



REPORT OF THE
**health
sponsorship
council**

Te Rōpū Whakatairanga Hauora

For the year ended June 30 1997



Contents

4	Statement of Purpose
4	Chairman's Report
6	Social Marketing Activity Review
6	Smoketree Teens
7	Smoketree Maori
8	Smoketree Community
9	SunSmart
10	Street-Skills
11	Mandatory Sponsorships
13	Discretionary Sponsorships
14	Membership
16	Statement of Responsibility
16	Report of the Audit Office
18	Output Class One: Social Marketing Activities
22	Statement of Financial Position
23	Statement of Financial Performance
23	Statement of Movements in Equity
24	Statement of Cashflows

Directory
HEAD OFFICE
Norseman House
Level 2, 120 Featherston Street
Wellington

POSTAL ADDRESS
PO Box 2142
Wellington

AUDITOR
Audit New Zealand
Wellington
on behalf of the
Controller and Auditor - General

Released under the Official Information Act

MISSION STATEMENT

To encourage the New Zealand public's adoption and maintenance of healthy lifestyles.

OVERALL OBJECTIVE

To contribute to the building of a social environment supportive of the Council's mission by communicating social messages in appropriate and credible ways to influence thinking and action. Core activities include:

- maintaining health brand identities reflecting New Zealand's public health priorities
- promoting brand identities through focused sponsorship and communication devices
- providing brand leadership to assist organisations contracting, marketing or delivering products or services bearing Health Sponsorship Council or complementary public health brand names
- replacing tobacco sponsorship with health sponsorship

The mission and objective reflect the roles and responsibilities of the Council, which were established under the Smokefree Environments Act 1990.

chairman's report

The Health Sponsorship Council communicates social messages to audiences in appropriate and credible ways to influence thinking and action. Essentially, Council is a social change agent, marketing social messages to benefit the community. Council's use of social marketing is complementary to other ways in which the Government pursues its public health goals but is differentiated by its emphasis on consumer and community approaches to social problems.

Originally Council was established as a transitional sponsor of sporting and cultural activities which, in the past, relied on the sponsorship of tobacco companies for their survival. Government's role was to replace tobacco images with positive health messages for a three year period per activity. Three health brands (Smokefree, SunSmart and Street-Skills) were developed and the Council markets these, using sponsorship and promotional devices, to deliver health messages.

Unfortunately, the role as a transitional sponsor of tobacco replacement activities has somewhat limited the Council. It has locked it into a select number and type of events which have not necessarily reached the audiences who most need to be influenced by these health brands (young New Zealanders and Maori, in particular). To compensate, the Council has used its social marketing expertise and a limited budget to develop a discretionary programme of communication devices focused specifically on these key audiences.

At present only the initial seeds of this programme have been sown. However, in-roads have already been made in capturing the attention of these at-risk audiences, communicating positive health messages in meaningful ways. Great potential exists to further develop this programme and so achieve a health return for Government.

Opportunity for such development now exists. During the year under review the Council started to manage its way out of the tobacco replacement programme. The year ahead sees the end of the Council's involvement in this area. These mandatory sponsorships have now enjoyed their three years of transitional sponsorship and so will move out from under the umbrella of statutory financial backing, into the marketplace. Effectively, Council's role in tobacco replacement is coming to an end. This provides Council with the opportunity to further develop its social marketing programmes.

Consequently, the past year has been spent preparing Council for the changes that are afoot in this next period. Considerable attention has been accorded to strengthening activities within the discretionary programme to maximise influence amongst key audiences. In particular Council has spent the year re-imaging its primary discretionary programme - the Smokefree collection of sponsorships - resulting in a much stronger social marketing approach which permeates the packaging and delivery of activities within this programme.

No longer does Smokefree represent tobacco replacement, rather, it suggests new attitudes and actions regarding healthy lifestyles. Activities within the Smokefree Teen programme have been re-focused and a range of contemporary communication devices produced to ensure fashionability with teens, the Auahi Kore programme has been officially launched comprising a selection of by Maori for Maori activities and events, and *Making Sport Smokefree* has driven the

Community programme aiming to raise the profile of Smokefree sporting codes in this country.

These changes have resulted in a new energy and enthusiasm for this brand and the community is already noticing the results. Recent research conducted with teenagers recorded them as saying that 'Smokefree is a brand that is on our side and is a welcome part of our culture'. This is a remarkable achievement and shows what social marketing can achieve.

Indeed, the achievements to date demonstrate that considerable gains have been made using social marketing to deliver health messages and achieve national health goals. This includes the establishment of coherent health brands for the three health messages, the efficiencies and effectiveness derived from Council's collaborative approach to programme development and delivery (involving government, business and community partnerships) and the resulting high public profile of the health issues the Council deals with.

Undoubtedly, the Council will continue to play an important future role contributing to the context in which effective health promotion occurs. The year ahead should see the Council working to develop into a fully integrated social marketing agency focused on addressing a range of social issues.


Tony Steel
CHAIRMAN

Smokefree Teens

The teenage years are the experimentation years, and behaviour such as smoking becomes a rite of passage for many young people wishing to assert and demonstrate their growing independence. At this time, more than at any other developmental time, teenagers are extremely susceptible to images and emotions that promote risky behaviour. Issues regarding health are not exempt and images promoting these actions encourage susceptible teenagers to experiment.

Agencies like the Council are constantly battling with the legacy of what has been promoted in the past (by the tobacco companies) and what is promoted currently (smoking images in movies, on the catwalk and the current glamorisation of cigar smoking for instance).

To present alternatives to this rite of passage the Council has developed a range of communication and sponsorship strategies and devices to ensure it reaches teens with messages and images that position Smokefree as a desirable choice. These strategies are all informed by research with this audience to ensure the content, context and delivery is appropriate and relevant.

Research undertaken during the year led to a significant change in the way Council communicated with and reached teenagers. Results indicated that a music/fashionability mix was clearly the means by which health messages were most likely to cut through to teenagers susceptible to taking up smoking. Consequently, the programme was pared down from a number of sponsorships to just the Xtra Smokefree Rockquest and Smokefree Stage Challenge for Smokefree Teens, and the Smokefree Activate Sport for Youth and Smokefree Maui Warrior for Smokefree Pre-Teens. (The development of the pre-teen focus was in response to research conducted during the year which indicated that children are experimenting with smoking at a younger age).

To strengthen the reach of these events a range of communication devices reflecting the dominant values and cultural icons of this audience have been developed and delivered. Overall the programme has taken on a far more fashionable, teen-oriented feel and the Council is conducting further research to evaluate results.

Another highlight for this programme during the year was the establishment of partnerships with complementary companies to strengthen the reach of the programme into teen audiences. Xtra, Telecom Internet Services, joined Smokefree as co-sponsor of the Rockquest, extending the overall approach and delivery of this event. Meanwhile a working relationship was forged with *Youth Focus*, a product of the Newspapers in Education network, which resulted in teen journalists working closely with the Smokefree Teens programme, providing programme advice, assistance and editorial input.

Ultimately, the developments in this programme have ensured "Smokefree Teens" is moving closer towards its overall goal: achieving behavioural change within this audience. Their attention has been gained, action is now sought.

Smokefree Maori

The challenge for Smokefree is to reduce tobacco consumption among Maori to at least the levels of non-Maori. To do this, Council markets the Smokefree message in three ways – sponsoring events which have high Maori participation rates and audiences, sponsoring mainstream events that reach Maori (these two areas are achieved within *Smokefree Community* - see below), and supporting Maori-initiated and managed events. The latter is the theme of the newly established Auahi Kore (Smokefree) programme, the key concept of which is "by Maori, for Maori".

Whanau, or family structures, are an important delivery mechanism for the message with most sponsorships centred around the themes of sport, the arts and community. Auahi Kore sponsorships stand out from other Smokefree sponsorships through their distinct imagery and identity. Where appropriate, the brand is also integrated with other brand sponsorships.

Major developments have occurred in Smokefree Maori during the year under review. Following the appointment of a full-time marketing manager for this programme a re-vamped Auahi Kore programme was launched. To date, activities conducted within this programme include: the development of a long-term marketing plan for Auahi Kore; the establishment of the He Oranga Poutama project in partnership with the Hillary Commission, ALAC; and the Community Employment Group; and on-going involvement as a major sponsor of the Traditional Maori Performing Arts Festivals (regional and national).

In addition, over the past year strategies have been developed to increase the reach of the Auahi Kore message within Maori communities. A particular highlight has been the development and launch of '*Kia Auahi Kore Ai Te Ao Maori - Making Our Culture Smokefree*'.

This charter was developed to reinforce Smokefree lifestyles as a cultural norm for Maori and the first national Maori sport to sign the charter during the year was Aotearoa Maori Netball on World Smokefree Day. This sport acts as a fantastic role model for Maori as it has actively promoted the need for Smokefree lifestyles for many years and has established Smokefree environments throughout Aotearoa. Auahi Kore intends further developing the charter concept and is identifying other national Maori groups to support this initiative.

He Oranga Poutama (HOP) - the ongoing joint initiative between the Council, the Hillary Commission, ALAC; and the Community Employment Group - entered its second year of development during the year. The Auahi Kore/Smokefree message is becoming an integral component of the activities which are organised by each HOP co-ordinator. An example of the huge potential of this programme is the fact that more than 7,000 people attended the Te Arawa 'Auahi Kore' Sports Festival held during the year.

He Oranga Poutama has the capacity to effect significant positive change in Maori communities because it recognises that Maori have traditionally participated in marae/hapu-based physical activities and continue to do so. It captures the energy and enthusiasm that Maori have for sport and leisure and it is based on the recognition of, and support for, Maori community effort and history.

The potential of this particular programme as a vehicle to effect positive change in Maori communities is considerable and Council will work to capitalise on the enthusiasm for this project to add further value to our sponsorship.

Smokefree Community

This programme acknowledges that the teen and Maori audiences do not exist within an exclusive vacuum. They interact within larger communities-of-interest which reach into social, educational, recreational and cultural environments (sports clubs, schools, marae etc). To ensure our brand and its key messages become an integral part of their community we need to place it in these wider areas that they are likely to move within. (This also captures the attention of role models and community members who may have influence over the key audiences).

Essentially, this programme works to further develop socially supportive environments for Smokefree within the community. The main focus is to maintain and promote a national image and identity for the Smokefree brand. This is achieved by working closely with other health providers (Public Health Units of Crown Health Enterprises, charities etc) and by co-ordinating activities which are of national interest.

Making Sport Smokefree is of national interest and this initiative developed from strength to strength during the year. Effectively, Smokefree joined forces with national sports codes encouraging them to sign charters for their sport and to establish smokefree environments within their code. This ensures people get to enjoy the clean air that is their right. To date, five national sports have become part of the *Making Sport Smokefree* initiative with more lined up to follow suit in the new year. Council is delighted with this response.

This concept is not just restricted to sporting bodies, however. During the year Smokefree extended the concept working with Budget Rent-a-Car to officially declare itself a Smokefree company. The Smokefree logo has appeared in all of Budget's promotional activity, publicising this partnership. Essentially, this has raised Smokefree's profile within the community. Council hopes to form partnerships with other high profile companies in the new year aiming to achieve similar results and publicity.

Another important achievement during the year for Smokefree was working with the New Zealand Cancer Society to host the inaugural national conference for the Smokefree industry. The conference was an outstanding success and already a number of positive initiatives have been pursued, such as a hui for Maori Smokefree workers in October and bi-monthly meetings between Council, the Cancer Society and Te Hotu Manawa Maori. In addition, cessation groups intend forming a collective body to advocate for cessation. The Council intends organising a follow-up national Smokefree conference mid-way through next year.

Netball continued to be an important focus for Smokefree Community and Council worked hard during the year to further strengthen its relationship with Netball New Zealand. To strengthen the impact and meaning of Netball New Zealand becoming a Smokefree sport the Council focused on the sport's administrators and players and offered a number of incentives to netball associations during the year. Examples are netball scholarships and the provision of Smokefree signage for netball courts and clubrooms. So far, nearly 500 signs have been distributed. This provides a blueprint for extending the impact made within other national sports who sign charters for their code.

Smokefree signage was also developed for use in schools. This initiative links in with work being undertaken by the Cancer Society and Smokefree Co-ordinators to encourage schools to become Smokefree - 24 hours a day, seven days a week. English and Maori signs were produced and sold at a subsidised cost in an attempt to encourage distribution. To date, 140 signs have been distributed.

SunSmart



SunSmart provides brand leadership for this priority health issue and most agencies working in this area now readily use the SunSmart name and logo. This is due to the Council's co-operative and collaborative approach which it uses when working with complementary agencies.

The relationship between the Council, the Cancer Society and Health Promotion Units further strengthened during the year with obvious benefits for melanoma awareness. Not only was the imagery, the phraseology, and the resources consistent at a national level but it was also very satisfying to 'team up' for value-for-money (the Council and Cancer Society co-ordinated their media spend over the summer for maximum benefit, and minimum rates). Of particular note was the success of SunSmart's radio promotion, where \$165,000 worth of advertising was achieved for a mere \$30,000 cash input.

Indeed, a real highlight of the SunSmart programme during the year was the desire by people and organisations not sponsored by Council to promote SunSmart principles within their sun safety campaigns and activities. This brand has considerable appeal and relevance, and the huge demand for resources provides Council with ample opportunity to spread the message. However, it also puts a lot of pressure on Council's limited resources as it simply cannot meet the demand. While Council is not the only agency concerned with SunSmart principles, it is the only one offering such a comprehensive range of merchandise and other promotional resources.

This will become an increasingly important issue for Council as it moves on from its mandatory sponsorships and is required to use a limited discretionary budget to maintain health results at the current level.

In terms of activity, during the year the SunSmart campaign was again driven by its major mandatory sponsorship, the BellSouth Open (the country's premiere men's tennis tournament). This was Council's first mandatory sponsorship to be on-sold at the beginning of the transitional period with SunSmart remaining a co-sponsor of the event. Tennis role models are used to promote sun safety messages throughout the competition. The majority of discretionary activity within this programme also incorporated the tennis theme, using this sport to extend the brand into younger audiences.

Another achievement was the development of a SunSmart Charter concept, promoting the need to remember the *SunSmart Six* (this refers to six key behaviours such as covering up and wearing sunglasses when out and about in the sun).

This charter was signed by Surf Life Saving New Zealand and two of SunSmart's discretionary tennis sponsorships, Canterbury Tennis and Waikato Tennis. SunSmart intends promoting the *SunSmart Six* widely amongst the tennis fraternity as well as within other sporting codes.

This is critical to the success of the brand as research conducted during the year indicated that while people were aware of the dangers of over-exposure to the sun they were still not taking action to avoid these dangers. By focusing attention on six key SunSmart behaviours the brand provides examples of what to do to minimise the chances of sun damage. The plan for the year ahead is to heavily promote these behaviours and encourage other agencies working in this field to do likewise.

Street-Skills

Street-SKILLS

The youngest and smallest of the Council's brands, Street-Skills, is driven largely by mandatory sponsorships and during the year under review began undergoing a change in direction, focusing increased attention and resources on cycle safety.

This brand was originally developed to promote driver safety messages to young males and has been dominated by two mandatory sponsorships, the Street-Skills Motor Racing Series and the Street-Skills National Rally Championship. However, since its inception a number of other road safety brands and messages have been developed within the marketplace which have created confusion. Street-Skills is only of use to the community if it complements rather than competes with existing brands and the Council became concerned that as a road safety brand Street-Skills merely contributes to what has become a confusing barrage of campaigns in a cluttered marketplace.

To make a definitive decision about this brand the Council commissioned independent research into the status of road safety promotion in New Zealand. The report summarised the various agencies involved in this area and the extent of their involvement. It revealed considerable duplication of activity in many areas, clear competitiveness between various agencies and poor overall co-ordination of effort.

Consequently, the Council has decided to focus its resources on cycle safety for younger New Zealanders. (The focus on road safety will be withdrawn as soon as the mandatory sponsorships move out from underneath the Street-Skills umbrella).

The area of cycle safety provides considerable potential for Council as it already supports two mandatory cycling events, the Street-Skills Women's Cycle Classic and the Street-Skills Tour of Southland. While there exists inter-agency interest in the area of cycle safety great potential exists for these agencies to work together and for working relationships to be established as have been done within the SunSmart programme.

The past year, therefore, has been spent canvassing agencies working in cycle safety to develop collaborative relationships. Street-Skills aims to co-ordinate activity amongst agencies who have similar cycle safety objectives, to gain a commitment to share brand messages and to work in partnership with complementary agencies on cycle safety projects.

In terms of sponsorship activity the major focus has been within the mandatory events detailed above as well as a pilot activity, the Street-Skills On Your Bike event. This involved a family fun day with families taking to the roads around the country on organised cycling routes. While the event itself has considerable potential the Council has decided in the meantime to focus on developing promising relationships with national agencies rather than to develop a new community event. Once the working partnerships are established, together the relevant agencies will consider opportunities to develop and deliver cycle events in the community.

Mandatory Sponsorships

The mandatory sponsorships once again heavily dominated Council's activity for the year and Council worked hard to maximise any opportunity that has arisen within any mandatory sponsorship that has had some connection (however slight) with one of their key audiences. It is only by doing this that Council can expect a positive health result from these tobacco replacement sponsorships. The Smokefree Fashion Awards is an excellent example here as it has considerable female-teen appeal. Council will continue to work these promising mandatories hard during their last year of replacement sponsorship.

However, the dominance of the mandatory sponsorships is beginning to wane as Council has started to manage its way out of sponsorships which have now enjoyed their three years of transitional sponsorship. The year ahead sees the end of the Council's involvement in the area of tobacco replacement as it moves on from its remaining mandatory sponsorships.

As the balance between the mandatory and discretionary sponsorships begins to change, the Council sees great opportunity for development. Considerable potential exists to extend the discretionary activities within the three brands to ensure the social marketing campaigns and activities already established for young people and Maori are maintained and, importantly, further developed to achieve the desired health actions and attitudes.

Agencies at the national, regional and local level would immediately benefit from this extension. The year ahead should see the Council working to develop into a fully integrated social marketing agency focused on addressing a range of social issues.

SMOKEFREE

- Smokefree Soccer Media Awards 1996
- Smokefree National Soccer League 1996 / 1997
- Smokefree All Whites 1997
- Smokefree Chatham Cup 1997
- Smokefree Fashion Awards 1997
- Forbury Park Trots 1997
- NZ Amputee and Disabled Golfers Association 1997
- Smokefree Rally New Zealand 1997
- Smokefree NZ Trotting Derby 1997
- New Zealand Softball 1996 / 1997
- Wilton Bowling Club Open Triples Tournament 1997
- North Otago Rugby 1997
- University of Auckland Scholarship Fund 1997
- Auckland Institute of Technology Smokefree Scholarship Fund 1997
- Classic All Blacks 1997
- Auckland Smokefree Lunchtime Concerts 1997
- Smokefree Tenpin Bowling International 1997
- East Coast Rugby 1997
- Smokefree Soccer Media Awards 1997
- Hawke's Bay Sport Fishing Club Open Day 1997

STREET-SKILLS

- Street-Skills Cycle Tour of Southland 1996
- Street-Skills National Rally Championships 1997
- Street-Skills Motor-Racing Series 1997 / 1998
- Street-Skills Women's Cycle Classic 1997
- Street-Skills Women's Cycle Classic 1998
- Street-Skills CycleTour of Southland 1997

SUNSMART

- SunSmart Golf Tournament 1997
- SunSmart St John Ambulance Senior Open Competitions 1997
- SunSmart Waterski Race Team 1996 / 1997
- Bell South Open 1997



SMOKEFREE COMMUNITY

- The Great Smokefree Breakfast 1996
- Smokefree Young Riders Championships 1997 / 1998
- Kiwi Classic - Women's Squash Tournament 1996
- Lush - Spring Fashion Extravaganza 1996
- Sport Bay of Plenty Role Model School Visits
- South Island Secondary Schools Touch Tournament 1997
- North Island and South Island Rowing Championships 1997
- Smokefree Rising Suns Basketball 1997
- Junior Rugby League in Otago 1997
- National Kart Championships 1997
- New Zealand National Women's Hockey Tournament 1997
- Wellington Basketball School League - 1997 Winter Season
- Smokefree Programmes in Northland Schools 1997
- New Zealand Conference on Health and Physical Education
- National Outrigger Canoeing Tournament 1997
- North Island Secondary Schools Volleyball Team
- Smokefree Wellington Representative Netball Team 1997
- Te Rakau Hua O Te Wao Tapu 1997
- Smokefree PIC Netball Team 1997
- Netball Development Unit 1997
- Smokefree Southland Sharks 1997
- New Zealand Surfing Team 1996
- Karate New Zealand
- Project K

SMOKEFREE MAORI (AUAAHI KORE)

- Aotearoa Maori Performing Arts Regional Festivals 1997
- Ngati Maniapoto Sports and Cultural Festival
- National Maori Netball Tournament 1997
- Turanganui a Kiwa Sports Awards 1996
- Under 17 Maori Rugby Tournament 1996
- Aotearoa Smokefree Maori Tennis Tournament
- Tangaroa Dragon Boat Regatta
- Te Kura Kaupapa Maori Omanawaku
- Hoani Waititi Marae becoming Auahi Kore
- Hauora Rangatahi Performing Arts National Festival 1997
- National Nga Manu Korero Speech Competition 1997
- Gisborne Maori Rugby Club - Going Smokefree
- Kia Tau Te Rangimarie
- Te Arawa Sports Festival
- Te Aurere Waka



SMOKEFREE TEENS

Smokefree Stage Challenge 1997
 Xtra Smokefree Rockquest 1997
 Smokefree Face of '97 Model Search
 Maui Smokefree Warrior 1997
 Smokefree Schools Choral Festival 1997

STREET-SKILLS

Street-Skills On Your Bike 1997
 North Island Sprint Kart Championships 1996

SUNSMART

SunSmart Secondary Schools Canterbury Cricket
 SunSmart Women's Surfing Championships 1997
 SunSmart Canterbury Tennis Team 1998
 Surf Life Saving Beach Education 1997 / 1998
 Waikato Tennis Centre 1996 / 2000
 Atlantic Rowing Race Team 1997

Membership

During the period under review there were five members of the Council:

TONY STEEL of Hamilton, Chairman

BOB HARVEY of Waitakere

PAT BARWICK of Christchurch

ATHOL MANN of Wellington

IRIHAPETI RAMSDEN, Ngai Tahu and Rangitane of Wellington

Released under the Official Information Act 1982

STATEMENT OF RESPONSIBILITY

In terms of Section 42 of the Public Finance Act 1989 I hereby state that:

- ① I have been responsible for the preparation of these financial statements and the judgements used therein.
- ② I have been responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.
- ③ I am of the opinion that these financial statements fairly reflect the financial position and operations of the Council for the reporting period.



Tony Steel
Chairman



Iain Potter
Director

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE HEALTH SPONSORSHIP COUNCIL FOR THE YEAR ENDED 30 JUNE 1997

We have audited the financial statements on pages 18 to 29. The financial statements provide information about the past financial and service performance of the Health Sponsorship Council and its financial position as at 30 June 1997. This information is stated in accordance with the accounting policies set out on page 25.

Responsibilities of the Council

The Public Finance Act 1989 requires the Council to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Health Sponsorship Council as at 30 June 1997, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1997.

Auditor's responsibilities

Section 43 (1) of the Public Finance Act 1989 requires the Audit Office to audit the financial statements presented by the Council. It is the responsibility of the Audit Office to express an independent opinion on the financial statements and report its opinion to you.

The Controller and Auditor-General has appointed CR Fabling, of Audit New Zealand, to undertake the audit.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Council in the preparation of the financial statements *and*
- whether the accounting policies are appropriate to the Health Sponsorship Council's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the Health Sponsorship Council's compliance with significant legislative requirements.

We performed one assurance related assignment for Health Sponsorship Council. Other than this assignment and in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with, or interests in, the Health Sponsorship Council.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion, the financial statements of the Health Sponsorship Council on pages 18 to 29:

- comply with generally accepted accounting practice *and*
- fairly reflect:
 - the financial position as at 30 June 1997
 - the results of its operations and cash flows for the year ended on that date *and*
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 28 October 1997 and our unqualified opinion is expressed as at that date.



CR Fabling
Audit New Zealand

On behalf of the Controller and Auditor-General
Wellington, New Zealand

Social Marketing Activities

Activity	Performance Target	Performance Result
Mandatory Sponsorships		
a) Fulfils the Council's statutory obligation to replace tobacco sponsorships with health sponsorships.	Claims for extension of tobacco replacement sponsorship to a third year correctly evaluated within the terms of the Act.	Achieved. 15 tobacco replacement extensions approved within terms of the Smokefree Environments Act (SFEA).
b) Reduce association of tobacco brands with sporting and cultural activities.	Unprompted recall of tobacco brands as sponsors reduced during period.	Achieved. Smokefree brand awareness higher than all major tobacco sponsors.
	Association of tobacco images with sporting and cultural activities diminished.	Achieved - association diminished. <i>(Source: MRL Quarterly Report, Feb-Apr 1997).</i>
	All sponsorship contracts to require active promotion of Smokefree messages and to have definitive tobacco erasure clauses.	Achieved.
	Final payment of fee not issued until promotion of Smokefree message as agreed is successfully demonstrated.	Achieved.
Smokefree Teens		
Builds a supportive social environment and provides a communication channel with youth assisting in reducing their level of tobacco consumption - a public health priority.	Unprompted understanding of Smokefree message among at-risk youth:	
	Past smokers: 40%	Past smokers: 38%
	Social smokers: 25%	Social smokers: 30%
	Smokefree message is 'getting through' ie development of Smokefree Attitudes:	
	Past smokers: 75%	Past smokers: 56%
Social smokers: 60%	Social smokers: 52%	
Participation in a Smokefree event:		
	Past smokers: 50%	Past smokers: 47%
	Social smokers: 50%	Social smokers: 55%
<i>(Source: BRC Smokefree)</i>		

CONTINUED

Activity	Performance Target	Performance Result
Smokefree Maori		
Builds a supportive social environment and provides a communication channel with Maori assisting in reducing their level of tobacco consumption - a public health priority.	Unprompted awareness of Smokefree brand: Maori: 22%	Unprompted awareness of Smokefree brand: Maori: 28%
Smokefree Community		
Builds a supportive social environment and provides a communication channel with the general community assisting in reducing the overall level of tobacco consumption - a public health priority.	Unprompted awareness of Smokefree as a sponsorship brand: General population: 36%	General population: 41% <i>(Source: MRL Quarterly Report Sept 1997).</i>
	Links established with key agencies to extend Smokefree message in community.	Achieved - Co hosted National Conference, World Smokefree Day activities coordinated, regular contact maintained with Public Health Unit (PHU) personnel.
	All sponsorship contracts to require active promotion of Smokefree messages and to have definitive tobacco erasure clauses.	Achieved 100%.
Final payment of fee not issued until compliance with Smokefree policies is demonstrated.		Achieved 100%.
SunSmart		
Builds a supportive social environment and provides a communication channel with youth assisting in reducing the rates of skin cancer - a public health priority.	Unprompted awareness of SunSmart as a sponsorship brand:	
	Total Population: 11%	Total Population: 5%
	10 - 17yrs: 25%	12 - 17yrs: 3%*
	Reduce number intending to sunbathe regularly from:	
	Total Population: 22%	Total Population: 12%
10 - 17 yrs: 35%	12 - 17 yrs: 25%	

* CONTINUED OVER

CONTINUED

Activity	Performance Target	Performance Result
	Reduce 95/96 agreement levels with the attitudinal statements: "A suntan makes me feel more attractive to others" 10-17 yrs: 54%	12-17 yrs: 39%
	"I feel healthier with a suntan" 10-17 yrs: 54%	12-17 yrs: 41%
	"Most of my friends have a suntan" 10-17 yrs: 73%	12-17 yrs: 76% <i>(Source: MRL Quarterly Report, April 1997)</i>
All sponsorship contracts to require active promotion of SunSmart message.		Achieved.
Final payment of fee not issued until promotion of SunSmart message is successfully demonstrated.		Achieved.
Final payment of fee not issued until compliance with SunSmart policies is demonstrated.		Achieved.
Links established with key agencies to extend SunSmart message in community.		Achieved - regular liaison with Cancer Society and PHU personnel maintained.
50,000 youth to receive SunSmart education at sponsorship activities.		55,000 youth educated.

* This disappointing SunSmart result reflects a change in the way the brand was promoted and a change in the method by which the result was measured. Whereas in the past the SunSmart campaign was focused only on delivering its health messages this year saw the campaign driven by mandatory sponsorships, tennis in particular. This significantly diluted the brand's reach into its key audience. Additionally, Council combined its research with the Cancer Society and only questioned respondents about sun protection campaigns they remembered. Unfortunately the research did not include recognition of events and the health messages promoted at them. However the research did show that 81% of 12-17 year olds could recall the SunSmart tennis promotions when prompted. Council will review this measure in the next year to ensure it appropriately monitors the objectives within this health area.

CONTINUED

Activity	Performance Target	Performance Result
Street-Skills	Audience awareness monitored	Audience able to identify Street- Skills events: General Population 15% Males 23% <i>(Source: MRL Quarterly Report, April 1997)</i>
Sponsorship Administration	Applicants contacted within 15 working days of receipt of application in 95% of cases.	97% achieved.
	Sponsorship approvals made within agreed structures in 95% of cases.	100% achieved.
	Sponsorship programmes approved by agreed planning dates: Smokefree Teens - 30/9/96 Smokefree Maori - 31/10/96 Smokefree Community - 31/10/96 Street-Skills - 31/8/96 SunSmart - 30/6/96	Dates approved: 12/9/96 24/10/96 24/10/96 8/8/96 20/6/96
	Sponsorship payments made in accordance with contract in 95% of cases.	100% achieved.
	Evaluation reports received prior to release of final payment in 95% of cases.	Achieved (exceptions relate to minor sponsorships only)
	Forward commitment maintained within terms of S60 of the Act.	Achieved.
Cost of Output:	Budget: \$8,137,000	Actual \$8,283,594

Statement of Cashflows

For the year ended 30 June 1997

\$ 1996 Actual		Note	\$ 1997 Actual	\$ 1997 Budget
	CASHFLOW FROM (USED IN) OPERATING ACTIVITIES			
	<i>Cash was provided from:</i>			
7,056,223	Government Grant		8,077,625	8,090,667
98,085	Sundry Income		135,049	50,000
(78,189)	GST (Net)		256	-
7,076,119	Total Cash Received from Operating Activities		8,212,930	8,140,667
	<i>Cash was disbursed to:</i>			
589,579	Payments to Suppliers and Employees		739,962	687,000
7,020,076	Sponsorships		7,382,749	7,400,000
41,140	Communication		20,472	30,000
7,650,795	Total Cash Expended on Operating Activities		8,143,183	8,117,000
(574,676)	Net Cash from/(used in) Operating Activities	8	69,747	23,667
	Cashflows from/(used in) Investing Activities			
	<i>Cash was provided from:</i>			
-	Sale of Fixed Assets		300	-
	<i>Cash was applied to:</i>			
52,597	Purchase of Fixed Assets		19,876	10,995
(52,597)	Total Cash used in Investing Activities		(19,576)	(10,995)
	Cashflows from/ (used in) Financing Activities			
	<i>Cash was provided from:</i>			
600,000	-Advance from CRHA		-	-
600,000	Total Cash from Financing Activities		-	-
(27,273)	Net increase/(decrease) in Cash Held		50,171	12,672
44,601	Opening Cash Brought Forward		17,328	17,328
17,328	Ending Cash Carried Forward		67,499	30,000
	Cash Comprises of:			
17,328	BNZ Current Account		67,499	30,000
17,328			67,499	30,000

The statements of accounting policies and notes form part of and are to be read in conjunction with these statements.

Statement of Accounting Policies

For the year ended 30 June 1997

REPORTING ENTITY

These are the Financial Statements of the Health Sponsorship Council, prepared in accordance with Section 41 of the Public Finance Act 1989 and Section 63 of the Smokefree Environments Act 1990.

ACCOUNTING POLICIES

The Financial Statements have been prepared on the historical cost basis. Reliance is placed on the fact that the Council is a going concern, and that sufficient funds will be made available from the Crown to meet future commitments.

The following particular accounting policies have been applied:

Fixed Assets	Fixed assets are recorded at cost, less accumulated depreciation.
GST	The Statement of Financial Performance and Statement of Cashflows are exclusive of GST. The Statement of Financial Position is also exclusive of GST except for Creditors and Payables and Debtors and Receivables which are GST inclusive.
Depreciation	All Fixed Assets have been depreciated at a rate of 20 percent per annum on a diminishing value basis except for building fit out which has been depreciated at a rate of 10 percent per annum on a diminishing value basis.
Accounts Payable	Accounts Payable have been recorded at cost.
Sponsorship	(a) Liabilities Sponsorship liabilities are recognised when the Council has entered into a contract for sponsorship. (b) Commitments Agreements entered into with the Council's major clients are disclosed as commitments in the financial statements to the extent that the Council is committed to funding. (Note 6).
Accounts Receivable	Accounts Receivable have been recorded at net realisable value.
Inventory	Inventory has been recorded at the lower of cost or net realisable value.
Grants	Grants from the Central Regional Health Authority are recognised as income in the accounting period for which they are provided.
Financial Instruments	The Council is party to financial instruments as part of its everyday operations which have been recognised in these financial statements. These financial instruments include accounts payable and receivable, cash and short term deposits. All financial instruments are recognised at their fair value in the Statement of Financial Position. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.
Taxation	The Health Sponsorship Council is not subject to income tax.
Cash	Any cash or deposits which is free for use in day to day running of the Council is defined as cash.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy during the year and the accounting policies adopted are consistent with those of the previous year.

Notes to the Financial Statements

For the year ended 30 June 1997

① SPONSORSHIP		1997	1996
Sport/Recreation	Cash Expenditure	3,534,684	4,045,918
	Commitments	1,459,500	1,485,566
	Accounts Payable	368,292	226,420
		5,362,476	5,757,904
Arts/Culture	Cash Expenditure	1,077,085	1,125,518
	Commitments	110,500	341,200
	Accounts Payable	188,652	5,011
		1,376,237	1,471,729
Health/Education	Cash Expenditure	13,296	(9,491)
	Commitments	78,584	96,007
	Accounts Payable	2,000	4,280
		93,880	90,796
General	Cash Expenditure	622,252	452,630
	Commitments	-	-
	Accounts Payable	75,775	27,867
		698,027	480,497
		7,530,620	7,800,926

② OVERHEAD EXPENDITURE	1997	1996
ACC Levy	5,660	5,268
Accountancy	2,729	3,400
Audit Fees - external audit	11,000	8,125
- other services	2,000	-
Councillor Fees	16,748	27,939
Depreciation	15,671	17,751
General	10,596	7,614
Heat Light and Power	4,370	2,672
Hire of Equipment	13,349	6,050
Legal Fees	-	4,860
Loss on Disposal of Fixed Assets	1,624	-
Printing, Stationery etc	12,947	14,032
Repairs and Maintenance	22,547	7,806
Rent, Parking	43,228	35,220
Staff Recruitment	-	3,500

• CONTINUED OVER

③ • CONTINUED

	1997	1996
Staff Salaries, Training Etc	477,000	405,967
Telephone, Post, Couriers	56,419	40,091
Travel, Accommodation - Council	11,359	14,914
Travel, Accommodation - Staff	11,116	11,154
Holiday Pay Accrual	14,139	14,781
	732,502	631,144

④ CONTINGENT LIABILITIES

There are no contingent liabilities as at June 30 1997 (1996 nil).

⑤ RESERVES

No reserves have been established to replace existing tobacco sponsorships in terms of Section 56 of the Smokefree Environments Act 1990. The Council anticipates future Government funding will be sufficient to cover such sponsorships.

⑥ ASSETS

	Cost	Accumulated Depreciation	1997 Net Book Value	1996 Net Book Value
Building Fit Out	23,907	4,345	19,562	21,737
Computers	84,456	45,280	39,176	41,675
Office Equipment	37,594	19,119	18,475	13,172
Furniture and Fittings	11,390	3,541	7,849	17,251
Total	157,347	72,285	85,062	93,835

⑦ COMMITMENTS

The Council may in any year commit itself to expend by way of sponsorship in the next succeeding year in aggregate up to 25 percent of the amount of the money appropriated by Parliament for the purposes of the Council for the current year, together with the amount of cash on hand at that point in time. (Section 60 of the Smokefree Environments Act 1990).

Major client agreements which are entered into with the Council are recognised to the extent that the Council is committed to funding. Part of the funding is contingent on the continuation of the Council, certain legislative requirements and reapproval of the Council. The commitments not recognised will be funded from the grant from the Central Regional Health Authority in subsequent years. These commitments as at 30 June 1997 are nil. (1996 \$375,000).

7 LEASES

The Council has the following non cancellable operating leases.

	1997	1996
	\$	\$
Less than 1 year	50,338	42,000
Two to Four Years	46,765	84,000
	97,103	126,000

8 RECONCILIATION OF NET CASH FROM OPERATING ACTIVITIES WITH REPORTED NET SURPLUS

	30 June 1997	30 June 1996
	\$	\$
Net surplus (deficit)	288,455	(1,543,991)
Add (Less) Non Cash Items:		
Depreciation	15,671	17,751
Add (Less) Investing Activities:		
Loss on Disposal of Fixed Assets	1,624	-
	17,295	17,751
	305,750	(1,526,240)
Add (Less) Movements in Working Capital Items:		
Decrease/(Increase) in Debtors and Receivables	(66,797)	279,930
(Increase) in Inventory	(26,189)	(13,312)
Decrease in Creditors and Payables	(9,372)	(102,903)
Increase in Sponsorship Liabilities	166,355	787,849
Decrease in Advance from RHA	(300,000)	-
	(236,003)	951,564
Net Cash from Operating Activities	69,747	(574,676)

9 SPONSORSHIP LIABILITIES

The Council has entered into contracts for the following major classes of sponsorship:

	1997	1996
	\$	\$
Arts/Culture	322,734	346,838
Health/Education	80,834	100,822
Sports/Recreation	1,873,829	1,717,279
General	85,247	31,350
	2,362,644	2,196,289

10 FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially expose the Council to credit risk consist of bank balances and accounts receivable.

Bank balances are held with New Zealand registered banks in accordance with Council policy.

The values disclosed in the Financial Statements represent the maximum exposures on these financial instruments. No collateral is held for any of these financial instruments.

Concentration of Credit Risk

Accounts receivable are primarily with the Regional Health Authorities, and the Council receives almost all of its revenue from this source.

The Regional Health Authorities are Crown funded and are therefore a high credit quality entity.

The Council has no foreign exchange exposure of any significance.

11 ADVANCE FROM CENTRAL REGIONAL HEALTH AUTHORITY (CRHA)

During 1995/96 \$600,000 was advanced from CRHA repayable in two installments of \$300,000 in 1996/97 and 1997/98. At 30 June 1997 \$300,000 remains outstanding for the 1997/98 year.

Information Act 1982

auahi kore

powerful thing
tobacco addiction is a
get with
now call it that
positive health
auahi kore
attitude
get with
it's your choice
auahi kore
positive health
choice
action-packed
get with
sponsorship
auahi kore
tobacco addiction is a
positive health
choice
powerful thing
get with
lifestyle
upbeat
how cool is
cyclesafety
auahi kore
attitude
keep your
it's your choice
positive health
choice
action-packed
auahi kore
safety
keep your
auahi ko

Released