

Annual Report

2012–13

Victorian Health Promotion Foundation

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of the Victorian Government.



Report of Operations

Victorian Health Promotion Foundation

2012–13

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 2013.

A handwritten signature in black ink, appearing to read "Mark Birrell".

Mr Mark Birrell
Chair of the Board
Victorian Health Promotion Foundation

14 August 2013

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Section 1: Year in review

Our origin

The Victorian Health Promotion Foundation (VicHealth) is a world-first health promotion foundation. We were established with all-Party support by the State Parliament of Victoria with the statutory objectives mandated by the *Tobacco Act 1987 (Vic)* (the Act). The responsible minister is the Minister for Health, The Hon. David Davis MLC.

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

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

Functions

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

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

VicHealth performs and manages these functions by:

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

Our commitment

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

Our work

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

Chair's report

It is my pleasure to present this report on VicHealth's work and achievements for the financial year 2012–13.

It has been a momentous year for health promotion. There have been significant successes from long-standing health promotion campaigns and a suite of fresh initiatives – including the launch of the VicHealth Action Agenda for Health Promotion.

Australia sealed its leadership in tobacco control with the world-first legislation on plain packaging of cigarette products which came into effect in December 2012. In addition to mandating the removal of branding on packs, the size of the graphic warnings on the front of packs has increased by 75 per cent. This was a historic step towards building a smoke-free, healthier generation.

In Victoria, the State Government implemented smoke-free patrolled beaches and announced the introduction of smoke-free public spaces such as children's playgrounds and swimming pools. VicHealth welcomed these changes as part of our work to protect non-smokers from secondhand smoke, as well as to reduce among young people the desirability of a product that kills one in every two long-term users.

We also welcomed the release of the Victorian Government's new alcohol and drug strategy, 'Reducing the alcohol and drug toll: Victoria's plan 2013–2017', which specifies actions to prevent alcohol-related injuries, diseases and death as well as implement a plan to strengthen liquor licensing bans. The Government's plan addresses key contributors to excessive drinking; a necessary move given risky alcohol use continues to be a leading cause of preventable mortality and morbidity. VicHealth will play a role in this plan from the next financial year by supporting the development and commencement of an alcohol cultural change program. This initiative aims to foster healthier attitudes to alcohol consumption, through special funds of \$2.6 million received in 2012–13, as reported in this document.

In the fight against obesity, we worked with our partners to vigorously promote the messages of banning junk food advertising during television viewing hours of children. VicHealth also funded a range of physical activity initiatives to give as many Victorians as possible the opportunity to increase their activity levels in sports and in workplaces. We made submissions to the State Government including a response to the Road Safety Strategy with recommendations to address important concerns such as parental road safety fears which are preventing parents from letting their kids walk to school.

As a leader and innovator in health promotion, VicHealth launched several ground-breaking programs to build on its achievements, including the Creating Healthy Workplaces pilot projects and the Healthy Sporting Environments program, which will deliver a wealth of evidence on how we can prevent chronic disease and improve Victorians' health and wellbeing in places where they work and play. VicHealth also launched TeamUp – a digital campaign that offers people easy opportunities to increase their physical activity – acknowledging that digital technology is the new frontier in health promotion.

VicHealth celebrated its 25th anniversary in November 2012. It was an occasion to reflect on our beginnings, from the buy-out of tobacco sponsorship to the challenging health promotion action areas that VicHealth has strived to address since. It was also an opportunity to renew our commitment to our mandate of preventing illness, knowing that the landscape of health promotion is changing rapidly.

During the 25th anniversary celebration held at Government House in December, we presented awards to eight of the state's health promotion champions, with nominations from VicHealth-funded projects as well as externally-funded work. The awards signal VicHealth's recognition of the value of health promotion across all sectors in its potential to save lives and millions of dollars.

In the new financial year and beyond, we expect to make new and greater strides to overcome barriers that prevent Victorians from enjoying the benefits of health and wellbeing. In addition to our involvement in the Government's alcohol and drug strategy, we will also participate in the Active Cities initiatives through special funds of \$1.2 million received in 2012–13, in an effort to boost physical activity among those employed in the city.

These are examples of new initiatives that VicHealth will trial and develop to deliver its commitments and priorities in the next three years and beyond to 2023, as stated in the VicHealth Action Agenda for Health Promotion. In this plan of action, we have identified five strategic imperatives: promote healthy eating, encourage regular physical activity, prevent tobacco use, prevent harm from alcohol and improve mental wellbeing. These imperatives address the greatest burden on disease and disability in our state.

Recognising the importance of a strong governance framework, this year the VicHealth Board reviewed and updated its suite of corporate governance policies, together with the Board and its Committees' Charters to ensure alignment to the Victorian Government governance framework and best practice. This included an independent review of the governance structure surrounding our Advisory Committees. I am grateful for the Board's commitment to this process.

I would like to take this opportunity to extend my appreciation to all the Victorian Members of Parliament for their support of VicHealth, in particular the Minister for Health, The Hon. David Davis MLC, for his continuing support and leadership. I also want to express my gratitude to the many government agencies for their work with us.

We are indebted to our previous and current board and partners whose encouragement and contributions along the journey of our 2009–13 Strategy and Business Plan were invaluable. I would like to thank Mr Leigh Johns, Chair of our Finance, Audit and Risk Committee for his service to VicHealth from April 2005 to May 2013.

In particular, I thank CEO Jerril Rechter for her leadership of this unique organisation, championing the new Action Agenda for Health Promotion and advocating new initiatives that will help VicHealth navigate through an increasingly complex and fast-moving context.

Finally, none of the accomplishments of the past year and strategic plan would have been possible without the efforts and professionalism of VicHealth staff – they can be proud of these achievements.

I look forward to the next three years as VicHealth takes on fresh challenges in the new Action Agenda to deliver its work for the health and wellbeing of Victorians.



Mark Birrell
Chair of the Board

Chief Executive Officer's report

Change. Challenge. Collaboration. Our recent financial year has been an ambitious and rewarding one as we closed off our 2009–13 Strategy and Business Plan and developed the VicHealth Action Agenda for Health Promotion, which details our focus for the next three years against the bigger picture of our vision and aspirations over the next decade.

In the last financial year we witnessed shifts in our environment, notably the groundswell in digital technology and how Victorians have embraced new ways of communicating and engaging. The persistent problems emanating from tobacco harms and risky alcohol consumption, continuing high prevalence of obesity, and increasing rates of mental illness revealed the need for new approaches. There is clearly more for VicHealth to do in partnership with others to address these health issues.

In the 2009–13 Strategy and Business Plan, we continued our work on preventing chronic disease by focusing on risk behaviours (e.g. alcohol misuse), risk conditions (e.g. stress) and the broader social and economic factors contributing to them (e.g. poor community connections).

The 2012–13 financial year has demonstrated some of the gains in these areas and I am proud to report on our achievements.

Operational performance

We achieved our statutory expenditure target of making payments of not less than 30 per cent to sporting bodies (30 per cent expended) and not less than 30 per cent for health promotion activities (44 per cent expended).

In addition to these, the Board set targets on grant expenditures. We expended 19 per cent of our appropriation on research and evaluation (against a target of 20 per cent) and 15 per cent on tobacco health issues (against a target of 12 per cent).

From our appropriation we made 674 grant payments totalling \$25.4 million, of which \$7.8 million was distributed to support our objective of increasing participation in physical activity. The next highest grant expenditures were \$6.5 million for the purpose of reducing tobacco use and \$3.1 million in creating environments that improve health.

Other key highlights of our investments:

- On a program/project level, our top investment in the last year was the State Sporting Association Participation Program, with \$4.0 million distributed among 74 organisations. The largest number of organisations receiving payments was in Active Club Grants, a funding where 472 community sports clubs shared \$1.1 million to obtain sports injury prevention and management equipment, essential sporting equipment/items, volunteer and club training, and portable sun shade, with the aim of increasing opportunities for participation.
- The organisations which received the largest payments during this period were the Cancer Council Victoria for the Quit Victoria and SunSmart programs (\$7.9 million), and the Social Research Centre for the National Community Attitudes Towards Violence Against Women Survey (\$1.5 million).
- Fifty-nine per cent of our investments were allocated to whole-of-population approaches to health promotion.
- The sports sector received 39 per cent of our investments followed by the community sector at 33 per cent, the academic sector at 12 per cent and the remainder distributed among local governments, the arts, education, information technology, media and workplaces.

Highlights of the year

Encouraging healthy eating

In a first, VicHealth with support from The Australian Centre for Social Innovation launched the Seed Challenge which brought together individuals and groups to collaborate and develop innovative, contemporary solutions to get more Victorians eating healthy food. With a final prize of \$100,000 to the top two successful ideas, the Seed Challenge to date has generated a shortlist of 10 ideas that address the question “How do we improve fruit and vegetable supply and access, as well as develop and promote a culture of health eating in Victoria?” These will address the problem of nine in 10 Victorian adults not meeting the recommended minimum daily intake of vegetables and half not meeting the intake for fruit, both fundamental for good health.

Increasing physical activity

Nearly 40 per cent of our grant expenditure went to our strategic priority of increasing physical activity.

We opened a new \$3.3 million funding opportunity under the Healthy Sporting Environments program, so that hundreds of Victorian sports clubs can make comprehensive changes to become healthier places. This will be realised through nine regional sports assemblies partnering with clubs to; reduce harmful alcohol use, offer more nutritious food, reduce smoking, and increase the number of women, culturally and linguistically diverse (CALD) people and Indigenous people in local sport. This builds on the learnings from VicHealth's Healthy Sporting Environments Demonstration Project with 78 sports clubs in the Geelong region.

VicHealth also established partnerships with five councils to deliver the Be Active program with a total funding of \$2.7 million to get more people more active, more often. This program, located within the Healthy Together Victoria community sites, is particularly targeted at children, families, older people and volunteers.

These investments, along with our State Sporting Association Program and the Active Club Grants, comprise a third of our funding provided to sporting bodies.

We approached our Walk to School campaign in October 2012 with a significant change — making this a month-long activity instead of a single day event. The return on investment was remarkable. Over 11,000 children walked a total of 241,000 kilometres in October 2012, equivalent to six times the circumference of the earth. We are proud of the achievements of the participating schools, their staff, parents and children. Our research has confirmed that in addition to its physical benefits, children who make walking their primary mode of transport benefit from better motor skills, self-esteem and social skills, and start off a great lifetime habit — significant to fitness and preventing obesity.

This year, VicHealth launched TeamUp, a new digital campaign to make physical activity more accessible to everyone. It offers Victorians more than 100 activities to choose from in local neighbourhoods, and to take part in both traditional structured sports and casual, informal ones. TeamUp acknowledges that people have different lifestyles and preferences and offers opportunities to participate easily in a range of ways. This campaign includes partnerships with both elite and grassroots sports working with ambassadors to encourage wide participation.

Reducing harm from alcohol, tobacco and UV

VicHealth funded landmark research that showed the rise in harms from alcohol during public holidays and major sporting events. The research consisted of data compiled from hospital admissions, ambulance and police attendances and emergency department presentations. The results clearly showed the need for a change in our attitudes, behaviours and actions towards drinking, as well as the impact of linking alcohol promotion to such events, an exposure that is particularly harmful to young people.

We are proud to be the recipient of additional funding from the Department of Health to develop and commence in 2013–14, the statewide alcohol cultural change program as part of its alcohol and drug strategy, 'Reducing the alcohol and drug toll: Victoria's plan 2013–2017', launched by the Minister for Mental Health, The Hon. Mary Wooldridge MP. This important work will focus on encouraging a healthier drinking culture among young Victorians.

This year, we welcomed the implementation of the plain packaging legislation, a significant beginning to further drive down the smoking rates. Research has shown that while less people are taking up smoking, one in 10 smokers still do not believe that smoking causes illness. With its established links to lung cancer, heart disease and emphysema, smoking continues to be a scourge and a block to preventing chronic disease.

Through our investment in Quit Victoria and its work and campaigns, we contributed to the decline of smoking among Victorian adults to 14.4 per cent regularly smoking, down from 18.3 per cent in 2005. This brings the smoking rates closer to the 13.8 per cent State Government target set for 2013.

We are proud to have been a major supporter of SunSmart. After more than 30 years, the program has produced one of the most remarkable changes in the attitudes of Victorians towards preventing disease. Skin cancer rates have decreased, 90 per cent of schools now participate in the program and the iconic Slip, Slop, Slap, Seek, Slide campaign is widely recognised. We acknowledge this fruitful partnership and are confident that this exemplary work will continue to contribute to the reduction of cancers from UV exposure.

Social connection and the arts

VicHealth opened a second round of MOTION funding which awarded grants to five arts and cultural organisations to produce creative new ways to get communities physically active through participating in art. This follows the success of seven projects in the original MOTION program. The opportunities that these new projects will create for community members will enable anyone to participate in physical activity while benefitting from the social connection such group activities bring, and improving their mental wellbeing.

Reducing race-based discrimination

This year, we released the results of a survey conducted among people of CALD and Indigenous backgrounds showing that a majority have experienced high levels of racism and have been targets of verbal or physical abuse or discriminatory behaviour. At the same time, reports showed higher levels of psychological distress as racism increased. This adds to the evidence of the serious impact of racism on health.

Our research findings on bystander attitudes and behaviours when witnessing racism also released this year, showed that we need to support such bystanders with tools and approaches, and trigger their willingness to stand up against racist behaviours. The release of these findings generated extremely strong media coverage, public debate and commentary, with several newspapers running supportive editorials on the importance of tackling race-based discrimination citing our research as evidence of its impacts.

Preventing violence against women

We announced the funding of a ground-breaking \$1 million project over three years that will see an integrated program across an entire local government area, employing a range of proven prevention initiatives to promote respectful relationships and ultimately prevent violence against women. Our partner Monash City Council, along with MonashLink, will drive the cultural change working with schools, workplaces, youth services, health services and community education programs. Launched by the Minister of Women's Affairs, The Hon. Heidi Victoria MLA, this trial will build a collection of evidence and best practice that can be rolled out to other municipalities.

We welcomed the State Government's \$7.9 million action plan to minimise the impact of violence against women and support much needed activity to take action for the health and wellbeing of women.

Creating healthy environments

This year, we announced the funding of pilot projects in workplaces as part of our \$3 million Creating Healthy Workplaces project, to trial ways to make workplaces healthier. These organisations will implement a range of initiatives to reduce stress, prolonged sitting and race-based discrimination, promote a culture of responsible drinking, and increase gender equity.

With many adults spending a third of their day at work, the impact of these changes will be far-reaching and have the potential to improve the health of working Victorians.

Where we are headed

The achievements over the last four years have been significant. VicHealth's new Action Agenda for Health Promotion is our response to the challenges facing us today. It charts our vision for the next decade and our priorities for 2013–16. We will continue to work on the most important areas that will reduce the impact of chronic disease on the lives of Victorians and increase their health and wellbeing.

In this plan, we will approach our work using the business model with the key elements of 'Innovate, Inform, Integrate'. This ensures that we continue VicHealth's legacy as a risk-taker backed by evidence, and subsequent creator of proven innovations that are ultimately integrated into mainstream work.

I thank our Chair Mark Birrell for his support and guidance, and members of the VicHealth Board and Committees for their expertise and insights. I would also like to acknowledge the support and encouragement from the Department of Health and other government agencies.

Our achievements need to recognise the contribution of our partners and other supporters who share our values and vision.

We are never immune from ongoing challenges and I congratulate and thank all the staff at VicHealth for their untiring dedication and efforts to achieving our goals.

The rapidly changing environment will influence our approaches and the scope of what we can do. How fast we learn, re-learn and apply will be key as we deliver on our Action Agenda. We, together with our collaborators, are eager to take on the opportunities and challenges that lie ahead as we continue on with our unique role in health promotion and illness prevention.



Jerril Rechter
Chief Executive Officer

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

Operational and budgetary objectives and performance against objectives

Budgetary performance

Under section 33 of the *Tobacco Act 1987*, the budget of VicHealth must include provision for payments to sporting bodies (not less than 30 per cent) and to bodies for the purpose of health promotion (not less than 30 per cent).

The VicHealth Board also set the following targets on grant expenditure within internal policy for the financial year:

- 20 per cent of the appropriation is to be expended on research and evaluation
- 12 per cent of the appropriation 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⁽ⁱ⁾

| Performance measures | Unit of measure | 2012–13 actual | 2012–13 budget | 2011–12 actual |
|--|-----------------|----------------|----------------|----------------|
| Statutory expenditure target | | | | |
| Sporting bodies | per cent | 30% | 30% | 30% |
| Health promotion ⁽ⁱⁱ⁾ | per cent | 44% | 40% | 48% |
| Board policy expenditure targets | | | | |
| Research and evaluation ⁽ⁱⁱⁱ⁾ | per cent | 19% | 20% | 19% |
| Tobacco | per cent | 15% | 12% | 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 2012–13 financial year our appropriation was \$35,543,000.
- (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 and evaluation figure may include expenditure allocated to other categories.

Our operating performance against budget is summarised in Table 2.

Table 2: Operational performance against budget

| Funding Source | 2012–13 actual (\$'000) | 2012–13 budget (\$'000) |
|---|-------------------------------|-------------------------------|
| Total Funds | | |
| Total revenue | 41,574 | 35,833 |
| Total expenses | 40,327 | 35,712 |
| Total operating surplus/(deficit) | 1,247 | 121 |
| Appropriation Funds | | |
| Revenue | 35,988 | 35,833 |
| Expenses | 36,101 | 35,523 |
| Operating surplus/(deficit) from appropriations | (113) | 310 |
| Special Funding | | |
| Revenue | 5,586 | 0 |
| Expenses | 4,226 | 189 |
| Operating surplus/(deficit) from special funding | 1,360 | (189) |

VicHealth's operations can be viewed as having two distinct funding sources. VicHealth receives core funding from the Department of Health to deliver its objectives as outlined in the *Tobacco Act 1987*. Additionally, VicHealth periodically receives special funding from various Government agencies to deliver specific programs. Often this funding is received as a lump sum payment, with expenditure subsequently incurred to deliver the programs over multiple years. This has the potential to create either a large operating surplus or deficit in particular financial years. Overall, the operating surplus was \$1.1 million higher than the budget, predominately due to unbudgeted revenue and expenditure associated with special funding programs as follows.

Total revenue exceeded budget by \$5.7 million due to special funding for specific programs including National Community Attitudes Towards Violence Against Women Survey (NCAS), Alcohol Cultural Change and Active Cities. Funding for the latter two programs was received in late 2012–13, consequently these funds were largely unspent as at 30 June, but the programs will be delivered in 2013–14.

Expenditure was \$4.5 million higher than budget, with \$4.0 million being due to unbudgeted expenditure associated with the delivery of special funding programs; Cancer Prevention Initiatives, Tobacco Social Marketing Campaigns and NCAS as these funds were received late in 2011–12, after the 2012–13 budget was established. Expenditure on these programs, whilst unbudgeted, is consistent with the funding agreements. Expenditure from appropriation funds was higher than budget due to the bringing forward of grant payments to Quit Victoria and McCaughey Centre into this financial year, partially offset by savings in general operating expenditure and wages costs.

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

2012–13 was the final 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.

\$25,360,000 of our state government appropriated revenue was expended in grant payments in 2012–13 across all of our strategic objectives, as summarised in Table 3.

Table 3: Summary of grant payments made⁽ⁱ⁾

| Strategic objective | 2012–13 No. of grants | 2012–13 payments (\$'000) | 2011–12 No. of grants | 2011–12 payments (\$'000) |
|---|--------------------------|------------------------------|--------------------------|------------------------------|
| KRA 1: Health inequalities | | | | |
| 1.1 Improve the physical and mental health of those experiencing social, economic or geographic disadvantage. | 9 | 1,144 | 11 | 1154 |
| 1.2 Contribute to closing the health gap between Indigenous and non-Indigenous Victorians. | 4 | 655 | 15 | 917 |
| KRA 2: Participation | | | | |
| 2.1 Increase participation in physical activity . | 549 | 7,776 | 611 | 8074 |
| 2.2 Increase opportunities for social connection. | 8 | 284 | 18 | 868 |
| 2.3 Reduce race-based discrimination and promote diversity. | 16 | 749 | 17 | 1388 |
| 2.4 Prevent violence against women by increasing participation in respectful relationships. | 14 | 773 | 24 | 1256 |
| 2.5 Build knowledge to increase access to economic resources. | 4 | 154 | 7 | 231 |
| KRA 3: Nutrition, tobacco, alcohol and UV | | | | |
| 3.1 Create environments that improve health. | 30 | 3,162 | 23 | 2484 |
| 3.2 Increase optimal nutrition. | 5 | 559 | 4 | 333 |
| 3.3 Reduce tobacco use. | 2 | 6,457 | 7 | 4681 |
| 3.4 Reduce harm from alcohol. | 10 | 1,031 | 16 | 1771 |
| 3.5 Reduce harmful UV exposure. | 3 | 1,524 | 1 | 1501 |
| KRA 4: Knowledge | | | | |
| 4.1 Produce, synthesise and translate practical health promotion knowledge. | 19 | 959 | 47 | 1431 |
| 4.2 Evaluate health promotion practice. | 1 | 47 | 1 | 16 |
| KRA 5: Communications | | | | |
| 5.2 Develop evidence on effective social marketing | 1 | 86 | - | - |
| Total | 674 | 25,360 | 802 | 26,104 |

Notes:

- (i) In addition to the \$25,360,000 paid out in grants from government appropriation, VicHealth also issued grants totalling \$1,846,000 from other special funding sources.

Significant grant expenditure

Significant grant expenditure is defined as:

- any grant funding round where payments to successful bodies total \$300,000 or more during the financial reporting period
- 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 | 2012–13 payments (\$'000) |
|--|--|---------------------------|
| Active Club Grants | 472 | 1,057 |
| Arts About Us | 13 | 414 |
| TeamUp Campaign | 24 | 1,125 |
| Healthy Sporting Environments | 18 | 1,450 |
| Local Government Physical Activity (BE ACTIVE) | 5 | 800 |
| MOTION – Arts and physical activity grants | 9 | 301 |
| State Sporting Association Participation Program 2011–14 | 74 | 4,045 |

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 | 2012–13 payments (\$'000) |
|------------------------------------|---|---------------------------|
| AFL Victoria Ltd | Alcohol Cultural Change Project | 500 |
| Australian Drug Foundation | Good Sports Program 2010–13 | 300 |
| Cancer Council Victoria | QUIT Victoria 2012–15 | 6,370 |
| Cancer Council Victoria | SunSmart Program 2009–13 | 1,500 |
| GippSport | Healthy Sporting Environments roll out | 310 |
| The University of Melbourne | The McCaughey Centre 2011–17 | 810 |
| The University of Melbourne | Onemda VicHealth Koori Health Unit | 380 |
| The Social Research Centre Pty Ltd | National Community Attitudes Towards Violence Against Women Survey (NCAS) | 1,510 |
| Victoria Walks Inc | Victoria Walks | 330 |

Strategic priorities

The proportion of grant funding in 2012–13 targeting each of VicHealth’s strategic priorities is provided in Table 6.

Table 6: Allocation of grant expenditure across strategic priorities⁽ⁱ⁾

| Strategic priority | 2012–13 allocation | 2011–12 allocation |
|---|--------------------|--------------------|
| Reducing smoking ⁽ⁱⁱ⁾ | 28% | 20% |
| Improving nutrition | 5% | 4% |
| Reducing harm from alcohol ⁽ⁱⁱⁱ⁾ | 7% | 14% |
| Increasing physical activity ⁽ⁱⁱⁱ⁾ | 39% | 25% |
| Increasing social and economic participation ⁽ⁱⁱⁱ⁾ | 15% | 31% |
| 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 28 per cent figure against reducing smoking is different to the 15 per cent figure against the tobacco target spend reported in Table 1. This is due to the following:
 - the Table 1 tobacco target is calculated as a proportion of our total appropriation (\$35,543,000). This figure in Table 6 is calculated as a proportion of grants payments from appropriation (\$25,360,000).
 - 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 6 recognises this spend.
- (iii) The increase in allocation to physical activity is predominantly due to the significant new investment in the TeamUp campaign commencing in 2012–13. The reduction in investment in social and economic participation reflects how a number of significant programs in this area have reached completion as VicHealth transitions its strategic focus to mental wellbeing in the coming years.

Target populations

Fifty-nine per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining 41 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⁽ⁱ⁾

| Target population | 2012–13 allocation | 2011–12 allocation |
|------------------------------|--------------------|--------------------|
| Whole-of-population approach | 59% | 55% |
| Low socioeconomic status | 11% | 12% |
| Indigenous | 9% | 11% |
| Geographic disadvantage | 6% | 5% |
| New-arrival communities | 4% | 5% |
| People with disabilities | 4% | 6% |
| Children | 6% | 7% |

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⁽ⁱ⁾

| Setting | 2012–13 allocation | 2011–12 allocation |
|------------------------|--------------------|--------------------|
| Arts | 2% | 3% |
| Community | 33% | 27% |
| Education | 0% | 1% |
| Information technology | 2% | 1% |
| Local government | 6% | 9% |
| Media | 2% | 1% |
| Sports | 39% | 37% |
| Workplace | 4% | 7% |
| Academic | 12% | 14% |

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 2012–13. 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 | 2012–13 number of courses held | 2012–13 total number of participants | 2011–12 number of courses held | 2011–12 total number of participants |
|--|--------------------------------|--------------------------------------|--------------------------------|--------------------------------------|
| Participation for Health | 6 | 118 | 4 | 98 |
| Preventing Violence Against Women | 10 | 156 | 3 | 75 |
| Reducing Race-based Discrimination and Supporting Diversity for Health | 3 | 71 | 2 | 43 |
| Participation for Health Senior Manager/CEO Masterclass | 0 | 0 | 1 | 20 |
| Preventing Violence Against Women Executive Masterclass | 2 | 33 | 1 | 28 |
| Healthier Sporting Environments | 4 | 63 | 8 | 131 |
| Workplace Health Forum | 1 | 184 | 0 | 0 |
| Presentations to local and international stakeholders | 7 | 300 | 0 | 0 |

Five-year financial summary

Table 10: Five-year financial summary

| | 2013 (\$'000) | 2012 (\$'000) | 2011 (\$'000) | 2010 (\$'000) | 2009 (\$'000) |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Revenue from government | 41,173 | 40,657 | 35,381 | 32,749 | 31,744 |
| Total income from transactions | 41,574 | 41,101 | 35,756 | 34,511 | 35,052 |
| Total expenses from transactions | 40,327 | 38,259 | 37,627 | 33,482 | 35,838 |
| Net result for the period | 1,247 | 2,842 | (1,871) | 1,029 | (786) |
| Total assets | 10,488 | 11,871 | 6,308 | 7,235 | 8,056 |
| Total liabilities | 3,639 | 6,269 | 3,548 | 2,604 | 4,455 |
| Total equity | 6,849 | 5,602 | 2,760 | 4,631 | 3,601 |

Major changes affecting performance

Revenue of \$41.6 million is consistent with last financial year, although significantly higher than prior years denoting the receipt of special funding (outside VicHealth's core funding) to deliver specific programs such as National Community Attitudes Towards Violence Against Women Survey (NCAS), Alcohol Cultural Change, and Active Cities. This additional funding reflects the confidence that various Government agencies have in VicHealth to deliver and manage high quality health promotion and prevention programs. The core funding received from the Department of Health under the *Tobacco Act 1987* was \$35.5 million, an increase of \$0.7 million from the prior year.

Expenditure on program delivery and operating costs of \$40.3 million has increased by \$2.0 million from the prior year, reflecting the expenditure on special funded programs such as Cancer Prevention Initiatives, Tobacco SocialMarketing Campaigns and NCAS. The fact that special funding tends to be received in one financial year, and then incurred in subsequent financial years, is a key contributing factor to the operating surplus of \$1.2 million.

VicHealth's assets are \$10.5 million, comprising mostly of bank balances (\$8.0 million) and receivables (\$2.3 million). These relatively large balances are due mainly to special funding either received or receivable in late 2012–13 which will be expended in future years. As at balance date, reserves attributed to these unspent special funds amounts to \$5.1 million.

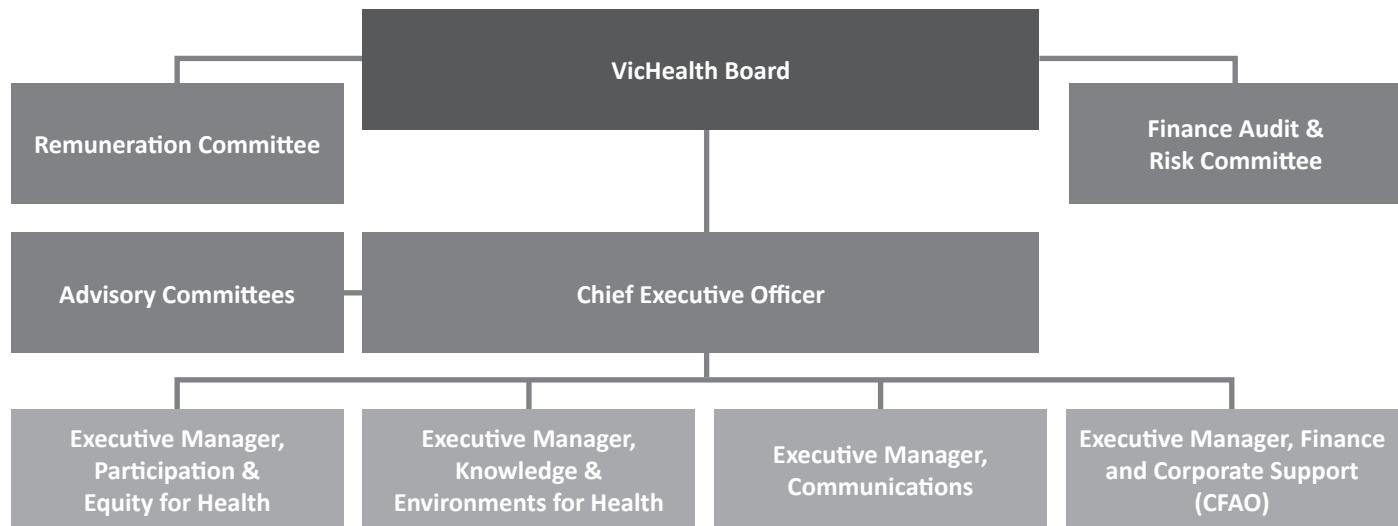
Total liabilities amounted to \$3.6 million at balance date. VicHealth historically tends to have a relatively large amount of payables as at 30 June, reflecting the operating cycle of grant payments which are paid in early July.

Subsequent events

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

Section 2: Victorian Health Promotion Foundation Board of Governance and organisational structure

VicHealth organisation structure



VicHealth Board

Mr Mark Birrell – Chair

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

Professor Catford is Executive Director Medical Services at Epworth HealthCare. He was previously Deputy Vice-Chancellor, Vice-President and Dean (Faculty of Health, Medicine, Nursing and Behavioural Sciences) at Deakin University. From 1998 to 2002, he was Chief Health Officer and Executive Director of Public Health for the Victorian Government. In 1994 to 1995, he worked for the World Health Organization as Health Policy and Public Health Adviser to health ministers in Central and Eastern Europe. Professor Catford is Editor-in-Chief of the journal *Health Promotion International* published by Oxford University Press, which he helped establish in 1986. He has published widely with more than 300 publications, and was co-author of the WHO's Ottawa Charter for Health Promotion in 1986, the Bangkok Charter for Health Promotion in a Globalized World in 2005, and the Nairobi Call to Action for Closing the Implementation Gap in Health Promotion in 2009.

Ms Susan Crow

Ms Crow is currently employed as the General Manager Community, Melbourne Heart Football Club where she is responsible for the development and delivery of Melbourne Heart's Social Responsibility program. She has twenty years experience in sports administration roles, as the Chief Executive Officer of Netball Victoria and Softball Australia and the Executive Director of Women's Cricket Australia.

Ms Belinda Duarte

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

Ms Margot Foster

Ms Foster is a former elite athlete representing Australia in rowing at the Olympic and Commonwealth Games, winning

medals at both events. She has over 25 years experience in law and is currently self-employed in her own law practice. Ms Foster is currently a Director of vicsport and Gymnastics Australia, and a committee member of Australian University Sport. She has had significant roles on various not-for-profit boards and committees in sport, education, national parks and women's affairs.

Professor Margaret Hamilton AO

Professor Hamilton has over forty years' experience in the public health field, specialising in alcohol and drugs; including clinical work, education and research. She has a background in social work and public health. She was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria, and Chair of the Multiple and Complex Needs Panel, a statutory body in Victoria. Professor Hamilton is currently a Member of the Executive of the Australian National Council on Drugs and the Prime Ministers Council on Homelessness. She is President of the Cancer Council and chairs the alcohol advisory group to the Australian National Preventive Health Agency. Professor Hamilton is retired.

Ms Nicole Livingstone OAM

Ms Livingstone is currently a host and swimming broadcaster on Network Ten Australia and ONE HD. She is a former elite athlete who has a strong background in sport, community, communications and media. She chaired the Ministerial Community Advisory Committee on Body Image. Ms Livingstone has previously worked with VicHealth and VicHealth's funded projects including Quit Victoria and Victoria Walks where she has demonstrated a good knowledge of health promotion.

Professor Mike Morgan

Professor Morgan is the Colgate Chair of Population Oral Health, University of Melbourne, and Executive Director, Oral Health Leadership, Dental Health Services Victoria. Professor Morgan is a member of the Australian Dental Council Executive and chairs the Australian Dental Council Accreditation Committee. His principal teaching responsibility is in Community Dental Health, focusing on disease causation in relation to social factors, models of health behaviour and communication. He has a strong background and interest in the causes and prevention of oral disease.

Professor Ruth Rentschler OAM MAICD

Professor Ruth Rentschler is an experienced non-profit director. She is Chair, Academic Board and Chair and Professor of Arts Management, Deakin University. She is a member of University Council and the University Executive. She is on the boards of VicHealth, Art Gallery of Ballarat, Multicultural Arts Victoria

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

The three Members of Parliament appointed to the Board are:

Neil Angus MLA

Neil Angus was elected to the Victorian Parliament as the member for Forest Hill in November 2010 and was appointed soon after as a member of the Public Accounts and Estimates Committee. Prior to entering Parliament, he was a chartered accountant in public practice for over 25 years, specialising in audit and investigations. Mr Angus has been actively involved in the community for many years, serving on the board of a range of not-for-profit organisations, including his children's school and his local church. He is married and has four children.

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

Finance, Audit and Risk Committee

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 Sally Freeman (Independent)
Ms Danielle Green MLA
Mr Peter Moloney (Independent)
Mr Jeremy Nott (Independent)
Mr John Thomson (Independent)

Remuneration Committee

During the reporting period, the Remuneration Committee consisted of the following members:

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

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

Executive Management

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

Chief Executive Officer
Ms Jerril Rechter

Executive Manager, Participation and Equity for Health
Ms Lyn Walker – 1 July 2012 to 1 January 2013
Ms Monica Kelly (Acting) – 2 January 2013 to 30 June 2013

Executive Manager, Knowledge and Environments for Health
Dr Bruce Bolam

Executive Manager, Communications
Ms Kerry Grenfell

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

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 2012–13 financial year is summarised in Table 11.

Table 11: Performance against OHS management measures

| Measure | Indicator | 2012–13 | 2011–12 |
|-------------|--|---------|---------|
| Incidents | No. of incidents | 3 | 3 |
| Claims | No. of standard claims | 0 | 1 |
| | No. of lost time claims | 0 | 0 |
| | No. of claims exceeding 13 weeks | 0 | 0 |
| Claim costs | Average cost per standard claim ⁽ⁱ⁾ | \$0 | \$80 |

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)

YES is a Victorian Government initiative to enable young people to enter the workforce, acquire skills and capabilities and build sustainable careers. In 2012–13 VicHealth took on 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

Table 12: Headcount and full-time equivalent

| | Headcount | | | Full-time equivalent (FTE) | | |
|--------------------|-----------|-------|-------|----------------------------|-------|-------|
| | Females | Males | Total | Females | Males | Total |
| Total staff | 52 | 26 | 78 | 47.6 | 25.4 | 73 |

Age groups

Table 13: Breakdown of headcount by age group

| | Headcount | | |
|----------------|-----------|-------|-------|
| | Females | Males | Total |
| Up to 19 years | 0 | 0 | 0 |
| 20 – 24 | 1 | 1 | 2 |
| 25 – 29 | 11 | 5 | 16 |
| 30 – 34 | 8 | 9 | 17 |
| 35 – 39 | 7 | 2 | 9 |
| 40 – 44 | 10 | 4 | 14 |
| 45 – 49 | 5 | 2 | 7 |
| 50 – 54 | 5 | 1 | 6 |
| 55 – 59 | 5 | 1 | 6 |
| 60 – 64 | 0 | 1 | 1 |
| 65 + | 0 | 0 | 0 |

Base salary groups ⁽ⁱ⁾

Table 14: Breakdown of headcount by base salary group

| | Headcount | | |
|----------------------|-----------|-------|-------|
| | Females | Males | Total |
| 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 | 1 | 0 | 1 |
| \$50,000 to \$59,999 | 5 | 1 | 6 |
| \$60,000 to \$69,999 | 6 | 3 | 9 |
| \$70,000 to \$79,999 | 12 | 10 | 22 |
| \$80,000 to \$89,999 | 8 | 2 | 10 |
| \$90,000 to \$99,999 | 3 | 0 | 3 |
| \$100,000 + | 17 | 10 | 27 |

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 15: Breakdown of executive officers

| Headcount | | | |
|------------------|--------------|----------------|------------------|
| | <i>Males</i> | <i>Females</i> | <i>Vacancies</i> |
| EO | 2 | 2 | 0 |
| Total | 2 | 2 | 0 |

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 16: Reconciliation of executive numbers

| | 2012–13 |
|---|----------------|
| Executives with remuneration over \$100,000 | 3 |
| <i>Add</i> Vacancies (Table 15) | 0 |
| Executives employed with total remuneration below \$100,000 | 1 |
| Accountable Officer (CEO) | 1 |
| <i>Less</i> Separations | 0 |
| Total executive numbers at 30 June | 5 |

Section 4: Other disclosures

Consultancies

Table 17: Details of consultancies over \$10,000 (excluding GST)

| Consultant | Purpose of consultancy | 2012–13 total approved project fee (\$'000) | 2012–13 actual expenditure (\$'000) | Future expenditure ⁽ⁱ⁾ (\$'000) |
|----------------------------------|---|---|-------------------------------------|--|
| Christine Kotur Consulting | Facilitation services | 11 | 11 | 0 |
| Arnold Bloch Leibler | Legal services | 12 | 12 | 0 |
| Horton International Pty Ltd | Recruitment services | 13 | 13 | 0 |
| Kriss Will Consulting Pty Ltd | Specialist Human Resources and Industrial Relations advice and assistance | 13 | 13 | 0 |
| Sean Spence & Associates Pty Ltd | Executive coaching | 20 | 20 | 0 |
| Thomas Cho | Writing services | 24 | 24 | 0 |
| Ernst & Young | Business consulting services | 28 | 28 | 0 |
| Maddocks Lawyers | Legal services | 45 | 45 | 0 |
| Advantage International | Project management services | 52 | 52 | 0 |
| Gerrard Bown Pty Ltd | Organisation development consulting services | 65 | 65 | 0 |
| Pitcher Partners | Internal audit services | 88 | 88 | 90 |
| Collabforge Pty Ltd | Strategic and digital consulting services | 91 | 91 | 0 |

Notes:

- (i) Future committed expenditure relates to contractual or other commitments for the completion of projects that are coming to completion in the 2013–14 financial year.

Details of consultancies under \$10,000

In 2012–13, the total for the 16 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000, was \$67,756. All figures are excluding GST.

Advertising expenditure

VicHealth delivered the following campaigns in the last financial year; TeamUp (a free physical activity smartphone app and Facebook presence that connects people who are looking for an exercise partner), and Walk to School, a month-long activity in October 2012, encouraging children to make walking their main mode of getting to school.

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

Disclosure of major contracts

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

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

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 2013, VicHealth received no applications.

Compliance with the *Protected Disclosure Act 2012*

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

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

No disclosures were made within the financial reporting period.

VicHealth Disability Action Plan

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

In March 2013, VicHealth released its Disability Action Plan 2013–15. The DAP outlines a range of actions to be progressively implemented over the next three years. These actions include improving accessibility and removing barriers for people with disabilities so that they are treated equally. Initiatives include office modifications, website accessibility audit, improved employment policies and opportunities and staff awareness training.

VicHealth is pleased to report that it has already implemented a number of initiatives and is on track to implement initiatives planned for future years.

Victorian Industry Participation Policy

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

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

National Competition Policy

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

Office-based environmental impacts

In 2012–13, VicHealth commissioned The National Centre for Sustainability at Swinburne University of Technology to review VicHealth's environmental management policy and framework. This included development of an environmental reporting framework to monitor its progress towards continuing to operate in an environmentally sustainable manner. This reporting framework was used to benchmark 2011–12 results against the current year. There have been some areas of improvement implemented during the year, with further progress planned in future years.

Additional information available on request

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

For further information please contact:

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

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

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

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



Mr Mark Birrell
Chair of the Board

14 August 2013

Attestation on data integrity

I, Jerril Rechter, certify that VicHealth has put in place appropriate internal controls and processes to ensure that reported financial data reasonably reflects actual performance. VicHealth has critically reviewed these controls and processes during the year. VicHealth is of the opinion that non-financial data reasonably reflects actual performance, however, cannot attest to full compliance with all aspects of 3.4.13 Information Collection and Management, Standing Directions under the *Financial Management Act*. VicHealth has implemented some actions during 2012–13 to address areas of non-compliance with further work planned for 2013–14.



Ms Jerril Rechter
Accountable Officer and Chief Executive Officer

14 August 2013

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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



Ms Jerril Rechter
Accountable Officer and Chief Executive Officer

14 August 2013

Financial Statements

Victorian Health Promotion Foundation

2012–13

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 2013 and financial position of VicHealth at 30 June 2013.

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

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



Mr Mark Birrell
Chair of the Board

Melbourne
14 August 2013



Ms Jerril Rechter
Accountable Officer

Melbourne
14 August 2013

Mr Dale Mitchell
Chief Finance and Accounting Officer

Melbourne
14 August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Health Promotion Foundation

The Financial Report

The accompanying financial report for the year ended 30 June 2013 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 2013 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 2013 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
16 August 2013


for John Doyle
Auditor-General

Comprehensive operating statement for the year ended 30 June 2013

| | Notes | 2013 (\$'000) | 2012 (\$'000) |
|--|-------|------------------|------------------|
| Income from transactions | | | |
| General appropriations | | 35,543 | 34,829 |
| Special appropriations | | 2,798 | 4,093 |
| Grants and other income transfers | 2(b) | 2,832 | 1,735 |
| Interest income | 2(a) | 296 | 334 |
| Other income | | 90 | 110 |
| Profit/(loss) on disposal of plant and equipment | 2(c) | 15 | - |
| Total income | | 41,574 | 41,101 |
| Expenses from transactions | | | |
| Employee expenses | 3(a) | 7,167 | 6,670 |
| Depreciation and amortisation | 3(b) | 124 | 130 |
| Grants and other expense transfers | 3(c) | 30,500 | 29,122 |
| Other operating expenses | 3(d) | 2,536 | 2,337 |
| Total expenses | | 40,327 | 38,259 |
| Comprehensive result for the year | | 1,247 | 2,842 |

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

Balance sheet as at 30 June 2013

| | <i>Notes</i> | 2013 (\$'000) | 2012 (\$'000) |
|--------------------------------------|--------------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 8,012 | 10,501 |
| Receivables | 5 | 2,271 | 1,172 |
| Prepayments | | 18 | 8 |
| Total current assets | | 10,301 | 11,681 |
| Non-current assets | | | |
| Property, plant and equipment | 6.1, 6.2 | 89 | 62 |
| Intangible assets | 7 | 98 | 128 |
| Total non-current assets | | 187 | 190 |
| Total assets | | 10,488 | 11,871 |
| Current liabilities | | | |
| Payables | 8 | 2,736 | 5,476 |
| Provisions: Employee benefits | 9 | 778 | 713 |
| Total current liabilities | | 3,514 | 6,189 |
| Non-current liabilities | | | |
| Provisions: Employee benefits | 9 | 125 | 80 |
| Total non-current liabilities | | 125 | 80 |
| Total liabilities | | 3,639 | 6,269 |
| Net assets | | 6,849 | 5,602 |
| Equity | | | |
| Accumulated surplus/(deficit) | | 1,705 | 5,602 |
| Reserves | 10 | 5,144 | 0 |
| Total equity | | 6,849 | 5,602 |

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

Statement of changes in equity for the year ended 30 June 2013

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

| | <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> |
|--|---|--|--|--|
| 2012 | | | | |
| Accumulated surplus/(deficit) | 2,760 | - | 2,842 | 5,602 |
| Transfer from/(to) reserves | - | - | - | - |
| Total accumulated surplus/(deficit) | 2,760 | - | 2,842 | 5,602 |
| Reserves | - | - | - | - |
| Transfer (from)/to reserves | - | - | - | - |
| Total reserves | - | - | - | - |
| Total equity | 2,760 | - | 2,842 | 5,602 |

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

Cash flow statement for the year ended 30 June 2013

| | <i>Notes</i> | 2013 (\$'000) | 2012 (\$'000) |
|--|--------------|------------------|------------------|
| Cash flow from operating activities | | | |
| Receipts from Government | | 40,308 | 40,649 |
| Receipts from other entities | | 91 | 110 |
| Interest received | | 301 | 328 |
| Goods and Services Tax (paid to)/refund from the ATO | | 2,958 | 2,786 |
| Total receipts | | 43,657 | 43,873 |
| Payments | | | |
| Payment of grants and other transfers | | (36,289) | (29,268) |
| Payments to suppliers and employees | | (9,752) | (9,216) |
| Total payments | | (46,041) | (38,484) |
| Net cash flow provided by/(used in) operating activities | 15 | (2,384) | 5,389 |
| Payments for non-financial assets | | (106) | (33) |
| Net cash flows provided by/(used in) investing activities | | (106) | (33) |
| Net increase/(decrease) in cash and cash equivalents | | (2,490) | 5,356 |
| Cash and cash equivalents at the beginning of the year | | 10,501 | 5,145 |
| Cash and cash equivalents at the end of the year | 4 | 8,012 | 10,501 |

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

Notes to the financial statements for the year ended 30 June 2013

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Notes to the financial statements for the year ended 30 June 2013

Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Health Promotion Foundation (VicHealth) for the period ending 30 June 2013. The purpose of the report is to provide users with information about VicHealth's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of VicHealth on 14 August 2013.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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
- the fair value of assets, which is generally based on their depreciated replacement value.

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

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

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

- the fair value of plant and equipment (refer to Note 1(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 2013

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
- (b) increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture
- (c) encourage healthy lifestyles in the community, and support activities involving participation in healthy pursuits
- (d) fund research and development activities in support of these objects.

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

(d) Scope and presentation of financial statements

Comprehensive operating statement

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

Balance sheet

Assets and liabilities are categorised as current and non-current assets and liabilities (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 separately shows 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 to the extent that it is probable that the economic benefits will flow to VicHealth and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

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

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

Appropriation income

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

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

Special appropriations relates to funding to deliver specific programs.

Notes to the financial statements for the year ended 30 June 2013

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
- superannuation expenses.

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

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

Depreciation

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 2013

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; when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

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

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

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

Intangible assets with finite useful lives are amortised over 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 contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable.

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

Other operating expenses

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

Occupancy costs

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

General administration

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

Personnel costs

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

Notes to the financial statements for the year ended 30 June 2013

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

Impairment of non-financial assets

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

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

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

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

Investments

Investments are classified in the following categories:

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

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

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

Notes to the financial statements for the year ended 30 June 2013

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 revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

Revaluations of noncurrent 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.

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.

Notes to the financial statements for the year ended 30 June 2013

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

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 cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

Notes to the financial statements for the year ended 30 June 2013

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 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
- 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 substantially transfer 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 2013

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, form or the timing of payments.

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

Leasehold Improvements

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

(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.

Reserves

VicHealth periodically receives special appropriations or other grants to deliver specific programs. This funding is often received upfront and is recognised as revenue in accordance with Note 1(e) with the delivery of the program occurring over multiple financial years. As at balance date unspent funds are allocated to a reserve to ensure these funds are quarantined for their intended purpose (as disclosed in Note 10).

(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 Notes 12 and 13) at their nominal value and are inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(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 18) 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 2013

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. Payments for operating activities in the Cash flow statement have been reclassified.

(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.

The loans and receivables category includes cash and deposits (refer to Note 1(g)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

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

Notes to the financial statements for the year ended 30 June 2013

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 2013

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

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

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2013 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises VicHealth of their applicability and early adoption where applicable.

As at 30 June 2013, the following standards and interpretations had been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. VicHealth has not early adopted these standards.

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|---------------------------------------|--|--|---|
| <i>AASB 9 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 2015 | Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed. |
| <i>AASB 13 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 Australian accounting standards. 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 detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost. |

Notes to the financial statements for the year ended 30 June 2013

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|--|--|---|
| <i>AASB 119 Employee Benefits</i> | <p>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.</p> | 1 Jan 2013 | <p>Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.</p> <p>While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans.</p> |
| <i>AASB 1053 Application of Tiers of Australian Accounting Standards</i> | <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> | 1 July 2013 | <p>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.</p> |

Notes to the financial statements for the year ended 30 June 2013

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012–13 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The two AASB Interpretations in the list below are also not effective for the 2012–13 reporting period and are considered to have insignificant impacts on public sector reporting.

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).
- AASB 2010-10 Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters.
- AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements.
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).
- AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.
- AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20
- 2012-1 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements.
- 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.
- 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.
- 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle.
- 2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.
- 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.
- 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.
- 2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments.
- 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.
- 2013-2 Amendments to AASB 1038 – Regulatory Capital.
- 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.
- AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine.
- AASB Interpretation 21 Levies.

Notes to the financial statements for the year ended 30 June 2013

Note 2. Income from transactions

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| (a) Interest | | |
| Interest on treasury deposits | 188 | 134 |
| Interest on bank deposits | 108 | 200 |
| Total interest | 296 | 334 |
| (b) Grants and other income transfers | | |
| Commonwealth grants | 1,489 | 1,442 |
| Other grants | 1,343 | 293 |
| Total grants and other income transfer | 2,832 | 1,735 |
| (c) Profit/(loss) on disposal of plant and equipment | | |
| Proceeds from disposal of plant and equipment | 15 | - |
| Written-down value of plant and equipment | - | - |
| Total profit/(loss) on disposal of plant and equipment | 15 | - |

Notes to the financial statements for the year ended 30 June 2013

Note 3. Expenses from transactions

| | 2013 (\$'000) | 2012 (\$'000) |
|--|------------------|------------------|
| (a) Employee expenses | | |
| Salaries, wages, and leave payments | 6,418 | 5,859 |
| Defined contribution superannuation expense | 630 | 640 |
| Defined benefits superannuation expense | 6 | 6 |
| Termination benefits | 10 | 45 |
| Other on-costs | 103 | 120 |
| Total employee expenses | 7,167 | 6,670 |
| (b) Depreciation and amortisation | | |
| Depreciation | | |
| Office equipment | 22 | 22 |
| Office furniture | 1 | 4 |
| Fixtures and fittings | 3 | 7 |
| Motor vehicles | 9 | 8 |
| Total depreciation | 35 | 41 |
| Amortisation – IT software | 89 | 89 |
| Total depreciation and amortisation | 124 | 130 |
| (c) Grants and other expense transfers | | |
| General purpose grants | 28,569 | 26,572 |
| Project specific expenses | 1,931 | 2,550 |
| Total grants and other expense transfers | 30,500 | 29,122 |
| (d) Other operating expenses | | |
| Personnel costs | 416 | 497 |
| Occupancy costs | 676 | 607 |
| Board and committee members fees | 69 | 77 |
| External audit fees (Victorian Auditor General's Office) | 20 | 29 |
| Internal audit fees | 92 | 84 |
| General administration | 595 | 482 |
| Information systems | 668 | 561 |
| Total | 2,536 | 2,337 |

Notes to the financial statements for the year ended 30 June 2013

Note 4. Cash and cash equivalents

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Cash on hand | 1 | 1 |
| Cash at bank | 303 | 415 |
| Bank deposits at call | 2,708 | 4,085 |
| Treasury Corporation Victoria deposit at call | 2,000 | 6,000 |
| Treasury Corporation Victoria term deposit | 3,000 | - |
| Total cash and cash equivalents | 8,012 | 10,501 |

Note 5. Receivables

| | 2013 (\$'000) | 2012 (\$'000) |
|--------------------------------------|------------------|------------------|
| Contractual | | |
| Trade debtors | 160 | 139 |
| Grants receivable | 1,320 | 110 |
| Accrued income | 9 | 15 |
| Total contractual receivables | 1,489 | 264 |
| Statutory | | |
| GST credits receivable | 782 | 908 |
| Total statutory receivables | 782 | 908 |
| Total receivables | 2,271 | 1,172 |

Notes to the financial statements for the year ended 30 June 2013

Note 6.1. Property, plant and equipment

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|---------------------------|-----------------------|------------------|--------------------------|------------------|---------------------|------------------|
| | 2013 (\$'000) | 2012 (\$'000) | 2013 (\$'000) | 2012 (\$'000) | 2013 (\$'000) | 2012 (\$'000) |
| Office equipment | 189 | 179 | 156 | 133 | 33 | 46 |
| Office furniture | 19 | 19 | 18 | 17 | 1 | 2 |
| Fixtures and fittings | 815 | 815 | 805 | 802 | 10 | 13 |
| Motor vehicles | 52 | 44 | 7 | 43 | 45 | 1 |
| Written-down value | 1,075 | 1,057 | 986 | 995 | 89 | 62 |

Note 6.2. Property, plant and equipment reconciliation

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Fair value | | |
| Opening balance | 1,057 | 1,138 |
| Additions | 62 | 32 |
| Disposals | (44) | (13) |
| Reclassification ⁽ⁱ⁾ | - | (100) |
| Fair value closing balance | 1,075 | 1,057 |
| Accumulated depreciation | | |
| Opening balance | 995 | 1,031 |
| Depreciation | 35 | 41 |
| Disposals | (44) | (13) |
| Reclassification ⁽ⁱ⁾ | - | (64) |
| Accumulated depreciation closing balance | 986 | 995 |
| Written-down value | 89 | 62 |

Notes:

- (i) 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 2013

Note 7. Intangible assets

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Cost | | |
| Opening balance | 999 | 999 |
| Additions | 59 | - |
| Disposals | - | - |
| Cost closing balance | 1,058 | 999 |
| Accumulated amortisation | | |
| Opening balance | 871 | 781 |
| Amortisation expense | 89 | 90 |
| Disposals | - | - |
| Accumulated amortisation closing balance | 960 | 871 |
| Written-down value | 98 | 128 |

Note 8. Payables

| | 2013 (\$'000) | 2012 (\$'000) |
|-----------------------------------|------------------|------------------|
| Contractual payables | | |
| Accrued wages and salaries | 77 | - |
| Accrued grant payments | 1,919 | 4,617 |
| Accrued expenses | 33 | 181 |
| Trade creditors | 490 | 493 |
| Total contractual payables | 2,519 | 5,291 |
| Statutory payables | | |
| GST/PAYG payable | 217 | 185 |
| Total statutory payables | 217 | 185 |
| Total payables | 2,736 | 5,476 |

Notes to the financial statements for the year ended 30 June 2013

Note 9. Provisions: Employee benefits

| | 2013 (\$'000) | 2012 (\$'000) |
|--|------------------|------------------|
| Current provisions | | |
| Annual leave | 399 | 339 |
| Long service leave | 307 | 303 |
| On-costs Annual leave | 40 | 38 |
| Long service leave | 32 | 33 |
| Total current provisions | 778 | 713 |
| Current employee benefits | | |
| Expected to be utilised within 12 months | 509 | 435 |
| Expected to be utilised after 12 months | 269 | 278 |
| Total current employee benefits | 778 | 713 |
| Non-current provisions | | |
| Long service leave | 113 | 72 |
| On-costs | 12 | 8 |
| Total non-current provisions | 125 | 80 |
| Total provisions | 903 | 793 |
| Movement in employee benefits | | |
| Opening balance | 793 | 555 |
| Settlement made during the year | (672) | (538) |
| Provision made during the year | 782 | 776 |
| Balance at end of year | 903 | 793 |

Notes to the financial statements for the year ended 30 June 2013

Note 10. Reserves

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Externally funded programs reserve | | |
| Alcohol Cultural Change | 2,597 | - |
| Active Cities | 1,200 | - |
| National Community Attitudes Survey | 1,105 | - |
| Other | 242 | - |
| Total externally funded programs reserve | 5,144 | - |

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

Note 11. Superannuation

| | <i>Paid contribution for the year</i> | |
|---|---------------------------------------|------------------|
| | 2013 (\$'000) | 2012 (\$'000) |
| Defined benefit plan | | |
| ESS Super New Scheme | 10 | 7 |
| Total defined benefit plan | 10 | 7 |
| Defined contribution plan | | |
| VicSuper | 297 | 264 |
| Other | 276 | 353 |
| Hesta | 43 | 59 |
| Vision Super | 28 | 7 |
| Total defined contribution plan | 644 | 683 |
| Total superannuation contributions | 654 | 690 |

Notes to the financial statements for the year ended 30 June 2013

Note 12. Lease commitments

Disclosures for lessees

Leasing arrangements

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

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Non-cancellable operating lease commitments | | |
| Not longer than one year | 594 | 609 |
| Longer than one year and not longer than five years | 2,414 | 2,382 |
| Longer than five years | 1,823 | 2,449 |
| Total | 4,831 | 5,440 |

Note 13. Expenditure commitments

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

Future grants commitments

VicHealth has entered into certain agreements for funding of grants for multiple years. The payment of future years' instalments of these grants is dependent on the funded organisation meeting specified accountability requirements and the continued availability of funds from the Government.

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

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Payable | | |
| Not longer than one year | 19,511 | 20,190 |
| Longer than one year and not longer than five years | 12,190 | 26,671 |
| Longer than five years | - | - |
| Total | 31,701 | 46,861 |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments

(a) Financial risk management objectives and policies

VicHealth's principal financial instruments comprise of:

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

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

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

Table 14.1 Categorisation of financial instruments and holding gain/(loss)

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

| | Contractual financial assets and liabilities | | | |
|--------------------------------------|--|--|--|--|
| | 2013 <i>Financial assets/ liabilities</i> (\$'000) | 2013 <i>Holding gain/(loss)</i> (\$'000) | 2012 <i>Financial assets/ liabilities</i> (\$'000) | 2012 <i>Holding gain/(loss)</i> (\$'000) |
| Financial assets | | | | |
| Cash and deposits | 8,012 | 296 | 10,501 | 334 |
| Loans and receivables ⁽ⁱ⁾ | 1,489 | - | 264 | - |
| Total financial assets | 9,501 | 296 | 10,765 | 334 |
| Financial liabilities | | | | |
| Amortised cost ⁽ⁱ⁾ | 2,519 | - | 5,291 | - |
| Total financial liabilities | 2,519 | - | 5,291 | - |

Note:

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

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

(b) Credit risk

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

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

In addition, VicHealth does not engage in high risk hedging for its financial assets and mainly obtains financial assets with variable interest rates. VicHealth policy is to deal with financial institutions with high credit ratings.

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

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

Table 14.2 Credit quality of contractual financial assets that are neither past due nor impaired

| | <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> | Total (\$'000) |
|---------------------------|--|---|--|--|---------------------------|
| 2013 | | | | | |
| Cash and cash equivalents | 5,000 | - | 3,011 | 1 | 8,012 |
| Contractual receivables | - | 1,320 | - | 169 | 1,489 |
| Total | 5,000 | 1,320 | 3,011 | 170 | 9,501 |
| | | | | | |
| 2012 | | | | | |
| Cash and cash equivalents | 6,000 | - | 4,500 | 1 | 10,501 |
| Contractual receivables | - | 125 | - | 139 | 264 |
| Total | 6,000 | 125 | 4,500 | 140 | 10,765 |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

Table 14.3 Ageing analysis of contractual financial assets

| | | Past due but not impaired | | | | | |
|---------------------------|--|---------------------------------|---|-----------------------------------|----------------------------|------------------------------------|---------------------------|
| | | <i>Carrying amount (\$'000)</i> | <i>Not past due and not impaired (\$'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> |
| 2013 | | | | | | | |
| Cash and cash equivalents | | 8,012 | 8,012 | - | - | - | - |
| Contractual receivables | | 1,489 | 1,487 | - | - | 2 | - |
| Total | | 9,501 | 9,499 | - | - | 2 | - |
| 2012 | | | | | | | |
| Cash and cash equivalents | | 10,501 | 10,501 | - | - | - | - |
| Contractual receivables | | 264 | 253 | 7 | - | 4 | - |
| Total | | 10,765 | 10,754 | 7 | - | 4 | - |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that VicHealth would be unable to meet its financial obligations as and when they fall due.

VicHealth's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. VicHealth manages its liquidity risk as follows:

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

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

VicHealth's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. 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 14.4 Maturity analysis of contractual financial liabilities

| | | | Past due but not impaired | | | |
|----------------------|---------------------------------|--------------------------------|-----------------------------------|----------------------------|------------------------------------|---------------------------|
| | <i>Carrying amount (\$'000)</i> | <i>Nominal amount (\$'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> |
| 2013 | | | | | | |
| Contractual payables | 2,519 | 2,519 | 2,476 | 22 | 21 | - |
| Total | 2,519 | 2,519 | 2,476 | 22 | 21 | - |
| 2012 | | | | | | |
| Contractual payables | 5,291 | 5,291 | 5,249 | 18 | 24 | - |
| Total | 5,291 | 5,291 | 5,249 | 18 | 24 | - |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

(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.

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

Table 14.5 Interest rate exposure of financial assets and liabilities

| | | Interest rate exposure | | | |
|------------------------------------|----------------------------------|--------------------------|------------------------------|---------------------------------|-------------------------------|
| 2013 | Weighted average interest rate % | Carrying amount (\$'000) | Fixed interest rate (\$'000) | Variable interest rate (\$'000) | Non-interest bearing (\$'000) |
| Financial assets | | | | | |
| Cash and deposits | 1.9% | 8,012 | 3,000 | 4,709 | 303 |
| Contractual receivables | - | 1,489 | - | - | 1,489 |
| Total financial assets | - | 9,501 | 3,000 | 4,709 | 1,792 |
| Financial liabilities | | | | | |
| Contractual payables | - | 2,519 | - | - | 2,519 |
| Total financial liabilities | - | 2,519 | - | - | 2,519 |
| | | | | | |
| 2012 | Weighted average interest rate % | Carrying amount (\$'000) | Fixed interest rate (\$'000) | Variable interest rate (\$'000) | Non-interest bearing (\$'000) |
| Financial assets | | | | | |
| Cash and deposits | 3.7% | 10,501 | - | 10,500 | 1 |
| Contractual receivables | - | 264 | - | - | 264 |
| Total financial assets | - | 10,765 | - | 10,500 | 265 |
| Financial liabilities | | | | | |
| Contractual payables | - | 5,291 | - | - | 5,291 |
| Total financial liabilities | - | 5,291 | - | - | 5,291 |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

(e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, VicHealth believes the following movement is 'reasonably possible' over the next 12 months:

- a parallel shift of +1% and -1% in market interest rates (AUD).

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

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

Table 14.6 Interest risk exposure – sensitivity analysis

| | | -100 basis points | +100 basis points |
|------------------------------------|--------------------------|---------------------|---------------------|
| | Carrying amount (\$'000) | Net result (\$'000) | Net result (\$'000) |
| 2013 | | | |
| Financial assets | | | |
| Cash and cash deposits | 8,012 | (57) | 57 |
| Receivables | 1,489 | - | - |
| Total financial assets | 9,501 | (57) | 57 |
| Financial liabilities | | | |
| Payables | 2,519 | - | - |
| Total financial liabilities | 2,519 | - | - |
| 2012 | | | |
| Financial assets | | | |
| Cash and cash deposits | 10,501 | (101) | 101 |
| Receivables | 264 | - | - |
| Total financial assets | 10,765 | (101) | 101 |
| Financial liabilities | | | |
| Payables | 5,291 | - | - |
| Total financial liabilities | 5,291 | - | - |

Notes to the financial statements for the year ended 30 June 2013

Note 14. Financial instruments (cont'd)

(f) Fair value

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

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

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

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

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Net result for the period | 1,247 | 2,842 |
| Non-cash movements | | |
| (Gain)/loss on disposal of non-financial assets | (15) | - |
| Depreciation and amortisation | 124 | 130 |
| Reclassification of assets below capitalisation threshold | - | 36 |
| Movements in assets and liabilities | | |
| (Increase)/decrease in receivables | (1,285) | (337) |
| (Increase)/decrease in prepayments | (12) | (5) |
| Increase/(decrease) in payables | (2,554) | 2,485 |
| Increase/(decrease) in provisions | 111 | 238 |
| Net cash flows from/(used in) operating activities | (2,384) | 5,389 |

Notes to the financial statements for the year ended 30 June 2013

Note 16.1. 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 MLC, Minister for Health

1/07/2012 – 30/06/2013

Governing Board

| | |
|--------------------------------------|------------------------|
| Mr Mark Birrell, Chair | 1/07/2012 – 30/06/2013 |
| Professor John Catford, Deputy Chair | 1/07/2012 – 30/06/2013 |
| Mr Neil Angus MLA | 1/07/2012 – 30/06/2013 |
| Mr Tim Bull MLA | 1/07/2012 – 30/06/2013 |
| Ms Susan Crow | 1/07/2012 – 30/06/2013 |
| Ms Belinda Duarte | 1/07/2012 – 30/06/2013 |
| Ms Danielle Green MLA | 1/07/2012 – 30/06/2013 |
| Professor Margaret Hamilton AO | 1/07/2012 – 30/06/2013 |
| Ms Margot Foster | 1/07/2012 – 30/06/2013 |
| Ms Nicole Livingstone OAM | 1/07/2012 – 30/06/2013 |
| Professor Michael Morgan | 1/07/2012 – 30/06/2013 |
| Professor Ruth Rentschler OAM | 1/07/2012 – 30/06/2013 |

Accountable Officer

Ms Jerril Rechter 17/10/2012 – 30/06/2013

Notes to the financial statements for the year ended 30 June 2013

Remuneration of responsible persons

| | 2013 No. | 2012 No. |
|----------------------|------------------|------------------|
| Income Band | | |
| \$ 0 – 9,999 | 11 | 12 |
| \$ 10,000 – 19,999 | 2 | 1 |
| \$ 60,000 – 69,999 | - | 1 |
| \$ 150,000 – 159,999 | - | 1 |
| \$ 250,000 – 259 999 | 1 | - |
| Total numbers | 14 | 15 |
| Total amount | \$320,713 | \$254,394 |

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.

Notes to the financial statements for the year ended 30 June 2013

Note 16.2. Related party transactions

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

| | 2013 \$'000 | 2012 \$'000 |
|---|----------------|----------------|
| Cancer Council Victoria of which Professor Margaret Hamilton served as a Board member within the period | 9,105 | 6,894 |
| Australian Drug Foundation of which Professor Margaret Hamilton has declared a pecuniary interest | 330 | 706 |
| AFL of which Ms Belinda Duarte was an employee within the period | 803 | 908 |
| 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 | 551 | 529 |
| Cricket Victoria of which Ms Susan Crow served as a Board member within the period | 211 | 155 |
| VicSport of which Ms Margot Foster served as a Board member within the period | 192 | 313 |
| University of Melbourne of which Professor Michael Morgan was an employee within the period | 2,615 | 2,386 |
| Monash University of which Professor John Catford served as an employee within the period | 59 | 242 |
| Melbourne Heart of which Ms Susan Crow served as an employee within the period | 127 | - |
| Victorian Employers' Chamber of Commerce and Industry of which Mr Mark Birrell served as a Board Member within the period | 1 | - |

Notes to the financial statements for the year ended 30 June 2013

Note 17. Remuneration of executives

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

executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

| Income Band | Total remuneration | | Base remuneration | |
|--|--------------------|------------------|-------------------|------------------|
| | 2013 No. | 2012 No. | 2013 No. | 2012 No. |
| \$ 0 – 9,999 | - | - | - | 1 |
| \$ 20,000 – 29,999 | - | 1 | - | 1 |
| \$ 40,000 – 49,999 | - | 1 | - | 1 |
| \$ 50,000 – 59,000 | 1 | - | 1 | - |
| \$ 60,000 – 69,999 | - | 1 | - | 1 |
| \$ 80,000 – 89,999 | - | 1 | - | 1 |
| \$ 90,000 – 99,999 | - | 2 | 1 | 2 |
| \$ 140,000 – 149,999 | - | - | 1 | - |
| \$ 150,000 – 159,999 | 2 | - | 1 | 1 |
| \$ 160,000 – 169,999 | - | 1 | - | - |
| \$ 170,000 – 179,999 | 1 | - | 1 | - |
| \$ 180,000 – 189,999 | 1 | 2 | - | 1 |
| Total numbers | 5 | 9 | 5 | 9 |
| Total annualised employee equivalent ⁽ⁱ⁾ | 4 | 5 | 4 | 5 |
| Total amount | \$727,154 | \$938,174 | \$622,142 | \$738,174 |

Note:

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

During the year a number of employees acted in executive management positions following employee resignations. The annualised remuneration of the executive management positions exceeded \$100,000, however only the pro-rata

amount earned whilst undertaking that role has been disclosed in the table. The variance between total remuneration relates to employee entitlements upon resignation and bonus.

Notes to the financial statements for the year ended 30 June 2013

Note 18. Contingencies

There were no contingent assets or liabilities as at 30 June 2013 or 30 June 2012.

| | 2013 (\$'000) | 2012 (\$'000) |
|------------------------|------------------|------------------|
| Contingent assets | - | - |
| Contingent liabilities | - | - |

Note 19. Ex-gratia payments

VicHealth made the following ex-gratia payments during the reporting period:

| | 2013 (\$'000) | 2012 (\$'000) |
|---|------------------|------------------|
| Payments to employees upon termination of employment. | - | 107 |

Note 20. Economic dependency

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

There have been no events that have occurred subsequent to 30 June 2013 which would, in the absences of disclosure, cause the financial statements to become misleading.

Section 6: Disclosure index

Disclosure index

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

| Legislation | Requirement | Page reference |
|--|---|----------------|
| Ministerial Directions | | |
| Report of operations – FRD Guidance | | |
| Charter and purpose | | |
| 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 |
| Management and structure | | |
| FRD 22C | Organisational structure | Page 20 |
| Financial and other information | | |
| FRD 10 | Disclosure index | Page 74 |
| FRD 12A | Disclosure of major contracts | Page 27 |
| FRD 15B | Executive officer disclosures | Page 25, 72 |
| FRD 22C, SD 4.2(k) | Operational and budgetary objectives and performance against objectives | Pages 11, 12 |
| FRD 22C | Employment and conduct principles | Page 23 |
| 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 27 |
| FRD 22C | Compliance with building and maintenance provisions of <i>Building Act 1993</i> | Page 27 |
| FRD 22C | Statement on National Competition Policy | Page 28 |
| FRD 22C | Application and operation of the <i>Protected Disclosure Act 2012</i> | Page 27 |
| FRD 22C | Details of consultancies over \$10,000 | Page 26 |
| FRD 22C | Details of consultancies under \$10,000 | Page 26 |
| FRD 22C | Statement of availability of other information | Page 28 |
| FRD 24C | Reporting of office-based environmental impacts | Page 28 |

| Legislation | Requirement | Page reference |
|---|--|----------------|
| Ministerial Directions | | |
| Report of operations – FRD Guidance | | |
| FRD 25 | Victorian Industry Participation Policy disclosures | Page 28 |
| FRD 29 | Workforce Data disclosures | Page 23 |
| 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 |
| SD 4.5.5.1 | Attestation on insurance | Page 30 |
| Financial statements | | |
| Financial statements required under Part 7 of the FMA | | |
| SD 4.2(a) | Statement of changes in equity | Page 37 |
| SD 4.2(b) | Operating statement | Page 35 |
| SD 4.2(b) | Balance sheet | Page 36 |
| SD 4.2(b) | Cash flow statement | Page 38 |
| Other requirements under Standing Direction 4.2 | | |
| SD 4.2(a) | Compliance with Australian accounting standards and other authoritative pronouncements | Page 40 |
| SD 4.2(a) | Statement of compliance | Page 40 |
| SD 4.2(d) | Rounding of amounts | Page 49 |
| SD 4.2(c) | Accountable Officer's declaration | Page 32 |
| Other disclosures as required by FRDs in notes to the financial statements | | |
| FRD 9A | Departmental disclosure of administered assets and liabilities | n/a |
| FRD 11 | Disclosure of ex gratia payments | Page 73 |
| FRD 13 | Disclosure of parliamentary appropriations | Page 35 |
| FRD 21A | Responsible person and executive officer disclosures | Page 69, 72 |
| FRD 102 | Inventories | n/a |
| FRD 103D | Non-current physical assets | Page 57 |
| FRD 104 | Foreign currency | n/a |
| FRD 106 | Impairment of assets | Page 45, 46 |
| FRD 109 | Intangible assets | Page 58 |
| FRD 107 | Investment properties | n/a |
| FRD 110 | Cash flow statements | Page 38 |

| Legislation | Requirement | Page reference |
|---|---|----------------|
| Ministerial Directions | | |
| Financial statements | | |
| FRD 112A | Defined benefit superannuation obligations | Page 60 |
| FRD 113 | Investments in subsidiaries, jointly controlled entities and associates | n/a |
| FRD 114A | Financial Instruments | Page 62 |
| FRD 119 | Contributions by owners | Page 37 |
| Legislation | | |
| <i>Building Act 1993</i> | | |
| <i>Disability Action Plan</i> | | |
| <i>Financial Management Act 1994</i> | | |
| <i>Freedom of Information Act 1982</i> | | |
| <i>Protected Disclosure Act 2012</i> | | |
| <i>Victorian Industry Participation Policy Act 2003</i> | | |



VicHealth

Victorian Health Promotion Foundation

PO Box 154 Carlton South, VIC 3053 Australia

T +61 3 9667 1333 F +61 3 9667 1375

vichealth@vichealth.vic.gov.au

www.vichealth.vic.gov.au

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