Annual Report 2014–15

Victorian Health Promotion Foundation

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VicHealth™

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VicHealth acknowledges the support of the Victorian Government.

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Victorian Health Promotion Foundation
2014–15

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 2015.

Prof John Catford
Chair of the Board
Victorian Health Promotion Foundation

13 August 2015

Section 1: Year in review

Our origin

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

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

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

Functions

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

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

VicHealth performs and manages these functions by:

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

Our commitment

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

Our work

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

Chair's report

For nearly three decades, VicHealth has championed the health and wellbeing of all Victorians. Over this period the nature, context and environments for health promotion have changed. One example is that health has rapidly shifted from being a predominantly personal and private matter to a topic of broad public and social discussion which has widely influenced attitudes and perspectives. This has been assisted by rapid growth in technology and communications.

This financial year, the second year of the VicHealth Action Agenda for Health Promotion, we have sought ways to respond to and influence these challenges and opportunities.

The Action Agenda helps focus the depth of experience and astounding talent of our partners and people. As a strategic innovator, global influencer, ally and friend, VicHealth has extended the impact and the reach of its work.

VicHealth has made significant advances in its five strategic imperatives: promoting healthy eating, encouraging regular physical activity, preventing tobacco use, preventing harm from alcohol and improving mental wellbeing.

We have progressed conversations with all levels in government and in public spaces about the pressing threats to health – and we need to.

In 2015 and beyond, the chronic non-communicable disease prevalence in Victoria will continue to put unsustainable pressures on health budgets. The causes are diverse and complex; momentum is working against us.

Obesity rates are reaching crisis levels and reduction is a critical area for action. Less than one in three Australians is getting enough physical activity to benefit their health, with this dropping alarmingly to only one in five in children aged five to 17. Only seven per cent of Victorians eat enough fruit and vegetables, dropping from 12 per cent just last year.

While the overall level of alcohol consumption is slowly decreasing in Australia, alcohol is still second only to tobacco as a preventable cause of death and hospitalisation. Almost 50 per cent of young Victorians are drinking too much too often, unaware of the risks.

More encouragingly, smoking is continuing to trend downwards. The rate of decline has accelerated over the past three years assisted by tax increases on tobacco products and the introduction of plain packaging.

VicHealth was founded with the objective of ending smoking-related illness. With a great sense of achievement in May this year, we celebrated 30 years of Quit, a program we have been proud to fund and support.

The tobacco challenge is not yet over. High smoking rates continue to prevail among disadvantaged Victorian communities. There is still work to do on preventing young people from taking up smoking, supporting smokers to quit, and protecting others from second-hand smoke.

Today we know more about mental illness and the burden it imposes on individuals, families and the wider community. However, we know significantly less about mental wellbeing – how it is formed, experienced and evaluated. With mental illness as the largest contributor to the disability burden in Victoria and costing our economy $5.4 billion a year, the task of improving mental wellbeing and empowering every Victorian to flourish is of great urgency.

VicHealth has learned much and shared that knowledge widely. We know the importance of broad-based programs and partnerships, collaboration with governments at all levels, and strategic alliances with other agencies in health, sports, research, arts, and community. Collective action is critical to tackling health and wellbeing issues at scale.

As a strategic innovator, global influencer, ally and friend, VicHealth has extended the impact and the reach of its work.

Technology is changing every aspect of daily life, directly or indirectly, through the provision of public, community and private sector services. It is having profound impacts on health decision-making – for both good and ill. This year, we continue to extend our understanding of how technology is changing people's lives and how it can be utilised for better health. This includes the types of technology, how and when devices are used, the points of access, and the data that is collected. We are working to ensure a positive health trigger is present when it matters.

In 2014, we bid farewell and a genuine thank you to one government while welcoming another. The multi-partisan support for our organisation is a hallmark of our foundation and evolution: a core reason we have been able to achieve so much.

As with previous years, VicHealth is immensely proud of and deeply indebted to our partners, patrons, advocates and supporters who work tirelessly with us. Together our whole is so much greater than the sum of the parts.

On behalf of the VicHealth Board, I wish to acknowledge the support and guidance of The Hon. Jill Hennessy MP and Members of Parliament who have and continue to enable VicHealth's work.

The new government has worked quickly. In December 2014, a Minister for Prevention of Domestic Violence was appointed – acknowledging this issue as the leading contributor to death, disability and illness for women aged 15 to 44. The establishment of the Royal Commission into Family Violence was another strong step towards reversing this trend.

In April this year, legislation was introduced banning smoking within four metres of centres caring for children, such as play centres, kindergartens and schools. This is an immensely positive step towards reducing the negative health effects of passive smoking in children, and a bid to ensure that smoking is not normalised among the youngest Victorians. We congratulate the government on this proactive policy in the first year of its term.

We are in the immensely fortunate position to have enjoyed support from a broad range of government departments and agencies at state and federal level. The common goal of health and wellbeing united us in our efforts this year.

I wish to pay my respects and personal gratitude to one of Victoria's most important health promotion pioneers, Dr Nigel Gray AO, who passed away in December last year at the age of 85. Dr Gray's relentless campaigning against tobacco advertising led to the creation of VicHealth in 1987. His commitment to increase taxes on cigarettes to keep them out of reach of young people, and to ban tobacco advertising and sponsorship, was unmatched.

Within VicHealth, we are grateful for the ongoing tenure of our Board members Susan Crow, Margot Foster AM, Nick Green OAM, Deputy Chair Nicole Livingstone OAM, Professor Michael Morgan and Stephen Walter. I particularly wish to acknowledge the valuable contributions of outgoing members Mr Peter Gordon and Professors Margaret Hamilton AO and Ruth Rentschler OAM who finished their tenures during this financial year, and Members of Parliament Neil Angus and Danielle Greene who left earlier in the financial year. As at 30 June, the process of appointing new Board members has begun.

The Board and staff thank Mr Mark Birrell, former Chair, who retired during the financial year. His leadership has ensured the success of VicHealth into the future. Mark's many years of experience, including his lead role as Shadow Minister for Health during the passage of the *Tobacco Act 1987* and the creation of VicHealth, have been invaluable for our state.

Each Board member's support and expertise lent to us was crucial to delivering on our work this year, as we implemented the Action Agenda.

As Chair of the Board I am pleased that VicHealth continues strong corporate governance with balanced budgets, contemporary policies, progressive planning and effective resource management. This is a tribute to our Board, Finance Audit and Risk Committee, staff and CEO. Jerril Rechter has been a continuing source of energy, inspiration and integrity for us all. Thank you.

I have great pleasure, therefore, in presenting this annual report on VicHealth's many achievements in 2014–15.

Professor John Catford
Chair of the Board

VicHealth is immensely proud of and deeply indebted to our partners, patrons, advocates and supporters who work tirelessly with us. Together our whole is so much greater than the sum of the parts.

Chief Executive Officer's report

The second year of our 10-year strategic plan, the VicHealth Action Agenda for Health Promotion, was one of solid achievements and encouraging progress.

Our aim to make a genuine impact on the health and wellbeing of Victorians continued to motivate us.

Amid a growing burden of disease, and the diverse and rapid ways our environments are changing, VicHealth needed both a clear focus on big health issues and the enhanced agility to identify and address opportunities to improve the health of Victorians. At the same time, we kept our focus on fostering health equity to ensure that every Victorian has the opportunity to attain their full health potential.

All of our work aligned to our five strategic imperatives of promoting healthy eating, encouraging physical activity, preventing tobacco use, preventing harm from alcohol, and improving mental wellbeing.

We worked on high-impact initiatives, programs and social marketing campaigns that reached Victorians in the day-to-day spaces where lifestyle factors influence health and wellbeing. This included innovating with digital technology, which continues to influence our lives in a profound and encompassing way.

We worked with new and old partners to find bold and creative solutions to health and wellbeing challenges, including addressing infrastructures to help make healthy choices easier.

We led a collaboration with major health groups to develop and implement an action plan to reduce salt intake in Victorian diets, with the ultimate goal of preventing death and disability from causes directly related to its high intake.

We worked with partners to increase access to water in key environments at sports clubs and major sporting events to help reduce the consumption of sugary drinks, a major contributor to overweight and obesity. This work included a major initiative with the City of Melbourne to trial and evaluate the effectiveness of including a bottle refill tap in specially designed water fountains in high traffic areas in the city, to make water the beverage of choice.

In addition, we launched a social marketing campaign, the H30 Challenge, to encourage Victorians to make a 30-day pledge to switch from sugary drinks to water for their health. Informed by rigorous research, the H30 Challenge aimed to make the switch easy and we worked with others who helped us raise awareness of the benefits of water and the health risks of sugary drinks.

We partnered with government departments and agencies, and non-government organisations, to lead and evaluate an Alcohol Culture Change campaign and innovative approaches to reduce alcohol consumption and its attendant harms, and enable an improved drinking culture that decreases the acceptability of intoxication.

We continued to work with sporting organisations and workplaces to enable these spaces to continue as positive influences on health and wellbeing.

This year we launched the Innovation Challenges program, which targeted catalytic funding to initiatives that encourage healthier behaviours in four areas: physical activity, reducing alcohol consumption, mental wellbeing through participation in the arts, and improving access to sustainable, nutritious food. In just a year, we supported and funded over a dozen initiatives that have the capacity for sustainable health gains in communities.

We also sought to understand and address the deep-seated motivations that work for or against choosing healthier alternatives.

With great anticipation we launched our VicHealth Leading Thinkers initiative. Dr David Halpern of the UK-based Behavioural Insights Team, our inaugural Leading Thinker, worked with us and some of our partners in Melbourne twice during the year.

This initiative brings together experts who draw upon behavioural economics and other fields to generate new thinking and approaches to deep-rooted health challenges. The first of these is the urgent and complex problem of obesity, which has become a leading cause of premature death and illness in Australia.

With the Action Agenda for Health Promotion as our guide, we tackled the priorities that championed health and wellbeing for all Victorians.

True to our legacy of generating evidence to support our actions, we continued to contribute significantly to health promotion knowledge and intelligence through our investments in research and evaluation. These contributed to further understanding the factors and environments that shape our work in our five strategic imperatives, and identifying the areas with the best potential to address health.

VicHealth has been at the forefront of health promotion and illness prevention for over 27 years. Our leadership extends beyond our local area to the international level. In September 2014, VicHealth was designated as a new World Health Organization (WHO) Collaborating Centre for Leadership in Health Promotion. Through this recognition, we began to focus on strengthening health promotion in Australia and the Western Pacific Region, which is home to 1.8 billion people – four in five of whom die from non-communicable diseases.

VicHealth is leading the activities that will see us working with many countries in the region and enabling us to build on our collective expertise.

Ambitious, challenging and progressive, it has been a year in which our talented and determined employees – and our many partners – thrived. With the Action Agenda as our guide, we tackled the priorities that championed health and wellbeing for all Victorians.

Operational and budgetary performance

We achieved our statutory expenditure target of making payments of not less than 30 per cent to sporting bodies (31 per cent expended) and not less than 30 per cent for health promotion activities (39 per cent expended).

The VicHealth Board set target ranges on investments according to our five strategic imperatives. Our largest investments were made towards encouraging regular physical activity (achieved at 30 per cent), followed by investments towards preventing tobacco use (achieved at 15 per cent). In addition, 14 per cent was invested in research and evaluation.

As part of our core business, VicHealth continued to provide funding through grants to organisations to deliver program outputs aligned to the Action Agenda. The Quit program received the largest payment of $5.4 million to continue the work towards getting more Victorians smoke-free. The Active Club Grants program had the highest number of organisations receiving payments – 566 community sport and active recreation clubs received funding for essential equipment to encourage participation and items to prevent injury.

Fifty-seven per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The balance was allocated to seven target populations including Indigenous, women, and those in low socioeconomic status groups.

Sports received 37 per cent of our investments, reflecting our statutory obligation to provide at least 30 per cent of payments to sporting bodies. This was followed by grants that focused on the community, amounting to 29 per cent of our grants allocation.

In the second year of the Action Agenda, we continued to work towards operational excellence and improving our internal processes.

We have completed the foundations of the Action Agenda for Health Promotion Scorecard, the system we will use towards achieving our 10-year goals and three-year priorities for each strategic imperative.

This followed the revamping of our Project Management Framework which bolstered our approach in planning, delivering and evaluating our projects, and improving accountability.

We have successfully worked towards a renewed Enterprise Agreement, collaborating with VicHealth staff throughout the process. We have also reviewed with our staff the outcomes and learnings from the restructuring of our internal organisation in 2013.

Highlights of the year

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

Over recent years, obesity has become a leading cause of premature death and illness in Australia. Our research summary, *Negative growth: the future of obesity in Australia* by Dr Anna Peeters, outlines predictions that, by 2025, an estimated 83 per cent of men and 75 per cent of women will be obese or overweight – some 16.9 million Australians.

The VicHealth Water Initiative is an integrated program of supply and demand activities with the goal of encouraging more Victorians choosing water instead of drinks with added sugar. The associated social marketing campaign, H30 Challenge, achieved more than 6000 registrations and 50 per cent of participants indicated they are likely to continue drinking water instead of sugary drinks. We partnered with groups such as the Melbourne Stars and in events such as the Cadel Evans Great Ocean Road Race to encourage people to sign up.

In partnership with the City of Melbourne, we built 60 new-design water fountains across the city to test whether bottle refill functionality and improved location of fountains increase access to and consumption of water. In a focused intervention, we also partnered with Etihad Stadium and Yarra Valley Water to provide free drinking water through the installation of new water fountains inside the stadium, making it easier for patrons at games and events to choose water.

Funded by our Healthy Eating Innovation Challenge (the Seed Challenge), the Open Food Network was enhanced in June 2015 after receiving over $35,000 through crowdfunding from other people passionate about diversity in grocery retail. Open Food Network is an online marketplace making it easier for farmers, consumers and independent food enterprises to connect, trade and manage their business – resulting in the consumer having easier access to affordable local food.

Also funded by the Healthy Eating Innovation Challenge, 3000acres have now facilitated the conversion of seven plots of underutilised land into productive community gardens, thereby taking food education to the streets.

Released in May 2015, our report, *The state of salt: the case for salt reduction in Victoria*, revealed the alarming number of salt-related deaths in Victoria. In collaboration with The George Institute for Global Health, the Heart Foundation and other partners, we developed an action plan to achieve a reduction of one gram per day in average salt intake of adults and children across Victoria by 2018. This will help in moving closer to the World Health Organization target of a 30% reduction in population salt intake by 2025 which, if achieved, would save around 3400 Australian lives a year.

A focus for our work this year and into the future is tackling the urgent, complex and worsening problem of obesity in Australia by making sure Victorians from all socioeconomic groups have access to healthy food and lifestyle choices.

Encouraging regular physical activity: more people making physical activity part of everyday living

The CSIRO *Our Future World* megatrends report revealed that the trend of increasing diabetes and obesity is being countered by an increase in positive fitness, with people more aware of health issues and investing more in fitness.

This trend was a driver of the 2014 launch of our new *Physical Activity, Sport and Walking Investment Plan* (2014 to 2018), a whole-of-population approach to making physical activity part of everyday life for Victorians. The plan includes five major funding opportunities for integrated initiatives that meet physical activity objectives.

This year, we undertook research with Griffith University's *Social Marketing @ Griffith* and discovered that women, in particular, are finding it increasingly difficult to exercise for a variety of reasons: from caring for children, to cost of access or not having someone to exercise with.

To address this, our Increasing Female Participation in Sport initiative has made support and funding available for Victorian sporting bodies to engage women and girls who do not normally participate in sports activities provided through clubs and competitions.

Another insight from research with Griffith University is that four times as many women are choosing to participate in non-organised or more flexible physical activity programs like yoga and swimming than organised physical activity. Our TeamUp app, which connects users with activities in their local neighbourhood, is particularly relevant for these women (and equally, men) who are looking for flexible, casual access to exercise.

Our Innovation Challenge: Physical Activity asked sporting bodies to take sport and physical activity in a new direction. We received more than 100 submissions and, in November 2014, a pool of $400,000 in start-up funding was awarded to seven innovative ideas; they included an app to raise money for charity while you run, gamified orienteering and limiting access to streets for a day of free, unstructured activity.

We are exploring and implementing bold new ways to address Victoria's health priorities with cutting-edge interventions, digital technologies, pioneering research and cross-sectoral knowledge.

This year, we also released two rounds of Active Club Grants, benefiting hundreds of sports and recreation clubs across Victoria. These rounds awarded more than $1.34 million worth of grants to 566 successful clubs to tackle two major barriers that prevent people from participating in sport and active recreation: cost and injury. These grants helped make clubs safer and more accessible by funding essential equipment like bats, portable goals, uniforms and balls, and items to prevent or manage injuries, such as safety gear.

We continue to explore the role parental fear plays in shaping children's independence and physical activity, such as the 48 per cent of Victorian parents of children aged nine to 15 worried about their children when they are not with an adult, because a stranger might approach them. We are using these insights to design effective multi-method behavioural change programs. In October 2014, our annual Walk to School month saw 78,628 students and 499 schools joining and recording more than 1.2 million walks. These numbers translate to a student participation increase of 142 per cent and school participation increase of 65 per cent on last year. More importantly, the nine-year campaign raised awareness of the need for children to make walking part of their daily routine to improve fitness and develop friendships, knowledge of their environment and their confidence.

Preventing harm from alcohol: more people fighting social pressure and moderating their alcohol consumption

The task of changing attitudes and behaviour around alcohol consumption is urgent. A report we co-funded with the Foundation for Alcohol Research and Education found that in Australia, 5554 deaths and 157,132 hospitalisations were caused by alcohol in 2010. The number of deaths had increased by 62 per cent since the study was last undertaken a decade ago. These statistics emphasise the need for decisive action.

However, our *Australians' attitudes toward their health, alcohol consumption and taking a break from alcohol* report found that eight out of ten Australians (77 per cent) are not worried about their drinking despite the fact that many drink at a level that is putting them at risk of harm.

Our 2013 Name That Point campaign taught us that 61 per cent of young drinkers in Victoria do not intend to get drunk when drinking and we learned that particularly among adults under 30 years of age, this intention could be strongly influenced by the attitudes and behaviours of friends and social networks. We applied these and other insights to the second phase of our Alcohol Cultural Change project, the No Excuses Needed mass-media campaign which challenged the cultural acceptability of drunkenness among young Victorians aged 16 to 29 years. The campaign ran between September 2014 and March 2015, and resulted in one-third of campaign viewers drinking less than before, and one-quarter actively thinking about Australian drinking culture.

Preventing tobacco use: more people living smoke-free and children protected from second-hand smoke

Australia has been a world-leader in cumulative measures to prevent disease associated with tobacco use. Actions such as the introduction of plain packaging have been highly effective at reducing cigarette sales. A founding goal of our organisation is to support more Victorians to live smoke-free, particularly those who are unable or unwilling to quit, and those from disadvantaged populations who may not be benefiting from current tobacco control activities.

VicHealth conducted a community attitudes survey that revealed 92 per cent of smoking or non-smoking parents agree that smokers should not be allowed to light up wherever they want. The survey shows community support for smoke-free areas, particularly to protect children from exposure to cigarettes. As of April 2015, the state government has banned smoking within four metres of centres caring for children such as play centres, kindergartens and schools. We congratulate the government on this move to protect our state's children from the well-established harmful effects of second-hand smoke, but more importantly to denormalise smoking.

In 2014 VicHealth hosted an international Tobacco Harm Reduction Forum, bringing together national and international tobacco control experts to share knowledge and experience about tobacco control, and discuss new trends and innovations in this area.

This year we also proudly celebrated 30 years of the Quit program, which has saved more than half a million Victorians from premature death. We have been proud to fund the Quit program as a major funder since our inception, and thank our partners, the Cancer Council Victoria and the state government, for their committed support over three decades.

Improving mental wellbeing: understanding community attitudes towards women and race

Mental wellbeing is a dynamic state in which people are able to develop their potential, work productively and creatively, build positive and respectful relationships with others, and meaningfully contribute to society.

An important aspect of our mental wellbeing work is developing pro-social behaviours; specifically, the prevention of violence against women and reduction of race-based discrimination.

Our 2014 *National Community Attitudes Towards Violence Against Women* survey, now the third survey since 1995, tracked whether views on violence and gender roles have shifted since the previous survey in 2009. In positive results, most people surveyed understood that domestic violence was a crime and that women were far more likely than men to be victims. Ninety-eight per cent of respondents would intervene if a woman they knew were the target of violence.

However, in more confronting results, a high number of Australians still believe that violence and rape can be excused.

The report concluded that above all else, the main influence on people's attitudes to violence against women was their understanding of the issue and how supportive they were of gender equality. The more they subscribed to conservative stereotypes about men and women, notably around men's role as the 'head' of the household, the more likely they were to excuse, trivialise or justify violent behaviour.

For us, the survey emphasises the need for cross-sectoral preventive action. Hence our Generating Equality and Respect (GEAR) program with Monash City Council and MonashLink Community Health Service is trialling a 'saturation' approach to gender equity and respect education and initiatives through a number of sites within their local government area. The learnings from GEAR will be vital for sustained and embedded change in communities and VicHealth will distribute these learnings broadly.

Our *Victorians' attitudes to race and cultural diversity* survey found that four out of five Victorians (78 per cent) are in favour of cultural diversity; however, two in five (40 per cent) could identify at least one group they believe does not 'fit into Australian society'. This has identified our need to increase participation and connection with Australian identity and culture, particularly for people from Muslim, Middle Eastern, African and refugee backgrounds, and promote inclusion among Victorians.

Where we are headed

This year, VicHealth's 28th since inception, was defined by innovation, creativity and forward thinking.

We are exploring and implementing bold new ways to address Victoria's health priorities with cutting-edge interventions, digital technologies, pioneering research and cross-sectoral knowledge. We are embracing this boldness while staying solidly grounded in evidence-based health promotion and innovation.

This coming year – and for the remaining eight years of the Action Agenda – all of our work will be shaped and defined by our organisational model which has three equally important approaches: innovate, inform and integrate.

We will harness the insights presented by digital technology to improve the reach and quality of our initiatives.

We will dig deeper to understand behaviour, correlating insights from behavioural economics, psychology and social anthropology to design interventions that encourage, support and enable people to make healthier choices.

We will continue to embrace social marketing as a critical way of using our understanding of the public's needs and wants, to drive change in awareness, attitudes and, ultimately, behaviour.

Importantly, we will remain focused by implementing the Action Agenda to strengthen our competencies and influence, share our expertise, lead high-impact projects and support good health policy while continuing to fund research and projects that improve Victorians' health.

We will continue to align with government priorities and complement the work of other agencies, to embrace the synergy we know achieves the best results for Victorians.

We will continue to operate with transparency and accountability, and with a focus on the sustainability of our actions.

We will be unceasing in our work to remove the barriers to better health and wellbeing, and reduce chronic illness among all Victorians.

We will continue to align with government priorities and complement the work of other agencies, to embrace the synergy we know achieves the best results for Victorians.

We are committed to reducing health inequities and will work so that every Victorian can have a fair opportunity to attain their full health potential.

Each and every staff member at VicHealth is driven to achieve our goals and aspirations. They can be immensely proud of the achievements of the last financial year and the work they are doing now that will yield results for many years to come. Thank you.

I also wish to thank our current Chair, John Catford and former Chair, Mark Birrell, and the VicHealth Board and Committees for their support, encouragement and guidance through our second year of the Action Agenda. The support we have enjoyed from the previous Minister for Health, The Hon. David Davis MP, and the current Minister for Health, The Hon. Jill Hennessy MP, as well as from across the Victorian Government, members of the Victorian Parliament, other government agencies and key partners, researchers and patrons, has given us the tools and confidence to be ambitious.

VicHealth has a unique role, a role which is increasingly important as our population struggles with the consequences of chronic, non-communicable disease. Our past year has been defined by innovation. Our next year will be defined by our ability to apply this year's learnings and match those with actions to meet the great health challenges of our time.

Jerril Rechter
Chief Executive Officer

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

Operational and budgetary objectives and performance against objectives

Budgetary performance

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

The VicHealth Board also set the following parameters on grant expenditure for the financial year. Our performance against these targets is summarised in Table 1.

Table 1: Performance against statutory and policy financial targets[i]

Performance measures	2014–15 range or minimum amount	2014–15 budget	2014–15 actual	2014–15 amount ($'000)
Statutory expenditure target[ii]				
Sporting bodies	30%	31%	31%	$11,403
Health promotion	30%	38%	39%	$14,418
Board policy expenditure target				
Promote healthy eating	5% to 10%	8%	9%	$3,497
Encourage regular physical activity	25% to 35%	31%	30%	$10,956
Prevent tobacco use	12% to 16%	13%	15%	$5,407
Prevent harm from alcohol[iii]	5% to 10%	4%	5%	$1,691
Improve mental wellbeing[iv]	11% to 18%	10%	9%	$3,145
Research and evaluation[v]	14% to 20%	14%	14%	$5,236

Notes:

(i) Percentage figures are calculated as expenditure as a proportion of our budgeted government appropriation for the financial reporting period. For the 2014–15 financial year our appropriation was $36,852,000. Figures exclude payments sourced from special funds.

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

(iii) If externally funded projects are included, expenditure becomes $3,351,000 or 9% of the appropriation.

(iv) If externally funded projects are included, expenditure becomes $4,046,000 or 11% of the appropriation.

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

Our operating performance against budget is summarised in Table 2.

Table 2: Operational performance against budget

Funding source	2014–15 actual ($'000)	2014–15 budget ($'000)
Total funds		
Total revenue	37,874	37,451
Total expenses	41,213	41,136
Total operating surplus/ (deficit)	(3,339)	(3,685)
Appropriation funds		
Revenue	37,189	37,429
Expenses	37,418	37,237
Operating surplus/(deficit) from appropriation	(230)	192
Special funding		
Revenue	686	22
Expenses	3,795	3,900
Operating surplus/(deficit) from special funding	(3,109)	(3,878)

VicHealth's operations can be viewed as having two distinct funding sources. VicHealth receives core funding from the Department of Health and Human Services (DHHS) to deliver its objectives as outlined in the *Tobacco Act 1987*. Additionally, VicHealth periodically receives special funding from various government agencies to deliver specific programs. Often this funding is received as a lump sum, with expenditure subsequently incurred to deliver the programs over multiple years. This has the potential to create either a large operating surplus or deficit in particular financial years, as the revenue is recorded in the year of receipt and expenses recorded when the expenditure is incurred. The past two financial years' operating result is illustrative of this timing mismatch.

Overall, the operating deficit for the year was $3.3 million, being $0.4 million less than the budget deficit of $3.7 million. This was predominantly due to the operating deficit from special funding being $0.8 million lower than budget which was partially offset by the appropriation funds generating a $0.2 million deficit rather than a surplus of $0.2 million.

VicHealth received special funding in prior financial years to deliver projects such as Alcohol Culture Change, Tobacco Control, National Community Attitudes Towards Violence Against Women survey and the state government's Action Plan to Address Violence against Women and Children. The expenditure on these and other projects this financial year was the key contributor to expenditure of $3.8 million being recorded and hence an operating deficit from special funding of $3.1 million being incurred. However, this was partially offset by an additional $0.6 million of special funding for new projects being received in late 2014–15 which will be expended next financial year.

The operating deficit from appropriation funds was $0.2 million. This was a deviation from the budget surplus of $0.2 million, with the variance in the overall operating result being mostly attributable to a decline in revenue with expenditure being consistent with the budget.

Total revenue was $0.4 million higher than budget due to the receipt of additional special funding ($0.6 million), partially offset by declines in the appropriation ($0.1 million) and interest income ($0.1 million) compared to budget.

Total expenditure of $41.1 million was consistent with the budget, although operating costs and personnel costs underspent by a combined $0.5 million due to measures implemented to reduce these costs, with the resultant cost savings being used to invest more monies in various health promotion programs and campaigns.

VicHealth Action Agenda for Health Promotion

OUR ORIGIN

VicHealth is a world-first health promotion foundation. We were established with all-Party support by the State Parliament of Victoria with the statutory objectives mandated by the *Tobacco Act 1987* (Vic):

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

OUR MODEL

INNOVATE
Drive bold new ways to address our health priorities

INFORM
Instigate action and broaden our impact

INTEGRATE
Embed interventions into the Victorian Prevention System

OUR ACTIONS

INNOVATE

- Cutting-edge interventions
- Digital technologies
- Pioneering research
- Cross-sectoral knowledge

INFORM

- Social marketing
- Public debate
- Communications
- Strategic partnerships

INTEGRATE

- Policy and best practice
- Supporting the Victorian Prevention System
- Strategic investments and co-funding
- Training and development

OUR FOCUS

Promote healthy eating

Encourage regular physical activity

Prevent tobacco use

Prevent harm from alcohol

Improve mental wellbeing

OUR 10-YEAR GOAL

More Victorians adopt a healthier diet

More Victorians engage in physical activity

More Victorians tobacco-free

More Victorians drink less alcohol

More Victorians resilient and connected

OUR THREE-YEAR PRIORITIES

More people choosing water and healthy food options

More people physically active, participating in sport and walking

More people smoke-free and less harm among resistant smokers

More people actively seeking the best ways to reduce alcohol-related harm

Build stronger approaches to resilience, focusing on young people

OUR COMMITMENT

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

OUR RESULTS

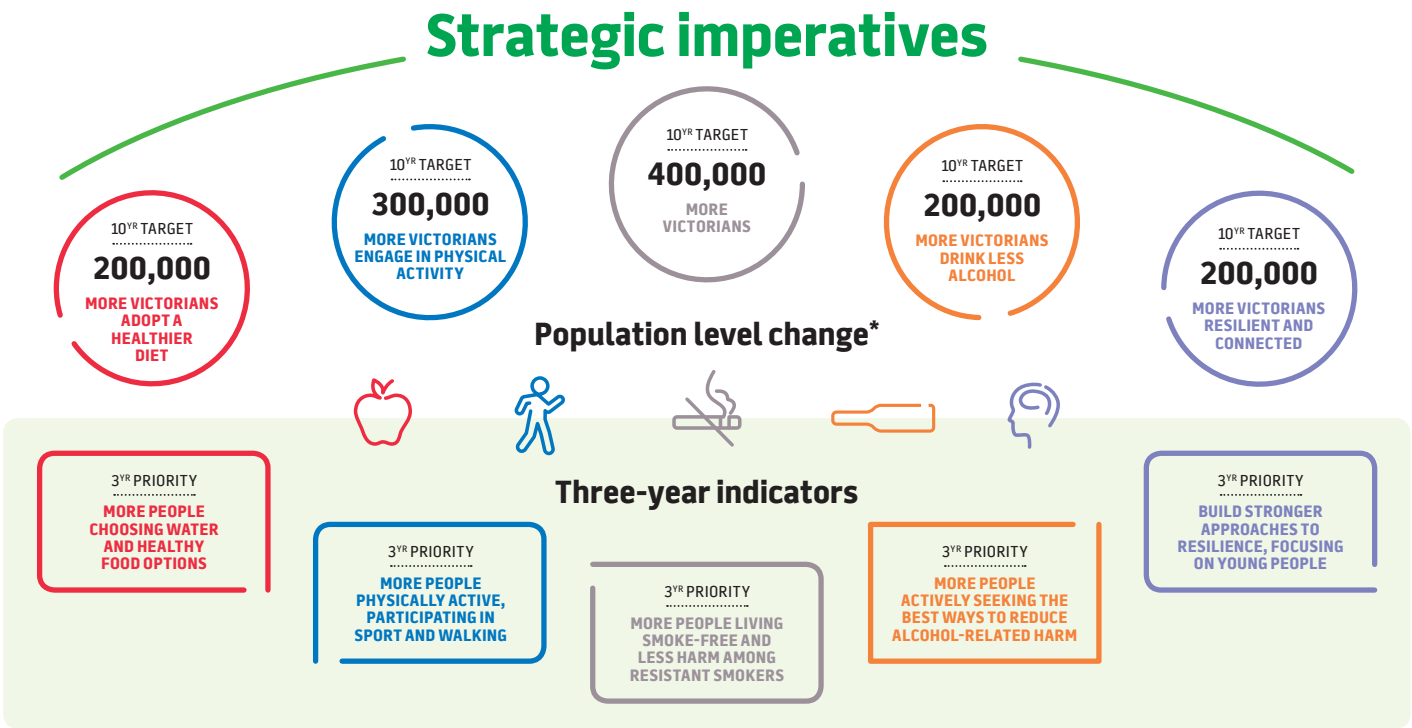
We track our progress through:

- Measuring effectiveness
- Evaluating processes
- Providing economic analysis
- Engaging with communities and professional reference groups.

VicHealth Action Agenda Scorecard

VicHealth's Action Agenda Scorecard is the system used to track our progress towards achieving targets set in the VicHealth Action Agenda for Health Promotion, our 10-year vision for championing the health and wellbeing of all Victorians. The 10-year population level targets are for the period July 2013–June 2023, and the three-year indicators are for July 2013–June 2016.

1,000,000 MORE VICTORIANS WITH BETTER HEALTH AND WELLBEING



*A technical paper describes the calculations underpinning these targets. As some individuals may achieve goals across more than one imperative, the total number in each 10-year target exceeds 1,000,000 to account for this.

Granting of funds

As part of its core business, VicHealth has continued to provide assistance to organisations to deliver program outputs against our strategic framework through the granting of funds for specific purposes.

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 3.

Table 3: Grant funding rounds[(i)] with payments totalling $250,000 or more during the reporting period

Funding round	No. of organisations receiving payments	Payments ($'000)
Active Club Grants	566	1,350
Alcohol Culture Change	13	1,362
Generating Equity and Respect	5	316
Good Sports Program	1	300
Healthy Sporting Environments	10	1,563
Increasing Female Participation in Sport	4	550
Innovation Challenge: Physical Activity	16	432
Innovation Research Grant	3	270
Leading Thinkers	4	353
National Community Attitudes Towards Violence Against Women Survey	6	314
Omenda VicHealth Koori Health Unit	1	480
Quit Victoria	3	5,379
State Sporting Association Participation Program	36	3,940
SunSmart	1	500
TeamUp	20	1,253
The McCaughey Centre	1	500
VicHealth Indicators	2	775
Walk to School	62	716
Water Initiative	13	1,204

Note:

(i) Grants include health promotion expenditure such as programs, funding rounds, research grants, campaigns and directly associated activities. Payments include $18.9 million from appropriation funds and $2.6 million from special purpose funds.

Details of significant project payments to individual organisations are provided in Table 4.

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

Organisation name	Project name(s)	Payments ($'000)
AFL Victoria Ltd	Alcohol Culture Change; Water Initiative: H30 sponsorship agreement; Increasing Female Participation in Sport	388
Australian Drug Foundation	#SoberSelfie; Alcohol Policy Coalition Collaborative Project Work: the use and promotion of alcohol in Victorian secondary schools; Good Sports Program	318
Behavioural Insights Team	Leading Thinkers Initiative	310
Cancer Council Victoria	Alcohol Legal Policy Project and National Alcohol Action Alliance; Obesity Prevention Policy Coalition; Quit Victoria; SunSmart	6,113
City of Melbourne	Active Cities Melbourne; Play Streets – Innovation Challenge: Physical Activity; Water Initiative: water refill station installation	398
Deakin University	Arts About Us Evaluation; Creating supermarket food environments that encourage healthy eating; Energy drinks conference; Evaluation of water fountains in City of Melbourne; Health Promotion Expert Rating of Apps; Mapping sites for water in City of Melbourne; NHMRC Partnership Project – Integrated Workplace Mental Health Promotion for the Prevention and Management of Mental Illness in the Workplace; Physical Activity Literature Review and Research Summary; The Food Alliance; The impact of park renewal on park usage and physical activity; Victorian consumer survey of knowledge, attitudes and behaviours related to salt intake; Victorian Food Systems Network; Young people in transition to work: scoping project	392
GippSport	Healthy Sporting Environments	310
Melbourne Stars Ltd	Water Initiative: H30 sponsorship agreement	260
Netball Victoria	Netball for All – SSAPP 2011–14 Priority Populations; CardioNET – Innovation Challenge: Physical Activity; TeamUp Partnership 2015	322
Tennis Australia	Get Into Cardio Tennis	250
The Social Research Centre Pty Ltd	Survey Partnership – National Community Attitudes Towards Violence Against Women Survey; VicHealth Indicators	847
The University of Melbourne	Review of the evidence relating to interventions to build resilience among children, adolescents and young adults; Alcohol Culture Change; Cochrane Public Health Group; How can food hubs catalyse healthy and resilient local food systems in Victoria?: Developing a food hub in the City of Casey; NHMRC Partnership – Does access to paid parental leave improve young mothers' social and economic participation and mental health?; Onemda VicHealth Koori Health Unit; Promoting Mental Health Of Children Living In Low Income Families; The Building Resilience Teacher Training Project; (fellowship) – The McCaughey Centre	1,367
Victoria Walks Inc.	Local Government Area Grant Program to create new park and walk options at primary schools; Victoria Walks	375

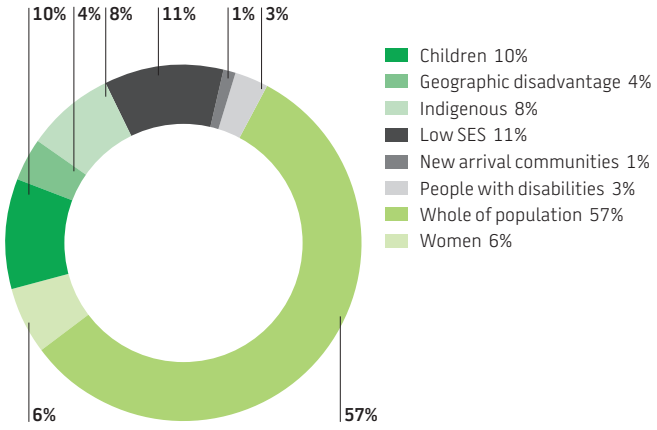
Note:

(i) Payments include $10.4 million from appropriation funds and $1.3 million from special purpose funds.

Target populations

Fifty-seven per cent of our grant funding was targeted at whole-of-population approaches to health promotion. The remaining 43 per cent was targeted at one or more of our target populations as summarised in Graph 1.

Graph 1: Allocation of grant expenditure across target population groups[(i)]



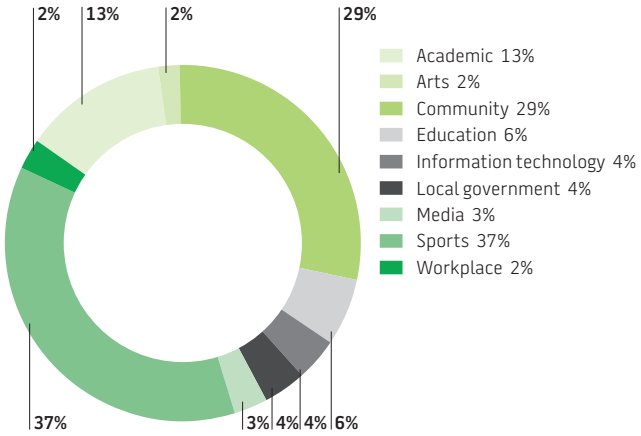
Note:

(i) Percentages are used to provide a relative indicator of investment across target populations. The percentages are a proportion of grant payments from appropriated revenue expended on each population group.

Settings

The proportion of grant funding allocated within each setting is provided in Graph 2. The largest setting is Sports which reflects VicHealth's statutory obligation to provide grants to sporting bodies, closely followed by grants which focus on the community.

Graph 2: Allocation of grant expenditure across settings[(i)]



Note:

(i) Percentages are used to provide a relative indicator of investment across settings. The percentages are a proportion of grant payments from appropriated revenue expended within each setting.

Five-year financial summary

Table 5: Five-year financial summary

	2015 ($'000)	2014 ($'000)	2013 ($'000)	2012 ($'000)	2011 ($'000)
Revenue from government	37,503	37,328	41,173	40,657	35,381
Total income	37,874	37,704	41,574	41,101	35,756
Total expenses	41,213	38,672	40,327	38,259	37,627
Net surplus/(deficit) for the period	(3,339)	(968)	1,247	2,842	(1,871)
Total assets	5,825	9,415	10,488	11,871	6,308
Total liabilities	3,283	3,534	3,639	6,269	3,548
Total equity	2,542	5,881	6,849	5,602	2,760

Major changes affecting performance

Overall, VicHealth incurred an operating deficit of $3.3 million. The fact that special funding is usually received in one financial year, and then expended in subsequent financial years, tends to cause significant fluctuations in VicHealth's revenue, expenditure and operating results.

The operating result from special purpose funding has accounted for a $3.1 million operating deficit, whereas a modest operating deficit of $0.2 million from appropriation funds was generated.

Revenue of $37.8 million was consistent with last year. The core funding received from the DHHS under the *Tobacco Act 1987* was $36.9 million. This was higher than the prior year, after accounting for an increase due to indexation, but was partially offset by the receipt of less special purpose funds and interest income reflecting the decline in interest rates.

Total expenditure on program delivery and operating costs of $41.2 million increased by $2.5 million from the prior year. Expenditure from appropriation funds was higher than last year, but was broadly consistent with the increase in the appropriation received. This increased expenditure was invested in additional health promotion programs and campaigns and also to fund enterprise agreement wage increases. Other operating costs were consistent with last year due to strategies implemented to mitigate cost escalations. Expenditure associated with special purpose funding programs was $3.8 million, representing an increase of $1.2 million, due to the phase of programs, which were substantially completed by late 2014–15.

VicHealth's assets are $5.8 million, comprising mostly bank balances ($4.4 million) and receivables ($0.7 million). Whilst maintaining cash reserves at a fiscally responsible level within VicHealth's cash management parameters, the cash balances have declined significantly from June 2014 as monies that were previously quarantined for special purpose projects have been expended during the year.

Total liabilities amounted to $3.3 million at balance date. VicHealth historically tends to have a relatively large amount of payables ($2.2 million) as at June, reflecting the operating cycle of grant payments. Additionally, leave provisions of $1.1 million are split between long service leave and annual leave entitlements.

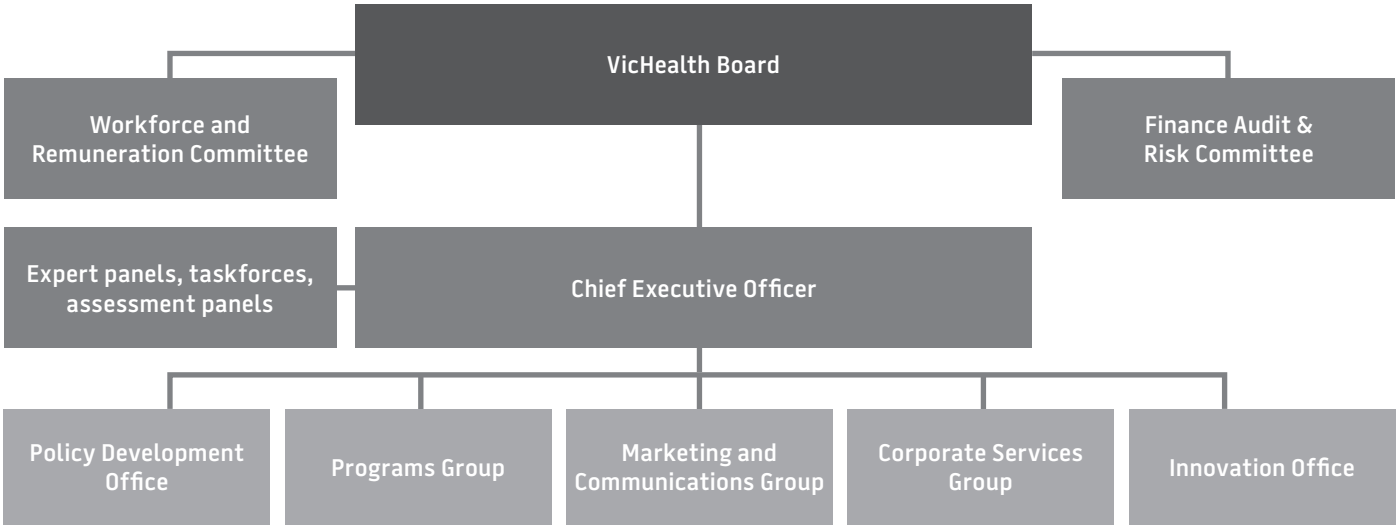
As at balance date, reserves attributed to unspent special funds amount to $0.7 million compared to $4.1 million last year, which reflects that during the year special purpose funding received in prior financial years was substantially expended and projects largely completed. Retained earnings of $1.8 million are, in part, earmarked for allocation for a potential future upgrade of our IT applications.

Subsequent events

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

Section 2: VicHealth organisation structure

VicHealth organisation structure



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

Policy Development Office

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

Programs Group

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

Marketing and Communications Group

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

Corporate Services Group

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

Innovation Office

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

Executive Management

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

Chief Executive Officer
Ms Jerril Rechter

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

Executive Manager, Marketing and Communications Group (Acting)
Ms Liz Sannen (13 June 2015 to 30 June 2015)

Executive Manager, Marketing and Communications Group
Ms Kerry Grenfell (1 July 2014 to 12 June 2015)

Executive Manager, Programs Group
Dr Bruce Bolam

Lead, Innovation Office (Acting)
Dr Lyn Roberts (25 April 2015 to 30 June 2015)

Lead, Innovation Office
Mr Nick Boyle (1 July 2014 to 24 April 2015)

Lead, Policy Development Office
Mr Darryl Kosch (19 January 2015 to 30 June 2015)

Lead, Policy Development Office (Acting)
Dr Lyn Roberts (13 August 2014 to 18 January 2015)

Employee Committees

VicHealth has a number of cross-organisational employee committees or groups to assist management in operations:

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

VicHealth Board

The VicHealth Board members during the year were:

Mr Mark Birrell – Chair (until 23 September 2014)

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

He is currently the Chairman of Infrastructure Australia, the Port of Melbourne Corporation, and Citywide. He is also the President of the Victorian Employers' Chamber of Commerce and Industry.

Other roles have included being founding Chairman of Infrastructure Partnerships Australia, Deputy Chairman of the Board of Australia Post and Chairman of Evans & Peck Limited. Mr Birrell is a Fellow of the Australian Institute of Company Directors.

Professor John Catford – Chair (15 October 2014 to 30 June 2015); Acting Chair (24 September to 14 October 2014); Deputy Chair (1 July to 23 September 2014)

Professor Catford is Executive Director, Academic and Medical, at Epworth HealthCare. He was previously Deputy Vice-Chancellor, Vice-President and Dean (Faculty of Health, Medicine, Nursing and Behavioural Sciences) at Deakin University.

Having trained as a pediatrician and public health physician, he was Chief Health Officer and Executive Director of Public Health for the Victorian Government from 1998 to 2002. In 1994 to 1995, he worked for the World Health Organization as Health Policy and Public Health Adviser to health ministers in Central and Eastern Europe. Professor Catford is Chair of the Editorial Board of the journal *Health Promotion International* published by Oxford University Press, which he helped establish in 1986 and was Editor-in-Chief until 2013. He has published widely with more than 300 publications, and was co-author of the WHO's Ottawa Charter for Health Promotion in 1986, the Bangkok Charter for Health Promotion in a Globalized World in 2005, and the Nairobi Call to Action for Closing the Implementation Gap in Health Promotion in 2009.

He is currently one of three Commissioners on the reopened Hazelwood Mine Fire Inquiry with special responsibilities for considering ways to improve the health of the Latrobe Valley.

Ms Nicole Livingstone OAM – Deputy Chair (15 October 2014 to 30 June 2015); Acting Deputy Chair (24 September to 14 October 2014)

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

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

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

Ms Susan Crow

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

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

Ms Margot Foster AM

Ms Foster has a wealth of experience on not-for-profit boards, both government and private, and currently serves as Chairman of Vicsport, President of the Melbourne University Sports Association, member of the committee of the Women of the MCC, among others, as well as mentoring and advising young women rising through the sports system. She has significant governance, management and leadership experience arising from her many board roles and professional life as a lawyer.

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

Ms Foster was awarded an AM in the 2015 Queen's Birthday Honours for her significant service in sports administration and governance, as an elite athlete and for support for women's sport.

Mr Nick Green OAM

Mr Green is an experienced leader who has worked in senior roles across numerous areas including elite high-performance sport, governance, finance and government relations. He is currently Chief Executive Officer of Cycling Australia.

Before this, he spent six years at the Victorian Major Events Company, his last position being Group Manager of Acquisition and Development. He is President of the Victorian Olympic Council, an Executive Board Member of the Australian Olympic Committee, and a Fellow and Director of Leadership Victoria.

Nick has attended seven 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 (dual Olympic Champion – rowing 1992 and 1996).

Mr Peter Gordon (1 July to 23 September 2014)

Mr Gordon is a lawyer in private practice and a leader in smoking and health litigation in Australia. He was first appointed to the VicHealth Board in 2006, and during his time on the Board he has taken on the roles of Deputy Chair, Chair of Victoria Walks and Chair of the Australian Community Centre for Diabetes.

Mr Gordon is President of Footscray (Western Bulldogs) Football Club, a former AFL Director (1990–93), and was founding co-Chair of the McCabe Centre for Law and Cancer. He currently serves as Director of Gordon Legal, and Comprehensive Legal Funding LLC.

Professor Margaret Hamilton AO

Professor Hamilton has over 45 years' experience in the public health field, specialising in alcohol and drugs including clinical work, education and research. She has a background in social work and public health and was the Founding Director of Turning Point Alcohol and Drug Centre in Victoria and Chair of the Multiple and Complex Needs Panel in Victoria.

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

Professor Hamilton contributes to many other advisory groups in the areas of children in out-of-home care, youth drug problems, alcohol policy and research. She has recently been appointed to the Civil Society Task Force planning for the Special Session of the United Nations' General Assembly meeting on drugs in 2016.

Professor Hamilton holds an honorary position at the University of Melbourne and is retired but remains active.

Professor Mike Morgan

Professor Morgan is Head of the Melbourne Dental School and Chair of Population Oral Health at the University of Melbourne. Mike is currently President of the Australian Dental Council Governing Board and chairs the Health Professions Accreditation Councils' Forum.

His principal research and teaching areas of interest are in Population Oral Health, focusing on oral disease prevention and oral health promotion.

Professor Ruth Rentschler OAM MAICD

Professor Rentschler is an experienced non-profit director. Chair of the Academic Board, and Chair and Professor in Arts Management at Deakin University, she is also a member of University Council and the University Executive. She is on the boards of the Art Gallery of Ballarat, Multicultural Arts Victoria and the Duldig Gallery as well as the boards of the international arts management association (AIMAC) and various refereed journals.

Professor Rentschler has worked with national, state and local organisation boards. In addition, she has conducted governance research in Australia for visual arts organisations, arts ministries, performing arts organisations (to name a few) and has spoken internationally on the topic in the UK, Europe and Taiwan as an invited keynote speaker. In 2015 she published a book for Routledge UK on arts governance.

Mr Stephen Walter

Mr Walter is a corporate affairs professional with over 35 years' experience in corporate communications, stakeholder relations, marketing and business development gained through the public and private sectors. He is currently principal and owner of Persuade Consulting, specialising in sports management and public affairs advisory services. Previous to this, he was Group General Manager Corporate Public Affairs and Chief of Staff 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 Opera Australia.

The Members of Parliament appointed to the Board are:

Mr Neil Angus MLA (1 July to 22 August 2014)

Neil Angus was elected to the Victorian Parliament as the member for Forest Hill in November 2010 and was appointed soon after as a member of the Public Accounts and Estimates Committee. Prior to entering Parliament, he was a chartered accountant in public practice for over 25 years, specialising in audit and investigations.

Mr Angus has been actively involved in the community for many years, serving on the board of a range of not-for-profit organisations, including his children's school and his local church. He is married and has four children.

Ms Danielle Green MLA (1 July to 22 August 2014)

Danielle Green is MP for the district of Yan Yean, to which she was elected in 2002 and re-elected in 2006 and 2010. As at August 2014, she was Shadow Minister with responsibilities for these portfolios: Child Safety, Disability Services, Health Promotion, and Women. She has been a member of the Australian Labor Party since 1988.

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

Board vacancies

As of the end of June 2015, VicHealth had a total of seven Board member vacancies comprising the three Members of Parliament, two Board members and a further two Board members' terms expiring with effect from 30 June 2015. We look forward to the appointment of Members of Parliament and new Board members early in the new financial year.

Finance, Audit and Risk Committee

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

During the reporting period, the Committee members were:

Ms Sally Freeman (Independent) – Chair
Mr Neil Angus MLA (1 July to 22 August 2014)
Ms Danielle Green MLA (1 July to 22 August 2014)
Mr Peter Moloney (Independent)
Professor Ruth Rentschler OAM
Mr John Thomson (Independent)

Workforce and Remuneration Committee

The purpose of the Committee is to review the CEO's performance and remuneration. Additionally, it provides strategic advice to the CEO on workforce strategy and planning, organisational structure, human resources policies and alignment of VicHealth's policies with relevant industrial relations and employment legislation and Victorian government policies.

During the reporting period, the Committee members were:

Ms Nicole Livingstone – Chair (26 February to 30 June 2015)
Professor John Catford – Chair (1 July 2014 to 25 February 2015)
Mr Mark Birrell, Deputy Chair (1 July 2014 to 23 September 2014)
Professor Margaret Hamilton AO
Mr Stephen Walter (25 February to 30 June 2015)

Advisory Governance Framework

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

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

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

During 2014–15 the following were formed:

Expert panels

- Mental Wellbeing
- Social Marketing
- Tobacco Harm Reduction

Taskforces

- Alcohol Culture Change
- Quit Victoria Review

Assessment panels

- Australian Research Council Linkage
- Arts Innovation Challenge
- Community Activation
- Female Participation in Physical Activity
- Regional Sport Program
- State Sport Program
- VicHealth Innovation Challenge – Alcohol
- VicHealth Innovation Challenge – Physical Activity

Board and Committee attendance register

Board	No. of meetings attended in 2014–15	Eligible meetings in 2014–15
Mr Mark Birrell, Chair (1 July to 23 September 2014)	1	1
Prof John Catford, Chair (15 October 2014 to 30 June 2015); Acting Chair (24 September to 14 October 2014); Deputy Chair (1 July to 23 September 2014)	6	6
Mr Neil Angus MP (1 July to 22 August 2014)	1*	0
Ms Susan Crow	6	6
Ms Margot Foster AM	6	6
Mr Peter Gordon (1 July to 23 September 2014)	0	1
Ms Danielle Green MP (1 July to 22 August 2014)	1*	0
Mr Nick Green OAM	4	6
Prof Margaret Hamilton AM	6	6
Ms Nicole Livingstone OAM, Deputy Chair (15 October 2014 to 30 June 2015); Acting Deputy Chair (24 September to 14 October 2014)	6	6
Prof Mike Morgan	4	6
Prof Ruth Rentschler OAM	3	6
Mr Stephen Walter	6	6

*Attended 26 August 2014 meeting as an observer

Finance, Audit and Risk Committee	No. of meetings attended in 2014–15	Eligible meetings in 2014–15
Ms Sally Freeman, Chair	4	4
Mr Neil Angus MP (1 July to 22 August 2014)	1	1
Ms Danielle Green MP (1 July to 22 August 2014)	0	1
Mr Peter Moloney	3	4
Prof Ruth Rentschler OAM	4	4
Mr John Thomson	4	4

Workforce and Remuneration Committee	No. of meetings attended in 2014–15	Eligible meetings in 2014–15
Ms Nicole Livingstone OAM, Chair (26 February to 30 June 2015)	1*	1
Prof John Catford, Deputy Chair (26 February to 30 June 2015); Chair (1 July 2014 to 25 February 2015)	2	2
Mr Mark Birrell, Deputy Chair (1 July to 23 September 2014)	0	0
Prof Margaret Hamilton AO	2	2
Mr Stephen Walter (25 February to 30 June 2015)	1	1

*Attended 16 October 2014 meeting as an observer

Section 3: Workforce data

Occupational Health and Safety (OHS) management

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

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

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

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

Our performance against key OHS indicators during the 2014–15 financial year is summarised in Table 6.

Table 6: Performance against OHS management measures

Measure	Indicator	2014–15	2013–14
Incidents	No. of incidents	4	3
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.

Enterprise Agreement

In late 2013–14, VicHealth reached an in-principle agreement with employees and the union for a new multi-year agreement (June 2014 to May 2017). The terms and conditions of this agreement are consistent with the Victorian Government's Public Sector Workplace Relations Policy. In October 2014, the VicHealth Enterprise Agreement 2014 was approved by the relevant government agencies and the Fair Work Commission and has subsequently superseded the VicHealth Enterprise Agreement 2010.

Equity and diversity principles

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

In further support of this, VicHealth has established a Diversity Committee comprising employee representatives from all groups of the organisation. The primary objectives of this Committee are to:

- be responsible for the development and oversight of action plans (including the Reconciliation Action Plan and Disability Action Plan) to meet legal and moral obligations
- provide input into current organisational practices to ensure positive diversity outcomes and to promote best practice examples externally
- promote and celebrate diversity across the organisation.

Public administration values and employment principles

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

VicHealth annually reviews its suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, performance management and managing diversity.

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

Healthy workplace

VicHealth registered to become a healthy workplace as part of the Healthy Together Victoria Achievement program. There are five health priority areas outlined in the program that are closely aligned to our externally focused strategic imperatives:

- healthy eating
- physical activity
- mental health and wellbeing
- alcohol
- smoking.

During the year, VicHealth became the second employer to achieve recognition in all five healthy workplace benchmarks. This recognition has been led by the VicHealth Employee Wellbeing and OH&S Committee in consultation with employees. Specific initiatives included healthy eating and catering guidelines, financial support to quit smoking and undertake physical activity, installation of sit/stand desks, and flexible working arrangements.

In the coming years, VicHealth aims to capitalise on this initial recognition and develop additional actions to enhance its status as a healthy workplace.

Workforce data

Table 7: Employee headcount (HC) and full-time equivalent (FTE)

	June 2015			June 2014		
	Ongoing	*Fixed-term & casual*	**Total**	*Ongoing*	*Fixed-term & casual*	**Total**
Employee headcount (HC)	68	9	**77**	70	8	**78**
Full-time (HC)	56	6	**62**	58	5	**63**
Part-time (HC)	12	3	**15**	12	3	**15**
Full-time equivalent (FTE)	65	7.4	**72.4**	66.8	6.8	**73.6**

Table 8: Breakdown of headcount by gender

	June 2015						June 2014					
Gender	*Ongoing*		*Fixed-term & casual*		**Total**		*Ongoing*		*Fixed-term & casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Male	23	22.8	1	1	**24**	**23.8**	22	21.8	2	2	**24**	**23.8**
Female	45	42.2	8	6.4	**53**	**48.6**	48	45	6	4.8	**54**	**49.8**
Total	**68**	**65**	**9**	**7.4**	**77**	**72.4**	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**

Table 9: Breakdown of headcount by age

	June 2015						June 2014					
Age	*Ongoing*		*Fixed-term & casual*		**Total**		*Ongoing*		*Fixed-term & casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Up to 19	0	0	0	0	**0**	**0**	0	0	0	0	**0**	**0**
20–24	0	0	1	1	**1**	**1**	0	0	1	1	**1**	**1**
25–29	9	9	0	0	**9**	**9**	11	11	1	0.8	**12**	**11.8**
30–34	20	19.8	5	4.6	**25**	**24.4**	20	19.6	4	3.8	**24**	**23.4**
35–39	12	11	1	1	**13**	**12**	11	10.5	0	0	**11**	**10.5**
40–44	9	8.4	0	0	**9**	**8.4**	12	10.9	0	0	**12**	**10.9**
45–49	8	7.6	1	0.6	**9**	**8.2**	4	3.7	0	0	**4**	**3.7**
50–54	4	3.8	1	0.2	**5**	**4**	3	2.8	2	1.2	**5**	**4**
55–59	5	4.6	0	0	**5**	**4.6**	8	7.3	0	0	**8**	**7.3**
60–64	1	0.8	0	0	**1**	**0.8**	1	1	0	0	**1**	**1**
65+	0	0	0	0	**0**	**0**	0	0	0	0	**0**	**0**
Total	**68**	**65**	**9**	**7.4**	**77**	**72.4**	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**

Table 10: Breakdown of headcount by classification

	June 2015						June 2014					
Classification	*Ongoing*		*Fixed-term & casual*		**Total**		*Ongoing*		*Fixed-term & casual*		**Total**	
	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE	HC	FTE
Grade A	2	1.8	1	1	**3**	**2.8**	3	2.7	1	1	**4**	**3.7**
Grade B	1	1	0	0	**1**	**1**	2	2	0	0	**2**	**2**
Grade C	14	13.4	0	0	**14**	**13.4**	13	12.6	0	0	**13**	**12.6**
Grade D	29	27.8	7	5.4	**36**	**33.2**	30	28.4	6	4.8	**36**	**33.2**
Grade E	18	17	1	1	**19**	**18**	17	16.1	1	1	**18**	**17.1**
Grade F	0	0	0	0	**0**	**0**	0	0	0	0	**0**	**0**
Executives	4	4	0	0	**4**	**4**	5	5	0	0	**5**	**5**
Total	**68**	**65**	**9**	**7.4**	**77**	**72.4**	**70**	**66.8**	**8**	**6.8**	**78**	**73.6**

Notes:

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

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

'FTE' means full-time staff equivalent.

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

Executive Officer data

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

Table 11: Breakdown of Executive Officers

	Headcount		
	Male	*Female*	*Vacancies*
CEO	0	1	0
Executives Managers	2	0	1
Office Lead	1	0	1
Total	**3**	**1**	**2**

The number of executives in the Report of Operations is based on the number of executive positions that are occupied at the end of the financial year.

Table 12: Reconciliation of executive numbers

		2014–15
	Executives with remuneration over $100,000	3
Add	Vacancies (Table 11)	2
	Executives employed with total remuneration below $100,000	0
	Accountable Officer (CEO)	1
Less	Separations	2
Total executive numbers at 30 June		**4**

Section 4: Other disclosures

Consultancies

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

Consultant	Purpose of consultancy [i]	2014–15 total approved project fee ($'000)	2014–15 actual expenditure ($'000)	Future expenditure ($'000) [ii]
Achemar Advisory	Business consulting services	26	26	0
Arnold Block Leibler	Legal services	22	22	0
Blue Connections	Systems consulting services	34	34	0
Consicious Workplaces	Human resources consulting services	16	16	0
Corrs Chambers Westgarth	Legal services	15	15	0
Enabling Better Business	Systems consulting services	13	13	0
Enterprise Knowledge	Business consulting services	20	20	18
Forrester	Business consulting services	19	19	0
Hays Specialist Recruitment Pty Ltd	Recruitment services	34	34	0
Hinton Talent Solutions	Recuitment services	10	10	0
Holding Redlich	Legal services	14	14	0
Integrated Knowhow	Business consulting services	22	22	0
Jo Fisher Executive Pty Ltd	Recuitment services	15	15	15
LR Associates	Business consulting services	81	81	0
Maddocks Lawyers	Legal services	61	61	0
Mercer (Australia) Pty Ltd	Human resources consulting services	63	63	0
Pinnacle Group Australia	Human resources consulting services	22	22	0
Practicus Australia Pty Ltd	Record management and business consulting	39	39	10
Reactive Media Pty Ltd	Media consulting services	72	72	0
Rebecca Zosel	Business consulting services	14	14	0
Smart Logic Mapping	Systems consulting services	12	12	0
The Kinetica Group	Business consulting services	24	24	0
Victorian Government Solicitor's Office	Legal services	40	40	0

Note:

(i) Consultantancy agreements cover the period 1 July 2014 to 30 June 2015.

(ii) Unless otherwise indicated there is no ongoing contractual commitment to these consultants. These consultants may be engaged beyond June 2015 as required.

Details of consultancies under $10,000

In 2014–15, there were 28 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during the financial year in relation to these consultancies is $86,000 (excl. GST).

Advertising expenditure

VicHealth delivered the following campaigns in the last financial year, for which the media expenditure was greater than $150,000:

Table 14: Advertising expenditure during 2014–15 ($'000 excluding GST)

Name of campaign	Campaign summary	Start/end date	Advertising (media)	Creative and campaign development	Research and evaluation expenditure	Print and collateral expenditure	Other campaign expenditure
TeamUp	TeamUp is an innovative app that encourages Victorians to connect with others through local physical activities. TeamUp motivates Victorians to be active, and to stay active.	01/07/14–30/06/15	$151	$248	$35	$0	$1,210
No Excuse Needed	The 'No Excuse Needed' campaign drove culture change by challenging perceived social norms around drinking. The campaign worked to normalise a more moderate drinking culture among the target audience.	01/09/15–31/01/15	$948	$284	$63	$6	$108
H30 Challenge (Water Initiative)	The H30 Challenge encourages Victorians to switch sugary drinks for water for 30 days and reap the health benefits.	19/09/14–28/02/15	$420	$99	$44	$6	$933

VicHealth also ran the following campaigns for which the paid media expenditure was less than $150,000:

- Walk to School – a month-long activity in October 2014 encouraging primary-school children to walk to and from school more often.
- General health promotion posts (e.g. Facebook, Twitter) raising awareness for and encouraging action on various VicHealth initiatives across the five strategic imperatives – promoting healthy eating, encouraging physical activity, preventing tobacco use, reducing alcohol harm, improving mental wellbeing.

Disclosure of major contracts

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

VicHealth retains one existing contract over $10 million, which is a four-year grant provided to the Cancer Council Victoria's Tobacco Control Unit for the Quit Victoria program as part of our commitment to resolving harm from tobacco. The total value of the contract is $19.7 million and the contract period is for four years, ending in December 2015.

Compliance with the *Building Act 1993*

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

Freedom of Information

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

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

For the 12 months ending 30 June 2015, VicHealth received no applications.

Compliance with the *Protected Disclosure Act 2012*

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

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

No disclosures were made within the financial reporting period.

VicHealth Disability Action Plan

VicHealth is committed to improving the health of all Victorians, including those with a disability. Many of the barriers to better health experienced by Victorians with a disability are not due to physical or intellectual limitations, but are instead due to the attitudes, practices and structures in society that are, in fact, disabling. Changes to these societal factors will prevent the disadvantage that results in unequal health outcomes.

For VicHealth, this starts with our own practice. As a public body, we are also required under the *Victorian Disability Act 2006* to develop a Disability Action Plan (DAP) and report our progress.

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

VicHealth is pleased to report that it has implemented most of these initiatives, although further work is planned for in 2015–16, including updating our DAP.

VicHealth Reconciliation Action Plan

VicHealth has a strong history of working collaboratively with Aboriginal and Torres Strait Islander communities to meet locally identified needs in culturally appropriate ways. VicHealth's first Reconciliation Action Plan (RAP) is one of a number of mechanisms that VicHealth will implement over the period of our new Action Agenda to ensure that we are supporting best practice in Aboriginal health promotion, both with our partner organisations and within our own organisation.

VicHealth released its RAP in 2013. The RAP outlines practical actions VicHealth will undertake to build a stronger relationship and enhance respect with Aboriginal and Torres Strait Islander peoples. During the year, VicHealth continued to implement a number of actions including culture awareness sessions for employees, developing Indigenous language protocols and an Indigenous governance framework, and encouraging staff to participate in National Reconciliation and NAIDOC weeks. Further action is planned in 2015–16 as we also look towards updating our RAP.

Victorian Industry Participation Policy

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

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

National Competition Policy

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

Office-based environmental impacts

VicHealth has implemented actions to reduce its electricity consumption and, over the past three years, consumption has decreased slightly. VicHealth will be looking at ways to further reduce electricity consumption in the future and, additionally, will investigate other initiatives to operate in an environmentally sustainable manner.

Additional information available on request

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

For further information please contact:
Chief Finance and Accounting Officer
Victorian Health Promotion Foundation
15–31 Pelham St
Carlton VIC 3053
Phone: (03) 9667 1333
Fax: (03) 9667 1375

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

I, John Catford, certify that the Victorian Health Promotion Foundation has:

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

Professor John Catford
Chair of the Board
13 August 2015

Attestation on data integrity

I, Jerril Rechter, certify that VicHealth has put in place appropriate internal controls and processes to ensure that reported key financial data reasonably reflects actual performance. VicHealth has critically reviewed these controls and processes during the year.

VicHealth is of the opinion that data sets reasonably reflects actual performance, however, cannot attest to full compliance with all aspects of 3.4.13 Information Collection and Management, Standing Directions under the *Financial Management Act 1994*.

VicHealth has implemented an action plan to address the areas of partial compliance by September 2015.

Ms Jerril Rechter
Accountable Officer and Chief Executive Officer
13 August 2015

Attestation for compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

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

Ms Jerril Rechter
Accountable Officer and Chief Executive Officer
13 August 2015

Financial Statements
Victorian Health Promotion Foundation
2014–15

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2015 and financial position of VicHealth at 30 June 2015.

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.

Prof John Catford
Chair of the Board

Melbourne
13 August 2015

Ms Jerril Rechter
Accountable Officer

Melbourne
13 August 2015

Mr Dale Mitchell
Chief Finance and Accounting Officer

Melbourne
13 August 2015

VAGO
Victorian Auditor-General's Office

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Melbourne VIC 3000
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Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Victorian Health Promotion Foundation

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Victorian Health Promotion Foundation which comprises the comprehensive operating statement, balance sheet, statements of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board member's, accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Victorian Health Promotion Foundation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Health Promotion Foundation as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
17 August 2015

John Doyle
Auditor-General

Comprehensive operating statement
for the financial year ended 30 June 2015

	Notes	2015 ($'000)	2014 ($'000)
Income from transactions			
General appropriations		36,852	35,736
Special appropriations		656	1,190
Grants and other income transfers	2(b)	45	402
Interest income	2(a)	196	310
Other income		125	66
Total income		**37,874**	**37,704**
Expenses from transactions			
Employee expenses	3(a)	8,184	7,546
Depreciation and amortisation	3(b)	100	74
Grants and other expense transfers	3(c)	29,915	28,055
Other operating expenses	3(d)	3,014	2,997
Total expenses		**41,213**	**38,672**
Net result for the year		**(3,339)**	**(968)**
Comprehensive result for the year		**(3,339)**	**(968)**

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

Balance sheet
as at 30 June 2015

	Notes	2015 ($'000)	2014 ($'000)
Assets			
Current assets			
Cash and cash equivalents	4	4,415	8,056
Receivables	5	679	990
Prepayments		224	48
Total current assets		**5,318**	**9,094**
Non-current assets			
Property, plant and equipment	6	274	225
Intangible assets	7	233	96
Total non-current assets		**507**	**321**
Total assets		**5,825**	**9,415**
Current liabilities			
Payables	8	2,156	2,520
Provisions: Employee benefits	9	890	726
Total current liabilities		**3,046**	**3,246**
Non-current liabilities			
Provisions: Employee benefits	9	237	288
Total non-current liabilities		**237**	**288**
Total liabilities		**3,283**	**3,534**
Net assets		**2,542**	**5,881**
Equity			
Accumulated surplus/(deficit)		1,816	1,822
Reserves	10	726	4,059
Total equity		**2,542**	**5,881**

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

Statement of changes in equity
for the financial year ended 30 June 2015

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

2014	Equity at 1 July 2013 ($'000)	Transfer of reserves ($'000)	Total comprehensive result ($'000)	Equity at 30 June 2014 ($'000)
Accumulated surplus/(deficit)	1,705	–	(968)	737
Transfer from/(to) reserves	–	1,085	–	1,085
Total accumulated surplus/(deficit)	**1,705**	**1,085**	**(968)**	**1,822**
Reserves	5,144	–	–	5,144
Transfer (from)/to reserves	–	(1,085)	–	(1,085)
Total reserves	**5,144**	**(1,085)**	**–**	**4,059**
Total equity	**6,849**	**–**	**(968)**	**5,881**

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 2015

	Notes	2015 ($'000)	2014 ($'000)
Cash flows from operating activities			
Receipts from Government		37,438	38,318
Receipts from other entities		194	516
Interest received		228	273
Goods and Services Tax (paid to)/refund from the ATO		3,290	2,785
Total receipts		**41,150**	**41,892**
Payments			
Payment of grants and other transfers		(32,665)	(31,456)
Payments to suppliers and employees		(11,839)	(10,184)
Total payments		**(44,504)**	**(41,640)**
Net cash flow provided by/(used in) operating activities	**15**	**(3,354)**	**252**
Cash flows from investing activities			
Payments for non-financial assets		(287)	(208)
Net cash flows provided by/(used in) investing activities		**(287)**	**(208)**
Net increase/(decrease) in cash and cash equivalents		**(3,641)**	**44**
Cash and cash equivalents at the beginning of the year		8,056	8,012
Cash and cash equivalents at the end of the year	**4**	**4,415**	**8,056**

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

Notes to the financial statements
for the year ended 30 June 2015

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Notes to the financial statements
for the year ended 30 June 2015

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 2015. The purpose of the report is to provide users with information about VicHealth's stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

The annual financial statements were authorised for issue by the Board of VicHealth on 13 August 2015.

(b) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2015, and the comparative information presented in these financial statements for the year ended 30 June 2015.

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

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

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

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

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

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

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

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

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

Notes to the financial statements
for the year ended 30 June 2015

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

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

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

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

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

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

(c) Reporting entity

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

VicHealth
15–31 Pelham Street
Carlton VIC 3053

VicHealth was established under the *Tobacco Act 1987*.

The Act stipulates that VicHealth's objectives are to:

(a) fund activity related to the promotion of good health, safety or the prevention and early detection of disease

(b) increase awareness of programs for promoting good health in the community through the sponsorship of sports, the arts and popular culture

(c) encourage healthy lifestyles in the community, and support activities involving participation in healthy pursuits

(d) fund research and development activities in support of these objects.

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

(d) Scope and presentation of financial statements

Comprehensive operating statement

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

Balance sheet

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

Statement of changes in equity

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

Cash flow statement

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

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

(e) Change in accounting policies

Subsequent to the 2013-14 reporting period there have been no new or revised Accounting Standards adopted by VicHealth for the first time.

Notes to the financial statements
for the year ended 30 June 2015

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

(f) Income from transactions

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

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

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

Appropriation income

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

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

Special appropriations relates to funding to deliver specific programs.

Government grants and other transfers of income

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

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

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

Interest income

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

(g) Expenses from transactions

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

Employee expenses

Employee expenses include:

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

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

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

Defined contribution superannuation plans

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

Defined benefit superannuation plans

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

Notes to the financial statements
for the year ended 30 June 2015

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

Depreciation

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

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

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

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

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

Amortisation

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

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

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

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

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

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

Interest expense

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

Grants and other expense transfers

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

Other operating expenses

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

Occupancy costs

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

General administration

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

Information systems

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

Bad and doubtful debts

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

Disposal of non-financial assets

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

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

Project specific expenses

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

Personnel costs

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

Impairment of non-financial assets

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

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

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

(h) Financial assets

Cash and deposits

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

Receivables

Receivables consist of:

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

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

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

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

Investments

Investments are classified in the following categories:

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

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

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

Impairment of financial assets

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

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

Notes to the financial statements
for the year ended 30 June 2015

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

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

(i) Non-financial assets

Property, plant and equipment

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

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

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

Revaluations of non-current physical assets

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

This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes. Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.

In accordance with *FRD 103F*, VicHealth's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Intangible assets

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

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

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

Prepayments

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

Disposal of non-financial assets

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

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.

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

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

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

(j) Liabilities

Payables

Payables consist of:

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

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

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

Provisions

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

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

Employee benefits

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

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

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

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

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

(ii) Long service leave

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

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

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.

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

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

(iii) Termination benefits

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

(iv) On-costs

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

(k) Leases

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

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

Operating leases

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

Lease incentives

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

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

Leasehold Improvements

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

(l) Equity

Contributions by owners

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

Reserves

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

Notes to the financial statements
for the year ended 30 June 2015

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

(m) Commitments

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

(n) Contingent assets and contingent liabilities

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

(o) Goods and Services Tax (GST)

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

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

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

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

(p) Events after the reporting period

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

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

(q) Rounding of amounts

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

(r) Comparative information

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

(s) Financial instruments

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

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Loans and receivables

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

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

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

Financial liabilities at amortised cost

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

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

Notes to the financial statements
for the year ended 30 June 2015

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

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

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2015 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises VicHealth of their applicability and early adoption where applicable.

As at 30 June 2015, the following standards and interpretations have been issued by the AASB but are not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. VicHealth has not early adopted these standards.

Standard/ interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* *[AASB 10, AASB 124 & AASB 1049]*	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.

Notes to the financial statements
for the year ended 30 June 2015

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

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014–15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2014–15 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-1 *Amendments to Australian Accounting Standards [PART D – Consequential Amendments arising from AASB 14 Regulatory Deferral Accounts only]*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]*
- AASB 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*
- AASB 2015-4 *Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent [AASB 127, AASB 128]*
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception [AASB 10, AASB 12, AASB 128]*

Notes to the financial statements
for the year ended 30 June 2015

Note 2. Income from transactions

	2015 ($'000)	2014 ($'000)
(a) Interest		
Interest on treasury deposits	40	182
Interest on bank deposits	156	128
Total interest	**196**	**310**
(b) Grants and other income transfers		
Other grants	45	402
Total grants and other income transfer	**45**	**402**

Notes to the financial statements
for the year ended 30 June 2015

Note 3. Expenses from transactions

	2015 ($'000)	2014 ($'000)
(a) Employee expenses		
Salaries, wages, and leave payments	7,369	6,657
Defined contribution superannuation expense	657	580
Defined benefits superannuation expense	12	17
Termination benefits	27	185
Other on-costs	119	107
Total employee expenses	**8,184**	**7,546**
(b) Depreciation and amortisation		
Depreciation		
Office equipment	37	11
Fixtures and fittings	2	1
Motor vehicles	9	10
Total depreciation	**48**	**22**
Amortisation – IT software	52	52
Total depreciation and amortisation	**100**	**74**
(c) Grants and other expense transfers		
General purpose grants	28,370	26,203
Project specific expenses	1,545	1,852
Total grants and other expense transfers	**29,915**	**28,055**
(d) Other operating expenses		
Personnel costs	680	490
Occupancy costs	723	689
Board and committee members fees	146	138
External audit fees (Victorian Auditor General's Office)	21	21
Internal audit fees	71	58
General administration	785	755
Information systems	588	846
Total	**3,014**	**2,997**

Notes to the financial statements
for the year ended 30 June 2015

Note 4. Cash and cash equivalents

	2015 ($'000)	2014 ($'000)
Cash on hand	1	1
Cash at bank	2,030	257
Bank deposits at call	384	4,798
Term deposit	2,000	3,000
Total cash and cash equivalents	**4,415**	**8,056**

Note 5. Receivables

	2015 ($'000)	2014 ($'000)
Contractual		
Trade debtors	88	56
Accrued income	15	47
Other debtors	–	56
Total contractual receivables	**103**	**159**
Statutory		
GST credits receivable	576	831
Total statutory receivables	**576**	**831**
Total receivables	**679**	**990**

Note 6. Property, plant and equipment

(a) Property, plant and equipment schedule

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2015 ($'000)	2014 ($'000)	2015 ($'000)	2014 ($'000)	2015 ($'000)	2014 ($'000)
Office equipment	444	197	203	167	241	30
Office furniture	19	19	18	18	1	1
Fixtures and fittings	815	815	809	806	6	9
Motor vehicles	52	52	26	17	26	35
Capital works in progress	–	150	–	–	–	150
Total	**1,330**	**1,233**	**1,056**	**1,008**	**274**	**225**

(b) Property, plant and equipment reconciliation

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

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

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

2014	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)	Capital works in progress ($'000)	Total ($'000)
Fair value						
Opening balance	188	19	815	52	–	**1,074**
Additions	9	–	–	–	150	**159**
Transfers	–	–	–	–	–	**–**
Fair value closing balance	**197**	**19**	**815**	**52**	**150**	**1,233**
Accumulated depreciation						
Opening balance	156	18	805	7	–	**986**
Depreciation	11	–	1	10	–	**22**
Accumulated depreciation closing balance	**167**	**18**	**806**	**17**	**–**	**1,008**
Written-down value	**30**	**1**	**9**	**35**	**150**	**225**

(c) Fair value measurement hierarchy for assets

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

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

		Fair value measurement[(i)] at end of reporting period using:		
2014	**Carrying amount as at 30 June 2014 ($'000)**	**Level 1 ($'000)**	**Level 2 ($'000)**	**Level 3 ($'000)**
Office equipment	30	–	–	30
Office furniture	1	–	–	1
Fixtures and fittings	9	–	–	9
Motor vehicles	35	–	–	35
Capital works in progress	150	–	–	150
Written-down value	**225**	**–**	**–**	**225**

Note:

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

There were no changes in valuation techniques throughout the period to 30 June 2015.

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

Vehicles

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

Office equipment, furniture and fixtures and fittings

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

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

(d) Reconciliation of level 3 fair value

2015	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)
Opening balance	**30**	**1**	**9**	**35**
Purchases/(sales)	248	–	–	–
Transfers in/(out) of Level 3	–	–	–	–
Gains or losses recognised in net result				
Depreciation	(37)	–	(3)	(9)
Closing balance	**241**	**1**	**6**	**26**

2014	Office equipment ($'000)	Office furniture ($'000)	Fixtures and fittings ($'000)	Motor vehicles ($'000)
Opening balance	**32**	**1**	**10**	**45**
Purchases/(sales)	9			
Transfers in/(out) of Level 3	–	–	–	–
Gains or losses recognised in net result				
Depreciation	(11)	–	(1)	(10)
Closing balance	**30**	**1**	**9**	**35**

Notes to the financial statements
for the year ended 30 June 2015

Note 7. Intangible assets

	2015 ($'000)	2014 ($'000)
Cost		
Opening balance	1,108	1,058
Additions	190	50
Cost closing balance	**1,298**	**1,108**
Accumulated amortisation		
Opening balance	1,012	960
Amortisation expense	53	52
Accumulated amortisation closing balance	**1,065**	**1,012**
Written-down value	**233**	**96**

Note 8. Payables

	2015 ($'000)	2014 ($'000)
Contractual payables		
Accrued wages and salaries	51	152
Accrued grants payable	1,277	1,338
Accrued expenses	48	66
Trade creditors	774	960
Total contractual payables	**2,150**	**2,516**
Statutory payables		
GST/PAYG payable	6	4
Total statutory payables	**6**	**4**
Total payables	**2,156**	**2,520**

Notes to the financial statements
for the year ended 30 June 2015

Note 9. Provisions: Employee benefits

	2015 ($'000)	2014 ($'000)
Current provisions		
Annual leave	453	374
Long service leave	339	283
On-costs Annual leave	51	39
Long service leave	47	30
Total current provisions	**890**	**726**
Current employee benefits		
Expected to be utilised within 12 months	597	504
Expected to be utilised after 12 months	293	222
Total current employee benefits	**890**	**726**
Non-current provisions		
Long service leave	208	260
On-costs	29	28
Total non-current provisions	**237**	**288**
Total provisions	**1,127**	**1,014**
Movement in employee benefits		
Opening balance	1,014	903
Settlement made during the year	(802)	(688)
Provision made during the year	915	799
Balance at end of year	**1,127**	**1,014**

Notes to the financial statements
for the year ended 30 June 2015

Note 10. Reserves

	2015 ($'000)	2014 ($'000)
Externally funded programs reserve		
Alcohol Cultural Change	38	1,697
Active Cities	–	300
National Community Attitudes Towards Violence Against Women Survey	183	640
Office of Women's Affairs	157	300
Tobacco Control	–	1,000
Victorian Law Enforcement Drug Fund	270	–
Other	78	122
Total externally funded programs reserve	**726**	**4,059**

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

Note 11. Superannuation

	Paid contribution for the year	
	2015 ($'000)	2014 ($'000)
Defined benefit plan		
ESS Super New Scheme	12	10
PSS Super New Scheme	–	7
Total defined benefit plan	**12**	**17**
Defined contribution plan		
VicSuper	325	297
Hesta	53	46
Australian Super	45	33
Vision Super	33	26
Other	393	313
Total defined contribution plan	**849**	**715**
Total superannuation contributions	**861**	**732**

Payment to superannuation funds include employer superannuation contributions, salary sacrifice and after tax employee contributions.

Notes to the financial statements
for the year ended 30 June 2015

Note 12. Lease commitments

Leasing arrangements

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

	2015 ($'000)	2014 ($'000)
Non-cancellable operating lease commitments		
No longer than one year	631	590
Longer than one year and not longer than five years	2,570	2,470
Longer than five years	511	1,177
Total	**3,712**	**4,237**

Note 13. Expenditure commitments

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

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

	2015 ($'000)	2014 ($'000)
Expenditure commitments		
No longer than one year	10,411	15,095
Longer than one year and not longer than five years	5,121	4,542
Total	**15,532**	**19,637**

Notes to the financial statements
for the year ended 30 June 2015

Note 14. Financial instruments

(a) Financial risk management objectives and policies

VicHealth's principal financial instruments comprise of:

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

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

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

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

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

	Contractual financial assets and liabilities			
	2015 Financial assets/ liabilities ($'000)	**2015 Holding gain/(loss) ($'000)**	**2014 Financial assets/ liabilities ($'000)**	**2014 Holding gain/(loss) ($'000)**
Financial assets				
Cash and deposits	4,415	196	8,056	310
Loans and receivables[(i)]	103	–	159	–
Total financial assets	**4,518**	**196**	**8,215**	**310**
Financial liabilities				
Contractual Payables[(i)]	2,150	–	2,516	–
Total financial liabilities	**2,150**	**–**	**2,516**	**–**

Note:

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

Note 14. Financial instruments (cont'd)

(b) Credit risk

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

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

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

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

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

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

2015	Financial institutions (AAA credit rating) ($'000)	Government agencies (AAA credit rating) ($'000)	Other (AA credit rating) ($'000)	Other (AA- credit rating) ($'000)	Other (no credit rating) ($'000)	Total ($'000)
Cash and cash equivalents	–	–	–	4,414	1	**4,415**
Contractual receivables	–	–	–	–	103	**103**
Total	**–**	**–**	**–**	**4,414**	**104**	**4,518**
2014						
Cash and cash equivalents	1,000	–	–	7,055	1	**8,056**
Contractual receivables	–	–	–	–	159	**159**
Total	**1,000**	**–**	**–**	**7,055**	**160**	**8,215**

Note 14. Financial instruments (cont'd)

Table 14.3 Ageing analysis of contractual financial assets

			Past due but not impaired				
2015	**Carrying amount ($'000)**	**Not past due and not impaired ($'000)**	**Less than 1 month ($'000)**	**1–3 months ($'000)**	**3 months to 1 year ($'000)**	**1–5 years ($'000)**	**Impaired financial assets ($'000)**
Cash and cash equivalents	4,415	4,415	–	–	–	–	–
Contractual receivables	103	99	–	–	4	–	–
Total	**4,518**	**4,514**	**–**	**–**	**4**	**–**	**–**
2014							
Cash and cash equivalents	8,056	8,056	–	–	–	–	–
Contractual receivables	159	158	–	–	1	–	–
Total	**8,215**	**8,214**	**–**	**–**	**1**	**–**	**–**

Note 14. Financial instruments (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that VicHealth would be unable to meet its financial obligations as and when they fall due. VicHealth's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. VicHealth manages its liquidity risk as follows:

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

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

VicHealth's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

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

Table 14.4 Maturity analysis of contractual financial liabilities

			Maturity dates			
2015	**Carrying amount ($'000)**	**Nominal amount ($'000)**	**Less than 1 month ($'000)**	**1–3 months ($'000)**	**3 months to 1 year ($'000)**	**1–5 years ($'000)**
Contractual payables	2,150	2,150	2,065	76	9	–
Total	**2,150**	**2,150**	**2,065**	**76**	**9**	**–**
2014						
Contractual payables	2,516	2,516	2,469	42	5	–
Total	**2,516**	**2,516**	**2,469**	**42**	**5**	**–**

Note 14. Financial instruments (cont'd)

(d) Market risk

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

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

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

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

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

Table 14.5 Interest rate exposure of financial assets and liabilities

			Interest rate exposure		
2015	**Weighted average interest rate (%)**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	1.4%	4,415	2,000	384	2,031
Contractual receivables	–	103	–	–	103
Total financial assets	**–**	**4,518**	**2,000**	**384**	**2,134**
Financial liabilities					
Contractual payables	–	2,150	–	–	2,150
Total financial liabilities	**–**	**2,150**	–	**–**	**2,150**

			Interest rate exposure		
2014	**Weighted average interest rate (%)**	**Carrying amount ($'000)**	**Fixed interest rate ($'000)**	**Variable interest rate ($'000)**	**Non-interest bearing ($'000)**
Financial assets					
Cash and deposits	2.6%	8,056	3,000	4,798	258
Contractual receivables	–	159	–	–	159
Total financial assets	**–**	**8,215**	**3,000**	**4,798**	**417**
Financial liabilities					
Contractual payables	–	2,516	–	–	2,516
Total financial liabilities	**–**	**2,516**	**–**	**–**	**2,516**

Note 14. Financial instruments (cont'd)

(e) Sensitivity disclosure analysis

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

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

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

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

Table 14.6 Interest risk exposure – sensitivity analysis

		-100 basis points	+100 basis points	-100 basis points	+100 basis points
2015	**Carrying amount ($'000)**	**Net result ($'000)**	**Net result ($'000)**	**Equity ($'000)**	**Equity ($'000)**
Financial assets					
Cash and cash deposits	4,415	(24)	24	(24)	24
Receivables	103	–	–	–	–
Total financial assets	**4,518**	**(24)**	**24**	**(24)**	**24**
Financial liabilities					
Payables	2,150	–	–	–	–
Total financial liabilities	**2,150**	**–**	**–**	**–**	**–**
2014					
Financial assets					
Cash and cash deposits	8,056	(78)	78	(78)	78
Receivables	159	–	–	–	–
Total financial assets	**8,215**	**(78)**	**78**	**(78)**	**78**
Financial liabilities					
Payables	2,516	–	–	–	–
Total financial liabilities	**2,516**	**–**	**–**	**–**	**–**

Note 14. Financial instruments (cont'd)

(f) Fair value

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

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

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

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

	2015 ($'000)	2014 ($'000)
Net result for the period	**(3,339)**	**(968)**
Non-cash movements		
Depreciation and amortisation	100	74
Movements in assets and liabilities		
(Increase)/decrease in receivables	311	1,280
(Increase)/decrease in prepayments	(176)	(30)
Increase/(decrease) in payables	(364)	(216)
Increase/(decrease) in provisions	114	112
Net cash flows from/(used in) operating activities	**(3,354)**	**252**

Notes to the financial statements
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Note 16. Responsible persons disclosures

(a) Responsible persons appointments and remuneration

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

Responsible Minister

The Hon. David Davis MLC, Minister for Health
1/07/2014 – 3/12/2014

The Hon. Jill Hennessy, MLA, Minister for Health
4/12/2014 – 30/06/2015

Governing Board

Mr Mark Birrell, Chair	1/07/2014 – 23/09/2014
Professor John Catford	
- Chair	24/09/2014 – 30/06/2015
- Deputy Chair	1/07/2014 – 23/09/2014
Ms Nicole Livingstone OAM	
- Deputy Chair	24/09/2014 – 30/06/2015
- Member	1/07/2014 – 23/09/2014
Mr Neil Angus MLA	1/07/2014 – 22/08/2014
Ms Susan Crow	1/07/2014 – 30/06/2015
Ms Margot Foster AM	1/07/2014 – 30/06/2015
Mr Peter Gordon	1/07/2014 – 23/09/2014
Ms Danielle Green MLA	1/07/2014 – 22/08/2014
Mr Nick Green OAM	1/07/2014 – 30/06/2015
Professor Margaret Hamilton AO	1/07/2014 – 30/06/2015
Professor Michael Morgan	1/07/2014 – 30/06/2015
Professor Ruth Rentschler OAM	1/07/2014 – 30/06/2015
Mr Stephen Walter	1/07/2014 – 30/06/2015

Accountable Officer

Ms Jerril Rechter	1/07/2014 – 30/06/2015

Note 16. Responsible persons disclosures (cont'd)

Remuneration of responsible persons

Income band	2015 No.	2014 No.
$0–9,999	5	7
$10,000–19,999	8	8
$280,000–289,999	1	1
Total numbers	**14**	**16**
Total amount	**$420,138**	**$393,472**

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

Note 16. Responsible persons disclosures
(cont'd)

(b) Related party transactions

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

	2015 ($'000)	2014 ($'000)
Australian Drug Foundation of which Professor Margaret Hamilton has declared a pecuniary interest	350	390
Cancer Council Victoria of which Professor Margaret Hamilton served as a Board member within the period	6,736	4,643
Cricket Victoria of which Ms Susan Crow served as a Board member within the period	156	102
Cycling Australia of which Mr Nick Green served as a Board member within the period	192	–
Deakin University of which Professor John Catford and Professor Ruth Rentschler served as employees within the period	–	469
Deakin University of which Professor Ruth Rentschler served as an employee within the period	464	–
Leadership Victoria of which Mr Nick Green served as a Board member within the period	3	–
Melbourne City Football Club of which Ms Susan Crow served as an employee within the period	252	99
Monash University of which Professor John Catford served as an employee within the period	126	83
Tennis Australia of which Mr Stephen Walker served as a consultant within the period	275	–
University of Melbourne of which Professor Michael Morgan served as an employee within the period	1,509	1,297
VicSport of which Ms Margot Foster served as a Board member within the period	242	176
Victorian Employers' Chamber of Commerce and Industry of which Mr Mark Birrell served as a Board member within the period	–	1
Western Bulldogs Football Club of which Mr Peter Gordon served as a Board member within the period	–	220

Note 17. Remuneration of executives

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

	Total remuneration		Base remuneration	
Income band	**2015 No.**	**2014 No.**	**2015 No.**	**2014 No.**
$ 20,000 – 29,999	–	2	–	2
$ 30,000 – 39,999	–	1	–	1
$ 60,000 – 69,999	1	1	1	1
$ 100,000 – 109,999	–	–	1	–
$ 130,000 – 139,999	1	–	–	–
$ 160,000 – 169,999	–	2	–	–
$ 170,000 – 179,999	–	1	1	2
$ 180,000 – 189,999	–	–	2	1
$ 190,000 – 199,999	2	–	–	–
$ 220,000 – 229,999	1	–	–	–
Total numbers	**5**	**7**	**5**	**7**
Total annualised employee equivalent [(i)]	**4**	**5**	**4**	**5**
Total amount	**$814,649**	**$690,423**	**$715,563**	**$664,283**

Note:

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

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

Notes to the financial statements
for the year ended 30 June 2015

Note 18. Contingencies

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

	2015 ($'000)	2014 ($'000)
Contingent assets	–	–
Contingent liabilities	–	–

Note 19. Ex-gratia payments

VicHealth made no ex-gratia payments during the year ended 30 June 2015 or 30 June 2014.

Note 20. Economic support

VicHealth is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services. VicHealth has a three-year service agreement with the Department of Health and Human Services, which commenced in July 2012. VicHealth's budget is required to be submitted to the Minister for Health for approval annually, as per the requirements of the *Tobacco Act 1987*.

Note 21. Events subsequent to balance date

There have been no events that have occurred subsequent to 30 June 2015 which would, in the absence of disclosure, cause the financial statements to become misleading.

Section 6: Disclosure index

Disclosure index

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

Legislation	Requirement	Page reference
Ministerial Directions		
Report of operations – FRD Guidance		
Charter and purpose		
FRD 22C	Manner of establishment and the relevant Ministers	Page 8
FRD 22C	Objectives, functions, powers and duties	Page 8
FRD 22C	Nature and range of services provided	Page 8
Management and structure		
FRD 22C	Organisational structure	Page 24
Financial and other information		
FRD 10	Disclosure index	Page 83
FRD 12A	Disclosure of major contracts	Page 34
FRD 15B	Executive officer disclosures	Page 32 & 81
FRD 22C, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	Page 16–17
FRD 22C	Employment and conduct principles	Page 29
FRD 22C	Occupational health and safety policy	Page 29
FRD 22C	Summary of the financial results for the year	Page 23
FRD 22C	Significant changes in financial position during the year	Page 23
FRD 22C	Major changes or factors affecting performance	Page 23
FRD 22C	Subsequent events	Page 23
FRD 22C	Application and operation of *Freedom of Information Act 1982*	Page 35
FRD 22C	Compliance with building and maintenance provisions of *Building Act 1993*	Page 35
FRD 22C	Statement on National Competition Policy	Page 36
FRD 22C	Application and operation of the *Protected Disclosure Act 2012*	Page 35
FRD 22C	Details of consultancies over $10,000	Page 33
FRD 22C	Details of consultancies under $10,000	Page 33
FRD 22C	Statement of availability of other information	Page 36
FRD 24C	Reporting of office-based environmental impacts	Page 36
FRD 25	Victorian Industry Participation Policy disclosures	Page 36
FRD 29	Workforce Data disclosures	Page 30
SD 4.5.5	Risk management compliance attestation	Page 36
SD 4.2(g)	General information requirements	Page 36
SD 4.2(j)	Sign-off requirements	Page 7
SD 3.4.13	Attestation on data integrity	Page 37
SD 4.5.5.1	Attestation on insurance	Page 37

Legislation	Requirement	Page reference
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Financial statements		
Financial statements required under Part 7 of the FMA		
SD 4.2(a)	Statement of changes in equity	Page 45
SD 4.2(b)	Operating statement	Page 43
SD 4.2(b)	Balance sheet	Page 44
SD 4.2(b)	Cash flow statement	Page 46
Other requirements under Standing Direction 4.2		
SD 4.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 48
SD 4.2(a)	Statement of compliance	Page 48
SD 4.2(d)	Rounding of amounts	Page 57
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Other disclosures as required by FRDs in notes to the financial statements		
FRD 9A	Departmental disclosure of administered assets and liabilities	n/a
FRD 11	Disclosure of ex-gratia payments	Page 82
FRD 13	Disclosure of parliamentary appropriations	Page 43
FRD 21A	Responsible person and executive officer disclosures	Page 78
FRD 102	Inventories	n/a
FRD 103E	Non-current physical assets	Page 63–66
FRD 104	Foreign currency	n/a
FRD 106	Impairment of assets	Page 53–54
FRD 109	Intangible assets	Page 67
FRD 107	Investment properties	n/a
FRD 110	Cash flow statements	Page 46
FRD 112A	Defined benefit superannuation obligations	Page 69
FRD 113	Investments in subsidiaries, jointly controlled entities and associates	n/a
FRD 114A	Financial instruments	Page 71–77
FRD 119	Contributions by owners	Page 45
Legislation		
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Disability Action Plan		Page 35
Financial Management Act 1994		Page 40 & 48
Freedom of Information Act 1982		Page 35
Protected Disclosure Act 2012		Page 35
Victorian Industry Participation Policy Act 2003		Page 36

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