



Presented to the House of
Representatives pursuant to
Section 63 of the Smoke-free
Environments Act 1990

Released under the Official Information Act 1982



street-SKILLS



REPORT OF THE health sponsorship council

te Rōpū Whakatairanga Hauora

for the year ended June 30 1998

Released under the Official Information Act 1982

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Chairman's report

MISSION STATEMENT

To encourage New Zealanders to adopt and maintain healthy attitudes and lifestyles.

OVERALL OBJECTIVE

To market health brands and engender positive attitudes and behaviour regarding specific health issues. Core activities include:

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

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

The year under review has been satisfying and rewarding for Council as it heralded the end of our mandatory responsibilities. During the year we managed our way out of our last major mandatory sponsorships: the Smokefree Fashion Awards being the final major event. Effectively, Council's role in tobacco replacement has come to an end. This is a momentous occasion for Council and for the Government as, in effect, the cost of removing the presence of tobacco from sport and cultural events has now been fully covered. While that cost has been significant, Council has made the most of the opportunity accorded by replacing tobacco imagery with positive health messages (namely Smokefree, SunSmart and Street-Skills), promoting these extensively within the community.

Council is proud of the achievements that have occurred within health marketing during the past eight years. New Zealand's efforts and achievements in the area of limiting tobacco advertising are particularly noteworthy, placing us at the forefront of an international movement. We are ahead of the United States, the United Kingdom and many countries in Europe in this respect. While there are still many smoking images to be seen, for instance in films (at a level four times greater than what occurs in reality) and international sport, the Smoke-free Environments Act should be regarded as a major victory in New Zealand's move to establishing itself as a leading Smokefree country.

Moving on from our tobacco replacement responsibilities does not mean Council's work is finished, however. Indeed, the real work is just beginning. Council now seeks to concentrate all of its resource and effort on informing and equipping New Zealanders to make good health a priority.

Council intends achieving this by consolidating the work we have started within our social marketing programmes. While the mandatory responsibilities played a valuable role in carrying our three health brands into the community, only a few of them have actively involved the

brands are particularly concerned with the developing health behaviours of young New Zealanders).

While the mandatory activities have helped develop socially supportive environments for our health brands, it is our social marketing programmes which have the ability to make a difference. There is no question in my mind that social marketing has the power to positively influence New Zealanders' attitudes and behaviour across a range of social issues. Indeed, social marketing offers agencies like the Health Sponsorship Council immense potential to improve people's quality of life, both in terms of their personal welfare and that of society's.

The attitudes and behaviours we are most concerned with are deeply entrenched in people's psyche. It takes more than a 'quick fix' to help a smoker give up their tobacco addiction. Therefore, the 'shifts' we wish to see people make relating to smoking, sun behaviour and cycle safety all need 'high involvement' decision-making: we do not expect them to change their behaviour instantaneously or easily. Council takes a long-term view of this and expects attitudinal and behavioural change to occur over time.

To move people towards behavioural change we need to help them through a series of stages and at each stage we need to inform and equip them to move on to the next stage. The seeds of change are sown when people start thinking their current habits are not appropriate, with real change occurring when people have committed to a healthy behaviour and have no desire to return to previous habits.

The integrated social marketing programmes that we have developed within each brand will help reach and support at-risk audiences to move through these stages. These programmes employ

promotion, advertising, merchandising, branding and sponsorship to ensure they reach and influence New Zealanders who most need our assistance.

Up until now these have been fledgling programmes as our mandatory responsibilities have dominated our activity and resource. Now that we no longer have these responsibilities we can devote our attention and resource to our social marketing initiatives. Consequently, the future looks promising for the Council for a number of reasons.

Firstly, Council celebrated the end of the 1997/98 financial year \$300,000 ahead of our original predictions. This is a considerable achievement given the difficult financial position Council has been in during the past. (Some of the mandatory sponsorships created considerable tension by changing the timing of their programmes and activities, thereby requiring sponsorship funds earlier than originally budgeted. In addition, the cost of several sponsorships was considerably higher than originally estimated. Consequently, this placed enormous stress on Council's cashflow). Sound financial management has ensured we have managed our way through these difficult periods and emerged from this mandatory era in a sound financial position. We are certainly proud of this achievement.

Secondly, the 1998 Budget announcement that the Council will receive \$4 million per year for the next three years was great news. This surety of funding enables Council to take a longer-term view, which is critical given our social marketing goals. Importantly, this financial surety enables us to develop our social marketing programmes confidently and so realise their full potential.

This does not just benefit the Council. The complementary government, business and community organisations that Council works in partnership with also benefit. In the spirit of social marketing we believe efficiencies are to be gained when individual organisations work

as it ensures activities in areas of common interest are integrated (thereby minimising potential for duplication). It also helps solidify and strengthen individual organisation's roles, and clarifies their specific areas of expertise. Clearly, the community benefits from such a co-ordinated approach and positive health results are more likely to be achieved because of this focus.

Valuing the collaborative approach, Council has worked hard during the past year to cement such partnerships, and so establish a solid foundation for each health brand. A highlight for the year was that partnerships established within each brand and programme area provided solid launching pads for innovative health programmes, promotions and activities. Key partners include the Cancer Society of New Zealand, Te Hotu Manawa Maori, the Community Employment Group, ALAC, the Hillary Commission, Apaarangi Tautoko Auahi Kore, the Smokefree Coalition, Land Transport Safety Authority, Bicycle Industry Association of New Zealand, Cycling Support New Zealand, Cycling New Zealand, the Bicycle Association of New Zealand, New Zealand Police, the Ministry of Health and public health units.

Undoubtedly, the past year signalled a turning point for Council as we erased the term 'tobacco replacement' from our business and vocabulary. Looking forward, we will devote our energy and resource to play a vital role in contributing to the context in which effective health marketing occurs. The year ahead will see Council operating as a fully integrated social marketing agency focused on addressing a range of health issues. Our key goal for the year ahead will be to foster the strong bonds we have forged with complementary organisations, thereby extending our reach into key audiences.

Finally, I would like to take this opportunity of thanking and congratulating the work and achievement of the staff of the Health Sponsorship Council and acknowledging the significant contribution of the Director, Iain Potter.



Tony Steel
Chairman

social marketing activity review

Smokefree



Smokefree Community

This programme acknowledges that the teen and Maori audiences do not exist within a vacuum. They interact within larger communities-of-interest that reach into social, educational, recreational and cultural environments (sports clubs, schools, marae etc). To ensure Smokefree reaches these two audiences in as pervasive a manner as possible we co-ordinate projects within the community that further develop socially supportive environments for this brand. During the year Council acted as a project facilitator bringing together, and working with, members of the extensive Smokefree workforce. Our focus was on co-ordinating activities of national interest and value.

Initiatives of particular note for the year under review included:

World Smokefree Day proved yet again to be a great example of what can be achieved through a collaborative marketing effort. Held on 31 May each year it is an international day of Smokefree celebration. The Council, the Ministry of Health, the Cancer Society of New Zealand and Te Hotu Manawa Maori pooled resources and co-ordinated activities at the national level for this celebration. This group developed the official imagery and made available the majority of resources for health agencies around the country. The group also spearheaded the public relations effort, and acted as co-ordinators and disseminators of material to all with an interest in the issue. Considerable media attention was accorded to this event, providing an excellent return on investment.

Smokefree - Towards 2000 was the official name of the second Smokefree national conference that was organised with the Cancer Society and Te Hotu Manawa Maori. The conference considered issues relating to current smoking rates among New Zealanders, desired changes to legislation, smoking cessation initiatives, and advocacy. Conference outcomes will be incorporated into a national plan for the Smokefree community during the year ahead.

Quit Campaign - one of the hot topics at the conference was that of encouraging smoking cessation. Earlier in the year Council, the Cancer Society and Te Hotu Manawa Maori discussed the possibility of running a pilot Quit campaign as a means of exploring the issues and benefits surrounding a Quit campaign. In the past 10 years anti-smoking initiatives in New Zealand have focused on encouraging people not to start smoking, with less than \$1 million having been spent on campaigns to encourage smokers to quit. The 10th World Conference on Tobacco (Beijing, 1997) identified the need to help current smokers quit as a priority in an attempt to arrest current mortality figures.

Following much research and discussion prior to, during, and after the conference it was agreed that a pilot project would be undertaken in the Waikato/Bay of Plenty region between the months of September 1998 and March 1999. This pilot will provide several layers of activity including a mass media campaign, a free telephone Quitline providing individual counselling on how to quit plus a Quit kit available to all callers, communication strategies with local GPs and pharmacists, advice on quitting services available in the community and training for local health personnel on Smokechange and quitting strategies.

Council worked closely with the Cancer Society and Te Hotu Manawa Maori to ensure a coherent strategy was presented to local providers, the public and the

Health Funding Authority. We will continue to contribute to this project, as success will only come from an integrated approach involving groups working in Smokefree issues at a national, regional and local level.

Making Sport Smokefree saw Karate New Zealand become the fifth sport to officially declare itself Smokefree (following Netball New Zealand, Surf Riders Association of New Zealand, Athletics New Zealand and Aotearoa Maori Netball).

Both Karate and Surf Riders remain very active in terms of promoting themselves as 'Smokefree Sports'. As an example, a South Africa versus New Zealand Karate Test held earlier in the year was run as a Smokefree event with little input from Council - including 20 minutes on television.

In addition to the five Smokefree sports, Council has sponsored the Members' Stand at the Wellington Racing Club. While the racing audience is not a core audience for Council it is an important move as Wellington is the first racing club to "break ranks" and go Smokefree. Projects such as this one provide an opportunity for Smokefree to work with groups that have an established smoking culture, pushing their boundaries to help them make a 'shift' in the right direction. Importantly, this demonstrates to the community that it is possible to move people with the most ingrained smoking attitudes in a positive direction.

The activities within this programme demonstrate just what can be achieved when agencies work together, collaborating on joint projects with the community's interest at heart. In the year ahead we will continue to play an integral role collaborating with national agencies on Smokefree initiatives of national importance.

Smokefree Maori

The smoking statistics for Maori, compared to non-Maori, are frightening. Fifty percent of all Maori adults are smokers: this is double the rate of non-Maori. The challenge for Smokefree is immense and, in response, we have developed a variety of devices aimed at reaching Maori with healthy Smokefree messages. The brand is marketed in three ways: through events which have high Maori participation rates and audiences, through mainstream events that reach Maori (these two areas are achieved within *Smokefree Community* - see above), and through supporting Maori-initiated and managed events. The latter is the theme of the Auahi Kore (Smokefree) programme, the key concept of which is "*by Maori, for Maori*".

Influencing Maori environments and perceptions to encourage young Maori to be Auahi Kore and older Maori to consider Auahi Kore as the future norm are the outcomes anticipated. The central themes of sport, traditional arts and the community are used due to their immense popularity with this audience.

He Oranga Poutama (HOP) grew from strength to strength during the year and proved an invaluable vehicle for carrying health brands. HOP provided an opportunity to positively influence the lives of thousands of Maori throughout New Zealand by encouraging them to enjoy healthier lives by adopting a Smokefree lifestyle, participating in physical activity, and encouraging safer alcohol use.

We place great value on this initiative as it offers us a close working relationship with the Hillary Commission, Te Puni Kokiri, the Community Employment Group and ALAC. During the year Council played a leading role within this group and although the Hillary Commission administers the project Council was heavily involved in the overall management. Consequently, the 11 kaiwhakahaere (co-ordinators) worked hard for us, marketing the Auahi Kore brand in Maori communities at the local and regional level.

During the year, HOP received support from some very important groups. The Maori Health Commission endorsed the project and the Maori Participation Task Force, which reports to the Hillary Commission, supported the HOP project and recommended that agencies consider increasing the number of kaiwhakahaere positions to 21. This was heartening news and a positive endorsement of Council's involvement.

Also, excellent media coverage was generated at both a local and national level, with each of the kaiwhakahaere establishing good links with local media personnel. It is hardly surprising that local media coverage has been good as more than 100 He Oranga Poutama events took place during the year. These ranged from inter-iwi sports tournaments to a twilight volleyball tournament promoting safer alcohol use (Manaaki Tangata) and kaumatua games.

All events promoted the Auahi Kore kaupapa as well as Manaaki Tangata and active lifestyles. It should be remembered that many people who took part in these events had previously been recreationally inactive and research undertaken indicated that people went to considerable lengths to reduce the number of cigarettes they smoked during the events (a large percentage managed to stay Smokefree throughout the duration of the event). For many this heralded the beginning of the change process, in that they themselves chose to be part of a Smokefree environment and to respect the kaupapa of the environment.

Council continued to foster a positive working relationship with Apaarangi Tautoko Auahi Kore (Maori Smokefree Coalition). As with the Smokefree Coalition, we regularly met with the Director to ensure both parties shared information and kept abreast of current issues relating to this health area.

The Aotearoa Traditional Performing Arts Festival was a real highlight of the year for Auahi Kore. The emotions generated by this event fully justified the effort and resource invested by Council staff and the powerful imagery gave poignant meaning to Council's promotional by-line *Ao Maori, Ao Auahi Kore* (Traditionally Maori, Traditionally Smokefree). There is no doubt that this is now a significant event for all New Zealanders, Maori and non-Maori.

In recognition of the importance of the Smokefree issue for Maori, the organising committee declared the venue Smokefree (and offered only a few designated smoking areas). While these smoking areas were frequented by some, the public viewing areas remained Smokefree. This was a truly significant step for the event, particularly when considering the high proportion of Maori who smoke.

The potential of the above initiatives to act as vehicles to effect positive change in Maori communities is considerable and Council will work to capitalise on the enthusiasm for these projects during the year ahead.

Smokefree Teens

Being a teenager is all about experimenting and pushing personal and social boundaries. Not surprisingly, risky behaviour such as smoking becomes a rite of passage for young people wishing to assert and demonstrate their growing independence. To present alternatives to this rite of passage Council works hard to position Smokefree as a desirable and achievable option. To reach teens with compelling reasons not to start smoking we have developed a range of marketing communications and sponsorship strategies.

Essentially, Council believes that not starting is better than battling cessation later in life (most smokers attempt to give up at least six times before they finally succeed). By taking this position we complement the educational component already in place through the school curriculum. While the curriculum provides an educational, knowledge-based framework Council appeals to the emotive, social side of teen lifestyles. Together, these two approaches work to provide teenagers with real alternatives to smoking.

This form of marketing calls for involvement in the teen-scene in a way that is comfortable for this age group. Unlike the educational aspect that is part of consciousness, persuasive social marketing is part of the sub-conscious.

Consequently, Council capitalised on the immense popularity of contemporary music amongst teenagers and used this medium once again as its central theme for reaching this audience. Over the years the Council has established strong partnerships with the xtrasmokefreerockquest and Smokefree Stage Challenge and these two events worked well for us, achieving high profile within this key audience. This is evidenced in the fact that a record number of teenagers were involved in both of these events and all major youth media demonstrated a high level of interest in profiling the events. (In quantitative research conducted during the year with teens 83% of respondents were aware of the Smokefree Stage Challenge and 65% were aware of the xtrasmokefreerockquest. Note: this survey was conducted outside of xtrasmokefreerockquest's season, which explains the lower result here).

Overall, these are heartening results for Smokefree as it indicates that all the hard work is paying off. These two events have become an integral part of youth culture in this country.

To reach teenagers who were not involved in these two music events Smokefree increased its investment in marketing communications devices, direct-mailing many of these to schools and teenagers. To capture the imagination of this age group we created a fictional ex-smoking, axolotl called *Lungfish* and used this character in all of our marketing communications (including our internet site, a seasonal 'zine', postcards as well as a variety of merchandise including T-shirts, bags and beanies).

Lungfish is a quirky character who provides Smokefree with a tool to connect with this audience in a way that could not be achieved using conventional branding techniques. Research findings indicate that teenagers relate to him well, finding his delivery of the Smokefree message more palatable than if it had come from a 'government agency'. *Lungfish* provides considerable potential to help Smokefree establish itself as a strong brand in the minds of this audience.

In terms of other activity during the year we developed important media alliances to further extend the reach of the Smokefree brand into this teenage market. In line with research that shows use of the internet amongst this group has increased from 8% to 40% in the last two years, we invested in this medium, extending and

improving our *Lungfish* site and adding two interactive features. We developed strong relationships with youth print media, most notably *Tearaway*, a free youth publication distributed predominantly through schools, and music magazine *Real Groove*. We have also forged a strong alliance with the Newspapers In Education (NIE) network, a group of regional newspapers that support youth journalism, printing the work of young writers on special youth pages. This network provided us with access to young writers throughout the year. We have also maintained strong links with all key youth television media who have been extremely supportive of the Smokefree brand.

Clearly, this approach is working as quantitative research conducted with this audience indicated an increased awareness amongst teenagers of the Smokefree brand and its key health message as well as an increased conviction amongst this audience that the Smokefree attitude is getting through to their peers.

This reassures the Council that the changes we made to this programme last year (decreasing the amount of events and increasing the emphasis on marketing communications) have paid dividends. In the year ahead we will continue developing this marketing strategy to ensure we remain an important part of the teen-scene, reaching and influencing this difficult group in appropriate and compelling ways.

We are not just concerned with the well being of teenagers, however. Past research regarding smoking prevalence amongst younger New Zealanders has indicated that more children are experimenting with smoking at a younger age. To address and investigate the issues surrounding this trend further we conducted a scoping study during the past year that was focused on these youngsters. We met with a range of organisations and individuals that work with these younger New Zealanders and discussed ways in which we could reach and influence them with our Smokefree brand.

Consequently, during the year ahead we are now in a position to put pilot Smokefree marketing initiatives for a younger pre-teen audience in place. Lessons learnt from the Smokefree teen programme will be applied to this junior audience, adapting them to ensure relevance. Links will be made with organisations that work with this younger age group to pool resources and ideas, thereby strengthening our approach and potential reach into this audience.

SunSmart



SunSmart continued to provide brand leadership for this priority health issue and worked closely with the Cancer Society and regional health promotion units to ensure initiatives in this area were co-ordinated and integrated.

To reach the key 12-17 year old audience we invested the majority of our SunSmart resource and effort in a nationwide radio campaign with radio stations promoting SunSmart behaviours throughout January and in the weekends of February. This campaign achieved incredible value for money for Council - we invested \$56,000 and received \$372,000 worth of promotion, equating to a 664% return on investment.

Another successful initiative developed within this brand has been the SunSmart Charter concept. In a similar vein to the Smokefree Charters, these are for national sports bodies who wish to publicly demonstrate their sport's commitment to adopting SunSmart attitudes and behaviours. SunSmart's three major discretionary sponsorships (Surf Life Saving, Canterbury Tennis and Waikato Tennis) were quick to adopt these charters when they were first developed. While the charters provide an excellent promotional tool for SunSmart and the sports involved it has become clear that something more is needed to help translate the philosophy into practice.

Hence, we developed a SunSmart 'Code of Practice' during the year and started trialing it in a select number of SunSmart sports. This code details how sports can encourage their members and supporters to be SunSmart and provides practical advice for sports such as how to make great use of SunSmart role models, how to develop shady areas around their sportsgrounds etc. After gathering feedback from the groups trialing these codes during this summer season we will produce kits for general distribution in the following 1999/2000 season.

In terms of sponsorship activity the BellSouth Open (the country's premier men's tennis tournament) continued to drive the SunSmart campaign during the year. This was Council's first mandatory sponsorship to be on-sold at the beginning of the transitional period, with SunSmart remaining a co-sponsor of the event. Tennis role models are used throughout the competition to promote sun safety messages. To capitalise on our investment and extend the tennis theme into younger audiences we again invested the majority of our discretionary SunSmart resources on regional tennis activities (namely, Canterbury and Waikato tennis). Both of these organisations worked incredibly hard for SunSmart, making the most of all available opportunities to ensure their young members were reached and influenced by our health brand.

The other initiative of note within this programme is the strong relationship SunSmart has developed with the Surf Life Saving Association. Since its inception SunSmart's relationship with this sport has developed from strength to strength and they have taken advantage of opportunities to ensure our brand and its key safety message reaches their younger members. During the past year seven youth Surf Life Saving festivals were held and nearly 50,000 children were exposed to positive SunSmart messages through the sport's beach education programme.

Despite the successes here, our research findings indicate there is still considerable work to be done shifting the mindset of younger New Zealanders. While this audience is keenly aware of our brand and of the perils they face when out in the

sun, the 'tan culture' remains alive and well within this young age group. Given the New Zealand lifestyle and love of being outside and involved in some manner with recreational activities it is a considerable challenge to get people to change their sun habits and adopt safer practices. While some movement has been made in this area there is a need for the SunSmart brand to continue to develop programmes and initiatives that capture the attention of younger New Zealanders and, through their appeal, encourage them to think and act differently when outside.

During the past months we have been considering our options with this audience and have been working to modify our existing marketing plan to ensure it is now fully focused on the needs of this younger audience (previously it had been heavily dominated by our mandatory responsibilities). Hopefully this will mean we will start seeing this group shifting closer to the positive end of the sun safety spectrum.

While the plan is still in draft form we have already begun to make changes in readiness for the summer months. As a starting point we intend simplifying our SunSmart messages by promoting only four, as opposed to six, SunSmart behaviours for people to recall. By making it easier for people to remember what they should do when out in the sun, they will be more likely to actually adopt the appropriate attitudes and behaviour. The plan for the year ahead is to heavily promote these behaviours and encourage other agencies working in this field to do likewise.

The year ahead offers considerable challenge for this brand as it focuses all of its resource and energy on this younger age group and begins implementing a revised marketing plan that has their health interests at heart. We are determined to shift this group, moving them in a SunSmart direction.



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Street-Skills

Street-SKILLS

The year under review has proved incredibly exciting and rewarding for our cycle safety brand. Street-Skills managed the coup of the year for Council by establishing an inter-agency national committee focused on co-ordinating cycle safety initiatives for 8-12 year old cyclists.

Since it first became involved in cycle safety three years ago the Council has sought to bring together national agencies who have responsibilities in this area to work collaboratively on shared goals. This paid off with the establishment of the Cycle Steering Committee in October 1997.

Comprising Council, Land Transport Safety Authority, Bicycle Industry Association, Cycling New Zealand and the New Zealand Police this group is charged with providing a central forum within which cycle safety issues are addressed, debated and acted upon. Already the members are working as a cohesive unit, providing leadership for regional and local groups focused on cycle safety. During the year the Committee initiated activities such as approaching Sanitarium and offering cycle safety information and guidance for children who participate in their try-athlons. The Committee began negotiations with The Warehouse and Kmart to ensure all of their children's bicycles carry cycle safety information.

This Committee demonstrates just what can be achieved through inter-agency collaboration and it provides an excellent blueprint for other government agencies that share common goals and responsibilities in areas of community concern.

A further outcome is that the Committee elected to adopt Street-Skills as its number one cycle safety brand. While individual agencies have developed different cycle safety messages for various purposes or audiences, from this point on whenever activities or initiatives are organised by this group for the 8-12 year old audience the Street-Skills brand will have prominence.

To ensure a sound future for the Committee the members are currently preparing a comprehensive strategic plan and a marketing communications plan that will be launched in the year ahead.

In terms of other activity occurring within this programme both the Street-Skills Bike Week and the Street-Skills Women's Cycle Tour provided considerable exposure during the year. In particular, Bike Week was a considerable success story. Managed in a similar manner to how Council co-ordinates World Smokefree Day, it achieved considerable reach into the community due to the involvement of a variety of agencies and organisations (Community Constables, bike retailers and road safety co-ordinators all supported and extended this initiative within their communities).

This initiative provided excellent opportunities for our brand to work at the community level, involving a range of different organisations that extended the brand's reach much further into the community than if we had delivered the project from the national level.

The year ahead is full of promise for Street-Skills. With the establishment of the Cycle Steering Committee we are in a strong position to reach and influence 8-12 year old cyclists. Our goal is to ensure those young cyclists are informed and equipped with cycle safety knowledge and skills to ensure they cycle as safely as possible when out on their bikes.

Mandatory Sponsorships

Once again the Council worked hard to maximise opportunities that arose within any of the mandatory sponsorships that had some connection with one of our key audiences. It is only by doing this that we could expect a positive health result from these tobacco replacement sponsorships.

The Smokefree Fashion Awards provided Council with the most scope to leverage our brand as it offered considerable female-teen appeal. To reach this audience and encourage them to think more deeply about Smokefree and its involvement in the Awards Council formed a partnership with fashion magazine *Fashion Quarterly*. They were quick to realise the potential of this partnership and threw themselves wholeheartedly into the project, taking editorial control of the event's programme, attaching it to the May issue of their magazine. Their enthusiasm and desire to be involved in such an integral manner demonstrated a clear indication of the sophistication of the event.

Indeed, *Fashion Quarterly's* commitment has been far-reaching - they have undertaken to never run a photo of a model with a cigarette. This is quite an achievement given they represent an industry where cigarettes are often regarded as fashionable accessories.

Council believes that Smokefree's involvement in the Awards has delivered a high awareness of our message in the three years we have been involved. Evidence for this can be found in research findings that demonstrate during our three years of involvement Smokefree has made significant inroads into the top-of-mind ownership of an event that Benson and Hedges had been involved with for more than 30 years. This is a remarkable shift to have achieved in such a short time.

With regards to the remainder of the mandatory sponsorships, the Council farewellled all of them back into the marketplace with the exception of Smokefree Softball and the BellSouth Tennis Open.

Smokefree will continue to have a relationship with Softball as this sport has requested that its final tobacco replacement entitlement be split across three years. This ensures continued brand exposure for Smokefree, at little extra investment. With regards the BellSouth Open Tennis, Council has no further financial obligations, however, the contract provides two further year's involvement with no fee. A modest promotional budget will be allocated to ensure brand exposure for SunSmart.

Hence, with only minor exceptions from a financial viewpoint, the year under review denotes the end of an era for the Council as it moved away from its tobacco replacement responsibilities. Effectively 'tobacco replacement' has now been erased from the Council's business and vocabulary.

Tobacco Replacement

SMOKEFREE

Northern Ballet Company 1997/98
Fashion Awards 1998
Hawke's Bay Artwear Awards 1997
Christchurch Arts Centre 1997/98
Wilton Bowling Club
Forbury Park Trotting Club
Hawke's Bay St Johns
New Zealand Softball
Manukau Tenpin Bowling - Smokefree International 1998
Auckland Institute of Technology - Smokefree Scholarships
Hawke's Bay Science Fair

SUNSMART

Wairakei Golf Course
New Zealand Amputee and Disabled Golf

STREET-SKILLS

Street-Skills Women's Tour

Social Marketing Initiatives

SMOKEFREE COMMUNITY

National Waka Ama Champs 1998
Te Rakau Hua o te Wao Tapu Schools Tour 1998
New Zealand Rugby League 1997
Women's Health Action - Suffrage Day 1997 & 1998
Hamilton Kart Club - New Zealand Pro Series 1998
New Zealand Swimming
International Festival of the Arts
Smokefree Rising Suns - Gisborne Basketball 1998
Otago Rugby League - Junior grades 1998
Surfriders New Zealand
The Marley Games 1998
Wellington Racing Club - Smokefree Members Stand
Smokefree Sharks - Southland Basketball 1998
Wellington Netball
Hockey New Zealand
Waikato Athletics
Volleyball New Zealand
Netball New Zealand

Public Health Association - Conference 1998
Te Whaea - National Dance & Drama Schools
Waikato Basketball - school coaching

Smokefree Teens

Te Karito Kura Wananga - Maui Smokefree Warrior
xtrasmokefreerockquest
Smokefree Stage Challenge

Smokefree Maori

Hillary Commission - He Oranga Poutama
Pae Rangatahi Festival
Auckland Maori & Pacific Island Schools Festival
Tainui Maori Golf
Aotearoa Maori Netball

SunSmart

SunSmart Women's Surfing Champs 1998
Teddy Bears Picnic - Wellington
Teddy Bears Picnic - Auckland
Canterbury Cricket - school cricket 1997/98

Street-Skills

Hamilton BMX Club - North Island Champs 1997
Waitakere BMX Club - North Island Champs 1998

MEMBERSHIP

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

TONY STEEL of Hamilton, Chairman

BOB HARVEY of Waitakere

PAT BARWICK of Christchurch

ATHOL MANN of Wellington

IRIHAPETI RAMSDEN, Ngai Tahu and Rangitane of Wellington

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STATEMENT OF RESPONSIBILITY

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

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

Tony Steel
Chairman

Iain Potter
Director

REPORT OF THE AUDIT OFFICE

TO THE READERS OF THE FINANCIAL STATEMENTS OF THE HEALTH SPONSORSHIP COUNCIL FOR THE YEAR ENDED 30 JUNE 1998

We have audited the financial statements on pages 21 to 33. The financial statements provide information about the past financial and service performance of the Health Sponsorship Council and its financial position as at 30 June 1998. This information is stated in accordance with the accounting policies set out on pages 29 to 30.

Responsibilities of the Council

The Public Finance Act 1989 requires the Council to prepare financial statements in accordance with generally accepted accounting practice which fairly reflect the financial position of the Health Sponsorship Council as at 30 June 1998, the results of its operations and cash flows and the service performance achievements for the year ended 30 June 1998.

Auditor's responsibilities

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

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

Basis of opinion

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

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

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

Other than in our capacity as auditor acting on behalf of the Controller and Auditor-General, we have no relationship with or interests in the Health Sponsorship Council.

Unqualified opinion

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

In our opinion, the financial statements of the Health Sponsorship Council on pages 21 to 33:

- comply with generally accepted accounting practice; *and*
- fairly reflect:
 - the financial position as at 30 June 1998;
 - the results of its operations and cash flows for the year ended on that date; *and*
 - the service performance achievements in relation to the performance targets and other measures adopted for the year ended on that date.

Our audit was completed on 28 October 1998 and our unqualified opinion is expressed as at that date.

C R Fabling

Audit New Zealand

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

Activity	Performance Target	Performance Result
Mandatory Sponsorships		
Replace tobacco replacing sponsorships with health promoting sponsorships.	Requests for an extension to a third year of tobacco replacement sponsorship assessed in accordance with guidelines set.	Achieved. 11 extensions approved within terms of the Smokefree Environments Act (SFEA).
Erase tobacco images from NZ sport and culture	HSC brands to have higher public association with major sponsorships than previous tobacco sponsors.	Achieved. Smokefree brand awareness higher than all tobacco sponsors.
Reduce presence of tobacco images in the community.	Public unprompted awareness of tobacco sponsors diminished.	Achieved. Association diminished.
	Tobacco promoting images to be erased from activities.	Achieved. All tobacco images removed from activities.
	All sponsorship contracts to require active promotion of Smokefree messages and to have definitive tobacco erasure clauses.	Achieved.
Smokefree Teens		
Sponsorship of activities to promote the Smokefree message to susceptible young people supported by a multimedia promotional programme.	Brand awareness 90%	Achieved. 93%
	Belief that Smokefree message is getting through:	
	Past smokers (youth) 56%	Past smokers 61%
	Social smokers (youth) 50%	Social smokers 51%
	Level of participation in Smokefree teen activities:	
	Past smokers (youth) 47%	Past smokers (youth) 40%
	Social smokers (youth) 55%	Social smokers (youth) 43%
		(Note: fewer events were available during 1997/98 than in previous years.)
	Levels of understanding of Smokefree message:	
	Past smokers (youth) 23%	
	Social smokers (youth) 18%	Data not collected.

CONTINUED

Activity	Performance Target	Performance Result
Smokefree Maori		
Sponsorship of a portfolio of Maori initiated and delivered activities designed to promote the Smokefree message.	Unprompted awareness of Smokefree brand: Maori 20%	Unprompted awareness of Smokefree brand: Maori 39%
	Conduct research into He Oranga Poutama to establish data on participation and the prevalence of Smokefree Maori environments.	Achieved.
Smokefree Community		
Sponsorship of activities designed to promote the Smokefree message to the general community and engender positive attitudes towards Smokefree lifestyles.	Unprompted awareness of Smokefree brand: General 30%	Unprompted awareness of Smokefree brand: General 29%
	Level of understanding of Smokefree message.	Not measured.
Co-ordinate and link with complementary agencies working within the Smokefree field.	Increase number of sporting organisations adopting a Smokefree charter.	Achieved. Karate NZ became the fifth sporting organisation to become a 'Smokefree Sport'.
	Key agencies identified and links established to ensure Smokefree message is extended into community activities not reached through sponsorships.	Achieved. A 'Chat Sheet' was sent four times to public health units, Cancer Society staff and others working on Smokefree.
	Organise a Smokefree Conference.	Achieved with Cancer Society and Te Hotu Manawa Maori (THMM) and held on 23/24 June 1998.
	Regularly liaise with key people working on Smokefree initiatives.	Regular meetings held with Cancer Society and THMM resulting in development of shared resources such as a Maori language Kura Kaupapa educational kit.

CONTINUED

Activity	Performance Target	Performance Result
	Facilitate celebration of World Smokefree Day.	Achieved in collaboration with Cancer Society, THMM, Ministry of Health, public health staff nationally and members of the Why Start? campaign.
	All sponsorship contracts to require active promotion of Smokefree and to have tobacco erasure clauses.	Achieved.
	Smokefree environments established at all sponsored activities.	Achieved. A contractual requirement.
SunSmart		
Sponsorship of activities designed to promote the SunSmart message and its key behaviours.	Unprompted level of brand awareness:	Unprompted level of brand awareness:
	12-17 year olds 12% Total population 6%	12-17 year olds 10% Total population 5%
	Reduce 1996/97 agreement levels with the attitudinal statements:	
	"A suntan makes me feel more attractive to others"	
	12 - 17 years 39%	12 - 17 years 41%
	"I feel healthier with a suntan"	
	12 - 17 years 41%	12 - 17 years 39%
	"Most of my friends like to have a suntan"	
	12 - 17 years 76%	12 - 17 years 73%
	Reduce number intending to sunbathe regularly from:	
	12 - 17 years 25%	12 - 17 years 25%
	Total population 14%	Total population 15%
	Maintain 1996/97 agreement levels with the statement:	
	"I use a sunscreen when I am out in the sun"	
	12 - 17 years 39%	12 - 17 years (always) 23%
		12 - 17 years (always/often) 69%
	Increase number of organisations adopting SunSmart charters.	25 Surf Life Saving Clubs signed charters.

- CONTINUED OVER

CONTINUED

Activity	Performance Target	Performance Result
	50,000 youth to receive SunSmart education at sponsorship activities.	49,992 youth received education.
	All sponsorship contracts to require active promotion of the SunSmart message.	Achieved.
	Key agencies identified and links established to ensure SunSmart message and behaviours are extended into the community.	Achieved. SunSmart news contained within four 'Chat Sheets' distributed to public health workers.
	Regular liaison with key people working on SunSmart initiatives and activities.	Achieved. Regular contact with the Cancer Society - the other national organisation working on SunSmart.
Street-Skills		
Sponsorship of activities designed to promote the Street-Skills message.	Participation in Street-Skills events reported.	20,950 audience at Street-Skills series.
Sponsorship Administration		
	Final payment of fee not issued until evaluation reports are received demonstrating compliance with contracts.	Achieved.
	Sponsorship contracts negotiated and signed prior to payment of initial fee.	100% achieved.
	Applicants for sponsorship contacted within 15 working days of receipt of application in 95% of cases.	95% achieved.
	Sponsorship approvals made within agreed structures in 95% of cases.	100% achieved.

Activity	Performance Target	Performance Result
	Forward commitment maintained within terms of S60 of the Smoke-free Environments Act.	Achieved.
	Preliminary outline of sponsorship activities identified and agreed by specified dates.	Achieved.
Information		
	Quarterly reports provided to the Central RHA.	Achieved.
Cost of Output	Budget: \$5,591,000	Actual: \$5,465,794

Released under the Official Information Act 1982

HEALTH SPONSORSHIP COUNCIL

Statement of Financial Performance

For the year ended 30 June 1998

	Note	1998 \$ Actual	1998 \$ Budget	1997 \$ Actual
Revenue - Health Funding Authority		6,510,556	6,511,000	8,437,000
Other Income		540,615	380,000	135,049
Interest Income		5,842	0	0
Total operating revenue		7,057,013	6,891,000	8,572,049
Cost of services	1	5,465,794	5,591,000	8,283,594
Net surplus for the year	2	1,591,219	1,300,000	288,455

HEALTH SPONSORSHIP COUNCIL

Statement of Movements in Equity

For the year ended 30 June 1998

	1998 \$ Actual	1998 \$ Budget	1997 \$ Actual
Balance at 1 July 1997	(2,000,825)	(2,000,000)	(2,289,280)
Net surplus for the year	1,591,219	1,300,000	288,455
Total recognised revenues and expenses	1,591,219	1,300,000	288,455
Balance at 30 June 1998	(409,606)	(700,000)	(2,000,825)


The accompanying accounting policies and notes form an integral part of these financial statements.


HEALTH SPONSORSHIP COUNCIL

Statement of Financial Position

As at 30 June 1998

	Note	1998 \$ Actual	1998 \$ Budget	1997 \$ Actual
ACCUMULATED DEFICIT		(409,606)	(700,000)	(2,000,825)
represented by				
Current Assets				
BNZ Current Account		90,997	50,000	67,499
BNZ Autocall Account		10,338	0	0
Accounts Receivable		475,595	250,000	541,907
Inventory		82,989	0	52,415
Total Current Assets		659,919	300,000	661,821
Non-Current Assets				
Fixed Assets	3	64,912	50,000	85,062
Total Non-Current Assets		64,912	50,000	85,062
Total Assets		724,831	350,000	746,883
Current Liabilities				
Accounts Payable		59,913	100,000	73,264
GST Payable		14,777	0	11,800
Sponsorship Liabilities	4	939,747	950,000	2,271,644
Advance from CRHA	5	0	0	300,000
Total Current Liabilities		1,014,437	1,050,000	2,656,708
Non-Current Liabilities				
Sponsorship Liabilities	4	120,000	0	91,000
Total Non-Current Liabilities		120,000	0	91,000
Total Liabilities		1,134,437	1,050,000	2,747,708
NET ASSETS		(409,606)	(700,000)	(2,000,825)


Tony Steel
Chairman


Iain Potter
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Cashflows

For the year ended 30 June 1998

	Note	1998 \$ Actual	1998 \$ Budget	1997 \$ Actual
Cashflows from/(used in) Operating Activities				
<i>Cash was provided from:</i>				
Health Funding Authority		6,455,000	6,455,000	8,077,625
Interest Received		5,842	0	0
Sundry Income		349,966	48,000	135,049
GST (Net)		0	0	256
		6,810,808	6,503,000	8,212,930
<i>Cash was disbursed to:</i>				
Payments to Suppliers and employees		6,776,972	6,455,700	8,143,183
		6,776,972	6,455,700	8,143,183
Net Cashflows from Operating Activities	6	33,836	47,300	69,747
Cashflows from/(used in) Investing Activities				
<i>Cash was provided from:</i>				
Sale of Fixed Assets		0	0	300
		0	0	300
<i>Cash was disbursed to:</i>				
Purchase of Fixed Assets		0	5,000	19,876
		0	5,000	19,876
Net Cashflows (used in) Investing Activities		0	(5,000)	(19,576)
Cashflows from/(used in) Financing Activities				
Net Cashflows from Financing Activities		0	0	0
Net increase in Cash Held		33,836	42,300	50,171
<i>Plus opening cash</i>		67,499	67,499	17,328
Closing cash balance		101,335	109,799	67,499
BNZ Current Account		90,997	109,799	67,499
BNZ Autocall Account		10,338	0	0
Closing cash balance		101,335	109,799	67,499

Statement of Accounting Policies

For the year ended 30 June 1998

REPORTING ENTITY AND STATUTORY BASE

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

MEASUREMENT SYSTEM

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

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 Board 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 Board for the preparation of the financial statements.

Fixed Assets

Fixed assets are recorded at cost, less accumulated depreciation.

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.

Depreciation

Depreciation is charged on a diminishing value basis. The annual depreciation rates are shown below

Building Fit Out	10%DV
Computers	33%DV
Office Equipment	20%DV
Furniture and Fittings	20%DV

Sponsorship**(a) Liabilities**

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

(b) Commitments

Agreements entered into with the Council's major clients are disclosed as commitments in the financial statements to the extent that the Council is committed to funding.

Accounts Receivable

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

Inventory

Inventory has been recorded at the lower of cost or net realisable value.

Revenue	Revenue from the Health Funding Authority is recognised as income when earned and is reported in the financial period to which it relates.
Financial Instruments	The Council, as part of its everyday operations, is party to financial instruments which have been recognised in these financial statements. These financial instruments include accounts payable and accounts receivable, cash and short term deposits. All financial instruments are recognised at their fair value in the Statement of Financial Position. Revenues and expenses in relation to all financial instruments are recognised in the Statement of Financial Performance.
Taxation	The Health Sponsorship Council is not subject to income tax as it is a public authority in terms of the Income Tax Act 1994.
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.
Statement of Cashflows	Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day-to-day cash management. Operating activities include cash received from all income sources of the Council 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 Council.
Comparative Figures	Prior year comparative figures are restated where they are inconsistent with the current year classifications. In some instances it has been impractical to restate comparative figures with current year classifications.

CHANGES IN ACCOUNTING POLICIES

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 1998

	1998 \$ Actual	1998 \$ Budget	1997 \$ Actual
① COST OF SERVICES			
Cost of services includes expenditure on the following programmes			
Mandatory	2,526,267	3,009,473	5,322,466
Smokefree	993,737	532,174	965,067
Smokefree Teens	499,091	602,777	707,399
Auahi Kore	601,011	516,288	291,755
SunSmart	112,493	164,153	147,853
Street-Skills	45,767	109,435	96,081
Sub Total - Programme Costs	4,778,366	4,934,300	7,530,621
Non Programme Expenditure	687,428	656,700	752,973
Total Cost of Services	5,465,794	5,591,000	8,283,594

② STATEMENT OF FINANCIAL PERFORMANCE

	1998 \$	1997 \$
The net surplus is after changing for		
Fees paid to auditors		
-external audit	11,000	11,000
-other services	0	2,000
Bad debts written off	824	990
Councillor fees	15,198	16,748
Depreciation	20,151	15,671
Equipment hire	8,535	13,349
Legal fees	2,254	0
Loss on disposal of fixed assets	0	1,624
Rent	49,635	43,228

	Cost	Accumulated Depreciation	1998 \$ Net Book Value
③ FIXED ASSETS			
Building Fit Out	23,907	6,300	17,607
Computers	84,456	58,208	26,248
Office Equipment	37,594	22,815	14,779
Furniture and Fittings	11,390	5,112	6,278
Total	157,347	92,435	64,912
	Cost	Accumulated Depreciation	1997 \$ Net Book Value
Building Fit Out	23,907	4,345	19,562
Computers	84,456	45,280	39,176
Office Equipment	37,594	19,119	18,475
Furniture and Fittings	11,390	3,541	7,849
Total	157,347	72,285	85,062

④ SPONSORSHIP LIABILITIES

	1998 \$	1997 \$
Current		
Mandatory	300,869	
Smokefree	311,869	
Smokefree Teens	140,211	
Auahi Kore	145,438	
SunSmart	20,125	
Street-Skills	21,235	
	939,747	2,271,644
Non-current		
Mandatory	120,000	40,000
Smokefree Teens	0	51,000
	120,000	91,000

⑤ ADVANCE FROM CENTRAL REGIONAL HEALTH AUTHORITY (CRHA)

During 1995/96 \$600,000 was advanced from CRHA repayable in two instalments of \$300,000 in each of 1996/97 and 1997/98. As at 30 June 1998 nil remained outstanding (1997 \$300,000).

⑥ RECONCILIATION OF NET CASHFLOWS FROM OPERATING ACTIVITIES WITH REPORTED NET SURPLUS

	1998 \$	1997 \$
Net Surplus	1,591,219	288,455
Add/(Deduct) Non Cash Items:		
Depreciation	20,151	15,671
Loss on Disposal of Fixed Assets	0	1,624
	20,151	17,295
	1,611,370	305,750
Add/(Deduct) Movements in Working Capital Items:		
Decrease/(Increase) in Debtors and Receivables	66,312	(66,797)
(Increase) in Inventory	(30,574)	(26,189)
(Decrease) in Creditors and Payables	(10,375)	(9,372)
(Decrease)/Increase in Sponsorship Liabilities	(1,302,897)	166,355
(Decrease) in Advance from CRHA	(300,000)	(300,000)
	(1,577,534)	(236,003)
Net Cashflows from Operating Activities	33,836	69,747

⑦ CONTINGENT LIABILITIES

There are no contingent liabilities as at June 30 1998 (1997 nil).

⑧ COMMITMENTS

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

Major client agreements which are entered into with the Council are recognised to the extent that the Council is committed to funding. Part of the funding is contingent on the continuation of the Council, certain legislative requirements and reapproval of the Council. The commitments not recognised will be funded from the grant from the Health Funding Authority in subsequent years. These commitments as at 30 June 1998 are nil (1997 nil).

The Council has a letter of credit outstanding in favour of Bank of New Zealand Visa, limited to the value of \$55,000.

⑨ LEASES

The Council has the following non-cancellable operating leases.

	1998 \$	1997 \$
Less than One Year	52,985	50,338
One to Two Years	48,750	46,765
Two to Five Years	48,750	0
	150,485	97,103

⑩ FINANCIAL INSTRUMENTS

Credit Risk

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

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

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

Concentration of Credit Risk

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

The Health Funding Authority is Crown funded and is therefore a high credit quality entity. The Council has no foreign exchange exposure of any significance.

Fair Value

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

⑪ EMPLOYEE REMUNERATION

No employees of the Council received remuneration in excess of \$100,000. (1997 No employees of the Council received remuneration in excess of \$100,000).

⑫ RELATED PARTY INFORMATION

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