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Report of Operations
Victorian Health Promotion Foundation
2017–18

Declaration by Chair of the Responsible Body

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Health Promotion Foundation's Annual Report for the year ending 30 June 2018.

Fiona McCormack
Chair of the Board

28 August 2018

Section 1: Year in review

Our origin

VicHealth (the Victorian Health Promotion Foundation) is the world's first health promotion foundation, created in 1987 with a mandate to promote good health. We were established with all-Party support by the State Parliament of Victoria with the statutory objectives mandated by the *Tobacco Act 1987* (Vic) (the Act). The responsible minister is the Minister for Health, The Hon. Jill Hennessy MP.

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

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

Functions

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

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

VicHealth performs and manages these functions by:

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

Our commitment

- Fairness – we promote fairness and opportunity for better health and wellbeing for all Victorians, by making health equity a focus of our work.
- Evidence-based action – we create and use evidence to identify the issues that need action and to guide policy and practice by VicHealth and our partners.
- Working with community – we work with communities to set priorities, make decisions and create solutions.
- Partnerships across sectors – we collaborate with governments at all levels and nurture strong relationships with others in health promotion, health, sports, research, education and the arts; local communities; the private sector; and the media, to collectively tackle complex health and wellbeing challenges.

Our difference

For 30 years, VicHealth has been a pioneer and world leader in health promotion. We are highly respected for our knowledge, skills and experience. We work in partnership with all sectors as a trusted, independent source of evidence-based practice and advice.

We take action where there's the greatest need and potential for positive impact. We make the most of our resources by building on and complementing the efforts of governments and other organisations also promoting health, including in ways that complement the priorities of the Victorian Department of Health and Human Services and other departments and agencies.

Our culture of innovation enables us to tackle the rise of chronic diseases by bringing the best approaches across the world to test and trial in Victoria.

Chair's report

In 2013, when VicHealth set out a 10-year vision in our *Action Agenda for Health Promotion*, the 'finish line' for *One million more Victorians with better health and wellbeing by 2023* seemed a very long time into the future. Now five years later, and halfway to our destination, it is timely to reflect on the journey VicHealth has undertaken to improve the health and wellbeing of Victorians.

Whether it's encouraging regular physical activity, promoting healthy eating, preventing tobacco use, preventing harm from alcohol, or improving mental wellbeing, these strategic priorities have created a common purpose, focused our investment on where we can best make measurable health gains, and helped us to further strengthen an evidence base for VicHealth and others to deliver and evaluate innovative health promotion interventions.

Underlying these priorities is our determination to advance health equity to enable every Victorian to enjoy the same opportunities for good health and wellbeing. We are doing this by also focusing on gender, youth and community as important drivers of health equity.

By world standards, most Victorians enjoy good health. At 84.4 years for females born in 2014 and 80.3 years for males, our life expectancy is one of the highest in the world. Unfortunately, these results are not shared equally across our community. Indigenous life expectancy estimates in Australia [2013] show that Indigenous men and women have a life expectancy of 10.6 and 9.5 years respectively less than non-Indigenous men and women. People in low socioeconomic groups live shorter lives, being at greater risk of poor health, higher rates of illness, disability and death. Overlaying this, two in three Victorian adults are overweight or obese, with all the attendant chronic disease risks; most of us do too little physical activity to benefit our health; tobacco and alcohol are causing significant harm in disadvantaged communities; and violence against women continues to wreak havoc on individuals, families and communities.

VicHealth has contributed to improvements in the health and wellbeing of Victorians in many ways. For example, in 2014, by bringing the science of Behavioural Insights (BI) into our health promotion work, we introduced new ways of 'nudging' positive health behaviour changes in individuals, such as successfully trialing BI interventions with our partners in sport and local government to shift consumers away from sugary drinks to water as the beverage of choice. Similar thinking and evidence base went into our physical activity work to increase the number of Victorians who are physically active. We worked with partners to develop imaginative ways to play sport and be active that are social and local in order to engage those who are not sufficiently active to benefit their health.

Also, our work over nearly 15 years on preventing violence against women, including our contribution to the Royal Commission on Family Violence, has seen a dramatic shift in community attitudes to violence against women and built capacity to prevent violence in the first instance.

I am particularly proud of the progress we have made this year in pursuing initiatives to advance gender equality in Victoria. Gender inequality is well established as an underlying driver – or social determinant – of violence against women. In October 2017 we released our *Gender, health and wellbeing strategy 2017–19*, with its strong multi-sector partnership model, to inform our approach over the next two years. In 2017, VicHealth committed an impressive $6.7 million, or around 17 per cent of our annual budget, to getting more women and girls active, healthy, and improving gender equality.

Changing the way women are perceived is also critical to achieving gender equality: challenging gender stereotypes and shifting social norms about who can play sport or participate in physical activity and what kind of person it makes them, as well as celebrating women who give it a go. This year we launched *This Girl Can – Victoria*, an exciting new world-class campaign, originally developed by Sport England, that calls on women to share their stories of getting active, regardless of their fitness level, ability or how they look. VicHealth is working with the Victorian Government to deliver the campaign, which aims to inspire other women to overcome the fear of judgement that stops them from participating in physical activity.

Our second Leading Thinkers residency is using Behavioural Insights to explore two gender equality issues: media reporting of women's sport and gendered recruitment bias in job ads, and we are supporting the development of cutting-edge resources to teach gender equality in schools and workplaces to promote mental wellbeing in these environments.

The resilience of all Victorians has been much tested over the years by natural disasters, economic and social change, and human tragedy, and our young people are particularly vulnerable. We need to build their resilience as they face unprecedented change, and to support them in rural communities where isolation and hardship can impact their mental health. VicHealth is investing in partnerships to advance such emerging priorities, including in a 2017 *Bright Futures* report on how the megatrends we identified in 2015 for young people will impact on young migrants and refugees.

While VicHealth pursues its agenda, based on what our research and partners tell us are the persistent and emerging health issues for Victorians, it is important to see that our work aligns with and contributes to the Victorian Government's health policy directions. The six priorities of the *Victorian public health and wellbeing plan* for 2015–19 closely align with our five strategic priorities under the Action Agenda, while the *Health 2040* plan accords with our focus on preventing disease before it starts and on tackling the socioeconomic and environmental determinants of poor health. The *Victorian Cancer Plan 2016–20* also commits to the preventative approach we advocate to reduce the risk factors associated with poor health and disease.

VicHealth also engages with kindred spirits nationally, in our region and across the world through the sharing of knowledge. Our ongoing work with national alcohol bodies, for example, contributes to addressing risky drinking behaviours not just in Victoria, but Australia-wide, as does our Salt Partnership to achieve national reductions in dietary salt consumption. In 2017, we have continued our work as a designated World Health Organization Collaborating Centre, and our global reputation led to visits from Chinese and South Korean health bodies wanting to learn more about leading-edge health promotion. VicHealth's Leading Thinker program brings international thought leaders into the organisation to advance our thinking around issues such as gender equality.

VicHealth has also enjoyed multi-party support from the Victorian Parliament for the past 30 years. In celebration of our 30th anniversary, VicHealth presented the Nigel Gray Award for Excellence in Health Promotion to the Parliament of Victoria, honouring its legacy in putting health before politics. In the lead-up to our 30th year, we were honoured to accept a Committee for Melbourne Melbourne Achievers Award for our contribution to global health and the public health of Melburnians.

We could not have pursued the tough health and wellbeing issues without the outstanding leadership of CEO Jerril Rechter, who in August last year was deservedly named one of Victoria's Top 50 Public Sector Women. Also critical to VicHealth's success was the wise and stable governance of the Board members, and the hard work and talent of our staff. VicHealth certainly punches above its weight in the field of health promotion and prevention thanks to their collective contributions.

On behalf of the VicHealth Board, I would like to thank the Victorian Minister for Health, The Hon. Jill Hennessy MP, for her ongoing support and leadership. I also thank the Minister for Mental Health, The Hon. Martin Foley MP; the Minister for Sport, The Hon. John Eren MP; the Minister for Women and Prevention of Family Violence, The Hon. Natalie Hutchins MP; other ministers, advisers; and Members of the Victorian Parliament.

I wish to pay my respects at the passing in August 2017 of The Hon. Fiona Richardson MP, Minister for Women and Prevention of Family Violence. As first in the role, Fiona oversaw the Royal Commission into Family Violence and the development of Victoria's first prevention and gender equality strategies.

Thank you to the Victorian Government, who continue to support our common goal for all Victorians. Thank you, too, to the community, academia, and many others in the public and private sectors. Without you, VicHealth's ideas would be just that. Our partnerships in across all levels of governments, in sport and the arts, workplaces, the research community, the media, and many other domains bring our ideas to life and take them to communities to create opportunities for health and wellbeing improvement.

I am confident that we are on track to achieve our goals and look forward to working closely with my colleagues on the VicHealth Board and with the management team as we embark on the next five exciting years. I commend this *VicHealth 2017–18 Annual Report* to all who care about the health and wellbeing of Victorians.

Fiona McCormack
Chair, VicHealth

Chief Executive Officer's report

Who would have thought that a tax on tobacco 30 years ago could so profoundly impact the health and wellbeing of Victorians? The groundbreaking *Tobacco Act 1987*, inspired by a ministerial review identifying tobacco use as Victoria's number one health priority, not only drove the globally-emulated QUIT campaign that reduced Victorian smoking rates to be among the lowest in the world, it gave birth to VicHealth.

As the world's first health promotion body, VicHealth had a mandate to pioneer primary prevention approaches to chronic health conditions where lifestyle and behavioural changes could positively impact Victorians' health and wellbeing *before* problems arose and that addressed the underlying drivers of health. It inspired new ways of working that focus on innovation, sharing knowledge and ensuring the sustainability of proven initiatives.

Then and now, the *Tobacco Act 1987* mandates that VicHealth spend at least 30 per cent of our budget with sporting clubs and organisations promoting participation in sport and physical activity. Far from constraining our work, this requirement saw us develop a strong partnership model that endures, indeed flourishes, to this day across many spheres. VicHealth's focus on creating access for all Victorians to the health and wellbeing benefits of sport and physical exercise has changed the way sporting organisations operate and Victorians engage in physical activity, while our world-leading evidence-based research has informed Victoria's pioneering work in preventing violence against women by proving a link to physical and mental health consequences.

The case for health promotion to prevent and tackle entrenched health problems remains as strong today as 30 years ago. Our priorities may have shifted with the changing challenges that modern life presents, as have many of our approaches to addressing these challenges, but VicHealth's role as an innovator and change agent is as relevant as ever.

We continue to occupy a unique and independent space in health promotion, contributing significantly to the Victorian Government's health and wellbeing policies while pursuing our agenda with nimbleness, innovation and by sometimes going where others haven't or can't to address intractable health issues. But it's not innovation for innovation's sake. VicHealth transparently builds on the work of others, strengthens the evidence base by investing in research, and trials new interventions for others to scale up and carry into their communities.

By the end of 2017–18, we reached the halfway mark in our 10-year vision for *One million more Victorians with better health and wellbeing by 2023*. It is exciting to watch our programs and initiatives gain momentum and to see the results in terms of partner and community engagement and better health and wellbeing outcomes for Victorians.

Our *Action Agenda for Health Promotion*, updated in 2016, guides where we invest our money and efforts to meet five strategic priorities: Promote healthy eating; Encourage regular physical activity; Prevent tobacco use; Prevent harm from alcohol; and Improve mental wellbeing. Some key programs under each of VicHealth's strategic imperatives are outlined below.

- **Promote healthy eating:** Our *Unpack the Salt* collaboration with the Heart Foundation and The George Institute for Global Health is unpacking some startling findings about Victorians' dietary salt consumption. We are also working with local councils to 'nudge' water as the beverage of choice on the menu at council-owned sporting facilities, and supporting major sporting facilities to increase the availability of free drinking water through fountains.
- **Encourage regular physical activity:** Our Innovation Challenge: Sport, Active Club Grants and other physical activity investments continue to meet the needs of Victoria's diverse communities, particularly those who are inactive or somewhat active – and that means providing organised sport or recreational activity at flexible times, in local places and with easy ways to participate. Women and girls continue to participate in organised sport and physical activity at significantly lower rates than men and boys, and so do not experience the same health, wellbeing and community connection benefits. Our new *This Girl Can* campaign and some Active Clubs Grants projects are seeking to address this.
- **Prevent tobacco use:** Although less people smoke than ever before, there are population groups where smoking remains unacceptably high, especially those experiencing disadvantage. VicHealth's work in 2017 has focused on these marginalised groups, including people from low socioeconomic areas, adults leaving prison and those accessing mental health services. VicHealth remains a major funder of Quit Victoria which delivers a fully-integrated tobacco control program that includes research, social marketing, cessation support and policy development.
- **Prevent harm from alcohol:** We are continuing to work at changing the drinking culture in Victoria to prevent risky drinking behaviour, including by changing drinking norms, peer pressure and by examining how alcohol is consumed in vulnerable groups. The VicHealth Indicators 2015 is proving an invaluable tool in examining male drinking cultures.
- **Improve mental wellbeing:** Young people and women are our key focus for promoting community resilience and social connection through social settings such as the arts and education. Our *Bright Futures Challenge* brought together councils and young people developing locally-driven solutions to support young people to improve their resilience and connect with their community. The VicHealth *Bystander Research Project*, the first of its kind in Australia, is helping to examine community readiness for bystander action to prevent violence against women and provide advice to develop further programs that encourage action.

This year we also launched our *Health Equity Strategy 2017–19* to communicate VicHealth's commitment to improving health equity in certain demographics. It articulates our continuing focus on three critical areas where the underlying drivers of health equality often intersect: gender, youth and community.

VicHealth's promotion of gender equality across Victoria was marked by significant milestones this year. Gender equality is a critical determinant of health and wellbeing, not only for women but can also contribute to quality of life improvements for men. Our new *Gender equality, health and wellbeing strategy* and *This Girl Can* campaign were launched; the latter reinforcing the good work produced by the Government's *Change Our Game* initiative in encouraging more women and girls to participate in sport and physical activity.

As young people enter adulthood in a rapidly changing and uncertain world, their resilience and mental wellbeing can be sorely tested. The typical transition from education to employment is now longer and more difficult, the competition for talent global, and the internet provides them with both a powerful tool and a source of social anxiety. Our new *Youth, Health and Wellbeing Strategy 2017–19* seeks to empower young people to lead decision-making about programs to enhance their own resilience and social connections. The *Staying on Track* initiative, for example, will bring together a diverse group of young Victorians to help us work out what support 18–25-year olds need during the gap between education and getting a good job.

Community has been and remains a crucial setting for the trial and delivery of VicHealth's health promotion and prevention. We are continuing to work with individual communities, such as the Latrobe Valley, where we know from the Hazelwood Mine Inquiry that knowledge, expertise and resources are needed to empower the community to drive its own health solutions. VicHealth is also supporting social cohesion in culturally and linguistically diverse communities.

VicHealth is always looking to the next frontier of health promotion while drawing on a solid legacy. The celebration of our 30th year in 2017 gave us cause to reflect on our influence, from the health benefits we see in local communities to the international dialogue we engage in as a World Health Organization Collaborating Centre. Key United Nations Sustainable Development Goals – Good health and wellbeing; Gender equality and empowering all women and girls; and Inclusive safe resilient and sustainable cities – align with VicHealth's strategic priorities under our Action Agenda. In 2017, we provided advice on the new Regional Action Plan on Health Promotion in the Sustainable Development Goals (2018–2030), discussed current regional priorities and VicHealth's role in achieving the SDGs, and presented at the WHO Global Conference on Non-communicable Diseases in Uruguay.

Operational performance

We would like to thank the Government for the continued financial investment in VicHealth via the provision of the annual appropriation and special purpose funding. Financially, we continued our strategy of generating a modest operating surplus to ensure we have sufficient reserves to fund our liabilities and future obligations and our planned replacement of our ageing IT applications.

Following completion of a business case, the Board approved proceeding with the replacement of our grant, project and stakeholder management and finance systems. This two-year project will boost our internal effectiveness and assist delivering better outcomes for our stakeholders.

During the year we provided $25.8 million of funding to 702 organisations to partner with us to deliver better health and wellbeing outcomes for Victorians.

We achieved our statutory expenditure obligation of making payments of not less than 30 per cent of our appropriation to sporting bodies (33 per cent expended) and not less than 30 per cent for health promotion activities (33 per cent expended).

We also achieved the target ranges on health promotion investments set by the VicHealth Board in our five strategic imperatives. Our largest investments were made towards encouraging regular physical activity ($12.2 million), followed by $5.1 million of investments towards preventing tobacco use. In addition, $4.7 million of our investments are specifically focused on research or evaluation.

Our operating model which covers three pillars of Innovate, Inform and Integrate continued to guide our work. In 2017–~~18~~, these were reflected in our grants and direct program implementation as follows: $7.6 million in driving new ways to address our health priorities (Innovate); $11.8 million in instigating action, deploying new ideas and communicating these as well as learnings and key messages to our stakeholders and broader audiences (Inform); and $6.1 million in embedding proven interventions into the preventive system (Integrate). For the remainder of the Action Agenda (to 2023), we expect increased investments in 'Integrate' as our programs mature and demonstrate changes as well as influence policy and practice.

While our collective focus remains firmly on improving Victorians' health and wellbeing, we are also proud of what we have achieved for our effectiveness as an organisation. Following more than 12 months of productive discussions between management, the union and staff representatives, it was pleasing that in February 2018, the Fair Work Commission approved our four-year Enterprise Bargaining Agreement.

VicHealth is committed to providing a diverse and inclusive workplace. During the year, in consultation with our staff, external stakeholders we have reviewed and updated our Diversity and Inclusion Framework including our Disability Action Plan and Reconciliation Action Plan. We anticipate that these will be launched later this calendar year.

Highlights of the Year

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

Unpack the Salt

Victorians consume more than 15,000 tonnes of salt each year, significantly increasing their risk of high blood pressure, heart attack, kidney disease and stomach cancer. *Unpack the Salt*, a collaborative campaign between VicHealth, the Heart Foundation and The George Institute for Global Health, analysed salt levels in processed and packaged foods between 2010–2017, revealing that the average amount of salt in dips had increased by 14 per cent. Strong media attention facilitated our engagement with food manufacturers, while the Victorian Salt Reduction Partnership presented the Federal Government with a policy position statement to act on the issue. This integrated approach to salt reduction will continue in 2018–19.

Water the drink of choice

The average Australian consumes 14 teaspoons of added sugar a day, most of it in sugary drinks. This significantly contributes to poor health outcomes for adults and children, particularly the likelihood of being overweight or obese. In September 2017, VicHealth announced over $500,000 in funding for eight local Councils to join us in the fight against obesity by promoting and making water more accessible in council-owned sports and recreation centres. These short-term 'nudges' to make healthy choices will be sustained over the longer term by Councils developing policies and practices to increase promotion, access and supply of water and healthy drinks.

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

Inspiring women to get more active

Participation in sport and physical activity is a key contributor to better health and wellbeing. This is why in 2017 we committed three years of funding to the *This Girl Can – Victoria* campaign and to the Active Women and Girls Health and Wellbeing Program. *This Girl Can – Victoria* is a powerful new VicHealth campaign launched in March 2017 to encourage, motivate and inspire women to become more active and to empower them to feel comfortable in their bodies and in public spaces.

Based on Sport England's highly successful This Girl Can, VicHealth's focus is on less active women and on supporting gender equality by challenging traditional gender roles and stereotypes in sport. The campaign has resonated with women across the state, with more than 400 organisations signed up as campaign supporters, inspired to run local events including in regional areas. Thousands of women have joined the conversation on social media and have created a supportive online community where they share their stories and encourage each other.

Complementing the State Government's ongoing work in promoting female sport and building gender equality, the Active Women and Girls Health and Wellbeing Program creates new opportunities for female participation in sport, increases the profile of females in sport, and improves sports policy and practice to create inclusive environments for females. Under this initiative, we are delivering more tailored opportunities for women and girls to get involved in grassroots sports and physical activity within eight sports. The program also partnered with 13 sports organisations to promote *This Girl Can – Victoria* to fans and local sporting clubs across Victoria.

Walk to School

In 2017, VicHealth's long-running annual Walk to School campaign saw more than 140,000 students taking part in Walk to School in October right across Victoria, building healthy habits for life. This year kids were encouraged to have fun by decorating their shoes, bikes or scooters.

Active Club Grants

This three-decade VicHealth grants program supports local sports and active recreation clubs in remote, rural, regional and metropolitan areas to get more Victorians living healthier and happier lives. In 2017–18, the Active Club Grants provided funding to increase opportunities for Victorians to participate in community sports clubs, prioritising female participation and social and modified forms of sports. We awarded $0.86 million to nearly 300 sports and community clubs across Victoria.

Working with Aboriginal Communities

VicHealth continued to work with Aboriginal communities across Victoria this year to identify options for more Aboriginal people to be engaged in sport and physical activity, including the indigenous surfing program, Rumbalara Football Netball Club and the Boorimul female AFL program.

Preventing tobacco use: more people smoke-free and quitting

In Victoria, smoking leads to the loss of around 4000 lives every year, and costs the state over $10 billion. In 2017, VicHealth awarded innovation research grants to several projects aimed at improving cessation and relapse rates in marginalised groups who are more likely to smoke, find it harder to give up and are more likely to relapse. This includes people who live in lower socioeconomic areas and former adult smokers leaving prison.

People experiencing severe and persistent mental illness have substantially poorer physical health and a reduced life expectancy compared to the general population. Smoking is the leading cause of this health gap. We are funding Quit Victoria, in partnership with community health services in eastern Melbourne, to deliver the *Tackling Tobacco in Mental Health Service* pilot project which seeks to embed smoking cessation into routine care and improve smoking cessation rates among clients of these services.

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

Alcohol Culture Change initiative

Inspiring change around drinking norms, peer pressure and related behaviour is the focus of VicHealth's $3 million *Alcohol Culture Change* initiative, which is funding nine projects to engage LGBTI middle-aged women, disengaged youth in outer-suburban Melbourne, rural teenagers and parents, residential university students and middle/older-aged blue-collar workers. We are partnering with local councils, universities and non-government organisations to deliver the projects, which are being rigorously evaluated by La Trobe University.

Men's risky drinking

The *VicHealth Indicators Survey* shows that men are twice as likely as women to drink at levels putting them at risk of short-—term harm from alcohol. VicHealth has partnered with Monash University researchers to better understand men's risky drinking cultures and to inform the development of interventions to reduce men's risky drinking.

We are also supporting local government to better navigate their many and diverse roles in preventing harm from alcohol in their communities.

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

In December 2017, we launched our *Youth, Health and Wellbeing Strategy 2017–19* with an emphasis on empowering young people to lead decision-making about programs to enhance their own resilience and social connections.

VicHealth has also continued its partnership with CSIRO in tracking the megatrends that will impact young people's mental wellbeing into the next 10–20 years by exploring how the megatrends impact specific sub-groups of young people. In 2017, in partnership with the Multicultural Youth Advocacy Network (MYAN), we launched a new *Bright Futures* report that drilled down into the five megatrends impacting youth migrants and refugees: increasing competition for tertiary education, decreasing job security, globalisation, technology, cultural diversity and over-exposure to the internet.

Partnering with Millipede, the Foundation for Young Australians (FYA) and Education Services Australia, the *Tomorrow Me* initiative aims to build the resilience of young people in the stressful period of transition from full-time education to purposeful and secure work, which now averages 4.7 years. Twelve new projects connecting councils, community and young people have been funded through our $400,000 *Bright Futures for Young Victorians Challenge* grants to support the resilience, social connection and mental wellbeing of Victorian youth.

Gender equality

Our *Gender equality, health and wellbeing strategy*, is informing work across VicHealth, from research to innovation to major campaigns and program delivery. The *This Girl Can* campaign seeks to empower women to become more physically active, regardless of ability or body shape. The Leading Thinker initiative is trialing new Behavioural Insights approaches to creating more gender equitable workplace practices and we continue to support sporting clubs and organisations to be more inclusive of women and girls. The *(En)countering resistance* resource, based on research by leading gender researcher Dr Michael Flood, was also developed to help workers plan for and manage resistance to gender equality initiatives in the workplace.

Young people are a high-risk group for gender-based violence, so schools are a key setting for VicHealth's work. VicHealth supported University of Melbourne and the Victorian Department of Education and Training to develop a unique online teacher training program as part of the rollout of the Resilience, Rights and Respectful Relationships Education curriculum across the State. This world-first curriculum has been shown to build confidence and better teaching and learning outcomes for both staff and students.

While VicHealth's strategic priority is to promote the health and wellbeing of women and girls, the benefits of further engaging men in gender equality promotion has been identified as a key next step by many experts, international NGOs and governments. VicHealth has commenced scoping new work that aims to build our understanding of what works to effectively engage young men and boys (aged 16–25) in positive, inclusive and healthier masculinities activities that promote increased gender equality and mental wellbeing. We will bring together key experts and stakeholders to exchange current insights about this research and practice with international thought leader, Professor Michael Kimmel. The insights and theories garnered through these conversations and a review of the evidence base will then enable VicHealth to develop action into the future.

Health equity

VicHealth's new *Health Equity Strategy 2017–19* will inform our approach to addressing the socially produced, unjust, systemic and avoidable differences in health outcomes for Victorians. Under this strategy, six project teams, including external partnerships with Baby Makes Three, Whittlesea City Council and the National Heart Foundation, have undertaken training with the Centre for Health Equity Training Research and Evaluation (CHETRE) to assess equity focused health impacts and to embed health equity in their project planning processes. In the Latrobe Valley, we are helping to implement the Hazelwood Mine Inquiry recommendations in relation to health equity and health improvements through the Latrobe Health Innovation Zone and Latrobe Health Assembly initiatives.

In June, we supported Pride Cup Australia, St Kilda Football Club and the Sydney Swans in their Pride Cup game and their work to encourage sports clubs across the country to host their own Pride Cup. This initiative harnesses the power of sport ensure every LGBTI person feels welcome and supported in their local club as a player, volunteer or spectator.

Leading Thinker initiatives

The Leading Thinker residency of Professor Iris Bohnet and Dr Jeni Klugman entered its second year in 2017, with work ongoing on the two gender equality projects outlined above. Prof Bohnet and Dr Klugman also led VicHealth in developing the following initiatives.

The Quick Wins Checklist is a simple 10-question checklist developed for sports clubs to raise awareness of simple behavioural changes they can make to enhance gender equality and make club environments more welcoming for all. Many of its zero-cost actions require few resources and seem common-sense, yet have been proven to make a difference in shaping role models and busting stereotypes.

VicHealth has led a sub-working group for Recruit Smarter, a Victorian Government initiative to target unconscious bias in recruitment processes. The initiative brings together public, private, non-government and research organisations in an Australian-first effort to find ways to address this issue. The group, and wider Recruit Smarter network, heard from a range of unconscious bias experts on 'what works' to de-bias organisations and build more gender equal and diverse workplaces. Its recommendations will be published towards the end of 2018.

How the media portrays women and men can reinforce positive or harmful gender stereotypes. Not only are women under-represented in the news, when they are featured it can be in ways that objectify and sexualise them. VicHealth has commenced the review of sports-related print media coverage using big data analysis. This world-first study is designed to cover three broad areas: the extent to which female athletes, teams and sports are underrepresented; how news coverage of sportswomen differs from reports on male athletes and teams; and which biases and gender stereotyping in sports news coverage apply to male athletes. VicHealth is currently undertaking a second data sweep in this trial with final results expected before the end of 2018.

Staying on Track was a citizen-led forum designed to support young adults build resilience, coping skills and social connections. It addressed the issues facing young adults as they navigate the gap between education and finding purposeful work. 56 young adults were presented with current evidence on resilience, social connectedness and the future of work, and heard evidence from public health, consumers, and industry. At the end of the three-day event, they produced a set of 'asks' for government, industry and community to action.

Knowledge and research

VicHealth Indicators is a flagship VicHealth survey that measures the health and wellbeing of over 22,000 Victorians every four years. *VicHealth Indicators 2015* has been widely used, with preliminary findings showing more than three quarters of local government planners have used it for policy and planning. It is also cited in some 38, or around 50 per cent, of all council Municipal Health and Wellbeing Plans for 2017–2021. Our first two supplementary reports, the Gender and Sexuality Supplements, were produced in 2017 to provide new insights into the health and wellbeing of Victorians based on their sexuality and gender identity.

Behaviour change

Building on VicHealth's Behavioural Insights work, we have embarked on a new partnership with BehaviourWorks Australia at Monash University: the Behaviour Change Graduate Research Industry Partnership. VicHealth will host two PhD students over the next three and a half years to work on the healthy masculinities PhD project, which explores masculine identities as a means of preventing violence against women.

Acknowledgements

The dedication and energy of every member of our VicHealth team drives the organisation towards its vision for better health and wellbeing for Victorians. Thank you for your tireless enthusiasm for our work and to achieving our goals. Our Board has continued to provide us with expert leadership and support in its second year under Chair Fiona McCormack. I thank Fiona and the rest of the Board for their wise counsel and oversight.

I would also like to thank our many and varied partners in all levels of government; the not-for-profit sector; organisations and individuals working in health promotion, health, sports, research, education and the arts; local communities; the private sector; and the media for their ongoing commitment to our work and their willingness to try out new ideas and pilot new approaches to health promotion. We could not do what we do without your community connections, your local knowledge and your ability to scale up and share our successes.

The Victorian Government's support for the work of VicHealth, and its willingness to partner with us to achieve even greater things, is a source of great joy to me personally and inspires confidence in our staff that their work is valued by and valuable to government. I thank the Minister for Health, The Hon. Jill Hennessy MP; the Minister for Mental Health, The Hon. Martin Foley MP; the Minister for Sport, The Hon. John Eren MP; and the Minister for Women and Prevention of Family Violence, The Hon. Natalie Hutchins MP for their support.

I would like to pay tribute to the late Hon. Fiona Richardson MP, Minister for Women and Prevention of Family Violence, who passed away in August 2017. As a fearless advocate for women and children who had experienced the toll of family violence, Fiona achieved so much to advance this important cause. (She has been deeply missed.)

I am delighted to be leading VicHealth into a new year with exciting challenges and opportunities for health promotion and prevention in Victoria and by the prospect of continuing our leading-edge working with our many partners.

Jerril Rechter
CEO, VicHealth

VicHealth Action Agenda for Health Promotion 2013–2023

VicHealth Action Agenda Scorecard

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

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

OUR 10-YEAR GOALS

BY 2023:

200,000 more Victorians adopt a healthier diet

300,000 more Victorians engage in physical activity

400,000 more Victorians tobacco-free

200,000 more Victorians drink less alcohol

200,000 more Victorians resilient and connected

OUR THREE-YEAR PRIORITIES

BY 2019, THERE WILL BE:

80,000 more people choosing water and healthy food options

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

280,000 more people smoke-free and quitting

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

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

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

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

Our focus

Aligned with the World Health Organization's Ottawa Charter for Health Promotion, VicHealth takes action at multiple levels:

- Building healthy public policy in all sectors and at all levels of government
- Creating supportive environments for health where people live, work and play
- Strengthening community action for social and environmental change
- Developing personal skills that support people to exercise greater control over their own health
- Reorienting services to promote better health.

Our model

INNOVATE
discovering how to accelerate outcomes for health promotion

INFORM
giving individuals and organisations the best information for healthier decisions

INTEGRATE
helping Victoria lead health promotion policy and practice

Our actions

- Introducing cutting-edge interventions
- Empowering through digital technologies
- Undertaking pioneering research
- Leveraging cross-sectoral knowledge
- Utilising social marketing
- Fostering public debate
- Providing tools and resources
- Developing strategic partnerships
- Advancing best practice
- Supporting policy development
- Strategic investments and co-funding
- Building capacity in individuals, communities and organisations

Our difference

We are proud of what sets us apart:

- A track record of delivering innovation
- An independent, trusted and credible voice
- Investment in research to drive change
- Connecting with people where they live, learn, work and play
- Focused on the positive state of health.

Our origin

VicHealth is the world's first health promotion foundation, established in 1987 with funding from government-collected tobacco taxes and mandated to promote good health in the state of Victoria. VicHealth's very inception was a pioneering act that set the stage for our unique contribution to better health.

Our healthscape

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

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

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

VicHealth will prioritise action that advances women and explores new ways of working with communities to address disadvantage. Our status as a World Health Organization Collaborating Centre for Leadership in Health Promotion enables us to share Victoria's world-class health promotion nationally and internationally.

OUR COMMITMENTS: Fairness | Evidence-based action | Working with community | Partnerships across sectors

Operational and budgetary objectives and performance against objectives

Operational performance against budget

Total income was $40.1 million, which exceeded the budget by $0.8 million. Receipt of funding to deliver special projects: Bystanders for Primary Prevention Bystander $0.3 million); Resilience in the Workplace ($0.1 million); and Water Fountains ($0.3 million) were the main reasons for exceeding the revenue target. The appropriation received from the Department of Health and Human Services of $39.1 million was consistent with our budget submission to the Minister for Health.

Total expenditure was $38.4 million was $0.5 million (or 1.3%) lower than target.

Total grant expenditure was $25.8 million which was consistent with the annual budget, noting that expenditure variations compared to budget on some programs and campaigns.

Wages and on-costs of $8.9 million were nearly $0.3 million (or 3%) lower than the budget due to staff vacancies and employee provisions being lower than expected.

Operating costs of $3.7 million were nearly $0.1 million (1%) under, mostly due to underspends in a number of categories as part of a continued strategy to minimise these costs without adversely impacting business objectives.

The operating surplus from appropriation funds of $1.3 million while higher than originally budgeted will contribute to the accumulated reserves and be used to fund the planned upgrade of our ageing business systems in the next two years.

Periodically, VicHealth receives external or special purpose funds to deliver specific projects. The funding is accounted for as income in the year of receipt, with delivery of these projects often occurring in the current and subsequent years. This occurred in 2017–18 with the majority of funding received being unspent and are quarantined to complete delivery of these projects in 2018–19.

The combined impact of these two income steams has resulted in a total operating surplus was $1.7 million, compared to a budget surplus of $0.5 million.

Our operating performance against budget is summarised in Table 1.

Table 1: Operational performance against budget for 2017–18

	Appropriation funds		Special purpose funds		Total	
	Actual ($'000)	**Budget ($'000)**	**Actual ($'000)**	**Budget ($'000)**	**Actual ($'000)**	**Budget ($'000)**
Income						
Appropriation	39,108	39,108	-	-	39,108	39,108
Other income	213	159	767	30	980	189
Total income	**39,321**	**39,267**	**767**	**30**	**40,089**	**39,297**
Grants & direct project implementation	25,494	25,892	280	-	25,774	25,892
Employee expenses & operating costs	12,556	12,882	33	35	12,599	12,918
Total expenses	**38,050**	**38,774**	**313**	**35**	**38,363**	**38,809**
Operating surplus/(deficit)	**1,272**	**493**	**455**	**(5)**	**1,726**	**488**

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

The VicHealth Board also sets the following guidelines on grant expenditure for the financial year. These targets, amongst other criteria are used to guide the level of investment in each strategic imperative and in research and evaluation. The statutory objective of payments to sporting bodies, is a key reason why VicHealth's expenditure on physical activity is significant higher than other imperatives.

Our performance against these targets is summarised in Table 2.

Table 2: Performance against statutory and Board policy expenditure targets[(i)]

Performance measures	2017–18 minimum or guideline	2017–18 budget ($'000)	2017–18 actual	2017–18 amount ($'000)
Statutory expenditure target[(ii)]				
Sporting bodies	At least 30%	$12,279	33%	$12,799
Health promotion	At least 30%	$13,613	33%	$12,695
Board policy expenditure guideline				
Promote healthy eating	5%	$3,067	7%	$2,756
Encourage regular physical activity	21%	$11,819	31%	$12,150
Prevent tobacco use	13%	$5,307	13%	$5,104
Prevent harm from alcohol	5%	$2,189	6%	$2,141
Improve mental wellbeing	8%	$3,209	8%	$3,043
Research and evaluation[(iii)]	12%	$5,092	12%	$4,708

Notes:

(i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2017–18 financial year our appropriation was$39.1 million. Figures exclude payments sourced from special purpose funds unless otherwise indicated.

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

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

Five-year financial summary

Table 3: Five-year financial summary

	2018 ($'000)	2017 ($'000)	2016 ($'000)	2015 ($'000)	2014 ($'000)
Operating statement					
Revenue from government	39,863	38,558	38,305	37,503	37,328
Other income	225	215	256	371	376
Total income	40,088	38,773	38,561	37,874	37,704
Grants and funding	26,637	27,455	26,451	29,915	28,055
Employee expenses and other costs	11,726	10,897	11,143	11,298	10,617
Total expenses	38,363	38,352	37,594	41,213	38,672
Net surplus/(deficit) for the period	1,726	421	967	(3,339)	(968)
Balance sheet					
Total assets	7,935	5,987	5,494	5,825	9,415
Total liabilities	2,279	2,057	1,985	3,283	3,534
Total equity	5,656	3,930	3,509	2,542	5,881

Major changes affecting performance

Total income was $40.1 million, an increase of $1.3 million which is due to an $0.8m indexation in the appropriation received under the Tobacco Act to $39.1 million. Additionally, VicHealth was provided with special purpose funding to deliver projects such as Bystanders for Primary Prevention Bystander and Water Fountains.

Total expenses remained stable at $38.4 million. Expenditure on grants and funding of $26.6 million declined compared to last year due to underspend in some grants issued during the year and expenditure on special purpose projects, which is a major contributor to the increase in the operating surplus this year to $1.7 million.

Employee expenses and other operating costs increase this year is reflective of the 2016–17 expenses being relatively low due to a large number of unplanned staff vacancies, where for 2017–18 that level of staff vacancies did not occur. VicHealth has continued a strategy over the past three years of maintaining operating costs to below $3.8 million.

Significant changes in financial position during the year

The value of total assets is $7.9 million, an increase of $1.9 million. VicHealth's cash balances increased by $2.3 million to nearly $7.0 million, as part of a financial strategy to increase cash and other reserves to ensure there is sufficient reserves to fund our liabilities; other financial commitments and our planned upgrade of our ageing business systems, commencing in 2018–19.

Receivables have decreased from $0.8 million to $0.6 million, which is mainly due to the value of GST credits receivable from the ATO.

Liabilities are $2.3 million with the increase of $0.2 million mostly relating to an increase in long service leave provisions.

Subsequent events

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

Granting of funds

As part of its core business, VicHealth has continued to provide assistance to organisations to deliver program outputs against our strategic framework through the granting of funds for health promotion and prevention purposes. Grant expenditure include health promotion expenditure such as programs, funding rounds, research grants, campaigns and directly associated activities.

Significant grant expenditure is defined as:

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

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

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

Funding round	No. of organisations receiving payments	Payments ($'000)
Active Club Grants	296	856
Active Women and Girls for Health and Wellbeing (Participation)	16	1,379
Active Women and Girls for Health and Wellbeing (Profile) – This Girl Can – Victoria	37	3,889
Alcohol Culture Change Grants Initiative	13	1,075
Arts Strategy	6	485
Bright Futures Challenge	23	850
Connecting Diversity	1	300
Innovation Challenge – Sports	20	537
Quit Victoria	1	4,695
Regional Sport Program	9	1,468
Research Funding Rounds	4	628
Salt Partnership	5	948
State Sport and Regional Sports Programs Evaluation	22	335
State Sport Program	21	1,900
SunSmart Program	1	300
Vicsport Partnership	2	285
Victoria Walks Partnership	1	350
Walk to School	77	1,162
Water Initiative	14	403
Young Workers Gamification Project	10	255

Note:

(i) The table relates to payments made during the financial year. The funding or grant round may have been awarded in a previous year or the current year and/or may be part of a multi-year funding agreement.

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

Table 5: Organisations receiving grant payments totaling $250,000 or more during the reporting period

Organisation name	Project name(s)	Payments ($'000)
Alcohol and Drug Foundation	Connecting Diversity	300
Basketball Victoria	State Sport Program; Active Women and Girls for Health and Wellbeing (Profile) – This Girl Can – Victoria	263
Cancer Council of Victoria	Legal Capacity Support; Obesity Prevention Policy Coalition; Sunsmart; Quit Victoria; Alcohol Policy Coalition; Alcohol Culture Change Grants Initiative; Men's Risky Drinking Initiative	5,199
City of Melbourne	Arts Strategy; Big Dance Australia; Bright Futures Challenge	590
Deakin University	Alcohol Culture Change in the University Setting; Evaluation Support Water in Sport Initiative; Bright Futures Challenge Evaluation; Food Environment Inequalities and Obesity in Victorian Groups; Promoting Incentives for Healthy Food Choices with Retailer-Led Economic Interventions (PRICE study; A Multi-Component Supermarket Intervention to Promote Healthy Eating; Implementation of the Transform-Us! Program to Schools in Victoria; Bystanders for Primary Prevention; Systems Thinking In Community Knowledge Exchange (STICKE Healthy Eating); Using Fitbits to Promote Physical Activity in Inactive Victorian adolescents: Technological Revolution or Fad; Healthy Living Apps Project; VicHealth Indicators Supplement (Physical Activity); Creation of a New Scale to Review Health Promoting Apps; Etihad Stadium Water Fountain Use Evaluation; SDG Partnership Grants	687
Football Federation Victoria	State Sport Program; Active Women and Girls for Health and Wellbeing (Participation); Reducing Junk Food in Sport	325
GippSport	Regional Sport Program	300
La Trobe University	Sport Programs Evaluation; Active Women and Girls for Health and Wellbeing Program Evaluation; Alcohol Culture Change Initiative Evaluation; This Girl Can – Victoria; Examining How Alcohol Outlets Relate to Family Violence Rates; Reducing Junk Food in Sport; Men's Risky Drinking Initiative; Drinking Cultures & Youth Social Movements; Evaluation of the VicHealth Innovation Challenge (Sport) Active Club Grants Evaluation; New Sport Investment Consultation; VicHealth Indicators Supplement (Sexuality); Water Initiative Evaluation; Pride Game Evaluation	899
Mediacom	This Girl Can – Victoria	1,254
Monash University	Men's Risky Drinking Initiative; Impact of Health Star Ratings on the Healthiness of Consumer Grocery Baskets; HDR Student Project – Graduate Research Industry Program	255
National Heart Foundation of Australia (Vic Division)	Salt Partnership	487
Netball Victoria	Active Women and Girls for Health and Wellbeing (Participation); Reducing Junk Food in Sport; Active Women and Girls for Health and Wellbeing (Profile) – This Girl Can – Victoria	503
Surfing Victoria	Active Women and Girls for Health and Wellbeing (Participation); Indigenous Surfing Program	275
The Shannon Company	This Girl Can – Victoria	798

Organisation name	Project name(s)	Payments ($'000)
The University of Melbourne	Count Me In: Promoting Participation in Sport for Migrant and Refugee Children and Youth; Developing a LGBTI Safe Housing Network to Prevent Homelessness and Build Social Connection and Resilience; Violence Against Women – a Media Intervention; Maintaining Tobacco Abstinence Among People Leaving Smoke-free Prisons in Victoria; Kids as Catalyst: Evaluating a Child-led Social Action Program; Promoting Child and Youth Resilience and Mental Wellbeing; Leading Thinkers Evaluation; Youth Cohort: Improving Disability Employment Study; Gender Equality in the Arts and Creative Industries Review; HILDA analysis; Youth Engagement Project; The Association of Local and Regional Accessibility with Active Travel and Physical Activity: Health and Economic Impacts; Think Big – Multi-national Digital Platforms Enabling Child and Youth Led Health and Wellbeing Initiatives; VicHealth Indicators Supplement (Disability); Women and Social Connection Formative Research; Aboriginal Sport Program; Health Education & Literacy in Pornography Project; Young Workers Gamification Project	582
VicSport	Vicsport Partnership	275
Victoria Walks Inc.	Victoria Walks; Change to Walking	390
Victorian Cricket Association	State Sport Program; Proud Cricket; Active Women and Girls for Health and Wellbeing (Participation); Active Women and Girls for Health and Wellbeing (Profile) – This Girl Can – Victoria	621

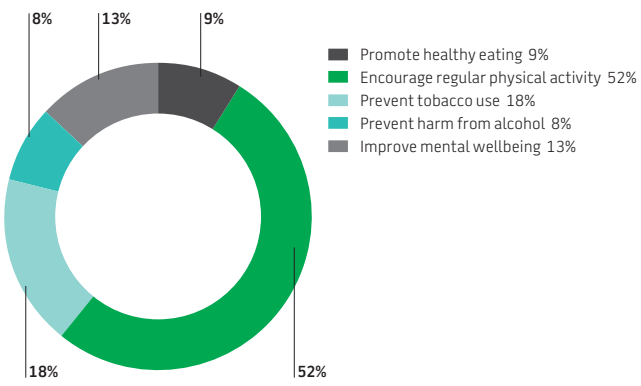
The funding or grant round may have been awarded in a previous year or the current year and/or may be part of a multi-year funding agreement.

The following graphs (1–5) represent the proportion of our total grants and funding expenditure of $26.6 million during the financial year.

Strategic Imperatives

VicHealth's expenditure aligns with our strategic imperatives. The major proportion of our grants and funding is related to encouraging more Victorians to engage in physical activity ($12.2 million), which is largely due to the statutory requirement to spend at least 30% of our appropriation with sporting bodies. Over $5 million was invested encouraging more Victorians to be tobacco-free, which is largely invested in our long-term partnership with the Cancer Council to deliver the Quit program.

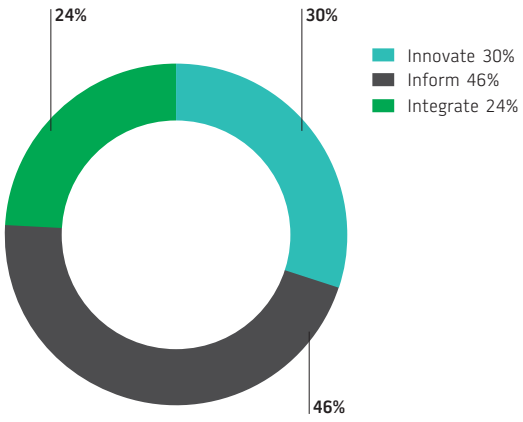
Graph 1: Expenditure by Strategic Imperative



Operating model

VicHealth's operating model covers three pillars: Innovate; Inform and Integrate. The following chart indicates VicHealth the 2017–18 investments in driving new ways to address our health priorities (Innovate); instigating action, deploying new ideas and broadening our impact (Inform); and embedding proven interventions in the preventative system (Integrate). A key component of Inform is communicating ideas, learnings and key messages to our stakeholders and broader audiences – this includes consumer facing work undertaking through the Quit program and the This Girl Can – Victoria campaign.

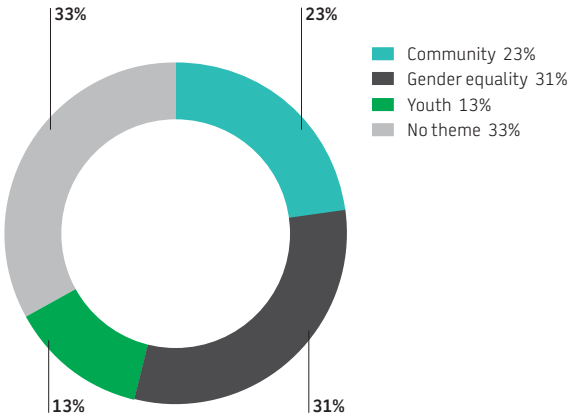
Graph 2: Expenditure by operating model



Key themes for action

In addition to the five strategic imperatives, VicHealth actively considers three themes; gender, youth and community. The 2017–18 investment reflect a strong gender equity focus, including investment in Active Women and Girls program (sports) and the This Girl Can – Victoria campaign.

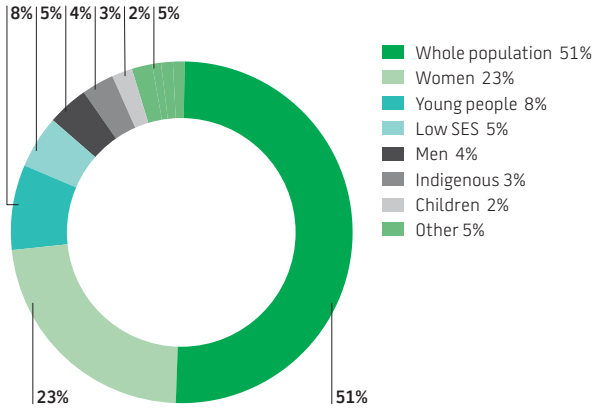
Graph 3: Expenditure by key themes for action



Target populations

Approximately half of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining balance was targeted at one or more of our target populations, including women, children, Indigenous and low socioeconomic groups as summarised in Graph 4.

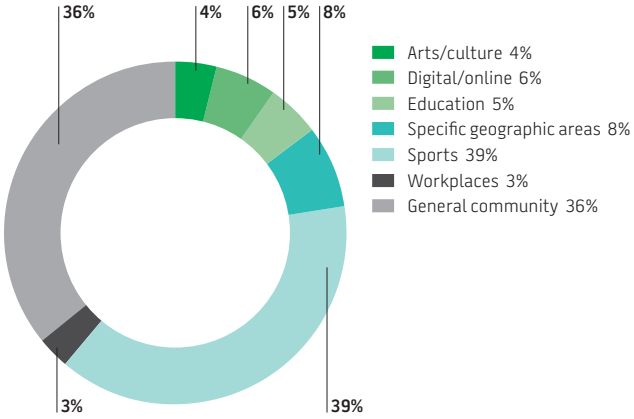
Graph 4: Allocation of grant expenditure across target population groups



Settings

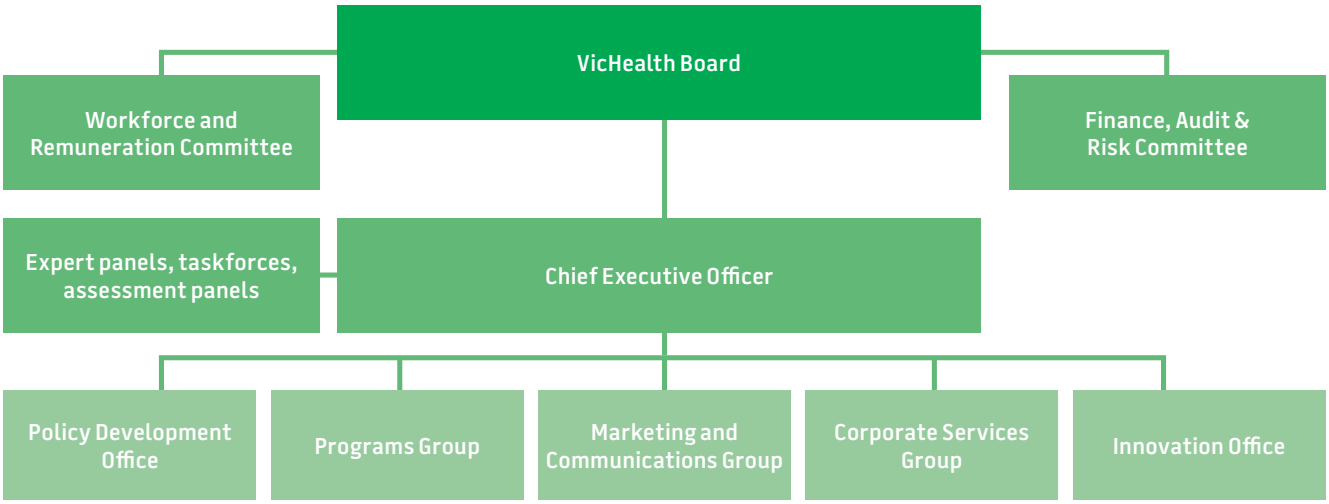
The proportion of grant funding allocated within each setting is provided in Graph 5. The largest setting is the community, closely followed by sports which reflects VicHealth's statutory obligation to provide grants to sporting bodies.

Graph 5: Allocation of grant expenditure across settings[ii]



Section 2: VicHealth organisation structure

VicHealth organisation structure



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

Policy Development Office

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

Programs Group

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

Marketing and Communications Group

Develop and deliver the organisational marketing and communications strategies, including branding, social marketing, campaigns, communications, publications and events to enhance VicHealth's unique brand and reputation.

Corporate Services Group

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

Innovation Office

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

Executive Management

The following people held executive management positions as at 30 June 2018:

Chief Executive Officer
Ms Jerril Rechter

Executive Lead, Policy Development Office
Ms Kellie Horton

Executive Manager, Programs Group
Ms Kirstan Corben

Executive Manager, Marketing and Communications Group
Mr Stefan Grun

Executive Manager, Corporate Services Group
Mr Dale Mitchell

Executive Lead, Innovation Office
Ms Nithya Solomon

Employee Committees

VicHealth has several cross-organisational employee committees or groups to assist management in operations:

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

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

VicHealth Board

The VicHealth Board members during the year were:

Ms Fiona McCormack, Chair

Fiona McCormack is the CEO of Domestic Violence Victoria, the peak body for family violence services for women and children in Victoria.

During a career spanning more than 20 years, Ms McCormack has worked at the forefront of community change in Victoria, with a focus on changing systems to improve outcomes for women and children at risk of family violence and highlighting the impact of gender on population health outcomes.

Ms McCormack has provided advice to governments through a number of high profile advisory committees at a state and national level.

Internationally recognised as an expert in her field, she has presented at many high profile forums, including the Victorian Royal Commission into Family Violence as well as a number of Senate Committees and United Nations forums.

With a background in social sciences, Ms McCormack also has extensive experience in community health – particularly working with culturally and linguistically diverse communities – as well as education, training and policy development.

Ms Nicole Livingstone OAM – Deputy Chair (1 July 2017 to 20 November 2017)

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

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

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

Ms Susan Crow

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

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

Dr Sally Fawkes

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

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

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

Mr Nick Green OAM

Nick Green is an experienced leader who has worked in senior roles across global corporate, national sport and public-sector organisations. He is currently the Industry Practice Leader for Aon, a global provider of risk management, insurance and professional services.

Before this role, Mr Green was the Chief Executive Officer of Cycling Australia and Group Manager of Acquisition and Development at the Victorian Major Events Company (now Visit Victoria).

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

Mr Green has attended eight Olympic Games and was the Chef de Mission for the 2012 Australian Olympic Team. He was awarded the Order of Australia Medal and inducted into the Sport Australia Hall of Fame in recognition of his sporting achievements as a World and Olympic rowing champion and founding partner of the Oarsome Foursome.

Professor Margaret Hamilton AO

Professor Hamilton has over 45 years' experience in the public health field, specialising in alcohol and drugs including clinical work, education and research. She has a background in social work and public health and was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria and Chair of the Multiple and Complex Needs Panel in Victoria. More recently she has been a member of the Civil Society Task Force contributing to the UN consideration of international drug policy and is now a member of the Mental Health Tribunal and has been appointed to chair the Review Panel for the Medically Supervised Injecting Facility in Victoria and the Board of the National Centre for Clinical Research on Emerging Drugs.

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

Professor Hamilton holds an honorary position at the University of Melbourne.

Mr Ben Hartung

Ben Hartung is currently the General Manager – Leagues and Major Events at Hockey Australia.

Mr Hartung served on the Board of Vicsport from November 2012 – November 2017. He was the CEO of Hockey Victoria from 2008 to 2014, and prior to this was the Event Manager at the Australian Grand Prix Corporation. His more than 20 years' experience in sports administration and teaching also includes roles as a physical education and psychology teacher in secondary schools.

Thriving on continual education, Mr Hartung has completed a Bachelor of Arts, Graduate Diploma in Education, Graduate Diploma in Sports Science, Master of Sport Management and a Graduate Diploma in Sports Law. He has also completed the Performance Leaders Program at the Australian Institute of Sport.

Sport has been a life-long passion for Mr Hartung and he has been actively involved in hockey as a player, coach and administrator for over 35 years.

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

Ms Veronica Pardo

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

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

Mr Simon Ruth

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

Mr Stephen Walter

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

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

The Members of Parliament appointed to the Board are:

Ms Colleen Hartland MLC (1 July 2017 to 12 March 2018)

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

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

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

The Hon. Wendy Lovell MLC

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

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

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

Ms Natalie Suleyman MP

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

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

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

Table 6: Board attendance register

Board	No. of meetings attended in 2017–18	Eligible meetings in 2017–18
Ms Fiona McCormack, Chair	6	7
Ms Nicole Livingstone OAM[1], Deputy Chair	3	3
Ms Susan Crow	5	7
Dr Sally Fawkes	6	7
Mr Nick Green OAM	5	7
Prof Margaret Hamilton AO	7	7
Ms Colleen Hartland MLC[2]	2	5
Mr Ben Hartung	7	7
The Hon. Wendy Lovell MLC	4	7
Ms Veronica Pardo	7	7
Mr Simon Ruth	7	7
Ms Natalie Suleyman MP	3	7
Ms Stephen Walter	5	7

(1) Ms Livingstone resigned from the Board on 20 November 2017. The resignation became effective upon acceptance by the Governor in Council on 17 April 2018.

(2) Ms Hartland resigned from the Board on 12 March 2018. The resignation became effective upon acceptance by the Governor in Council on 17 April 2018.

Finance, Audit and Risk Committee

The purpose of the committee is to assist the Board in fulfilling its governance duties by ensuring that effective financial management, auditing, risk management and reporting processes (both financial and non-financial) are in place to monitor compliance with all relevant laws and regulations and best practice.

Table 7: Finance, Audit and Risk Committee members and attendance register

Finance, Audit and Risk Committee	No. of meetings attended in 2017–18	Eligible meetings in 2017–18
Mr Peter Moloney, Chair 1 July 2017 – 30 June 2018 Independent	4	4
Ms Joanne Booth 1 July 2017 – 30 June 2018 Independent	3	4
Ms Kerry Bradley 1 July 2017 – 30 June 2018 Independent	3	4
Mr Nick Green OAM 1 July 2017 – 30 June 2018 Board member	2	4
Ms Colleen Hartland MLC [1] 1 July 2017 – 12 March 2018 Board member	0	3
Mr Simon Ruth 1 July 2017 – 30 June 2018 Board member	4	4
Mr Adam Todhunter 1 July 2017 – 30 June 2018 Independent	3	4

(1) Ms Hartland resigned from the Board on 12 March 2018. The resignation became effective upon acceptance by the Governor in Council on 17 April 2018.

Workforce and Remuneration Committee

The purpose of the committee is to provide strategic advice on workforce strategy and planning, remuneration, human resources policies and alignment of VicHealth's policies with relevant industrial relations and employment legislation and Victorian government policies. Additionally, the committee reviews the CEO's performance and remuneration.

Table 8: Workforce and Remuneration Committee members and attendance register

Workforce and Remuneration Committee	No. of meetings attended in 2017–18	Eligible meetings in 2017–18
Ms Nicole Livingstone OAM [1] 1 July 2017 – 20 November 2018 (Chair) Board member	2	2
Ms Fiona McCormack 1 July – 20 November 2017 (Deputy Chair) 21 November 2017 – 30 June 2018 (Chair) Board member	4	4
Ms Veronica Pardo 1 July 2017 – 30 June 2018 Board member	4	4
Mr Stephen Walter 1 July 2017 – 30 June 2018 Board member	2	4

(1) Ms Livingstone resigned from the Board on 20 November 2017. The resignation became effective upon acceptance by the Governor in Council on 17 April 2018.

Advisory Governance Framework

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

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

- Expert panels: to examine key strategic matters that affect the pillars of the Action Agenda for Health Promotion
- Taskforces: to investigate and provide operational and implementation advice on key strategic priorities and high-profile community health issues
- Assessment panels: to determine funding recommendations and/or review major funding/grant, and/or procurement proposals.

During 2017–18 the following groups were convened:

Expert panels
None
Taskforces
Active Club Grants Review taskforce
Alcohol Taskforce
Healthy Eating Taskforce
Obesity Policy Coalition and Parents' Voice Review Taskforce
Physical Activity Taskforce
Vicsport Review Taskforce
Assessment panels
Active Club Grants Assessment Panel
ARC Linkage and NHMRC Partnership Research Grant Panel
Bright Futures Challenge Assessment Panel
Gamification Project Assessment Panel
Growing Participation in Sport Assessment Panel
Health Education Literacy Project Assessment Panel
Innovation Challenge: Sport #6 Assessment Panel
2017 Innovation Research Grant Panel
Water & Sport Grants Assessment Panel

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

Patron-in-Chief

VicHealth is pleased and honoured to have as its Patron-in-Chief, The Honourable Linda Dessau AC, Governor of Victoria.

Section 3: Workforce data

Occupational Health and Safety (OHS) management

VicHealth's Occupational Health and Safety (OHS) policy demonstrates our commitment to the provision of a safe and healthy workplace.

VicHealth is committed to fostering and enshrining a culture within the organisation that values the importance of a healthy and safe work environment.

To further these aims, VicHealth has an established Employee Wellbeing and OH&S Committee. This comprises staff from across the organisation to act as an employee consultation group by undertaking the following tasks and functions:

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

Our performance against key OHS indicators during the past two financial years is summarised in Table 9.

Table 9: Performance against OHS management measures

Measure	Indicator	2017–18	2016–17
Incidents	No. of incidents	3	0
	No. of hazards reported	1	2
Claims	No. of standard claims	1	0
	No. of lost time claims	1	0
	No. of claims exceeding 13 weeks	0	0
Claim costs	Average cost per standard claim(i)	$0	$0

Note:

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

Inclusion, diversity and equity principles

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

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

As part of our diversity commitment, we engaged employees and recognised experts in the development and updating of range of diversity and inclusion documents including:

- Diversity and Inclusion Framework and Disability Action Plan, which we aim to formally launch in the coming months
- the draft Reconciliation Action Plan, prior to lodgment with Reconciliation Australian for formal endorsement
- Inclusion, Diversity and Equity Policy.

We anticipate that these documents will be finalised in early 2018–19.

We participate in the People Matter Survey (Diversity and Inclusion module), with the survey results used to inform elements of the abovementioned action plans.

Additionally, VicHealth is a member of the Office of Prevention and Women's Equality's Gender Auditing Working Group and have joined the Victorian Pubic Sector Diversity and Inclusion Community of Practice.

Public administration values and employment principles

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

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

In support of the above, VicHealth continues to embed its staff driven Employee Culture Charter. The Charter outlines four principles that set the cultural and professional standards to which we all commit and expect other employees to demonstrate. The four principles are Trust, Challenge, Accountability and Results. At the end of the year, a peer-based recognition is awarded to staff members who best demonstrate these principles.

VicHealth workplace

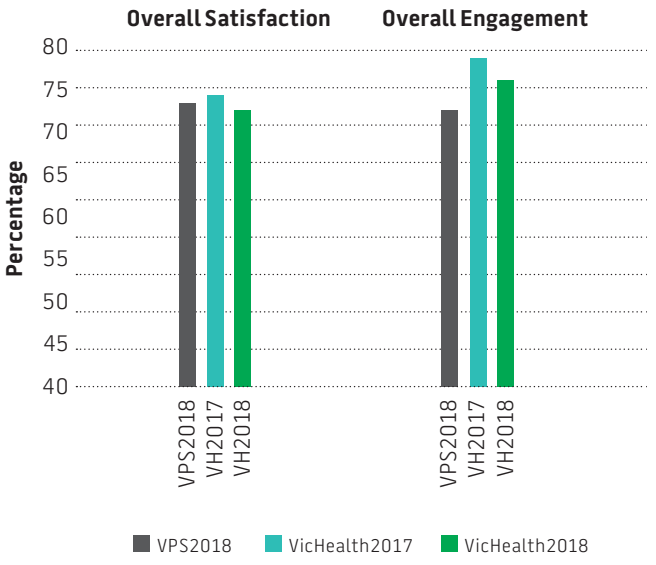
In late 2016, VicHealth commenced negotiations with the union and employee representatives for a new Enterprise Agreement as the existing Agreement nominally expired in May 2017. Negotiations were undertaken in good faith by all parties, with in-principle agreement being reached in late 2017, with the Fair Work Commission approving the new four-year agreement in February 2018.

A business case to assess whether VicHealth's ageing core ICT and business systems meet VicHealth's current and anticipated future business requirements and the indicative cost to replace these systems was undertaken during the year. The Board approved this business case and gave approval to proceed with the procurement phase of the project. The procurement and implementation phase of this project is anticipated to occur over the next 1–2 years. In recent years, VicHealth has had a financial strategy to increase its cash and other reserves, to fund the acquisition of new systems.

VicHealth participates in the annual People Matter Survey commissioned by the Victorian Public Sector Commission. VicHealth strives to be an employer of choice via implementation of various strategies to provide employees with rewarding and challenge career; offer workplace flexibility; providing workplace which is embracing of a diverse and inclusive culture.

The staff satisfaction and engagement results for 2018 are outlined in Graph 6. It is pleasing that the there is an upward trend over the past four years and that VicHealth's results are better than the VPS average. While its disappointing that there was a decline in the 2018 scores compared to 2017, management will consult with employees on the 2018 survey results and develop an action plan to address areas for continuous improvement.

Graph 6: Results from the People Matter survey



Workforce data

Table 10: Workforce data

	All employees				Ongoing						Fixed term & casual			
	Number (HC)		*FTE*		*Full-time (HC)*		*Part-time (HC)*		*FTE*		*Number (HC)*		*FTE*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Gender														
Male	18	19	17.5	18.7	15	16	2	1	16.6	16.8	1	2	0.9	1.9
Female	59	60	47.8	51.5	25	31	24	19	41.2	43.8	10	10	6.6	7.7
Self-described	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Age														
15–24	2	3	1.4	2.4	0	1	0	0	0	1	2	2	1.4	1.4
25–34	16	21	14.8	19.8	11	15	3	3	12.8	17	2	3	2	2.8
35–44	31	30	24.9	26.4	14	17	14	9	23.3	22.8	3	4	1.6	3.6
45–54	19	16	16.9	14.3	11	10	5	4	14.7	12.8	3	2	2.2	1.5
55–64	9	9	7.3	7.3	4	4	4	4	7	7	1	1	0.3	0.3
65+	0	0	0	0	0	0	0	0	0	0	0	0	0	0
VicHealth EA														
Grade A	3	4	2.2	3.2	0	1	2	2	1.6	2.6	1	1	0.6	0.6
Grade B	1	1	0.8	0.8	0	0	0	0	0	0	1	1	0.8	0.8
Grade C	13	16	12	15.2	9	10	3	3	11	12.4	1	3	1	2.8
Grade D	33	36	28.5	31.3	18	23	13	9	27.2	28.8	2	4	1.3	2.5
Grade E	21	17	16.5	14.7	9	8	6	6	12.7	11.8	6	3	3.8	2.9
Grade F	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total VicHealth EA (A–F Grade)	**71**	**74**	**60**	**65.2**	**36**	**42**	**24**	**20**	**52.5**	**55.6**	**11**	**12**	**7.5**	**9.6**
Senior employees														
Executives[(i)]	6	5	5.3	5	4	5	2	0	5.3	5	0	0	0	0
Total senior employees	**6**	**5**	**5.3**	**5**	**4**	**5**	**2**	**0**	**5.3**	**5**	**0**	**0**	**0**	**0**
Total other	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total employees	**77**	**79**	**65.3**	**70.2**	**40**	**47**	**26**	**20**	**57.8**	**60.6**	**11**	**12**	**7.5**	**9.6**

Notes:

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

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

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

FTE' means full-time staff equivalent.

'HC' means headcount.

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

Executive Officer data

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

The following table outlines the number of executives (including the Accountable Officer) employed in the last pay period in June. The table does not include employees in acting executive arrangements.

Table 11: Breakdown of Executive Officers

	June 2018				June 2017			
	Male	*Female*	*Self-described*	*Vacancies*	*Male*	*Female*	*Self-described*	*Vacancies*
CEO	0	1	0	0	0	1	0	0
Executives Managers	2	1	0	0	2	0	0	1
Executive Leads	0	2	0	0	0	2	0	0
Total	**2**	**4**	**0**	**0**	**2**	**3**	**0**	**1**

Table 12: Reconciliation of executive numbers

		2017–18	2016–17
	Executives with remuneration over $100,000	5	4
Add	Vacancies (Table 11)	0	1
	Executives employed with total remuneration below $100,000	0	0
	Accountable Officer (CEO)	1	1
Less	Separations	0	1
Total executive numbers at 30 June		**6**	**5**

A summary of executive remuneration is contained in the Financial Statements (Note 8.3).

Section 4: Other disclosures

Consultancies

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

Consultant	Purpose of consultancy [(i)]	Total approved project fee ($'000)	2017–18 actual expenditure ($'000)	Future expenditure ($'000) [(ii)]
Corvus Group	Human resources consulting services	37	37	-
Data#3 Limited	System consulting services	11	11	-
Davidson Consulting	Human resources consulting services	12	12	-
Deloitte Touche Tohmatsu	Business consulting services	24	24	-
Dialectica Group	Business consulting services	10	10	-
Ernst & Young	Business consulting services	21	21	-
Holding Redlich	Legal services	11	11	-
KPMG	Business and system consulting services	282	147	135
L R Associates	Business consulting services	158	158	-
Maddocks Lawyers	Legal services	44	44	-
Pitcher Partners	Internal audit services	105	105	-
Terra Firma	Business consulting services	10	10	-
The Kinetica Group	Business consulting services	10	10	-
Victorian Government Solicitors Office	Legal services	158	158	-

Note:

(i) Consultancy agreements cover the period 1 July 2017 to 30 June 2018.

(ii) Unless otherwise indicated there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2018 as required.

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

Details of consultancies under $10,000

In 2017–18, there were 8 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during the financial year in relation to these consultancies is $41,000 (excl. GST).

Information, communication and technology (ICT) expenditure

Details of ICT expenditure during the financial year were:

Table 14: ICT expenditure during 2017–18 (excluding GST)

Expenditure	($'000)
Business as Usual ICT expenditure	1,288
Non-Business as Usual ICT expenditure Total = A + B	852
Non-Business Operational expenditure A	852
Non-Business as Usual Capital expenditure B	0

Advertising expenditure

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

Table 15: Advertising expenditure during 2017–18 (excluding GST)

Campaign	
Name of campaign	This Girl Can – Victoria
Campaign summary	A statewide, mass media campaign, including sports sponsorships aimed at increasing physical activity and supporting gender equality. This campaign aims to empower women to be active however, whenever and wherever they want.
Start/end date	25/3/18 – 30/6/18
Advertising (media) ($'000)	$1,245
Creative and campaign development ($'000)	$741
Research and evaluation expenditure ($'000)	$148
Print and collateral expenditure ($'000)	$17
Other campaign expenditure ($'000)	$1,767

Compliance with the *Building Act 1993*

VicHealth does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Freedom of Information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by VicHealth. Information is available under the *Freedom of Information Act 1982* by contacting the following person:

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

Additional information about how to lodge an FOI request is available from the VicHealth website: www.vichealth.vic.gov.au/

VicHealth did not receive any FOI applications within this financial reporting period.

Compliance with the *Protected Disclosure Act 2012*

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

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

Additional information about VicHealth's protected disclosure policy and process is available from the VicHealth website: www.vichealth.vic.gov.au/

No disclosures were made within this financial reporting period.

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Compliance with DataVic Access Policy

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

Victorian Industry Participation Policy

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

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

National Competition Policy

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

Office-based environmental impacts

VicHealth continues to operate in an environmentally sustainable manner. For 2017–18 our end of energy consumption was consistent with the prior year. Importantly, over the past four years our energy consumption decreased by 13%.

Additional information available on request

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

For further information please contact:

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

Attestation of compliance with Ministerial Standing Direction 5.1.4.

I Fiona McCormack, Board Chair on behalf of the Responsible Body, certify that VicHealth has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions for the year ended 30 June 2018.

Fiona McCormack
Chair of the Board

28 August 2018

Financial statements
Victorian Health Promotion Foundation
2017–18

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

The attached financial statements for the Victorian Health Promotion Foundation (VicHealth) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes presents fairly the financial transactions during the year ended 30 June 2018 and financial position of VicHealth at 30 June 2018.

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

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

Ms Fiona McCormack
Chair of the Board

Melbourne
28 August 2018

Ms Jerril Rechter
Accountable Officer

Melbourne
28 August 2018

Mr Dale Mitchell
Chief Finance and Accounting Officer

Melbourne
28 August 2018

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of the Victorian Health Promotion Foundation

Opinion	I have audited the financial report of the Victorian Health Promotion Foundation (VicHealth) which comprises the: • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of VicHealth as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of VicHealth in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of VicHealth is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing VicHealth's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994,* my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of VicHealth's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on VicHealth's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause VicHealth to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
28 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

Comprehensive operating statement
for the financial year ended 30 June 2018

	Notes	2018 ($'000)	2017 ($'000)
Income from transactions			
Appropriations and grants	2.1	39,863	38,558
Interest and other income	2.2	226	215
Total income		**40,089**	**38,773**
Expenses from transactions			
Employee expenses	3.1 (a)	8,964	8,233
Depreciation and amortisation	3.1 (b)	150	175
Grants and funding	3.1 (c)	26,596	27,455
Operating costs	3.1 (d)	2,653	2,489
Total expenses		**38,363**	**38,352**
Net result for the year		**1,726**	**421**
Comprehensive result for the year		**1,726**	**421**

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

Balance sheet
as at 30 June 2018

	Notes	2018 ($'000)	2017 ($'000)
Assets			
Current assets			
Cash and cash equivalents	4.1	6,991	4,696
Receivables	4.2	586	762
Prepayments		247	268
Total current assets		**7,824**	**5,726**
Non-current assets			
Property, plant and equipment	5.1	87	164
Intangible assets	5.2	24	97
Total non-current assets		**111**	**261**
Total assets		**7,935**	**5,987**
Current liabilities			
Payables	6.1	699	649
Income received in advance		20	16
Provisions: employee benefits	6.2	1,293	1,225
Total current liabilities		**2,012**	**1,890**
Non-current liabilities			
Provisions: employee benefits	6.2	267	167
Total non-current liabilities		**267**	**167**
Total liabilities		**2,279**	**2,057**
Net assets		**5,656**	**3,930**
Equity			
Accumulated surplus/(deficit)		5,084	3,792
Reserves	8.1	572	138
Total equity		**5,656**	**3,930**

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

Statement of changes in equity
for the financial year ended 30 June 2018

2018	Equity at 1 July 2017 ($'000)	Transfer of reserves ($'000)	Total comprehensive result ($'000)	Equity at 30 June 2018 ($'000)
Accumulated surplus/(deficit)	3,204	-	1,726	4,930
Transfer from/(to) reserves	588	(434)	-	154
Total accumulated surplus/(deficit)	**3,792**	**(434)**	**1,726**	**5,084**
Reserves	380	-	-	380
Transfer (from)/to reserves	(242)	434	-	192
Total reserves	**138**	**434**	**-**	**572**
Total equity	**3,930**	**-**	**1,726**	**5,656**

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

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 2018

	Notes	2018 ($'000)	2017 ($'000)
Cash flows from operating activities			
Receipts			
Receipts from Government		39,956	38,539
Receipts from other entities		60	111
Interest received		164	121
Goods and Services Tax (paid to)/refund from the ATO		2,929	2,726
Total receipts		**43,109**	**41,497**
Payments			
Payment of grants and funding		(25,620)	(27,555)
Payments to suppliers and employees		(14,194)	(13,631)
Total payments		**(40,814)**	**(41,186)**
Net cash flow provided by/(used in) operating activities	**8.2**	**2,295**	**311**
Cash flows from investing activities			
Payments for non-financial assets		-	(50)
Net cash flows provided by/(used in) investing activities		**-**	**(50)**
Net increase/(decrease) in cash and cash equivalents		**2,295**	**261**
Cash and cash equivalents at the beginning of the financial year		4,696	4,435
Cash and cash equivalents at the end of the financial year	**4.1**	**6,991**	**4,696**

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

Notes to the financial statements
for the year ended 30 June 2018

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Notes to the financial statements
for the year ended 30 June 2018

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 2018. The purpose of the report is to provide users with information about VicHealth's stewardship of resources entrusted to it.

1.1 Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of VicHealth on 28 August 2018.

1.2 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*. A description of the nature of VicHealth's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

1.3 Basis of accounting preparation and measurement

Accounting policies

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

The accounting policies in this report have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

Going concern

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

Currency

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

Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Accrual basis of accounting

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

Notes to the financial statements
for the year ended 30 June 2018

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

Accounting estimates

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

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

- the fair value of plant and equipment (refer to note 5.1)
- assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount (refer to note 6.2).

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.

Change in accounting policies

During the 2017–18 reporting period there have been no new or revised Accounting Standards adopted by VicHealth for the first time.

Comparative information

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

- Note 3 Expenses from transactions
- Note 6.1 Payables
- Note 7.1 Financial Instruments.

Notes to the financial statements
for the year ended 30 June 2018

Note 2. Income from transactions

2.1 Appropriation and grants

	2018 ($'000)	2017 ($'000)
General appropriation	39,108	38,341
Grants and special purpose funding	755	217
Total appropriation and grants	**39,863**	**38,558**

Revenue recognition

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 relate to monies paid to VicHealth under section 32 of the *Tobacco Act 1987*.

Grants and special purpose funding

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

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

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

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

Note 2. Income from transactions (cont'd)

2.2 Interest and other income

	2018 ($'000)	2017 ($'000)
Interest income	164	123
Other income	62	92
Total interest and other income	**226**	**215**

Interest income

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

Other income

Other income represents fees and charges from miscellaneous services.

Notes to the financial statements
for the year ended 30 June 2018

Note 3. Expenses from transactions

3.1 Expenses

	2018 ($'000)	2017 ($'000)
(a) Employee expenses		
Salaries, wages, and leave payments	7,685	6,960
Board and committee members fees	144	147
Agency and temporary staff	308	347
Superannuation	707	642
Fringe benefits tax	53	44
Workcover premium	67	63
Total employee expenses	**8,964**	**8,233**
(b) Depreciation and amortisation		
Depreciation		
Office equipment	64	73
Fixtures and fittings	5	1
Motor vehicles	8	9
Total depreciation	**77**	**83**
Amortisation – IT software	73	92
Total depreciation and amortisation	**150**	**175**
(c) Grants and funding		
General purpose grants and funding	25,774	26,644
Program support expenses	822	811
Total grants and other expense transfers	**26,596**	**27,455**
(d) Operating costs		
Consultancy fees	542	472
Employee development and wellbeing	157	229
External audit fees (Victorian Auditor-General's Office)	23	22
General administration	124	194
Information, communications and technology systems	748	606
Internal audit fees	105	85
Legal fees	93	82
Occupancy costs	861	799
Total operating costs	**2,653**	**2,489**

Notes to the financial statements
for the year ended 30 June 2018

Note 3. Expenses from transactions (cont'd)

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, board and committee fees, leave entitlements, fringe benefits tax, work-cover premiums, and superannuation expenses. The name and details of the major employee superannuation funds and contributions made by VicHealth are outlined in Note 3.2.

Depreciation

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

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

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

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

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

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

Grants and funding

Grants and funding to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable. These relate to funding and other agreements for delivery of health promotion programs and campaigns and direct implementation costs.

They include transactions made to sporting organisations, local government, not-for-profit organisations, universities and community groups.

Program support expenses
Non-grant costs attributable to supporting the delivery of health promotion programs, campaigns and associated activities.

Operating costs

Operating costs generally represent the day-to-day running costs incurred in normal operations.

Consultancy costs: Provision of expertise and advice.

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

Information, communications and technology systems:
Rental costs for IT equipment, non-capitalised IT hardware and software purchases, licence fees and associated services, support and maintenance.

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

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

Legal fees: Costs associated with the provision of legal advice for funding, contract and employment related matters.

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

Notes to the financial statements
for the year ended 30 June 2018

Note 3. Expenses from transactions (cont'd)

3.2 Superannuation

	Paid contribution for the year	
	2018 ($'000)	**2017 ($'000)**
(a) Defined benefit plan		
ESS Super New Scheme	9	14
Total defined benefit plan	**9**	**14**
(b) Defined contribution plan		
VicSuper	255	253
Hesta	52	64
UniSuper	47	38
Care Super	30	31
Vision Super	32	31
Australian Super	56	28
First State	30	28
Other	196	155
Total defined contribution plan	**698**	**628**
Total superannuation contributions	**707**	**642**

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

Notes to the financial statements
for the year ended 30 June 2018

Note 4. Financial assets

4.1 Cash and cash equivalents

	2018 ($'000)	2017 ($'000)
Cash on hand	3	4
Cash at bank	417	345
Bank deposits at call	571	347
Term deposits	6,000	4,000
Total cash and cash equivalents	**6,991**	**4,696**

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call, term deposits and highly liquid investments with an original maturity of three months or less, which are held for meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

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

Notes to the financial statements
for the year ended 30 June 2018

Note 4. Financial assets (cont'd)

4.2 Receivables

	2018 ($'000)	2017 ($'000)
(a) Contractual		
Debtors	127	125
Accrued income	7	10
Total contractual receivables	**134**	**135**
(b) Statutory		
GST credits receivable	452	627
Total statutory receivables	**452**	**627**
Total receivables	**586**	**762**

Revenue Recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- Statutory receivables, which predominantly includes amounts owing from the Goods and Services Tax (GST) input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and categorised as loans and receivables. 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 less any accumulated impairment.

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

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

Ageing analysis of receivables

Refer to Note 7.1 for the ageing analysis of contractual receivables.

Nature and extent of risk arising from receivables

Refer to Note 7.1 for the nature and extent of credit risk arising from contractual receivables.

Notes to the financial statements
for the year ended 30 June 2018

Note 5. Non-financial assets

5.1 Property, plant and equipment

5.1 (a) Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)	2018 ($'000)	2017 ($'000)
Office equipment	477	477	404	340	73	137
Office furniture	19	19	19	19	-	-
Fixtures and fittings	831	831	817	812	14	19
Motor vehicles	52	52	52	44	-	8
Total	**1,379**	**1,379**	**1,292**	**1,215**	**87**	**164**

Valuation and measurement

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

Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned. Refer to Note 3.1 for details of the depreciation policy.

There were no changes in valuation techniques throughout the period to 30 June 2018.

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.

Revaluations of non-current physical assets

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

Valuation hierarchy

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.

Notes to the financial statements
for the year ended 30 June 2018

Note 5. Non-financial assets (cont'd)

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.

Disposal of non-financial assets

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

Impairment of non-financial assets

Apart from intangible assets with indefinite useful lives, all other non-financial assets are assessed annually for indications of impairment.

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

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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

Note 5. Non-financial assets (cont'd)

5.1 (b) Property, plant and equipment reconciliation

2018	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Total ($'000)
Fair value					
Opening balance	477	19	831	52	**1,379**
Additions	-	-	-	-	**-**
Transfers	-	-	-	-	**-**
Fair value closing balance	**477**	**19**	**831**	**52**	**1,379**
Accumulated depreciation					
Opening balance	340	19	812	44	**1,215**
Depreciation	64	-	5	8	**77**
Accumulated depreciation closing balance	**404**	**19**	**817**	**52**	**1,292**
Written-down value	**73**	**-**	**14**	**-**	**87**

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

Note 5. Non-financial assets (cont'd)

5.1 (c) Fair value measurement hierarchy for assets

		Fair value measurement at end of reporting period using:		
2018	**Carrying amount as at 30 June 2018 ($'000)**	**Level 1 ($'000)**	**Level 2 ($'000)**	**Level 3 ($'000)**
Office equipment	73	-	-	73
Office furniture	-	-	-	-
Fixtures and fittings	14	-	-	14
Motor vehicles	-	-	-	-
Written-down value	**87**	**-**	**-**	**87**

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

Note 5. Non-financial assets (cont'd)

5.1 (d) Reconciliation of level 3 fair value

2018	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Total ($'000)
Opening balance	**137**	**-**	**19**	**8**	**164**
Purchases/(sales)	-	-	-	-	-
Gains or losses recognised in net result					
Depreciation	(64)	-	(5)	(8)	(77)
Closing balance	**73**	**-**	**14**	**-**	**87**

2017	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Total ($'000)
Opening balance	**199**	**1**	**4**	**17**	**221**
Purchases/(sales)	10	-	16	-	26
Gains or losses recognised in net result					
Depreciation	(72)	(1)	(1)	(9)	(83)
Closing balance	**137**	**-**	**19**	**8**	**164**

Notes to the financial statements
for the year ended 30 June 2018

Note 5. Non-financial assets (cont'd)

5.2 Intangible assets

	2018 ($'000)	2017 ($'000)
Cost		
Opening balance	1,342	1,318
Additions	-	24
Cost closing balance	**1,342**	**1,342**
Accumulated amortisation		
Opening balance	1,245	1,152
Amortisation expense	73	93
Accumulated amortisation closing balance	**1,318**	**1,245**
Written-down value	**24**	**97**

Intangible assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost, less accumulated amortisation and accumulated impairment losses. Refer to Note 3.1 for details of VicHealth's amortisation policy.

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

Impairment of intangible assets

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

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

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

Notes to the financial statements
for the year ended 30 June 2018

Note 6. Liabilities and commitments

6.1 Payables

	2018 ($'000)	2017 ($'000)
(a) Contractual payables		
Trade creditors	290	336
Accrued wages and salaries	121	121
Grants payable	110	93
Accrued expenses	122	74
Total contractual payables	**643**	**625**
(b) Statutory payables		
GST/PAYG payable	42	11
Superannuation payable	14	13
Total statutory payables	**56**	**24**
Total payables	**699**	**649**

Payables consist of:

Contractual payables

These consist predominantly of accounts payable representing liabilities for grants, goods and services provided to VicHealth prior to the end of the financial year that are unpaid, and arise when VicHealth becomes obliged to make future payments in respect of the purchase of those goods and services or provision of grant conditions.

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

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

Statutory payables

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract. Statutory payables (such as GST and fringe benefits tax payable) are paid by the relevant legislative due date.

Note 6. Liabilities and commitments (cont'd)

6.2 Provisions: Employee benefits

	2018 ($'000)	2017 ($'000)
Current provisions		
Annual leave	567	512
Long service leave	605	601
On-costs Annual leave	58	53
Long service leave	63	59
Total current provisions	**1,293**	**1,225**
Current employee benefits		
Expected to be utilised within 12 months	665	645
Expected to be utilised after 12 months	628	580
Total current employee benefits	**1,293**	**1,225**
Non-current provisions		
Long service leave	242	151
On-costs	25	16
Total non-current provisions	**267**	**167**
Total provisions	**1,560**	**1,392**
Movement in employee benefits		
Opening balance	1,392	1,298
Settlement made during the year	(820)	(706)
Provision made during the year	988	800
Balance at end of year	**1,560**	**1,392**

Notes to the financial statements
for the year ended 30 June 2018

Note 6. Liabilities and commitments (cont'd)

Provisions

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

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

Employee benefits

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

Wages and salaries, annual leave, time in lieu

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

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

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

Long service leave

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

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

The components of this current LSL liability are measured at:

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

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

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

On-costs

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

Note 6. Liabilities and commitments (cont'd)

6.3 Commitments

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

6.3 (a) Lease commitments

	2018 ($'000)	2017 ($'000)
Non-cancellable operating lease commitments		
No longer than one year	619	604
Longer than one year and not longer than five years	1,141	1,774
Total	**1,760**	**2,378**

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

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

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

Operating leases

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

Leasehold improvements

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

Note 6. Liabilities and commitments (cont'd)

6.3 (b) Expenditure commitments

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

	2018 ($'000)	2017 ($'000)
Expenditure commitments		
No longer than one year	18,245	14,703
Longer than one year and not longer than five years	12,492	10,878
Total	**30,737**	**25,581**

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. Additionally, VicHealth enters into multi-year contracts for the purchase of various goods and/or services.

Note 7. Risk, contingencies and valuation uncertainties

7.1 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*.

VicHealth's principal financial instruments comprise of:

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

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

Notes to the financial statements
for the year ended 30 June 2018

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

7.1 (a) Categorisation of financial instruments

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

	Contractual financial assets and liabilities			
	2018 Financial assets/ liabilities ($'000)	**2018 Holding gain/(loss) ($'000)**	**2017 Financial assets/ liabilities ($'000)**	**2017 Holding gain/(loss) ($'000)**
Financial assets				
Cash and deposits	6,991	164	4,696	123
Loans and receivables[(i)]	134	-	135	-
Total financial assets	**7,125**	**164**	**4,831**	**123**
Financial liabilities				
Contractual payables[(i)]	643	-	625	-
Total financial liabilities	**643**	**-**	**625**	**-**

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

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

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

Financial liabilities at amortised cost

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

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

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

7.1 (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.

The following table outlines the credit quality of contractual financial assets that are neither past due nor impaired.

2018	Government agencies (AAA credit rating) ($'000)	Financial institutions (AA credit rating) ($'000)	Other (no credit rating) ($'000)	Total ($'000)
Cash and cash equivalents	4,000	2,988	3	**6,991**
Contractual receivables	-	-	134	**134**
Total	**4,000**	**2,988**	**137**	**7,125**
2017				
Cash and cash equivalents	2,000	2,692	4	**4,696**
Contractual receivables	-	-	135	**135**
Total	**2,000**	**2,692**	**139**	**4,831**

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

7.1 (c) Ageing of financial assets

The following table outlines the ageing of financial assets.

			Past due but not impaired				
2018	**Carrying amount ($'000)**	**Not past due and not impaired ($'000)**	**Less than 1 month ($'000)**	**1–3 months ($'000)**	**3 months to 1 year ($'000)**	**1–5 years ($'000)**	**Impaired financial assets ($'000)**
Cash and cash equivalents	6,991	6,991	-	-	-	-	-
Contractual receivables	134	134	-	-	-	-	-
Total	**7,125**	**7,125**	**-**	**-**	**-**	**-**	**-**
2017							
Cash and cash equivalents	4,696	4,696	-	-	-	-	-
Contractual receivables	135	135	-	-	-	-	-
Total	**4,831**	**4,831**	**-**	**-**	**-**	**-**	**-**

7.1 (d) 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.

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

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

			Maturity dates			
2018	**Carrying amount ($'000)**	**Nominal amount ($'000)**	**Less than 1 month ($'000)**	**1–3 months ($'000)**	**3 months to 1 year ($'000)**	**1–5 years ($'000)**
Contractual payables	643	643	629	11	3	-
Total	**643**	**643**	**629**	**11**	**3**	**-**
2017						
Contractual payables	625	625	609	11	5	-
Total	**625**	**625**	**609**	**11**	**5**	**-**

7.1 (e) 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, deposits at call and 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 2018

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

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

			Interest rate exposure		
2018	**Weighted average interest rate (%)**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	1.0%	6,991	6,000	571	420
Contractual receivables	-	134	-	-	134
Total financial assets	**-**	**7,125**	**6,000**	**571**	**554**
Financial liabilities					
Contractual payables	-	643	-	-	643
Total financial liabilities	**-**	**643**	**-**	**-**	**643**

			Interest rate exposure		
2017	**Weighted average interest rate (%)**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	1.5%	4,696	4,000	347	349
Contractual receivables	-	135	-	-	135
Total financial assets	**-**	**4,831**	**4,000**	**347**	**484**
Financial liabilities					
Contractual payables	-	625	-	-	625
Total financial liabilities	**-**	**625**	**-**	**-**	**625**

Notes to the financial statements
for the year ended 30 June 2018

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

7.1 (f) 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.

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
2018	**Carrying amount ($'000)**	**Net result ($'000)**	**Net result ($'000)**	**Equity ($'000)**	**Equity ($'000)**
Financial assets					
Cash and cash deposits	6,991	(66)	66	(66)	66
Receivables	134	-	-	-	-
Total financial assets	**7,125**	**(66)**	**66**	**(66)**	**66**
Financial liabilities					
Payables	643	-	-	-	-
Total financial liabilities	**643**	**-**	**-**	**-**	**-**
2017					
Financial assets					
Cash and cash deposits	4,696	(43)	43	(43)	43
Receivables	135	-	-	-	-
Total financial assets	**4,831**	**(43)**	**43**	**(43)**	**43**
Financial liabilities					
Payables	625	-	-	-	-
Total financial liabilities	**625**	**-**	**-**	**-**	**-**

Notes to the financial statements
for the year ended 30 June 2018

Note 7. Risk, contingencies and valuation uncertainties (cont'd)

7.1 (g) 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.

7.2 Contingencies

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

	2018 ($'000)	2017 ($'000)
Contingent assets	–	–
Contingent liabilities	–	–

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

Notes to the financial statements
for the year ended 30 June 2018

Note 8. Other disclosures

8.1 Reserves

	2018 ($'000)	2017 ($'000)
Externally funded programs reserve		
Water Fountains Initiative	300	-
Bystanders for Primary Prevention Program	264	105
Other	8	33
Total externally funded programs reserve	**572**	**138**

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

8.2 Reconciliation of net result for the period to net cash flows from operating activities

	2018 ($'000)	2017 ($'000)
Net result for the period	**1,726**	**421**
Non-cash movements		
Depreciation and amortisation	152	175
Movements in assets and liabilities		
(Increase)/decrease in receivables	176	(217)
(Increase)/decrease in prepayments	21	(141)
Increase/(decrease) in payables	49	(37)
Increase/(decrease) in income received in advance	4	16
Increase/(decrease) in provisions	167	94
Net cash flows from/(used in) operating activities	**2,295**	**311**

Note 8. Other disclosures (cont'd)

8.3 Responsible persons

8.3 (a) Responsible persons appointments

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

Responsible Minister

The Hon. Jill Hennessy, MP, Minister for Health	1/07/2017 – 30/06/2018

Governing Board

Ms Fiona McCormack – Chair	1/07/2017 – 30/06/2018
Ms Nicole Livingstone OAM – Deputy Chair*	1/07/2017 – 17/04/2018
Ms Susan Crow	1/07/2017 – 30/06/2018
Dr Sally Fawkes	1/10/2017 – 30/06/2018
Mr Nick Green OAM	1/07/2017 – 30/06/2018
Professor Margaret Hamilton AO	1/07/2017 – 30/06/2018
Ms Colleen Hartland MLC**	1/07/2017 – 17/04/2018
Mr Ben Hartung	1/10/2017 – 30/06/2018
The Hon Wendy Lovell MLC	1/07/2017 – 30/06/2018
Ms Veronica Pardo	1/07/2017 – 30/06/2018
Mr Simon Ruth	1/07/2017 – 30/06/2018
Ms Natalie Suleyman MP	1/07/2017 – 30/06/2018
Mr Stephen Walter	1/07/2017 – 30/06/2018

* Ms Livingstone resigned on 20 November 2017. The Governor in Council accepted her resignation effective 17 April 2018.

** Ms Hartland resigned on 12 March 2018. The Governor in Council accepted her resignation effective 17 April 2018.

Accountable Officer

Ms Jerril Rechter	1/07/2017 – 30/06/2018

Note 8. Other disclosures (cont'd)

8.3 (b) Responsible persons remuneration

The remuneration received or receivable by responsible persons is disclosed as follows:

Income band	2018 No.	2017 No.
$ 0 – 9,999	4	5
$ 10,000 – 19,999	8	10
$ 20,000 – 29,999	1	-
$ 300,000 – 309,999	-	1
$ 310,000 – 319,999	1	-
Total numbers	**14**	**16**
Total amount	**$465,625**	**$460,502**

Remuneration of board members is prescribed by Governor in Council. The Parliamentary members of the Board received no remuneration for their services on the VicHealth Board.

The compensation detailed above excludes the salaries and benefits the Responsible Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported in the financial statements of the Parliamentary Services.

Notes to the financial statements
for the year ended 30 June 2018

Note 8. Other disclosures (cont'd)

8.4 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. During the reporting period a number of employees acted in Executive Officer positions following employee resignations and/or parental leave. The remuneration in the following table only relates to their remuneration payable in their role as an Executive Officer.

Category	2018 $	2017 $
Salaries and other short-term benefits	723,241	812,972
Post-employment benefits	67,309	75,194
Other long-term benefits	10,894	9,773
Termination payments	-	14,553
Total remuneration	**801,444**	**912,492**
Total number of executive officers	**5**	**6**
Total annualised employee equivalent[(i)]	**5**	**5**

Note:

(i) Annualised employee equivalent is based on 38 ordinary hours per week over the reporting period. The variance between number of executive officers and annualised employee equivalent is reflective of resignations during the year.

Remuneration comprises benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

- *Salaries and other short-term employee benefits* include amounts such as superannuation entitlements and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- *Post-employment benefits* include amounts such as superannuation entitlements and other retirement benefits paid or payable on a discrete basis when employment has ceased.
- *Other long-term benefits* include long service leave, other long-service benefits or deferred compensation.
- *Termination benefits* include termination of employment payments including leave payments.

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

Note 8. Other disclosures (cont'd)

8.5 Related parties

VicHealth is a wholly owned and controlled entity of the State of Victoria. Related parties of VicHealth include:

- all key management personnel and their close family members; and
- all Cabinet Ministers and their close family members.
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

8.5 (a) Key management personnel

Key management personnel (KMP) of VicHealth include the Portfolio Ministers and Cabinet Ministers, VicHealth Board Members and Chief Executive Officer as determined by VicHealth.

Category	2018 $	2017 $
Salaries and other short-term benefits	432,647	426,339
Post-employment benefits	32,978	34,163
Other long-term benefits	-	-
Termination payments	-	-
Total remuneration	**465,625**	**460,502**
Total number of KMPs	**14**	**16**

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, as described and in Note 8.3 Responsible Persons and Note 8.4 Remuneration of Executives.

Notes to the financial statements
for the year ended 30 June 2018

Note 8. Other disclosures (cont'd)

8.5 (b) Transactions with key management personnel and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

The *Tobacco Act* stipulates that VicHealth has a representational Board member composition, consequently there is an increased likelihood of related party transactions as Board members often are either employed or serve on Boards of organisations that VicHealth transacts with.

During the reporting period, related parties of key management personnel were awarded contracts on terms and conditions equivalent for those that prevail in arm's length transactions under VicHealth's Grant-making and Procurement policies and guidelines, including management of conflicts of interest.

All other transactions that may have occurred with key management personnel and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed if they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

The transactions (generally related to awarding of grants and funding) with key management personnel is outlined in the following table:

Key management personnel/transaction	2018 ($'000)	2017 ($'000)
Cricket Victoria of which Ms Susan Crow[(i)] served as a Board member	-	550
Cycling Australia of which Mr Nick Green served as the Chief Executive Officer[(ii)]	94	10
Hockey Australia of which Mr Ben Hartung served as General Manager	86	-
Melbourne City Football Club of which Ms Susan Crow served as an employee	116	42
Vicsport of which Mr Ben Hartung[(iii)] served as a Director	138	156
Victorian AIDS Council of which Mr Simon Ruth served as the Chief Executive Officer	77	60
Western Bulldogs Football Club of which Ms Jerril Rechter served as a Board member[(iv)]	66	-
Victorian Institute of Sport of which Ms Nicole Livingstone served as a Chairperson	58	-

Note:

(i) Ms Crow served as a Cricket Victoria Board member until 13 April 2017.

(ii) Mr Green served as the Chief Executive Officer of Cycling Australia until 5 February 2018.

(iii) Mr Hartung was a Vicsport Director until 21 November 2017.

(iv) Ms Rechter commenced as Western Bulldogs Football Club director on 24 January 2018.

Note 8. Other disclosures (cont'd)

Significant transactions with government-related entities

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

Entity	2018 ($'000)	2017 ($'000)
Department of Health and Human Services – Appropriation	39,108	38,341
Department of Health and Human Services – Special Purpose Grant	620	-
Department of Economic Development, Jobs, Transport and Resources – Special Purpose Grant	100	-
Department of Premier and Cabinet – Special Purpose Grant	-	105

8.6 Ex-gratia payments

The ex-gratia payments made during the reporting period are listed in the following table:

	2018 ($'000)	2017 ($'000)
Payment made on termination of employment	39	-

8.7 Economic support

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

8.8 Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2018 which would, in the absences of disclosure, cause the financial statements to become misleading.

Note 8. Other disclosures (cont'd)

8.9 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 2018 reporting period. 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 following table. 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 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	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.

Notes to the financial statements
for the year ended 30 June 2018

Note 8. Other disclosures (cont'd)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on the balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge.
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

In addition to the new standards above, the AASB has issued other amending standards and interpretations that are not effective for the 2017–18 reporting period that are not expected to have a significant impact on VicHealth's reporting.

Section 6: Disclosure index

Annual reports are required to contain a disclosure index to assist in identifying the extent of compliance with statutory disclosure and other requirements.

Note: This Disclosure Index consists of two pages, and is not required to be completed by denominational hospitals.

The annual report of VicHealth is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Legislation	Requirement	Page reference
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	Page 7
FRD 22H	Purpose, functions, powers and duties	Page 7
FRD 22H	Initiatives and key achievements	Page 7
FRD 22H	Nature and range of services provided	Page 7
Management and structure		
FRD 22H	Organisational structure	Page 25
Financial and other information		
FRD 10A	Disclosure index	Page 85
FRD 11A	Disclosure of ex-gratia expenses	Page 82
FRD 21C	Responsible person and executive officer disclosures	Page 78, 79, 80, 81
FRD 22H	Application and operation of *Protected Disclosure 2012*	Page 38
FRD 22H	Application and operation of *Freedom of Information Act 1982*	Page 38
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	Page 38
FRD 22H	Details of consultancies over $10,000	Page 36
FRD 22H	Details of consultancies under $10,000	Page 36
FRD 22H	Employment and conduct principles	Page 32
FRD 22H	Information and Communication Technology Expenditure	Page 37
FRD 22H	Major changes or factors affecting performance	Page 20
FRD 22H	Operational and budgetary objectives and performance against objectives	Page 18
FRD 22H	Summary of the entity's environmental performance	Page 38
FRD 22H	Significant changes in financial position during the year	Page 20
FRD 22H	Statement on National Competition Policy	Page 38
FRD 22H	Subsequent events	Page 20
FRD 22H	Summary of the financial results for the year	Page 20
FRD 22H	Additional information available on request	Page 38
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	Page 34
FRD 25C	Victorian Industry Participation Policy disclosures	Page 38

Legislation	Requirement	Page reference
FRD 29B	Workforce Data disclosures	Page 34
FRD 103F	Non-Financial Physical Assets	Page 58
FRD 110A	Cash flow Statements	Page 47
FRD 112D	Defined Benefit Superannuation Obligations	Page 55
SD 5.2.3	Declaration in report of operations	Page 6
SD 3.7.1	Risk management framework and processes	Page 39
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	Page 41
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 41, 49
SD 5.2.1(a)	Compliance with Ministerial Directions	Page 49
Legislation		
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Victorian Industry Participation Policy Act 2003		Page 38
Building Act 1993		Page 38
Financial Management Act 1994		Page 49