



The Healthway co-sponsorship policy: ***A report on the revised policy's implementation for the year ended 30/6/11***

1. Background to the co-sponsorship policy

Concerns regarding co-sponsors, or other sponsors of Healthway-funded activities and events with the potential to undermine health promotion objectives, were first discussed by the Healthway Board in early 2004. A co-sponsorship policy was first approved by the Board on 21 October 2004.

Under the original policy, co-sponsors included companies promoting alcohol, soft drinks, confectionary and 'fast-foods'. The purpose of the policy was to ensure the presence of co-sponsors did not diminish the effectiveness of health promotion sponsorship. The policy required Healthway-sponsored organisations to be committed to the achievement of Healthway objectives and to notify Healthway of any arrangements with co-sponsors as described above. Decisions regarding the involvement of a co-sponsor were delegated to the Executive Director and Program Manager. The policy stated that Healthway had the right to terminate the sponsorship contract and recover any unspent funds if an organisation was found to have breached their requirement to notify Healthway of new co-sponsorship agreements.

In October 2006 the Board discussed strengthening the co-sponsorship policy in light of concerns regarding the increasing involvement of unhealthy sponsors with Healthway-funded organisations. While the purpose of the policy was clear, it was recognised that a number of organisations were not declaring unhealthy sponsorship arrangements. The policy was revised at that time and the contractual requirement for sponsored organisations to disclose co-sponsorship arrangements was tightened. The Board also resolved to explore other options to further strengthen the policy however did not formally consider the matter again until 2009.

While the policy was not supported by a formal process until 2010, a number of sponsored organisations were required to discontinue sponsorship arrangements with companies promoting alcohol, soft drinks, confectionary and 'fast-foods' during the period 2005-2009. In February 2008, for example, the Healthway Board discussed the decision of the organisers of a major sporting event to accept sponsorship from an energy drink company. The Board resolved to reduce Healthway sponsorship by \$50,000 in light of this co-sponsorship concern and withdraw sponsorship completely if the energy drink sponsorship continued the following year.

The Board revisited the co-sponsorship issue in early 2009 and discussed the need for a more formalised and equitable approach. Concerns regarding the extent of alcohol and junk food sponsorship of Healthway funded activities were again raised in light of a growing body of literature regarding the influence of alcohol and unhealthy food promotions. The National Preventative Health Taskforce (NPHT) technical report on alcohol was published around this time and focused attention on the influence of alcohol sponsorship of sport and community events.

The current co-sponsorship policy and co-sponsorship risk assessment processes were approved by the Board on 11 June 2009. The policy and accompanying policy guidelines are available on the Healthway website.

The revised policy is consistent with previous versions of the policy, in that the definition of co-sponsors remains unchanged and each co-sponsorship arrangement is assessed on its merits. The policy is, by design, most sensitive to circumstances where health campaign messages would otherwise occupy a sponsorship portfolio alongside unhealthy messages. The policy allows Healthway to sponsor organisations in arrangements with co-sponsors in qualified circumstances provided there is an undertaking to phase out co-sponsors over a specific transition period.

The co-sponsorship policy supports the objective of the sponsorship program ***to reduce, where possible, the promotion of unhealthy messages or brands which undermine Healthway objectives.*** All sponsored organisations are contractually required to support this objective and to provide Healthway with a right-of-veto over new arrangements with alcohol or food/drink sponsors.

The 'healthy participation' category of sponsorship, without the obligation to promote a health campaign message, was introduced in part to allow Healthway to maintain an ongoing relationship (albeit at reduced levels) with organisations who may have substantial reach into priority populations and were unable or unwilling to reduce co-sponsorship arrangements. Organisations funded under the healthy participation stream only are no longer required to promote a health campaign message and will typically receive a reduced sponsorship allocation in recognition of the reduced benefits to Healthway. In accordance with the co-sponsorship guidelines, organisations funded under the healthy participation stream are required to quarantine participants in the sponsored program from unhealthy messages and must demonstrate ongoing efforts to reduce unhealthy messages associated with their activities. The application of the policy to the different categories of sponsorship is detailed in the co-sponsorship policy guidelines.

Under the new arrangements, all organisations applying for Healthway sponsorship are routinely required to provide details of any sponsorship arrangements with alcohol, food or drink sponsors at the time of application. The Brand Advisory Committee (BAC) assesses these co-sponsorship arrangements and provides non-binding advice to the sponsorship advisory committees and Board regarding the risk that these arrangements will undermine Healthway objectives. The BAC has adopted a risk matrix sensitive to the product(s) associated with the brand, the profile of the sponsorship, the profile and marketing strategies of the sponsor, the context of promotions, and the extent to which children may be exposed to the sponsorship. This risk matrix is available on the Healthway website.

While the new policy took effect for all sponsorships contracted from 30 June 2010, the revised co-sponsorship risk assessment process applied to all sponsorship applications assessed by the Board after the end of March 2010, as there is a lead-time between application and commencement of the sponsorship.

This paper provides a report on the implementation of the revised policy for the period up to 30 June 2011 and re-examines the potential risks foreshadowed in June 2009 when the current co-sponsorship policy and processes were adopted.

2. Rationale and evidence for the approach to co-sponsorship

Healthway's policies and funding decisions are based on the best available evidence. A strong evidence-base underpins Healthway's objective to reduce alcohol and unhealthy food and drink promotions through sponsorship arrangements.

Alcohol companies deploy sophisticated promotional practices to target specific groups such as beginning drinkers, regular teenage drinkers and established youth drinkers.^{1,2,3} This marketing utilises diverse modalities (including sponsorship) in order to influence the formation of youth identities in ways that orient strongly to the consumption of alcohol.⁴ Nielsen Media Research from 2008 suggests that alcohol sponsorship spending in Australia equates to approximately \$300 million per annum. By comparison, total paid alcohol advertising expenditure in Australia (excluding sponsorship) is reported to be \$119 million per annum.⁵ The size of the investment in sponsorship highlights the importance of this marketing modality to the alcohol industry.

A growing body of evidence links alcohol advertising with increased alcohol consumption in young people and new drinkers. In light of this evidence a number of major reports and reviews have recommended bans or increased regulation of alcohol marketing through modalities with high exposure to young people, such as sponsorship.

A systematic review of longitudinal studies undertaken in 2009 examined the impact of alcohol advertising and media exposure on adolescent alcohol consumption. The study concluded that alcohol advertising and promotion is associated with an increased likelihood that adolescents will start to use alcohol, and to drink more if they are already using alcohol.⁶

Another recent study of the effects of ownership of alcohol-branded merchandise (ABM) by young people found that among those who had previously not drunk alcohol, ABM ownership is independently associated with increased susceptibility and initiation to drinking and binge drinking.⁷

In the report *Australia: The healthiest country by 2020*, the NPHT expressed concern about the high levels of alcohol advertising and promotion to which adolescents and young Australians are exposed during live sport broadcasts, during other high adolescent/ child viewing times, through sponsorship of sport and cultural events, and through youth-oriented print media and internet-based promotions. In the strategy prepared for the Federal Minister for Health and Ageing and released in June 2009, the NPHT recommended a staged phase out (over the period 2010-2013) of alcohol

¹Randen, K, Lunde T. Marketing without limits. *Globe New Series (GAPA)*.2002;4:9-10.

²Brain K. Youth, Alcohol and the Emergence of the Post-Modern Alcohol Order. Occasional Paper No. 1. Institute of Alcohol Studies. London.

³The Academy of Medical Sciences. Calling Time: The Nation's Drinking as a Major Health Issue [Internet] 2004 [cited 2010 Jun 21]. Available from <http://www.acmedsci.ac.uk/p99puid20.html>

⁴Jernigan D, O'Hara J. Alcohol advertising and promotion. In: Bonnie R, O'Connell M, editors. *Reducing Underage Drinking: a Collective Responsibility*. Washington DC: National Academies Press; 2004. p.625-653.

⁵Alcohol Working Group. *Australia: The Healthiest Country by 2020*. Technical Report 3. Preventing Alcohol-Related Harm in Australia: a Window of Opportunity. Canberra: Preventative Health Taskforce; 2009.

⁶Anderson P, de Bruijn A, Angus K, Gordon R, Hastings G. Impact of Alcohol Advertising and Media Exposure on Adolescent Alcohol Use: A Systematic Review of Longitudinal Studies. *Alcohol and Alcoholism*. 2009;44(3):229-243.

⁷McClure AC, Stoolmiller M, Tanski SE, Worth KA, Sargent JD. Alcohol-Branded Merchandise and Its Association with Drinking Attitudes and Outcomes in US Adolescents. *Archives of Pediatric and Adolescent Medicine*. 2009;163(3):211-217.

promotions from times and placements which have high exposure to young people aged up to 25 years, including sponsorship of sport and cultural events.⁸

Similarly, international recommendations conclude that restrictions on food and beverage marketing directed to children should be included within a comprehensive approach to address the growing problem of childhood obesity. The World Health Organisation identifies food marketing to children as an important area for action to prevent obesity and has called upon governments to implement policies that reduce the impact of foods high in fat, sugar and salt and promote the responsible marketing of foods and beverages to children.

A number of systematic reviews have shown that food and beverage marketing to children is extensive and predominantly focuses on products with a high content of fat, sugar and/or salt.⁹ There is growing evidence that television advertising of these products influences children’s food preferences, purchase requests and consumption patterns. While television remains an important medium, it is gradually being complemented by an increasingly multifaceted mix of marketing communications that include sponsorship, which all combine to reinforce branding and forge positive relationships with consumers.¹⁰

3. Applications received

When approving the revised co-sponsorship policy, the Board noted the potential risk that a significant number of organisations may be deterred from applying for Healthway sponsorship as a consequence of the policy.

Any year-to-year comparison of organisations applying for Healthway sponsorship is imprecise and confounded by a number of variables. Some organisations receive multi-year sponsorship approval and this distorts year-to-year comparisons.

Whilst noting the limitations of the comparison, a review of applications received on a 12 month financial year-to-year comparison indicates that the number of organisations applying for Healthway sponsorship has increased over the past year. The total number of organisations applying for sponsorship (over \$5,000) in the 2010/11 financial year was 236. By comparison, 163 organisations applied in the 2009/10 year and 171 applied in 2008/9. The breakdown of organisations applying for sponsorship by category is outlined in the following table:

	Arts	Sports	Racing	TOTAL
2010/11	138	81	17	236
2009/10	93	56	14	163
2008/09	99	57	15	171

⁸National Preventative Health Taskforce. Australia: The Healthiest Country by 2020 – National Preventative Health Strategy – Overview. Canberra: Preventative Health Taskforce; 2009.

⁹Hastings, G et al *Review of the research on the effects of food promotion to children*. Glasgow, University of Strathclyde, Centre for Social Marketing 2006.

¹⁰World Health Organisation 2010 Set of Recommendations on the Marketing of Foods and Non-Alcoholic Beverages to Children. Resolution of the Sixty-third World Health Assembly, adopted 21 May 2010. WHA 63.14, WHO Geneva, Switzerland. ISBN 978 92 4 150021 0.

The percentage of organisations who applied for sponsorship and received some level of funding has remained fairly consistent over the 3 year period from 2008-2011. 89% of organisations who applied for sponsorship in the 2010/11 year received funding.

The introduction of the revised co-sponsorship policy and risk assessment process from 31 March 2010 does not appear to have deterred organisations from applying for Healthway sponsorship. Management are unable to identify any previously funded arts or sport organisations who have not applied for sponsorship after March 2010 on account of the revised approach to co-sponsorship issues. There is one notable exception in the racing portfolio; a major racing organisation informed Healthway in early 2010 that they would not be applying for sponsorship as they could not support Healthway's objectives.

4. Conditional approvals

Another risk noted by the Board, at the time of adopting the revised co-sponsorship policy, was the possibility that a significant percentage of organisations applying for sponsorship may decline conditional offers of funding and, as a consequence, Healthway may find it difficult to meet the financial provisions in the *Tobacco Products Control Act 2006*.

Over the 15 month period from 31 March 2010 to 30 June 2011 the Healthway Board approved offers of sponsorship to 252 organisations (138 arts, 95 sports, 19 racing). Of these organisations, 28 (11%) were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors.

Most organisations offered sponsorship on a conditional basis declared co-sponsorship arrangements at the time of application. These co-sponsorship arrangements were formally assessed by the BAC and recommendations from the BAC were considered by the sponsorship advisory committees. In a small number of cases, the sponsorship advisory committees resolved to recommend funding on a conditional basis in the absence of any declared co-sponsors or recommendation from the BAC. The Board subsequently approved all recommendations for conditional funding as recommended by the sponsorship advisory committees.

Arts

Of the offers made to arts organisations, 6 (4%) organisations were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors. The remainder were offered Healthway sponsorship with no specific conditions relating to their existing sponsors.

Of these 6 organisations, sponsorship contracts have subsequently been entered into with all but one organisation.

Sports

Of the offers made to sports organisations, 14 (15%) organisations were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors. The remainder were offered Healthway sponsorship with no specific conditions relating to their existing sponsors.

Of these 14 organisations, sponsorship contracts have subsequently been entered into with 12 organisations. One organisation declined Healthway's offer of sponsorship and another was unable to comply with Healthway's conditions of sponsorship.

Racing

Of the offers made to racing organisations, 8 (42%) organisations were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors. The remainder were offered Healthway sponsorship with no specific conditions relating to their existing sponsors. All of these organisations accepted Healthway's offer of sponsorship.

The following table provides a summary of all conditional offers of sponsorship, without identifying the specific organisations involved:

Sponsored organisation	Sponsorship project	Co-sponsors	Conditions of funding	Accepted Yes/No
Local government authority	Community Festival (regional)	Nil declared	Wine tasting area to be enclosed and moved away from main entrance.	Yes
Arts organisation	Annual Program	Ferngrove, Juniper Estate, Voyager Estate, Jane Brook Wines.	Wine sponsorships to be supplier arrangements with no promotional activation strategies. Logo placements limited to hospitality events.	Yes
Arts organisation	Music Festival	Lion Nathan (Tooheys), Diageo (Bundaberg Rum). V Energy and Red Bull energy drinks.	A significant reduction in the promotion of alcohol and energy drinks, to be negotiated/agreed in conjunction with the Drug and Alcohol Office.	No
Community organisation	Community Festival (metro)	Nestle, Coca Cola, Cadbury's	Any promotions for unhealthy brands to be distanced from health message promotions.	Yes
Industry body	Community Festival (regional)	Nil declared	Promotion of alcohol brands to be limited to point of sale only.	Yes
Arts organisation	Summer Concert Series	West Cape Howe Wines	Wine company sponsorship to be reduced to a supplier arrangement, with promotions limited to point of sale only.	Yes
State sporting association	Naming rights to national league team	Lion Nathan (Tooheys), Dominos Pizza	Discontinue sponsorship arrangements with alcohol and unhealthy food sponsors.	Yes
State sporting association	Development program & naming rights of national league team	Leaping Lizard Wines	Sponsorship arrangement with wine company limited to supply arrangement only, with no associated promotions.	Yes
State sporting association	Community program	Nil declared	Junior program activities not to be conducted adjacent to venues where unhealthy foods and drinks are promoted.	Yes
State sporting association	Junior program	Milo, KFC, Lion Nathan (Tooheys), Diageo, Pernod Ricard	Sponsorship conditional on the sponsored organisation ensuring participants in the junior programs were effectively quarantined from alcohol and fast food promotions; assurances required regarding the distribution of Milo sachets. Sponsorship allocation reduced in recognition of shift from participation and health message promotion to participation only.	Yes
Peak sporting body	Junior Award	Coca Cola, Carlton United Breweries, Constellation Wines, Edwards Wines	Sponsorship arrangements with Coca Cola and alcohol sponsors to be limited to supplier arrangements without associated promotions.	No

State sporting association	Sport Festival	Pure Blonde	Alcohol sponsorship to be limited to a supplier only arrangement without associated promotions.	Yes
State sporting association	Annual program and major event	VB, Brownes Chill	Any alcohol sponsorship to a supply-only arrangement with no associated promotions.	Yes
Sporting organisation	Major event	Gatorade, PowerBar	Event website to contain statements indicating that PowerBar and Gatorade products are "not suitable as an everyday nutrition or hydration source".	Yes
State sporting association	Community program	Lion Nathan, Diageo (Bundaberg Rum), Barwick Wines, Powerade	No alcohol signage at community events; no database distribution of alcohol sponsor promotions to under 25's; no product give-aways or other marketing activation strategies for alcohol or sport drink brands; sponsored organisation was required to undertake a review of co-branded merchandise.	Participation sponsorship accepted; health message promotion sponsorship declined.
State sporting association	Annual program	Willow Bridge Wines	Sponsored organisation was required to remove alcohol perimeter signage at their venue and discontinue naming rights sponsorship following the end of the current contract with Willow Bridge Wines in 2012.	Yes
Peak sporting body	Community development program	Powerade, Lion Nathan, Barrick Wines	No recognition of sports drink or alcohol sponsors on official apparel or merchandise. Restrictions on alcohol logo promotions at annual dinner.	Yes
State sporting association	Annual program & national league team	Mars	Elimination of Mars product give-aways and promotional activation strategies at home games.	Yes
State sporting association	Community program	Nil declared	Sponsorship conditional on the sponsored organisation ensuring participants in the junior programs were effectively quarantined from alcohol or unhealthy food promotions. Sponsorship allocation reduced in recognition of shift from participation and health message promotion to participation only.	Yes
Sporting organisation	Branding rights to junior development program	Carlton United Breweries	No alcohol promotions on playing apparel; all alcohol venue signage (except POS) removed by mid-point of season; club database not being made available to alcohol sponsor. Note: application was made under health message promotion, as development program already funded for healthy participation under an existing Healthway sponsorship.	No
Racing organisation	Children/family day	XXX Gold, Jacobs Creek	Removal of all on-course signage promoting alcohol and unhealthy foods/drinks.	Yes
Racing organisation	Annual program	Lion Nathan (Swan Brewery), Diageo, Samuel Smith & Sons, Schweppes	On-course alcohol signage limited to 3 race meets in first year of agreement, decreasing to nil race meets in final year of sponsorship term; renaming of hospitality lounge; no alcohol product give-aways or other activations.	Yes
Junior Racing organisation	Junior Championship	Nil declared	All venues across the programs being free of alcohol or unhealthy food promotions.	Yes

Racing organisation	WA Championship	Nil declared	All venues across the programs being free of alcohol or unhealthy food promotions.	Yes
Racing organisation	Major Rally	Laurence Wines	Alcohol sponsorship limited to a supply only arrangement without associated promotions.	Yes
Racing organisation	Major Rally	Nil declared	Any alcohol sponsorship arrangements limited to supply only arrangements without associated promotions.	Yes
Racing organisation	Race program	Lion Nathan (Swan Brewery); Diageo; Jacobs Creek; Coca Cola	Removal of all alcohol logos from print and electronic media resources (including race day program and website); a substantial reduction in alcohol venue signage; Coca Cola promotions to be changed to Mt Franklin water promotions; no alcohol give-aways or other activations/promotions.	Yes
Racing organisation	Masters & State Championships	XXXXGold, Jack Daniels, Jim Beam, KFC, Red Bull	Removal of venue signage promoting alcohol products or KFC.	Yes

Only a very small number of organisations have declined conditional offers of sponsorship. Of the 252 organisations offered sponsorship since April 2010, 11% were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors and approximately 1% of all offers were declined. Consequently, Healthway had no difficulties meeting the financial provisions of the Act.

5. Health promotion outcomes

Evaluation of the Healthway sponsorship program over many years has demonstrated the effectiveness of sponsorship as a strategy to achieve high levels of awareness and comprehension of health messages, leading to self-reported behaviour change. The sponsorship program has also been effective as a strategy to achieve healthy structural changes, such as smoking bans that extend beyond legislative requirements.

Health promotion outcomes can also be achieved through the reduction of drivers of unhealthy behaviours. The co-sponsorship policy supports the objective of the sponsorship program to *reduce, where possible, the promotion of unhealthy messages or brands which undermine Healthway objectives*. The policy also serves to ensure Healthway's sponsorship arrangements comply with the requirements of the *Tobacco Products Control Act 2006*.

According to demographic data supplied by the sponsored organisations, the combined reach of the sponsored arts, sport and racing activities that agreed to reduce or modify unhealthy promotions linked to sponsorship arrangements during 2010/11 was over 900,000. The majority of this number would be children and young people. This figure excludes sponsorships where the conditions of sponsorship were more orientated to the provision of guarantees than the reduction or removal of sponsorship promotions. While these numbers are not discreet and multiple exposures are likely, it is evident that the co-sponsorship policy has significantly reduced the exposure of West Australians to alcohol and unhealthy food promotions through sponsorship.

The policy has also had an impact in terms of limiting alcohol and unhealthy food promotions linked to prospective sponsorships. This can work in one of two ways: organisations that would have otherwise entered into new arrangements with unhealthy sponsors have been restricted from doing so as a result of Healthway contract requirements. Alternatively, it could be argued that the policy has served as a catalyst to raise awareness of the effects of unhealthy sponsorships to the extent that some organisations shun unhealthy sponsors by choice.

Furthermore, Healthway's approach to co-sponsorship has been a catalyst for a heightened level of public debate and media attention around the issues of alcohol and junk food sponsorship, particularly in a sport context. This heightened level of public scrutiny can play a key role in challenging community norms and provide a platform for health promotion advocacy. This is particularly important given the ubiquitous nature of alcohol and junk food sponsorship promotions.

At the time of approving the revised approach to co-sponsors, the Board noted the risk that alcohol and junk food companies may increase their investments with arts, sport and racing organisations that decide not to partner with Healthway. Thus far, very few organisations have determined not to partner with Healthway or declined Healthway sponsorship.

6. Financial impacts of co-sponsorship policy

Healthway's co-sponsorship policy can potentially have an impact on the total sponsorship income of sponsored organisations in one of the following three ways:

- i. The level of Healthway sponsorship offered;
- ii. Requirements relating to existing alcohol or unhealthy food and drink sponsors applied as a condition of Healthway funding; and
- iii. The opportunity-cost of new sponsorship income the organisation cannot accept during the term of the Healthway sponsorship.

i. The level of Healthway sponsorship offered

Two organisations received reduced offers of sponsorship as a direct consequence of co-sponsorship issues. Both these organisations elected to apply for healthy participation sponsorship only and no longer offer Healthway message promotion opportunities. As the co-sponsorship policy is more sensitive to the potential clash between unhealthy messages and health promotion campaign brands, the impact of the policy on these organisations was less than it would have been had these organisations applied for health message sponsorship. Neither organisation is required to promote a health message under their current sponsorship. In light of the reduced returns to Healthway and concerns regarding co-sponsors, total sponsorship offered to the above-mentioned organisations was reduced at the most recent review.

Only 4 sponsorship applications were rejected as a consequence of co-sponsorship concerns between 31 March 2010 and 30 June 2011, and 2 of these were for the same event. In each of these cases, the decision to reject the application was in part due to concerns regarding limited reach of the project.

ii. Requirements relating to existing alcohol or unhealthy food and drink sponsors

Consistent with a risk management approach, Healthway's co-sponsorship conditions were tailored for each offer of sponsorship. It should be noted that all of the organisations offered conditional funding were able to enter into exclusive supplier agreements with sponsors (without associated promotions), and in some cases the conditions imposed by Healthway had no material bearing on

sponsorship income. In some cases, Healthway can only estimate the cost of compliance as many organisations consider sponsorship income as commercial-in-confidence information.

Information provided to Healthway suggests that half of the organisations offered sponsorship on a conditional basis (14 of the 28 cases outlined in the table above) are unlikely to have suffered any loss of existing sponsorship income as a direct consequence of Healthway's conditions of funding. These organisations were only required to guarantee that participants in specific programs would be quarantined from sponsorship promotions, or comply with conditions regarding the precise positioning of signage or other promotions, and were not required to discontinue existing sponsorship arrangements.

In other cases, any loss of sponsorship income from alcohol or unhealthy food sponsorship was more than offset by an increase in Healthway sponsorship. In one example, a state sporting association received an increase in Healthway sponsorship of \$20,000 and was required to remove alcohol perimeter signage at their venue and discontinue a naming rights sponsorship with a wine brand after expiry of the sponsorship arrangement in 2012. According to the organisation, this requirement will reduce their total sponsorship income by less than \$4,000 p.a. It should be noted that Healthway sponsorship is currently at an all-time high for 18 of the 28 organisations offered sponsorship on a conditional basis (3 arts, 8 sports, and 7 racing).

Some organisations have continued exclusive supplier arrangements with sponsors and renegotiated their arrangements to exclude promotional obligations. As an example, a major racing organisation recently re-negotiated their sponsorship arrangement with an alcohol sponsor to a supply only agreement and has discontinued all alcohol promotions associated with the sponsorship. The organisation has informed Healthway that their alcohol sponsorship income has been reduced by only a minimal amount.

In other cases, any loss in sponsorship income arising as a direct consequence of Healthway funding conditions can only be estimated. However, the high rate of acceptance would suggest very few organisations were financially disadvantaged in accepting Healthway's conditional offer of sponsorship. As outlined above, a small number of organisations declined Healthway's offers of sponsorship.

iii. *The opportunity-cost of new sponsorship income the organisation cannot accept*

All organisations can enter into new partnerships with alcohol or unhealthy food sponsors after the start of their sponsorship contract with Healthway, provided they submit the details of proposed new arrangements to Healthway for risk assessment and approval.

As at 30 June 2011, Healthway received requests from 12 organisations (9 sport, 3 arts) to enter into new sponsorship arrangements with alcohol, food or drink sponsors. Of these, Healthway denied requests from 9 organisations (7 sport and 2 arts).

The lost opportunity cost to these organisations can only be estimated and in some cases the approach to Healthway was made prior to confirmation of the potential value of the new sponsorship. A number of Healthway's decisions to veto new sponsorships have had minimal financial impact. At the other extreme, the lost opportunity cost to one organisation was estimated to be in the range of \$50,000 to \$100,000 p.a. In two cases, sponsored organisations elected to proceed with a co-sponsorship arrangement and withdraw from Healthway sponsorship.

Examples of requests not approved included:

- A state sporting association request to offer a major fast food chain naming rights to a state league competition was not approved. The proposed sponsorship had considerable exposure to children and young people.
- A state sporting association request to offer an alcohol spirit brand promotional opportunities linked to a major sporting event was not approved. The proposed sponsorship was to include on-site promotions and merchandise give-aways.
- A state sporting association request to offer a leading beer brand extensive promotional opportunities linked to a major event was not approved.

Examples of requests approved included:

- A sports drink sponsorship of a state sporting association was approved subject to conditions relating to the level and positioning of promotions.
- A coffee company sponsorship of an arts organisation was approved.
- Sponsorship of a major sporting event by a company promoting a range of dairy product brands was approved.

The above analysis would suggest that the financial impact of the co-sponsorship policy on community organisations has been substantially overstated by some stakeholders. The WA Sports Federation (WASF) state in their submission to the review of the *Tobacco Products Control Act 2006* that:

"...the WASF does not believe WA sporting organisations are adequately compensated for these restrictions tied to Healthway's funding arrangements and estimates that adequate compensation for these restrictions would be in the range of \$20 million to \$30 million each year, in addition to Healthway's existing contribution". (p.3), and "Healthway does not provide enough funding to compensate sport for restrictions and conditions which deny organisations the opportunity to pursue other sponsorship opportunities. For the larger participation sports in particular, the gain in Healthway funds is offset by the loss of private sector sponsorship opportunities, with some estimating the cost of unpursued sponsorship opportunities to be in the range of \$250,000-\$400,000 per year." (p.12)

7. Stakeholder attitudes towards the co-sponsorship policy

At the time of approving the revised co-sponsorship policy, the Board noted the risk that a more formalised and tighter approach to co-sponsorship could create a public relations risk for Healthway.

Some sections of the sport sector do not support Healthway's policy approach to co-sponsorship. The WASF and some of their member organisations have been critical of Healthway's approach to co-sponsorship issues and there has been considerable media coverage of their concerns.

Support for Healthway's approach to co-sponsorship appears to be stronger in the general population. A number of community surveys have examined public opinion on the issue of unhealthy food and alcohol sponsorship of community organisations:

In March 2010, the Health Promotion Evaluation Unit (HPEU) at the University of WA published the findings of a cross sectional survey of attendees at the Family and Youth Zones, held as part of the Australia Day celebrations on the South Perth foreshore. The results of the study showed that the majority of respondents (72%) believed that fast food company sponsorship at junior sports and arts events sends conflicting messages to children and most believed it encourages them to eat fast food (60%).

A random household telephone community survey undertaken by HPEU in November 2010, with a sample size of over 2000 respondents, found that nearly two-thirds (65%) of respondents disagreed with the promotion of alcohol at events where children are spectators and less than 1 in 5 (19%) agreed with the practice.

A recent community survey of 600 West Australian adults undertaken on behalf of health insurer HBF and The West Australian newspaper found that 59% of those surveyed called for all alcohol advertising and sponsorship during sport, including televised games, to be banned. This finding compares with 48% support in 2010 and 45% in 2009.

8. Summary of key findings

- The introduction of the revised co-sponsorship policy and risk assessment process does not appear to have deterred organisations from applying for Healthway sponsorship. The total number of organisations applying for sponsorship (over \$5,000) in the 2010/11 financial year was 236. Compared with 163 organisations in 2009/10 and 171 in 2008/9.
- Over the period from 31 March 2010 to 30 June 2011 the Healthway Board approved offers of sponsorship to 252 organisations. Of these organisations, 28 (11%) were offered sponsorship with specific conditions relating to existing alcohol or food/drink sponsors.
- Approximately 1% of organisations offered sponsorship since 31 March 2010 have declined Healthway's offer of sponsorship.
- Only 4 sponsorship applications have been rejected by the Board as a consequence of co-sponsorship concerns. Two of these were for the same event.
- Half of the organisations offered sponsorship on a conditional basis are unlikely to have suffered any loss of existing sponsorship income as a direct consequence of Healthway's conditions of funding. In other cases, any loss of sponsorship income from alcohol or unhealthy food sponsorship was more than offset by an increase in Healthway sponsorship.
- Since the introduction of the revised approach to co-sponsorship risk assessment Healthway has received requests from 12 organisations to enter into new sponsorship arrangements with alcohol, food or drink sponsors. Healthway denied 9 of these requests. Two organisations elected to proceed with the co-sponsorship arrangement and withdraw from Healthway sponsorship.
- The co-sponsorship policy has significantly reduced the exposure of West Australians to alcohol and unhealthy food promotions through sponsorship.
- The WASF and some of their member organisations have been critical of Healthway's approach to co-sponsorship issues and there has been considerable media coverage of their concerns. Support for Healthway's approach to co-sponsorship appears to be stronger in the general population.

September 2011