



Health Sponsorship Council

Te Rōpū Whakatairanga Hauora

Annual Report

For the Year Ended 30 June 2009

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



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**Ko te mana rangatira, he tapu
Manaakitia te mauri tangata**

**Human identity is a fundamental value
Nurture the human spirit**

ISSN 1178-9298 (Print)
ISSN 1178-928X (Online)

New Zealand Government

2009 ANNUAL REPORT

The HSC Board has pleasure in presenting the Annual Report for the Health Sponsorship Council for the year ended 30 June 2009.



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Chairman



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Board Member

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CHAIRMAN'S REPORT

The Health Sponsorship Council's (HSC's) primary role is to contribute to the reduction in illness and disease and the consequent burden on clinical health services. It operates as a national health promotion service provider with a long-term focus on reducing the social, financial and health care costs of a number of health behaviours. Collectively, HSC encourages healthy community attitudes and behaviours towards smoking, sun behaviour, nutrition and gambling by:

- communicating information directly to audiences
- supporting the work of other frontline service providers eg, doctors, nurses, health promoters
- working with communities to help them determine and implement the most appropriate way to address local health issues
- working with national and regional organisations to integrate approaches and services in order to increase effectiveness and value for money.

NEW STRATEGIC PLAN

Significant in 2008/09 was the development of the HSC's new strategic plan, outlining directions and priorities for the HSC through to 2014. Board, staff members and stakeholders were involved with the development of the plan, which resulted in a document that succinctly demonstrates HSC's approach for the next five years.

Increasingly HSC will look to work alongside and through others:

- By providing leadership, expertise, knowledge, tools, resources and advice to others we will enable them to increase their ability to have an impact on the health of New Zealanders.
- The knowledge we gain from these interactions, and through research and evaluation, will be used to ensure we are providing services in the most appropriate and relevant way.
- Working more closely with communities means they are more involved in what we do and that (ideally) our work is supported by them. This ensures that our work has the best possible impacts and outcomes for the communities and, ultimately, on the health of New Zealanders.

TOBACCO CONTROL

Quality Improvement Process

2008/09 saw a quality improvement process undertaken in the tobacco control area (following SunSmart in 2007/08). An independent team of national and international experts took an in-depth look at the HSC's tobacco control programme, covering issues such as programme capacity, targeting, and the effectiveness and efficiency of the relationships HSC has with stakeholders, partners and intermediaries.

The results show that HSC is delivering the tobacco control programme to a high standard, with HSC being regarded as efficient, effective and responsive. The process also identified a number of areas for improvements and these will be incorporated into the programme during 2009/10.

Face the Facts

Face the Facts is the newest HSC tobacco control initiative that presents the hard facts about tobacco consumption in this country with the overall aim of increasing New Zealanders' knowledge and awareness of the issues surrounding tobacco and its use. In addition, Face the Facts dispels myths and encourages people to quit.

Face the Facts launched with the 'Smoking kills 5,000 New Zealanders annually' message. The 'all cigarettes are deadly' message was added a week later with a further four facts appearing over the following three months.

Face the Facts is designed to be agile and adaptable, enabling issues of the time to be addressed. As 2009/10 progresses more facts will be added, including one regarding the amount of money that can be saved by quitting (an acknowledgement of the straitened financial times we are all facing).

SUN SAFETY

New Zealand is a country of extremely high ultraviolet radiation levels (and correspondingly high melanoma rates), with many people enjoying a lifestyle that incorporates many outdoor activities. As a result, it remains important to continue with compelling sun safety messages.

HSC's primary focus for SunSmart messaging is 'never let your child get sunburnt', which aims to reduce the incidence of sunburn in 8 to 12-year-olds. SunSmart behaviours are also promoted to offer practical tips on how to avoid sunburn. These messages are achieving cut through with high percentages of parents/caregivers and their children stating that they undertake appropriate behaviour to protect their child from getting sunburn. This includes 84.8% wearing sunscreen, 77.4% wearing a hat, and 47.2% covering up with clothing.

MelNet

In an exciting development following the Melanoma Summit in November 2008, HSC has been involved in supporting the development of MelNet, a network to act as a resource and communication centre for frontline professionals working to reduce the incidence and impact of melanoma in New Zealand.

HEALTHY EATING

2008/09 was a year of change in the healthy eating area for HSC. While the first half of the year was focused on implementing strategies to communicate Feeding our Futures messages effectively to communities throughout the country, in early-January 2009 HSC was instructed by the Ministry of Health to cancel all media activity from 1 April 2009 and review the role of Feeding our Futures. As a result of this review, the Ministry requested the HSC change the emphasis of the healthy eating programme to one of obesity prevention, which includes nutrition and physical activity. As the new financial year begins this new focus, with the key audience being DHB Healthy Eating Healthy Action project managers, is being implemented.

PROBLEM GAMBLING

HSC's problem gambling work supports that of the wider problem gambling sector, raising awareness and encouraging people to take positive action. Key to this in 2008/09 was the development and launch of Kiwi Lives 2, three testimonials that promote the messages that you can help yourself, your loved ones, and your community. Response to the initiative was high, with people being aware of (and understanding) the messages, and a significant number responding to the call to action (and subsequently changing their behaviour).

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.



Hayden Wano
Chairman

ACTIVITY REVIEW

The Health Sponsorship Council's (HSC's) function is to "promote health and encourage healthy lifestyles". To achieve this it delivers programmes that make people aware of the consequences of harmful health behaviours and promote healthy lifestyle choices. Specifically, HSC aims to improve health outcomes by:

- reducing cancers, heart disease, chronic respiratory disease and stroke by reducing the incidence and prevalence of smoking
- reducing skin cancers (including melanoma) and eye disease by increasing sun safe behaviours
- reducing obesity and its associated illnesses (diabetes, heart disease, kidney failure, joint deterioration etc) through better nutrition
- reducing mental, social and financial harms by reducing the incidence and impact of problem gambling.

In addition to these outcomes the HSC has an objective of supporting the health sector. This objective focuses on working with the wider health sector to develop and hone people's health promotion skills and improve their understanding of audience needs and wants so they are better able to meet government health objectives.

HSC's strategies focus on improved health outcomes for New Zealanders. To meet these outcomes, and to encourage and enable people to make healthier lifestyle choices, HSC draws on the experience and success of commercial marketing and communication techniques to plan, execute and evaluate its programmes. HSC uses the tried and tested approaches of the commercial sector to improve people's health. This approach is used worldwide and is known as social marketing.

This approach is consumer-oriented, responding to individual needs and wants. It is systematic, staged, underpinned by academic and consumer research, and is directly geared to achieving specific and measurable health goals over the short, medium and long term.

Chronic diseases impose an enormous financial and societal burden on New Zealand. Public health prevention programmes undertaken by the HSC (and others) can substantially reduce or even prevent the burden of many major diseases. Preventing these chronic diseases can provide New Zealanders with a better quality of life, reduce unnecessary medical costs and lost productivity, and strengthen the national economy – all worthy and achievable goals.

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 approximately 4,700 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. In 2005, the tangible costs of smoking in New Zealand were estimated to be approximately \$1.7 billion annually, or about 1.1% of GDP. Major components are smoking-caused health care costs, lost production due to premature mortality and lost production

due to smoking-caused morbidity (O'Dea and Thomson Et al, 2007). A reduction in smoking rates, therefore, will reduce financial and resource-related strain on the health system, improve workplace productivity (reducing smokers' breaks and absenteeism), and lower the costs to businesses.

The *2006/07 New Zealand Health Survey* shows that the prevalence of daily smoking among adults has decreased – from 25.2% in 1996/97 to 18.7% in 2006/07. The prevalence of daily smoking in Year 10 students (14 and 15-year-olds) has also decreased since 2000, from 16.3% to 7.9% among girls and from 14.0% to 5.8% among boys by 2008

(Paynter, 2009). These results indicate progress is being made but further work is required. Despite these declines, the burden of tobacco use is still borne disproportionately by Māori and Pacific populations, across all age groups.

In 2008/09 HSC's tobacco control work focused on:

- continuing national communications strategies targeting young people eg, *Smoking Not Our Future*, to reduce the likelihood they will take up smoking
- continuing second-hand smoke national communications strategies
- supporting communities to increase the number of smokefree outdoors public

places to increase socially supportive environments for youth and smokers trying to quit

- implementing communications strategies targeting Māori to encourage quitting and the development of socially supportive smokefree environments
- developing communications strategies to increase pro-Smokefree/Auahi Kore and anti-tobacco attitudes among New Zealand adults
- partnerships with organisations to promote Smokefree and Auahi Kore to young people
- continuing to monitor smoking attitudes and behaviour among adults and youth.

QUALITY IMPROVEMENT PROCESS

Key to HSC's operating approach is a commitment to quality. In 2008/09 tobacco was the second HSC programme to undergo its quality improvement process (following SunSmart in 2007/08). This process is undertaken by an independent team of national and international experts from a number of relevant fields and focuses on the questions of programme capacity, priority targeting, and the effectiveness and efficiency of relationships between the HSC and other tobacco control stakeholders, partners and intermediaries.

The results show that HSC is delivering the programmes to a high standard, with key stakeholders seeing HSC as efficient, effective and responsive. The process also identified areas for improvement and these have been incorporated into current and future development for the HSC, including 'tweaking' the way work is undertaken in the tobacco control area and a minor realignment of the organisational structure.

The quality improvement process is just one example of the HSC's ongoing commitment to ensuring the delivery of quality programmes. The model assists the HSC to sharpen its public health communication skills, keep up to date with international directions and trends, and share this knowledge and learning with others interested in improved health and social outcomes.

SECOND-HAND SMOKE

Smokefree Cars (launched in September 2006) continued through until September 2008 and HSC supported community action around Smokefree Homes and Cars.

The conclusion of the Smokefree Cars initiative indicated the end of HSC's emphasis on second-hand smoke. The change of focus reflects the new vision for New Zealand's tobacco control sector – a tobacco free Aotearoa by 2020. As a first step, HSC developed Face the Facts – an initiative presenting the deadly facts about smoking.

FACE THE FACTS

Face the Facts is a hard-hitting presentation of facts related to tobacco consumption and targets all New Zealanders. Face the Facts is designed to be complementary to existing tobacco control priorities and messages. It seeks to increase New Zealanders' knowledge and awareness of the issues surrounding tobacco and its use, as well as dispelling myths and encouraging people to quit.

Face the Facts launched in April 2009 with the 'Smoking kills 5,000 New Zealanders annually' message. The 'all cigarettes are deadly' message was added a week later with the following messages appearing over the next three months.

- Kids do what you do – you are a role model for your children.
- Nicotine replacement therapy (NRT) is safe and doubles your chances of quitting.
- Smoking robs your loved ones of 15 years of your life.
- Roll-your-own cigarettes are not a safer smoke.

Feedback from frontline health workers has been positive, with comments that the support materials are useful and assist their work. There is also evidence that the initiative is having an impact on calls to the Quitline with call levels remaining steady despite there being no Quit advertising on television.

Work has begun on preparation of the next suite of messages, expected to be delivered into the market between August and December 2009.

SMOKEFREE OUTDOOR AREAS

Smokefree outdoor areas are an important component of HSC's tobacco control activities as they denormalise smoking and demonstrate positive smokefree role modelling.

Throughout 2008/09 HSC worked closely with the Auckland Cancer Society to encourage Auckland councils to introduce Smokefree outdoor areas, with the result that Manukau and Waitakere cities both launched Smokefree outdoor area policies (concentrated in areas where children are) in March 2009. From a population perspective (size and demographics) this is a huge achievement and it is particularly pleasing to note that both councils have solid commitment to the initiative. HSC is hopeful that the remaining councils in the greater Auckland region (and elsewhere) will consider similar policies.

WORLD SMOKEFREE DAY

HSC continues to coordinate World Smokefree Day (celebrated each year on 31 May), developing and disseminating resources to community groups throughout the country to ensure as much coherence as possible is achieved by having the key messages delivered in a consistent manner, whether in Whangarei or Dunedin.

As always, the success of World Smokefree Day relied on the sterling efforts of the 34 teams of community health workers from throughout the country. The quit smoking focus for World Smokefree Day 2009 encouraged closer community links to cessation providers while still allowing flexibility to link to other projects at the local level such as smokefree environments eg, hospitals, marae, home, car, playground etc.

As usual, the local coalitions worked hard on activities and on gaining media coverage in their regions. 2009's quitting focus complemented national priorities and linked to both Face the Facts and Smoking Not *Our Future*.

New in 2009 was HSC's relationship with the Pharmacy Guild. Pharmacies actively promoted cessation (using World Smokefree Day resources and imagery to do so) and, linking to Face the Facts, dispensing bags in pharmacies carried Face the Facts imagery and messaging encouraging smokers to call the Quitline or talk to their pharmacist if they wanted to quit smoking. HSC will analyse this aspect of World Smokefree Day to see how the work with pharmacies can be enhanced in the future.

SMOKING NOT *OUR FUTURE*

Smoking Not *Our Future* uses high profile New Zealand celebrities to communicate denormalisation, social disapproval,

anti-tobacco industry, role modelling, and supportive cessation messages to young people aged 12 to 24 years.

The celebrities featured in Smoking Not *Our Future* reflect a variety of media, music genres and ethnicities, and provide personal testimonials on smoking and cessation. They have been selected, with input from young people, for their attributes (that are commonly perceived as being shared with those of smokers) eg, edgy, irreverent, popular, social, risk-taking. Many celebrities are ex-smokers and one or two celebrities are current smokers who want to quit.

Main messages delivered by Smoking Not *Our Future* in 2008/09 focused on the influence of smoking in the movies (communicating a social disapproval message), support for cessation, and the truth about tobacco company activities.

Planning for the next stage of this initiative is underway with material being gathered for a new group of celebrities (including sporting stars for the first time) as well as the inclusion of a group of young people from across New Zealand.

In response to positive feedback from DHBs a 'how to' guide was developed to enable them to copy the format of Smoking Not *Our Future* using local celebrities.

The Smoking Not *Our Future* campaign contributes to the tobacco control objectives of denormalising smoking and encouraging cessation. This ensures that local messaging is in line with national messaging and provides young people with accessible role models, which is important for their social development, widens the reach of the campaign, and enhances the working relationship between HSC and the DHBs.

SMOKEFREE YOUTH EVENTS

HSC also connects with youth by positioning the Smoking Not *Our Future* messages inside aspirational youth activities. The Smokefree brand and ethos have been linked with both Smokefreerockquest and Smokefree Pacifica Beats for a number of years and, for the first time in 2009, with the iconic music event Big Day Out. Association with these events contributes to Smokefree becoming an integral and accepted part of youth culture in New Zealand.

Smokefreerockquest

2008 was the 20th anniversary of Smokefreerockquest, with HSC involved as a naming-rights sponsor for 18 of those years.


Smokefreerockquest provides HSC with access to approximately one quarter of teens in New Zealand each year – more than 600 bands enter from approximately 250 schools, representing well over half of all secondary schools.

Smokefreerockquest contributes to the HSC tobacco control objective of denormalising smoking. Participation in the event keeps many students in school (a criteria for entry) and, through their involvement, youth development is nurtured and connectedness with their school and peers is enhanced. These are also protective factors of smoking uptake.

Smokefree Pacifica Beats

Smokefree Pacifica Beats is an annual, nationwide contemporary music competition for secondary school students that incorporates cultural elements into its criteria.

Smokefree Pacifica Beats is a key event for Smokefree/Auahi Kore to engage with Māori and Pacific youth, a priority



audience, and especially young Māori females, who have the highest smoking initiation rates. In 2008, 2,500 people attended heats, regional and finals, which were held in eight areas around the country, targeting communities that have high Māori and Pacific populations. A total of 107 bands entered from 78 schools.

Big Day Out

HSC's support of the 2009 Big Day Out meant that, for the first time in the event's history, no tobacco products were sold at the venue and free quit support was available during the day. The New Zealand music stage was known as the Smokefree Local Produce Stage and a stand providing youth-friendly quit information and support operated during the day time hours of the event. A number of the Smoking Not *Our Future* celebrities handed out information around the 'Text2Quit' service at the Smokefree stand. The key message communicated at the event was 'Make this your last Big Day Out as a smoker'.

SMOKEFREE MEDIA

Evidence suggests that exposure to smoking in the media is a significant risk factor for smoking uptake. This risk factor is increased by media depictions that normalise or glamorise smoking and by content that reinforces an incorrect assumption commonly held by young people that the prevalence of tobacco use within society is much higher than it actually is.

For this reason, HSC works with national youth media organisations to reduce smoking depictions and increase the number of positive smokefree references in popular youth media. Smoking Not *Our Future* campaign material provides a valuable negotiation tool for this initiative.

Approximately 20 of the most popular New Zealand youth magazines work with the HSC and the first television station, Juice TV, elected to 'go smokefree' in late-2007. This was followed by MTV and C4 and radio stations George FM and MaiFM. The Edge and 95bFM are also working towards going smokefree and the HSC is supporting them to encourage the adoption of a full smokefree policy.

New Zealand On Air (who fund the production of New Zealand music videos) has indicated that they will advise New Zealand bands that any music videos containing smoking will not be broadcast by those television stations and, therefore, does not meet key criteria for New Zealand on Air funding.

SMOKEFREE/AUAHI KORE SCHOOLS GROUP

Schools have long been recognised as an accessible setting in which to influence young people. The Smokefree/Auahi Kore Schools Group has the overall goal to increase the number of schools effectively understanding and addressing smoking uptake.

Early in 2008, the Schools Group identified the existing Smokefree/Auahi Kore schools website as a priority resource that urgently needed redevelopment and updating. This work was undertaken and the website launched in November 2008, with additional kura pages added in July 2009.

An important addition to this website is the inclusion of *Guidelines for a Smokefree/Auahi Kore School*. Other pages include success stories from schools, a resource overview, current research, and pages directed at students and parents.

Other work undertaken by the group includes fostering partnerships with

Te Akatea (The Māori Principals Association) and Te Koru Puawai O Aotearoa (The Māori School Trustees Association), a review of curriculum resources, a literature review of current research relating to schools and a review of the (now very dated) Lungfish website.

YEAR 10 SURVEY INFORMATION

Each year HSC and Action on Smoking and Health (ASH) work together to undertake the national Year 10 survey. Results from the 2008 survey show encouraging signs for the tobacco control community:

- 61% of year 10 students (14 and 15-year-olds) have never smoked (57% in 2007).
- 12% of year 10 students are regular smokers (18% in 2004) – regular smokers are those who smoke daily, weekly or monthly.
- 7% of year 10 students are daily smokers (10% in 2004).
- 31% of year 10 Māori girls are regular smokers (42% in 2004).
- 22% of year 10 Māori girls are daily smokers (29% in 2004).
- 16% of year 10 Pacific girls are regular smokers (26% in 2004).
- 11% of year 10 Pacific girls are daily smokers (13% in 2004).

The significant influence of parental behaviour was reinforced – the risk of a student smoking is almost seven times greater if both their parents smoke compared to the risk of a student whose parents don't smoke. Even having just one parent who smokes triples the risk of a student being a daily smoker.

Smoking rates continue to decline but the rate of decline has slowed in recent years. Effective new policies and initiatives are essential to keep reducing the number of young New Zealanders taking up smoking.

AUAHI KORE

Part of HSC's response to smoking among Māori is the provision of Māori specific messages, themes and activities. These aim to achieve greater cultural resonance, reducing the acceptability of smoking by Māori and in Māori environments and normalising Auahi Kore/Smokefree behaviours within Māori tikanga, events and activities.

Te Matatini National Kapa Haka Nationals

Te Matatini, held in February 2009, was a totally Auahi Kore event. HSC worked closely with the event management team to provide a healthy whānau atmosphere:

- HSC's Smokefree and Auahi Kore teams worked with Te Hotu Manawa Māori, ASH and Aukati Kaipapa (Māori cessation) providers to promote cessation at the event.
- The SunSmart team collaborated with local providers to provide free sunscreen and SunSmart promotions during the event.
- The Feeding our Futures team provided support to local providers to assist in delivering their breastfeeding promotions.

Overall it was a very successful promotion with 99-100% compliance with the Auahi Kore/Smokefree kaupapa on site. Smokers passed out of the entry gates to smoke in the designated areas behind the stand or out in the car park. The Ministry of Health supported this work by organising 8,000 nicotine replacement therapy (NRT) lozenges to be handed out to assist smokers manage their addiction. A further 8,000 lozenges had to be delivered to the event to cope with demand.

Anecdotal feedback indicated that many attendees were delighted that it was an Auahi Kore event, with the lozenges, SunSmart and Feeding our Futures materials well received.

Aukati Kaipapa

Work to assist the Aukati Kaipapa providers in promoting their services went well in 2008/09. A national website has launched and all local and regional services are connected to this site. Additional resources to assist providers working with clients have also proven to be popular. Aukati Kaipapa providers are an essential workforce in delivering the Auahi Kore kaupapa within communities as well

as providing a pathway through cessation to those wishing to become Auahi Kore.

MĀORI TOBACCO INTELLIGENCE WORKING SUMMIT

Held in late-May 2009, this summit was organised in partnership with The Quit Group and Te Reo Marama. The intent was to hold a forum to galvanise thinking around Māori tobacco control, to identify issues and concerns, revisit the vision set in 1997 at the Wainuiomata hui and reset an agreed direction for Māori tobacco control.

The hui resulted in a working party being established for a short time period (three months) to examine the issues raised and plan a way forward.

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.

Skin cancer has been estimated to cost the New Zealand health system in excess of \$33 million per annum. It

has also been estimated that, for every death from skin cancer, an average of 17.4 potential years of life are lost. More than 300 New Zealanders die every year from skin cancers, with melanoma being responsible for most of these deaths – 269 in 2005 (New Zealand Health Information Service). These results mean New Zealand now has the highest

incidence rate for melanoma in the world.

The main causal factor for melanoma is episodic sunburn, particularly during childhood. Studies have shown that the best avenue for melanoma prevention is by encouraging protection against sunburn, particularly in children and fair-skinned people.

While exposure to ultraviolet radiation (UVR) can be dangerous (by causing sunburn), it can also bring benefits as it provides the main source of vitamin D in New Zealand. Adequate vitamin D status is essential for general health, being necessary for bone, joint, muscle and neurological function. Because of this, a balance is required between avoiding an increased risk of skin cancer and maintaining adequate vitamin D levels. Research is currently underway to understand what the optimal balance should be for New Zealanders.

In 2008/09 HSC's sun safety work focused on:

- continuing to raise people's awareness and understanding of the risks of harmful exposure to UVR and to increase understanding of the ultraviolet index (UVI)
- partnerships with local authorities and community groups to increase sun-safe policies and practices
- relationships with key agencies in the sector to ensure consistent and frequent messages about sun protective behaviours and the risks of UVR
- developing and distributing resources to support national, regional and local sun safety strategies
- continuing to foster partnerships with national and international cancer control agencies.

MELANOMA SUMMIT

The HSC facilitated the Melanoma Summit in November 2008, which attracted more than 230 health professionals including dermatologists, surgeons, general practitioners, nurses, pathologists, researchers and health promoters. The audience was presented with the latest findings on prevention,

diagnosis, primary care and research from leading speakers from overseas and New Zealand. Ex-Silver Fern Adine Wilson and others who have had melanoma provided a personal perspective. The Summit was timed to coincide with the launch of the *Clinical Practice Guidelines for the Management of Melanoma in Australia and New Zealand*. An exciting outcome of the Summit was the unanimous decision to establish a network (MelNet) to link all health professionals working in melanoma. The development of MelNet was well underway by June 2009 and will be fully operational by the end of 2009.

For the HSC, this network will contribute strongly to a number of quality improvement process recommendations, including:

- widen stakeholder, partner and intermediary involvement
- strengthen support, engagement and communication with programme intermediaries
- more effectively inform strategic policy development for skin cancer control in New Zealand.

COMMUNICATIONS

The summer of 2008/09 saw the continuation of the 'Never let your child get sunburnt' message, which focuses on reducing the incidence of sunburn in 8 to 12-year-olds. This initiative concentrates on summer activities and explains the link between sunburn and melanoma. Television, radio and print advertising ran from November to February, with support from the Cancer Society – both in regional divisions and nationally.

Another important vehicle for the SunSmart message is SunSmart Week (held in the third week of November each year). The aim of SunSmart Week and the

HSC's summer communications work is to remind New Zealanders that we live in a country with one of the highest skin cancer rates in the world and to advise them how to minimise the risks by practising sun safe behaviours. In addition to mass media work the HSC works with media outlets to ensure there is (unpaid) editorial coverage that begins just prior to SunSmart Week and continues throughout the summer to the beginning of March. Efforts are coordinated with the Cancer Society, recognising the key areas of responsibility previously agreed by each organisation. For the HSC this was:

- the environment – ozone depletion, summer forecasts, UVI
- research – key findings released from research such as the triennial survey
- messages that again focus on reducing the incidence of sunburn in 8 to 12-year-olds.

In addition the HSC provides information, as appropriate, to key stakeholders (weather presenters, event organisers, health promoters etc).

The timing of the Melanoma Summit provided a very useful platform to discuss and promote SunSmart issues and messages in the media. A coordinated approach between HSC, Cancer Society of New Zealand and The Cancer Control Council of Australia realised considerable interest across print, radio and television and HSC was able to leverage this to encourage media outlets to promote the key SunSmart and general skin cancer prevention messages.

Planning for summer 2009/10 is already underway including deliberating whether to continue with 'Never let your child get sunburnt' for another year. Careful consideration is also being given to developing communications strategies

that target teenage audiences (as they are notoriously difficult to reach in this area of behaviour change). HSC has had preliminary discussions with counterparts in Australia to ascertain the suitability (or not) of materials they have used in recent years.

COMMUNITY ACTIVITIES

Working with community groups is an important step in increasing the effectiveness of HSC's public health messages as they are given life and meaning at the local level and important policy development initiatives can be promoted, introduced, and (hopefully) embedded.

Key activities undertaken in 2008/09 include:

- 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
- working with organisations such as Tennis New Zealand and Surf Life Saving New Zealand to promote sun safe behaviour among junior members and increase the number of sun protective policies and practices within the culture of the sports.

This type of work ultimately contributes to the HSC's goal of reducing the incidence of sunburn in 8 to 12-year-olds in recreational environments.

ULTRAVIOLET INDEX QUALITATIVE EVALUATION

Following an evaluation of the efficacy of the UVI undertaken in 2007/08, work has begun to increase its resonance with target audiences and to ensure it is technically accurate, consistent and relevant for specific settings.

The HSC is leading a working group that includes the Cancer Society of New Zealand, NIWA, MetService and Otago University Behavioural Research Group to implement a process to review the future direction of the UVI tool. In addition HSC, along with the MetService, has held meetings with the Australian Bureau of Meteorology, Victoria and NSW Cancer Councils and the Cancer Institute (NSW) to discuss the future for the UVI in the Australasian context and to share experiences around the effectiveness of the tool as a motivator of sun safe behaviour. Learnings from the meetings are being collated and will inform the development, promotion and evaluation of New Zealand's UVI.

RESEARCH AND EVALUATION

Final results of the Healthy Lifestyles Survey were received in the second quarter. This provides benchmark data including sun protection behaviours in relation to children. Key findings include the following:

- The most common unprompted behaviours undertaken by parents/ caregivers and their children to protect the child from getting sunburnt (as reported by the adult) are:
 - wear sunscreen (84.8%)
 - wear a hat (77.4%)
 - cover up with clothing (47.2%).
- Of those children who wear sunscreen, 33.7% wear sunscreen always, 43.2% most of the time and 22.8% sometimes.
- Of those children who wear a hat, 33.4% wear a hat always, 45.2% most of the time and 21.3% sometimes.
- Of those children who cover up with clothing, 19.0% cover up always, 52.7% most of the time and 28.3% sometimes.
- When prompted with six protective strategies (wearing a hat, wearing sunglasses, applying sunscreen, covering up with clothing, going into shade and avoiding the sun and peak times), 20.5% of parents and caregivers reported using all strategies to protect children from the sun, 54.5% most of the strategies, 23.8% some of the strategies and 1.2% none of the strategies.

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.

In New Zealand in 2006/07, one in five children were overweight (20.9% of 2 to 14-year-olds) and a further one in twelve (8.3%) were obese (Ministry of Health, 2008). Among adults, one in three (36.1%) were overweight and a further one in four (26.5%) were obese.

Māori and Pacific communities are affected disproportionately by morbidity and mortality associated with overweight and obesity, and nutrition-related risk factors. In 2006/07 12% of Māori children (2-14 years) and 23% of Pacific children were obese, compared with 6% of children of European/Other ethnicity and 6% of Asian children. Among adults, 42% of Māori and 64% of Pacific adults were obese, compared with 24% of adults of European/Other ethnicity and 11% of Asian adults.

Updated estimates of the direct healthcare costs of obesity suggest costs in the order of NZ\$460 million for the year 2004 (ranging from approximately \$400-\$500 million). It is forecast that health costs for type 2 diabetes will reach \$1.77 billion by 2021/22 unless urgent action is taken.

In 2008/09 HSC's healthy eating work focused on:

- continuing to implement national communication strategies to motivate and support parents/caregivers to adopt strategies to provide a healthy diet for their children
- developing and distributing resources to support Feeding our Futures messages
- supporting community partnerships that deliver activities supporting and

promoting healthy nutrition practices

- continuing partnerships with national and regional organisations in the healthy eating sector.

Within the Ministry of Health's *Healthy Eating Healthy Action Strategy* HSC is specifically tasked with promoting healthy eating and also working with the community-based activities that are developing around DHBs (supporting some activity, providing training, etc).

FEEDING OUR FUTURES

Feeding our Futures messages aim to provide parents with simple, practical and accessible tips that will help them achieve healthy diets for children. A key focus of these messages is to increase the consumption of fruit and vegetables and reduce the consumption of energy-dense, nutrient-poor snacks. The tips are:

- Kids do better when they eat fruit and vegetables. When children eat healthy food they find it much easier to learn, which can help them do better at school, sport and more.
- Make at least half your meal vegetables. Make at least half the plate vegetables that are non-starchy, colourful and full of goodness.
- Snacks don't need to come in packets. Help kids snack the healthy way by choosing homemade healthy foods. They can be tasty, low-cost and easy to prepare.

The tips are supported and distributed through sector communications, updating the website, and print management and distribution. Work has also been undertaken to develop Pacific language resources in Tongan and Samoan and bilingual material aimed at Māori parents and caregivers.

COMMUNICATIONS

Feeding our Futures communications are many and varied:

- The website was updated in 2007/08, resulting in a significant increase in visitor numbers and an increase in resource orders from the sector. Work is progressing to introduce new interactive features and low-key promotions have started to increase traffic to the site.
- The number of sector workers receiving the Feeding our Futures sector newsletter has also grown as the result of a more streamlined sign-up on the website.
- A number of meetings took place with key DHBs and national organisations to explore partnerships and ways the HSC can support the work of these organisations, as well as exploring ideas about working with industry.
- Sector communications have focused on disseminating Feeding our Futures merchandise and print resources to the sector. Sector databases now include schools, early childhood centres, churches and local authorities, as well as the health sector.
- Samoan and Tongan radio advertisements were developed for use by Counties Manukau DHB for possible use in their Let's Beat Diabetes initiative.

MATARIKI

For the first time in 2009, Feeding our Futures ran a project in conjunction with Matariki to:

- explain and promote that Matariki was traditionally a time of food gathering and a celebration of a successful harvest
- connect the 'healthy eating' aspects of Matariki with modern Māori life

- promote the concepts of strengthening whānau bonds by preparing and sharing good kai together.

COMMUNITY PARTNERSHIPS

The community partnerships initiative continued in 2008/09 to support community organisations and voluntary groups that are running local events or initiatives that promote healthy eating for families and whānau.

As with other HSC initiatives designed to encourage community action, financial support (up to \$5,000) is provided to projects that demonstrate that their initiative contributes to meeting one or more of the Feeding our Futures programme objectives and has support from their local DHB. This support enables groups to implement local solutions that best suit their community.

THE WAY FORWARD

In early-January 2009 HSC was instructed by the Ministry of Health to cancel all planned media placement from 1 April 2009 onwards and that the sum of \$700,000, being the uncommitted media placement budget, be returned to the Ministry for re-allocation. A result of this is that a number of HSC outputs were unable to be delivered (see page 26).

Following the cancellation of media activity and a review of the role of Feeding our Futures, the programme ceased at the end of the 2008/09 financial year. HSC distributed any resources still in stock free of charge to those working in the sector and they will not be reprinted. The Feeding our Futures website was maintained as an interim measure as there were high levels of sign up to the site.

The above, plus details that emerged as part of the renegotiation of the HSC's three-year contract, resulted in the Ministry of Health requesting that HSC change the emphasis of the healthy eating programme to one of obesity prevention, which includes nutrition and physical activity.

A key element of this change is that HSC's main audience will be DHB HEHA project managers, enabling them to deliver coordinated messages through their local stakeholders to communities on obesity prevention, physical activity and nutrition.

PROBLEM GAMBLING

While gambling is a popular recreational activity and some communities benefit from funds raised from gambling, for many people and their families gambling has harmful consequences and the effects on the community are far reaching.

Problem gambling occurs when people, and often their families or communities, experience harm or distress because of gambling. Problem gambling can affect health, relationships, finances, employment, and children, and the harms from gambling can extend to the entire community. Problem gambling affects several groups disproportionately, including Māori, Pacific peoples, people who are disadvantaged in socioeconomic

terms, and some Asian communities.

The social costs of gambling are out of proportion to the numbers of problem gamblers. For example, gamblers may commit crimes to finance their gambling, causing harm to their victims and their families as well as themselves, and incurring costs in the criminal justice sector (Department of Internal Affairs, 2008).

In 2008/09 the focus of HSC's problem gambling programme was on:

- continuing to implement problem gambling national communications strategies to increase awareness of gambling-related harms and ways to prevent and minimise gambling harm

- developing and distributing resources to support national, regional and local activities
- maintaining and developing relationships at national, regional and community levels to achieve consistent messaging and appropriate responses to people seeking information about, or support for, gambling-related harm
- monitoring progress of the HSC's problem gambling programme
- undertaking audience research to understand motives and barriers to attitude and behaviour change.

HSC's approach supports the work undertaken by the broader sector by raising awareness of the incidence of, and

harms associated with, problem gambling as well as providing realistic and attainable ideas of what New Zealanders can do to help themselves, their loved ones, and their communities. Much of the HSC's work is undertaken following close collaboration with gambling service providers, which ensures messages are pitched correctly and support materials are relevant and useful. Working together leads to larger successes (for all) than working in isolation.

KIWI LIVES 2

HSC's problem gambling work focuses on changes both upstream and downstream. Upstream changes include denormalising harmful gambling, by getting society to understand and question the issues around gambling harm, and building public support for measures that prevent and minimise gambling harms and create safer families, safer communities, and safer venues and gambling products. Downstream changes include providing support for frontline workers and community-led responses that range from increasing individuals' help-seeking behaviour to community initiatives to identify and address gambling harms at the local level.

In response to feedback from key audiences, and to promote the changes outlined above, the second phase of the HSC's problem gambling campaign (known as Kiwi Lives 2) was launched in early-December 2008. Kiwi Lives 2 uses three real life testimonials to deliver the messages HSC believes are vital for the public to understand. The set of three covered:

- Individual – Lynette who lost everything and finally got help (Message: you can help yourself).
- Family – the devastating effect that Thomas' gambling had on his wife

Denise and their family until they sought help (Message: you can help your loved ones).

- Community – a group that got together in Manukau to address the gambling problem in their community (Message: you can help your community).

Lynette and Denise both addressed the National Provider Forum in April 2009 about their experience of being involved with the development of Kiwi Lives 2. As the public response has been an overwhelmingly positive experience for them, HSC is encouraging other providers to consider safely involving previous clients that are interested in using their experiences to help others.

SUPPORT MATERIAL

As part of the launch of Kiwi Lives 2 a new website was developed. The site includes information to support Kiwi Lives 2 as well as a number of innovative features including a gambling loss map, gambling tests and an electronic resource ordering system. Work in the future will focus on how the site can be further enhanced, promoted and analysed.

In addition to the website a new range of resources were designed to assist the development of information packs for health promotion and problem gambling providers. Anecdotal feedback received from stakeholders regarding both the website and resources has been very positive.

Work is being undertaken to produce specific Māori and Pacific resources.

EVALUATION

Research that analysed the impact of Kiwi Lives 2 produced some very positive results:

- Awareness of the campaign is high.

- 78% of respondents had seen at least one television commercial (TVC) with 15% seeing all three.
- 83% of people recalled some media activity (including news reports or other advertising) about problem gambling.
- The messages are getting through.
 - 85% of respondents agreed that the TVCs showed that people can fight back against problem gambling.
 - 36% of those who had seen the TVCs spontaneously recalled the message that help is available.
 - Each TVC communicated a particular message more strongly:
 - 26% of those who had seen Lynette recalled that gambling problems can make you lose everything.
 - 32% of those who saw Denise and Thomas mentioned the effects that problem gambling has on the family.
 - 26% of those who had seen the Otara Action Group commented on community responsibility and 19% recalled the message about "no new pokies in our community".
- The campaign produces a call to action, though it may not be acted on immediately.
 - 16% of people who had seen the TVCs reported that they had done something as a result.
 - 8% had talked to someone.
 - 2% each had changed their own behaviour or increased their likelihood of helping others.
 - When asked about specific activities:
 - 6% of respondents had already supported a submission to local council about gambling policies, and 13% indicated that they would

be likely to do so in future.

- 7% had already looked for information on problem gambling – rising to 12% among Māori and Pacific peoples.

- 30% had talked about problem gambling with family or friends, rising to 42% of Māori and 50% of Pacific peoples.

RESEARCH

Research and evaluation is key to HSC's operations – understanding what people are thinking and why they behave as they do is vital to designing any marketing programme, as is the evaluation of interventions to assess their effectiveness

and make modifications as required.

Research and evaluation offers opportunities for HSC to share information, improve performance, encourage cooperation and provide international comparisons. Throughout

2008/09 we have disseminated research findings through the HSC's web pages, conference presentations, and relevant forums with health promoters and other audiences interested in beneficial health promotion.

GOOD EMPLOYER STRATEGIES

The HSC remains committed to fulfilling its obligations to be a good employer, implementing equal employment opportunities for all. This commitment will help HSC compete successfully (in terms of both recruitment and retention) in the current labour market. HSC staff are essential to ensure we maintain excellence and a high level of performance and results. Strategies to ensure the HSC continues to be regarded as a good employer include the following.

- Leadership, accountability and culture:
 - The management group, comprising all managers, meets fortnightly.
 - All staff had the opportunity to be involved in the process to develop HSC's new strategic plan (and resulting structural realignment).
 - Equal employment opportunity

policies and practices are maintained.

- Employees receive training on cultural issues. The Te Rito (Māori language) training package was introduced in 2008/09 and Pacific training will be undertaken in 2009/10.
- Recruitment, selection and induction:
 - Transparent and impartial employment processes are undertaken to ensure the best person for the job is employed (even if this means going back to the market).
 - The Lominger competencies framework is used to develop position descriptions.
 - HSC is committed to recognising and valuing the differences in skills,

talents, and experiences through having a diverse workforce.

- Employee development, promotion and exit:
 - Employee development planning is undertaken with all employees (based on Lominger success profiles). This includes professional development through a process of individual performance planning and review for all staff and on-the-job training, coaching and mentoring opportunities.
- Flexibility and work design:
 - HSC offers flexible start and finish times.
 - A work at home policy was developed in 2008/09.
 - HSC is a family-friendly organisation, recognising family

needs outside of the workplace. Strategies to encourage work-family balance include reduced working hours, work at home options, and flexible options during school holidays.

- Time off in lieu is provided for additional hours worked.
- Staff are encouraged to exercise during work hours.
- Remuneration, recognition and conditions:

- The Hay job sizing and remuneration scale is used.

- Harassment and bullying prevention:
 - HSC's Code of Conduct policy covers behaviours that are expected of all HSC staff.
- Safe and healthy environment:
 - As mentioned above, HSC is an environment that supports and encourages employee participation in healthy lifestyles ie, staff are encouraged to exercise during work

hours, workstation assessments are available, and healthy eating is encouraged.

- Annual flu vaccinations are available.
- Special (one-off) pandemic sick leave was introduced following the announcement by the World Health Organization of the H1N1 influenza pandemic.

MEMBERSHIP

The HSC is governed by a Board of six members. During 2008/09 the members were:

Hayden Wano – Taranaki, Chairman

Tracey Bridges – Wellington

Maree Leonard – Marlborough

Fa'amatua'inu Tino Pereira – Wellington

Allison Roe – Auckland

Professor Peter Walls – Wellington

FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY

Health Sponsorship Council Statement of Responsibility for the Year Ended 30 June 2009

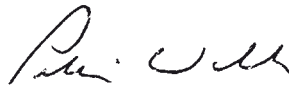
The Board and Management accept responsibility for the preparation of these financial statements, statement of service performance, and the judgements used therein.

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 and the statement of service performance fairly reflect the financial position and operations of the Health Sponsorship Council for the reporting period.



Hayden Wano
Chairman
22 October 2009



Prof Peter Walls
Board Member
22 October 2009

AUDIT REPORT

TO THE READERS OF THE HEALTH SPONSORSHIP COUNCIL'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

The Auditor-General is the auditor of the Health Sponsorship Council (the Council). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit. 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 2009.

UNQUALIFIED OPINION

In our opinion:

- The financial statements of the Council on pages 31 to 45:
 - comply with generally accepted accounting practice in New Zealand;

and

- fairly reflect:
 - the Council's financial position as at 30 June 2009; 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 21 to 30:
 - 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 22 October 2009, 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 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 and 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 2009 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.

In addition to the audit we have carried out an assignment in the area of procurement which is compatible with these independence requirements.

Other than the audit and this assignment, we have no relationship or interests in the Council.



Kelly Rushton
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters Relating to the Electronic Presentation of the Audited Financial Statements and Statement of Service Performance

This audit report relates to the financial statements and statement of service performance of the Health Sponsorship Council for the year ended 30 June 2009 included on the Health Sponsorship Council's website. The Health Sponsorship Council's Board is responsible for the maintenance and integrity of the Health Sponsorship Council's website. We have not been engaged to report on the integrity of the Health Sponsorship Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 22 October 2009 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

TOBACCO CONTROL

SMOKEFREE AND AUahi KORE

Key Activities	Purpose	Performance Measure	Result
1.0.1 National communications strategies targeting young people continued (eg, Smoking Not Our Future (SNOF)).	<ul style="list-style-type: none"> • Positive views about Smokefree/Auahi Kore and negative views about tobacco use increased. • Young people motivated to adopt Smokefree/Auahi Kore lifestyles. 	<ul style="list-style-type: none"> • SNOF campaign reaches target audience, particularly Māori and Pacific young people – post campaign analysis shows TARP (Target Audience Rating Point) levels met or exceeded. • Young people agree that the SNOF campaign promotes Smokefree/Auahi Kore views and encourages cessation – measured by SNOF evaluation. • Young people agree that the SNOF campaign promotes anti-tobacco views – measured by SNOF evaluation. • Young people report that they are less likely to experiment with tobacco/ start smoking – measured by SNOF evaluation. 	<p>Achieved – 1,947 TARPs estimated, 2,023 achieved.</p> <p>Forty-seven percent agreed the ads made them think they should try to quit smoking.</p> <p>Eighty-three percent agreed the ads gave some good reasons not to smoke and 74% agreed they made smoking seem less cool.</p> <p>Fifty-nine percent agreed “these ads have put me off smoking” and 64% said the ads made them think twice about smoking.</p>
1.0.2 Second-hand smoke national communications strategies continued.	<ul style="list-style-type: none"> • Parents/caregivers’ awareness of the effect of second-hand smoke resulting from smoking in cars maintained or increased. • Parents/caregivers’ motivation and willingness to make cars smokefree maintained or increased. • Parents/caregivers’ motivation and willingness to make and keep their homes smokefree maintained or increased. 	<ul style="list-style-type: none"> • National mass media campaign, supported by promotion at a community level, continued. • Percentage of parents/ caregivers reporting no one smoking in the household car is maintained or increases. • Percentage of parents/ caregivers reporting that smoking occurred in their home is maintained or decreases. 	<p>Achieved. Campaign undertaken and now phasing out (as planned).</p> <p>Achieved – figures maintained (2006/07 84%, 2008/09 81.8% – analysis shows no significant differences between the two years).</p> <p>Achieved – figures maintained (2006/07 10.7%, 2008/09 11.4% – analysis shows no significant differences between the two years).</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
1.0.3 Support provided to communities to increase the number of smokefree outdoor public places, eg, parks and playgrounds.	<ul style="list-style-type: none"> • Number of places where children are exposed to smoking behaviour is reduced. 	<ul style="list-style-type: none"> • Support provided to at least three regions. 	Achieved. Support provided to Kapiti, Manukau, Ashburton, Waitakere and Rotorua councils/local health coalitions.
1.0.4 Communications strategies targeted at Māori implemented in association with Te Reo Marama and community organisations (using print media, website, and resources such as posters and advertising).	<ul style="list-style-type: none"> • Discussion and understanding among Māori of the benefits of being Auahi Kore increased. • Māori motivated to create smokefree settings, including smokefree homes and cars. • Consistent messages communicated, from mass media to grass roots. • Community events and activities that promote the Auahi Kore kaupapa are supported. 	<ul style="list-style-type: none"> • Activity levels reported six-monthly based on the number of hits on relevant website pages promoting smokefree homes, cars and marae, and the number of requests for resources and resources downloaded from the website – measured at 31 December 2008 and 30 June 2009. • Partnerships with at least 20 community-based Māori groups to strengthen community action in promoting the Auahi Kore kaupapa. 	<p>More than 4,000 people visited the Auahi Kore website a total of 5,625 times in 1 January–30 June.</p> <p>Achieved. Twenty-six organisations supported.</p>
1.0.5 National communications strategies developed for New Zealand adults, including parents and caregivers.	<ul style="list-style-type: none"> • Pro-Smokefree/Auahi Kore and anti-tobacco attitudes increased among adults. 	<ul style="list-style-type: none"> • Strategies developed (approach and concepts) informed by current evidence (ie, from formative research) – by June 2009. 	Achieved.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
1.0.6 Partnerships with organisations to promote Smokefree/Auahi Kore brands and campaign messages to young people.	<ul style="list-style-type: none"> Smokefree/Auahi Kore awareness and intentions increased by supporting popular youth events, including Smokefreerockquest, and Smokefree Pacifica Beats. 	<ul style="list-style-type: none"> Ten or more events staged with Smokefree/Auahi Kore branding and campaign messages promoted. All events are well attended and HSC branding/ messages/smokefree policies (where applicable) are implemented – measured by partners reporting estimated attendances and evidence of how messages are promoted/policies are implemented. 	<p>Achieved. Sixty events had Smokefree/ Auahi Kore branding – Smokefreerockquest (48), Smokefree Pacifica Beats (6), Southern Amp, ChartFest, HomeGrown, Big Day Out, The Upbeats Tour and Youth Week.</p> <p>Achieved. Attendance at most Smokefreerockquest events was up on previous years. Big Day Out and Homegrown were sold out, and for the first time tobacco was not for sale at the Big Day Out event.</p>
1.0.7 Smoking Not <i>Our</i> Future partnered with Quit's youth cessation pilot (txt to quit).	<ul style="list-style-type: none"> Quit's pilot supported by HSC's national communications strategies targeting young people. 	<ul style="list-style-type: none"> Partnership established and maintained. 	Achieved.
1.0.8 National monitors developed and continued to survey smoking patterns, and pro-Smokefree/Auahi Kore attitudes among the general population, Māori, Pacific peoples and young people.	<ul style="list-style-type: none"> Programme objectives monitored. 	<ul style="list-style-type: none"> 2008/09 NZ Youth Tobacco Survey completed successfully (on time and to budget) and results distributed to the sector. New adult monitor (Health and Lifestyles Survey) established and implemented using in-home survey. 	<p>Achieved. Completed on time and to budget and official youth prevalence (ie, ASH snapshot) results distributed to the sector.</p> <p>Achieved.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

SUN SAFETY

SUNSMART

Key Activities	Purpose	Performance Measure	Result
2.0.1 Sun safety national communications strategy (SunSmart) continued.	<ul style="list-style-type: none"> Awareness and understanding of risks posed by ultraviolet radiation (UVR) increased, including increased understanding of the UV Index. Parents and caregivers are motivated to take steps to protect their children from getting sunburnt. 	<ul style="list-style-type: none"> National communications strategy for SunSmart successfully implemented (on time and to budget) by April 2009. Post campaign analysis shows that TARP (Target Audience Rating Point) levels met or exceeded. Initial impact of new campaign assessed (using the Health and Lifestyles Survey) by December 2008. 	<p>Achieved by end of March 2009.</p> <p>Achieved – 600 TARPs estimated, 1,591 achieved.</p> <p>Achieved.</p>
2.0.2 Partnerships with local authorities and community groups established and maintained.	<ul style="list-style-type: none"> The reach of SunSmart messages to priority audiences is improved. Local authorities and community groups such as Tennis NZ and Surf Life Saving NZ are supported to develop and implement sun safe policies and practices. 	<ul style="list-style-type: none"> Partnerships with local authorities and community groups are established and maintained by 30 June 2009. Partners report increased effectiveness in developing and implementing policies and practices – measured by HSC stakeholder survey. 	<p>Achieved.</p> <p>Achieved. Seven of the 10 respondents said HSC's support increased the effectiveness of their work 'a lot'.</p>
2.0.3 Resources developed and distributed to support national, regional and local sun safety strategies.	<ul style="list-style-type: none"> National communications strategy supported with resources that reinforce campaign messages and support the work of partners and the sector. 	<ul style="list-style-type: none"> SunSmart resources developed and delivered to partners and the sector – measured by uptake of resources. Partners report increased effectiveness in promoting the SunSmart objectives – measured by HSC stakeholder survey. 	<p>Achieved.</p> <p>Achieved. Eight of the 10 respondents reported that HSC resources had made their roles 'a lot' or 'quite a lot' more effective.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
2.0.4 Relationships with key agencies involved in the provision and dissemination of UV information established and maintained.	<ul style="list-style-type: none"> New Zealanders receive consistent, frequent messages in weather forecasts and media coverage about risks surrounding UVR and how to avoid sunburn. 	<ul style="list-style-type: none"> Ninety percent of national media continue to promote supplied UVI information. At least two media releases issued in partnership with NIWA and/or MetService. At least three meetings held with NIWA and/or MetService to align UV work. 	<p>Achieved. All but two media organisations used the UVI during summer.</p> <p>Achieved. Two media releases issued.</p> <p>Achieved. Four meetings held.</p>
2.0.5 Partnerships with national and international agencies and organisations established and maintained.	<ul style="list-style-type: none"> To investigate opportunities to inform national policy development for skin cancer control. To collaborate on national skin cancer control initiatives to ensure consistency of messages and provide a coordinated approach. 	<ul style="list-style-type: none"> Opportunities for influencing policy development for skin cancer control identified. HSC represented on New Zealand Guidelines Group and Cancer Council Australia, National Skin Cancer Committee. Meet at least four times a year with Cancer Society New Zealand national office. 	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved. Four meetings held.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

HEALTHY EATING FEEDING OUR FUTURES

Key Activities	Purpose	Performance Measure	Result
<p>3.0.1 Feeding our Futures national communications strategies continue to be implemented.</p>	<ul style="list-style-type: none"> • Parents and caregivers' motivation to provide a healthy diet for their children maintained. • Parents and caregivers' confidence in their ability to provide a healthy diet for their children continues to increase. • Parents and caregivers' knowledge of strategies that can be used to ensure a healthy diet including promoting consumption of fruit and vegetables increased. • Parents and caregivers and families/whānau increasingly understand the benefits of being positive role models for their children and act as positive role models. 	<ul style="list-style-type: none"> • National communications strategies for Feeding our Futures 2008/09 successfully implemented by 30 June 2009 (on time and to budget). • Post campaign analysis shows that TARP (Target Audience Rating Point) levels met or exceeded. • New creative concepts are tested with target audiences. 	<p>New commercials and supporting campaign materials not developed following advice from the Ministry of Health.</p> <p>See above.</p> <p>See above.</p>
<p>3.0.2 Resources developed and distributed to support campaign messages for target audiences, particularly Māori and Pacific communities, and the sector.</p>	<ul style="list-style-type: none"> • National communications strategies supported by resources that reinforce campaign messages for parents and caregivers and support the work of the sector. 	<ul style="list-style-type: none"> • Feeding our Futures resources developed and distributed to community partners – measured by uptake of resources. • Community partners report increased effectiveness in promoting healthy eating through use of Feeding our Futures resources – measured through HSC's stakeholder survey. 	<p>Achieved.</p> <p>Achieved. Twelve of the 13 respondents using HSC resources said that the resources had made their role 'a lot' or 'quite a lot' more effective.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
3.0.3 Partnerships with community-based groups with a focus on Māori and Pacific communities established.	<ul style="list-style-type: none"> Community activity that increases parents and caregivers' skills to adopt healthy nutrition practices that improve children's nutrition supported. National communications strategy messages communicated and reinforced at a community level. 	<ul style="list-style-type: none"> Partnerships established with at least 15 community-based groups and assessed to inform future partnerships. 	Achieved Thirty partnerships established by 30 June.
3.0.4 Partnerships at a national and regional level established and maintained.	<ul style="list-style-type: none"> Coordination and consistency of messages improved. The reach and consistency of healthy eating messages into local and priority communities improved. National communications strategy messages communicated and reinforced at a community level. 	<ul style="list-style-type: none"> Memorandum of Understanding with Agencies for Nutrition Action (ANA) maintained and implemented. Partnerships with a number of key groups and organisations (such as Mission On, Te Hotu Manawa Māori (THMM), District Health Boards and other relevant government organisations) developed and maintained. Plan for supporting District Health Board Community Action Projects implemented, including delivery of social marketing training. Partner organisations report coordinated and consistent messages from national to community level – measured by HSC's stakeholder survey. 	<p>Achieved.</p> <p>Achieved.</p> <p>Achieved. Delivery of training commenced and continued to end of 2008/09.</p> <p>Achieved. Twelve of the 15 respondents working at the community level said that HSC's work had contributed 'a lot' or 'quite a lot' to a coordinated and consistent approach.</p> <p>Four out of five respondents working at the national level reported that HSC's work had contributed to a coordinated and consistent approach.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
3.0.5 Research and monitoring for Healthy Eating programme continued.	<ul style="list-style-type: none"> Culturally-specific analysis and interpretation of research/monitor findings (eg, audience research and Children's Food and Drinks Survey) by Māori and Pacific researchers. Continued dissemination of research/monitor findings. 	<ul style="list-style-type: none"> Research commissioned, completed and disseminated to Māori and Pacific communities, and the sector. 	Achieved. Three research summaries developed and distributed to nutrition and community sector workers.

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

PROBLEM GAMBLING

Key Activities	Purpose	Performance Measure	Result
<p>4.0.1 Problem gambling national communications strategies continued, including Kiwi Lives phase 2 and an expanded website serving New Zealanders and the problem gambling sector.</p>	<ul style="list-style-type: none"> • New Zealanders (18+ years) learn about and start to use strategies to identify and respond to gambling harms. • New Zealanders and the problem gambling sector have ready access to information and resources about strategies, and sources of support and help. 	<ul style="list-style-type: none"> • National communications strategies for New Zealand adults implemented. • Post campaign analysis shows that TARP (Target Audience Rating Point) levels met or exceeded. • Hits on relevant pages of website and use of links to information sources. • Calls to gambling helpline for information about, and support for, gambling-related harm and problem gambling. 	<p>Achieved.</p> <p>Achieved. November/December flight – 600 TARPs estimated, 716 achieved. May flight – 498 TARPs estimated, 567 achieved.</p> <p>Achieved. More than 4,700 public visits were made to the website during the year.</p> <p>The latest flight of ads ran in early May 2009. The number of first time callers to the Problem Gambling Helpline in May was around one-third higher than for the previous two months. This replicates the increase that was reported with the flight in December 2008.</p>
<p>4.0.2 Resources for target groups developed and distributed to support national, regional and local strategies.</p>	<ul style="list-style-type: none"> • National communications strategies supported by resources, including resources developed with relevant partners, that reinforce campaign messages and support the work of the sector. 	<ul style="list-style-type: none"> • Resources distributed and used by partners – measured by uptake of resources. • Partners report increased effectiveness in reinforcing campaign messages through using campaign resources – measured through HSC stakeholder survey. 	<p>Achieved.</p> <p>Achieved. The majority of respondents said that using HSC resources had made their role more effective, with seven out of 10 saying the resources added 'a lot' of value to their work.</p>

STATEMENT OF SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

Key Activities	Purpose	Performance Measure	Result
4.0.3 Relationships at national, regional and community levels maintained and developed further.	<ul style="list-style-type: none"> • Consistent messaging about strategies to identify and respond to gambling harms. • Regional activity supported. • Appropriate responses to need for information about gambling harm developed (eg, continued work with partners to provide relevant information, and continuing to work with Māori, Pacific and Asian communities to develop targeted approaches). 	<ul style="list-style-type: none"> • Partners report increased coordination and effectiveness in addressing gambling-related harm – measured by HSC's stakeholder survey. 	<p>Achieved. All of the respondents said that the HSC's support and advice had made their roles more effective, with nine out of 10 saying it made their role 'a lot' more effective.</p> <p>All of the respondents said that the HSC's work had contributed to a coordinated approach to communicating messages either 'very well' or 'quite well'.</p>
4.0.4 Monitor for the Problem Gambling programme maintained.	<ul style="list-style-type: none"> • Tracking response to programme and attitude and behaviour change continues. 	<ul style="list-style-type: none"> • Results of baseline survey continue to be analysed and results disseminated and used to inform the development of the programme. 	Ten fact sheets to be disseminated in early 2009/10.
4.0.5 Audience research undertaken to increase knowledge of motives and barriers to attitude and behaviour change.	<ul style="list-style-type: none"> • Evidence assembled to inform the direction for future stages of communication strategies. 	<ul style="list-style-type: none"> • Audience research completed to inform the 2009/10 programme planning and development. 	Achieved.

The HSC undertakes several programmes under Output Class One:

Total Actual Revenue	Total Budget Revenue	Total Actual Expenditure	Total Budget Expenditure
\$15,394,868	\$14,041,000	\$15,197,921	\$15,302,000

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Actual \$	2009 Budget \$	2008 Actual \$
Revenue				
Revenue – Ministry of Health		14,965,552	13,410,000	14,596,116
Interest income		142,654	254,000	300,579
Other income	2	286,662	377,000	643,018
TOTAL OPERATING REVENUE		15,394,868	14,041,000	15,539,713
Expenditure				
Community partnerships and sponsorships		1,533,644	1,505,000	1,358,418
Depreciation and amortisation		44,752	45,000	53,810
Employee benefits		2,237,873	2,376,000	1,897,565
Health promotion resources		599,937	440,000	551,515
Research and development		1,156,610	1,385,000	1,781,431
Media and communications		7,814,198	7,338,000	8,517,346
Other expenditure		1,810,907	2,213,000	2,137,240
TOTAL EXPENDITURE	3	15,197,921	15,302,000	16,297,325
NET SURPLUS/(DEFICIT) FOR THE YEAR	4	196,947	(1,261,000)	(757,612)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

	2009 Actual \$	2009 Budget \$	2008 Actual \$
BALANCE AT 1 JULY	3,581,849	3,658,000	4,339,461
Net surplus/(deficit) for the year	196,947	(1,261,000)	(757,612)
BALANCE AT 30 JUNE	3,778,796	2,397,000	3,581,849

The accompanying accounting policies and notes form an integral part of these financial statements. For information on major variances against budget refer to Note 17.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Note	2009 Actual \$	2009 Budget \$	2008 Actual \$
ACCUMULATED FUNDS		3,778,796	2,397,000	3,581,849
Represented by				
CURRENT ASSETS				
Cash and cash equivalents	5	5,135,715	3,046,000	4,815,790
GST receivable		-	-	70,915
Debtors and other receivables	6	78,712	481,000	1,137,502
Inventory		159,288	150,000	116,291
TOTAL CURRENT ASSETS		5,373,715	3,677,000	6,140,498
NON-CURRENT ASSETS				
Property, plant and equipment	8	126,534	170,000	145,320
Intangible assets	9	6,176	-	10,582
TOTAL NON-CURRENT ASSETS		132,710	170,000	155,902
TOTAL ASSETS		5,506,425	3,847,000	6,296,400
CURRENT LIABILITIES				
Creditors		62,881	70,000	66,513
Employee benefit liabilities	10	146,144	150,000	130,585
GST payable		147,113	-	-
Other payables	11	1,371,491	1,230,000	2,517,453
TOTAL CURRENT LIABILITIES		1,727,629	1,450,000	2,714,551
TOTAL LIABILITIES		1,727,629	1,450,000	2,714,551
NET ASSETS		3,778,796	2,397,000	3,581,849



Hayden Wano
Chairman
22 October 2009



Prof Peter Walls
Board member
22 October 2009

The accompanying accounting policies and notes form an integral part of these financial statements. For information on major variances against budget refer to Note 17.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 Actual \$	2009 Budget \$	2008 Actual \$
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Cash was provided from:				
Ministry of Health		15,737,405	13,407,000	15,557,492
Interest received		138,042	254,000	300,579
Other income		324,569	377,000	643,018
Net goods and services tax		218,028	-	-
		16,418,044	14,038,000	16,501,089
Cash was disbursed to:				
Payments to suppliers and employees		16,072,543	15,338,000	15,746,167
Net goods and services tax		-	-	128,027
		16,072,543	15,338,000	15,874,194
Net cash flows from operating activities	12	345,501	(1,300,000)	626,895
CASH FLOWS (USED IN) INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of property, plant and equipment		678	-	-
		678	-	-
Cash was disbursed to:				
Purchase of property, plant, equipment and intangibles		26,254	58,000	77,633
		26,254	58,000	77,633
Net cash flows (used in) investing activities		(25,576)	(58,000)	(77,633)
Net increase / (decrease) in cash and cash equivalents		319,925	(1,358,000)	549,262
Plus opening cash and cash equivalents		4,815,790	4,404,000	4,266,528
CLOSING CASH AND CASH EQUIVALENTS		5,135,715	3,046,000	4,815,790

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying accounting policies and notes form an integral part of these financial statements. For information on major variances against budget refer to Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The HSC is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, the HSC's ultimate parent is the New Zealand Crown.

The HSC's primary objective is to provide public services to the New Zealand public, as opposed to that of making a financial return. Accordingly, the HSC has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards (NZIFRS).

The financial statements for the HSC are for the year ended 30 June 2009, and were approved by the Board on 22 October 2009.

BASIS OF PREPARATION

Statement of Compliance

The financial statements of the HSC have been prepared in accordance with the requirements of the Crown Entities Act 2004 and the Smoke-free Environments Act 1990. This includes the requirement to comply with New Zealand generally accepted accounting policies (NZGAAP).

The financial statements comply with NZIFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis.

Functional and presentation currency

The financial statements are presented in New Zealand dollars. The functional currency of the HSC is New Zealand dollars.

Standards, amendments and interpretations issued but not yet effective that have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the HSC include:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004), effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives the HSC the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The HSC intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

NZIAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The CSE intends to adopt this standard for the year ending 30 June 2010 and has not yet determined the potential impact of the new standard.

SIGNIFICANT ACCOUNTING POLICIES

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

Revenue

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

Revenue from the Crown

The HSC is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the HSC meeting its objectives as specified in the statement of intent. Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Interest

Interest income is recognised using the effective interest method.

Rental income

Lease receipts under an operating sub-lease are recognised as revenue on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the HSC are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term, highly liquid investments, with original maturities of three months or less.

Debtors and other receivables

Debtors and other receivables are measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method.

Inventories

Inventories held for sale are measured at the lower of cost (calculated using the First In First Out basis) and net realisable value.

Property, plant and equipment

Property, plant and equipment asset classes consist of building fit out, computers, furniture and fittings and office equipment.

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the HSC and the cost of the item can be measured reliably.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the HSC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred.

Depreciation

Depreciation is provided using the straight line basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Building fit out	10 years	10% straight line (SL)
Computers	5 years	20% SL
Office equipment	5 years	20% SL
Furniture and fittings	5 years	20% SL

Intangibles

Software acquisition

Acquired computer software licenses are capitalised on the basis of the costs

incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with the development and maintenance of the HSC website are recognised as an expense when incurred.

Amortisation

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each period is recognised in the statement of financial performance.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software 3 years 33% SL

Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Employee entitlements

Employee entitlements that the HSC expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

The HSC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the HSC anticipates it will be used by staff to cover those future absences.

The HSC recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Goods and Services Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis.

Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD (including the GST relating to investing and financing activities), is classified as an operating cash flow in the statement of cash flows.

Income Tax

The HSC is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

Budget figures

The budget figures are derived from the Statement of Intent as approved by the Board at the beginning of the financial year. The budget figures have been prepared in accordance with NZIFRS, using accounting policies that are consistent with those adopted by the HSC for the preparation of the financial statements.

Output Costs

The output costs, as reported in the statement of objectives and 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.

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).

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Property, plant and equipment useful lives and residual value

At each balance date the HSC reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the HSC to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the HSC, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position.

The HSC minimises the risk of this estimation uncertainty by:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

- physical inspection of assets
- asset replacement programmes
- review of second-hand market prices for similar assets
- analysis of prior asset sales.

The HSC has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 8.

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.

Events after balance sheet date

At the end of July the HSC was directed by the Ministry of Health to suspend Healthy Eating Healthy Action related work pending decisions on future priorities in this area.

There were no other significant events after the balance sheet date.

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.

2 OTHER INCOME

	2009 Actual \$	2008 Actual \$
Merchandise sales	107,806	154,187
Other income	178,856	488,831
Total other income	286,662	643,018

3 COST OF SERVICES

	2009 Actual \$	2009 Budget \$	2008 Actual \$
Cost of services includes expenditure on the following programmes :			
Tobacco Control	8,017,333	7,190,000	8,205,519
SunSmart	964,140	916,000	1,017,915
Healthy Eating	2,655,744	3,826,000	4,094,946
Problem Gambling	1,516,477	1,369,000	1,226,556
Total programme expenditure	13,153,694	13,301,000	14,544,936
Non-programme expenditure	2,044,227	2,001,000	1,752,389
Total cost of services	15,197,921	15,302,000	16,297,325

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

4 STATEMENT OF FINANCIAL PERFORMANCE

The net surplus is after charging for:

	Note	2009 \$	2008 \$
Fees paid to external auditors		22,862	22,855
Fees paid to external auditors – NZ IFRS		–	6,500
Fees paid to external auditors – procurement procedures and practice audit		34,724	–
Board members' fees	16	82,000	34,000
Bad debts		–	22
Depreciation and amortisation		44,752	53,810
Equipment hire		4,514	3,883
Legal fees		4,761	897
Loss on disposal of property, plant and equipment		4,015	1,804
Rent		211,708	194,896

5 CASH AND CASH EQUIVALENTS

	2009 Actual \$	2008 Actual \$
Cash on hand and at bank	2,135,715	4,815,790
Cash equivalents – term deposit	3,000,000	–
Total cash and cash equivalents	5,135,715	4,815,790

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The term deposit had an effective interest rate of 3.45% per annum and matured on 21 July 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

6 DEBTORS AND OTHER RECEIVABLES

	2009 Actual \$	2008 Actual \$
Debtors	24,644	656,404
Other receivables	54,068	481,098
Total debtors and other receivables	78,712	1,137,502

The carrying value of receivables approximates their fair value.

As at 30 June 2009 and 2008, all overdue receivables have been assessed for impairment. No provision for impairment was considered necessary.

Debtors and other receivables aging:	2009 \$	2008 \$
Not past due	62,266	1,132,366
Past due 1-30 days	16,268	4,396
Past due 31-60 days	178	635
Past due →60 days	0	105
	78,712	1,137,502

7 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

	2009 Actual \$	2008 Actual \$
Loans and receivables		
Cash on hand and at bank	2,135,715	4,815,790
Cash equivalents – term deposits	3,000,000	–
Debtors and other receivables	78,712	1,208,417
Total loans and receivables	5,214,427	6,024,207
Financial liabilities measured at amortised cost		
Creditors and other payables	1,727,629	2,714,551
Total financial liabilities measured at amortised cost	1,727,629	2,714,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

8 PROPERTY, PLANT AND EQUIPMENT

2009	Opening cost	Additions	Disposals	Closing cost
Building fit out	119,970	1,487	-	121,457
Computers	174,968	24,767	(46,665)	153,070
Office equipment	67,841	-	-	67,841
Furniture and fittings	13,785	-	-	13,785
Total	376,564	26,254	(46,665)	356,153

2008	Opening cost	Additions	Disposals	Closing cost
Building fit out	101,608	18,362	-	119,970
Computers	141,568	45,869	(12,469)	174,968
Office equipment	62,894	4,947	-	67,841
Furniture and fittings	13,785	-	-	13,785
Total	319,855	69,178	(12,469)	376,564

2009	Opening accumulated depreciation	Depreciation expense	Depreciation on disposals	Closing accumulated depreciation
Building fit out	69,825	6,486	-	76,311
Computers	97,666	26,173	(41,972)	81,867
Office equipment	52,648	6,210	-	58,858
Furniture and fittings	11,105	1,478	-	12,583
Total	231,244	40,347	(41,972)	229,619

2008	Opening accumulated depreciation	Depreciation expense	Depreciation on disposals	Closing accumulated depreciation
Building fit out	65,068	4,757	-	69,825
Computers	86,546	21,786	(10,666)	97,666
Office equipment	40,717	11,931	-	52,648
Furniture and fittings	8,530	2,575	-	11,105
Total	200,861	41,049	(10,666)	231,244

2009	Closing net book value	Opening net book value
Building fit out	45,146	50,145
Computers	71,203	77,302
Office equipment	8,983	15,193
Furniture and fittings	1,202	2,680
Total	126,534	145,320

2008	Closing net book value	Opening net book value
Building fit out	50,145	36,540
Computers	77,302	55,022
Office equipment	15,193	22,177
Furniture and fittings	2,680	5,255
Total	145,320	118,994

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

9 INTANGIBLE ASSETS

2009	Opening cost	Additions	Disposals	Closing cost
Acquired computer software	63,903	–	(32,612)	31,291

2008	Opening cost	Additions	Disposals	Closing cost
Acquired computer software	55,448	8,455	–	63,903

2009	Opening accumulated amortisation and impairment losses	Amortisation expense	Amortisation on disposals	Closing accumulated amortisation and impairment losses
Acquired computer software	53,321	4,406	(32,612)	25,115

2008	Opening accumulated amortisation and impairment losses	Amortisation expense	Amortisation on disposals	Closing accumulated amortisation and impairment losses
Acquired computer software	40,560	12,761	–	53,321

2009	Closing carrying amounts	Opening carrying amounts
Acquired computer software	6,176	10,582

2008	Closing carrying amounts	Opening carrying amounts
Acquired computer software	10,582	14,888

10 EMPLOYEE BENEFIT LIABILITIES

	2009	2008
	\$	\$
Accrued salaries and wages	74,589	60,506
Annual leave	66,555	65,079
Sick leave	5,000	5,000
Total employee benefit liabilities	146,144	130,585

11 OTHER PAYABLES

	2009	2008
	\$	\$
Tobacco Control	1,029,334	1,679,911
Healthy Eating	256,611	783,770
SunSmart	44,073	25,803
Problem Gambling	41,473	27,969
	1,371,491	2,517,453

Other payables are non interest bearing and are normally settled on 30 day terms therefore the carrying value of other payables approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

12 RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH REPORTED NET SURPLUS

	2009	2008
	\$	\$
Net surplus/(deficit)	196,947	(757,612)
Add/(deduct) non cash items:		
Depreciation and amortisation	44,752	53,810
Losses on disposal of property, plant and equipment	4,015	1,804
	245,714	(701,998)
Add/(deduct) movements in working capital items:		
Decrease in debtors and other receivables	1,058,790	961,376
Decrease/(increase) in GST	218,028	(128,027)
(Increase) in inventory	(42,997)	(6,464)
(Decrease/increase in creditors	(3,632)	37,270
(Decrease)/increase in other payables	(1,130,403)	464,738
	99,787	1,328,893
Net cash flows from operating activities	345,501	626,895

13 STATEMENT OF CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or contingent assets at 30 June 2009 (2008 nil).

14 STATEMENT OF COMMITMENTS

Leases

	2009	2008
	\$	\$
The HSC has the following non-cancellable operating leases.		
Less than one year	261,031	194,896
One to two years	225,059	97,448
Two to five years	675,176	-
Greater than five years	318,834	-
	1,480,100	292,344

The HSC is relocating its offices and has entered into a non-cancellable lease for the rental of Level 3, Gillies Group House located at 181 Wakefield Street. This lease is for a six year term (with a right of renewal for one further period of three years) commencing on 1 November 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

15 FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments that potentially expose the HSC to credit risk consist of bank balances and debtors and other receivables.

The HSC has a letter of credit in favour of National Bank Visa, limited to the value of \$34,000 (2008 \$26,000).

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.

The HSC holds cash with the National Bank. National Bank is part of the Crown Retail Deposit Guarantee Scheme and therefore all deposits up to \$1 million held with National Bank are guaranteed by the Crown.

Concentration of Credit Risk

Debtors and other receivables 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 credit quality 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.

Liquidity Risk

Liquidity risk is the risk that the HSC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The HSC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the HSC maintains a target level of investments that must mature within specified timeframes.

16 RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL

Related party transactions

The HSC is a wholly owned entity of the Crown.

The HSC has entered into a number of transactions with the Ministry of Health on an arm's length basis and where they are only acting in the course of normal dealings with the HSC. These transactions are not considered to be related party transactions.

The HSC has Directors' and Officers' Liability and Professional Indemnity insurance cover in respect of the liability or costs of Board members and employees.

Key management personnel compensation

Key management personnel of HSC includes board members and the Chief Executive.

Total salaries, wages and short term benefits paid to key management personnel was \$260,000 (2008 \$203,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Board member remuneration:

The total value of remuneration paid or payable to each board member during the year was:

	2009	2008
	\$	\$
Hayden Wano (Chairman – from August 2008)	22,000	–
Athol Mann (Chairman – to July 2008)	2,000	12,000
Tracey Bridges	12,000	6,000
Allison Roe	12,000	6,000
Fa'amatuainu Tino Pereira	12,000	6,000
Prof Peter Walls (from August 2008)	11,000	–
Dr Maree Leonard (from August 2008)	11,000	–
Louisa Wall (to February 2008)	–	4,000
	82,000	34,000

Total remuneration received by the Chief Executive of the HSC for the period 1 July 2008 to 30 June 2009 was between \$170,000-\$180,000 (2008 \$160,000-\$170,000).

One other senior staff member received remuneration of between \$120,000 – \$130,000 (2008 \$110,000 – \$120,000).

Interest income

Interest income of \$142,654 is down significantly on both budget and the prior year (2008 \$300,579). This reflects lower interest rates and lower average bank balances during the year.

Sales and other income

Other income includes merchandise sales and income from the Melanoma Summit.

Merchandise sales of \$107,806 were below both budget and prior years' sales (2008 \$154,187). Sales were down across all programmes and can be attributed in part to the economic downturn.

Melanoma Summit income totalled \$87,383.

17 MAJOR VARIATIONS

STATEMENT OF FINANCIAL PERFORMANCE

Revenue – Ministry of Health

Revenue from the Ministry of Health is \$1,556,000 greater than budgeted. This is due to four variations to the original contract (which covers the period from 1 July 2006 to 30 June 2009). There are seven variations to the original contract in total, four of which impact on the financial year ended 30 June 2009.

These variations were:

1) Variation 4

Additional funding of \$178,000 for production of resources to support the Ministry of Health's Prevention and Minimising Gambling Harm Service Plan 2007-2010.

2) Variation 5

Additional funding of \$1,370,663 for a nationwide media campaign targeting both adult and youth audiences to promote the range of initiatives focused on raising awareness of tobacco harm and how people can get support to quit.

3) Variation 6

A net return of funding of \$23,176. Additional funding was received for:

- Future funding track and demographic increases \$326,824
- World Smokefree Day activities \$350,000

Funds were returned for the cancelled healthy eating media campaign (\$700,000).

4) Variation 7

Additional funding of \$30,000 (2010 \$75,000) targeting smoking during pregnancy.

Expenditure

Employee benefit costs across the organisation were \$138,127 under budget but \$340,308 higher than 2007/08 mainly due to the following:

- Increased staffing levels during 2007/08 impacted for a full 12 months in 2008/09.
- An additional person has been employed on a one-year contract to assist with the implementation of recommendations from the tobacco control quality improvement process.
- A part-time staff member was replaced with a full-time person.
- Extra support was required to cover a maternity leave gap.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

Programme expenditure

Programme expenditure is \$147,306 under budget. This variance is the result of a number of offsetting factors. The most significant of these are:

- the receipt and subsequent spending of \$1,370,663 on a nationwide tobacco media campaign (discussed above)
- the suspension of a media campaign to promote fruit and vegetables has contributed to the Healthy Eating programme underspending by \$1,170,256
- research expenditure was \$228,390 underspent across the organisation. This underspend principally related to two pieces of work:
 - \$117,000 of formative research for the next adult targeted tobacco control initiative, which is now budgeted to take place in the next financial year
 - \$70,000 relating to the decision not to proceed with a feasibility study to test whether the New Zealand Youth Tobacco Survey could be implemented on-line, rather than remain paper based, to keep the research methodology consistent

Non Programme expenditure

Non programme expenditure is in line with budget but higher than the previous year. Salary and wages, board member fees and an audit of HSC's procurement practices and procedures contributed to this increase.

STATEMENT OF FINANCIAL POSITION

Cash balances of \$5,135,715 exceed the budgeted balance of \$3,046,000 but remains similar to the 2008 balance of \$4,815,790 due in part to the underspends in the Healthy Eating programme and the research budget.

Trade and other receivables are lower than budget and the previous year. Last years balance included \$593,853 due from the Ministry of Health, \$303,098 of prepaid media expenditure and an accrual of \$178,000 for Problem Gambling resources which were approved at the end of the year. There are no equivalent balances at 30 June 2009.

Other payables are higher than budgeted but significantly lower than 2008 principally due to media and research expenditure commenced under contract variations approved late in the 2008 financial year.

18 CAPITAL MANAGEMENT

The HSC's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

The HSC is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.



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