

REPORT OF THE

**HEALTH SPONSORSHIP COUNCIL
Te Ropu Whakatairanga Hauora**

FOR THE YEAR ENDED JUNE 30, 1996

Presented to the Houe of Representatives pursuant to Section 63 of the Smokefree
Environments Act 1990

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STATEMENT OF OBJECTIVES

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 through commercial sponsorship activities promoting health brand identities. These activities include:

maintaining a stable of health brand identities reflecting New Zealand's public health priorities,

replacing tobacco sponsorship with health sponsorship,

promoting brand identities through focused sponsorship, and

providing support to assist organisations contracting, marketing or delivering products or services bearing Health Sponsorship Council or other public health brandnames,

resulting in brand identity awareness among key audiences at levels as may be contracted with the Council's funders.

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

CHAIRMAN'S REPORT

The Health Sponsorship Council was established in 1990 under the Smokefree Environments Act and it works to encourage New Zealanders to choose and enjoy healthy lifestyles.

Council's Social Marketing Approach...

The Council works within a social marketing framework. The ultimate aim of social marketing is to change attitudes and behaviours on various social and personal issues. This involves a three step process: raising awareness, attaining knowledge (facts) and adjusting attitude ('feelings'). Behavioural change is the ultimate result.

The health issues (marketed as brands by the Council) are set by Government and reflect national health priorities. As these priorities change and as other agencies become involved in the issues, Council is able to relinquish or pass on these brands. This makes way for the development of new brands which respond to new health priorities. Social marketing allows such flexibility and currency.

The Council's social marketing approach complements the legislative, policy, educative and enforcement approaches taken by other health promotion agencies in New Zealand.

Sponsorship is the tool...

Sponsorship is the principal marketing tool employed by Council to reach key audiences. Sponsorships include those which Council has a mandatory responsibility for and those which comprise the Council's discretionary programme.

The mandatory tobacco replacement sponsorships currently dominate Council's work. Its responsibility is as a caretaker sponsor for these events which have previously been employed to promote tobacco products. Within three years these events are required to source replacement sponsors. In the interim, to ensure positive health messages are promoted alongside these sponsorships Council has developed three brands which reflect three specific Government health priorities - Smokefree, SunSmart and Street-Skills (a road safety brand).

As the reach of many of these tobacco replacement sponsorships is limited, the discretionary programme is essential to ensure key audiences are reached and influenced by these three brands. Pre-teens, teens and Maori are key audiences Council most wants to reach and influence.

Tobacco replacement sponsorships commenced in earnest in 1994 and in the year under review the last of these events were taken on board. The Smokefree Fashion Awards, Smokefree Softball, Smokefree Rally New Zealand and the BellSouth Open (New Zealand's premier men's tennis tournament at which the SunSmart brand was promoted) were included within the marketing programme this year. The incorporation of these events signified the end of cigarette promotion through sponsorship.

During the year the tension between the mandatory tobacco replacement sponsorships and discretionary health sponsorships became far more evident and it was obvious that significant gains within key audiences would be lost if the discretionary work was diminished or ceased. The greatest achievements for Council have been in areas where its social marketing campaigns allowed it to directly reach key audiences. These campaigns are predominantly housed within its discretionary programme (the pre-teen, teen based and Maori programmes).

This tension had financial implications and the year was extremely difficult for Council. A partial solution was provided part way through the year by the Minister of Health, who announced an additional \$1.000 million budget for Council in the 1996/97 year. This allowed Council to utilise its forward commitment facility and so it maintained a meaningful presence within its key audiences by retaining several of its discretionary sponsorships.

Strengthening its reach...

Many opportunities for Council to work with other organisations involved in health promotion were exploited during the year. Wherever possible, Council aims to be a catalyst for such partnerships and for health promotion action in the community generally. This was the case on World Smokefree Day (May 31), when activities organised by Council created a very high profile for the Smokefree message.

Next year will see Council begin the process of managing itself out of the first of its tobacco replacements sponsorships. This signifies the end of the caretaker role that Government has required from the Council. In preparation considerable attention was given this year to sponsored groups who need to seek and secure replacement sponsors. Council will continue to assist that process wherever possible.

Health Results and Achieving Change...

The next period is critical for Council as it moves into a sophisticated phase of social marketing. Until now it has worked at the 'attitude' level of change management and

has been hindered by tobacco replacement sponsorships that have weakened rather than strengthened its brands. Opportunities now exist for Council to seek behavioural changes from its key audiences. In preparation Council began scrutinising its brands and its discretionary marketing programmes this year, developing strategies which will ensure it moves strongly into this new phase.

Considerable opportunity is accorded to Council as it moves away from its tobacco replacement requirements and focuses its attention solely on the health issues at hand. Council is in a position to tackle additional health issues and to seek definitive results from key audiences in relation to these. The future provides considerable scope and challenge for this social marketing agency.

Tony Steel
CHAIRMAN

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SPONSORSHIP ACTIVITY REVIEW

Tobacco Replacement Programme

The tobacco replacement sponsorships have again heavily dominated Council's activity for the year. In all sponsorships Council has maximised opportunities to match appropriate brands with events and to extend promotional campaigns into younger audiences. It is only by doing this that Council can expect a positive health result (on their own many of these events and activities have little reach into or influence over Council's key audiences).

Use of tobacco replacement sponsorships has provided considerable profiling of our health messages and have provided broad brand exposure within the community. Wide praise for the Smokefree campaigns developed in association with Smokefree Rally New Zealand ('the possums') and the New Zealand Smokefree Fashion Awards ('the mannequin') has been received.

Research received two months after the New Zealand Smokefree Fashion Awards, indicated that Smokefree had toppled Benson & Hedges as the brand most readily associated with the event. This is an exceptional achievement, given Benson & Hedges' 31 year association with the fashion awards.

It is pleasing to see that the pervasive presence of tobacco images and icons has diminished due to the removal of cigarette promoting sponsorships. As the public awareness of the unnatural link between sport, culture and tobacco products has diminished the awareness and understanding of the Council's brands, particularly Smokefree, has increased dramatically. This is a tremendous result for Council and Government.

Smokefree Schools Programme

Teens are a key audience for the Smokefree brand. For many years smoking has been a rite of passage to adulthood for this audience, capturing their minds and bodies through its sophisticated messages and images and its addictive properties. Smokefree works to counter this by positioning Smokefree as an accepted and welcome part of teen culture.

Reaching and positively influencing this audience is a challenge and Council regularly researches this audience, monitoring their attitudes and behaviour. This has allowed Council to adapt its marketing strategies to ensure its messages and promotional campaigns achieve maximum reach and impact.

In the last year Council has made several changes to its teen-based programme. Early in 1996 several new teen-focused images were developed, schools programme event co-ordinators combined their budgets to enable higher value media purchases, a formal publicity schedule was developed and implemented and a promotional partnership was established between Smokefree, *Tearaway* youth magazine and the *Shortland Street* television programme. A new schedule of research has also been commissioned to better understand teens who smoke in social situations or who have done so in the past.

Research undertaken during the period suggested Council's marketing strategy should also reach down to a younger audience (intermediate school aged students). It is evident that at this age children are influenced by the actions and opinions of teenagers and are already experimenting with smoking. This finding, as well as careful analysis of events currently within the programme, will form the basis of a three year strategic plan to be finalised at the conclusion of the 1996 school year.

Smokefree Focused - Maori Programme

The Council is keenly aware that Maori do not have the same level of good health compared with their non-Maori peers. Smoking has long been associated with Maori and contributes to the high levels of illness and death from lung cancer, cervical cancer, cot deaths and emphysema. Maori women are particularly at risk of the ill effects of smoking.

The challenge for Smokefree is to reduce tobacco consumption to at least the levels of non-Maori. To reach this group, the Council has developed a programme of sponsorships that support activities which are popular with Maori and/or are Maori-managed.

To strengthen Council's approach a full time manager for the Smokefree Maori programme was appointed during the year. This manager will further develop strategies and initiatives that will strengthen Smokefree's approach and reach into Maori audiences.

Maori Smokefree activities concentrated increasingly on establishing links with other health agencies and Maori networks to forge an effective way forward. This culminated in *He Oranga Poutama*, a joint initiative involving Council, the Hillary Commission, the Community Employment Group and Te Puni Kokiri, which aims to establish full time *Kaiwhakahaere* (Co-ordinators) in selected regions.

Smokefree Focused - General Programme

To counteract the pervasive smoking images still in existence, Smokefree works to maintain a presence within the general population. Too often people hear the facts about the effects of smoking, but choose not to alter their behaviour. Additionally, by reaching the general population the Smokefree brand is reinforced amongst Council's key audiences described above.

Discretionary sponsorships such as the Smokefree Track Series, Smokefree Netball and support for two basketball teams in the national league continued to build positive support for the brand - particularly at the local level.

To move towards the 'behavioural change' end of the social marketing spectrum, Council identified sports organisations that it wished to consolidate its Smokefree efforts with. Netball New Zealand was the first sport to sign Smokefree Charters and the Council worked with this organisation to ensure the philosophy translated into positive practice at the local club level. More national sports organisations are targeted to sign Smokefree Charters in the very near future.

As a social marketer Council is keenly aware of the need to translate growing community support for the Smokefree lifestyle into a measurable reduction in smoking rates. That is the key challenge for the future, and one that will be factored into marketing plans developed for each of the Smokefree programmes.

SunSmart

Being outside is all part of the Kiwi lifestyle and be they young or old New Zealanders spend a lot of time outside. Indeed, international research identifies New Zealand as having the highest melanoma-related death rate. This reinforces the need to adopt SunSmart attitudes and behaviour in this country.

The SunSmart brand embraced the tennis fraternity in the 1995/96 summer thanks to the BellSouth Open Tennis, the country's premiere men's tennis tournament. Council achieved a great feat with this event managing in a replacement sponsor at the commencement of the mandatory period. In doing this Council relinquished naming rights for the event but retained rights as principal co-sponsor for an extended period of five years (normally sponsorships run for three years). This ensured a reduction in monetary spend for the Council while increasing the duration of SunSmart's involvement with the event.

Essentially this sponsorship has meant the SunSmart programme has undergone a dramatic change of direction. During the year the majority of activity supported by this brand focused on tennis and promotional opportunities were sought within this sport to ensure the brand reached as far as possible into younger audiences. Ultimately, this restricted opportunities for SunSmart to extend into discretionary areas.

As SunSmart's involvement extended only to a co-sponsorship role, the exposure for the brand was considerably less than if it had been the naming sponsor. This is reflected in the performance measures and results detailed in this report. However, as the sponsorship matures and enhanced marketing strategies are implemented the results will reflect increased recall and understanding of the brand.

Despite the change in direction a small number of lower profile (mainly beach-based) discretionary sponsorships were undertaken, ensuring young New Zealanders were exposed to SunSmart images and messages throughout the season. Fifty five thousand young people passed through the SunSmart Beach Education programme run at popular beaches around the country between November 1995 and April 1996.

Linkages with many other health promotion agencies and community groups involved in communicating sun sense messages to the public were also extremely beneficial to the brand.

Street-Skills

The Street-Skills brand was launched two years ago to assist in engendering a positive attitude towards road safety issues amongst drivers and cyclists. (For drivers Street-Skills is aimed at 17 to 24 year old males and for cyclists it is aimed at intermediate school aged children). This brand has maintained a national and regional focus and is supported by motor racing, rallying and cycling events.

Due to the limited resources Council has available for this brand (it is driven solely by tobacco replacement sponsorships and is not supported by a discretionary programme) and given the many other Government agencies working in the field of road and cycle safety, Council is aware that the only future for this brand is one which complements rather than competes with other agencies.

Considerable effort has been made during the year to develop linkages with key agencies, including the Police, the LTSA and the ACC. Discussions have taken place with representatives from these agencies regarding where Street-Skills could best fit alongside other brands working in this area. At present there appears to be considerable duplication of resources and strategies in this field and Council is carefully considering its options. A strategy paper will be developed in the very near future.

In terms of activity, the second Street-Skills International Motor Racing Series took place during the review period, with increased crowd attendances and, thanks to a strong linkage between Council, Motor Race New Zealand and ACC, significant benefits for New Zealand road safety in general.

Co-operation between these agencies enabled Peter Brock to be brought to New Zealand as a road safety role model for three of the five races in the series. Already a well known ambassador for road safety in New Zealand, Brock's appeal was particularly high amongst young motor racing fans.

Council worked hard during this period to assist Motor Race New Zealand find a replacement sponsor, however, to date this has proved extremely difficult due to the specialised nature of the sport and the current reality of commercial interests tightening or decreasing their sponsorship spend. To ensure this event continues Council has agreed to split its last year of sponsorship fee over a two year period and it will continue to work with this organisation to seek a new sponsor

The Street-Skills cycle safety was further developed during the review period, as three high-profile tobacco replacement cycle tours joined Council's portfolio. The Street-Skills Tour of Southland, Street-Skills Cycle Classic and Street-Skills Women's Tour each attracted top international fields and extensive press and television coverage.

Council concentrated on communicating key cycle safety information to an intermediate school aged audience, using the races as a framework and context. Information kits and competitions generated high enthusiasm and awareness. Street-Skills promotional work during the Women's Tour (Waikato) included using track cycling competitor Sarah Ulmer as a Street-Skills role model. This was met with great enthusiasm by the young New Zealanders she spoke to when visiting schools before and during the tour.

The future of this brand after it manages itself out of its tobacco replacement obligations will greatly depend on the findings of Council's environmental scan and positioning strategies.

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SPONSORSHIPS 1995 - 1996**Tobacco Replacement - Smokefree**

Northern Ballet Company 1996
Aotearoa Maori Tennis Tournament 1995
Smokefree Rally New Zealand 1996
East Coast Rugby 1996
North Otago Representative Rugby Team 1996
Wellington Harness Racing Club
University of Auckland Scholarships 1996
Auckland Institute of Technology Scholarships 1996
Smokefree Triple Crown Trotting Series 1996
Smokefree Soccer Media Awards 1995
New Zealand Softball 1995/96
Smokefree Tenpin Bowling International 1996
Classic All Blacks 1995
Classic All Blacks 1996
Smokefree Fashion Awards 1996
Christchurch Lunchtime Concert Series 1995/96
Christchurch Lunchtime Concert Series 1996/97
Wilton Bowling Club Triples Tournament
Forbury Park Trots 1996
Auckland Lunchtime Concerts 1995/96
Hawkes Bay Sport Fishing Club Open Day
East Coast St John Ambulance Senior First Aid Competition
Hawkes Bay Artwear 1996
ECNZ Science Fair Hawkes Bay

Tobacco Replacement - Street-Skills

Street-Skills Motor Racing Series 1996
Street-Skills Men's Waikato Tour 1996
Street-Skills Women's Cycle Classic 1996
Street-Skills National Rally Champs 1996

Tobacco Replacement - SunSmart

Wairakei Golf Tournament 1995
Hawkes Bay Summer Festival 1996
Hawkes Bay Airport Signage
NZ Bowling Inter Regional and Centre Events

DISCRETIONARY PROGRAMME SPONSORSHIPS

Discretionary - Smokefree

Smokefree National Outrigger Canoe Champs 1996
 National & Winter Swimming Championships 1995/96
 Te Aurere Training Programme
 X Factor Touch Team - Gear only
 NZEF Young Rider Series 1995/96
 Ngati Porou Festival 1995/96
 Smokefree Nelson Softball 1995/96
 Drug Free Youth Tee Shirt Design Competition
 Smokefree Suns Gisborne Basketball Team 1996
 Taranaki Maori Sport Programme 1995/96
 Women's Open Surfing Championships 1996
 Aotearoa Maori Touch Tournament 1995
 Smokefree Southland Sharks Basketball Team
 Smokefree PIC Netball Team 1996
 Ngati Porou Sport & Recreation Programme 1996
 Taranaki Rockets Rugby League Team 1996
 Clash of the Codes 1996
 TVNZ Smokefree Sports Series 1996
 Wellington Netball Representative Netball Team 1996
 New Zealand Women's Hockey 1996
 Smokefree Track Series
 Masterton Youth Council
 He Oranga Poutama Programme
 Tolaga Bay Winter Basketball League

Discretionary - Smokefree Schools Programme

Netball Development Unit 1996
 Smokefree Hillary Challenge
 Smokefree 7's Rugby 1996
 Smokefree Schools Sport Programme - Northland 1995/96
 Whangarei Primary & Intermediate Schools Sports Events
 Activate Youth Sport Programme 1996
 South Is & North Is Secondary Schools Rowing Championships 1996
 Te Karito Kura Wananga North Island Tour 1996
 Te Rakau Hua O Te Wao Tapu 1996
 Smokefree Aerobics Championships 1996

Smokefree Stage Challenge 1996
Smokefree Choral Festival 1996
Smokefree Rock Quest 1996
Smokefree Face of '96 Model Search
Smokefree Young Designer Awards 1996

Discretionary - Street-Skills

Cycling Southland Road Season 1996

Discretionary - SunSmart

Canterbury Tennis Team 1996
Canterbury Tennis Team 1997
Beach Volleyball Team (Owen Ranfurly/Craig Seuseu)
Surf Life Saving Beach Education 1995/96
Surf Life Saving Beach Education 1996/97
Central Otago - Jet Sprinting

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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

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.

(signatures)

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 1996

We have audited the financial statements on pages XXX to XXX. 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 1996. This information is stated in accordance with the accounting policies set out on pages XXX to XXX.

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 1996, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1996.

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 Rodney Barber, 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.

Other than 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 XXX to XXX:

- comply with generally accepted accounting practice *and*
- fairly reflect:
 - the financial position as at 30 June 1996
 - 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 30 October 1996 and our unqualified opinion is expressed as at that date.

RJ Barber
Audit New Zealand
On behalf of the Controller and Auditor-General

Wellington, New Zealand

Output Class One:

SPONSORSHIP ACTIVITIES

Activity	Performance Target	Performance Result
<p>1. Tobacco Replacement Programme</p> <p>a) Fulfils the Council's statutory obligation to replace tobacco sponsorships with health sponsorships.</p> <p>b) Reduce association of tobacco brands with sporting and cultural activities.</p>	<p>Tobacco replacement claims correctly evaluated within the terms of the Act.</p> <p>Claims for extension of tobacco replacement sponsorship to a third year correctly evaluated within the terms of the Act.</p> <p>Unprompted recall of tobacco brands as sponsors reduced during period</p>	<p>Achieved. 32 tobacco replacement sponsorships entered into were correctly evaluated within terms of SFEA.</p> <p>Achieved. 4 tobacco replacement extensions approved within terms of SFEA.</p> <p>Achieved. Smokefree brand awareness higher than 2 of 3 main tobacco sponsors.</p> <p><i>(Source: MRL Quarterly Report, Feb - Apr 1996)</i></p>
<p>2. Smokefree Schools Programme (SSP) *</p> <p>Builds a supportive social environment and provides a communication channel to NZ youth - to assist in reducing their level of tobacco consumption, a public health priority.</p>	<p>Level of clear understanding of Smokefree message among at-risk youth:</p> <p>Past smokers: 13% Social smokers: 8%</p> <p>Belief that SSP is a good way of getting Smokefree message through:</p> <p>Past smokers: 25% Social smokers: 24%</p> <p>Intention to participate in a SSP activity:</p> <p>Past smokers: 39% Social smokers: 36%</p>	<p>Past smokers: 13% Social smokers: 8%</p> <p>Past smokers: 25% Social smokers: 24%</p> <p>Past smokers: 39% Social smokers: 36%</p> <p><i>(Source: BRC Benchmark Survey, September 1995)</i></p>

<p>3. Smokefree Programme *</p> <p>Builds a supportive social environment focused on key audiences apart from youth, to assist with a reduction in tobacco consumption - a public health priority.</p>	<p>Unprompted awareness of Smokefree as a sponsorship brand: General population: 10%</p> <p>Level of unprompted association of Smokefree brands with key sports: Netball: 28% Basketball: 6% Athletics: 15%</p>	<p>General population: 10%</p> <p>Netball: 28% Basketball: 6% Athletics: 15%</p> <p><i>(Source: MRL Quarterly Report Feb - Apr 1996. Page 22. Target figures are benchmarks)</i></p>
<p>* Smokefree targets differ slightly from those in the Statement of Intent due to a change in the monitoring mechanism</p>		
<p>4. SunSmart Programme</p> <p>Builds a supportive social environment focused on key youth audiences, to assist with a reduction in the rates of skin cancer - a public health priority.</p>	<p>Brand awareness levels maintained at: Youth, 10 - 17yrs: 36%</p>	<p>Youth, 10 - 17yrs: 21%</p> <p><i>(Source: AGB McNair SunSmart brand research 1995/96)</i></p>
<p>5. Street-Skills Programme</p> <p>Builds a supportive social environment focused on key young male (15 - 24yrs) audience to assist with an increase in positive road safety behaviours.</p>	<p>Awareness of Street-Skills brand by attendees of key sponsored events: 94%</p> <p>Awareness of key Street-Skills road safety behaviours: Track is the only place to race: 22% Don't drink & drive: 20% Wear a seatbelt: 15%</p>	<p>Awareness: 94%</p> <p>Track is the only place to race: 22% Don't drink & drive: 20% Wear a seatbelt: 15%</p> <p><i>(Source: HSC Street-Skills Series 1996 survey. Target figures are benchmarks)</i></p>

6. Sponsorship Administration	<p>Estimated 350 applications be received.</p> <p>Estimated 45 sponsorships to be agreed to.</p> <p>Applicants contacted within 15 working days of receipt of application in 95% of cases.</p> <p>Sponsorship approvals made within agreed structures in 95% of cases.</p> <p>Sponsorship extensions made within agreed structures in 95% of cases.</p> <p>Sponsorship payments made in accordance with contract in 95% of cases.</p> <p>Evaluation reports received prior to release of final payment in 95% of cases.</p> <p>Forward commitment maintained within terms of S60 of the Act.</p>	<p>309 received.</p> <p>78 agreed.</p> <p>97% achieved.</p> <p>100% achieved.</p> <p>100% achieved.</p> <p>100% achieved.</p> <p>Achieved (exceptions relate to minor sponsorships only)</p> <p>Achieved.</p>
Cost of Output:	Budget: \$7,814,711	Actual: \$8,456,387

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HEALTH SPONSORSHIP COUNCIL
 STATEMENT OF FINANCIAL POSITION
 As at 30 June 1996

\$			\$	\$
1995 Actual		Note	1996 Actual	1996 Budget
<u>(745,289)</u>	ACCUMULATED DEFICIT		<u>(2,289,280)</u>	<u>(1,100,000)</u>
	Represented by:			
58,989	Fixed Assets	6	93,835	90,000
	Current Assets			
44,173	BNZ Current Account		17,328	30,000
428	BNZ Auto Call		-	-
755,040	Debtors		475,110	600,000
<u>12,914</u>	Inventory		<u>26,226</u>	<u>15,000</u>
<u>812,555</u>	Total Current Assets		<u>518,664</u>	<u>645,000</u>
871,544	Total Assets		612,499	735,000
	Current Liabilities			
46,404	Accounts Payable		84,086	100,000
161,989	GST		21,404	-
1,408,440	Sponsorship Liabilities	10	2,196,289	1,735,000
<u>-</u>	Advance from CRHA	12	<u>300,000</u>	<u>-</u>
1,616,833	Total Current Liabilities		2,601,779	1,835,000
	Non Current Liabilities			
-	Advance from CRHA	12	300,000	-
1,616,833	Total Liabilities		2,901,779	1,835,000
<u>(745,289)</u>	Net Assets and Liabilities		<u>(2,289,280)</u>	<u>(1,100,000)</u>

Tony Steel
 Chairman
 30 October 1996

Iain Potter
 Director
 30 October 1996

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

HEALTH SPONSORSHIP COUNCIL
 STATEMENT OF FINANCIAL PERFORMANCE
 For the year ended 30 June 1996

\$			\$	
1995 Actual		Note	1996 Actual	1996 Budget
INCOME				
5,316,667	Crown Revenue		6,823,667	7,400,000
7,869	Interest		-	-
<u>99,951</u>	Other Income		<u>88,729</u>	<u>60,000</u>
5,424,487			6,912,396	7,460,000
EXPENDITURE				
4,974,066	Sponsorship	2	7,800,926	7,224,711
417,691	Overheads	3	631,144	590,000
<u>40,721</u>	Communication		<u>24,317</u>	-
5,432,478			8,456,387	7,814,711
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(7,991)	NET EXPENDITURE OVER INCOME		(1,543,991)	(354,711)

STATEMENT OF MOVEMENTS IN EQUITY

For the Year Ended 30 June 1996

	1996 Actual	1996 Budget	1995 Actual
Balance at beginning of year	(745,289)	(745,289)	(737,298)
Net operating surplus/(deficit)	(1,543,991)	(354,711)	(7,991)
	-----	-----	-----
Balance at end of year	(2,289,280)	(1,100,000)	(745,289)

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

HEALTH SPONSORSHIP COUNCIL
STATEMENT OF CASHFLOWS
For the Year Ended 30 June 1996

\$		\$	\$
1995 Actual	Note	1996 Actual	1996 Budget
	Cashflow from/(used in) Operating Activities		
	Cash was provided from:		
4,680,444	Government Grant	7,056,223	6,886,223
79,783	Sundry Income	98,085	80,399
<u>7,869</u>	Interest	-	-
4,768,096	Total Cash Received from Operating Activities	7,154,308	6,966,622
	Cash was disbursed to:		
406,367	Payments to Suppliers and Employees	589,579	590,000
4,399,797	Sponsorships	7,020,076	6,296,223
37,435	Communication	41,140	50,000
<u>(97,061)</u>	GST (Net)	<u>78,189</u>	-
4,746,538	Total Cash Expended on Operating Activities	7,728,984	6,936,223
21,558	Net Cash from / (used in) operating Activities	(574,676)	30,399
	Cashflows from/ (used in) Investing Activities		
	Cash was provided from:		
178	Sale of Plant	-	-
	Cash was applied to:		
19,400	Purchase of Plant	52,597	45,000
<u>(19,222)</u>	Total Cash used in Investing Activities	<u>(52,597)</u>	<u>(45,000)</u>
	Cashflows from/ (used in) Financing Activities		
	Cash was provided from:		
-	Advance from CRHA	600,000	-
-	Total Cash from Financing Activities	600,000	-
2,336	Net increase/(decrease) in Cash Held	(27,273)	(14,601)
42,265	Opening Cash Brought Forward	44,601	44,601
<u>44,601</u>	Ending Cash Carried Forward	<u>17,328</u>	<u>30,000</u>
	Cash Comprises of:		
44,173	BNZ Current Account	17,328	30,000

428	BNZ Auto Call	-	-
<u>44,601</u>		<u>17,328</u>	<u>30,000</u>

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

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HEALTH SPONSORSHIP COUNCIL
STATEMENT OF ACCOUNTING POLICIES
For the Year Ended 30 June 1996

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 7).

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 reports. 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.

HEALTH SPONSORSHIP COUNCIL
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended 30 June 1996

1. Sponsorship	1996	1995
Sport/Recreation		
Cash Expenditure	4,045,918	2,301,994
Commitments	1,485,566	1,028,898
Accounts Payable	226,420	-
	-----	-----
	5,757,904	3,330,892
Arts/Culture		
Cash Expenditure	1,125,518	457,599
Commitments	341,200	269,000
Accounts Payable	5,011	-
	-----	-----
	1,471,729	726,599
Health/Education		
Cash Expenditure	(9,491)	16,413
Commitments	96,007	65,695
Accounts Payable	4,280	-
	-----	-----
	90,796	82,108
General		
Cash Expenditure		
- Television Campaign	-	134,541
- Other	452,630	658,018
	-----	-----
	452,630	792,559
Commitments	-	41,908
Accounts Payable	27,867	-
	-----	-----
	<u>480,497</u>	<u>834,467</u>
	<u>7,800,926</u>	<u>4,974,066</u>

Cash Expenditure relates to payments made during the year for 1996 sponsorship only, and not prior year commitments.

2. Overhead Expenditure	1996	1995
ACC Levy	5,268	3,768
Accountancy	3,400	1,600
Audit Fees	8,125	13,000
Councillor Fees	27,939	18,014
Depreciation	17,751	10,475
General	7,614	2,153
Heat Light & Power	2,672	2,627
Hire of Equipment	6,050	-
Legal Fees	4,860	3,389
Loss on Disposal of Fixed Assets	-	150
Printing, Stationery etc	14,032	9,267
Repairs & Maintenance	7,806	6,787
Rent, Parking	35,220	28,000
Staff Recruitment	3,500	8,525
Staff Salaries, Training Etc	405,967	255,784
Telephone, Post, Couriers	40,091	31,976
Travel, Accommodation - Council	14,914	10,617
Travel, Accommodation - Staff	11,154	7,562
Holiday Pay Accrual	14,781	3,997
	<u>631,144</u>	<u>417,691</u>

3. Contingent Liabilities

There are no contingent liabilities as at June 30, 1996 (nil 1995).

4. 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.

5. Assets

	Cost	Accumulated Depreciation	1996 Net Book Value	1995 Net Book Value
Building Fit Out	23,907	2,170	21,737	-
Computers	82,847	41,172	41,675	37,615
Office Equipment	32,174	19,002	13,172	11,938
Furniture and Fittings	27,567	10,316	17,251	9,436
Total	<u>166,495</u>	<u>72,660</u>	<u>93,835</u>	<u>58,989</u>

6. 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 1996 are \$375,000. (1995 Nil).

7. Leases

The Council has the following non cancellable operating lease relating to its premises. This lease commenced July 1, 1995 for a term of four years.

	1996	1995
	\$	\$
Less than 1 year	42,000	42,000
Two to Four Years	<u>84,000</u>	<u>126,000</u>
	<u>126,000</u>	<u>168,000</u>

8. RECONCILIATION WITH REPORTED OPERATING SURPLUS

	30 June 1996	30 June 1995
	\$	\$
Operating surplus (deficit)	(1,543,991)	(7,991)
Add (Less) Non Cash Items:		
Depreciation	17,751	10,475
Add (Less) Investing Activities:		
Loss on Disposal of Fixed Assets	-	150
	-----	-----
	17,751	10,625
	-----	-----
	(1,526,240)	2,634
Add (Less) Movements in Working Capital Items:		
Decrease/(Increase) in Debtors and		

Receivables	279,930	(711,652)
(Increase) in Inventory	(13,312)	(3,431)
Increase in Creditors and Payables	(102,903)	156,799
Increase in Sponsorship Liabilities	787,849	577,208
	<u>951,564</u>	<u>18,924</u>
Net Cash from Operating Activities	<u>(574,676)</u>	<u>21,558</u>

9. SPONSORSHIP LIABILITIES

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

	1996 \$	1995 \$
Arts/Culture	346,838	269,000
Health/Education	100,822	65,695
Sports/Recreation	1,717,279	1,031,837
General 31,350	41,908	
	<u>2,196,289</u>	<u>1,408,440</u>

10. FINANCIAL INSTRUMENTS

There are no major concentrations of credit risk with respect to any of the Council's financial instruments.

The Council is primarily a short term investor in on-call funds and as such carries any interest rate risks itself.

The Council has no foreign exchange exposure of any significance.

11. ADVANCE FROM CENTRAL REGIONAL HEALTH AUTHORITY (CRHA)

During the period \$600,000 was advanced from CRHA. This is repayable in two installments of \$300,000, in 1996/97 and 1997/98.

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