

# **Financial Statements**

Victorian Health Promotion Foundation  
2015–16


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

We certify that the attached financial statements for the Victorian Health Promotion Foundation (VicHealth) have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2016 and financial position of VicHealth at 30 June 2016.

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.



**Emeritus Prof John Catford**  
Chair of the Board

Melbourne  
24 August 2016



**Ms Jerril Rechter**  
Accountable Officer

Melbourne  
24 August 2016



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

Melbourne  
24 August 2016



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## INDEPENDENT AUDITOR'S REPORT

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

#### *The Financial Report*

I have audited the accompanying financial report for the year ended 30 June 2016 of the Victorian Health Promotion Foundation which comprises comprehensive operating statement, balance sheet, statements 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.

#### *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, I and my 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 2016 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*.

MELBOURNE  
25 August 2016



Dr Peter Frost  
Acting Auditor-General

# Comprehensive operating statement

## for the financial year ended 30 June 2016

	Notes	2016 (\$'000)	2015 (\$'000)
<b>Income from transactions</b>			
General appropriations		37,589	36,852
Special appropriations		694	656
Grants and other income transfers	2(b)	-	45
Interest income	2(a)	136	196
Other income		142	125
<b>Total income</b>		<b>38,561</b>	<b>37,874</b>
<b>Expenses from transactions</b>			
Employee expenses	3(a)	8,119	8,184
Depreciation and amortisation	3(b)	165	100
Grants and other expense transfers	3(c)	26,451	29,915
Other operating expenses	3(d)	2,859	3,014
<b>Total expenses</b>		<b>37,594</b>	<b>41,213</b>
<b>Net result for the year</b>		<b>967</b>	<b>(3,339)</b>
<b>Comprehensive result for the year</b>		<b>967</b>	<b>(3,339)</b>

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

# Balance sheet

## as at 30 June 2016

	Notes	2016 (\$'000)	2015 (\$'000)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	4,435	4,415
Receivables	5	545	679
Prepayments		127	224
<b>Total current assets</b>		<b>5,107</b>	<b>5,318</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	221	274
Intangible assets	7	166	233
<b>Total non-current assets</b>		<b>387</b>	<b>507</b>
<b>Total assets</b>		<b>5,494</b>	<b>5,825</b>
<b>Current liabilities</b>			
Payables	8	687	2,156
Provisions: employee benefits	9	1,056	890
<b>Total current liabilities</b>		<b>1,743</b>	<b>3,046</b>
<b>Non-current liabilities</b>			
Provisions: employee benefits	9	242	237
<b>Total non-current liabilities</b>		<b>242</b>	<b>237</b>
<b>Total liabilities</b>		<b>1,985</b>	<b>3,283</b>
<b>Net assets</b>		<b>3,509</b>	<b>2,542</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		3,129	1,816
Reserves	10	380	726
<b>Total equity</b>		<b>3,509</b>	<b>2,542</b>

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

# Statement of changes in equity

## for the financial year ended 30 June 2016

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

2015	Equity at 1 July 2014 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2015 (\$'000)
Accumulated surplus/(deficit)	1,822	-	(3,339)	(1,517)
Transfer from/(to) reserves	-	3,333	-	3,333
<b>Total accumulated surplus/(deficit)</b>	<b>1,822</b>	<b>3,333</b>	<b>(3,339)</b>	<b>1,816</b>
Reserves	4,059	-	-	4,059
Transfer (from)/to reserves	-	(3,333)	-	(3,333)
<b>Total reserves</b>	<b>4,059</b>	<b>(3,333)</b>	<b>-</b>	<b>726</b>
<b>Total equity</b>	<b>5,881</b>	<b>-</b>	<b>(3,339)</b>	<b>2,542</b>

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

# Cash flow statement

## for the financial year ended 30 June 2016

	Notes	2016 (\$'000)	2015 (\$'000)
<b>Cash flows from operating activities</b>			
Receipts from Government		38,189	37,438
Receipts from other entities		180	194
Interest received		143	228
Goods and Services Tax (paid to)/refund from the ATO		2,761	3,290
<b>Total receipts</b>		<b>41,273</b>	<b>41,150</b>
<b>Payments</b>			
Payment of grants and other transfers		(29,667)	(32,665)
Payments to suppliers and employees		(11,544)	(11,839)
<b>Total payments</b>		<b>(41,211)</b>	<b>(44,504)</b>
<b>Net cash flow provided by/(used in) operating activities</b>	<b>15</b>	<b>62</b>	<b>(3,354)</b>
<b>Cash flows from investing activities</b>			
Payments for non-financial assets		(42)	(287)
<b>Net cash flows provided by/(used in) investing activities</b>		<b>(42)</b>	<b>(287)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>20</b>	<b>(3,641)</b>
Cash and cash equivalents at the beginning of the year		4,415	8,056
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>4,435</b>	<b>4,415</b>

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



# Notes to the financial statements

## for the year ended 30 June 2016

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# Notes to the financial statements

## for the year ended 30 June 2016

### Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Health Promotion Foundation (VicHealth) for the period ended 30 June 2016. 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 24 August 2016.

#### (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 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items; that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

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

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

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

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

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

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

# Notes to the financial statements

## for the year ended 30 June 2016

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

Consistent with *AASB 13 Fair Value Measurement*, VicHealth determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, VicHealth has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Where applicable, VicHealth determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

### (c) Reporting entity

The financial statements relate to VicHealth as an individual reporting entity. Its principal address is:

VicHealth  
15–31 Pelham Street  
Carlton VIC 3053

VicHealth was established under the *Tobacco Act 1987*.

The Act stipulates that VicHealth's objectives are to:

- (a) fund activity related to the promotion of good health, safety or the prevention and early detection of disease
- (b) increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture

- (c) encourage healthy lifestyles in the community, and support activities involving participation in healthy pursuits
- (d) fund research and development activities in support of these objects.

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

## (d) Scope and presentation of financial statements

### Comprehensive operating statement

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

### Balance sheet

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

### Statement of changes in equity

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

### Cash flow statement

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

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

## (e) Change in accounting policies

Subsequent to the 2014–15 reporting period there have been no new or revised Accounting Standards adopted by VicHealth for the first time.

# Notes to the financial statements

## for the year ended 30 June 2016

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

### (f) Income from transactions

Income is recognised in accordance with *AASB 118 Revenue* and to the extent that it is probable that the economic benefits will flow to VicHealth and the income can be reliably measured. Unearned income at reporting date is reported as income received in advance.

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

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

#### Appropriation income

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

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.

#### Government grants and other transfers of income

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

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

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

#### Interest income

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

### (g) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

#### Employee expenses

Employee expenses include:

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

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

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

#### Defined contribution superannuation plans

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

#### Defined benefit superannuation plans

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

# Notes to the financial statements

## for the year ended 30 June 2016

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

### Depreciation

Depreciation is calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate.

Depreciation is provided on property, plant and equipment. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

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

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

### Amortisation

Intangible assets with a cost in excess of \$2,000 are capitalised. Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. Amortisation begins when the asset is available for use; when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

In addition, VicHealth tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

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

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

Intangible assets with finite useful lives are amortised over five years in both the current and prior years.

### Interest expense

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

### Grants and other expense transfers

Grants and other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions made to state-owned agencies, local government, non-government schools and community groups.

### Other operating expenses

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

#### *Occupancy costs*

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

#### *General administration*

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

#### *Information systems*

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

#### *Bad and doubtful debts*

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

# Notes to the financial statements

## for the year ended 30 June 2016

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 at the date that control of the asset is passed to the buyer, and is determined after deducting from the proceeds the carrying value of the asset at that time.

### *Project specific expenses*

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

### *Personnel costs*

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

### **Impairment of non-financial assets**

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

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

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

## **(h) Financial assets**

### **Cash and deposits**

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash

commitments rather than for investment purposes, and which are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

### **Receivables**

Receivables consist of:

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

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

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

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

### **Investments**

Investments are classified in the following categories:

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

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

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

### **Impairment of financial assets**

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

# Notes to the financial statements

## for the year ended 30 June 2016

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

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

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

#### (i) Non-financial assets

##### Property, plant and equipment

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

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

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

##### Revaluations of non-current physical assets

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

##### Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs (where applicable).

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost, less accumulated amortisation and accumulated impairment losses.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to VicHealth.

##### Prepayments

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

##### Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement at the date that control of the asset is passed to the buyer, and is determined after deducting from the proceeds the carrying value of the asset at that time.



# Notes to the financial statements

## for the year ended 30 June 2016

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

### 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.

### (j) Liabilities

#### Payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for grants, goods and services provided to VicHealth prior to the end of the financial year that are unpaid, and arise when VicHealth becomes obliged to make future payments in respect of the purchase of those goods and services or provision of grant conditions
- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Contractual payables are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

#### Provisions

Provisions are recognised when VicHealth has a present obligation, the sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows using a discount rate that reflects the time value of money and risks specific to the provision.

#### Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, time in lieu and long service leave for services rendered to the reporting date.

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

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

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

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

##### (ii) Long service leave

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

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



# Notes to the financial statements

## for the year ended 30 June 2016

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

The components of this current LSL liability are measured at:

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

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

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

#### **(iii) Termination benefits**

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

#### **(iv) On-costs**

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

### **(k) Leases**

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

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

#### **Operating leases**

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

#### **Lease incentives**

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

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

#### **Leasehold Improvements**

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

# Notes to the financial statements

## for the year ended 30 June 2016

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

### (l) Equity

#### Contributions by owners

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

#### Reserves

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

### (m) Commitments

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

### (n) Contingent assets and contingent liabilities

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

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

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

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

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

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

### (p) Events after the reporting period

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between VicHealth and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting period and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue, where the events relate to conditions which arose after the end of the reporting period, and which may have a material impact on the results of subsequent reporting periods.

### (q) Rounding of amounts

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

### (r) Comparative information

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

### (s) Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of VicHealth's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

# Notes to the financial statements

## for the year ended 30 June 2016

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

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.

#### **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 2016

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

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

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2016 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 2016, the following standards and interpretations have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. VicHealth has not early adopted these standards.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i> (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI)</li> <li>other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.</li> </ul>	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018–19 reporting period in accordance with the transition requirements.

# Notes to the financial statements

## for the year ended 30 June 2016

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

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends.  Trade receivables that do not have a significant financing component are to be measured at their transaction price, at initial recognition.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 <i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	This amending standard will defer the application period of AASB 15 to the 2018–19 reporting period in accordance with the transition requirements.
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence.	1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified in AASB 15.

# Notes to the financial statements

## for the year ended 30 June 2016

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase.</p> <p>Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.</p> <p>The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.</p> <p>No change for lessors.</p>
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	<p>Amends AASB 116 <i>Property, Plant and Equipment</i> and AASB 138 <i>Intangible Assets</i> to:</p> <ul style="list-style-type: none"> <li>establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset</li> <li>prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible.</li> </ul>	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 <i>Related Party Disclosures</i> to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	The standard amends AASB 136 <i>Impairment of Assets</i> to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 <i>Fair Value Measurement</i> is the same as the depreciated replacement cost concept under AASB 136.

# Notes to the financial statements

## for the year ended 30 June 2016

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015–16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1056 *Superannuation Entities*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-1 *Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only]*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128]*
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]*
- AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 2. Income from transactions

	2016 (\$'000)	2015 (\$'000)
<b>(a) Interest</b>		
Interest on treasury deposits	-	40
Interest on bank deposits	136	156
<b>Total interest</b>	<b>136</b>	<b>196</b>
<b>(b) Grants and other income transfers</b>		
Other grants	-	45
<b>Total grants and other income transfer</b>	<b>-</b>	<b>45</b>



# Notes to the financial statements

## for the year ended 30 June 2016

### Note 3. Expenses from transactions

	2016 (\$'000)	2015 (\$'000)
<b>(a) Employee expenses</b>		
Salaries, wages, and leave payments	7,353	7,369
Defined contribution superannuation expense	669	657
Defined benefits superannuation expense	11	12
Termination benefits	7	27
Other on-costs	79	119
<b>Total employee expenses</b>	<b>8,119</b>	<b>8,184</b>
<b>(b) Depreciation and amortisation</b>		
Depreciation		
Office equipment	66	37
Fixtures and fittings	2	2
Motor vehicles	9	9
<b>Total depreciation</b>	<b>77</b>	<b>48</b>
Amortisation – IT software	88	52
<b>Total depreciation and amortisation</b>	<b>165</b>	<b>100</b>
<b>(c) Grants and other expense transfers</b>		
General purpose grants	25,285	28,370
Project specific expenses	1,166	1,545
<b>Total grants and other expense transfers</b>	<b>26,451</b>	<b>29,915</b>
<b>(d) Other operating expenses</b>		
Personnel costs	538	680
Occupancy costs	673	723
Board and committee members fees	168	146
External audit fees (Victorian Auditor General's Office)	22	21
Internal audit fees	96	71
General administration	841	785
Information systems	521	588
<b>Total</b>	<b>2,859</b>	<b>3,014</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 4. Cash and cash equivalents

	2016 (\$'000)	2015 (\$'000)
Cash on hand	1	1
Cash at bank	358	2,030
Bank deposits at call	4,076	384
Term deposit	-	2,000
<b>Total cash and cash equivalents</b>	<b>4,435</b>	<b>4,415</b>

### Note 5. Receivables

	2016 (\$'000)	2015 (\$'000)
<b>Contractual</b>		
Trade debtors	21	88
Accrued income	8	15
Other debtors	2	-
<b>Total contractual receivables</b>	<b>31</b>	<b>103</b>
<b>Statutory</b>		
GST credits receivable	514	576
<b>Total statutory receivables</b>	<b>514</b>	<b>576</b>
<b>Total receivables</b>	<b>545</b>	<b>679</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 6. Property, plant and equipment

#### (a) Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)	2016 (\$'000)	2015 (\$'000)
Office equipment	467	444	268	203	199	241
Office furniture	19	19	18	18	1	1
Fixtures and fittings	815	815	811	809	4	6
Motor vehicles	52	52	35	26	17	26
<b>Total</b>	<b>1,353</b>	<b>1,330</b>	<b>1,132</b>	<b>1,056</b>	<b>221</b>	<b>274</b>

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

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

# Notes to the financial statements

## for the year ended 30 June 2016

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

### (b) Property, plant and equipment reconciliation (cont.)

2015	Office equipment (\$'000)	Office furniture (\$'000)	Fixtures and fittings (\$'000)	Motor vehicles (\$'000)	Capital works in progress (\$'000)	Total (\$'000)
<b>Fair value</b>						
Opening balance	197	19	815	52	150	<b>1,233</b>
Additions	97	-	-	-	-	<b>97</b>
Transfers	150	-	-	-	(150)	-
<b>Fair value closing balance</b>	<b>444</b>	<b>19</b>	<b>815</b>	<b>52</b>	<b>-</b>	<b>1,330</b>
<b>Accumulated depreciation</b>						
Opening balance	167	18	806	17	-	<b>1,008</b>
Depreciation	37	-	2	9	-	<b>48</b>
<b>Accumulated depreciation closing balance</b>	<b>203</b>	<b>18</b>	<b>809</b>	<b>26</b>	<b>-</b>	<b>1,056</b>
<b>Written-down value</b>	<b>241</b>	<b>1</b>	<b>6</b>	<b>26</b>	<b>-</b>	<b>274</b>

### (c) Fair value measurement hierarchy for assets

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

# Notes to the financial statements

## for the year ended 30 June 2016

### (c) Fair value measurement hierarchy for assets (cont.)

2015	Carrying amount as at 30 June 2015 (\$'000)	Fair value measurement <sup>(i)</sup> at end of reporting period using:		
		Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)
Office equipment	241	-	-	241
Office furniture	1	-	-	1
Fixtures and fittings	6	-	-	6
Motor vehicles	26	-	-	26
<b>Written-down value</b>	<b>274</b>	<b>-</b>	<b>-</b>	<b>274</b>

Note:

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

There were no changes in valuation techniques throughout the period to 30 June 2016.

For all assets measured at fair value, the current use is considered the highest and best use. There have been no transfers between levels during the period.

### Vehicles

VicHealth acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by VicHealth who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying value (depreciated cost).

### Office equipment, furniture and fixtures and fittings

Office equipment, furniture and fixtures and fittings is held at carrying value (depreciated cost). When office equipment, furniture and fixtures and fittings is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

# Notes to the financial statements

## for the year ended 30 June 2016

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

### (d) Reconciliation of level 3 fair value

	Office equipment (\$'000)	Office furniture (\$'000)	Fixtures and fittings (\$'000)	Motor vehicles (\$'000)
<b>2016</b>				
<b>Opening balance</b>	<b>241</b>	<b>1</b>	<b>6</b>	<b>26</b>
Purchases/(sales)	26	-	-	-
Transfers in/(out) of Level 3	(3)	-	-	-
<b>Gains or losses recognised in net result</b>				
Depreciation	(66)	-	(2)	(9)
<b>Closing balance</b>	<b>199</b>	<b>1</b>	<b>4</b>	<b>17</b>
<b>2015</b>				
<b>Opening balance</b>	<b>30</b>	<b>1</b>	<b>9</b>	<b>35</b>
Purchases/(sales)	248	-	-	-
Transfers in/(out) of Level 3	-	-	-	-
<b>Gains or losses recognised in net result</b>				
Depreciation	(37)	-	(3)	(9)
<b>Closing balance</b>	<b>241</b>	<b>1</b>	<b>6</b>	<b>26</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 7. Intangible assets

	2016 (\$'000)	2015 (\$'000)
<b>Cost</b>		
Opening balance	1,298	1,108
Additions	20	190
<b>Cost closing balance</b>	<b>1,318</b>	<b>1,298</b>
<b>Accumulated amortisation</b>		
Opening balance	1,065	1,012
Amortisation expense	87	53
<b>Accumulated amortisation closing balance</b>	<b>1,152</b>	<b>1,065</b>
<b>Written-down value</b>	<b>166</b>	<b>233</b>

### Note 8. Payables

	2016 (\$'000)	2015 (\$'000)
<b>Contractual payables</b>		
Accrued wages and salaries	119	51
Accrued grants payable	113	1,277
Accrued expenses	75	48
Trade creditors	359	774
Other	17	-
<b>Total contractual payables</b>	<b>683</b>	<b>2,150</b>
<b>Statutory payables</b>		
GST/PAYG payable	4	6
<b>Total statutory payables</b>	<b>4</b>	<b>6</b>
<b>Total payables</b>	<b>687</b>	<b>2,156</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 9. Provisions: Employee benefits

	2016 (\$'000)	2015 (\$'000)
<b>Current provisions</b>		
Annual leave	490	453
Long service leave	468	339
On-costs Annual leave	50	51
Long service leave	48	47
<b>Total current provisions</b>	<b>1,056</b>	<b>890</b>
<b>Current employee benefits</b>		
Expected to be utilised within 12 months	660	597
Expected to be utilised after 12 months	396	293
<b>Total current employee benefits</b>	<b>1,056</b>	<b>890</b>
<b>Non-current provisions</b>		
Long service leave	219	208
On-costs	23	29
<b>Total non-current provisions</b>	<b>242</b>	<b>237</b>
<b>Total provisions</b>	<b>1,298</b>	<b>1,127</b>
<b>Movement in employee benefits</b>		
Opening balance	1,127	1,014
Settlement made during the year	(719)	(802)
Provision made during the year	890	915
<b>Balance at end of year</b>	<b>1,298</b>	<b>1,127</b>



# Notes to the financial statements

## for the year ended 30 June 2016

### Note 10. Reserves

	2016 (\$'000)	2015 (\$'000)
<b>Externally funded programs reserve</b>		
Alcohol Cultural Change	-	38
National Community Attitudes Towards Violence Against Women Survey	60	183
Office of Women's Affairs	-	157
Sports Recreation Victoria	50	50
Victorian Law Enforcement Drug Fund	270	270
Other	-	28
<b>Total externally funded programs reserve</b>	<b>380</b>	<b>726</b>

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

### Note 11. Superannuation

	Paid contribution for the year	
	2016 (\$'000)	2015 (\$'000)
<b>Defined benefit plan</b>		
ESS Super New Scheme	11	12
<b>Total defined benefit plan</b>	<b>11</b>	<b>12</b>
<b>Defined contribution plan</b>		
VicSuper	286	272
Hesta	70	53
Australian Super	20	41
Vision Super	31	33
Other	262	258
<b>Total defined contribution plan</b>	<b>669</b>	<b>657</b>
<b>Total superannuation contributions</b>	<b>680</b>	<b>669</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 12. Lease commitments

#### Leasing arrangements

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

	2016 (\$'000)	2015 (\$'000)
<b>Non-cancellable operating lease commitments</b>		
No longer than one year	631	631
Longer than one year and not longer than five years	2,450	2,570
Longer than five years	-	511
<b>Total</b>	<b>3,081</b>	<b>3,712</b>

### Note 13. Expenditure commitments

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

VicHealth has entered into certain agreements for funding of grants for multiple years. The payment of future years' instalments of these grants is dependent on the funded organisation meeting specified accountability requirements and the continued availability of funds from the Government. Instalments of grants to be paid in future years are subject to the funded organisations meeting accountability requirements. Additionally VicHealth enters into multi-year contracts for the purchase of various goods and/or services.

	2016 (\$'000)	2015 (\$'000)
<b>Expenditure commitments</b>		
No longer than one year	14,361	10,411
Longer than one year and not longer than five years	18,150	5,121
<b>Total</b>	<b>32,511</b>	<b>15,532</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### 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's 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			
	2016 Financial assets/ liabilities (\$'000)	2016 Holding gain/(loss) (\$'000)	2015 Financial assets/ liabilities (\$'000)	2015 Holding gain/(loss) (\$'000)
<b>Financial assets</b>				
Cash and deposits	4,435	136	4,415	196
Loans and receivables <sup>(i)</sup>	31	-	103	-
<b>Total financial assets</b>	<b>4,466</b>	<b>136</b>	<b>4,518</b>	<b>196</b>
<b>Financial liabilities</b>				
Contractual payables <sup>(i)</sup>	682	-	2,150	-
<b>Total financial liabilities</b>	<b>682</b>	<b>-</b>	<b>2,150</b>	<b>-</b>

Note:

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

# Notes to the financial statements

## for the year ended 30 June 2016

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**

	Financial institutions (AAA credit rating) (\$'000)	Government agencies (AAA credit rating) (\$'000)	Other (AA credit rating) (\$'000)	Other (AA- credit rating) (\$'000)	Other (no credit rating) (\$'000)	Total (\$'000)
<b>2016</b>						
Cash and cash equivalents	-	-	-	4,435	-	<b>4,435</b>
Contractual receivables	-	-	-	-	31	<b>31</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,435</b>	<b>31</b>	<b>4,466</b>
<b>2015</b>						
Cash and cash equivalents	-	-	-	4,414	1	<b>4,415</b>
Contractual receivables	-	-	-	-	103	<b>103</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,414</b>	<b>104</b>	<b>4,518</b>

# Notes to the financial statements

## for the year ended 30 June 2016

Note 14. Financial instruments (cont'd)

**Table 14.3 Ageing analysis of contractual financial assets**

	Carrying amount (\$'000)	Not past due and not impaired (\$'000)	Past due but not impaired				Impaired financial assets (\$'000)
			Less than 1 month (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	
<b>2016</b>							
Cash and cash equivalents	4,435	4,435	-	-	-	-	-
Contractual receivables	31	23	-	-	8	-	-
<b>Total</b>	<b>4,466</b>	<b>4,458</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>-</b>
<b>2015</b>							
Cash and cash equivalents	4,415	4,415	-	-	-	-	-
Contractual receivables	103	99	-	-	4	-	-
<b>Total</b>	<b>4,518</b>	<b>4,514</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>

### (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.

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 14. Financial instruments (cont'd)

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

**Table 14.4 Maturity analysis of contractual financial liabilities**

	Carrying amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than 1 month (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)
<b>2016</b>						
Contractual payables	682	682	672	5	5	-
<b>Total</b>	<b>682</b>	<b>682</b>	<b>672</b>	<b>5</b>	<b>5</b>	<b>-</b>
<b>2015</b>						
Contractual payables	2,150	2,150	2,065	76	9	-
<b>Total</b>	<b>2,150</b>	<b>2,150</b>	<b>2,065</b>	<b>76</b>	<b>9</b>	<b>-</b>

### (d) Market risk

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

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

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

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

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 14. Financial instruments (cont'd)

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

**Table 14.5 Interest rate exposure of financial assets and liabilities**

			Interest rate exposure		
	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
<b>2016</b>					
<b>Financial assets</b>					
Cash and deposits	1.6%	4,435	-	4,076	359
Contractual receivables	-	31	-	-	31
<b>Total financial assets</b>	<b>-</b>	<b>4,466</b>	<b>-</b>	<b>4,076</b>	<b>390</b>
<b>Financial liabilities</b>					
Contractual payables	-	682	-	-	682
<b>Total financial liabilities</b>	<b>-</b>	<b>682</b>	<b>-</b>	<b>-</b>	<b>682</b>
			Interest rate exposure		
	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
<b>2015</b>					
<b>Financial assets</b>					
Cash and deposits	1.4%	4,415	2,000	384	2,031
Contractual receivables	-	103	-	-	103
<b>Total financial assets</b>	<b>-</b>	<b>4,518</b>	<b>2,000</b>	<b>384</b>	<b>2,134</b>
<b>Financial liabilities</b>					
Contractual payables	-	2,150	-	-	2,150
<b>Total financial liabilities</b>	<b>-</b>	<b>2,150</b>	<b>-</b>	<b>-</b>	<b>2,150</b>

# Notes to the financial statements

## for the year ended 30 June 2016

Note 14. Financial instruments (cont'd)

### (e) Sensitivity disclosure analysis

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

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

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

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

**Table 14.6 Interest risk exposure – sensitivity analysis**

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
	Carrying amount (\$'000)	Net result (\$'000)	Net result (\$'000)	Equity (\$'000)	Equity (\$'000)
<b>2016</b>					
<b>Financial assets</b>					
Cash and cash deposits	4,435	(41)	41	(41)	41
Receivables	31	-	-	-	-
<b>Total financial assets</b>	<b>4,466</b>	<b>(41)</b>	<b>41</b>	<b>(41)</b>	<b>41</b>
<b>Financial liabilities</b>					
Payables	682	-	-	-	-
<b>Total financial liabilities</b>	<b>682</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2015</b>					
<b>Financial assets</b>					
Cash and cash deposits	4,415	(24)	24	(24)	24
Receivables	103	-	-	-	-
<b>Total financial assets</b>	<b>4,518</b>	<b>(24)</b>	<b>24</b>	<b>(24)</b>	<b>24</b>
<b>Financial liabilities</b>					
Payables	2,150	-	-	-	-
<b>Total financial liabilities</b>	<b>2,150</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# Notes to the financial statements

## for the year ended 30 June 2016

### Note 14. Financial instruments (cont'd)

#### (f) Fair value

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

- Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market prices
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly
- Level 3 – the fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

VicHealth considers 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

	2016 (\$'000)	2015 (\$'000)
<b>Net result for the period</b>	<b>967</b>	<b>(3,339)</b>
<b>Non-cash movements</b>		
Depreciation and amortisation	165	100
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	134	311
(Increase)/decrease in prepayments	97	(176)
Increase/(decrease) in payables	(1,472)	(364)
Increase/(decrease) in provisions	171	114
<b>Net cash flows from/(used in) operating activities</b>	<b>62</b>	<b>(3,354)</b>

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 16. Responsible persons disclosures

#### (a) Responsible persons appointments and remuneration

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

#### Responsible Minister

The Hon. Jill Hennessy, MLA, Minister for Health  
1/07/2015 – 30/06/2016

#### Governing Board

Emeritus Prof John Catford – Chair	1/07/2015 – 30/06/2016
Ms Nicole Livingstone OAM – Deputy Chair	1/07/2015 – 30/06/2016
Ms Susan Crow	1/07/2015 – 30/06/2016
Ms Margot Foster AM	1/07/2015 – 30/06/2016
Mr Nick Green OAM	1/07/2015 – 30/06/2016
Professor Michael Morgan	1/07/2015 – 30/06/2016
Mr Stephen Walter	1/07/2015 – 30/06/2016
Professor Margaret Hamilton AO	10/11/2015 – 30/06/2016
Mr Simon Ruth	10/11/2015 – 30/06/2016
Ms Andrea Tsalamandris *	10/11/2015 – 16/02/2016
Ms Veronica Pardo	10/11/2015 – 30/06/2016
Ms Colleen Hartland MLC	12/04/2016 – 30/06/2016
Ms Natalie Suleyman MLA	12/04/2016 – 30/06/2016
Ms Wendy Lovell MLC	12/04/2016 – 30/06/2016
Ms Sarah Ralph	03/05/2016 – 30/06/2016

\* Ms Tsalamandris resigned immediately upon notification of her appointment. The Governor in Counsel accepted her resignation effective 16 Feb 2016.

#### Accountable Officer

Ms Jerril Rechter 1/07/2015 – 30/06/2016

# Notes to the financial statements

## for the year ended 30 June 2016

Note 16. Responsible persons disclosures (cont'd)

### Remuneration of responsible persons

Income band	2016 No.	2015 No.
\$ 0 – 9,999	7	5
\$ 10,000 – 19,999	7	8
\$ 20,000 – 29,999	1	-
\$ 280,000 – 289,999	-	1
\$ 290,000 – 299,999	1	-
<b>Total numbers</b>	<b>16</b>	<b>14</b>
<b>Total amount</b>	<b>\$431,094</b>	<b>\$420,138</b>

Amounts relating to responsible Ministers are reported in the statements of the Department of Premier and Cabinet. The parliamentary members of the Board received no remuneration for their services on the VicHealth Board.

# Notes to the financial statements

## for the year ended 30 June 2016

Note 16. Responsible persons disclosures  
(cont'd)

### (b) Related party transactions

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

	2016 (\$'000)	2015 (\$'000)
Australian Drug Foundation of which Professor Margaret Hamilton has declared a pecuniary interest	240	350
Cancer Council Victoria of which Professor Margaret Hamilton served as a Board member within the period	4,459	6,736
Cricket Victoria of which Ms Susan Crow served as a Board member within the period	227	156
Cycling Australia of which Mr Nick Green served as a Board member within the period	236	192
Deakin University of which Professor Ruth Rentschler <sup>(i)</sup> served as an employee within the period	-	464
Leadership Victoria of which Mr Nick Green served as a Board member within the period	1	3
Melbourne City Football Club of which Ms Susan Crow served as an employee within the period	108	252
Tennis Australia of which Mr Stephen Walker served as a consultant within the period	111	275
University of Melbourne of which Professor Michael Morgan served as an employee within the period	782	1,509
VicSport of which Ms Margot Foster served as a Board member within the period	336	242

Note:

(i) Professor Ruth Rentschler's tenure as a Board member of VicHealth expired on 30 June 2015.

#### Revenue transactions of responsible persons and their related parties

	2016 (\$'000)	2015 (\$'000)
Hazelwood Mine Fire Enquiry of which Emeritus Prof John Catford served as a Board member within the period	74	-

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 17. Remuneration of executives

#### (a) Executive employees

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

Income Band	Total remuneration		Base remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$ 20,000 – 29,999	1	-	-	-
\$ 50,000 – 59,999	1	-	1	-
\$ 60,000 – 69,999	-	1	-	1
\$ 70,000 – 79,999	1	-	1	-
\$ 80,000 – 89,999	-	-	-	-
\$ 90,000 – 99,999	1	-	1	-
\$ 100,000 – 109,999	1	-	1	1
\$ 130,000 – 139,999	-	1	-	-
\$ 170,000 – 179,999	-	-	-	1
\$ 180,000 – 189,999	-	-	1	2
\$ 190,000 – 199,999	1	2	1	-
\$ 200,000 – 209,999	1	-	-	-
\$ 220,000 – 229,999	-	1	-	-
<b>Total numbers</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>5</b>
<b>Total annualised employee equivalent<sup>(i)</sup></b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>
<b>Total amount</b>	<b>\$749,800</b>	<b>\$814,649</b>	<b>\$705,056</b>	<b>\$715,563</b>

Note:

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

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

# Notes to the financial statements

## for the year ended 30 June 2016

### (b) Other personnel

Expense Band	2016 No.	2015 No.
\$ 10,000 – 19,999	-	1
\$ 30,000 – 39,999	1	-
\$ 90,000 – 99,999	1	1
<b>Total numbers</b>	<b>2</b>	<b>2</b>
<b>Total amount</b>	<b>\$131,999</b>	<b>\$111,752</b>

The number of contractors charged with significant management responsibilities is disclosed within the \$10,000 expense band. These contractors are responsible for planning, directing or controlling, directly or indirectly, the entity's activities.

### Note 18. Contingencies

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

	2016 (\$'000)	2015 (\$'000)
Contingent assets	-	-
Contingent liabilities	-	-

### Note 19. Ex-gratia payments

VicHealth made no ex-gratia payments during the years ended 30 June 2016 or 30 June 2015.

### Note 20. Economic support

VicHealth is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services. VicHealth has a three-year service agreement with the Department of Health and Human Services, which commenced in July 2015. VicHealth's budget is required to be submitted to the Minister for Health for approval annually, as per the requirements of the *Tobacco Act 1987*.

# Notes to the financial statements

## for the year ended 30 June 2016

### Note 21. Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2016 which would, in the absence of disclosure, cause the financial statements to become misleading.

# Section 6: Disclosure index

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

Legislation	Requirement	Page reference
<b>Ministerial Directions</b>		
<b>Report of operations – FRD Guidance</b>		
<b>Charter and purpose</b>		
FRD 22G	Manner of establishment and the relevant Ministers	Page 8
FRD 22G	Objectives, functions, powers and duties	Page 8
FRD 22G	Nature and range of services provided	Page 8
<b>Management and structure</b>		
FRD 22G	Organisational structure	Page 27
<b>Financial and other information</b>		
FRD 10A	Disclosure index	Page 87
FRD 12B	Disclosure of major contracts	Page 37
FRD 15C	Executive officer disclosures	Page 35 & 84
FRD 22G, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	Page 20
FRD 22G	Employment and conduct principles	Page 32
FRD 22G	Occupational health and safety policy	Page 32
FRD 22G	Summary of the financial results for the year	Page 25
FRD 22G	Significant changes in financial position during the year	Page 26
FRD 22G	Major changes or factors affecting performance	Page 26
FRD 22G	Subsequent events	Page 26
FRD 22G	Application and operation of <i>Freedom of Information Act 1982</i>	Page 38
FRD 22G	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 38
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