

ANNUAL REPORT OF THE

Health Sponsorship Council

Te Rōpū Whakatairanga Hauora

For the Year Ended 30 June 2007



Presented to the House of Representatives pursuant to the Smoke-free Environments Act 1990 and the Crown Entities Act 2004.



Contents

01	Chairman's Report
02	Social Marketing Activity Review
03	Tobacco Control
03	Smokefree Community
05	Smokefree Youth
07	Auahi Kore
08	Sun Safety - SunSmart
09	Active, Sustainable Transport
09	Healthy Eating - Feeding our Futures
11	Problem Gambling
12	Research
13	Good Employer Strategies
13	Membership
15	Financial Statements
16	Statement of Responsibility
17	Audit Report
18	Statement of Service Performance
34	Statement of Accounting Policies
36	Statement of Financial Performance
36	Statement of Movements in Equity
37	Statement of Financial Position
38	Statement of Cash Flows
39	Notes to the Financial Statements
43	Directory

KO TE MANA RANGATIRA,
HE TAPU MANAAKITIA
TE MAURI TANGATA

HUMAN IDENTITY IS A
FUNDAMENTAL VALUE
NURTURE THE HUMAN SPIRIT

2007 Annual Report

The HSC Board has pleasure in presenting the Annual Report for the Health Sponsorship Council for the year ended 30 June 2007.



Athol Mann
CHAIRMAN



Tracey Bridges
BOARD MEMBER

Chairman's Report

The Health Sponsorship Council's (HSC's) role is to promote health and encourage healthy lifestyles. We use a number of strategies to achieve this including social marketing, communication activities, promotions and educational programmes and resources.

Collectively, the health messages the HSC promotes encourage healthy community attitudes and behaviours towards smoking, sun behaviour, cycling and walking (safely), eating and gambling. A principle that is adhered to across the programmes is working closely with relevant communities and doing our utmost to respond to their needs.

During 2006/07, HSC developed and implemented new social marketing campaigns in the areas of healthy eating and problem gambling, launched two new tobacco control initiatives (Smokefree Cars and Smoking Not *Our Future*), and established future directions for SunSmart, but also prepared to farewell Bike Wise and walking.

While Bike Wise has enjoyed some success over the years, during 2006/07 the Board determined that the HSC's principal role is to assist the Ministry of Health in achieving agreed healthy lifestyles in priority areas (as set out in the New Zealand Health Strategy, Ministry of Health 2002) and to contribute in other areas as requested by the Ministry of Health.

TOBACCO CONTROL

Key emphases in tobacco control in 2006/07 were on the development of the new Smokefree Cars and Smoking Not *Our Future* campaigns.

Smokefree Cars is a logical follow on from the successful Smokefree Homes campaign, as we continue to reduce the exposure of children to second-hand smoke. As cars are often seen as the 'last bastion' for many smokers HSC was very pleased with early results from research undertaken soon after the campaign aired. Over half of the respondents said they had learnt something new from the television commercial and 18% no longer smoke when children are

in their car. In addition, 5% of respondents reported quitting or trying to quit smoking.

Smoking Not *Our Future* had a different purpose, audience and execution. Initially piloted only as a cinema ad, Smoking Not *Our Future* promotes denormalisation and social disapproval messages to susceptible smokers aged 12 to 14 years through the use of testimonials from a number of high profile music and media personalities who the audience identify with.

Following positive results from the cinema ad pilot it was converted into a television commercial with complementary ads developed for bus shelters, magazines and on the internet. Additional quotes will be harvested from the material already obtained from the 14 celebrities to enable the campaign to continue into 2007/08.

The iconic teen music events of Smokefree Pacifica Beats and Smokefree rockquest continue to work well for HSC. Both contribute to the goal of increasing the adoption of smokefree attitudes and behaviours among young people. As the events continue to gain in popularity they continue to reach significant numbers of young New Zealanders - with one estimate putting it at almost 50% of New Zealand teenagers.

SUN SAFETY

As always, SunSmart Week fell in the third week of November and in 2006 saw the continuation of the use of 'Tiger Prawn' as a clever and innovative way of promoting the SunSmart message.

Ultraviolet index information is becoming more and more readily available with information now at I-sites (information centres, ferry terminals etc), via mobile phone txt messaging, and on the internet.

As 2007/08 approaches, a focus for SunSmart has been on planning strategies and directions for the future. The triennial gathering of the Skin Cancer Control Steering Group helped develop future priorities for skin cancer control

in New Zealand. As part of the process, guidance regarding future directions was provided to the HSC. This includes reducing the risk of sunburn and refocusing messages to focus more on risk management around exposure to ultraviolet radiation (rather than avoidance).

HEALTHY EATING

As HSC's first year of involvement in Healthy Eating 2006/07 was, at times, frenetic as staff worked to develop and deliver the beginnings of a new social marketing programme. Energy and commitment were required from everyone involved as everything from formative research (evidence review, key informant interviews, and stakeholder and competitive analysis) to stakeholder engagement, strategy development and concept execution was successfully completed in a very tight time frame.

The result was a new and innovative approach to nutrition messaging, with the May roll-out of three simple and practical tips to help parents to achieve healthy diets for their children. Following feedback from sector groups the HSC has now developed a brief for the development of the second set of tips that will form a new advertising campaign to go to air during October 2007.

PROBLEM GAMBLING

This, too, was a new area of work for HSC. While much development work had been undertaken in 2005/06 there was still much to do in preparation for the March 2007 programme launch. As is the norm for the development of an HSC social marketing programme, we established an expert advisory group and undertook wide consultation with the public health sector and community and industry groups. Concurrent with these activities we considered, selected and tested campaign concepts and developed a problem gambling brand.

With a key objective being to raise the level of awareness and knowledge of the harms of problem gambling, the 'Kiwi Lives' campaign (illustrating the point that tens of thousands of Kiwis are affected by problem gambling) did just that. Results from early research showed that people recalled the ads, understood the message and learned something new, particularly that the harm extends beyond the individual gambler.

The HSC ended the year with a very healthy balance sheet. As the new campaigns 'bed in' our net asset position will reduce to a level in line with a Ministry of Health agreed optimal equity range.

On behalf of the Board I would like to acknowledge the hard work and dedication of the Chief Executive and staff, who have contributed substantially to the gains made during the year and the resulting highlights.



Athol Mann
CHAIRMAN

Social Marketing Activity Review

The Health Sponsorship Council's (HSC's) function is to "promote health and encourage healthy lifestyles" and, to date, we have been contracted to work in the areas of tobacco control, sun safety, healthy eating, problem gambling, and cyclist and pedestrian safety and promotion. In doing so, HSC sets out to:

- Raise awareness of the health issues involved.
- Positively influence attitudes about the health issues.
- Positively influence behaviour.
- Encourage local, regional, and national co-operation.
- And, ultimately, contribute to the reduction in health inequalities, smoking rates, cancers, cardio-vascular

disease, type 2 diabetes, obesity, and gambling-related harm and increase the use of the active transport options of cycling and walking (safely) for day-to-day transport and enjoyment.

HSC's strategies focus on improved health outcomes for New Zealanders. To meet these outcomes HSC uses social marketing - a strategy that employs commercial marketing and communication technologies to analyse, plan, execute and evaluate programmes designed to influence the voluntary behaviour of target audiences in order to improve their health.

Social marketing involves a number of activities including communication initiatives, promotions, and educational programmes and resources. Formative research, evaluation and

monitoring play a key part, as do facilitating community action, undertaking paid media activities, and developing branded resources to help disseminate our messages.

Tobacco Control

Tobacco smoking is the single biggest cause of preventable death and ill health in New Zealand. It is estimated that smoking is currently responsible for nearly one in five (approximately 5,000) deaths per year in this country (Ministerial Committee on Drug Policy 2007, p25).

In addition, second-hand smoke is recognised as a substantial health hazard, responsible for about 300 deaths per year in New Zealand. As calculated by economist Brian Easton in 1997, the estimated annual social cost of tobacco smoking is \$22.5 billion (1990 estimate).

Approximately one in every four New Zealanders remains a current smoker. Yet, the prevalence of cigarette smoking has decreased over the last 10 years, with surveys showing a decrease from 27% in 1995 to 23.5% in 2005, (Ministry of Health, 2006)¹. The prevalence of daily smoking in year 10 students (14- and 15-year-olds) also has decreased consistently since 2000, from 16.3% to 10.7% among girls and from 14.0% to 7.2% among boys. The decline over this period has occurred among European, Māori, Pacific and Asian students, although large relative inequalities persist for both Māori and Pacific youth when compared with European/ other and Asian youth (Scragg 2006).

Among adults and older youth smoking rates among Māori and Pacific peoples remain comparatively high - the age-adjusted prevalence² of smoking among Māori is 46% and for Pacific peoples is 36%, while for European/ other ethnic groups the prevalence is 20%.

Clearly, the burden associated with smoking falls disproportionately on Māori, Pacific peoples, and people of lower socio-economic status, with the highest prevalence among people with low incomes. The proportion of smokers in the most deprived areas is two to three times greater than the proportion of smokers in the least deprived areas (Crompton, Salmond, Woodward et al 2000). The recent trends in cigarette smoking for the general population, Māori and Pacific peoples charted below show a widening gap in the smoking rates

in 2005, indicating that health inequalities are increasing for these two ethnic groups.

As a reflection of these statistics, Māori and Pacific peoples are priority audiences for HSC's strategies such as the Smokefree Cars campaign launched in 2006/07. The responses of these audiences to our campaigns and strategies are given priority when developing and implementing the messages.

At an international level tobacco control is facilitated by the Framework Convention on Tobacco Control (to which New Zealand is a signatory). At a national level (since 1998) the National Drug Policy provides a framework for preventing and reducing drug-related harm, including tobacco. The second policy for 2007-2012 was released in March 2007.

HSC's tobacco control work is guided by the Framework for Reducing Smoking Initiation, which considered the evidence around effective interventions for reducing smoking initiation and developed practical actions for implementation. The Framework was developed by the HSC, with support from the Cancer Society, Te Reo Marama and the Smokefree Coalition and is designed for use by health providers, health funders, policy makers, and researchers interested in youth tobacco control. All of HSC's tobacco control work is consistent with the Framework.

The HSC is currently involved in a national project with the goal of developing a convenient and practical resource tool that will assist tobacco control funders, planners and practitioners to develop, fund, implement, and review action plans using the Framework for Reducing Smoking Initiation.

SMOKEFREE COMMUNITY

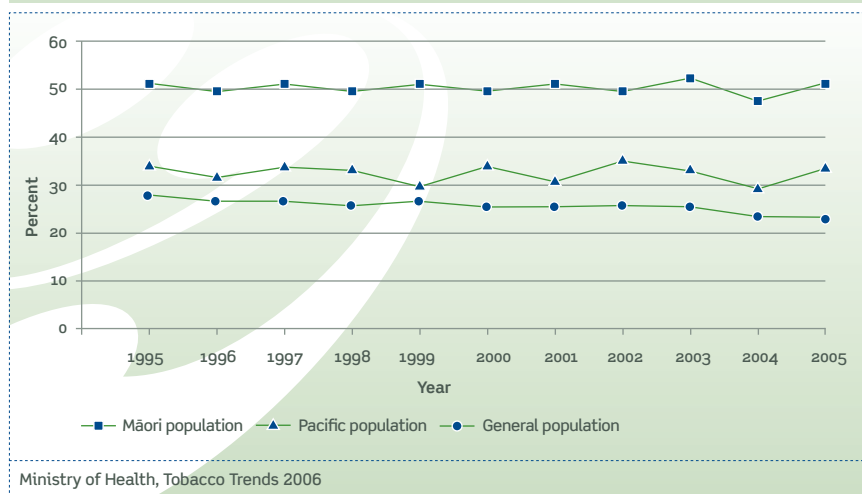
In 2006/07 HSC's Smokefree Community work focused on the following:

- Continuing emphasis on reducing children's exposure to second-hand smoke. In 2006/07 the emphasis moved from homes to cars, where a new national communications strategy was launched.
- Reducing children's exposure to smoking behaviour in outdoor public and recreational areas.

SMOKEFREE CARS

A significant focus for 2006/07 was the launch of the Smokefree Cars campaign, which went to air in September 2006 and contributed to the HSC's tobacco control objectives of denormalising smoking in areas young people frequent.

Prevalence of cigarette smoking in New Zealand (%), (15+ years) 1995-2005



¹ Note, the figures showing trends in tobacco use are from the 1996 Census and surveys by ACNielsen (NZ) Ltd. The figures showing differences between ages and ethnic groups are the latest figures from the 2006 Tobacco Use Survey. The smoking rates from the two data sources differ slightly because the surveys use different methods.

² The size and age structure of Māori, Pacific and European populations differs, so these figures are adjusted to account for these differences and make the figures for the three ethnic groups comparable.



The key messages of the campaign and associated activities are:

- Second-hand smoke is dangerous to the health of children.
- Ventilation is not a solution (i.e. winding down a window does not rid a car of second-hand smoke).
- Second-hand smoke poisons linger on surfaces long after the smoke has disappeared.

The campaign comprised radio, television, and print media and was supported by a range of resources suitable for use in the community. For the first time this included a multi-lingual resource, including English, Māori and five Pacific Island languages.

The goal of the campaign was to reduce the exposure of children to second-hand smoke in cars by increasing the proportion of parents and caregivers who do not allow smoking in their car. The communication messages aimed to increase parents and caregivers' perception of the threat posed to children by second-hand smoke in cars and increase their knowledge of how to address the threat and confidence in their ability to make their cars smokefree.

Research undertaken after the first phase showed that these goals were beginning to be met. The results indicate that the audience identified the key message that people should not smoke in cars at all. While

this is encouraging, the results reinforce the importance of continuing to deliver the other key messages such as winding down the window is not sufficient to eliminate second-hand smoke. The reiteration of all the messages combines to assist behaviour change, which can take time to achieve.

Anecdotal feedback from health workers included the following:

"Client Female, aged between 30-40yrs had reduced to four cigs per day which is a major achievement for her. One of those cigs she smokes is in the car on the way to work and whilst dropping off her children to school. As a result of seeing the campaign on TV over the past weeks she is now willing to stop smoking totally in the car... This attitude change is a major milestone and we believe that the campaign helped her to see exactly how that cigarette smoke is affecting the occupants in the car."

Repetition and reinforcement of messages is important if we expect people to take them on board and make change. We will continue to encourage and support health workers throughout the country to promote Smokefree Cars messages.

Smokefree Cars community activities

Public health mass media messages are more effective when combined with community action. Therefore, a key part of the Smokefree Cars campaign was supporting activity at a grassroots level. Campaign resources were developed following consultation with regional and local health workers.

For the first time the HSC worked with Plunket at a national level, providing pamphlets to regional Plunket groups to disseminate throughout their centres. These pamphlets were co-branded with the Smokefree Cars and Plunket logos and provided Plunket nurses and staff with an opportunity to address the issue of smoking around babies and children. Five thousand Smokefree Cars kits were also developed and distributed nationally as part of the Plunket car seat scheme.

WORLD SMOKEFREE DAY

2007 was yet again a successful example of what can be achieved through a co-ordinated, nationwide approach to tobacco control. This year in excess of 200 health workers (in 25 regional teams around the country) delivered Smokefree/Auahi Kore messages throughout the month of May. HSC's role is to assist (or enable) the groups, so our focus is on the delivery of communications, mass media, and resources.

Following on from the successful evaluation of the pilot of the Smoking Not Our Future campaign (see page 05), the cinema ad was converted into a television commercial that aired for two weeks around World Smokefree Day. Smoking Not Our Future worked particularly well with this year's theme, 'Smokefree...it's about us/Kia Auahi Kore...mo tatou te kaupapa'.

This additional advertising gave HSC the opportunity to advertise directly to young people on television, which we have not been in a position to do before. The television advertising was supported by two weeks of bus shelter promotion. We also produced a Smoking Not Our Future radio advertisement that was available for health workers to use locally.

World Smokefree Day continues to work for HSC by highlighting tobacco control issues at a national level while retaining a community focus. There was increased media activity around the time of World Smokefree Day, with in excess of 80 print media articles nationwide. In addition, there were radio promotions and activities, articles in hospital, DHB and school newsletters, and community notices - all generated at the local level.

COMMUNITY ACTIVITIES

We continue to support community action around increasing smokefree environments, particularly those frequented by children, as we work to denormalise smoking.

Activities undertaken in 2006/07 include:

- Working with the Auckland Cancer Society, ASH, Auckland Regional Public Health, the Warriors and the Auckland Regional Council to introduce smokefree areas to

Mt Smart stadium. A real positive about this initiative has been the commitment to the kaupapa (philosophy), with participation not relying on payment of any kind. HSC contributed towards signage and supporting merchandise, but that was all.

- Working with the Cancer Society of New Zealand on a resource for health workers to assist them in implementing smokefree outdoor spaces (parks, playgrounds, sports fields, and council controlled areas). This is a focus for an increasing number of health workers and it is important that the process is robust and that the correct messages (role modelling as opposed to second-hand smoke) are communicated.
- Continuing our work with sporting codes, at a regional level, to promote smokefree outdoor spaces.
- Supporting grassroots projects focusing on Smokefree Home and Cars.
- Working with a multi-sector group (led by ACC and ALAC) on the ClubMark project. ClubMark aims to enhance club management and membership and help clubs to address issues such as alcohol-related harm, sports-related injury, health and safety, violence on and off the field, and participation in sport.

SMOKEFREE YOUTH

In 2006/07 HSC's Youth programme focused on the following:

- Reducing the uptake of smoking among young people.
- Decreasing the number of depictions of tobacco use in New Zealand media.
- Developing and maintaining appropriate teaching resources.

SMOKING NOT OUR FUTURE

During 2006/07 HSC developed a youth-focused Smokefree campaign known as Smoking Not *Our* Future. Smoking Not *Our* Future aims to promote denormalisation and social disapproval messages to young people (susceptible smokers) aged 12 to 14 years, via high profile music and media personalities

whom this target audience identify with.

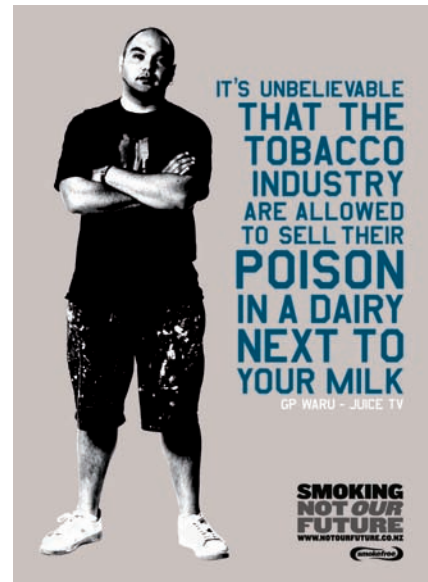
The personalities featured reflect a variety of media, music genres and ethnicities, and provide personal testimonials on smoking. The tone of the ads is 'raw', 'real' and 'aspirational'.

A txt competition accompanied the cinema ad and attracted more than 35,000 entries. The audience was encouraged to text 'Smokefree' for the chance to win one of five Apple iPod Shuffles (provided by Apple NZ for this purpose). All texters received an acknowledgment txt that included the message 'If yr frnds, family & fav celebs smoke, it's ezy 2 thnk tht smkg is norml. It's nt. Most kiwis r smkfree. Thx 4 yr ntry. Gd lck'. The opportunity to send this powerful message to thousands of susceptible smokers strengthened the denormalisation and social disapproval messages within the cinema ad.

The pilot of the campaign was launched in December 2006. Results from a survey with 12-14 year olds following seeing the cinema ad were very encouraging. Key results include:

- The ad was well recalled.
- The ad was most effective with Pacific, then Māori, then 'other'.
- There is good support for the use of celebrities, particularly high profile ones, and the favourites of the audience.
- 86% agreed with the message that 'it's cool to be a non-smoker'.
- 83% agreed that 'smoking is lame'.
- 83% agreed that 'people smoke just to fit in'.
- 74% agreed that 'it's wack to stand outside and smoke'.
- 70% said it increased interest in 'staying or becoming a non-smoker'.
- 65% agreed that 'smoking is a bit outdated'.
- 62% felt that having celebrities in the ad would encourage someone to be a non-smoker.

Due to the positive results of the evaluation of the cinema advertisement, it was converted into a television commercial (screened across all channels for two weeks around World Smokefree Day), and advertising in bus shelters, magazines and on the internet. A radio advertisement was also created for use by regional health workers.



The campaign will now extend until at least the end of 2007. Material already obtained from the 14 celebrities will spread across a variety of media during this time. Heavy use of internet advertising is planned, as it is now possible to reach specific audiences at relatively low cost.

Research will be undertaken in 2007/08 to determine how effective the campaign as a whole (rather than just the cinema ad) has been for those young people exposed to all media executions. If the results are positive the campaign will be extended into 2008.

SMOKEFREE PACIFICA BEATS

Smokefree Pacifica Beats is the HSC's strongest link with our most at-risk youth. Key event figures for 2006 include:

- approximately 90 bands entered - up from 74 in 2005
- 1800 people attended heats, regional and national finals - up from 1365 in 2005
- six events were included (including National Final) - up from five in 2005.

The introduction of hip hop elements to the events in 2006 aims to appeal to wider youth audiences and be more effective in connecting with our key audience - Māori and Pacific Island youth.

Until 2006 there was no high-profile national hip hop competition for school-age youth, and the morphing of Smokefree Pacifica Beats into a hip hop event could well ensure a valuable link between the Smokefree brand and this rapidly-growing culture. The event has the potential to become the ‘Smokefreerockquest’ of New Zealand hip hop.

SMOKEFREEROCKQUEST

As Smokefreerockquest enters its 18th year, it is now an established part of New Zealand secondary school life, an integral part of the music curriculum and a vital contributor to the New Zealand music industry.

Key event figures for the 2006 event include:

- 293 schools were represented out of a possible 460 - up from 254 in 2005
- 624 bands entered, up from 560 in 2005
- regional final audiences were 12,268, up from 11,767 in 2005
- more than one third of the bands (220) had at least one female band member
- approximately 125,000 young people experienced a live performance as part of this event, which represents almost 50% of teens in New Zealand.

Smokefreerockquest and Smokefree Pacifica Beats contribute to the goal of increasing the adoption of smokefree attitudes and behaviours among young people and provide the HSC with content for TheSet website, a powerful link with grass-roots kiwi music, access to role models, and advertising material to use in the print media plan.

PRINT MEDIA PLAN

The print media plan aims to reduce smoking depictions and referrals in youth print media and, thereby, contributes to denormalising the behaviour among young people. Relationships have been established with publishers and editors of 15 of the most popular youth magazines, the majority having adopted voluntary smokefree policies. Approximately five magazines are working towards publishing smokefree magazines on an issue-by-issue basis, as they slowly accept that eliminating smoking images

is not that difficult and it will not disappoint their readers.

New developments in this exciting intervention include the recruitment of 15 teen volunteers as media monitors. They communicate with HSC online and monitor smoking depictions, referrals and smokefree comments from 26 popular magazines.

SMOKEFREE SCHOOLS

A new national-level smokefree schools stakeholder group has been established in order to guide all work in this area. It is apparent that both school communities and health professionals have limited understanding about the role school communities can and should play in reducing smoking initiation. Representatives from the education sector,

health promoters, teachers, health and Māori-specific roles were invited onto this stakeholder group that had its first meeting at the end of March 2007, with a second meeting held in June. An action plan is under development and will inform future activity in this area.

NEW ZEALAND YOUTH TOBACCO MONITOR (NZYTM)

Once again, HSC worked on the NZYTM, which consists of the ASH Year 10 Snapshot, the Year 10 In-depth Survey and the World Health Organization’s Global Youth Tobacco Survey (GYTS).

The ASH Year 10 Snapshot results show an exciting decline in youth smoking prevalence from 2005 to 2006, including for Māori females.

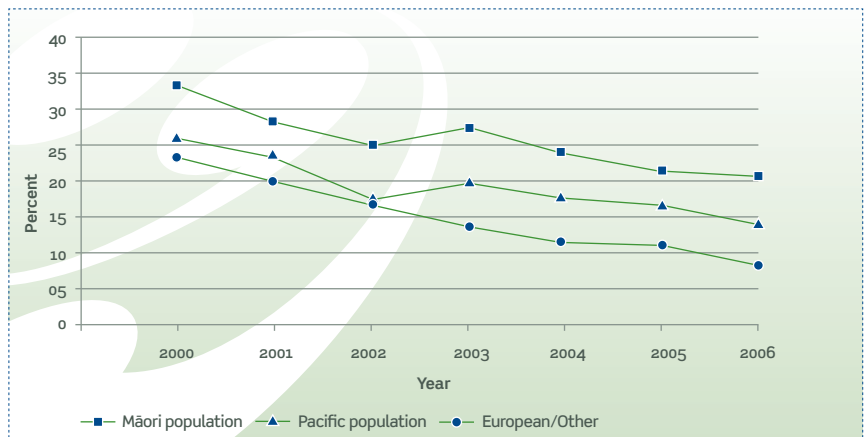
Some key results include:

Smoking Prevalence - Year 10 Females



ASH, Year 10 Snapshot, May 2007

Smoking Prevalence - Year 10 Males



ASH, Year 10 Snapshot, May 2007

Other interesting information (from the top-line results of the Year 10 In-depth Survey) includes:

- 46% of current smokers say their favourite musicians smoke (46% don't know).
- 35% of all students had attended a Smokefreerockquest event.
- 33% of current smokers say their favourite actors/actresses smoke (60% don't know).
- Music TV (C4, Juice, Top of the Pops etc) is the most popular TV consumed by all students (particularly Māori).
- Current smokers are more likely than never smokers to watch four or more hours of TV each weekday.
- Students from low socioeconomic (SES) backgrounds watch more hours of TV on an average weekday than students from mid- or high SES backgrounds.
- 73% of Māori and 74% of students from low SES backgrounds use the internet at least weekly.
- 89% of Māori and 85% of students from low SES backgrounds own a cell phone.
- 45% of Māori females, 31% of students from low SES backgrounds and 51% of current smokers send an average of 100 or more text messages each day (compared with 15% of never smokers).

Over the next five months, the data will be analysed further and a series of reports will be written to help inform HSC's and stakeholders' planning.

AUAHI KORE

Through the Auahi Kore programme HSC aims to reduce the uptake of smoking among young Māori in order to reduce inequalities. This includes:

- Reduced exposure of young Māori to smoking behaviours.
- Increased ability of young Māori to resist tobacco use.
- Increased strength of associations between young Māori and their key social environments.

ENDANGERED SPECIES CAMPAIGN

In partnership with Te Reo Marama (Māori Smokefree Coalition), this campaign highlights that Māori are an 'endangered species' due to tobacco. The aim of the campaign is to get the issue of tobacco on the agenda for Māori and to encourage Māori to resist tobacco at all levels. The campaign includes bus shelter posters and print advertising. A website has also been developed (www.resist.maori.nz), that aims to give people further direction on how to become part of the solution to combat the number of Māori that die every week from smoking-related illness (15).

A range of merchandise is also under development so that supporters can wear the message and promote the issue and website.

MATARIKI

Matariki (Māori New Year), celebrated in late May/early June each year, acts as a vehicle to deliver the Auahi Kore kaupapa to the wider community. During the time of Matariki, the Auahi Kore programme promotes a number of themes such as self-development, achieving a greater understanding of one's self and planning for one's future direction. These themes have been identified as being self-protective factors against smoking initiation as identified in the Framework for Reducing Smoking Initiation.

TAIRAWHITI PROJECT

During 2006/07 HSC and Tairawhiti DHB agreed to work together to develop and implement a local reducing smoking initiation programme plan in order to reduce smoking uptake in the DHB's region. It is anticipated that this project will focus on the development of a programme plan to be implemented in 2007/08 and 2008/09. HSC has undertaken formative research including current needs assessment, collation of existing information, and collecting baseline information related to youth initiation smoking. The research is also gathering information regarding the behaviour of young people in Tairawhiti and the risk factors. The next step is to conduct a stock take of current interventions and gather stakeholder opinion.



TE KIWAI COMMUNITY PARTNERSHIP PROGRAMME

This is a micro-funding programme aimed at increasing the number of Auahi Kore/Smokefree environments that Māori participate in, thus helping to denormalise smoking behaviours within Māori settings and communities.

The programme continues to develop, with three new representatives joining the team. Representatives are now based in Northland, Auckland, Waikato, Tokoroa, Taranaki, Rotorua, Whakatane, Napier, Wanganui, Turangi, Palmerston North, Wellington, Nelson, Christchurch, Dunedin, and Invercargill.

MARAE AUAHI KORE

For some time HSC has attempted to establish the number of marae that have smoking bans, and the role and influence of these bans. However, it has not proved possible to collect the data to measure the progress associated with our Marae Auahi Kore output. We designed a survey instrument and put a process in place to pilot it in two areas. However, because the key personnel in both these areas left, it was not possible to complete the pilot and we were advised that we should not attempt a full survey without a thorough pilot. While HSC's 2007 Stakeholder Survey provided some feedback from Auahi Kore health promoters on work to promote Marae Auahi Kore, we need to investigate other opportunities to obtain data from marae.

Sun Safety – SunSmart

In the area of sun safety, New Zealand is following international trends – showing an increase in the incidence of skin cancer while the mortality rate remains relatively stable.

More than 300 New Zealanders die every year from skin cancer, with melanoma being responsible for most of these deaths (235 in 2002), with a further 111 deaths from non-melanoma skin cancers (New Zealand Health Information Service).

It is not surprising that the incidence rate is increasing and it is expected to continue to do so over the next few years, as it reflects the latent nature of skin cancer – the disease often does not manifest until many years after the damaging exposure. The incidence rates we see now are a reflection of the sun worshipping behaviour of the 1970s, 1980s and 1990s.

The main causal factor for melanoma is over exposure of skin to ultraviolet radiation (UVR), particularly acute intermittent exposure, and particularly during childhood. Studies have shown that the best avenue for melanoma prevention is by encouraging protection against sunburn, particularly in children, fair-haired, and fair skinned people.

The promotion of sun safety in New Zealand (using the SunSmart brand) is managed through a strategic partnership between the HSC and the Cancer Society of New Zealand.

A significant initiative is the New Zealand Skin Cancer Control Steering Group, facilitated by the HSC and the Cancer Society and comprising a wide range of experts. This Group meets triennially to update its Strategic Framework. The New Zealand Skin Cancer Control Framework has a goal of reducing the proportion of New Zealanders who develop and die from skin cancer. In 2006/07 HSC's SunSmart activities focused on strategies to:

- Increase individual sun safe behaviour.
- Increase supportive environments for sun protection eg. schools, sport and recreational settings.



COMMUNICATIONS

The key period for SunSmart is from mid-September through to April, and a planned approach ensures the issue maintains profile throughout this time. However, it is SunSmart Week that is the focus, intending to get sun safety behaviour on people's radar at a time when the temperatures may not be high, but the UV levels are becoming dangerous.

SunSmart Week (12-18 November 2006) took place during a week of windy, wet weather. Despite this it was promoted well. Coverage included TV One's Breakfast weather reports, TV One and TV3 news, National Radio and a myriad of regional radio and newspapers. There was also paid television, radio and print advertising.

In a first, the children's television series *What Now* began broadcasting SunSmart messages at the beginning of SunSmart Week and continued through summer. The relationship with *What Now* was very successful, and the ratings were exceptionally good (averaging 59% of target audience per programme).

Promotion via large screens at I-sites (Information Centres, ferry terminals etc) commenced in October 2006 and UV information was available via mobile phone txt messaging to the MetService weather line (by texting the first four letters of your town to 8885). These types of promotions aim to make important UV information readily available to thousands of New Zealanders.

COMMUNITY ACTIVITIES

As with Smokefree, SunSmart works with community groups to help increase the effectiveness of HSC's public health mass media messages. Key community activities undertaken during 2006/07 include:

- Partnerships with 10 sporting organisations with a focus on SunSmart policy development and the provision of supportive environments.
- Assisting the Cancer Society to complete the last of four SunSmart Schools curriculum resources, developed as part of the SunSmart learning programme for year groups 1 to 8.
- Providing merchandise, sunscreen and advice to a wide variety of initiatives at community level often working in collaboration with others such as local councils and local Cancer Society divisions. Sporting events included the Wellington Dragon Boat Festival, cricket festivals, Ironkidz Triathlon, the NZ Lawn Tennis Championships, beach soccer, a cycle race and school sports days.

SunSmart also supported other types of events where participants were at high risk of harmful UVR exposure. These included Victoria University Orientation Week, National Children's Day and Walk to School Week events. At times, support was given in response to other HSC programmes assisting an event e.g. hauora family days.

Active, Sustainable Transport

BIKE WISE AND WALKING

2006/07 was a mixed year in this area as HSC celebrated the success of Bike Wise Week and then prepared to farewell active, sustainable transport from our stable of programmes.

FAREWELL TO BIKE WISE

For 13 years, the HSC has helped get New Zealanders on bicycles. However, as at 30 June 2007 HSC no longer runs the Bike Wise programme, with the responsibility for this and the walking activities previously undertaken by HSC being taken up by Land Transport New Zealand.

BIKE WISE

While 2006/07 was HSC's last year of involvement with Bike Wise, we went out with style:

- The Mayoral Challenge (part of Bike Wise Week 2006) won the award for the Best Cycle Promotion at the Cycle Advocates' Network 'Cycle Friendly Awards' - the second time HSC has won this award, with Bike Wise Week winning it in 2003/04. In addition Bike Wise Week 2006 was selected as a finalist in the National Marketing Magazine Awards.
- Bike Wise Week 2007 was another successful cycling promotion, measured by:
 - 6% increase in individual participants from 94,000 to 100,000

- 11% increase in registered Bike Wise Week organisers to 480
- 13% increase in number of Go by Bike Days to 35
- 50% increase in Mayoral Challenges to 24
- 125% increase in Bike Wise Battle participants to 10,100
- 143% increase in organisations participating in the Bike Wise Battle to 500.

In addition, the Bike Wise Battle 2007 was a finalist in the New Zealand Marketing Magazine Marketing Awards and Thomas Stokell, who managed the Battle, was a finalist in the Rookie Marketer of the Year award. While neither of these won the awards, making the finals is recognition of what can be achieved with a relatively small budget, clever marketing and a dedicated team.

Healthy Eating – Feeding our Futures

In the last two decades, the number of overweight and obese people in developed countries has increased so quickly that it has been described as an epidemic and New Zealand is no exception.

The World Health Organization (WHO) has estimated that the cost of obesity is 2 to 7 percent of the annual health budget, which equates to \$303 million in New Zealand.

Evidence (Nutrition and the Burden of Disease, 2003) shows that:

- About 40% of deaths each year in New Zealand (approximately 11,000 annually) can be attributed to poor nutrition and lack of physical activity.
- Of these 11,000 deaths, 8,000 to 9,000 are likely to be due to dietary factors alone, and the remaining 2,000 to 3,000 due to sub-optimal physical activity levels (Ministry of Health website).
- Seventy percent of the deaths from stroke and heart disease are caused by

poor nutrition and 80% of diabetes is attributable to overweight and obesity.

- Two well-established nutrition-related risk factors – cholesterol and blood pressure – along with tobacco smoking, are the three major modifiable causes of premature death.
- The joint effects of diet (including cholesterol, blood pressure, obesity, and inadequate vegetable and fruit consumption) rank first among the top 20 causes of death by risk factor. Insufficient physical activity is also in the top 10.
- More than 3,000 deaths per annum can be attributed to obesity.

The prevalence of obesity (BMI > 29.9 for European and Others, BMI > 31.9 for Māori and Pacific peoples) and overweight (BMI 25-29.9 for European and Others, BMI 26-31.9 for Māori and Pacific peoples) is increasing in New Zealand, with obesity being more prevalent in Māori and Pacific communities than other New Zealand groups.

The New Zealand Health Strategy (Ministry of Health, 2002) identifies improving nutrition, increasing physical activity, and reducing obesity as population health priorities. Because these issues are inherently inter-related, the Ministry has developed a Strategic Framework – *Healthy Eating Healthy Action: Oranga Kai – Oranga Pūmau* (HEHA) – to forge an integrated approach to improving population health in these three areas.

The WHO suggests that the best approaches for preventing obesity include:

- restricting the intake of sugar-sweetened drinks
- restricting the intake of energy-dense/nutrient-poor foods
- promoting the intake of fruit and vegetables
- limiting television viewing
- promoting an active lifestyle.

Childhood overweight and obesity is an identified risk factor for obesity in adulthood. The 2003 WHO report Diet, Nutrition and the Prevention of Chronic Diseases noted that children who are obese at the age of 13 had an increased risk of persisting obesity as adolescents and into adulthood. The WHO states that 60% of overweight children have at least one other risk factor (in addition to being overweight) for cardiovascular disease, such as raised blood pressure and high cholesterol, and more than 20% have more than two additional risk factors.

In order to make an effective contribution to reducing the burden of disease associated with obesity, attention needs to be focused on preventing obesity in children before they enter adolescence. Consistent with this finding, children and young people are the focus of HSC's social marketing programme.

In 2006/07 HSC's nutrition work focused on the following:

- Developing an integrated social marketing and public health approach.
- Implementing a national communications strategy.

LAUNCH OF FEEDING OUR FUTURES

The most significant progress in the area of Healthy Eating in 2006/07 was the development and launch of a social marketing programme, including the Feeding our Futures brand and mass media campaign.

In the months leading up to the launch in May 2007 the focus of the work was on the formative research process, including an evidence review into the effectiveness of social marketing in achieving nutrition outcomes. From this evidence HSC established clear and measurable goals and objectives for the programme and identified the specific social marketing activities that would be undertaken to meet those goals. The HSC also worked to develop strategic partnerships with key nutrition and public health sector stakeholders to ensure the programme adds to the work already being undertaken in nutrition.

The new programme kicked off with national television, radio, print and bus shelter advertising aimed at providing parents with simple, practical and accessible tips that will help them achieve healthy diets for children.

The first tips were chosen to ensure they are easy to adopt and work around the daily challenges that exist for many families. These include:

- Eat together regularly as a family as often as you can. When children eat a home cooked meal with the rest of the family they are more likely to consume healthier food, parents can role model good behaviour, and the family will have more chances to improve communication and understanding.
- Encourage children to get involved in the kitchen with meal preparation. This way they'll learn about the food they eat, and they'll be more likely to try new foods if they've helped to prepare them.
- Promote the message that water or milk should be the first choice for children, and that kids don't need sweet drinks. Water has no added sugar and is freely available while milk is good for building strong bones and teeth.

The programme aims to take parents on a journey, starting with simple tips and moving towards the more challenging areas of children's nutrition. In addition, the programme aims to support those working in public health nutrition by providing a national platform to promote improved nutrition and positive eating behaviours among their communities. Resources were developed for those working in public health nutrition to use with their communities, and a website was developed to provide information for both the sector and parents. Ongoing communications activities are planned to support and build awareness of the key messages, including advertorials, media case studies, regionalised media releases, and opinion editorials.



Developing additional tips

Following feedback from the Nutrition Advisory Group and the Public Health Reference Group for Nutrition, the HSC developed a brief for the second set of tips that will form a new media advertising campaign to air throughout 2007/08. The tips will carry a strong fruit and vegetable consumption message, in support of the Ministry of Health's target of increased fruit and vegetable consumption among all adults (15 years+).

Other communications strategies included:

- Working with Asian services partners to adapt the campaign's key messages for Asian newspaper and internet audiences.
- Developing a campaign website to link people to information about problem gambling or to problem gambling organisations.
- Developing three pamphlets for general populations and two for Asian populations to support the launch of the campaign and the ongoing public health activities to address gambling harm.

Working collaboratively with partner agencies within the problem gambling sector is a key strategy for this programme. In the lead up to the launch HSC worked closely with the Gambling Helpline to prepare for the public response to the campaign and to develop strategies to support a range of possible responses to the call to action. In addition we continue to work with agencies such as the Problem Gambling Foundation, the Salvation Army, Te Herenga Waka and the

National Pacific Gambling Project to ensure the programme messages are delivered as widely and consistently as possible.

After the Launch of Kiwi Lives

While not its primary purpose, the campaign had a significant impact on help-seeking behaviour. In total, the Gambling Helpline saw a 43% increase in new clients for the first three weeks of the campaign (when compared to the same period in 2006). In addition, May saw the highest number of clients in two and a half years and the highest number of referrals in three years.

Of the 200 new clients who came forward over the first three weeks, 63% were gamblers, 30% were significant others (immediate family, other relatives, friends or others affected by someone with a gambling problem) and 7% were interested others (media, researchers, students and the general public interested in gambling or gambling problems). There was an increase in calls from Pacific peoples of 133% over the same period last year, with corresponding increases of 83% for Māori and 55% for Pakeha.

Feedback from providers suggests that the campaign has created a more supportive environment for public health and community action to address gambling harm at a national, regional and local level. Providers also gave feedback that the campaign has raised awareness of problem gambling, given credibility to the issue and legitimised their activities.

Results from post-campaign research indicate that many of the campaign's messages were understood. About one-half of respondents said they had learned something new from 'Kiwi Lives', particularly that the harms extend beyond the individual gambler. In addition, a significant number of respondents (across all population groups) said they had discussed problem gambling with others after viewing the ad – one of the primary objectives of the campaign.

Research

Research and evaluation offer opportunities for HSC to share information, improve performance, and provide international comparisons. Research and evaluation is key to HSC's operations - understanding what people are thinking and how they may have come to these conclusions is vital.

As the HSC has grown so, too, has the need for a dedicated (and skilled) research and evaluation team. 2006/07 was a year of recruitment, with the research and evaluation unit now being nearly at capacity.

As we continue to garner high quality, useful data we aim to disseminate findings more widely, through the HSC's web pages, conference presentations, and relevant forums with health promoters.

Good Employer Strategies

The HSC continues to ensure equal employment opportunities principles are embedded in its day-to-day management practices and operating processes.

As part of this we continue to ensure our Code of Conduct is an integral part of our employment contracts. This explicitly sets out our commitment to the aims, aspirations and employment requirements of Māori, ethnic or minority groups, women, and persons who are differently able. In addition, at the end of 2006/07 our Equal Employment Opportunities Policy was updated.

HSC has a number of initiatives to alleviate workplace stress, including:

- Having a flexible work environment, with flexible start and finish hours.
- Recognising family needs outside of the workplace by providing:
 - Reduced working hours.
 - Work at home options.
 - Flexible options during school holidays.
- Providing time off in lieu for additional hours worked.
- Encouraging exercise during work hours.
- Ensuring workstation set ups are appropriate for individuals.
- Employing extra support staff for peak periods.

Membership

The HSC is governed by a Board of five members:

ATHOL MANN OF WELLINGTON, CHAIRMAN

TRACEY BRIDGES OF WELLINGTON

TINO PEREIRA OF WELLINGTON

ALLISON ROE OF AUCKLAND

LOUISA WALL (NGATI TUWHARETOA, WAIKATO), OF TAMAKI MAKAUURAU

Financial Statements

For the Year Ended 30 June 2007



Statement of Responsibility

**HEALTH SPONSORSHIP COUNCIL STATEMENT OF RESPONSIBILITY FOR THE
YEAR ENDED 30 JUNE 2007**

The Board and Management accept responsibility for the preparation of these financial statements and the judgements used therein.

The Board and Management are responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

The Board and Management are of the opinion that these financial statements fairly reflect the financial position and operations of the Health Sponsorship Council for the reporting period.



Athol Mann
CHAIRMAN
25 October 2007



Tracey Bridges
BOARD MEMBER
25 October 2007

Audit Report

TO THE READERS OF THE HEALTH SPONSORSHIP COUNCIL'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2007

The Auditor General is the auditor of Health Sponsorship Council (the Council). The Auditor General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Council for the year ended 30 June 2007.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Council on pages 34 to 44:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council's financial position as at 30 June 2007; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the Council on pages 18 to 33:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 25 October 2007, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

BASIS OF OPINION

We carried out the audit in accordance with the Auditor General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements or statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE BOARD AND THE AUDITOR

The Board is responsible for preparing financial statements and a statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Council as at 30 June 2007 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Council's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004 and Smoke-free Environments Act 1990.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Council.



Ajay Sharma

AUDIT NEW ZEALAND

On behalf of the Auditor General

Wellington, New Zealand

Statement of Service Performance

FOR THE YEAR ENDED 30 JUNE 2007

Tobacco Control

Smokefree Community

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>1.0 Aim: The number of homes and cars in which young people are exposed to smoking behaviour is reduced.</i>				
1.0.1 Second-hand smoke national communications strategy implemented.	<ul style="list-style-type: none"> Parents/caregivers' awareness of effect of second-hand smoke resulting from smoking in cars increased. Parents/caregivers' motivation and willingness to make cars smokefree increased. 	<ul style="list-style-type: none"> National mass media campaign launched by 30 September 2006. 	By 30 September 2006.	Achieved. Launched on 10 September 2006.
		<ul style="list-style-type: none"> Two waves of campaign, each including at least six weeks of TV media, completed by 31 December 2006 and 30 June 2007. Post campaign analysis shows that TARP (Target Audience Rating Point) levels met or exceeded. 	First wave by 31 December 2006. Second wave by 30 June 2007.	Achieved. First wave went to air in September 2006. Achieved. Second wave went to air in January 2007.
		<ul style="list-style-type: none"> Parents/caregivers report increased understanding of how smoking in cars harms children - measured in a post campaign survey. 	By 30 June 2007.	Achieved. Between three and six out of 10 parents/caregivers learnt something new from the campaign.
		<ul style="list-style-type: none"> Percentage of parents/caregivers reporting no one smoking in the household car increases - initial measure from the March 2007 Smokefree/Auahi Kore Monitor - from a 2006 baseline. 	By 30 June 2007.	Achieved. There was an increase from 80% reporting no one smoking in household car, to 83%. There was a greater increase for Māori parents/caregivers (from 64% to 70%).
1.0.2 Partnerships with at least 10 community-focused groups to strengthen community action in promoting smokefree cars and homes.	<ul style="list-style-type: none"> Consistent messages communicated, from mass media to grass roots. This includes the use of consistent messages and resources. 	<ul style="list-style-type: none"> Three partnerships established by 31 December 2006 and a further seven by 30 June 2007. 	Three by 31 December 2006. Ten by 30 June 2007.	Achieved. Achieved. Twelve partnerships.

Smokefree Community continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
		<ul style="list-style-type: none"> HSC resources distributed and used by community partners. Partners report increased effectiveness in promoting smokefree cars messages to their communities - measured through HSC's annual stakeholder survey. 	By 30 June 2007.	Achieved. Respondents reported high satisfaction with the quality and quantity of communication, as well as high awareness and use of resources.

1.1 Aim: The number of young people exposed to smoking behaviour in any setting is reduced.

1.1.1 Evidence assembled on factors that influence parents/ caregivers' attitudes and motives towards all settings used by young people being smokefree.	<ul style="list-style-type: none"> Motivators/barriers to changing parents/ caregivers' attitudes/ motives understood. 	<ul style="list-style-type: none"> Evidence review completed and implications identified for the next stage of Smokefree Settings intervention. 	By 30 June 2007.	Achieved.
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1.2 Aim: The number of public and recreational settings in which young people are exposed to smoking behaviour is reduced.

1.2.1 Partnerships to create smokefree outdoor social settings such as sports fields and courts.	<ul style="list-style-type: none"> HSC resources distributed and used by partners to ensure consistent messaging about smokefree outdoor environments. Number of outdoor smokefree settings, particularly those used by children, increased and maintained. 	<ul style="list-style-type: none"> Three partnerships established. 	By 30 June 2007.	Achieved.
		<ul style="list-style-type: none"> Partners report effectiveness of resources for developing consistent messages and establishing smokefree settings - measured through HSC's annual stakeholder survey. Adults' support for no smoking at outdoor sports fields and courts increased or maintained - initial measure from the March 2007 Smokefree/ Auahi Kore Monitor - from a 2005 baseline. 	By 30 June 2007.	<p>Achieved. A number of respondents made special mention of the usefulness of HSC support and resources, while others had drawn on HSC messages and resources in their work.</p> <p>Achieved. Increase from 37% to 51% in the percentage of adults who believe that smoking at outdoor sports fields or courts was not acceptable.</p>

Smokefree Community continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
1.2.2 Action plan completed for communications strategies for sports codes and councils.	<ul style="list-style-type: none"> Sports codes and councils receive and act on relevant messages about the benefits of smokefree settings from health workers. 	<ul style="list-style-type: none"> Health workers report positive actions in response to messages - measured through HSC's annual stakeholder survey. 	By 30 June 2007.	Achieved. Success rates, as measured by the number of outdoor settings becoming or likely to become Smokefree, very encouraging.

1.3 Aim: Effectiveness of community tobacco control programmes and inter-agency collaboration improved.

1.3.1 National World Smokefree Day co-ordinated, including leading communication and providing resources.	<ul style="list-style-type: none"> Consistent nationwide messaging. Direction provided for regional and local health workers. 	<ul style="list-style-type: none"> World Smokefree Day stakeholders report increased effectiveness in promoting World Smokefree Day messages - measured through World Smokefree Day stakeholder survey. 	By 30 June 2007.	Achieved. Nine out of 10 stakeholders report that the theme complemented and supported their usual tobacco control work and was relevant to their communities. Stakeholders also report high levels of satisfaction with information and resources from HSC.
1.3.2 At least two training opportunities for health workers facilitated.	<ul style="list-style-type: none"> Improved workforce knowledge and capability among health workers. 	<ul style="list-style-type: none"> Health workers report increased knowledge and identify at least one way to put this into practice in the next six months - measured by evaluation of training. 	By 30 June 2007.	Achieved.

	Budget 2006/07 \$3,440,000	Actual 2006/07 \$3,374,183		
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Smokefree Youth

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
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2.0 Aims: Media portrayals of tobacco that enhance the appeal of tobacco use in key youth media reduced. Frequency of smokefree/health messages from role models within key youth media increased.

Perceived negative outcomes of tobacco use and positive outcomes of being smokefree increased.

<p>2.0.1 Print media plan implemented.</p>	<ul style="list-style-type: none"> Smokefree policies adopted by key youth print media and smokefree/health comments actively sought by media. Tobacco depictions in youth media decrease. Positive views about being smokefree increased among readership. 	<ul style="list-style-type: none"> Number of magazines adopting smokefree policies and seeking smokefree/health comments increased - measured by reports from magazine editors. Number of tobacco depictions in youth magazines decreased - measured by monthly evaluation report. Young readers report negative views of tobacco use and positive views about being smokefree - measured by readership survey - baseline established in 2006/07. 	<p>By 30 June 2007.</p>	<p>Achieved.</p> <p>Achieved. Evaluation of four magazines signing up to a smokefree policy shows a decrease in the number of pro-smoking depictions. The number of anti-smoking depictions also increased.</p> <p>Achieved. Baseline established. Initial results show that readers report positive views about being smokefree and negative views of tobacco use.</p>

Smokefree Youth continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<p>2.1 Aims: Prevalence of smokefree attitudes and behaviours among young people increased. Perceived negative outcomes of tobacco use increased. Connectedness between young people and their communities, schools and ethnic culture increased. Number of schools implementing activities that improve skills to refuse tobacco use increased. Credibility and acceptance of HSC brands among young people enhanced.</p>				
<p>2.1.1 At least four partnerships established and/or maintained with event organisers, schools and communities.</p>	<ul style="list-style-type: none"> Smokefree awareness and intentions increased by supporting popular youth events, such as Smokefree Rockquest, and Smokefree Pacifica Beats. HSC's branding and smokefree policies adopted by all partners. Schools supported to implement activities that improve young people's ability to refuse tobacco increased. 	<ul style="list-style-type: none"> Smokefree Rockquest events in 12 regions. 	By 30 June 2007.	Achieved. Events held in 24 regions.
		<ul style="list-style-type: none"> Three Smokefree Pacifica Beats regional events. 	By 30 June 2007.	Achieved. Six regional events held.
		<ul style="list-style-type: none"> All events are well attended and HSC branding/smokefree policies are implemented - measured by partners reporting estimated attendances and evidence of how policies are implemented. 	By 30 June 2007.	Achieved.
		<ul style="list-style-type: none"> Number of schools implementing activities that improve young people's ability to refuse tobacco increased - measured by reports from schools. 	By 30 June 2007.	Work as planned was undertaken to support this initiative but a meaningful measure was not developed.
<p>2.1.2 Teaching resources and Lungfish website (www.lungfish.org.nz) developed, maintained and marketed.</p>	<ul style="list-style-type: none"> Skills necessary to refuse tobacco increased. Use of resources linked to school curriculum to up-skill young people to refuse tobacco use. Connectedness between young people and schools increased. Negative views of tobacco use increased. 	<ul style="list-style-type: none"> Number of schools using resources to educate young people about the risks of smoking and how to refuse tobacco increased - measured by uptake of resources and reports of use/effectiveness of resources by schools and health promoters in HSC's annual stakeholder survey. 	By 30 June 2007.	Feedback suggests that familiarity with and use of the teaching resources among both health promoters and teachers is still low, despite specific marketing of resources.
	<p>Budget 2006/07 \$2,255,000</p>	<p>Actual 2006/07 \$2,312,712</p>		

Auahi Kore

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>3.0 Aim: The number of Marae with smoking bans is increased.</i>				
3.0.1 Auahi Kore Marae media strategy implemented.	<ul style="list-style-type: none"> Awareness and understanding of the role of smoking bans in preventing youth smoking initiation is increased among Marae decision-makers in regions with a focus on Marae Auahi Kore. 	<ul style="list-style-type: none"> Majority of Marae decision-makers in selected regions report increased understanding of the role of smoking bans in preventing youth smoking initiation - measured by a post campaign survey. 	By 31 December 2006.	Work as planned was undertaken to support this initiative but a meaningful measure was not able to be developed (see page 07).
	<ul style="list-style-type: none"> Marae decision-makers' motivation and willingness to introduce smoking bans on Marae increased. 	<ul style="list-style-type: none"> Percentage of Marae in selected regions that have introduced a smoking ban - measured by reports from health workers. 	By 30 June 2007.	Work as planned was undertaken to support this initiative but a meaningful measure was not able to be developed.
<i>3.1 Aim: The number of public and recreational settings in which young people are exposed to smoking behaviour is reduced.</i>				
3.1.1 Action plan completed for communications strategies for Māori sporting organisations and councils with a high Māori population.	<ul style="list-style-type: none"> Māori sporting organisations and councils with a high Māori population receive and act on relevant messages about the benefits of smokefree settings from health workers. 	<ul style="list-style-type: none"> Health workers report positive actions in response to messages - measured through HSC's annual stakeholder survey. 	By 30 June 2007.	Achieved. Of the Auahi Kore and Smokefree workers working in this area, all reported positive actions, successful results, or were anticipating success.
3.1.2 Partnerships with at least 20 community-based Māori groups to strengthen community action in promoting Auahi Kore Marae.	<ul style="list-style-type: none"> Consistent messages communicated, from media to grass roots. This includes the use of consistent messages and resources. 	<ul style="list-style-type: none"> HSC bi-lingual resources distributed and used by community partners - measured by uptake of resources. 	By 30 June 2007.	Achieved.
	<ul style="list-style-type: none"> Community events and activities that deliver the Auahi Kore kaupapa are supported. 	<ul style="list-style-type: none"> Partners report increased effectiveness in promoting Auahi Kore messages to their communities - measured through HSC's annual stakeholder survey. 	By 30 June 2007.	Achieved. Respondent feedback suggests that HSC signage, messaging and other resources can provide a useful support to the process of promoting Auahi Kore Marae.

Auahi Kore continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>3.2 Aim: Prevalence of anti-tobacco attitudes among young Māori is increased.</i>				
3.2.1 Media plan developed and implemented.	<ul style="list-style-type: none"> Awareness and knowledge of the tobacco industry tactics among young Māori is increased. 	<ul style="list-style-type: none"> Website updated by February 2007. 	By 31 March 2007.	Achieved.
3.2.2 Auahi Kore website updated with information about the tobacco industry.		<ul style="list-style-type: none"> Number of hits on relevant pages of the website shows steady growth after the website is updated. 	By 30 June 2007.	Achieved.
		<ul style="list-style-type: none"> Rangatahi demonstrate an increased understanding of the tobacco industry's tactics - measured through a pre- and post-campaign online survey. 	By 30 June 2007.	Achieved. Following campaign more Rangatahi agree that tobacco companies are responsible for people starting smoking and that tobacco companies try to get young people to start smoking.
<i>3.3 Aims: The strength of associations between young Māori and key social environments that contribute to the formation of self-identities exclusive of tobacco use is increased.</i>				
3.3.1 Matariki campaign developed and promoted.	<ul style="list-style-type: none"> Awareness and knowledge of the concepts of Matariki is increased. Willingness to promote Matariki increased as resources are readily available. 	<ul style="list-style-type: none"> Matariki campaign launched in May 2007. 	By 30 June 2007.	Achieved.
		<ul style="list-style-type: none"> Awareness of the concepts of Matariki increased - measured by an online survey and email survey. 	By 30 June 2007.	Achieved. Awareness of concepts increased. There is a greater understanding of the meanings of Matariki including that Matariki is a time to decide never to smoke or to stop smoking (56% pre-campaign and 85% post-campaign).
		<ul style="list-style-type: none"> Number of requests for resources monitored. 	By 30 June 2007.	Achieved.
	Budget 2006/07 \$1,100,000	Actual 2006/07 \$1,213,133		

Sun Safety

SunSmart

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>4.0 Aim: Harmful exposure to ultraviolet radiation reduced, particularly in children 12 and under and their caregivers.</i>				
4.0.1 Sun safety national communications strategy (SunSmart) implemented.	<ul style="list-style-type: none"> Awareness and understanding of risks posed by ultraviolet radiation increased. Knowledge and skills leading to increased positive sun safety behaviours increased. 	<ul style="list-style-type: none"> Coverage in appropriate media purchased. Communications strategy for parents/ caregivers completed by 28 February 2007. Post campaign analysis shows that TARP (Target Audience Rating Point) levels met or exceeded. 	By 31 December 2006.	Achieved.
			By 31 March 2007.	Achieved.
4.0.2 Community action strategy to increase supportive sun safety environments implemented.	<ul style="list-style-type: none"> Audience able to attend a range of community activities that encourage and reinforce sun safety behaviours. Officials at events carry out sun safety behaviours. 	<ul style="list-style-type: none"> At least five community activities that reinforce sun safety messages contracted. Contractual obligations met and contractors report successful delivery of sun safety messages. 	By 31 December 2006.	Achieved. Ten activities contracted.
			By 30 June 2007.	Achieved.
4.0.3 Support the Cancer Society in increasing the number of primary and intermediate schools applying for, and attaining, SunSmart Accreditation.	<ul style="list-style-type: none"> Students, teachers and others in school environments protected by SunSmart policies. Students and teachers have access to sun safety curriculum resources. 	<ul style="list-style-type: none"> Uptake of curriculum resources by schools. 	By 30 June 2007.	HSC's contribution to this measure was to develop and provide the resources, which was done. However, we are unable to measure the uptake of the resources as they are available on the Cancer Society website, which is unable to measure downloads.

SunSmart continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
4.0.4 Strategies to inform public of climatic factors related to sun safety implemented (in association with NIWA and MetService).	<ul style="list-style-type: none"> New Zealanders see consistent, frequent messages in weather forecasts and media coverage about risks surrounding ultraviolet radiation exposure and how to avoid exposure. Knowledge and awareness of the role of the ozone layer in relation to sun safety and measures to monitor and protect the ozone layer increased. 	<ul style="list-style-type: none"> Ninety percent of national media continue to promote supplied UVI information. 	30 June 2007.	Achieved.
		<ul style="list-style-type: none"> At least two media releases issued in partnership with NIWA and/or MetService. 	30 June 2007.	Achieved. Releases issued on 22 September 2006 and 31 January 2007.
		<ul style="list-style-type: none"> At least five meetings held with NIWA/ MetService to align UV work. 	30 June 2007.	Achieved. Six meetings held with MetService.

4.1 Aim: Increased early detection of skin cancer.

4.1.1 Health promotion and social marketing expertise to EDAG (Early Detection Advisory Group) provided.	<ul style="list-style-type: none"> Evidence-based policies and recommendations developed so audience receives consistent, directive messages about how to detect skin cancer early. 	<ul style="list-style-type: none"> Policies and recommendations developed and communicated to key stakeholders by 30 October 2006. Date for sending final report to stakeholders extended to 20 December. Extension agreed with Ministry of Health. 	By 31 December 2006.	Achieved within new timeframe.
	Budget 2006/07 \$1,030,000	Actual 2006/07 \$951,732		

Active, Sustainable Transport

Cycling and walking activities

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>5.1 Aim: Community environments and transport systems that support cycling.</i>				
5.1.1 At least six meetings of the inter-sectoral Cycle and Walking Steering Committees held.	<ul style="list-style-type: none"> Effective action encouraged by strengthening foundations for collaboration and co-ordination of efforts within the cycling and walking sectors. Knowledge and skill base to address cycling and walking issues expanded. 	<ul style="list-style-type: none"> At least six meetings per committee are held and minutes distributed. 	By 30 June 2007.	Achieved. Six meetings held.
5.1.2 Support provided for biennial National Cycling and Walking Conferences.	<ul style="list-style-type: none"> Effective action encouraged by strengthening foundations for collaboration and co-ordination of efforts within the cycling and walking sectors. Knowledge and skill base to address cycling and walking issues expanded. 	<ul style="list-style-type: none"> Funds are delivered in a timely manner for the: <ul style="list-style-type: none"> – 2006 Walking Conference. – 2007 Cycling Conference. 	By 31 December 2006. By 30 June 2007.	Achieved. Achieved.
5.1.3 Support for local initiatives by providing support for 15 community walking events and 20 community cycling events.	<ul style="list-style-type: none"> Knowledge and skill base to address cycling and walking issues expanded. 	<ul style="list-style-type: none"> Fifteen community walking events are supported by HSC funding. Twenty community cycling events are supported by HSC funding. 	By 30 June 2007.	Achieved. Seventeen events supported by 31 December 2006. Achieved.

Cycling and walking activities continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
5.1.4 Develop and co-ordinate a network of community-based walking and cycling stakeholder user groups.	<ul style="list-style-type: none"> Effective action encouraged by strengthening foundations for collaboration and co-ordination of efforts within the cycling and walking sectors. Knowledge and skill base to address cycling and walking issues expanded. 	<ul style="list-style-type: none"> A contract is signed with Living Streets Aotearoa (LSA) and HSC maintains project management oversight of LSA contract. A contract is signed with Cycle Advocates Network (CAN) and HSC maintains project management oversight of CAN contract 	By 30 June 2007.	Achieved. Achieved.

5.2 Aim: More people choosing to walk and cycle, more often.

5.2.1 Promotional plan for Walking Maps Tool Box developed, implemented, and evaluated.	<ul style="list-style-type: none"> Individual travel choices influenced by encouraging positive attitudes and views about walking as a mode of transport. Individuals are encouraged and supported to change their travel choices. 	<ul style="list-style-type: none"> Promotional plan for the Walking Maps Tool Box developed. Promotional plan implemented and maps produced by three communities. Evaluation report produced. 	By 30 June 2007.	Achieved. Achieved. Achieved.
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5.2.2 Bike Wise Week national cycle promotion initiatives are held, including the Bike Wise Business Battle, Mayoral Challenge, Go by Bike Day and school events.	<ul style="list-style-type: none"> Individual travel choices influenced by encouraging positive attitudes and views about walking as a mode of transport. Individuals are encouraged and supported to change their travel choices. 	<ul style="list-style-type: none"> The number of organisations and individuals participating in Bike Wise Week events is the same as or exceeds that in 2005/06. 	By 30 June 2007.	Achieved. Eleven percent increase in registered Bike Wise Week organisers. Six percent increase in individual participants.
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Cycling and walking activities continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>5.3 Aim: Improved safety for pedestrians and cyclists.</i>				
5.3.1 Oversee at least nine Kiwi Cycling courses.	<ul style="list-style-type: none"> • Effective action encouraged by strengthening foundations for collaboration and co-ordination of efforts within the cycling sector. • Knowledge and skill base to address cycling issues expanded. • Safety and security improved by improving road safety for cyclists. 	<ul style="list-style-type: none"> • At least nine Kiwi Cycling Courses are overseen. • Course material is distributed to Kiwi Cycling Co-ordinators. 	By 30 June 2007.	Achieved. Achieved.
	<i>Budget 2006/07</i> \$1,120,000	<i>Actual 2006/07</i> \$1,086,217		

Healthy Eating

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>6.1 Aim: Provide consistent nutrition messages and interventions to contribute to achieving the objectives of the Healthy Eating - Healthy Action Strategy.</i>				
6.1.1 Expert reference group established to guide the scoping plan and programme planning.	<ul style="list-style-type: none"> Development and implementation of plans informed by expert advice and peer reviewed. 	<ul style="list-style-type: none"> Reference group established and Terms of Reference agreed. 	By 30 September 2006.	Achieved. First meeting of Reference Group held 28 August.
		<ul style="list-style-type: none"> Expert advice input to plans. 	By 30 September 2006 and 31 March 2007.	Achieved.
6.1.2 Scoping plan for HSC's programme completed.	<ul style="list-style-type: none"> Goals, objectives and processes agreed for developing and implementing HSC's healthy eating programme. 	<ul style="list-style-type: none"> Plan completed. 	By 31 December 2006.	Achieved.
6.1.3 Literature review completed as part of formative research for programme planning.	<ul style="list-style-type: none"> Evidence assembled to inform the development of social marketing approaches for improving nutrition, increasing physical activity and reducing obesity. 	<ul style="list-style-type: none"> Draft literature review completed and peer reviewed. 	By 31 December 2006.	Achieved.
		<ul style="list-style-type: none"> Final literature review completed. 	By 31 March 2007.	Achieved.
6.1.4 Stakeholder engagement plan completed.	<ul style="list-style-type: none"> Stakeholder engagement, advice and buy-in to social marketing approaches that support integrated messages about healthy nutrition, as part of a healthy lifestyle. Collaboration and integration of activities to improve nutrition. Partnership already established with ANA continued. 	<ul style="list-style-type: none"> Stakeholder plan completed and implementation started. 	By 31 March 2007.	Achieved.
		<ul style="list-style-type: none"> Relationships established and maintained, guided by agreed processes for engagement. 	Ongoing.	Achieved.

Healthy Eating continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
6.1.5 Programme and evaluation plans completed.	<ul style="list-style-type: none"> Strategies and performance indicators developed to achieve the goals and objectives for a social marketing approach, including strategies to reduce inequalities, and links established to the HEHA strategy. Key milestones and timelines for national communications strategies established. 	<ul style="list-style-type: none"> Programme and evaluation plans completed and implementation started. Milestones and timelines reported. 	By 31 March 2007.	Not achieved within timeframe. Extension to 30 June agreed with Ministry of Health. Achieved by new deadline.
6.1.6 National communications strategies launched.	<ul style="list-style-type: none"> Mechanism established for delivering coherent and consistent nutrition messages and interventions. Target audiences' and intervention agents' awareness of the benefits of improved nutrition increased. Target audiences' motivation and willingness to adopt health nutrition practices increased. Approaches identified for engaging and supporting communities. Communities mobilised to provide support essential for strategies beyond 2006/07. 	<ul style="list-style-type: none"> National communications campaign successfully launched (i.e. on time and to budget). 	By 30 June 2007.	Achieved. Campaign launched on 24 May 2007.
6.1.7 Monitoring process established and benchmark survey commissioned.	<ul style="list-style-type: none"> Monitor established to measure and track population-level changes in response to social marketing interventions. 	<ul style="list-style-type: none"> Benchmark survey commissioned. Survey designed and piloted. 	By 31 March 2007. By 30 June 2007.	Achieved. Achieved.
	Budget 2006/07 \$2,210,000	Actual 2006/07 \$3,347,050		

Problem Gambling

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
<i>7.1 Aim: Increase awareness among families/whanau and communities of gambling-related harm and the strategies to prevent and minimise harm.</i>				
7.1.1 Management structure developed and implemented to oversee social marketing approach.	<ul style="list-style-type: none"> Development and implementation of plans informed by marketing and other expertise and advice. 	<ul style="list-style-type: none"> Management structure established and operational process agreed. 	By 30 September 2006.	Achieved.
	<ul style="list-style-type: none"> Buy-in and support from the public health sector, community and industry. 	<ul style="list-style-type: none"> Expert advice input to plans. 	By 30 September 2006.	Achieved. First meeting of social marketing working group held on 31 August 2006.
7.1.2 Additional formative research undertaken to confirm target audiences.	<ul style="list-style-type: none"> Target audiences (likely to be Māori, Pacific peoples, Asians and youth) confirmed, and competition, supportive factors and appropriate behaviour change theories identified. 	<ul style="list-style-type: none"> Research completed and evidence used to inform planning process. 	By 31 December 2006.	Achieved.
7.1.3 Programme and evaluation plans completed.	<ul style="list-style-type: none"> Goals, objectives and strategies confirmed and evaluation plan developed. 	<ul style="list-style-type: none"> Programme and evaluation plans completed and implementation started. 	By 31 December 2006.	Achieved.
	<ul style="list-style-type: none"> Strategies to reduce inequalities developed. 	<ul style="list-style-type: none"> Milestones and timelines reported. 		

Problem Gambling continued

KEY ACTIVITIES	PURPOSE	PERFORMANCE MEASURE	REPORT DATE	RESULT
7.1.4 National communications strategies launched.	<ul style="list-style-type: none"> Mechanism established for delivering coherent and consistent messages and interventions to prevent and minimise gambling harm. Target audiences' and intervention agents' awareness of the gambling-related harm and strategies to counter harm increased. Communities mobilised to provide support essential for strategies beyond 2006/07. Approaches for engaging and supporting communities identified. Resources developed to support a mass media campaign. 	<ul style="list-style-type: none"> National communication campaign successfully launched (i.e. on time and to budget). 	By 31 March 2007.	Achieved. Campaign went to air on 25 March 2007.
7.1.5 Monitoring and evaluation process established and implemented.	<ul style="list-style-type: none"> Monitor established to measure and track population-level changes in response to social marketing approach. 	<ul style="list-style-type: none"> Results from benchmark survey published. Evaluation of communication strategy commissioned. 	By 30 June 2007. By 30 June 2007.	Fieldwork completed. Publication of results delayed and timeframe renegotiated with the Ministry of Health as HSC received additional funding to undertake further interviews to enhance the survey. Achieved.
	<i>Budget 2006/07</i> \$1,920,000	<i>Actual 2006/07</i> \$1,726,476		

The HSC undertakes several programmes under Output Class One:

Total Budget Expenditure	Total Actual Expenditure	Total Budget Revenue	Total Actual Revenue
\$13,075,000	\$14,011,502	\$12,352,000	\$14,542,088

Statement of Accounting Policies

FOR THE YEAR ENDED 30 JUNE 2007

REPORTING ENTITY AND STATUTORY BASE

These are the financial statements of the Health Sponsorship Council, (the HSC) prepared in accordance with the Crown Entities Act 2004 and the Smoke-free Environments Act 1990. The Council is a Crown Agent for legislative purposes.

MEASUREMENT SYSTEM

The financial statements have been prepared using the historical cost method.

ACCOUNTING POLICIES

The following accounting policies, which significantly affect the measurement of financial performance and of financial position, have been consistently applied.

BUDGET FIGURES

The budget figures are those approved by the HSC at the beginning of the financial year.

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the HSC for the preparation of the financial statements.

REVENUE

Revenue is recognised as income when earned and is reported in the financial period to which it relates.

TAXATION

The HSC is not subject to income tax as it is a public authority in terms of the Income Tax Act 2004.

OPERATING LEASES

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the periods in which they are incurred.

FIXED ASSETS

Fixed assets are recorded at cost, less accumulated depreciation.

DEPRECIATION

The annual depreciation rates are shown below

Building fit out	33% Diminishing value (DV)
Computers	33% DV
Office equipment	20% DV
Furniture and fittings	20% DV

ACCOUNTS RECEIVABLE

Accounts receivable have been recorded at their estimated realisable value after providing for doubtful and uncollectable debts.

INVENTORY

Inventory has been recorded on a First In First Out (FIFO) basis at the lower of cost or net realisable value.

GOODS AND SERVICES TAX

All amounts in the financial statements are stated exclusive of GST except for accounts receivable, accounts payable and the portion of sponsorship liabilities that relate to promotional expenditure, which are GST inclusive. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

EMPLOYEE ENTITLEMENTS

Provision is made in respect of the HSC's liability for annual leave.

Annual leave has been calculated on an actual entitlement basis at current rates of pay.

SPONSORSHIP LIABILITIES

Sponsorship liabilities are recognised when the HSC enters into a contract for sponsorship.

The HSC 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 money appropriated by Parliament for the purposes of the HSC for the current year, together with the amount of cash on hand at that point in time (Section 60 of the Smoke-free Environments Act 1990).

FINANCIAL INSTRUMENTS

The HSC, as part of its everyday operations, is party to financial instruments that have been recognised in these financial statements. These financial instruments include accounts payable and accounts receivable, cash and short term deposits.

Revenues and expenses in relation to all financial instruments are recognised in the statement of financial performance.

STATEMENT OF CASH FLOWS

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the HSC invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the HSC and records cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the HSC.

OUTPUT COSTS

The output costs, as reported in the statement of service performance, report the cost of services for the outputs of the HSC and represent the costs of providing the output.

COST ALLOCATION

The HSC has derived the net cost of service for each significant activity of the HSC using the cost allocation system outlined below.

COST ALLOCATION POLICY

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the pro-rata costs of the programmes.

CRITERIA FOR DIRECT AND INDIRECT COSTS

"Direct costs" are those costs directly attributable to a significant activity.

"Indirect costs" are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

COST DRIVERS FOR ALLOCATION OF INDIRECT COST

The cost of internal services not directly charged to activities is allocated as overheads using the pro-rata costs of the programmes.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies since the date of the last audited financial statements. The policies have been applied on a basis consistent with the previous year.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

New Zealand Equivalents to International Financial Reporting Standards (NZIFRS) will be adopted by HSC from 1 July 2007. HSC has commissioned a report on the impact of the new standards and as a result of the report's findings believes that there will be no significant change in the equity or profit as a result of adoption.

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2007

		2007	2007	2006
	Note	Actual	Budget	Actual
		\$	\$	\$
Revenue - Ministry of Health		12,821,397	11,066,000	7,679,666
Revenue - Land Transport New Zealand (LTNZ)		886,000	786,000	900,000
Other income		530,778	430,000	438,274
Interest income		303,913	70,000	124,449
TOTAL OPERATING REVENUE		14,542,088	12,352,000	9,142,389
Cost of services	1	14,011,502	13,075,000	7,397,786
NET SURPLUS/(DEFICIT) FOR THE YEAR	2	530,586	(723,000)	1,744,603

Statement of Movements in Equity

FOR THE YEAR ENDED 30 JUNE 2007

		2007	2007	2006
		Actual	Budget	Actual
		\$	\$	\$
BALANCE AT 1 JULY		3,813,875	3,708,000	2,069,272
Net surplus/(deficit) for the year		530,586	(723,000)	1,744,603
Total recognised revenue and expenses		530,586	(723,000)	1,744,603
BALANCE AS AT 30 JUNE		4,344,461	2,985,000	3,813,875

The accompanying accounting policies and notes form an integral part of these financial statements.
For information on major variances against budget, refer to Note 11.

Statement of Financial Position

AS AT 30 JUNE 2007

	2007	2007	2006
	Note	Budget	Actual
		\$	\$
→ ACCUMULATED SURPLUS		2,985,000	3,813,875
Represented by			
CURRENT ASSETS			
Cash and on call deposits		2,355,000	562,035
Term deposit		-	4,000,000
Accounts receivable		1,200,000	662,819
Inventory		150,000	122,843
TOTAL CURRENT ASSETS		3,705,000	5,347,697
NON-CURRENT ASSETS			
Fixed assets	3	180,000	156,389
TOTAL NON-CURRENT ASSETS		180,000	156,389
TOTAL ASSETS		3,885,000	5,504,086
CURRENT LIABILITIES			
Accounts payable		150,000	136,184
Employee entitlements		-	58,563
GST payable		-	183,294
Sponsorship/promotion liabilities	4	750,000	1,312,170
TOTAL CURRENT LIABILITIES		900,000	1,690,211
TOTAL LIABILITIES		900,000	1,690,211
→ NET ASSETS		2,985,000	3,813,875



Athol Mann

Chairman

25 October 2007



Tracey Bridges

Board member

25 October 2007

The accompanying accounting policies and notes form an integral part of these financial statements.
For information on major variances against budget, refer to Note 11.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2007

		2007	2007	2006
	Note	Actual	Budget	Actual
		\$	\$	\$
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Cash was provided from:				
Ministry of Health		11,368,089	11,066,000	8,458,560
LTNZ		886,000	786,000	900,000
Interest received		321,164	70,000	121,703
Other income		530,777	2,122,000	424,948
		13,106,030	14,044,000	9,905,211
Cash was disbursed to:				
Payments to suppliers and employees		13,245,380	13,408,000	6,888,801
Net goods and services tax		126,182	-	(167,941)
		13,371,562	13,408,000	6,720,860
Net cash flows (used in)/from operating activities	5	(265,532)	636,000	3,184,351
CASH FLOWS (USED IN) INVESTING ACTIVITIES				
Cash was provided from:				
Sale of fixed assets		89	-	-
		89	-	-
Cash was disbursed to:				
Purchase of fixed assets		30,064	50,000	48,670
		30,064	50,000	48,670
Net cash flows (used in) investing activities		(29,975)	(50,000)	(48,670)
Net (decrease)/increase in cash held		(295,507)	586,000	3,135,681
Plus opening cash		4,562,035	1,769,000	1,426,354
→ CLOSING CASH BALANCE		4,266,528	2,355,000	4,562,035
Cash and on call deposits				
		4,266,528	2,355,000	562,035
Term deposits				
		-	-	4,000,000
→ CLOSING CASH BALANCE		4,266,528	2,355,000	4,562,035

The accompanying accounting policies and notes form an integral part of these financial statements.
For information on major variances against budget, refer to Note 11.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

1 COST OF SERVICES

	2007	2007	2006
	Actual	Budget	Actual
	\$	\$	\$

Cost of services includes expenditure on the following programmes:

Smokefree Community	3,015,501	3,000,000	2,235,011
Smokefree Youth	2,066,866	1,969,000	1,132,012
Auahi Kore	1,022,238	959,000	639,494
SunSmart	850,561	896,000	988,921
Walking and Cycling (Previously Bike Wise)	970,750	979,000	827,723
Healthy Eating	2,991,252	1,925,000	-
Problem Gambling	1,604,885	1,674,000	295,969
TOTAL PROGRAMME EXPENDITURE	12,522,053	11,402,000	6,119,130
Non programme expenditure	1,489,449	1,673,000	1,278,656
TOTAL COST OF SERVICES	14,011,502	13,075,000	7,397,786

2 STATEMENT OF FINANCIAL PERFORMANCE

	2007	2006
	\$	\$

The net surplus is after charging for:

Fees paid to external auditors		20,597	19,593
Board members' fees	9	36,000	42,000
Bad debts		-	104
Depreciation		50,585	40,660
Equipment hire		3,474	3,285
Legal fees		-	2,458
Loss on disposal of fixed assets		1,896	811
Non programme personnel expenses		942,809	751,393
Rent		175,541	156,485

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

3 FIXED ASSETS

	Opening			Closing
	cost	Additions	Disposals	cost
	\$	\$	\$	\$
Building fit out	90,108	11,500	-	101,608
Computers	193,860	15,586	(12,430)	197,016
Office equipment	63,752	795	(1,653)	62,894
Furniture and fittings	11,603	2,182	-	13,785
→ TOTAL	359,323	30,063	(14,083)	375,303

	Opening			Closing
	accumulated	Depreciation	Depreciation	accumulated
	depreciation	expense	on disposals	depreciation
\$	\$	\$	\$	\$
Building fit out	52,014	13,054	-	65,068
Computers	107,294	30,780	(10,968)	127,106
Office equipment	36,319	5,528	(1,130)	40,717
Furniture and fittings	7,307	1,223	-	8,530
→ TOTAL	202,934	50,585	(12,098)	241,421

	Closing net	Opening net
	book value	book value
	\$	\$
Building fit out	36,540	38,094
Computers	69,910	86,566
Office equipment	22,177	27,433
Furniture and fittings	5,255	4,296
→ TOTAL	133,882	156,389

4 SPONSORSHIP/PROMOTION LIABILITIES

	2007	2006
	\$	\$
Smokefree Community	618,391	326,165
Smokefree Youth	398,904	348,100
Auahi Kore	311,020	193,747
Healthy Eating	616,212	0
SunSmart	39,113	77,666
Problem Gambling	38,011	233,581
Walking and Cycling	31,062	132,911
	2,052,713	1,312,170

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

5 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH REPORTED NET SURPLUS	2007	2006
	\$	\$
Net Surplus	530,586	1,744,603
Add/(deduct) non cash items:		
Depreciation	50,585	40,660
Loss on disposal of fixed assets	1,896	811
	583,067	1,786,074
Add/(deduct) movements in working capital items:		
(Increase)/decrease in accounts receivable	(1,436,059)	762,822
(Decrease)/increase in GST	(126,181)	167,941
Decrease in inventory	13,017	80,029
(Decrease)/increase in accounts payable and employee entitlements	(39,919)	81,601
Increase in sponsorship liabilities	740,543	305,884
	(848,599)	1,398,277
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES	(265,532)	3,184,351

6 STATEMENT OF CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2007 (2006 nil).

7 STATEMENT OF COMMITMENTS

LEASES

The HSC has the following non-cancellable operating leases:

	2007	2006
	\$	\$
Less than one year	194,896	156,185
One to two years	194,896	156,185
Two to five years	97,448	234,278
	487,240	546,648

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

8 FINANCIAL INSTRUMENTS

CREDIT RISK

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

The HSC has a letter of credit in favour of National Bank Visa, limited to the value of \$24,000. (2006:\$22,000)

Bank balances are held with New Zealand registered banks in accordance with HSC 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 Ministry of Health; the HSC receives the majority of its revenue from this source.

The Ministry of Health is Crown funded and is, therefore, a high quality credit entity.

CURRENCY RISK AND INTEREST RATE RISK

The HSC has no foreign exchange exposure of any significance, nor does it have any significant interest rate risk.

FAIR VALUE

The fair value of financial instruments approximates the carrying amount disclosed in the Statement of Financial Position.

9 REMUNERATION

EMPLOYEES

Total remuneration received by the Chief Executive of the HSC for the financial year 1 July 2006 to 30 June 2007 was between \$150,000-\$160,000. (2006:\$140,000-\$150,000)

One other employee received remuneration of between \$100,000 - \$110,000. (2006: nil)

BOARD MEMBERS' FEES

	2007	2006
	\$	\$
Athol Mann (Chairman)	12,000	12,000
Tracey Bridges	6,000	6,000
Allison Roe	6,000	6,000
Fa'amatuaianu Tino Pereira	6,000	6,000
Louisa Wall	6,000	0
Annette Milligan (to July 2006)	0	6,000
Paul White (to July 2006)	0	6,000

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

10 RELATED PARTY INFORMATION

THE CROWN

The Health Sponsorship Council is a wholly owned entity of the Crown. The Government significantly influences the role of the HSC as well as being its major source of revenue.

The HSC has entered into a number of transactions with Government departments and Crown agencies on an arm's length basis and where those parties are only acting in the course of the normal dealings with the HSC. These transactions are not considered to be related party transactions.

11 MAJOR BUDGET VARIATIONS

STATEMENT OF FINANCIAL PERFORMANCE

Revenue – Ministry of Health and the LTNZ

Revenue from the Ministry of Health is \$1,755,397 greater than budget. This is primarily due to an additional \$1,500,000 of funding received by the Healthy Eating programme for the development of additional television advertisements and to strengthen the existing Feeding our Futures campaign. Extra funding of \$177,778 was received for the Problem Gambling programme which allowed an increased sample size to be undertaken for the Behaviour Change Indicator survey. Additional funds were also received for tobacco control research.

LTNZ revenue is \$100,000 greater than budgeted for the year offsetting the \$100,000 variance from the previous financial year.

Interest income

Interest income is \$233,913 greater than budget due to additional Ministry funding, higher than budgeted interest rates and slightly later than budgeted spending in some programmes.

Non programme expenditure

Non programme expenditure is \$183,551 below budget but \$210,793 greater than the prior year. The principal reason for these variances was in staff salaries. The introduction of two new programmes (Healthy Eating and Problem Gambling) has meant the employment of additional research and business development staff to support these programmes. Recruitment of suitable people was more difficult than expected due to the tight labour market. Our research capability is now at full strength.

Programme expenditure

Total programme expenditure of \$12,522,053 is \$1,120,053 greater than budget. \$1,066,252 of this variance is due to additional spending on media and research in the Healthy Eating programme reflecting partial spending of the additional \$1,500,000 funding received from the Ministry.

The remainder of the additional funding is budgeted to be spent in the 2007/08 financial year. All other programmes were largely on target.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2007

STATEMENT OF FINANCIAL POSITION

Cash balances are higher than budgeted due to the additional funding from the Ministry of Health and the timing of actual expenditure compared to budget.

Accounts receivable are higher than budgeted due mainly to changes in the Ministry payment schedule subsequent to the budget being finalised. \$1,943,750 or 93% of the 30 June 2007 balance is due to funding receivable from the Ministry. Less than 1% of the year end balance is considered overdue. All balances are expected to be received in full.

Sponsorship/promotional liabilities are higher than budget and the previous year. This is due principally to additional media and research funding expenditure in the Healthy Eating programme, unbudgeted sponsorship received for the Smokefree Oceania Conference (\$111,807) to be held in September 2007 and timing variations between budgeted and actual expenditure across the programmes.

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Audit New Zealand

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on behalf of the Auditor-General

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National Bank of New Zealand

SOLICITORS

Bell Gully



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