. Contingencies

VicHealth has the following contingent assets and liabilities as at balance date.

	2012 (\$'000)	2011 (\$'000)
Contingent assets	Nil	Nil
Contingent liabilities	Nil	Nil

# Notes to the financial statements for the year ended 30 June 2012

## **Note 18. 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, commencing 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 19. Events subsequent to balance date**

Ms Jane Fenton AM completed her term as Board Member and Chair on 1 July 2012. The Minister for Health, Hon David Davis has appointed Mr Mark Birrell as Chair, effective from 1 July 2012.

Other than those events described above, there have been no events that have occurred subsequent to 30 June 2012 which would, in the absence of disclosure, cause the financial statements to become misleading.



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ISBN: 978-1-921822-64-3  
August 2012  
Publication number: C-068-C0

