

Annual Report

2020–21

Victorian Health Promotion Foundation



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Report of Operations

Victorian Health Promotion Foundation
2020–21

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 2021.



The Hon. Nicola Roxon
Chair of the Board

27 August 2021

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 cross-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. Martin Foley MP.

The objectives 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 objectives.

Functions

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

- promote its objectives
- make grants from the Health Promotion Fund for activities, facilities, projects or research programs in furtherance of the objectives of VicHealth
- provide sponsorships for sporting or cultural activities
- keep statistics and other records relating to the achievement of the objectives of VicHealth
- provide advice to the Minister on matters related to its objectives referred by the Minister to VicHealth and generally in relation to the achievement of its objectives
- make loans or otherwise provide financial accommodation for activities, facilities, projects or research programs in furtherance of the objectives 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 focus on health equity by prioritising our work for Victorians who face the greatest barriers to health and wellbeing.
- 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, work and the arts, including local communities, the private sector and the media, to collectively tackle complex health and wellbeing challenges.

Our difference

For over 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 across sectors and with the Victorian community 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, which in 2020–21 included supporting the community's health and wellbeing through the ongoing coronavirus pandemic. We make the most of our resources by building on and complementing the efforts of governments and other organisations that are also promoting health, including in ways that complement the priorities of the Victorian Department of Health and other departments and agencies. The breadth of our work and our structure allow VicHealth to be agile and respond to community needs as they arise. Community-led approaches to addressing complex health problems, adopting systems based strategies that are place based are all foundational to the way VicHealth works.

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

I am honoured to take on the role of Chair of the VicHealth Board. I have long admired VicHealth for its unique contribution and innovative approach. I'm excited by the prospect of contributing to an organisation with such a strong history, and so much opportunity to make a difference, now and long into the future.

The events of the last year showed that our work is more important than ever, with health and wellbeing a central focus of communities, organisations and governments.

As we approach the final 2 years of our 2013–2023 Action Agenda, it is absolutely critical that we maintain our impact and focus, while also recalibrating to meet the changing needs and aspirations of Victorians.

Listening and understanding

Listening to and understanding the lives, experiences and needs of people and communities is essential if we are to meet those needs and improve the health and wellbeing of 1 million more Victorians by 2023.

This year, we asked thousands of people across Victoria how they were affected by coronavirus. Our Coronavirus Victorian Wellbeing Impact Study provided valuable data and insights about the pandemic's impact on people's health and wellbeing, including in relation to psychological distress, social connection, food insecurity and physical activity.

The results were clear, and provided critical information to inform our work, enabling us to tailor support to the people and communities who needed it most – young people and those who already face greater barriers to health and wellbeing.

These insights informed not only our work, but also allowed other organisations across the health promotion and community sectors to understand Victorians' experiences and respond with the supports they needed.

Driving change through partnerships

VicHealth is only able to deliver impact through strong and collaborative partnerships. That's why, despite the upheaval of the year, we partnered with more than 700 organisations to support Victorians to get active, to increase availability and affordability of healthier foods, improve mental wellbeing, and prevent the use of tobacco and harms from alcohol.

Our deep and lasting commitment to partnerships is demonstrated by the following major initiatives:

- Enabling grassroots organisations to support their communities with locally led solutions, with \$6.8 million of funding via our Reimagining Health Grants.
- Engaging children and young people to create a healthier future, by partnering with 16 fast-track councils as part of the VicHealth Local Government Partnership.
- Exposing the social determinants of health and shining a light on a way forward by joining forces with the *Medical Journal of Australia* and leading thinkers across Australia to create the supplement 'Australia in 2030: what is our path to health for all'.
- Supporting the Barpirdhila Foundation's youth programs to continue to provide platforms that nurture, develop and support Aboriginal excellence within the creative industries.

On behalf of the VicHealth Board, I acknowledge and thank Nick Green OAM for his work as Chair of the Board, smoothly steering the organisation through these recent challenging times. I would like to thank Dr Bridie O'Donnell and Sheena Watt MP, who made invaluable contributions to the Board during their tenures.

I would also like to pay tribute to Stephen Walter for his tireless contribution to VicHealth over 9 years as a valued Board member. Stephen passed away in early 2021. We are grateful for his passion and guidance and will miss his diligence and friendly nature. Our condolences go to his family.

And finally, thank you to Dr Sandro Demaio, to all Board members, committees and the entire VicHealth team for your care and commitment to our organisation and to the health and wellbeing of all Victorians. It is through your hard work and passion that we are able to continue to deliver for communities right across Victoria.



The Hon. Nicola Roxon
Chair, VicHealth

Chief Executive Officer's report

During the past 12 months, coronavirus has continued to impact our lives more than we could have imagined.

The pandemic continues to highlight the significant health and social inequities that exist in our community. Those who were already facing greater barriers to health and wellbeing, along with children and young people, have borne the greatest burden.

There are fundamental issues that must be addressed if we're to achieve health and wellbeing for all Victorians, regardless of postcode, bank balance or background.

For our organisation, it has been a time of deep reflection, as we build to better enable VicHealth to act swiftly and effectively to provide the support that Victorians need from us.

Reaffirming our roots

Addressing health outcomes in an equitable way has been a priority since our establishment. We reaffirmed this commitment during the last year.

Through the Reimagining Health Grants we reprioritised our investments, supporting those facing the greatest hardships throughout the pandemic. We were proud to support over 700 local and grassroots community organisations with \$6.8 million in funding to keep their communities active, connected and eating well.

Reconnecting with our partners

Our connections to our community partners, stakeholders and health promotion colleagues have been critical. VicHealth convened several COVID-19 Working Groups in the areas of mental wellbeing, food relief and active communities. This cross-sector collaboration strengthened our understanding of the experiences and hardships that so many Victorians faced, allowing us to respond more meaningfully and effectively.

To maintain these close connections, VicHealth moved from our home of 20 years in Carlton to a new, state-of-the-art collaboration hub in Spencer St, West Melbourne. The Victorian Health Promotion Hub will enable us to co-locate, host and better connect with regional partners. Every aspect of this new space has been designed with community stakeholders, and a new post-pandemic workforce, in mind.

Refocusing our efforts

Our Coronavirus Wellbeing Impact Study showed us that children and young people were greatly impacted by the pandemic, with long lasting effects on their physical and mental health. In response, a huge focus of our work this year has been on supporting their wellbeing.

In addition to the Reimagining Health Grants, VicHealth launched the VicHealth Local Government Partnership (VLGP), working with councils across Victoria to build health promotion capacity and leadership, and to centre young peoples' voices as they create communities that prioritise health and wellbeing.

Looking to the future, VicHealth will use every lever available to us as we continue to prioritise working with children and young people, and to call out the sources of inequity that many Victorians face.

Repositioning VicHealth

As the world transforms, so too has the way we connect and VicHealth is now a 'digital first' agency. With new content creation and design capabilities in-house, we will produce more engaging, tailored and agile health communications more efficiently, ensuring we reach new audiences and communities where they're at.

Many Victorians looked to online platforms to keep active during the pandemic. The This Girl Can – Victoria campaign created practical, accessible at-home workouts to support women to get active, even in lockdown. The campaign inspired more than 320,000 women to get active – despite the coronavirus pandemic.

Strong governance

Our Board continued to provide astute governance, leadership and strategic guidance. I would like to welcome The hon. Nicola Roxon as our new Chair. Nicola's deep experience in health policy and government will help position VicHealth for significant impact.

We were saddened by the loss of Board member Stephen Walter in early 2021. On behalf of our organisation, I'd like to acknowledge and thank Stephen for his outstanding contribution to VicHealth over the past 9 years. Our condolences go to his family. He leaves a wonderful legacy.

Finally, I want to say a heartfelt thankyou to each and every one of the VicHealth team for their resilience, passion and dedication. I look forward to continuing our work to create significant and sustainable impact for Victorians.

We have a once-in-a-generation opportunity to build back better and fairer. With the team and partners we have in place, and with the voices of community to guide our way, I am confident we will create a future that is healthy for all.



Dr Sandro Demai
Chief Executive Officer, VicHealth

This year's highlights

Through the challenges of 2020–21, VicHealth was proud to work with hundreds of organisations and communities to deliver innovative and impactful work aligned with the long-term vision of our Action Agenda and responsive to the changing needs and priorities of Victorians.

Across the course of the year we sought to deeply understand how we could best support the people and communities who needed it most – young people and those who already face greater barriers to health and wellbeing.

We worked hard to ensure we were the partner, leader and agency that Victorians needed during a challenging year and into the future.



VicHealth the Partner

Our **Coronavirus Victorian Wellbeing Impact Study** clearly identified the challenges that Victorians were facing during the coronavirus restrictions last year. We heard from thousands of people across the state who told us they were struggling to stay connected, to be active and to access nutritious foods. While many also identified 'silver linings' including spending more time with family and taking up new hobbies like gardening, it was apparent that the impact of the pandemic was not evenly distributed among communities. Young people, those already experiencing social disadvantage and communities that had previously been impacted by bushfires all found their health and wellbeing negatively impacted by their experiences of the pandemic.

In response, VicHealth launched its largest grant round to date to support and amplify community-led solutions to improve access to nutritious food, physical activity and building social connection for young people and Victorians experiencing disadvantage. Over 2 phases, the **Reimagining Health Grants** provided \$6.8 million in funding to more than 700 organisations. We are proud as an organisation to partner with incredible local movements that were able to support their communities so effectively in a time of need.

To encourage meaningful collaboration between VicHealth and our community partners, we established the Victorian Health Promotion Hub. This new, modern co-working space will allow our partners in health promotion along with arts and cultural organisations, sports and recreation clubs and community groups to connect with us and each other more closely. Partners can use meeting rooms and collaborative spaces, enhancing their capacity to create the greatest impact possible with their work. It transforms our offices into a social good and presents a totally new way of working.

To ensure strategic alignment, connection and collaboration at a time when many felt disconnected from their colleagues and sector, VicHealth convened **COVID-19 Working Groups** in key focus areas. The working groups saw leaders in food security, mental wellbeing, health promotion research and active communities meet regularly to develop coordinated efforts and strategies to address the immediate needs of Victorians during a challenging time.

The valuable opportunities for these sectors to come together will be continued and further embedded into the work of VicHealth.

Strengthening existing relationships and developing new connections with communities is a priority for our agency. As such, we have integrated **regional and community visits** into our everyday business. The meaningful relationships and open communication channels we have established with our community partners across the state this past year have allowed us to be the responsive and insights-driven partner that Victorians needed during this challenging period.



VicHealth the Leader

We launched the **VicHealth Local Government Partnership (VLGP)** in May 2021, representing a new approach that will deliver long-term and place-based support in creating local communities where children and young people grow up active, socially connected and healthy. The partnership amplifies the voices, ideas and experiences of children and young people to create a healthier future. We are working with 16 'fast track' councils who are leading the way and committed to prioritising young people in their Municipal Public Health and Wellbeing Plans 2021–25 and finding ways to embed children and young people's voices in council activity. A series of evidence-based health promotion modules were developed to support councils to implement health actions at the local level. All Victorian councils will soon have access to these modules, providing the building blocks for effective change in their communities. By partnering with local governments in this way we will see stronger and long-lasting outcomes for more Victorians.

These partnerships build on existing relationships and the influential work that VicHealth has delivered with local councils since its establishment. In a bid to phase out unhealthy food vouchers in kids' sport, VicHealth joined forces with 5 local councils to create the **Healthy Sports Reward** initiative. A Victorian first, this will see junior sports clubs replace vouchers for fast food and takeaway with healthy activities, like free or discounted access to a local pool or tennis court.

Enabling these types of healthy partnerships and minimising children and young people's exposure to harmful products such as unhealthy food, alcohol and tobacco is a key focus of VicHealth's **Harmful Industries** program. Building on the learnings of longstanding partnerships, including Quit Victoria, this policy-research program is building the capacity of the health promotion sector to understand and counter harmful industry activity and drive reform on digital marketing of harmful products to children, with a particular emphasis on marginalised populations.

VicHealth also works to inform policy development at a state and federal level, often bringing learnings from the innovative approaches of other jurisdictions to inform how we might strengthen the policy environment for health and wellbeing in Victoria and Australia. In 2020, VicHealth commissioned The George Institute for Global Health to draw upon international case studies to analyse the potential for a **wellbeing economy in Victoria**. This work drew lessons from the Wales Well-being of Future Generations Act and New Zealand's Wellbeing Budget to highlight barriers and opportunities to adopting similar policies at a national or state government level in Australia.

This research produced a report titled **Integrating wellbeing into the business of government: The feasibility of innovative legal and policy measures to achieve sustainable development in Australia**, which will underpin a partnership between VicHealth, The George Institute and the Victorian Council of Social Service (VCOSS) aiming to explore the feasibility of such a policy mechanism in Victoria. The partnership aims to inspire and support ambitious policy development to improve the wellbeing of current and future generations of Victorians.

As we have seen throughout this year, these issues and the relationship between them are more important than ever before. To understand the path we might take to better address the structural barriers to good health VicHealth sponsored a supplement in the **Medical Journal of Australia, Australia 2030: what is our path to health for all?** The supplement outlined how health and wellbeing for current and future generations can be achieved with evidence-based action on the multiple and complex determinants of health. This project brought together over 40 leading experts from universities, research institutes, government departments and health promotion organisations, providing a roadmap for the public health sector.

A key learning from this supplement was the importance of handing the communities who we hope to benefit from our programs the power to make decisions that will positively impact their future. Through our **Reimagining Health Grants** process, we gave power to young people as they were central to selecting the community organisations that received a share of \$6.8 million of funding. A first of its kind nationally, this approach saw young people involved in the initial selection process, grant assessment panel and finally presenting their recommendations to the CEO. By continuing to evolve new, participatory models VicHealth hopes to be first in class in centering the voices and priorities of community.

Examining the results of the Coronavirus Victorian Wellbeing Impact Study and listening to our community partners we saw the indirect impacts of the pandemic on young people and its potential long-term consequences for Victorian communities. It resulted in the development of **Future Healthy**, a new and exciting integrated investment for VicHealth. Future Healthy will place young people, their voices and their priorities at the center of a \$45 million investment over 3 years. They will guide programmatic investments, advocacy and communications as they tell us what a future that is healthy looks like for them and their communities.



VicHealth the Agency

Ensuring VicHealth is best placed to deliver on a strengthened commitment to health equity and to greater connection and engagement with people's lived experience was a key driver for a structural review and realignment process in 2020–21. Our **new organisational structure** delivers capability and capacity to meet the needs and expectations of the Victorian community and to be more responsive in doing so.

The new structure brings content creation and design capabilities in-house at VicHealth to support an important shift to a **'digital first' agency**. This shift has been even more critical as much of our program activity transitioned from face-to-face to online delivery in response to coronavirus restrictions. It has ensured that we are able to engage with our community in a way that's accessible and easy for them, creating new audience interactions and opportunities for health promotion.

The impact of this digital shift is clear in the results of the 2020 **This Girl Can – Victoria** campaign. As we adapted the campaign to support women to get active at home and in lockdown, we created online workout videos and hosted virtual events, inspiring almost 320,000 Victorian women to get active – more than any previous campaign year to date.

Maximising VicHealth's reach and impact in the community underpins a shift that is underway to become a more outcomes-driven organisation. Enabling and supporting this shift has been the introduction of our new **fully integrated stakeholder, project and grant management ICT platform**, Phoenix. This platform provides new data-driven capability to VicHealth and our partners to support stronger evaluation processes and more informed decision-making.

This data-driven capability has also been critical in more strongly **operationalising our approach to health equity**, as it allows us to identify and understand the barriers that Victorians are facing to achieving good physical and mental health. Combining the insights that VicHealth gains through collecting data, commissioning research and listening to the lived experience of Victorians we have attuned our investments to the needs of Victorians. By dismantling the barriers that are faced by Victorians including discrimination, exclusion and lack of opportunities to access nutritious foods, areas to be physically active in and to connect with each other we can create a state that is healthier and fairer for all.

VicHealth Action Agenda for Health Promotion 2013–2023

In 2013, VicHealth released a 10-year plan that outlined our vision for a Victoria where everyone can experience better health.

The VicHealth Action Agenda for Health Promotion 2013–2023 set an ambitious target:

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

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

* A technical paper describes the calculations underpinning the 10-year goals and 3-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.

As we approach the final years of the Action Agenda, we will continue reaffirming our roots, reconnecting with our partners, refocusing our efforts and repositioning for the future.

We are still focused on our **5 strategic imperatives** that have the greatest potential to improve the health of the Victorian population. We will continue to work with the public and stakeholders and influence the policy and practice of organisations and government.



Promote healthy eating



Encourage regular physical activity



Prevent tobacco use



Prevent harm from alcohol



Improve mental wellbeing

We also have **3 cross-imperative strategies** that apply across our work:



Health equity

Putting equity at the heart of everything we do



Research

Generating new evidence for direct application and knowledge translation to health promotion practice



Arts

Promoting the health and wellbeing benefits of the arts

The VicHealth Action Agenda Framework 2019–2023 summarises the approach to our work in the final years of our Action Agenda. It illustrates how our work meets our legislative requirements, how our programs meet our 10-year target and how we contribute to key Victorian Government priorities in health and wellbeing, mental wellbeing, fairness and inclusivity, and gender equality.

Operational and budgetary objectives and performance against objectives

Operational performance against budget

VicHealth's 2020–21 operational performance against budget included the impacts of the coronavirus pandemic on stakeholders, partners and the organisation, organisational change and its relocation to the Victorian Health Promotion Hub at 355 Spencer Street, West Melbourne.

The impact of the pandemic has seen a reduction in total grants funding and program expenditure, which has led to VicHealth delivering a small surplus of \$0.4m for 2020–21 (0.9% of total appropriation).

The total income for the year was \$41.4m in line with the budgeted income of \$41.4m.

Total grant funding and program expenditure from appropriation was \$26.6m (down \$1.1m against the \$27.7m budget), as VicHealth needed to adjust its grant and program deliverables over the 2020–21 period reflecting impacts on stakeholders, partners and grant recipients as a result of the coronavirus pandemic. Of the \$1.1m variance, \$0.3m is related to project support costs with \$0.8m specifically related to grants and programs funding to stakeholders, partners and grant recipients as a result of programs not proceeding due to the direct impacts of the pandemic.

Wages and on-costs of \$10.5m were \$0.4m above the budget primarily due to 15 unbudgeted redundancy/termination payments to staff during the organisation's realignment change process, working from home allowances during the coronavirus pandemic and pandemic related contract extensions.

In respect to wages and on-costs, most notably, and in line with Victorian Government reporting according to Australian accounting standards, all of VicHealth's employee expenses are disclosed in the Financial Statements as a separate expense within total expenses. The reporting of employee expenses as a single item does not adequately reflect the role of VicHealth staff in contributing to health outcomes for the Victorian community. If staff costs associated with health promotion delivery (excluding redundancy/termination payments to staff) were added to grant funding and program costs, the overall proportion of VicHealth's operating result delivering health and wellbeing outcomes would be in the order of \$30m in 2020–21, over 72% of the total appropriation from the Department of Health.

Operating costs including depreciation and amortisation of \$3.8m were \$0.2m below budget due to: favourable employee development and wellbeing costs of \$0.1m primarily reflecting training costs, conference costs and personal development course costs being down due to the impact of the coronavirus pandemic; and favourable consultancy costs of \$0.1m primarily reflecting lower than budgeted general consultancy costs because of a focus by management on continuing to reduce consultancy costs in 2020–21. Most notably operating costs in 2020–21 included a one-off \$0.3m related to a make good payment at the end of VicHealth's 10-year lease at Pelham Street, Carlton (ending 31 March 2021) and one-off relocation and lease costs related to VicHealth's move to Spencer Street, West Melbourne.

The comprehensive result for the year was a surplus of \$422,000 from general appropriation funded activities less a deficit of \$44,000 from special purpose funded activities, resulting in a surplus comprehensive result of \$378,000 for the year. The surplus from special funded activities has resulted from timing differences in the receipt and expenditure of special appropriations or other grants to deliver specific programs, which are often received upfront and recognised as revenue with the delivery of the program occurring over subsequent and/or multiple financial years. Special purpose funding where programs have not yet been delivered is captured in reserves on the balance sheet.

Our operating budget performance is summarised in Table 1.

Table 1: Operational performance against budget for 2020–21

	Appropriation funds		Special purpose funds		Total	
	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)	Actual (\$'000)	Budget (\$'000)
Income						
Appropriation	41,312	41,315	-	-	41,312	41,315
Other income	70	111	-	-	70	111
Total income	41,382	41,426	-	-	41,382	41,426
Grants & direct project implementation	26,580	27,766	44	-	26,624	27,766
Employee expenses						
– Health promotion delivery	7,247	7,488	-	-	7,247	7,488
– Management & support	3,301	2,612	-	-	3,301	2,612
Operating costs	3,832	3,980	-	-	3,832	3,980
Total expenses	40,960	41,846	44	-	41,004	41,846
Operating surplus/(deficit)	422	(420)	(44)	-	378	(420)

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

The VicHealth Board also sets the following guidelines on grant expenditure for the financial year.

These targets, among 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 VicHealth's expenditure on physical activity is significantly higher than on other imperatives.

Our performance against these targets is summarised in Table 2.

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

Performance measures	2020–21 guideline	2020–21 budget (\$'000)	2020–21 actual	2020–21 amount (\$'000)
Statutory expenditure target⁽ⁱⁱ⁾				
Sporting bodies	At least 30%	13,698	31.2%	12,902
Health promotion	At least 30%	13,250	32.0%	13,226
Board policy expenditure guideline⁽ⁱⁱⁱ⁾				
Promote healthy eating	5%	6,076	7.3%	3,036
Encourage regular physical activity	21%	8,794	25.6%	10,580
Prevent tobacco use	13%	6,169	14.8%	6,110
Prevent harm from alcohol	5%	2,344	2.5%	1,053
Improve mental wellbeing	8%	3,565	12.9%	5,349
Research and evaluation ^(iv)	12%	4,370	11.3%	4,681

Notes:

- (i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2020–21 financial year our budgeted appropriation was \$41.3m. Figures exclude payments sourced from special purpose funds unless otherwise indicated.
- (ii) Spend against statutory expenditure targets is not exclusive of spend against the Board's policy targets. Expenditure coded against the statutory targets is also coded against the Board's expenditure targets. Expenditure on 'health promotion' in this instance is defined as total grant payments less grant monies issued to sporting bodies.

- (iii) Underspends in several strategic imperative areas against the Board policy expenditure guideline reflected impacts to spend allocation caused by the coronavirus pandemic.
- (iv) The research and evaluation figure may include expenditure allocated to other statutory and Board expenditure categories.

5-year financial summary

Table 3: 5-year financial summary

	2021 (\$'000)	2020 (\$'000)	2019 (\$'000)	2018 (\$'000)	2017 (\$'000)
Operating statement					
Revenue from government	41,312	41,272	40,505	39,863	38,558
Other income	70	119	222	226	215
Total income	41,382	41,391	40,727	40,089	38,773
Grants and funding	26,624	28,392	28,819	26,596	27,455
Employee expenses ^(i,ii,iv)					
– Operational	9,662	9,940	8,832	8,964	7,782
– Once off costs (including targeted separation packages, pandemic related contract extensions and working from home allowances)	886	-	-	-	-
– Total	10,548	9,940	8,832	8,964	7,782
Operating costs (including depreciation/amortisation) ⁽ⁱⁱⁱ⁾					
– Operational	3,355	3,066	3,263	2,803	3,115
– Once off costs (including relocation and lease related expenses)	477	-	-	-	-
– Total	3,832	3,066	3,263	2,803	3,115
Total expenses	41,004	41,398	40,914	38,363	38,352
Net surplus/(deficit) for the period	378	(7)	(187)	1,726	421
Balance sheet					
Total assets	14,837	8,774	8,105	7,935	5,987
Total liabilities	8,996	3,311	2,635	2,279	2,057
Total equity	5,841	5,463	5,470	5,656	3,930

Note:

- (i) Around 70% of VicHealth's operational staffing costs relate to health promotion delivery, with the remainder providing overall management and support.
- (ii) Expenditure in 2020–21 related to one-off expenditure associated with organisational restructure and staffing impacts of the pandemic.
- (iii) Expenditure in 2020–21 related to one-off expenditure associated with VicHealth's relocation to the Victorian Health Promotion Hub lease at 355 Spencer Street, West Melbourne.
- (iv) The increase in operational employee expenses over the 5 years primarily reflects salary increases under VicHealth's Enterprise Agreements.

Major changes affecting performance

VicHealth's 2020–21 financial performance against prior years included the impacts of the pandemic on stakeholders, partners and the organisation, organisational change and its relocation to the Victorian Health Promotion Hub at 355 Spencer Street, West Melbourne.

The impact of the pandemic has seen a reduction in total grants funding and program expenditure, which has led to VicHealth delivering a small surplus of \$0.4m for 2020–21 (0.9% of total appropriation).

Total income was \$41.4m, in line with the \$41.4m received in 2019–20. VicHealth received a 2% indexation of the appropriation under the Act in 2020–21, representing an increase of \$0.1m. Additional special purpose funding from the Department of Health received in 2019–20 of \$0.1m to deliver projects such as Bystanders for Primary Prevention of Violence Against Women was not received in 2020–21 therefore offsetting the variance increase in total income.

Total expenses were \$41.0m, a decrease of \$0.4m from 2019–20. Expenditure on grants and funding of \$26.6m decreased by \$1.8 million since last year reflecting the impact of the coronavirus pandemic on stakeholders, partners, grant recipients and events over 2020–21. Expenditure on grants and funding are budgeted to return to normal levels in 2021–22 post impacts of the pandemic.

Employee expenses and other operating costs have increased by \$1.4m primarily due to 15 unbudgeted redundancy/termination payments to staff during the organisation's realignment change process, working from home allowances during the coronavirus pandemic, pandemic related contract extensions, increased depreciation and amortisation, a one-off make good lease payment related to the end of the 10-year lease at Pelham Street, Carlton, one-off relocation and lease costs related to the move to Spencer Street, West Melbourne, and an increase in costs related to VicHealth's new ICT platform known as Phoenix.

Refer Note 3 Expenses from Transactions on pages 51 and 52 within the Financial Statements for 2020–21.

Significant changes in financial position during the year

The value of total assets is \$14.8m, an increase of \$6.1m reflecting the implementation of Phoenix, the fit-out of the Victorian Health Promotion Hub at 355 Spencer Street, West Melbourne, and recognition of right of use assets under the Accounting Standard AASB16 Leases. VicHealth's cash balances are \$5.2m, down \$1.2m from the year prior, primarily reflecting the net effect of VicHealth's investment in the Victorian Health Promotion Hub and a decrease in expenditure.

The cash balance of \$5.2m (above the \$4.1m minimum and within appropriate levels of cash reserve holdings required by VicHealth's Reserves Policy) is a sound management cash outcome considering business as usual grants and programs funding over 2020–21 while delivering major 10-year change projects: the final stages of VicHealth's new fully integrated stakeholder, grant and project management ICT platform Phoenix, the Victorian Health Promotion Hub and the organisational change realignment process.

Receivables have increased from \$0.8 million to \$1.0 million, mainly due to the value of GST credits receivable from the ATO.

Total liabilities are \$9.0m with the increase of \$5.7m related to recognition of right of use liability under the new Accounting Standard AASB16 Leases and an increase in payables at 30 June 2021.

Subsequent events

There were no events subsequent to 30 June 2021 that would impact the accuracy of these financial statements.

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 includes 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)
Everyday Creativity Grants 2020–22	7	327
Growing Participation in Sport 2018–21	18	2,143
Impact Research Grants 2021	4	360
Partnership Grants 2020–21 Round 1	457	3,606
Partnership Grants 2020–21 Round 2	283	2,731
Quit Victoria 2020–2024	1	5,950
Regional Sport Assembly 2018–21	9	900
Regional Sport Assembly 2021–22	9	400
VicHealth Local Government Partnership	16	687
Victoria Walks 2020–23	1	600

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.

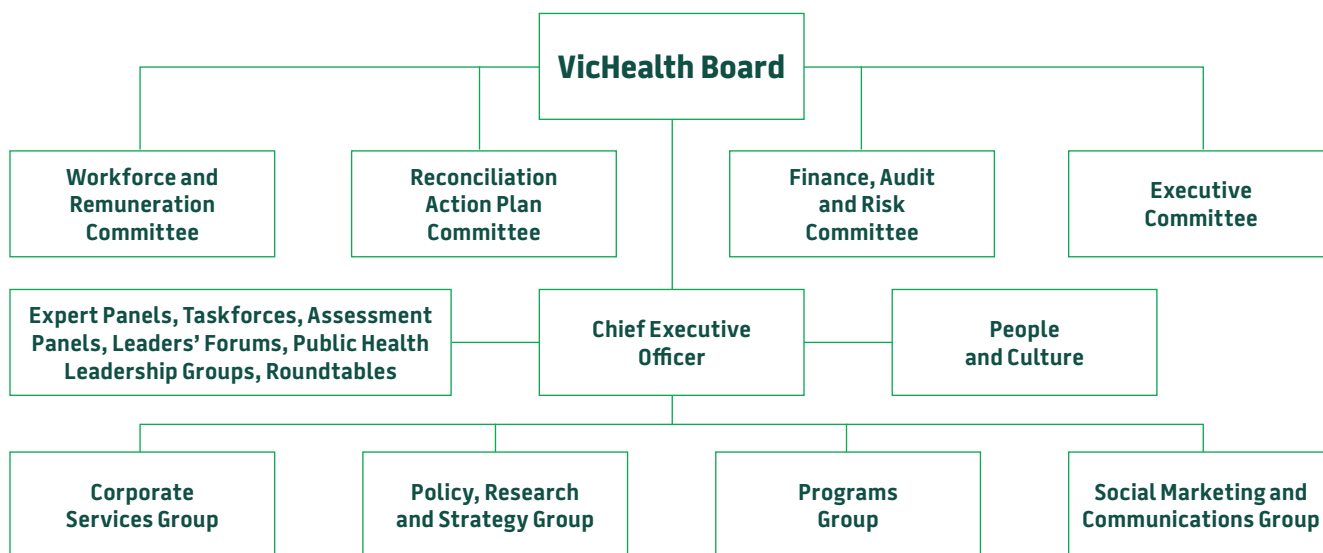
Details of significant project payments to individual organisations are provided in Table 5.

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

Organisation name	Project name(s)	Payments (\$'000)
Cancer Council Victoria	Obesity Policy Coalition 2020–23 Partnerships Quit Victoria 2020–24 Partnerships	6,175
Victoria Walks	Victoria Walks 2020–23 Partnerships	600
Monash University	ARC Linkage Grants 2018–19 Coronavirus Cycling and Walking Program 2020 – Research Service Procurement Impact Grants 2018–19 Impact Research Grants 2021 Men’s Risky Drinking Grants 2019–21 Partnership Grants 2020–21 Round 1 Partnership Grants 2020–21 Round 2 VLGP Module Development Partners	541
Deakin University	Early Years Nutrition 2020 – Scoping Food Environments Zoning 2021 Healthy Sports Vouchers 2020 – Evaluation Impact Grants 2019–20 Impact Research Grants 2021 NHMRC Partnership Grants 2017–18 NHMRC Partnership Grants 2018–19 NHMRC Partnership Grants 2019–20 Partnership Grants 2020–21 Round 1 UNICEF 2020 – Research Service Procurement Unhealthy Sponsorship in Sport 2019–20 – Unhealthy Food Sponsorship	511
La Trobe University	ARC Linkage Grants 2018–19 Growing Participation in Sport 2018–21– Evaluation Impact Research Grants 2021 LGBTQA+ Aboriginal and Torres Strait Islanders Research Project Partnership Grants 2020–21 Round 1 Partnership Grants 2020–21 Round 2 Partnership Grants 2020–21 Round 2	468
Leisure Networks	IC Grant Round 2019–20 – Sport R7 Partnership Grants 2020–21 Round 1 Partnership Grants 2020–21 Round 2 Regional Sport Assembly Grant Round 2018–21 Regional Sport Assembly Grant Round 2021–22	258
GippSport	Regional Sport Assembly Grant Round 2018–21 Regional Sport Assembly Grant Round 2021–22	255

Section 2: VicHealth organisation structure, culture, capability and capacity

VicHealth organisation structure



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

People and Culture

Ensure that VicHealth’s culture and people management practices support effective execution of the organisational strategy.

Corporate Services Group

Provide finance, facilities and administration management, business planning, information technology and information management, business improvement and project management, and manage the governance framework to support the work of VicHealth.

Policy, Research and Strategy Group

Ensure VicHealth’s research investments, policy influence and strategic direction contribute to the health promotion capacity of VicHealth and add value to the public policy process to deliver sustained health benefits for Victorians.

Programs Group

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

Social Marketing and Communications Group

Amplify and deliver health promotion activities to improve the health and wellbeing of all Victorians. Develop and deliver multi-channel social marketing and communications initiatives including media and public relations, social media, events, digital marketing, branding, social marketing campaigns, design and multimedia content.

Executive Management

The following people held executive management positions as at 30 June 2021:

Chief Executive Officer
Dr Sandro Demaio

Executive Manager, Policy, Research and Strategy Group
Ms Kellie Horton

Acting Executive Manager, Programs Group
Ms Maya Ravis

Executive Manager, Social Marketing and Communications Group
Ms Melanie Fineberg

Executive Manager, Corporate Services Group
Mr Paul Crapper

Executive Lead, People and Culture
Mr Padam Chirmuley

Victorian Health Promotion Hub

VicHealth's 15–31 Pelham Street, Carlton, office leases expired on 31 March 2021.

The VicHealth Board approved VicHealth's move to Level 2, 355 Spencer Street, West Melbourne, at its July 2020 meeting.

VicHealth finalised its relocation to 355 Spencer Street, West Melbourne, on 25 March 2021, commencing its 10-year lease from 1 April 2021 (with rental payments commencing 1 May 2021). The Victorian Health Promotion Hub extends over 1,280 sq m with an open plan fit-out that focuses on improved culture, collaboration across the organisation, environmental sustainability and staff health and wellbeing. It incorporates the sharing of office space with VicHealth stakeholders and partners in the delivery of health promotion programs for the benefit of all Victorians.

The relocation to West Melbourne has delivered a reduction of \$170,000 per annum in VicHealth's gross rental costs compared to its lease in Carlton, achieving a financially sound result for Victorians. With the 355 Spencer Street fit-out delivered on time and in line with the Board approved budget of \$1.7m, the Victorian Health Promotion Hub was fully funded from VicHealth's cash reserves.

Supporting the project, VicHealth completed a compliance assessment in 2020–21 under the Standing Directions of the Minister for Finance related to the Public Construction Checklist under the *Project and Construction Management Act 1994* in relation to the development of VicHealth's new offices in West Melbourne. The project was fully compliant.

Core Systems Replacement Project – Phoenix

In late July 2020 at a final cost of \$2.1 million, VicHealth's new grants, stakeholder and project management system known as Phoenix was cutover to VicHealth's identified business requirements. The system cutover occurred following full training and user acceptance testing. The system was fully funded from VicHealth's cash reserves and despite being delayed 3 months due to the impacts on face-to-face system training caused by the coronavirus pandemic, the system was delivered on budget.

Supporting the implementation of the new core system was the delivery of a range of business improvement projects in the areas of project planning, delivery, monitoring, human resource management, recording and reporting associated with VicHealth's grants and programs' key business processes and procedures. Integrated with the new system, these business improvement projects have delivered new ways of working.

Project reporting for Whole of Victorian Government ICT Projects over \$1.0m to the Department of Premier and Cabinet's Digital Strategy and Transformation Branch occurred quarterly throughout the Core Systems Replacement Project.

Employee Committees

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

- Executive Management Team
- Management Team
- VicHealth Consultative Forum
- Diversity and Inclusion Committee
- Employee Wellbeing and OHS Committee (EWOC)
- Incident Management Team
- Business Continuity Management Team
- ICT Governance Committee

In addition to these formal groups, there are a range of other cross-functional groups that are convened from time to time to support VicHealth's operations.

VicHealth Board

The VicHealth Board members during the year were:

The Hon. Nicola Roxon, Chair (24 November 2020 – 30 June 2021)

The Honourable Nicola Roxon is an experienced Chair and non-executive director who has served in various board roles for the last 7 years. Currently she is Chair of HESTA, a large health and community sector superannuation fund, and a non-executive director of listed companies, Dexus and Lifestyle Communities, and the charity Health Justice Australia.

Ms Roxon served as a member of the Australian Parliament for 15 years, representing the Western suburbs Melbourne seat of Gellibrand. Elected at 31, she served as Australia's Health Minister for 4 years from 2007 and oversaw major reforms to Australia's public hospital, primary care and preventative health systems.

In 2011 Ms Roxon became Australia's first female Attorney-General, and the Minister for Emergency Management in 2012. She has received national and international awards in recognition of her public health work, particularly in tobacco control.

With Ms Roxon's leadership Australia successfully introduced a world first: all tobacco sold must now be in plain packaging with large, graphic health warnings.

Trained as a lawyer, protecting the dignity of workers and promoting the standing of women has been a hallmark of Ms Roxon's career.

Prior to entering parliament, Ms Roxon worked as an industrial lawyer, union organiser and an Associate to High Court Judge Mary Gaudron. Ms Roxon resigned her ministerial positions February 2013 and finished her period in Parliament in August 2013.

Mr Nick Green OAM (Chair 1 July 2020 – 23 November 2020)

Nick Green is an experienced leader who has worked in senior roles across global corporations, national sport and public sector organisations. He is currently a senior Director and Industry Practice Leader at Aon, a global provider of risk management, insurance and professional services. Previous to this role, Mr Green was the Chief Executive Officer of Cycling Australia.

Mr Green has served as President of the Victorian Olympic Council from 2005 to 2016, an Executive Board Member of the Australian Olympic Committee (2005–2017), a Fellow and Director of Leadership Victoria (2014–2016) with further studies (science and governance) at the University of Melbourne (VCAH Burnley) and Melbourne Business School.

Mr Green has attended 8 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 founder partner of the Oarsome Foursome. Mr Green has been awarded life memberships of Victorian Olympic Council and Rowing Australia in recognition of his contribution.

Mr Green joined the Board of VicHealth in July 2014. He also serves on the Finance, Audit and Risk Committee.

Dr Sally Fawkes, Deputy Chair

Dr Sally Fawkes has served on VicHealth's Board since 2016, including as Chair (Acting) for periods in 2019 and 2020. A senior academic at La Trobe University, she directs and teaches into the Doctor of Public Health and masters and doctoral subjects. Dr Fawkes brings extensive international and Australian governance, policy and practice experience, as well as academic expertise, to Board activities.

Following roles at World Health Organization (WHO) Regional Office for Europe in Denmark, Dr Fawkes has been a WHO technical advisor for 25 years in Asia and Pacific, Europe and Middle East. This work has involved thought leadership, projects and research across diverse areas including transdisciplinary approaches applied to public health (policy foresight, futures studies, systems thinking), capacity building on leadership for health promotion (WHO ProLEAD), national health promotion/prevention systems assessment, people-centred health care, urban health/Healthy Cities and health literacy. In 2020, Dr Fawkes completed a fourth term as elected member of the International Network of Health Promoting Hospitals & Health Services (HPH) Governance Board, one as Vice Chair. She led development of the Network's Global HPH Strategy 2021–2025, and chairs the Governance & Policy Working Group.

In Australia, Dr Fawkes has held frontier positions in health promotion at Alfred Health, Royal Melbourne Hospital, Eastern Health, Victorian Healthcare Association and Deakin University. Board and executive committee appointments have included Council of Academic Public Health Institutions Australasia, Women's Health Victoria and Victorian community health services. Dr Fawkes holds a Bachelor of Science, Graduate Diploma in Health Education, Master of Business Administration and PhD (health policy). She is a published researcher, journal editor and reviewer, and co-author of *Public Health Practice in Australia: The Organised Effort*.

Ms Catherine Harding

Catherine Harding is a qualified lawyer who has spent over 15 years working in social policy across the government, non-profit and corporate sectors across Australia. Her work has encompassed policy areas including justice, health, education, family violence, sport and human rights as a Director at KPMG and in prior roles with the Victorian and Australian Governments.

Ms Harding is driven to find creative and innovative solutions to complex problems, and is experienced in setting organisational strategies to drive the growth and performance of organisations. She is also a passionate public health advocate, and has worked on healthy eating campaigns with The Good Foundation and Jamie Oliver.

Ms Harding has served as a non-Executive Director of Vicsport since 2018 and of Women's Health West since 2014.

Dr Bridie O'Donnell (1 July 2020 – 15 July 2020)

Dr Bridie O'Donnell is a medical doctor, champion cyclist and the first head of the Victorian Government's Office for Women in Sport and Recreation.

After competing in rowing and Ironman Triathlon, Dr O'Donnell began road cycling and raced in the Australian National Team, and then professional teams in Europe and the United States, from 2008 to 2012, representing Australia at 3 World Championships.

In 2013 she returned to Melbourne to work as a behaviour change physician at Epworth HealthCheck and the Epworth Breast Service, with a part-time role teaching doctor-patient communication at Deakin University Medical School.

From 2013 to 2016, Dr O'Donnell also managed and raced for Rush Women's Team, a National Road Series cycling team in Australia. In 2016, she became the first Australian woman to make an attempt on the UCI World Hour record in 15 years, setting a new world record of 46.882km at the Adelaide SuperDrome.

In November 2017, Dr O'Donnell was appointed the inaugural Head of the Office for Women in Sport and Recreation by the Victorian Government and in 2018 she published *Life and Death* – a cycling memoir about her experiences as a professional cyclist in the international peloton.

Dr O'Donnell is currently Executive Director of the Public Events Team in the Department of Jobs, Precincts and Regions and she recently completed an Executive Master of Public Administration at the Australian & New Zealand School of Government.

She is a strong advocate for promoting gender equality and improving the health of the community through sport.

Ms Peggy O'Neal AO

Peggy O'Neal has specialised in superannuation and financial services law for more than 25 years, is presently a consultant to Lander & Rogers and was previously a partner at Herbert Smith Freehills from 1995 to 2009. Ms O'Neal has been President of the Richmond Football Club since October 2013, having served on the Club's board since 2005. She is the first woman to be president of an AFL club.

In 2014 she was appointed to chair the Victorian Minister for Sport's year-long Inquiry into 'Women and Girls in Sport and Active Recreation' and until 2018 was convenor of the Minister's Change Our Game Champions program. From 2017 to 2020, Ms O'Neal was a member of Victoria's Ministerial Council on Women's Equality.

In 2019, she was appointed to the Australian Institute of Sport Athlete Wellbeing and Engagement Advisory Committee, as well as the AFL's Mental Health Steering Committee.

Ms O'Neal holds senior board and advisory roles within the financial services sector and is on the board of Women's Housing Limited and on the investment advisory panel of Home for Homes (an initiative of the Big Issue). Ms O'Neal also serves on the board of Dementia Australia Network and the Fulbright Australia Commission.

She is a Fellow of the Australian Institute of Company Directors and is also a member of Chief Executive Women and the Melbourne Forum. In 2019, Ms O'Neal was made an Officer of the Order of Australia for her services to Australian rules football, financial services law and women in leadership roles. She has an honorary Doctor of Laws from Swinburne University.

Ms Veronica Pardo

Veronica Pardo is the CEO of Multicultural Arts Victoria, the state's leading organisation on diversity in the arts, having spent 10 years leading Arts Access Victoria with a focus on cultural participation by people with disability and those experiencing mental health issues.

Ms Pardo is an experienced leader who has led an ambitious agenda of social and artistic transformation in the creative industries. She has spearheaded campaigns relating to social justice, equity and the inclusion of all people in arts and culture, as audiences and cultural innovators.

Ms Pardo has held senior roles in the non-government sector and academia, leading significant research projects aimed at embedding meaningful and lasting change, towards equality.

Professor Anna Peeters

Professor Peeters is Director of the Institute for Health Transformation and Professor of Epidemiology and Equity in Public Health at Deakin University. She is Past President of the Australian and New Zealand Obesity Society and sits on national and international advisory boards and steering committees. In 2014 she was awarded the World Obesity Federation Andre Mayer Award for research excellence in obesity and a Churchill Award for innovative work in improving the equity of population prevention initiatives.

Professor Peeters leads the NHMRC Centre of Research Excellence into Healthy Food Retail (RE-FRESH, 2018–2022) and is the recipient of an NHMRC Investigator Grant (2020–2025).

Ms Stella Smith

Stella Smith is the Chief Executive of Crime Stoppers Victoria and has previously held senior executive roles with Melbourne Victory Football Club and 'Life. Be in it' Australia. Ms Smith is also a Director of Blue Light Victoria and a 'Change Our Game' Ambassador through the Office for Women in Sport and Recreation.

Ms Smith has broad experience in community, government and stakeholder engagement, advertising and health promotion. Her experience spans commercial, sport and the not-for-profit sectors. Ms Smith has also previously held board positions with Women's Health East and the Melbourne Victory FC Academy and has considerable experience in community sporting organisations.

Ms Smith holds a Master of Marketing and Graduate Diploma of Business and is passionate about promoting gender equality, encouraging social inclusion and using sport to create greater opportunities for community engagement.

Mr Stephen Walter (1 July 2020 – 15 May 2021)

Stephen Walter was a corporate affairs professional with over 35 years' experience in corporate communications, media and stakeholder relations, brand management, marketing, advertising and business development gained through the public and private sectors. He was Executive Director of Persuade Consulting, principally an international tennis management consultancy. Prior to this, he was Chief of Staff and Group General Manager, Corporate Public Affairs at Australia Post where he also served on 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 for the development of East Timor's visual arts community.

Stephen Walter passed away on 15 May 2021. We thank him for his passion and guidance throughout his 9 years on the Board.

Ms Sheena Watt (1 July 2020 – 12 October 2020)

Sheena Watt is a public health advocate and a proud Yorta Yorta woman.

Prior to joining the Victorian Parliament as the Member of the Legislative Council for Northern Metropolitan Region in October 2020, Ms Watt was the Executive Manager, Aboriginal and Torres Strait Islander Policy & Programs for AFL SportsReady, a national not-for-profit that delivers employment and education for young people.

Ms Watt has served on the boards of the Victorian Council of Social Services, Women's Health Victoria, Merri Health and Progressive Public Health Australia.

The Members of Parliament appointed to the Board are:

Ms Sarah Connolly MP

Sarah Connolly is a member of the Parliament of Victoria in the Legislative Assembly. She represents the multicultural district of Tarneit, located in Melbourne's outer west. Her Electorate of Tarneit sits within one of Australia's largest growth corridors.

Ms Connolly is a highly qualified policy and regulatory expert, community advocate and engagement specialist. Prior to entering politics, she worked for over a decade across the country on Australia's energy future. She has worked at the Australian Competition and Consumer Commission, Australian Energy Regulator and across public and privately owned energy networks. Prior to that, she worked in various areas of the criminal justice system.

Ms Connolly holds a Bachelor of Laws from the University of Queensland and a Graduate Diploma of Legal Practice from the Queensland University of Technology.

Mr Andy Meddick MP

Andy Meddick is a social justice and animal rights campaigner and has dedicated many years to achieving positive change for animals. After standing as a candidate in Council, State and Federal elections, Andy was successfully elected as a Member of the Legislative Council for Western Victoria in the 2018 Victorian State Election.

Before being elected he spent many years working in the construction industry as a scaffolder, working on some of Melbourne's largest buildings.

Mr Meddick is passionate about healthy eating and the wellbeing of Victorians.

Ms Bridget Vallence MP

Bridget Vallence was elected as the Member for Evelyn in the Victorian Parliament in November 2018 and was immediately appointed to the Shadow Cabinet as Shadow Cabinet Secretary and Shadow Assistant Minister for Industry. In March 2020 Ms Vallence was promoted to the roles of Shadow Minister for Environment and Climate Change and Shadow Minister for Youth, portfolios she believes are critical to our community and future prosperity. In March 2021, Ms Vallence was additionally appointed to the role of Shadow Minister for Equality.

Ms Vallence served on the Parliament's Public Accounts and Estimates Committee (PAEC), which examines expenditure of public money to improve outcomes for the Victorian community and was recently appointed to the Parliament's Environment and Planning Committee.

Ms Vallence is passionate about helping people, volunteer groups and businesses in her local community and across Victoria to thrive. Ms Vallence lives in the Yarra Valley with her husband and 2 sons and is also a Director of Mont De Lancey Historical Museum in Wandin, a member of the Lilydale RSL, and patron at Seville Community House.

Prior to entering Parliament, Ms Vallence worked for 16 years in the automotive industry as a procurement executive in both the manufacturing and retail sectors in Australian, Asian and global markets. She is also experienced with organisational change and business transformation.

Ms Vallence holds a Bachelor of Arts and Bachelor of Commerce (Honours) from the University of Melbourne. In 2016, Ms Vallence was an inaugural fellow of the Melbourne School of Government Pathway to Politics Program for Women. Ms Vallence is a Trustee of the Alfred Deakin Lecture Trust.

Table 6: VicHealth Board attendance register

Board	No. of meetings attended in 2020–21	Eligible meetings in 2020–21
The Hon. Nicola Roxon, Chair 24 November 2020 – 30 June 2021	3	3
Mr Nick Green OAM 1 July 2020 – 30 June 2021 (Chair, 1 July – 23 November 2020)	6	6
Ms Sarah Connolly MP 1 July 2020 – 30 June 2021	3	6
Dr Sally Fawkes 1 July 2020 – 30 June 2021	5	6
Ms Catherine Harding 1 July 2020 – 30 June 2021	6	6
Mr Andy Meddick MP 1 July 2020 – 30 June 2021	4	6
Dr Bridie O'Donnell 1 July 2020 – 15 July 2020	0	1
Ms Peggy O'Neal AO 1 July 2020 – 30 June 2021	6	6
Ms Veronica Pardo 1 July 2020 – 30 June 2021	5	6
Prof. Anna Peeters 1 July 2020 – 30 June 2021	5	6
Ms Stella Smith 1 July 2020 – 30 June 2021	6	6
Ms Bridget Vallence MP 1 July 2020 – 30 June 2021	2	6
Mr Stephen Walter 1 July 2020 – 15 May 2021	5	5
Ms Sheena Watt 1 July 2020 – 12 October 2020	2	2
Mr Peter Moloney (Board advisor and Chair of Finance, Audit and Risk Committee) 1 July 2020 – 30 October 2020	3	3
Ms Gaye Mason (Board advisor and Chair of Finance, Audit and Risk Committee) 1 March 2021 – 30 June 2021	1	1

Finance, Audit and Risk Committee

The purpose of the committee is to assist the VicHealth Board with 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 ensure best practice. Table 7 lists the members on this committee and their attendance at meetings in the last financial year.

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

Finance, Audit and Risk Committee	No. of meetings attended in 2020–21	Eligible meetings in 2020–21
Ms Gaye Mason, Chair 1 July 2020 – 30 June 2021 (Chair 31 October 2020 – 30 June 2021) Independent	4	4
Mr Peter Moloney, Chair 1 July 2020 – 30 October 2020 Independent	1	1
Ms Joanne Booth 1 July 2020 – 30 June 2021 Independent	4	4
Mr John Gavens 4 November 2020 – 30 June 2021 Independent	3	3
Mr Nick Green OAM 1 July 2020 – 30 June 2021 Board member	4	4
Ms Stella Smith 1 July 2020 – 30 June 2021 Board member	4	4

Reconciliation Action Plan Committee

The purpose of the committee is to: establish, monitor and ensure VicHealth's accountability and delivery against the actions within the Reconciliation Australia and Board approved Reconciliation Action Plan; provide strategic advice to the CEO on VicHealth's delivery against the Reconciliation Action Plan; and assist VicHealth's engagement with Aboriginal and Torres Strait Islander organisations and individuals to assist VicHealth deliver its Reconciliation Action Plan. Table 8 lists the members of this committee and their attendance at meetings in the last financial year.

Table 8: Reconciliation Action Plan Committee members and attendance register

Reconciliation Action Plan Committee	No. of meetings attended in 2020–21	Eligible meetings in 2020–21
Mr Nick Green OAM 15 September 2020 – 30 June 2021 Board member	2	2
Ms Veronica Pardo 15 September 2020 – 30 June 2021 Board member	2	2

Workforce and Remuneration Committee

The purpose of the committee is to provide strategic advice on workforce strategy and planning, remuneration, human resource 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 9 lists the members on this committee and their attendance at meetings in the last financial year.

Table 9: Workforce and Remuneration Committee members and attendance register

Workforce and Remuneration Committee	No. of meetings attended in 2020–21	Eligible meetings in 2020–21
Dr Sally Fawkes, Chair 1 July 2020 – 30 June 2021 Board member	8	8
Mr Nick Green OAM 1 July 2020 – 23 November 2020 Board member	4	4
Ms Catherine Harding 26 August 2020 – 30 June 2021	7	7
Ms Veronica Pardo 1 July 2020 – 30 June 2021 Board member	7	8
The Hon. Nicola Roxon 24 November 2020 – 1 July 2021 Board Chair	4	4

Stakeholder Group Governance Framework

The Stakeholder Group Governance Framework comprises 6 types of stakeholder groupings used as needed to support the development, implementation and operation of VicHealth's work. They exist to provide VicHealth management with informed recommendations and advice to assist them in making decisions that are in the best interests of VicHealth, its stakeholders and the wider community.

The groups consist of:

Expert Panels: provide diverse perspectives, with technical or lived experience experts, in relevant areas. These panels provide VicHealth with guidance as to the future strategic direction of VicHealth in relation to a particular area of interest. An expert panel will be established for a period of 2 years.

Taskforces: provide operational advice and implementation input to VicHealth on VicHealth's strategic imperatives and other key strategic priorities. A Taskforce will be established for 1 year (renewable as required).

Leaders' Forums: provides a leadership role across health promotion related matters in Victoria, to advise VicHealth and support the health promotion work of their own organisations. The Leaders' Forums will be established for an indefinite period of time.

Public Health Leadership Groups: comprises policy makers, experts and public health leaders to provide thought leadership and policy coordination for specific public health priority issues. Groups will be established with an ongoing tenure, with a yearly review.

Roundtables: a meeting on a priority issue to commence a conversation or discuss ideas for future strategies and action. Roundtables are scheduled as required and are one-off meetings or gatherings.

Assessment Panels: guide funding, grant decisions and/or procurement decisions. Assessment Panels have a more operational perspective to assist in guiding the organisation in its expenditure of public funds. An Assessment Panel will be established for a finite period and is likely to meet over a short period of time (e.g. 3 months).

During 2020–21 the following groups were convened:

Public Health Leadership Groups

- Health Promotion Peaks CEO Group
- State Health Prevention Agencies Collaborative Research Meetings

Expert Panels

- Arts Expert Advisory Panel
- Young People's Advisory Panel

Assessment Panels

- Future Healthy Community Listening and Stories RFQ
- Reimagining Health Grants 2020–21 Round 1 Advisory Panel
- Reimagining Health Grants 2020–21 Round 2 Advisory Panel
- VicHealth Research Fellowships Assessment Panel
- VicHealth Impact Research Grants Assessment Panel

Roundtables

- Early Years Nutrition Roundtable

Other

- Mental Health COVID-19 Working Group
- Food Security/Food Systems COVID-19 Working Group
- Walking and Bike Riding Post COVID-19 Working Group
- Reimagining Young People's Project Steering Group

In addition to these groups, 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 Hon. 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, which includes a focus on psychosocial factors and mental wellbeing.

During the COVID-19 pandemic, VicHealth recognised the need to support staff during this time, including:

- a new Employee Assistance Program (EAP) online portal
- commitment to and support for flexible working arrangements
- a 'Buddy' program for new employees
- employee wellbeing workshops and short courses to assist in coping with lockdown
- online cooking and yoga classes.

These initiatives were spearheaded by the Employee Wellbeing and OHS Committee (EWOC), with support from VicHealth executive leadership and management.

Our performance against key OHS indicators during the past 2 financial years is summarised in Table 10.

Table 10: Performance against OHS management measures

Measure	Indicator	2020–21	2020–20
Incidents	No. of incidents	3	2
	No. of hazards reported	0	1
Claims	No. of standard claims	0	0
	No. of lost time claims	0	0
	No. of claims exceeding 13 weeks	0	0
Claim costs	Average cost per standard claim ⁽ⁱ⁾	\$0	\$0

Note:

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

Inclusion, diversity and equity principles

Our Equity, Diversity and Inclusion Policy demonstrates our commitment to creating and maintaining a positive working environment free of discrimination and harassment that provides equal opportunities for all and values diversity and inclusion.

VicHealth's Diversity and Inclusion Committee, comprising employee representatives from across the organisation, supports these efforts.

Innovate Reconciliation Action Plan

Reflecting VicHealth's focus on supporting First Nations people, VicHealth achieved endorsement from Reconciliation Australia of its Innovate Reconciliation Action Plan (RAP), VicHealth's second RAP, in October 2020. The RAP is a 2-year plan for the period 1 July 2020 to 30 June 2022.

The VicHealth Board established a RAP Committee, which held its first meeting in September 2020 following the Board's approval in July 2020 of the Innovate RAP. The role of this committee, which will meet at least twice a year, is to oversee VicHealth's actions in making tangible improvements to the lives of First Nations people.

Public Sector professionalism and integrity

VicHealth continues to implement the directions provided by the Victorian Public Sector Commissioner (VPSC) relating to strengthening the efficiency, effectiveness and capability of the organisation to meet existing and emerging needs and deliver high quality services to the Victorian community.

In order to do this, VicHealth regularly reviews its suite of detailed employment policies, including policies relating to recruitment, selection, diversity and inclusion, harassment and bullying, performance management, learning and development, grievance resolution, management of 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 4 principles that set the cultural and professional standards to which we all commit and expect other employees to demonstrate: Trust, Challenge, Accountability and Results. At the end of the year, peer-based recognition is awarded to staff members who best demonstrate these principles.

Workforce data

Table 11 describes the profile of VicHealth's workforce.

Table 11: Workforce data

	All employees				Ongoing						Fixed term & casual			
	Number (HC)		FTE		Full-time (HC)		Part-time (HC)		FTE		Number (HC)		FTE	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Gender														
Male	18	16	17.9	15.1	15	13	1	2	15.9	14.7	2	1	2.0	0.4
Female	53	62	48.1	55.2	28	26	14	22	38.7	42.4	11	14	9.4	12.8
Self-described	0	0	0.0	0.0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Age														
15–24	2	0	2.0	0.0	1	0	0	0	1.0	0.0	1	0	1.0	0.0
25–34	22	19	20.6	18.2	13	11	0	1	13.0	11.6	9	7	7.6	6.6
35–44	25	31	22.8	26.8	15	14	8	12	20.9	22.8	1	5	1.0	4.0
45–54	16	20	15.3	18.2	11	10	5	8	15.2	16.4	1	2	1.0	1.8
55–64	6	7	5.3	6.3	3	4	2	2	4.5	5.5	1	1	1.0	0.8
65+	0	1	0	0.8	0	0	0	1	0.0	0.8	0	0	0.0	0.0
VicHealth EA														
Grade A	2	3	1.5	2.3	0	0	2	3	1.5	2.3	0	0	0.0	0.0
Grade B	2	1	1.0	0.6	0	0	0	1	0.0	0.6	2	0	1.0	0.0
Grade C	14	11	13.2	10.6	11	6	1	0	11.6	6.0	2	5	1.6	4.6
Grade D	31	35	29.1	31.7	17	17	8	12	23.1	25.9	6	6	6.0	5.8
Grade E	17	22	16.3	20.0	11	13	3	6	13.5	17.6	3	3	2.8	2.4
Grade F	0	0	0.0	0.0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Total VicHealth EA (A–F Grade)	66	72	61.1	65.2	39	36	14	22.0	49.7	52.4	13	14.0	11.4	12.8
Senior employees														
Executives	5	6	4.9	5.1	4	3	1	2	4.9	4.7	0	1	0.0	0.4
Total senior employees	5	6	4.9	5.1	4	3	1	2	4.9	4.7	0	1	0.0	0.4
Total other	0	0	0.0	0.0	0	0	0	0	0.0	0.0	0	0	0.0	0.0
Total employees	71	78	66.0	70.3	43	39	15	24	54.6	57.1	13	15	11.4	13.2

Notes:

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

'Ongoing employees' means people who were active in the last full pay period of June and who are engaged in an open-ended contract of employment, and executives engaged on a standard executive contract unless they are employed for discrete projects.

'FTE' means full-time staff equivalent. 'HC' means headcount.

Headcounts exclude those persons on leave without pay (including on unpaid parental leave) 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).

Executives include the Accountable Officer (CEO).

Executive officer data

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

Table 12 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 12: Breakdown of executive officers

	June 2021				June 2020			
	Male	Female	Self-described	Vacancies	Male	Female	Self-described	Vacancies
Chief Executive Officer	1	0	0	0	1	0	0	0
Executive Managers	1	2	0	1	1	1	0	1
Executive Leads	1	0	0	0	0	2	0	0
Total	3	2	0	1	2	3	0	1

Table 13: Reconciliation of executive numbers

	2020–21	2019–20
Executives with remuneration over \$100,000*	4	5
<i>Add</i> Vacancies (Table 12)	1	1
Executives employed with total remuneration below \$100,000	0	0
Accountable Officer (Chief Executive Officer)	1	1
<i>Less</i> Separations	1	1
Total executive numbers at 30 June	5	6

A summary of executive remuneration is contained in the Financial Statements (Note 8.5).

Executive remuneration is based on full-time annualised salary; however, it should be noted that as per Table 11, one of the 5 executives is contracted to part-time hours (0.8 FTE).

Section 4: Other disclosures

Consultancies

Table 14 details the consultancies valued at more than \$10,000 that were engaged in the last financial year.

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

Consultant	Purpose of consultancy	Total approved project fee (\$'000)	2020–21 actual expenditure (\$'000)	Future expenditure (\$'000)
Corrs Chambers Westgarth	Legal services	58	58	-
Tandem Partners	Business consulting services	86	86	-
Demand IT	Business/systems consulting services	46	46	-
CBRE	Property advisory services	51	51	-
The Anderson Partnership	Business consulting and professional development services	75	75	-
Victorian Government Solicitor's Office	Legal services	45	45	-

Note: Consultancy agreements cover the period 1 July 2020 to 30 June 2021. Unless otherwise indicated, there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2021 as required.

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

Details of consultancies under \$10,000

In 2020–21, there were 9 consultancies where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during the financial year in relation to these consultancies was \$32,000 (excluding GST).

Information, communication and technology (ICT) expenditure

Table 15 details the ICT expenditure during the financial year.

Table 15: ICT expenditure during 2020–21 (excluding GST)

Expenditure	(\$'000)
Business as Usual ICT expenditure	1,909
Non-Business as Usual ICT expenditure	2,316
Total = A + B	
Non-Business as Usual Operational expenditure A	552
Non-Business as Usual Capital expenditure B	1,764

Advertising expenditure

In the last financial year, VicHealth delivered one campaign for which the media expenditure was greater than \$100,000 (see Table 16).

Table 16: Advertising expenditure exceeding \$100,000 during 2020–21 (excluding GST)

Campaign	
Name of campaign	This Girl Can – Victoria
Campaign summary	A statewide mass media campaign 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	28/02/2021 – 26/6/2021
Advertising (media) (\$'000)	497
Creative and campaign development (\$'000)	122
Research and evaluation expenditure (\$'000)	110
Other campaign expenditure (\$'000)	349

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:

Information Coordinator
Victorian Health Promotion Foundation
355 Spencer Street
West Melbourne VIC 3003
Phone: (03) 9667 1333

Additional information about how to lodge an FOI request is available from the VicHealth [website](#).

VicHealth received one Freedom of Information request in the reporting period. It was forwarded to the correct agency for review and processing. This request is not counted in VicHealth's reporting to the Office of the Victorian Information Commissioner.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (replacing the repealed *Whistleblowers Protection Act 2001*) encourages and assists people to make disclosures of improper conduct by public officers and public bodies. This 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 for 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 legally possible.

Additional information about VicHealth's protected disclosure policy and process is available from the VicHealth [website](#).

No disclosures were made within this financial reporting period.

Compliance with DataVic Access Policy

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

Local jobs disclosures

VicHealth abides by the requirements of the Local Jobs First Policy in its procurement practices.

During the reporting period, no tenders or projects were deemed as falling within the scope of Local Jobs First Strategic Project (those with a budget of \$50 million or more), Local Jobs First Standard Project (those with a budget of \$3 million or more in metropolitan Melbourne or \$1 million in rural Victoria) or projects that the Major Projects Skills Guarantee has been applied to.

National Competition Policy

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

Office-based environmental impacts

VicHealth understands its responsibility to use its resources more efficiently and reduce our impact on the environment. VicHealth also acknowledges the complementary role that a healthy environment plays in supporting the social and economic determinants of health. In 2020–21, VicHealth continued to operate in an environmentally sustainable manner by:

- relocation in March 2021 to the Victorian Health Promotion Hub at the 1880s Sands & McDougall building at 355 Spencer Street Melbourne within an environmentally sustainable office fit-out
- using AFS and PEFC certified recycled paper where the paper supplier contributes to the planting of 2 trees for every one tree used in producing the paper
- using sustainable choices for office supplies
- purchasing fair-trade coffee
- providing public transport tickets for staff travelling to and from meetings
- promoting the use of the Melbourne Bike Share scheme
- use of a hybrid fleet vehicle.

Victorian Government Purchasing Board Procurement Reform Initiative – Effective 1 July 2021

VicHealth is included as an agency in the Victorian Government Purchasing Board's (VGPB) procurement reform initiative. As of 1 July 2021, VicHealth will need to comply to VGPB's procurement governance framework. In the past VicHealth has aligned itself to VGPB procurement policies. However, VicHealth will make changes to existing policy, practices and processes and introduce new strategies to comply with the expansion.

Revised Victorian Government Risk Management Framework – Effective 1 July 2021

The Victorian Government Risk Management Framework (VGRMF) provides a minimum risk management standard for the Victorian public sector. The framework applies to departments and public bodies covered by the *Financial Management Act 1994*. VicHealth is implementing the revised VGRMF, which took effect on 1 July 2021.

The first year VicHealth will have to attest to the revised VGRMF is 2021–2022.

The key change impacting VicHealth is the introduction of AS ISO 31000:2018 Risk Management Guidelines to replace the AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines, which management will revise the VicHealth Risk Management Policy and Framework to align.

VicHealth already has policies, processes and practices that align to the revised VGRMF, including:

- a) annual review of VicHealth's Risk Management policy and framework
- b) defining and reviewing VicHealth's risk appetite annually
- c) strategic and business planning decision-making that embeds risk management
- d) ensuring we minimise our insurable risk exposure by reviewing our insurance requirements with the Victorian Managed Insurance Authority annually.

Asset Management Accountability Framework maturity assessment

The following section summarises VicHealth's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the [DTF website](#).

VicHealth's target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and are systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and Accountability (requirements 1–19)

VicHealth has met its target maturity level under most requirements within this category.

Planning (requirements 20–23)

VicHealth has met its target maturity level in this category.

Acquisition (requirements 24 and 25)

VicHealth has met or exceeded its target maturity level in this category.

Operation (requirements 26–40)

VicHealth has met its target maturity level in this category.

Disposal (requirement 41)

VicHealth has met its target maturity level in this category.

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 Freedom of Information requirements).

For further information, please contact:

Chief Finance and Accounting Officer
Victorian Health Promotion Foundation
355 Spencer Street
West Melbourne VIC 3003
Phone: (03) 9667 1333

Attestation of compliance with Ministerial Standing Direction 5.1.4.

I, Nicola Roxon, Board Chair on behalf of the Responsible Body, certify that VicHealth has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'Nicola Roxon', written in a cursive style.

The Hon. Nicola Roxon
Chair of the Board

27 August 2021

Section 5: Financial statements

Victorian Health Promotion Foundation
2020–21


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 Assistant Treasurer 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 2021 and financial position of VicHealth at 30 June 2021.

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.



The Hon. Nicola Roxon
Chair of the Board

Melbourne
27 August 2021



Dr Sandro Demai
Accountable Officer

Melbourne
27 August 2021



Mr Paul Crapper
Chief Finance and Accounting Officer

Melbourne
27 August 2021



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Victorian Health Promotion Foundation

Opinion	<p>I have audited the financial report of the Victorian Health Promotion Foundation (the foundation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • 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 and accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the foundation as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the foundation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the foundation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, 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.</p> <p>In preparing the financial report, the Board are responsible for assessing the foundation'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.</p>
Other Information	<p>The Board of the foundation are responsible for the Other Information, which comprises the information in the foundation's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>

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 the foundation'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 the foundation'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 the foundation 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
1 September 2021



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

for the financial year ended 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
Income from transactions			
Appropriations and grants	2.1	41,312	41,272
Interest and other income	2.2	70	119
Total income		41,382	41,391
Expenses from transactions			
Employee expenses	3.1 (a)	9,428	8,719
Other employee expenses	3.1 (b)	1,120	1,221
Depreciation and amortisation	3.1 (c)	809	619
Grants and funding	3.1 (d)	26,624	28,392
Operating costs	3.1 (e)	3,023	2,447
Total expenses		41,004	41,398
Net result for the year		378	(7)
Comprehensive result for the year	8.1	378	(7)

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

Balance sheet

as at 30 June 2021

	Notes	2021 (\$'000)	2020 (\$'000)
Assets			
Current assets			
Cash and cash equivalents	4.1	5,179	6,354
Receivables	4.2	1,044	755
Prepayments		707	266
Total current assets		6,930	7,375
Non-current assets			
Property, plant and equipment	5.1	6,523	517
Intangible assets	5.2	1,384	882
Total non-current assets		7,907	1,399
Total assets		14,837	8,774
Current liabilities			
Payables	6.1	2,512	1,149
Borrowings	6.1	360	450
Provisions: employee benefits	6.2	1,704	1,416
Total current liabilities		4,576	3,015
Non-current liabilities			
Provisions: employee benefits	6.2	166	296
Borrowings	6.1	4,254	-
Total non-current liabilities		4,420	296
Total liabilities		8,996	3,311
Net assets		5,841	5,463
Equity			
Accumulated surplus		5,706	5,284
Reserves	8.2	135	179
Total equity		5,841	5,463

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

Statement of changes in equity

for the financial year ended 30 June 2021

	Equity at 1 July 2020 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2021 (\$'000)
2021				
Accumulated surplus	5,284	44	378	5,706
Reserves	179	(44)	-	135
Total equity	5,463	-	378	5,841

	Equity at 1 July 2019 (\$'000)	Transfer of reserves (\$'000)	Total comprehensive result (\$'000)	Equity at 30 June 2020 (\$'000)
2020				
Accumulated surplus/(deficit)	5,273	18	(7)	5,284
Reserves	197	(18)	-	179
Total equity	5,470	-	(7)	5,463

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 2021

	Notes	2021 (\$'000)	2020 (\$'000)
Cash flows from operating activities			
Receipts			
Receipts from Government		41,312	41,376
Receipts from other entities		41	44
Interest received		30	75
Goods and Services Tax (paid to)/refund from the ATO		2,897	2,881
Total receipts		44,279	44,376
Payments			
Payment of grants and funding		(30,005)	(31,028)
Payments to suppliers and employees		(12,252)	(12,485)
Total payments		(42,257)	(43,513)
Net cash flow provided by/(used in) operating activities	8.3	2,022	863
Cash flows from investing activities			
Payments for non-financial assets		(2,682)	(888)
Net cash flows provided by/(used in) investing activities		(2,682)	(888)
Cash flows from financing activities			
Cash outflow for leases		515	(581)
Net cash flow provided by/(used in) financing activities		515	(581)
Net increase/(decrease) in cash and cash equivalents		(1,175)	(606)
Cash and cash equivalents at the beginning of the financial year		6,354	6,960
Cash and cash equivalents at the end of the financial year	4.1	5,179	6,354

Note:

- (a) VicHealth has recognised cash payments for the principal portion of right of use lease payments as financing activities. Cash payments for the interest portion as operating activities.

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

Notes to the financial statements

for the year ended 30 June 2021

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Notes to the financial statements

for the year ended 30 June 2021

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 2021.

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 Assistant Treasurer.

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 27 August 2021.

1.2 Reporting entity

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

VicHealth
Level 2
355 Spencer Street
West Melbourne Vic 3003

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 2021, and the comparative information presented in these financial statements for the year ended 30 June 2020.

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.

Impact of Coronavirus (COVID-19) Global Pandemic

In the previous financial year, the novel coronavirus (COVID-19) was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of government in Australia to reduce the spread of the virus.

The impact of COVID-19 in the community is continually developing. In order to contain the spread of COVID-19 and prioritise the health fund safety of our community, VicHealth was required to comply with various restrictions announced by the Commonwealth and State Governments.

However, apart from staff being required to work from home, COVID-19 has not had a significant impact on VicHealth operations and has not resulted in a change to any critical judgements or assumptions underlying the preparation of the financial statements.

Notes to the financial statements

for the year ended 30 June 2021

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.

Notes to the financial statements

for the year ended 30 June 2021

Note 2. Income from transactions

2.1 Appropriation and grants

	2021 (\$'000)	2020 (\$'000)
General appropriation	41,312	41,168
Grants and special purpose funding	-	104
Total appropriation and grants	41,312	41,272

Revenue recognition

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.

Grants and other transfers of income are recognised as income in accordance with AASB 15 where there is an enforceable contract with the customer and the conditions are sufficiently specific to enable determination if the conditions have been satisfied. Where sufficiently specific performance obligations do not exist, revenue is recognised upon receipt in line with AASB 1058.

Notes to the financial statements

for the year ended 30 June 2021

Note 2. Income from transactions (cont'd)

2.2 Interest and other income

	2021 (\$'000)	2020 (\$'000)
Interest income	30	75
Other income	40	44
Total interest and other income	70	119

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. Income is recognised to the extent that it is probable that the economic benefits will flow to VicHealth and the income can be reliably measured at fair value.

Notes to the financial statements

for the year ended 30 June 2021

Note 3. Expenses from transactions

3.1 Expenses

	2021 (\$'000)	2020 (\$'000)
(a) Employee expenses		
Salaries, wages and leave payments	9,428	8,719
Total employee expenses	9,428	8,719
(b) Other employee expenses		
Agency and temporary staff	142	249
Board and committee members fees	123	117
Fringe benefits tax	5	28
Superannuation	800	756
WorkCover premium	50	60
Relocation expenses	-	11
Total other employee expenses	1,120	1,221
(c) Depreciation and amortisation		
Depreciation		
Office equipment	34	23
Office equipment – Right of Use	16	22
Fixtures and fittings	7	4
Leasehold improvements	34	-
Motor vehicles	11	6
Buildings – Right of Use	557	563
Total depreciation	659	618
Amortisation – IT software	150	1
Total depreciation and amortisation	809	619
(d) Grants and funding		
General purpose grants and funding	26,127	27,712
Program support expenses	497	680
Total grants and other expense transfers	26,624	28,392
(e) Operating costs		
Audit and legal fees	218	164
Consultancy fees	394	646
Employee development and wellbeing	214	140
General administration	94	134
Information, communications and technology systems	1,322	980
Occupancy costs	764	368
Lease interest – Right of Use Assets	17	15
Total operating costs	3,023	2,447

Notes to the financial statements

for the year ended 30 June 2021

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. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term.

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
- buildings (Right-of-Use): 10 years
- leasehold improvements: 10 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 and include such things as:

- *Audit and legal fees:* Fees paid or payable to the Victorian Auditor-General's Office for the audit of these financial statements, costs incurred for the provision of internal audit services and associated activities and costs associated with the provision of legal advice for funding, contract and employment related matters.
- *Consultancy costs:* Provision of expertise and advice.
- *General administration:* Costs incurred due to the administration of VicHealth such as legal, marketing and advertising, printing and stationery.
- *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.
- *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 2021

Note 3. Expenses from transactions (cont'd)

3.2 Superannuation

	Paid contribution for the year	
	2021 (\$'000)	2020 (\$'000)
(a) Defined benefit plan		
ESS Super New Scheme	10	10
Total defined benefit plan	10	10
(b) Defined contribution plan		
VicSuper	256	273
Hesta	86	83
UniSuper	56	42
Australian Super	103	74
Aware Super	50	56
Rest Superannuation	22	25
Host Plus Super	33	22
Sun Superannuation Fund	24	13
Wealth Personal Superannuation	21	18
Other	151	149
Total defined contribution plan	802	755
Total superannuation contributions	812	765

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 2021

Note 4. Financial assets

4.1 Cash and cash equivalents

	2021 (\$'000)	2020 (\$'000)
Cash on hand	3	8
Cash at bank	5,176	6,287
Bank deposits at call	-	59
Total cash and cash equivalents	5,179	6,354

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 3 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.

Notes to the financial statements

for the year ended 30 June 2021

Note 4. Financial assets (cont'd)

4.2 Receivables

	2021 (\$'000)	2020 (\$'000)
(a) Contractual		
Debtors	30	8
Total contractual receivables	30	8
(b) Statutory		
GST credits receivable	1,014	747
Total statutory receivables	1,014	747
Total receivables	1,044	755

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 financial assets at amortised cost. 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.

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

Ageing analysis of receivables

All contractual receivables are not past due and not impaired as at 30 June 2021 and 30 June 2020.

Nature and extent of risk arising from receivables

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

Notes to the financial statements

for the year ended 30 June 2021

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	
	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)	2021 (\$'000)	2020 (\$'000)
Office equipment	619	483	353	476	266	7
Office equipment Right-of-Use	-	38	-	22	-	16
Office furniture	265	19	23	19	242	-
Fixtures and fittings	20	83	-	826	20	5
Leasehold improvements	1,384	-	34	-	1,350	-
Motor vehicles	66	66	17	6	49	60
Buildings Right-of-Use	4,672	992	77	563	4,596	429
Total	7,026	2,429	504	1,912	6,523	517

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 2021.

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 103H non-current physical assets. In accordance with FRD 103H, VicHealth's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required. Based on the short-term nature of assets held by VicHealth, no assets were assessed as requiring revaluation.

Right of Use Assets acquired by leases – Initial measurement

VicHealth recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use asset – Subsequent measurement

VicHealth depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Notes to the financial statements

for the year ended 30 June 2021

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

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.

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. Based on the above assessment, all property, plant and equipment held by VicHealth is deemed to be valued under Level 3 as at 30 June 2021 and at 30 June 2020.

Impairment of non-financial assets

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

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

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

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

Notes to the financial statements

for the year ended 30 June 2021

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

5.1 (b) Property, plant and equipment reconciliation

2021	Office equipment (\$'000)	Office equipment ROU (\$'000)	Office furniture (\$'000)	Fixtures and fittings (\$'000)	Motor vehicles (\$'000)	Leasehold improvements (\$'000)	Buildings ROU (\$'000)	Total (\$'000)
Fair value								
Opening balance	483	38	19	831	66	-	992	2,429
Additions	296	-	249	20	-	1,384	4,672	6,621
Disposals	(160)	(38)	(2)	(831)	-	-	(992)	(2,023)
Fair value closing balance	619	-	266	20	66	1,384	4,672	7,027
Accumulated depreciation								
Opening balance	476	22	19	826	6	-	563	1,912
Depreciation	34	16	6	1	11	34	557	659
Disposals	(158)	(38)	(2)	(826)	-	-	(1,043)	(2,067)
Accumulated depreciation closing balance	352	-	23	1	17	34	77	504
Written-down value	267	-	243	19	49	1,350	4,596	6,523
2020								
Fair value								
Opening balance	483	-	19	831	52	-	-	1,385
Additions	-	38	-	-	66	-	992	1,096
Disposals	-	-	-	-	(52)	-	-	(52)
Fair value closing balance	483	38	19	831	66	-	992	2,429
Accumulated depreciation								
Opening balance	454	-	19	822	52	-	-	1,347
Depreciation	22	22	-	4	6	-	563	617
Disposals	-	-	-	-	(52)	-	-	(52)
Accumulated depreciation closing balance	476	22	19	826	6	-	563	1,912
Written-down value	7	16	-	5	60	-	429	517

Notes to the financial statements

for the year ended 30 June 2021

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

5.2 Intangible assets

5.2 (a) Intangible assets – Gross carrying amount and accumulated amortisation

	2021 (\$'000)	2020 (\$'000)
Intangible produced assets – IT software	1,569	1,342
Less accumulated amortisation	(185)	(1,342)
	1,384	-
Intangible Non-Produced Assets – Core ICT systems replacement work in progress	-	882
Less accumulated amortisation	-	-
	-	882
Total intangible assets	1,384	882

5.2 (b) Intangible assets – Reconciliation of the carrying amount by class of asset

	IT Software (\$'000)	Work in progress (\$'000)	Total (\$'000)
Balance at 1 July 2019	2	61	63
Additions	-	821	821
Amortisation (Note 3.1)	(2)	-	(2)
Balance at 30 June 2020	-	882	882
Additions	652	-	652
Transfers	882	(882)	-
Amortisation (Note 3.1)	(150)	-	(150)
Balance at 30 June 2021	1,384	-	1,384

Notes to the financial statements

for the year ended 30 June 2021

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

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 2021

Note 6. Liabilities and commitments

6.1 Payables and borrowings

	2021 (\$'000)	2020 (\$'000)
Current		
(a) Contractual payables		
Trade creditors	624	404
Accrued wages and salaries	236	216
Grants payable	1,469	419
Accrued expenses	157	86
Total contractual payables	2,486	1,125
(b) Statutory payables		
GST/PAYG payable	5	-
Superannuation payable	21	24
Total statutory payables	26	24
Total payables	2,512	1,149
(c) Contractual borrowings		
Right of Use Lease Liabilities	360	450
Total borrowings	360	450
Non-current		
Right of Use Lease Liabilities	4,254	-
Total borrowings	4,254	-

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.

Contractual borrowings

This consists of Lease liabilities for Right of Use Assets in accordance with AASB 16 Leases and consists of:

- Right of use Asset – Buildings: This represents the capitalisation of the VicHealth office tenancy leases.
- Right of use Asset – Office Equipment: This represents the capitalisation of a photocopier lease.

Notes to the financial statements

for the year ended 30 June 2021

Note 6. Liabilities and commitments (cont'd)

6.2 Provisions: Employee benefits

	2021 (\$'000)	2020 (\$'000)
Current provisions		
Annual leave	607	642
Long service leave	666	643
On-costs Annual leave	62	65
On-costs Long service leave	68	66
Restructuring	301	-
Total current provisions	1,704	1,416
Current employee benefits		
Expected to be utilised within 12 months	1,050	747
Expected to be utilised after 12 months	654	669
Total current employee benefits	1,704	1,416
Non-current provisions		
Long service leave	151	269
On-costs	15	27
Total non-current provisions	166	296
Total provisions	1,870	1,712
Movement in employee benefits		
Opening balance	1,712	1,535
Settlement made during the year	(992)	(817)
Provision made during the year	1,150	994
Balance at end of year	1,870	1,712

Reconciliation of movement in on-cost provision

	2021 (\$'000)
Opening balance	158
Additional provisions recognised	86
Reductions arising from payments/other sacrifices of future economic benefits	(101)
Unwind of discount and effect of changes in the discount rate	2
Closing balance	145
Current	130
Non-current	15

Notes to the financial statements

for the year ended 30 June 2021

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 annual leave, time in lieu and long service leave for services rendered to the reporting date.

Annual leave and time in lieu

Liabilities for 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 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 separately from provisions for employee benefits.

Notes to the financial statements

for the year ended 30 June 2021

Note 6. Liabilities and commitments (cont'd)

6.3 Commitments for expenditure

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. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

6.3 (a) Expenditure commitments

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

	2021 (\$'000)	2020 (\$'000)
Expenditure commitments		
No longer than 1 year	14,882	13,328
Longer than 1 year and not longer than 5 years	13,167	15,547
Total	28,049	28,875

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.

Notes to the financial statements

for the year ended 30 June 2021

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:

- 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.

Categories of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by VicHealth to collect the contractual cash flows; and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment. VicHealth recognises the following assets in this category:

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

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 3 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, borrowings, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Notes to the financial statements

for the year ended 30 June 2021

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.

2021	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
Contractual financial assets			
Cash and cash equivalents	5,179	-	5,179
<i>Receivables</i> ⁽¹⁾			
Debtors	30	-	30
Total financial assets ⁽¹⁾	5,209	-	5,209
Financial liabilities			
Payables	-	2,486	2,486
Borrowings (Right of Use lease liabilities)	-	360	360
Total financial liabilities ⁽¹⁾	-	2,846	2,846
2020			
	Financial assets at amortised cost (\$'000)	Financial liabilities at amortised cost (\$'000)	Total (\$'000)
Contractual financial assets			
Cash and cash equivalents	6,354	-	6,354
<i>Receivables</i> ⁽¹⁾			
Debtors	8	-	8
Total financial assets ⁽¹⁾	6,362	-	6,362
Financial liabilities			
Payables	-	1,125	1,125
Borrowings (Right of Use lease liabilities)	-	450	450
Total financial liabilities ⁽¹⁾	-	1,575	1,575

Note:

(1) The carrying amount excludes statutory receivables (i.e. GST receivable and DHHS receivable) and statutory payables (i.e. Revenue in Advance and DHHS payable).

Notes to the financial statements

for the year ended 30 June 2021

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 comprises 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. Consistent with directions from the State Government, VicHealth's 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.

	Government agencies (AAA credit rating) (\$'000)	Financial institutions (AA credit rating) (\$'000)	Other (no credit rating) (\$'000)	Total (\$'000)
2021				
Cash and cash equivalents	-	5,179	-	5,179
Contractual receivables	-	-	30	30
Total	-	5,179	30	5,209
2020				
Cash and cash equivalents	-	6,346	8	6,354
Contractual receivables	-	-	8	8
Total	-	6,346	16	6,362

Notes to the financial statements

for the year ended 30 June 2021

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

7.1 (c) Ageing of financial assets

All financial assets are not past due and not impaired as at 30 June 2021 and 30 June 2020.

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.

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

	Carrying amount (\$'000)	Nominal amount (\$'000)	Maturity dates			
			Less than 1 month (\$'000)	1-3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)
2021						
Contractual payables	2,486	2,486	2,486	-	-	-
Borrowings (Right of Use)	4,614	4,614	30	60	270	4,254
Total	7,100	7,100	2,516	60	270	4,254
2020						
Contractual payables	1,125	1,125	1,125	-	-	-
Borrowings (Right of Use)	450	450	50	100	300	-
Total	1,575	1,575	1,175	100	300	-

Notes to the financial statements

for the year ended 30 June 2021

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

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 and deposits at call, 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 2021

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		
2021	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
Financial assets					
Cash and deposits	0.3	5,179	-	5,176	3
Contractual receivables	-	30	-	-	30
Total financial assets		5,209	-	5,179	33
Financial liabilities					
Contractual payables	-	2,486	-	-	2,486
Borrowings (Right of Use Lease liabilities)	1.8	4,614	4,614	-	-
Total financial liabilities		7,100	4,614	-	2,486
			Interest rate exposure		
2020	Weighted average interest rate (%)	Carrying amount (\$'000)	Fixed interest rate (\$'000)	Variable interest rate (\$'000)	Non-interest bearing (\$'000)
Financial assets					
Cash and deposits	1.7	6,354	-	6,346	8
Contractual receivables	-	8	-	-	8
Total financial assets		6,362	-	6,351	16
Financial liabilities					
Contractual payables	-	1,125	-	-	1,125
Borrowings (Right of Use Lease liabilities)	2.1	450	450	-	-
Total financial liabilities		1,575	450	-	1,125

Notes to the financial statements

for the year ended 30 June 2021

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 considered low and is outlined in the following table.

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
	Carrying amount (\$'000)	Net result (\$'000)	Net result (\$'000)	Equity (\$'000)	Equity (\$'000)
2021					
Financial assets					
Cash and cash deposits	5,179	(52)	52	(52)	52
Receivables	30	-	-	-	-
Total financial assets	5,209	(52)	52	(52)	52
Financial liabilities					
Payables	2,486	-	-	-	-
Borrowings (Right of Use Lease liabilities)	4,614	(461)	461	(461)	461
Total financial liabilities	7,100	(461)	461	(461)	461
2020					
Financial assets					
Cash and cash deposits	6,354	(64)	64	(64)	64
Receivables	8	-	-	-	-
Total financial assets	6,362	(64)	64	(64)	64
Financial liabilities					
Payables	1,125	-	-	-	-
Borrowings (Right of Use Lease liabilities)	450	(5)	5	(5)	5
Total financial liabilities	1,575	(5)	5	(5)	5

Notes to the financial statements

for the year ended 30 June 2021

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.

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures

8.1 Comprehensive result for the year by funding source

	Notes	2021 (\$'000)	2020 (\$'000)
(a) Funding from general appropriation			
General appropriation and other income			
General appropriation income	2.1	41,312	41,168
Interest and other income	2.2	70	119
Expenses from transactions		(40,960)	(41,321)
Net surplus/(deficit) from general appropriation and other income		422	(34)
(b) Funding from grants and special purpose funding			
Income from externally funded programs			
External grants and special purpose funding	2.1	-	104
Expenses from transactions		(44)	(77)
Net surplus/(deficit) from externally funded programs		-	27
Comprehensive result for the year		378	(7)

The comprehensive result for the year includes a surplus of \$0.422m from general appropriation funding activities offset by a deficit of \$0.044m from special purpose funded activities, resulting in a net surplus comprehensive result for the year of \$0.378m.

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.2 Reserves

	2021 (\$'000)	2020 (\$'000)
Externally funded programs reserve		
Bystanders for Primary Prevention Program	24	68
Sport Participation Research Project	111	111
Total externally funded programs reserve	135	179

VicHealth periodically receives special appropriations or other grants to deliver specific programs. As at balance date unspent funds are allocated to a reserve to ensure these funds are quarantined for their intended purpose.

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

	2021 (\$'000)	2020 (\$'000)
Net result for the period	378	(7)
Non-cash movements		
Depreciation and amortisation	809	619
Movements in assets and liabilities		
(Increase)/decrease in receivables	(289)	(58)
(Increase)/decrease in prepayments	(441)	82
Increase/(decrease) in payables	1,407	49
Increase/(decrease) in income received in advance	-	-
Increase/(decrease) in provisions	158	178
Net cash flows from/(used in) operating activities	2,022	863

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.4 Responsible persons

8.4 (a) Responsible persons appointments

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

Responsible Minister

The Hon. Jenny Mikakos MP Minister for Health	01/07/2020 – 26/09/2020
The Hon. Martin Foley MP Minister for Health	26/09/2020 – 30/06/2021

Governing Board

The Hon. Nicola Roxon Chair	24/11/2020 – 30/06/2021
Mr Nick Green OAM Chair: 1/07/2020 – 23/11/2020	01/07/2020 – 30/06/2021
Ms Sarah Connolly MP	01/07/2020 – 30/06/2021
Dr Sally Fawkes	01/07/2020 – 30/06/2021
Ms Catherine Harding	01/07/2020 – 30/06/2021
Mr Andy Meddick MP	01/07/2020 – 30/06/2021
Dr Bridie O'Donnell	01/07/2020 – 15/07/2020
Ms Peggy O'Neal AO	01/07/2020 – 30/06/2021
Ms Veronica Pardo	01/07/2020 – 30/06/2021
Prof Anna Peeters	01/07/2020 – 30/06/2021
Ms Stella Smith	01/07/2020 – 30/06/2021
Ms Bridget Vallence MP	01/07/2020 – 30/06/2021
Mr Stephen Walter	01/07/2020 – 15/05/2021
Ms Sheena Watt	01/07/2020 – 12/10/2020

Accountable Officer

Dr Sandro Demaio	01/07/2020 – 30/06/2021
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Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.4 (b) Responsible persons remuneration

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

	2021 (\$'000)	2020 (\$'000)
Total amount	410	406

Income band	No.	No.
\$0 – 9,999	8	9
\$ 10,000 – 19,999	5	6
\$ 80,000 – 89,999	-	1
\$ 210,000 – 219,999	-	1
\$ 290,000 – 299,999	1	-
Total numbers	14	17

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 Ministers receive. The Ministers' remuneration and allowances are 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 2021

Note 8. Other disclosures (cont'd)

8.5 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	2021 (\$'000)	2020 (\$'000)
Salaries and other short-term benefits	915	808
Post-employment benefits	97	76
Other long-term benefits	4	8
Termination benefits	172	70
Total remuneration	1,188	962
Total number of executive officers	9	7
Total annualised employee equivalent⁽ⁱ⁾	6	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.

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.6 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.

8.6 (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	2021 (\$'000)	2020 (\$'000)
Salaries and other short-term benefits	378	381
Post-employment benefits	32	25
Other long-term benefits	-	-
Total remuneration	410	406

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

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.6 (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	2021 (\$'000)	2020 (\$'000)
Deakin University of which Dr Lyn Roberts AO ⁽ⁱ⁾ served as a Council member	-	185
Deakin University of which Prof. Anna Peeters served as an employee	1,009	185
Deakin University of which Dr Sandro Demaio served as an adjunct associate professor	1,009	185
Edinburgh Cricket Club of which Prof. Anna Peeters served as an Executive Committee member	-	1
KPMG of which Ms Catherine Harding ⁽ⁱⁱ⁾ served as an employee	-	22
Women's Health West of which Ms Catherine Harding ⁽ⁱⁱ⁾ served as a non-executive director	3	-
Latrobe University of which Ms Sally Fawkes served as an employee	995	1,213
Vicsport of which Ms Catherine Harding ⁽ⁱⁱ⁾ served as a Board member	209	452
AFL Vic of which Ms Peggy O'Neal AO served as a member of the AFL Mental Health Steering Committee	142	223
Multicultural Arts Victoria of which Ms Veronica Pardo served as Chief Executive Officer	19	1
Victorian Council of Social Services of which Ms Sheena Watt ⁽ⁱⁱⁱ⁾ served as a Board member	46	39
University of Melbourne of which Dr Sandro Demaio served as a Principal Fellow (Associate Professor)	598	663

Note:

- (i) Dr Roberts AO served as Interim CEO of VicHealth from 18 March 2019 to 23 September 2019.
- (ii) Ms Harding commenced as a VicHealth Board member on 1 March 2020.
- (iii) Ms Sheena Watt resigned as a VicHealth Board member on 12 October 2020.

Notes to the financial statements

for the year ended 30 June 2021

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	2021 (\$'000)	2020 (\$'000)
Department of Health – Appropriation	41,312	41,168
Department of Health – Special Purpose Grant	-	-
Department of Premier and Cabinet – Special Purpose Grant	-	45
Department of Jobs, Precincts and Regions – Special Purpose Grant	-	59

8.7 Ex-gratia payments

There were no ex-gratia payments made during the reporting period (2020: nil).

8.8 Remuneration of auditors

The payments made to the Victorian Auditor-General's Office during the reporting period are listed in the following table:

	2021 (\$'000)	2020 (\$'000)
Audit and review of the financial statements	23	24

8.9 Economic support

VicHealth is wholly dependent on the continued financial support of the State Government and the Department of Health (DoH). VicHealth's 4-year service agreement with DHHS expired in June 2019 and was renewed for a further 4 years expiring in June 2023. 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*.

8.10 Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2021 which would, in the absence of disclosure, cause the financial statements to become misleading.

Notes to the financial statements

for the year ended 30 June 2021

Note 8. Other disclosures (cont'd)

8.11 Issued but not yet effective Australian accounting and reporting pronouncements

Certain new and revised accounting standards have been issued but are not effective for the 2020–21 reporting period. These accounting standards have not been applied to the Financial Statements. VicHealth is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

- AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. VicHealth will not early adopt the Standard.

VicHealth is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the VicHealth's reporting.

- *AASB 17 Insurance Contracts.*
- *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *AASB 2020–2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*
- *AASB 2020–3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments.*
- *AASB 2020–7 Amendments to Australian Accounting Standards – Covid-19-Rent Related Concessions: Tier 2 Disclosures.*
- *AASB 2020–8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.*
- *AASB 2020–9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.*

Section 6: Disclosure index

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