



DRUG FREE SPORT NZ



Annual Report **2012/2013**

DRUG FREE SPORT NZ – Contents

ANNUAL REPORT 2012/2013

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REPORT OF THE CHAIR – Hon. J. Warwick Gendall QC



I am pleased to provide my first report as Chair of Drug Free Sport NZ.

This year Drug Free Sport NZ embarked on a strategic approach which required a considerable degree of change within the organisation. The intent has been to focus more on the

gathering and processing of information and intelligence. This has led to a diminished, but more focussed testing programme, and an increased capacity to investigate forms of doping which may not be evident from testing.

A key architect of this plan was my predecessor as Chair, Michael Heron QC who provided outstanding leadership to the organisation over eight years. I know he would have wished to continue to see the benefits of the new approach, but with his appointment as Solicitor-General, it meant that he could not continue. He continued to provide tremendous support as I took up the role of Chair. I want to acknowledge his invaluable contribution to the Board of Drug Free Sport NZ.

I also acknowledge the contribution of staff member Jayne Kernohan who left the organisation after almost 20 years of service. Jayne's commitment to anti-doping and the work of our organisation is unquestioned and we wish her well for the future.

There has been an unprecedented turnover of staff over the past year at Drug Free Sport NZ. This could not be attributed to any individual or common factor. But it has clearly impacted on the ability of the organisation to press ahead with the changes envisaged and education programmes, as quickly as planned. Thanks are extended to all departing staff and a warm welcome to the new ones, who have very quickly taken up responsibilities with dedication, enthusiasm and skill.

The inability to progress as quickly as anticipated with key new components of our education and intelligence gathering programmes, has contributed to the accumulation of a significant operating surplus for the year. My Board is committed to ensuring that the resources available to us are fully utilised and that important projects are moved ahead quickly. Measures have already been put in place to direct funds into those areas.

When I commenced as Chair in February 2013, I found a well-functioning, widely experienced, committed and highly expert Board. The members have provided great support and advice as I became familiar with the anti-doping world.

My introduction to anti-doping work coincided with Drug Free Sport NZ having to consider the implications for New Zealand of the Australian Crime Commission report. Whilst the material presented has been sobering it has acted as a catalyst for greater co-operation between relevant agencies here in New Zealand.

My responsibilities have been extended to representing the Minister for Sport and Recreation at WADA Foundation Board meetings, which has provided an informative introduction and insight into the political side of anti-doping work on the international stage. I wish to thank WADA Director General and long-time friend and colleague, David Howman, who has provided wise advice to assist my understanding of the WADA Board environment.

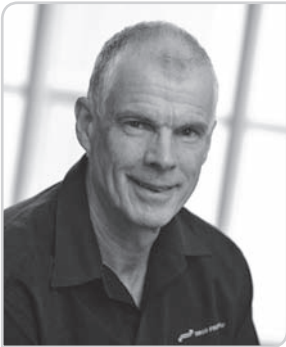
I am very proud of the contribution New Zealand, through Drug Free Sport NZ and its Chief Executive and Minister, makes to the international anti-doping scene. From my initial interaction with peers at a variety of international meetings, it is clear that the Chief Executive, Graeme Steel, is held in the highest regard as a respected expert in the international anti-doping community. Drug Free Sport NZ's reputation is due to his standing. This has ensured that we have an excellent network to consult with and opportunities to contribute to the progress of anti-doping work internationally.

My first five months have been enlightening and rewarding. I look forward to further progress so that Drug Free Sport NZ can continue to assist the vast majority of athletes who commit to clear sport and deserve the opportunity to excel without being confronted with drugs.

May I conclude in expressing the Board's thanks to Hon. Murray McCully for his continued support, and to the Chief Executive for dedicated, tireless efforts over a challenging year in his leading of this successful organisation.

Hon. J. Warwick. Gendall QC
Chair – Drug Free Sport NZ

REPORT OF THE CHIEF EXECUTIVE – Graeme Steel



Every year throws up new challenges and this has certainly been no exception.

We embarked on the year excited by the opportunity to apply a fresh approach to our work through planning for and implementing an approach relying more on the gathering and application of

intelligence. While significant advances have been made it is fair to say that progress proceeded more slowly than envisaged. It is one thing to develop plans but it takes experienced staff to drive them forward while continuing to maintain core activities.

STAFFING

During the 2012/13 year Drug Free Sport NZ (DFS NZ) had to deal with an unprecedented turnover of staff. At June 1, 2012 five full time staff members had been with the organisation for four years or more while at June 1, 2013 only one full time staff member had been with the organisation for more than one year.

The departure of so many staff at one time is more coincidental than reflective of a single primary cause (reasons varied from serious illness, to following a partner to off shore employment). It did however significantly limit our ability to make rapid progress.

As well as providing a significant challenge it has also provided an opportunity to “re-tool” in terms of specific skill sets necessary for the new approach to our work. More capacity is still needed internally around investigations but otherwise DFS NZ is well placed to make significant progress.

During the year we received resignations from the following staff:

- Jayne Kernohan resigned at short notice in March 2013. Jayne had served with the organisation since 1994 and provided great service including, on numerous occasions, taking responsibility in the absence of the Chief Executive. The knowledge of anti-doping work she developed over that time has been of tremendous benefit.
- Kristin Farrell joined us in June 2008 and provided a steady hand and great competence to all her work. Kristin returned after resigning to assist in the absence of Jayne Kernohan and excelled with the additional responsibility.

- Alison Fitch joined us in October 2008 and added real personality and a strong athlete perspective to our work.
- Julie Bennett joined us in October 2008 and provided great service in trying circumstances as she had to take on a variety of different roles.
- Ella Smits joined us in October 2012 moving across from Omega Investigations. Ella’s investigative skill set was a perfect fit for us and it was disappointing when she resigned to follow her partner to the UK.
- Ceri Aldiss joined us in January 2012 and provided a unique background and skill set which was paying great dividends. She moved out of Auckland with her partner in August 2012.

The following staff joined us:

- Bridget Leonard joined us just prior to the year in June 2012. Bridget’s strong science background filled a critical need for in-house ability to interpret analytical data.
- Maia Jackman joined us in October 2012 to take on the role of Education Manager and brings an extraordinary record as a football player with strong relevant experience in school programmes as well.
- Scott Tibbutt joined us in February 2013 in the new position of Operations Manager and provided admirable service in an acting Chief Executive role during March and April.
- Andrew McCowan joined us in March 2013 and brings a strong sporting background to his role as a testing programme manager.
- Juliette Robb spent much of the year as a temporary contractor but has subsequently agreed to take a permanent position so we will have the ongoing benefit of her excellent administration skills.

DRUG FREE SPORT NZ AS AN EMPLOYER

DFS works hard to meet its obligations to be a “good employer”. Its commitments to; staff personal development, flexibility in working hours and locations and providing a safe and healthy environment free from harassment are clearly set out in all individual employment contracts and reflected in the ongoing development of policies and practices, including induction procedures. A staff manual incorporates relevant information and policies to assist staff with respect to employment related matters.

There are equal opportunities to all to both seek employment and progress through the organisation based on quality of work. Opportunities to gain and develop both work and personal skills and experience are sought out and offered to staff. Given the small nature of the organisation, and limited knowledge pool in New Zealand, this will often include opportunities to travel and meet with international peers.

At July 1 2012 DFSNZ employed 8 full or part time staff – 1 male and 7 female. On June 30 2013 DFSNZ employed 7 full time or part time staff (with 1 vacancy) 3 male and 4 female.

TESTING PROGRAMME

This year we made a decision to significantly decrease the target numbers for testing to enable the diversion of funds into improved means of intelligence gathering and assessment. We collected 893 urine samples compared to 1096 the previous year. A significant proportion of this testing was conducted on athletes in our “Registered Testing Pool” and our “National Testing Pool”. These are the athletes in higher risk categories who must provide information on their “whereabouts” on a daily basis. These numbers have also been reduced with, at year end, 48 in the former category (these athletes must provide a committed one hour daily time slot) and 89 in the latter (who do not have to provide the one hour time slot).

The reduction in testing numbers meant the allocation of tests needed to be more focussed on risk areas and this was guided by both increased scrutiny of the analytical data from tests (both blood and urine) and other information that may have been indicative of risk situations. The necessity to have a sufficiently broad reach to also have a widespread deterrent effect has not been forgotten but that reach has been a little diminished. Over time we will be developing and monitoring other indicators of attitudes and behaviours which may give us a better guide as to the optimum spread of testing to maintain the necessary level of deterrence.

We continued to develop our “Athlete Biological Passport” (ABP) programme that establishes profiles for significant blood parameters primarily for endurance athletes. This provides a crucial guide to our target testing programme. The development of comparable “steroid profiles” from urine samples has also progressed and will be given a significant boost as a result of the on-line “platform” being developed by World Anti-Doping Agency (WADA). The testing of blood for human growth hormone and direct evidence of blood doping remains challenging. The timing must be right, both in terms of proximity to use and transportation to the laboratory. The potential for analysis

of ABP samples to occur here in New Zealand remains a prospect if significant hurdles in terms of the accreditation process can be overcome.

The whereabouts programme continues to stretch both athletes and ourselves to ensure it is as easily understood and implemented as possible. A combination of three whereabouts “strikes” over an 18 month period constitutes a Rule Violation. Over the year, from within the pool of 48 athletes in the RTP, there were seven “missed tests” and two “filing failures”. There is a degree of subjectivity around determining, in particular, filing failures and we have been somewhat generous in interpreting the rules over the initial years of the programme. A less flexible approach will enable a clearer line to be drawn so all parties know what is expected. Such an approach may lead to more “strikes” in the short term as this line is set out for athletes.

As part of our annual confidential athlete survey we ask those in the whereabouts programme whether or not it is reasonable to require athletes to submit to it. Given its onerous nature it is perhaps surprising that 87% agree that it is.

Results

Seven anti-doping rule violations occurred as a result of “use” detected by the testing programme.

- Three of the cases involved stimulants contained in supplements.
- Two cases were for cannabis.
- One involved amphetamine use.
- One case involved an athlete who, despite appropriate warning to his doctor, was prescribed probenecid without a Therapeutic Use Exemption (TUE).
- Two of the athletes serving suspension also had their suspensions restarted after failing to recognise the full force of the ban and competing; in one case, in another sport at a lower level and in the other, in an internal trial at his club.

The pattern of results replicates experience over the past few years with the use of supplements and cannabis being by far the greatest contributors.

The prohibition of one of the commonly detected supplement additives (methylhexanamine (DMMA)) and the elevation of reporting levels for cannabis should reduce the number of adverse findings in future.

The Sports Tribunal applied penalties ranging from two years to a reprimand. It is clear that athletes who test positive as a result of supplement use are increasingly in jeopardy of receiving a two year ban.

As has been the case for many years, athletes rate the quality of the work of our Testing Officials extremely highly. We remain indebted to our committed pool of Drug Control Officials (DCOs) and chaperones for the excellent work they do under trying circumstances.

INTELLIGENCE GATHERING AND INVESTIGATIONS

As part of its performance measurement regime DFSNZ has produced a report on its activity in this area over the year. A summary version is available from DFSNZ.

EDUCATION

Maia Jackman took over as the Education Manager in October 2012. Since her arrival she has focussed on ensuring that athlete seminars have simple and well delivered messages that athletes can easily understand. The volume of seminars has increased substantially (106 compared to 87 for 11/12) and this remains the best way to provide information to, and interact with, the primary targets of our education programme. A small group of contracted educators deliver the seminars that invariably receive extremely good feedback.

Given the results of our testing programme, the issues of supplement and cannabis use remain critical components of our education curriculum. We have been seeking more innovative ways to get the necessary messages across. A revamped on-line seminar is one area that has been receiving considerable investment and results should be evident in the coming year.

In addition, long time collaborator, Colin Bramfitt, was contracted to develop more effective educational tools around cannabis with an initial focus on a small group of sports where the problem has been most evident. Again results will not be apparent until the New Year.

A broader communications plan was developed during the year which, when fully implemented, will lead to wider and more regular contact with key stakeholders and the wider public.

THE INTERNATIONAL ENVIRONMENT AND WADA

This year has seen an unprecedented number of high profile doping related issues emerge internationally including:

- the Australian Crime Commission (ACC) Report;
- the Armstrong confession and associated matters in Cycling
- positive tests for Jamaican and other high profile athletes;

- revelations of possible state sponsored doping in the former West Germany; and
- further evidence of widespread doping in American baseball.

DFSNZ monitors these circumstances as closely as it can and has not, to date, seen significant evidence of concerning linkages to New Zealand.

DFSNZ has continued to make strong submissions in relation to the review of the World Anti-Doping Code and Standards and the final state of those documents is all but set. There will be significant improvements but the process has not been well equipped to generate consensus positions on the more controversial topics where philosophical differences apply.

The impact of the change of President at WADA at the end of the year, and in management in the relatively near future, will be watched closely. There is potential for WADA to take a course that would not be in the interests of National Anti-Doping Organisations, who are responsible for the vast bulk of anti-doping work around the world.

DFSNZ has continued to be represented at, and contribute to the work of the International Antidoping Arrangement (IADA) and the Institute of National Antidoping Organisations (INADO). We have been active in trying to develop some common performance measures that will enable better assessment of progress and comparison across organisations.

THE NATIONAL ENVIRONMENT

The release of the Australian Crime Commission report in February, and the consequent need to assess its implications for the work of DFSNZ, provided both a challenge and a useful catalyst. Inquiries by DFSNZ of a broad range of stakeholders have not revealed comparable evidence of systematic doping here.

The benefit has been the impetus it has given to generating more cross agency collaboration including, most critically, information sharing between relevant agencies including Police, Customs, Medsafe and Sport NZ. This will mean DFSNZ has substantially increased ability to recognise and effectively address potential doping related issues, such as those revealed in Australia.

Nevertheless, DFSNZ is well aware that there is insufficient knowledge available as to the attitudes and behaviours of various sections of the sporting community. In particular Secondary School sport is an area where there are growing pressures to perform and it is critical that doping not be allowed to have any presence at that level.

DFSNZ will be commissioning research that will be aimed at getting more robust information about what is occurring in this and other key segments of the sporting community.

FINANCE

A significant surplus of \$297,802 is attributable to a number of factors, however the overriding issue was the staff turnover which meant that remaining staff had to commit to maintaining core services rather than driving the new initiatives that had been foreseen. Consequently, while a number of projects were initiated, they were not able to be completed.

While we were underspent in many categories, the primary contributors to the surplus were:

1. Laboratory costs.

The "improving" exchange rate and over accounting for EPO screening caused an underspend.

2. Intelligence, Investigations.

New information sources have not come on stream sufficiently to provide additional material necessary to develop and feed the investigation process and enable the utilisation of funds set aside for this.

3. Research.

While a preliminary literature review was completed, the broad ranging research necessary to properly test attitudes and behaviours in our environment was not able to be initiated in this year.

4. Education.

Significant programmes to develop a new on-line education tool and a specific education programme aimed at cannabis use were initiated but the bulk of the work remains to be done.

Looking forward, projects initiated still need to be completed and will themselves generate new spending.

From 2013/14 payroll costs will be substantially higher (in the order of \$100,000) as increments to existing salaries and higher costs associated with recruiting suitably skilled staff apply across the full year.

A \$100,000 deficit has been budgeted for in each of the next three years.

Graeme Steel
Chief Executive – Drug Free Sport NZ



PROGRAMME SUMMARIES AND HIGHLIGHTS

(11/12 year numbers in brackets)

TESTING:

- A total of 1216 (1555) urine based tests were conducted.
- 893 (1096) constituted the DFSNZ programme, 332 (414) in competition and 561 (682) out of competition.
- 35 (31) blood samples were taken for direct testing and a further 106 (107) as part of the Athlete Biological Passport programme.
- 74 (90) DFSNZ programme samples were screened for EPO.
- 323 (459) urine samples and 40 blood samples were collected under contract.
- All tests were conducted at no notice to the athlete.
- ISO certification was maintained against the International Standards for; Testing, Prohibited List, Laboratory and Therapeutic Use Exemptions.
- The "whereabouts" programme had 48 athletes in the "Registered Testing Pool" at year end during the year there were 7 (3) "missed tests" (athletes not at agreed locations) and 2 (1) "filing failures" (athletes failing to provide necessary information).

INVESTIGATIONS:

- 20 Files were opened (or continued).
- 9 of those files led to further investigation
- 5 investigations prompted target testing (with no adverse findings).
- No Anti-Doping Rule Violations had resulted from those files at June 30.
- 5 Files remained "active" at year end.

Note: These numbers do not cover unusual blood or steroid profiles which are constantly being monitored and followed up.

ANTI-DOPING RULE VIOLATIONS:

- 7 (6) rule violations were confirmed all arising from positive tests. 2 athletes received a full 2 year ban. 2 athletes had bans recommenced after not correctly observing the ineligibility rules.

THERAPEUTIC USE EXEMPTIONS:

- 80 (81) Standard Therapeutic Use Exemption (TUE) applications were received
- 23 (32) were unnecessary (non-national level athlete), withdrawn or referred to IF
- 56 (49) were approved and 1 (0) declined
- 20 (22) of the applications included systemic glucocorticosteroids such as prednisone for severe asthma or allergic reaction.

EDUCATION:

- 114 (87) formal presentations were provided by DFSNZ.
- 4 (5) Outreach events were organised

INTERNATIONAL ACTIVITY:

The following represents international activity by DFSNZ Board and Staff.

CHAIR

- 2013, March – Tackling Doping in Sport Conference, London, WADA Symposium and INADO meeting, Lausanne.
- 2013, May – WADA Executive Committee and Foundation Board, Montreal (Representing Minister – WADA cost).

CHIEF EXECUTIVE

- 2012, August – IADA and UKAD meetings, London.
- 2012, November – WADA Executive Committee and Foundation Board, Montreal.
- 2013, March – Tackling Doping in Sport Conference, London, WADA Symposium and INADO meeting, Lausanne.
- 2013, June – Sydney Laboratory and ASADA, Sydney, Canberra

GENERAL MANAGER

- 2012, October – USADA Science Symposium and DCO Conference, Atlanta and Chicago.

OPERATIONS MANAGER

- 2013, April – Oceania Regional Anti-Doping Organisations Board meeting, Fiji.

PROGRAMME MANAGER - B LEONARD

- 2012, September – to Sydney Laboratory and ASADA
- 2013, June – Sydney Laboratory and ASADA, Sydney, Canberra

SIGNIFICANT NEW INITIATIVES INCLUDE:

- Engagement with Fitness NZ with a view to establishing better codes of conduct for facilities and staff in an area where risks are evident.
- Introduction of a paperless system for recording sample collection sessions. New Zealand is one of only a handful of organisations which has adopted this new technology which has the potential to significantly improve the speed and accuracy of critical processes.
- Establishing a confidential reporting mechanism through Crimestoppers.

STATEMENT OF SERVICE PERFORMANCE

PERIOD 1/07/2012 – 30/06/2013

This year could be considered satisfactory from the view of meeting performance targets. Feedback on Drug Free Sport NZ (DFSZN) operations remains, for the most part, extremely favourable. However, three of fifteen measures were narrowly missed and all related to the annual athlete survey feedback which was from a smaller sample (90) compared to previous years (177 in 2012). This reflected smaller numbers in the core testing pools. Two of the three shortfalls were within the 6% margin of error for the survey and, while disappointing, a serious concern only exists if they indicate the beginning of a downward trend.

As part of its effort to provide clearer indications of the progress of anti-doping work, DFSNZ has engaged with international partners to seek common methods of assessing the extent of doping within sport. It is difficult to measure directly and the results of the testing programme are not, of themselves, a sufficient indicator. It has been agreed with some of our peer organisations that one strong indication is the degree to which athletes believe the results of events, in which they compete, are influenced by doping. This was introduced as the primary impact indicator in our 2013/16 Statement of Intent and the questions were asked in this year's athlete survey. The opinions of 90 athletes in our "at risk" groups are of interest.

Doping influenced the outcome of one or more competitions in which I competed in the last 12 months		
	Domestic %	International %
Definitely	2	11
Likely	2	9
Not sure / Don't know	14	22
Unlikely	19	30
Definitely not	62	28
Mean - 1=Definitely, 5=Definitely not	4.4	3.5

This will continue to be monitored over time and the initial indication of a perceived very low level of domestic doping is gratifying.

DFSZN was required to respond to a number of significant challenges during the year including:

1. The implementation of a new approach involving less testing and a much higher focus on information gathering.
2. Unprecedented staff turnover.
3. A host of major doping related revelations internationally and, most significantly, the Report of the Australian Crime Commission (ACC) on doping in Australian sport.
4. A need to engage with the international review of the fundamental document governing our work - the World Anti-Doping Code.

These factors interacted in a manner that made concerted progress difficult over the year. In particular, the staff turnover (on June 1 2013 only one full time staff member had been with the organisation for more than one year) severely inhibited the ability of the organisation to press forward with projects which were part of the new approach. The primary focus of existing staff was to ensure core services were maintained and new staff members were given appropriate training to ensure that performance targets were met.

As a consequence the information driven approach did not progress as rapidly as hoped and some planned expenditure did not occur. This was the primary cause of a surplus on operations of \$297,802. Nevertheless, projects initiated still require completion and DFSNZ plans to operate in deficit for the next three years to ensure that funds necessary for progress are applied.

While staff turnover provided a short term challenge, it nonetheless provided opportunity to employ new staff with skill sets directly applicable to the evolving nature of DFSNZ work.

The ACC Report concluded, amongst other things, that there was “widespread” doping in Australian sport (although subsequent information is inconclusive with respect to the real extent of doping). DFSNZ was part of an inter-agency group that inquired into the implications of this for New Zealand. This required a concerted period of examination of indicators available in New Zealand which further stretched the limited experience we had available at that time. Nevertheless, the exercise provided opportunity to engage with major sporting franchises and gave significant impetus to the process of information sharing with other relevant agencies such as Customs and Police.

The World Anti-Doping Code and the associated mandatory International Standards are the cornerstone documents to our legislation and our work. A detailed review of these documents throughout the year was ongoing and the direction the Code has been taking has been predominantly favourable, although there remain some important matters which are not satisfactorily addressed. Chief amongst these is the lack of a satisfactory definition of “doping”. The final version of the Code will be determined in November 2013 for implementation in 2015 and will direct the work of DFSNZ in the future.

Notwithstanding the challenges identified, some significant building blocks were put in place including:

- The creation of the new position of Operations Manager to ensure that DFSNZ operating processes are properly developed and maintained. This allows technical staff more time to apply to their core work.
- The purchase and implementation of software dedicated to identifying connections among the many and various pieces of information received by DFSNZ.
- The development of information gathering and processing systems including the establishment of a dedicated “hotline”. This hotline is operated through the “Crimestoppers” system and ensures that people can report concerns confidentially via an independent and professionally operated system.
- The trialling of a world leading “paperless” doping control system which has the potential to considerably improve the efficiency of our work and provide a more modern and streamlined interface with athletes. Its implementation will initially be in the “out of competition” testing environment and should be fully operational midway through the 2013/14 year.



PROGRESS TOWARDS GOALS

The core outcome for DFSNZ – that New Zealand sport is doping free – remains a difficult goal for the foreseeable future. It is highly encouraging that feedback indicates only 4% of the most at risk athletes consider that it is definite or likely that their domestic competitions are influenced by doping.

With respect to the three categories of output identified in the DFSNZ Statement of Intent:

Education:

The desired impact is that there is an increase in the level of understanding and support for clean sport amongst athletes and the wider sporting community.

Outputs incorporate a range of education oriented activities designed to both encourage young athletes to adopt sound ethical practices within an environment which supports that approach as well as to inform those subject to the Rules of their obligations and requirements.

There is strong support for clean sport, as reported by both NZ athletes and leading sports administrators, which sets the critical context for our work. Nevertheless a lack of understanding of all requirements means that athletes are still breaking the rules as a result of inadvertence, with three cases occurring throughout the year.



Enforcement:

The desired impact is that there is an increase in the ability to deter and detect doping in sport.

There has been a considerable change of emphasis towards greater information gathering and investigative follow up however testing remains the most significant cost within the scheme.

Athletes' perceptions of DFSNZ's ability to deter and detect doping have remained at a relatively constant high level (around 90%). During a period when international attention on doping has been arguably higher than ever, as a result of the Armstrong and other high profile cases, it appears that the cynical attitude that many athletes are beating the system does not appear to have infiltrated here.

During the year seven rule violations occurred with "contaminated" supplements continuing to be the primary cause. Penalties ranged from two years to a reprimand for a case where a doctor failed to follow procedure.

Influence:

The desired impact is that international anti-doping measures increasingly reflect the needs of the New Zealand sporting community.

This is done by engaging in international policy development through formal submission processes as well as attending and contributing to meetings of influential groups.

While there is a good deal of subjectivity in the assessment, it is apparent that the direction the World Anti-Doping Code is taking coincides with a significant proportion of the submissions DFSNZ has made during the review process. In making submissions DFSNZ consults widely to ensure that the views of the NZ sporting community are being reflected.

Financial Summary – showing actual expenses and budget for each output class.

	Actual		BUDGET	
	2013		2012/13	
INCOME				
Revenue from Crown	2239000		2239000	
Interest	39414		20000	
Contract Income	<u>281933</u>		<u>300000</u>	
TOTAL INCOME		2560347		2559000
EXPENSES				
Enforcement Programme	1571209		1814000	
Education Programme	233949		260000	
Influence Programme (International)	188149		185000	
Contract Testing	<u>269238</u>		<u>300000</u>	
TOTAL EXPENSES		2262545		2559000
NET SURPLUS FOR THE PERIOD		297802		0

PERFORMANCE MEASURE SUMMARY

PERIOD 1/07/2012 – 30/06/2013

(Note: A number of performance measures for the year relate to an athlete survey conducted independently by Phoenix Research. The results are confidential so that no individual athlete's opinions are known by Drug Free Sport NZ. The athlete group surveyed are the athletes in our "Registered Testing Pool" (RTP) and "National Testing Pool" (NTP) - the athletes deemed to be in the highest risk categories and most frequently tested. The number of athletes in these pools has been reduced to ensure adequate servicing and consequently the number of athletes interviewed this year – 90 from a possible 138 – is less than previous years (2011/12 - 177 from 243). Phoenix states that the "maximum margin for error" in the survey is +/- 6.1%. A more complete listing of results is contained in the DFSNZ Annual Report.)

OUTCOME 1 – EDUCATION – IMPACT MEASURES:

A1 Target:	99% Elite NZ athletes (those in the RTP and NTP) accept a responsibility to be "clean".
Result:	98% - two athletes in a survey of 90 did not accept responsibility. (2012 - 100%)
Target:	not Met.
	If current elite athletes do not accept the responsibility to be clean, the challenge to establish clean sport for the future is doubly difficult. It is expected there will be all but universal acceptance of this position and that remains the case. However, given the smaller sample this year, two athletes failing to indicate that commitment has meant the 99% target has not been met. The reasons for not accepting responsibility were not given.

A2 Target:	Elite NZ athletes and Support Personnel know the Rules, how to comply and the consequences of non-compliance. We will track the number of Anti-Doping Rule Violations which can be attributed to inadvertence or ignorance. (Or, in other words, they are not as a result of attempts to "cheat".)
Result:	Three Rule Violations that can be attributed to inadvertence.
Target:	Benchmark now established.
	Where athletes break the Rules inadvertently, it is an indication that the Education programme has been inadequate in some way. This year one athlete breached the Rules, despite having had a significant amount of education, and a doctor failed (despite the athlete's prompting) to complete the requirements necessary for a prohibited substance to be administered. Note that the conclusions of the Tribunal are the guide as to whether or not a particular case can be determined "inadvertent". This generally refers to the "intent" and "degree of fault". (Note that this excludes cannabis cases.) In previous years we have relied on athlete survey figures on their perception of their own knowledge. This measure provides a different perspective and focuses on one outcome of our programmes. While there is some subjectivity as to whether a case is due to inadvertence, over time a clear pattern should emerge.

A3 Target:	The Sporting Community supports clean sport. We will ask athletes and the NSO Chief Executives to assess whether or not the sporting community supports clean sport.
Result:	100% of athletes and 100 % (2012 - 93%) of NSOs report that the sports community supports clean sport.
Target	Met
	<p>A critical factor in ensuring athletes compete cleanly is ensuring the support for that position within the sporting community is high. In that way athletes know they will be supported in taking a drug free stance and, on the contrary, they understand they will not be supported if they choose to dope.</p> <p>DFSNZ determined a good and efficient method of assessing that is to ask the people who have the best overview of the sporting environment, as it relates to their particular sport, being the NSO Chief Executives along with the athletes themselves.</p> <p>100% in both groups reported the level of support for “clean sport” within their sport was good or excellent.</p>

OUTCOME 1 – EDUCATION – OUTPUT MEASURES:

A4 Target:	100% of athletes in the “Registered Testing Pool” and the “National Testing Pool”, as well as those attending defined major international events, will be supplied with current information on how to comply with the Anti-doping Programme. 100% of “elite” athletes are provided with current information.
Result	100% (2012 – 100%)
Target	Met.
	<p>All NTP/RTP athletes received updated resources before January 1. Major international events athletes have been provided with information.</p> <p>Athletes in the “Registered Testing Pool” and the “National Testing Pool” (a total of 138 athletes in June 2013) along with those attending major international sporting events are those most likely to be subject to doping control. Consequently, DFSNZ takes particular care to ensure these athletes receive necessary information relating to doping control. For example, the Olympic and Paralympic Games are events that qualify as a “major” international event and DFSNZ ensured all athletes who may have been selected were provided with current information, either directly by post or via their sport or the NZ Olympic Committee. All new RTP and NTP athletes who have been added to the lists have been sent current resources. All RTP/NTP athletes received updated 2013 resources in mid-December.</p> <p>* Major events are determined annually by the Board and in the current year were:</p> <ol style="list-style-type: none"> 1. London Olympic Games 2. London Paralympic Games 3. Triathlon Olympic Distance World Champs (NZ) 4. World Cycling Track Champs 5. World Softball Champs (in NZ)

A5 Target:	A minimum of 75 seminars will be delivered to priority groups.
Result for Period:	106 (2012 – 87) seminars completed.
Target	Met.
	<p>DFSNZ provides seminars to groups of athletes and athlete support personnel on a regular basis. The intent of the seminars is to provide direct and necessary information to those within the testing programme as well as raise the level of awareness of anti-doping work to a wider group. Whenever possible, these are delivered to the highest priority groups on demand and to other groups with lower priorities as resources allow. Priority groups are those athletes and individuals most likely to be subject to testing, currently or in the foreseeable future, and those who provide advice/services to them (e.g. coaches and doctors). A particular focus group are athletes in the “academy” stage within priority sports. These seminars are provided by authorised education providers based in the main centres, who travel as required.</p> <p>Seminars were presented to groups from 39 (24) different sports as well as multi sport groups. 2292 (2399) attended of whom 2125 (2223) were athletes.</p>

A6 Target:	DFSNZ website provides accurate and helpful information with 80% satisfaction.
Result:	82% of athletes who used the website reported they were satisfied that it was helpful. 90% of those surveyed online were satisfied that it was helpful.
Target:	Met (new)
	<p>Note: the online figure was based on only 20 responses up to September 9, 2013.</p> <p>Our annual athlete survey shows us that the website is the most used information source by athletes and in many cases it is the only source of information for those not directly involved in our programmes. As it is arguably our most critical information tool it is important it meets the needs of users, consequently this measure has been introduced.</p>

OUTCOME 2 - TESTING AND INVESTIGATION- IMPACT MEASURES:

B1	Target: 95% of athletes consider the likelihood of being caught doping is too high to risk. Elite athletes (those in our core Testing Programmes) will be asked, by way of a confidential survey, whether or not they are satisfied our programmes provide an effective deterrent.
Result:	93% (2012 - 91%) of athletes surveyed regard the programme as being an effective deterrent.
Target:	Not Met.
	<p>Deterrence is the primary goal of a testing programme. In other words, testing should be sufficient to ensure athletes, who may contemplate doping to perceive the risk of being caught so high that it is not worth the risk.</p> <p>A deliberately high target has been set in order to stretch performance above what was achieved in the previous year. While there has been an improved result, it has fallen marginally below the bar set. Note these results are within the margin of error for a sample of this size.</p>

DFSNZ website provides accurate and helpful information with 80% satisfaction.

B2 Target:	95% of Athletes and Support Personnel who commit doping offences are caught. Elite athletes (those in our core Testing Programmes) will be asked, by way of a confidential survey, whether or not they are satisfied that our programmes are effective in detecting doping.
Result:	87% (2012 - 90%) of athletes surveyed regard the programme as being effective in detecting doping.
Target	Not Met
	<p>For anti-doping work to succeed, athletes must have confidence the programmes are effective in detecting doping. This goes beyond just the testing programme. There are a variety of influences on athletes' perceptions of effectiveness.</p> <p>This year's result has not met the elevated standard set and is a slight drop on the previous year. DFSNZ has adopted a new approach to its work designed to more effectively identify doping behaviour by a variety of means, not just confined to testing. This focus has led to the identification of doping amongst very high profile athletes, including the US Postal Team in the Tour de France. This approach will take time to become fully productive but if successful should significantly improve athlete confidence in the system.</p>

OUTCOME 2 - TESTING AND INVESTIGATION- OUTPUT MEASURES:

B3 Target:	A minimum of 750 urine tests will be conducted.
Result:	893 (2012 – 1096) - 332 in competition, 561 out of competition. A further 323 tests were conducted on a user pays basis.
Target:	Met
	A reduction in the minimum number of tests was part of a broader plan to enable greater concentration on intelligence gathering and investigative work. Ultimately it proved possible to complete a higher number of tests to reduce the potential of athletes perceiving less risk if they were to dope. Establishing the optimum number of tests to be conducted, within the resource base available, will continue to be a critical consideration in the light of the additional guidance provided by increased intelligence gathering.

B4 Target:	A minimum number of 120 blood samples will be collected. (The final number will be determined through the application of the best available intelligence.)
Result:	132 (102 ABP and 30 Full Blood) (2012 – 138) samples were collected with a further 37 Blood samples collected on a user pays basis.
Target:	Met
	The target for blood sample collection does not provide any particular insight other than to demonstrate that DFSNZ is active in this area of growing importance. The ability to optimise the blood programme will, for the foreseeable future, continue to be limited by the logistics of getting samples to the Sydney laboratory. The nature of athlete biological passports is that profiles take time to develop and it is unusual to see instant results.

B5 Target:	ISO Certification against the relevant WADA International Standards will be maintained.
Result:	A valid certificate was retained over the year. (2012 – met.)
Target:	Met
	ISO certification is a method used by a number of the best performed anti-doping organisations around the world to demonstrate their adherence to the mandatory International Standards, established under the World Anti-Doping Code. This process provides for independent and expert verification that procedures being applied meet those Standards and, consequently, athletes can be confident they are being treated properly and consistently.

B6 Target:	Assessment of the Investigations Programme. A complete report on the investigations programme, its extent and effectiveness, will be presented to the DFSNZ Board by 2012/13 year end. A summary of the information appropriate for publication will be included in the Annual Report.
Result:	Report prepared and circulated.
Target:	Met (new)
	<p>DFSNZ has, over a number of years, developed the capacity to investigate a variety of circumstances that may relate to doping. Some investigations are simply inquiries that are unproductive, while others can involve significant work and may lead to Rule Violation allegations.</p> <p>How to properly measure the success or effectiveness of these investigations remains an evasive goal. In order to move towards an effective tool for this purpose, it is necessary to quantify the work conducted and qualitatively assess its impact over time.</p> <p>In place of a specific performance target DFSNZ has therefore chosen to provide a report that sets out and comments on the activity over the year. As such reports are accumulated DFSNZ will be better placed to determine more objective measurement tools of progress.</p> <p>Significant advances in the current year include the establishment of a stronger information sharing commitment amongst key agencies, such as the Police, Customs and the Department of Health, along with the introduction of powerful new software and engagement with experienced consultants in the field.</p>

OUTCOME 3 - INFLUENCE- IMPACT MEASURE:

C2 Target:	DFSNZ is influential in the development and implementation of international policy and best practises. DFSNZ participates in prioritised international forums.
Result:	DFSNZ has participated in IADA, WADA, INADO and ORADO meetings in the year. These are the prioritised international forums.
Target:	Met
	DFSNZ must comply with all mandatory requirements established by WADA. Given we are bound to compliance, it is important we do what we can to ensure we are able to influence, as much as we can, the nature of those requirements. The ability to measure real influence, as one of many hundreds of Code signatories, is all but impossible. It is clear it is not possible to influence without participating in the debates. DFSNZ has prioritised the forums it believes give the best opportunity to influence and has met its commitment to attend and participate fully.

OUTCOME 3 - INFLUENCE- OUTPUT MEASURES:

C1 Target:	DFSNZ will be deemed compliant with the Code and New Zealand will be deemed to be in compliance with the UNESCO Convention (except where non compliance arises from matters outside DFSNZ jurisdiction).
Result:	DFSNZ is deemed compliant by both measures.
Target:	Met.
	DFSNZ must comply with all the mandatory requirements established by WADA. Given we are bound to compliance, it is important we do what we can to ensure we are able to influence, as much as we can, the nature of those requirements. In order to have credibility in this process it is essential we demonstrate that we meet the standing requirements. DFSNZ's compliance as a signatory is assessed by WADA and we have been deemed compliant. The Government's broader commitments to anti-doping work, as a result of ratification of the UNESCO anti-Doping Convention, are assessed by UNESCO and, to the extent it has responsibility, DFSNZ is meeting the requirements.

C3 Target:	DFSNZ contribute fully to WADA processes which determine the Rules. DFSNZ makes submissions in all relevant Code and International Standard consultation rounds.
Result:	DFSNZ has made submissions in each round of the Code review as well as on International Standards.
Target:	Met.
	DFSNZ must comply with all the mandatory requirements established by WADA. Given we are bound to compliance, it is important we do what we can to ensure we are able to influence, as much as we can, the nature of those requirements. The formal opportunity to influence the relevant documents is provided through the WADA submission process. DFSNZ has made submissions on all documents that most directly impact on its work. In particular, DFSNZ has supported a greater ability for Tribunals to discriminate between cheating behaviour and inadvertent doping when applying sanctions. In addition, strong submissions in relation to the status of cannabis have lead to recognition of the different nature of this issue and a change that will limit unnecessary work for anti-doping organisations and stress for athletes.

SUMMARY	Full Year
Performance target met	11
Performances target not met	3
Benchmark established.	1
Total	15

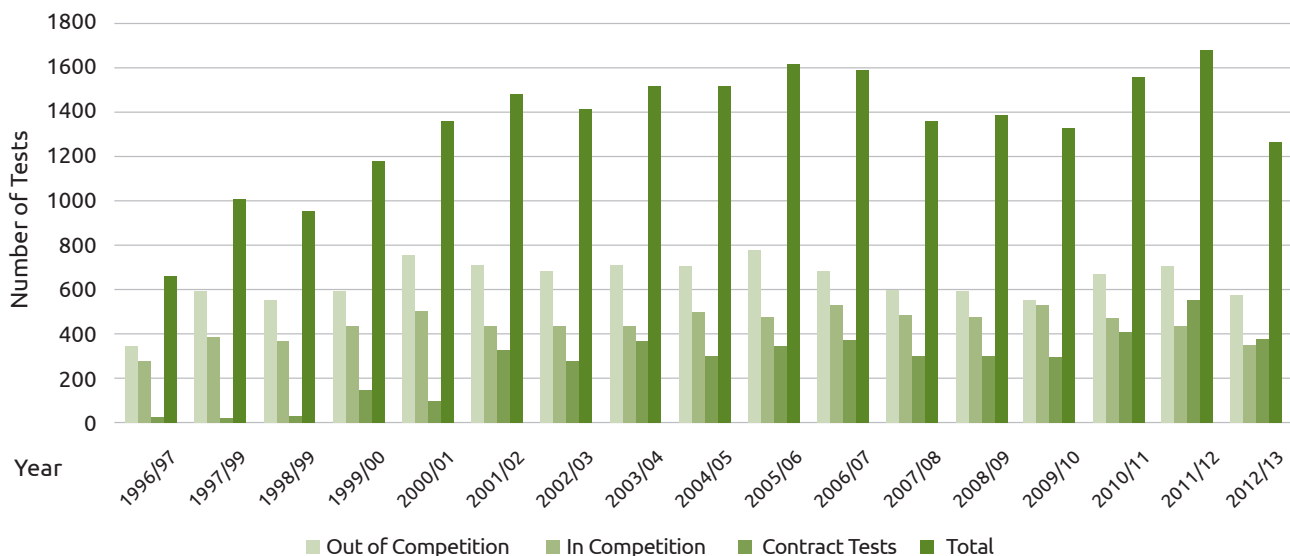
DFSNZ has supported a greater ability for Tribunals to discriminate between cheating behaviour and inadvertent doping when applying sanctions.

TESTING HISTORY

HISTORY OF DFSNZ (URINE) TESTING PROGRAMME

	Out of Competition	In Competition	Contract Tests	Total	Gov't Funded Total	Anti-Doping Rule Violations	% ADRVs / No. of Tests
1996/97	339	283	38	660	622	11	1.67
1997/98	586	400	8	994	986	16	1.61
1998/99	556	377	18	951	933	6	0.63
1999/00	585	443	152	1180	1028	9	0.76
2000/01	762	500	99	1361	1265	14	1.03
2001/02	706	447	328	1481	1153	13	0.88
2002/03	682	445	286	1413	1127	12	0.85
2003/04	713	443	361	1517	1156	9	0.59
2004/05	707	511	301	1519	1218	18	1.18
2005/06	772	490	340	1602	1262	15	0.93
2006/07	696	525	378	1599	1221	15	0.93
2007/08	587	477	296	1360	1064	17	1.03
2008/09	595	481	303	1379	1076	9	0.65
2009/10	539	496	308	1343	1035	8	0.59
2010/11	657	483	412	1552	1140	13	0.83
2011/12	682	414	573	1669	1096	6	0.36
2012/13	561	332	363	1256	893	7	0.56
Totals	10725	7547	4564	22836	18275	198	0.87

History of DFSNZ Testing Programme



SUMMARY OF TESTING PROGRAMME 2012/13

Sport	IC Urine	OOO Urine	Programme Urine	Blood	ABP	Contract Tests	Total	ADRVs	ADRV Reason
7's	4	17	21	0	0	45	66		
Athletics	22	43	65	8	14	0	65		
Badminton	0	0	0	0	0	4	4		
Basketball	12	12	24	0	0	4	28		
Boxing	4	0	4	0	0	0	4		
Canoeing	10	19	29	0	3	0	29		
Cricket	12	16	28	0	0	4	32	1	Use - Stimulants
Cycling	31	66	97	6	33	22	119		
Football	14	25	39	0	0	0	39		
Gymnastics	4	0	4	0	0	0	4		
Hockey	8	4	12	0	0	2	14		
Motorcycling	4	0	4	0	0	0	4		
Netball	18	22	40	0	0	12	52		
Orienteering	0	0	0	0	0	6	6		
Paralympic Alpine Skiing	0	1	1	0	0	0	1		
Paralympic Cycling	0	3	3	0	0	0	3		
Paralympic Equestrian	2	0	2	0	0	0	2		
Paralympic Swimming	0	10	10	0	0	0	10		
Paralympic Track & Field	0	2	2	0	0	0	2	1	Use- Probenecid
Powerlifting	17	8	25	0	0	0	25	3	2 Use – DMAA Use - Cannabis
Roller Sports	8	0	8	0	0	4	12		
Rowing	8	106	114	0	33	11	125		
Rugby League	12	10	22	8	0	0	22	1	Use-Cannabis
Rugby Union	34	108	142	6	0	128	270		
Shearing	2	0	2	0	0	0	2		
Skeleton	0	1	1	0	0	0	1		
Skiing	0	0	0	0	0	12	12		
Softball	10	6	16	0	0	6	22	1	Use - Amphetamine
Surf Life Saving	4	1	5	0	0	1	6		
Swimming	25	27	52	1	8	0	52		
Touch	6	0	6	0	0	0	6		
Triathlon	41	37	78	5	15	98	176		
Water Polo	4	0	4	0	0	3	7		
Weightlifting	10	17	27	1	0	1	28		
Yachting	6	0	6	0	0	0	6		
TOTALS:	332	561	893	35	106	363	1256	7	

SUMMARY OF ANTI-DOPING RULE VIOLATIONS 2012/13

Offence date	Name	Sport	Substance / Offence	Outcome
9 June 2012	Nigel Cordes*	Powerlifting (participated in cricket while suspended)	Dimethypentylamine 1-3 also known as Methylhexaneamine. Participating in sport while suspended.	18 months' ineligibility from 15 August 2012 (date of provisional suspension). 15 months' ineligibility commencing from 9 March 2013 (date of breach of suspension order).
10 July 2012	Peter Martin	Paralympics	Probenecid.	Reprimand.
1 October 2012	Jared Neho	Rugby League	Cannabis. Participating in sport while suspended.	12 weeks' ineligibility from 25 January 2013 (athlete was provisionally suspended on 11 December 2012). 12 weeks' ineligibility from 17 February 2013 (date of breach of suspension order).
27 October 2012	Scott Parsons	Powerlifting	Cannabis.	Four months' ineligibility from 4 December 2012 (date of provisional suspension).
3 November 2012	Damon Tafatu	Powerlifting	Dimethypentylamine 1-3 also known as Methylhexaneamine.	Two years' ineligibility from 5 December 2012 (date of provisional suspension).
9 December 2012	Kurt Allan	Softball	D-Methamphetamine and D-Amphetamine.	Two years' ineligibility from 10 January 2013 (date of provisional suspension).
24 March 2013	Jesse Ryder	Cricket	1-Phenylbutan-2-amine (PBA) and N, alpha-diethyl-benzeneethanamine (DEBEA).	Six months' ineligibility from 19 April (date of provisional suspension), ie suspended until 19 October 2013.

* Note test conducted in 2011/12 year but result not available for that Annual Report.

THERAPEUTIC USE EXEMPTION STATISTICS 2012/13

Year July-June	TUE received	*Not distributed	Approved	Declined	Systemic Glucocortico-steroids	ADHD Methylpheni-date
2009 - 2010	59	9	46	4	19	4
2010 - 2011	65	21	41	3	21	2
2011 - 2012	81	32	49	0	22	4
2012 - 2013	80	23	56	1	20	4

* Not distributed as one of: non national level; permitted in sport; out of competition; referred to IF.

ATHLETE SURVEY RESULTS

(90 athletes from a potential total of 138 in the RTP and NTP were interviewed confidentially by an independent Market Research company. Note percentages may vary from 100 due to rounding.)

TESTING PROGRAMME	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
No. times tested in last 3 years by DFSNZ										
None	34	42	36	26	12	5	3	2	2	0
One	18	21	25	23	18	11	10	6	6	0
Two	19	9	14	18	21	12	11	7	3	3
Three +	27	29	24	32	49	72	76	85	90	97
No. times tested in last 3 years by other organisations										
None	77	75	70	61	50	41	28	29	28	9
One	8	14	13	13	18	15	16	16	13	13
Two	5	4	7	10	9	9	11	11	15	10
Three +	10	7	10	15	15	35	43	44	43	67
Likelihood of being tested "In Competition" next 12 months										
Very likely / likely	56	62	59	67	79	88	91	89	90	94
Unlikely / very unlikely	34	24	31	25	13	8	6	6	6	4
Neither / Don't know	10	14	11	9	9	4	3	4	4	1
Mean- 1=very likely, 5=very unlikely	2.7	2.4	2.6	2.3	1.9	1.6	1.5	1.5	1.6	1.4
Likelihood of being tested "Out of Competition" next 12 months										
Very likely / likely	39	44	39	51	55	81	82	90	85	94
Unlikely / very unlikely	46	42	45	38	35	12	7	8	12	6
Neither / Don't know	16	14	16	8	10	7	10	2	3	0
Mean- 1=very likely, 5=very unlikely	3.1	2.9	3.1	2.8	2.5	1.8	1.7	1.6	1.8	1.3
Frequency of tests is sufficient										
Very satisfied / satisfied	69	64	68	71	78	75	83	86	89	89
Dissatisfied / very dissatisfied	13	10	8	11	4	5	0	2	4	3
Neither / Don't know	18	27	24	17	18	20	16	12	8	8
Mean- 1=very satisfied, 5=very dissatisfied	2.2	2.2	2.2	2.2	1.9	2	1.8	1.8	1.8	1.7
Testing procedures used*										
Very satisfied / satisfied	76	80	79	89	88	89	94	99	99	90
Dissatisfied / very dissatisfied	2	2	1	2	1	3	3	0	1	9
Neither / Don't know	22	18	19	9	12	8	4	1	1	1
Mean- 1=very satisfied, 5=very dissatisfied		1.8	1.8	1.7	1.5	1.7	1.5	1.5	1.5	1.4

Attitude of Agency Officials										
Very satisfied / satisfied	80	75	79	88	87	93	96	94	96	99
Dissatisfied / very dissatisfied	1	0	0	0	2	1	0	2	3	1
Neither / Don't know	20	25	21	21	11	6	3	5	2	
Mean- 1=very satisfied, 5=very dissatisfied	1.6	1.6	1.7	1.5	1.5	1.5	1.3	1.4	1.4	1.3
Programme is a deterrent										
Very satisfied / satisfied	79	78	76	79	89	88	86	91	94	93
Dissatisfied / very dissatisfied	6	7	8	5	2	2	3	1	4	0
Neither / Don't know	14	15	17	11	10	10	11	8	3	7
Mean- 1=very satisfied, 5=very dissatisfied	2	2	2	1.9	1.7	1.7	1.7	1.6	1.6	1.6
Reasonable for top athletes to participate in Whereabouts Programme**										
Strongly Agree / Agree								86	83	89
Strongly Disagree / Disagree								6	6	1
Don't know / Neutral								9	11	10
Mean- 1=very satisfied, 5=very dissatisfied								1.6	1.7	1.4
* In 2011 this changed to ask about the quality of the testing procedures used and could be rated as: excellent, good, satisfactory, unsatisfactory or don't know.										
** New question for 2011										

INFORMATION	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Quality of information										
Very satisfied / satisfied	83	83	85	84	93	90	94	89	93	93
Dissatisfied / very dissatisfied	6	5	4	0	0	2	0	2	1	1
Neither / Don't know	11	12	11	15	7	8	5	9	6	5
Mean- 1=very satisfied, 5=very dissatisfied	1.8	1.9	1.8	1.7	1.6	1.6	1.6	1.6	1.6	1.5
Availability of information										
Very satisfied / satisfied	82	78	80	78	88	87	95	92	85	89
Dissatisfied / very dissatisfied	10	7	6	7	0	4	1	2	3	2
Neither / Don't know	7	15	15	14	12	9	4	6	11	9
Mean- 1=very satisfied, 5=very dissatisfied	1.9	1.9	1.9	1.9	1.7	1.7	1.5	1.6	1.8	1.6

GENERAL	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Doping influenced the outcome of one or more domestic competitions in which I competed-last 12 months										
Definitely										2
Likely										2
Not sure / Don't know										14
Unlikely										19
Definitely not										62
Mean - 1=Definitely, 5=Definitely not										4.4
Doping influenced the outcome of one or more international competitions in which I competed-last 12 months										
Definitely										11
Likely										9
Not sure / Don't know										22
Unlikely										30
Definitely not										28
Mean - 1=Definitely, 5=Definitely not										3.5
Performance enhancing Drugs are being used in your own sport in NZ										
Strongly Agree / Agree	18	12	13	10	9	9	7	6	7	6
Disagree / Strongly disagree	61	63	66	69	71	73	76	85	73	82
Neither / Don't know	21	25	21	21	20	18	17	9	20	11
Mean- 1=strongly agree, 5=strongly disagree	3.7	3.5	3.8	4	4.1	4.2	4.3	4.4	4.2	4.4
Performance Enhancing Drugs are being used in your own sport overseas										
Strongly Agree / Agree	56	47	51	48	47	48	51	46	39	43
Disagree / Strongly disagree	21	23	20	25	22	32	19	24	28	24
Neither / Don't know	22	30	29	28	31	20	30	31	33	32
Mean- 1=strongly agree, 5=strongly disagree	2.3	2.5	2.5	2.5	2.5	2.7	2.4	2.7	2.8	2.53
Enough effort put into controlling use of Performance Enhancing Drugs in NZ										
Strongly Agree / Agree	63	68	65	75	81	80	86	90	88	84
Disagree / Strongly disagree	9	9	9	6	4	3	1	3	2	2
Neither / Don't know	28	23	26	19	15	17	13	6	10	13
Mean- 1=strongly agree, 5=strongly disagree	2.2	2.1	2.2	2	1.8	1.8	1.6	1.6	1.7	1.6

DIRECTORY

AS AT 30 JUNE 2013

MEMBERS OF THE DRUG FREE SPORT NZ BOARD

Hon. J. Warwick Gendall QC (Chair)

Dr. Lesley Rumball

Mr. Stewart Walsh

Stephen Cottrell

Sarah Ulmer

*Michael Heron resigned as Chair on January 31 2013

Chief Executive

Graeme Steel

Operations Manager

Scott Tibbutt

General Manager

Vacant

Bankers

Bank of New Zealand

Auditors

Audit New Zealand on behalf of the Auditor General

Legal Counsel

Paul David

Lee Salmon Long

DRUG FREE SPORT NZ - FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY

We acknowledge responsibility for the preparation of these financial statements and for the judgment used herein.

We acknowledge responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the Board's financial reporting.

In our opinion these financial statements fairly reflect the financial position and operations of the Agency for the year ended 30 June 2013.



Hon. J. Warwick Gendall QC

Chairperson

Date: 24 October 2013



Stephen Cottrell

Board Member

Date: 24 October 2013

DRUG FREE SPORT NZ

STATEMENT OF FINANCIAL POSITION - AS AT 30/06/2013

	Notes	Actual 2013		BUDGET 2012/13		Actual 2012	
EQUITY	12		<u>971366</u>		<u>543000</u>		<u>673564</u>
Represented by							
CURRENT ASSETS							
Cash on Hand and at Bank	6	439337		555000		318822	
Investments	7c	550000				400000	
Inventory	7b	3295				29101	
Accounts Receivable	7	42770		50000		63260	
Prepayments	7a	36263		50000		34215	
GST		<u>20589</u>		<u>0</u>		<u>12520</u>	
			1092254		655000		857918
Less CURRENT LIABILITIES							
Creditors payables	10	214129		150000		257701	
Employee entitlements	11	<u>36324</u>		<u>15000</u>		<u>41024</u>	
			<u>250453</u>		<u>165000</u>		<u>298725</u>
NET WORKING CAPITAL			841801		490000		559193
NON CURRENT ASSETS							
Property, Plant and Equipment	8	29980		28000		37996	
Intangibles	9	<u>99585</u>		<u>25000</u>		<u>76375</u>	
			<u>129565</u>		<u>53000</u>		<u>114371</u>
NET ASSETS			<u>971366</u>		<u>543000</u>		<u>673564</u>



Hon. J. Warwick Gendall QC

Chairperson

Date: 24 October 2013



Stephen Cottrell

Board Member

Date: 24 October 2013

The accompanying notes form an integral part of these financial statements.
Explanations of major variances against budget are provided in note 22.

DRUG FREE SPORT NZ

STATEMENT OF COMPREHENSIVE INCOME - FOR YEAR ENDED 30/06/2013

	Notes	Actual 2013	BUDGET 2012/13	Actual 2012
INCOME				
Revenue from Crown	2	2239000	2239000	2093000
Interest		39414	20000	24347
Contract Income		<u>281933</u>	<u>300000</u>	<u>585892</u>
TOTAL INCOME		2560347	2559000	2703239
EXPENSES				
Testing/Investigation Programme		1571209	1814000	1648781
Education and Research		233949	260000	236296
International		188149	185000	167056
Contract Testing	5	269238	300000	570391
TOTAL EXPENSES	5	<u>2262545</u>	<u>2559000</u>	<u>2622524</u>
NET (DEFICIT)/SURPLUS FOR THE PERIOD		<u>297802</u>	<u>0</u>	<u>80715</u>
Other Comprehensive Income		0	0	0
Total Comprehensive Income		<u>297802</u>	<u>0</u>	<u>80715</u>

DRUG FREE SPORT NZ

STATEMENT OF CHANGES IN EQUITY - FOR YEAR ENDED 30/06/2013

	Actual 2013	BUDGET 2012/13	Actual 2012
Balance at 1 July 2012	673564	543000	592849
Net Surplus/(Deficit) for the Year	<u>297802</u>	<u>0</u>	<u>80715</u>
Total Comprehensive Income	<u>297802</u>	<u>0</u>	<u>80715</u>
Balance at 30 June 2013	<u>971366</u>	<u>543000</u>	<u>673564</u>

The accompanying notes form an integral part of these financial statements.
Explanations of major variances against budget are provided in note 22.

DRUG FREE SPORT NZ

STATEMENT OF CASH FLOWS - FOR YEAR ENDED 30/06/2013

Cash flows from operating activities	Actual 2013		BUDGET 2012/13		Actual 2012	
Receipts from Crown revenues	2239000		2239000		2093000	
Interest Received	39414		20000		24347	
Receipts from other revenue	299811		300000		612236	
Payments to suppliers	(1672083)		(1944000)		(2100164)	
Payments to employees	(574510)		(582000)		(482647)	
Goods and services tax (net)	<u>(11347)</u>		<u>0</u>		<u>(4980)</u>	
Net cash from operating activities		320285		33000		141792
Cash flows from investing activities						
Purchase of property, plant and equipment	(3371)		(5000)		(50810)	
Disposal of property, plant and equipment	0		0		0	
Purchase of intangibles	<u>(196400)</u>		<u>(5000)</u>		<u>(427060)</u>	
Net cash from investing activities		<u>(199771)</u>		<u>(10000)</u>		<u>(477870)</u>
Cash flows from financing activities	0		0		0	
Net cash from financing activities		0		0		0
Net (decrease)/increase in cash and cash equivalents		<u>120514</u>		<u>23000</u>		<u>(336078)</u>
Cash and cash equivalents at the beginning of the year		<u>318823</u>		<u>532000</u>		<u>654901</u>
Cash and cash equivalents at the end of the year		<u><u>439337</u></u>		<u><u>555000</u></u>		<u><u>318823</u></u>

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

DRUG FREE SPORT NZ

NOTES TO THE FINANCIAL STATEMENTS - FOR THE YEAR ENDED 30TH JUNE 2013

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2013

Reporting Entity

Drug Free Sport NZ ("DFSNZ") is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. As such, DFSNZ's ultimate parent is the New Zealand Crown.

DFSNZ's primary objective is to encourage and promote drug free sport in New Zealand, as opposed to that of making a financial return.

Accordingly, DFSNZ has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for DFSNZ are for the year ended 30 June 2013, and were approved by the Board on October 24 2013.

Basis of preparation

Statement of Compliance

The financial statements of DFSNZ have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand ("NZ GAAP").

The financial statements comply with NZ IFRS's, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

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

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of DFSNZ is New Zealand dollars.

Changes in Accounting Policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued that are not yet effective and 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 DFSNZ are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework DFSNZ is classified as a Tier 2 reporting entity and will be eligible to apply the reduced disclosure regime of the public sector Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is reporting periods beginning on or after 1 July 2014. This means DFSNZ expects to transition to the new standards in preparing its 30 June 2015 financial statements. DFSNZ has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

DFSNZ is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of DFSNZ 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. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Provision of services

Revenue derived through the provision of services to third parties is recognised in proportion to the stage of completion at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

Borrowing costs

DFSNZ has elected to defer adoption of the revised NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with the transitional provisions of NZ IAS 23 that are applicable to public benefit entities. Consequently, all borrowing costs are recognised as an expense in the financial year in which they are incurred.

Foreign currency transactions

Foreign currency transactions are translated into NZ\$ (the functional currency) using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Leases

Operating leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to DFSNZ 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. Lease incentives received are recognised in the statement of financial performance over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

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

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment of a receivable is established when there is objective evidence that DFSNZ will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

Investments

At each balance sheet date DFSNZ assesses whether there is any objective evidence that an investment is impaired.

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.

For bank deposits, impairment is established when there is objective evidence that DFSNZ will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

Property, plant and equipment

Property, plant and equipment asset classes consist of furniture and electronic equipment. Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

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 DFSNZ and the cost of the item can be measured reliably. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

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.

Subsequent costs

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 DFSNZ 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 on a straight-line basis on all property, plant and equipment, at rates that will write off the cost 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:

- Furniture 10 years (10%)
- Electronic Equipment 4 years (25%)

The useful life and residual value of an asset is reviewed, and adjusted if applicable, at each financial year end. The depreciation rate on electronic equipment has been reduced from 30% in previous years to 25% to reflect the likely period of use. This reduced the amount of depreciation for the period by \$2,660. There will be a comparable reduction in future years.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use by DFSNZ, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with the development and maintenance of DFSNZ's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. 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 intangible assets have been estimated as 4 years (25%). This rate has been decreased from 30% which has applied in previous years. The consequent reduction in amortisation for the period was \$6,629.

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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where DFSNZ would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss is recognised in the statement of financial performance.

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.

Employee entitlements**Short-term employee entitlements**

Employee entitlements that DFSNZ 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 annual leave earned, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

DFSNZ 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 DFSNZ anticipates it will be used by staff to cover those future absences. DFSNZ 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.

Superannuation schemes**Defined contribution schemes**

Obligations for contributions to Kiwisaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit incurred.

Provisions

DFSNZ recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance cost.

Good and Service 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 recognized 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.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

DFSNZ 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 prior to the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by DFSNZ for the preparation of the financial statements.

Cost allocation

DFSNZ has determined the cost of outputs using the cost allocation system outlined below. Direct costs are those costs directly attributed to an output. Indirect costs are those costs that cannot be identified in an economically feasible manner, with a specific output. Direct costs are charged directly to outputs. Indirect costs are charged to outputs based on cost drivers and related activity/usage information as follows: Testing and Investigation 85%, Education 10% and International activity 5%.

Critical accounting estimates and assumptions

In preparing these financial statements DFSNZ has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual value

At each balance date DFSNZ 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 DFSNZ to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by DFSNZ, 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. DFSNZ minimises the risk of this estimation uncertainty by:

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

DFSNZ 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.

Critical judgements in applying DFSNZ's accounting policies

There have been no critical judgements which materially affect these accounts.

2. REVENUE FROM CROWN

DFSNZ has been provided with funding from the Crown for the specific purposes set out in its founding legislation and as agreed in the Memorandum of Understanding with the Minister. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2012 nil).

3. OTHER INCOME

Nil.

4. PERSONNEL COSTS

	Actual 2013	Actual 2012
Salaries and wages	560213	470658
Employer contributions to defined contribution plans	14297	11989
Increase/(decrease) in employee entitlements (note 11)	(4700)	29302
Total personnel costs	569810	511949

Employer contributions to defined contribution plans include contributions to Kiwisaver and Fidelity Life.

5. EXPENSES

	Actual 2013	Actual 2012
Audit fees for financial statement audit	19560	16592
Board fees and expenses	42310	46337
Depreciation and amortisation	34554	26448
Loss on Disposal	22	0
Doping Control Official fees	169911	190431
Laboratory Fees	381866	491075
Operating lease expense	88271	101819
Personnel Costs	569810	511949
Legal Costs	42745	37548
Contract Testing Costs	269238	570391
Other Expenses	644258	629934
Total expenses	2262545	2622524

6. CASH AND CASH EQUIVALENTS

	Actual 2013	Actual 2012
Cash on hand and at bank	439337	318822

The carrying value of cash at bank and term deposits with maturities less than 3 months approximates their fair value.

7. DEBTORS AND OTHER RECEIVABLES

	Actual 2013	Actual 2012
Debtors and other receivables	42770	63260
Less : provision for impairment	0	0
Total debtors and other receivables	42770	63260

The carrying value of receivables approximates its fair value.
 \$2,835 receivables were greater than 30 days in age (2012 \$19,222).
 All receivables greater than 30 days in age are considered past due.

7a. Prepayments

Of the total prepayments of \$36,263, \$28,163 was paid to the World Anti-Doping Agency being 50% of the annual payment.

7b. Inventory

During the year DFSNZ purchased doping control kits of which approx. 268, valued at \$3,295 (2012 = \$29,101), were held at balance date. Testing equipment of material value is calculated at year end and recorded as inventory.

7c. Investments

	Actual 2013	Actual 2012
Investments – current term deposits with maturities less than 12 months	550000	400000

There is no impairment provision for investments.

Term deposits with original maturities greater than 3 months and remaining maturities less than 12 months.

The carrying value of cash at bank and term deposits with maturities less than 12 months approximates their fair value.

8. PROPERTY, PLANT AND EQUIPMENT

	Furniture	Electronic Equipment	Total
Cost or valuation			
Balance at 30 June 2012	23347	163833	187180
Additions	0	3370	3370
Disposals	859	121719	122578
Balance at 30 June 2013	22488	45484	67972
Accumulated depreciation and impairment losses			
Balance at 30 June 2012	13287	135897	149184
Depreciation expense	2249	9114	11363
Eliminate on disposal	836	121719	122555
Balance at 30 June 2013	14700	23292	37992
Carrying amounts			
At 30 June 2012	10060	27936	37996
At 30 June 2013	7788	22192	29980

9. INTANGIBLE ASSETS

	Acquired software
Cost	
Balance at 30 June 2012	301046
Additions	46400
Disposals	28067
Balance at 30 June 2013	319379
Accumulated amortisation and impairment losses	
Balance at 30 June 2012	224671
Eliminate on disposal	28067
Amortisation expense	23190
Balance at 30 June 2013	219794
Carrying amounts	
At 30 June 2012	76375
At 30 June 2013	99585

10. CREDITORS AND OTHER PAYABLES

	Actual 2013	Actual 2012
Creditors – current	48466	60278
Accrued expenses	165663	197423
Total creditors and other payables	214129	257701

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

11. EMPLOYEE ENTITLEMENTS

	Actual 2013	Actual 2012
Current employee entitlements are represented by:		
Annual leave	7368	16666
Accrued salaries and wages	28956	24358
Total employee entitlements	36324	41024

12. EQUITY

	Actual 2013	Actual 2012
General funds		
Balance at 1 July	673564	592849
Surplus/(deficit)	297802	80715
Balance at 30 June	971366	673564

13. RECONCILIATION OF NET SURPLUS/ (DEFICIT) TO NET CASH FROM OPERATING ACTIVITIES

	Actual 2013	Actual 2012
Net surplus/(deficit) after tax	297802	80715
Add/(less) non-cash items:		
Depreciation and amortisation expense	34554	26448
Total non-cash items	34554	26448
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	22	0
Total items classified as investing or financing activities	22	0
Add/(less) movements in working capital items:		
Debtors and other receivables	20490	30296
Pre-paid Expenses	(2048)	(2476)
Creditors and other payables	(43572)	2498
GST Receivable	(8068)	(10891)
Inventory	25806	(14101)
Employee entitlements	(4700)	29302
Net movements in working capital items	(12093)	34628
Net cash flow from operating activities	320285	141791

14. CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2013	Actual 2012
Not later than one year	20068	88963
Later than one year and not later than five years	0	20068
Later than five years	0	0
Total non-cancellable operating leases	20068	109011

There are no capital commitments at balance date (2012: nil). The major portion of the total non-cancellable operating lease expense relates to the lease of part of one floor of an office building. DFSNZ has committed to a five year term which expires in October 2013. DFSNZ does not propose to extend the current lease. At year end new premises were being sought but with no commitment entered into.

There are no restrictions placed on DFSNZ by any of its leasing arrangements.

15. CONTINGENCIES

DFSNZ, at balance date, has no contingent assets or liabilities (2012: nil).

16. RELATED PARTY INFORMATION

Key management personnel compensation:

	Actual 2013	Actual 2012
Salaries fees and other short-term employee benefits	283838	247750
Post employee benefits	19707	15846
Other long-term benefits	0	0
Share based payments	0	0
Termination benefits	0	0
Total key management personnel compensation	303545	263596

Key Management personnel include all board members, the Chief Executive, the General Manager and Acting General Manager and Operations Manager.

The following related party interests have been declared to the Board – Nil.

16.a Transactions between DFSNZ and Government owned entities

All related party transactions have been entered into on an arm's length basis. DFSNZ is a wholly owned entity of the Crown.

Significant transactions with government-related entities

DFSNZ has been provided with funding from the Crown of \$2,239,000, (2012 \$2,093,000) for specific purposes as set out in its founding legislation and the scope of the relevant government appropriations. DFSNZ also purchased goods and services from Air New Zealand. These purchases for the year ended 30 June 2013 totalled \$45,718 (2012 \$47,601) for air travel related to work functions.

Collectively, but not individually, significant transactions with government-related entities.

In conducting its activities, DFSNZ is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. DFSNZ is exempt from paying income tax.

DFSNZ also purchases goods and services from entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases from these government-related entities, for the year ended 30 June 2013, are set out above.

17. BOARD MEMBER REMUNERATION

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

	Actual 2013	Actual 2012
J Warwick Gendall (Commenced as Chair February 1, 2013)	6825	NA
Michael Heron (Resigned as January 31, 2013)	8190	16380
Stephen Cottrell	6340	6340
Dr Lesley Rumball	6340	6340
Sarah Ulmer	6340	6340
Mr Stewart Walsh	6340	6340
Total Board member remuneration	40375	41740
Plus Board Expenses	1935	4597
Board fees plus expenses (see note 5)	42310	46337

Board member remuneration is set by the Remuneration Authority. Communication from the Remuneration Authority received in May 2013 set out a new regime for payments to Board members, without prior notice, based around a daily

rate rather than an annual fee. Board members had already received their annual fee based on the previous annual scale and, in the light of the new fee scale providing for a modest increase, Board members resolved to accept the existing fees in lieu of full payment of the new fees. The daily rate regime is to be instituted in 2013/14.

The following payments have been made to members of the Therapeutic Use Exemption Committee who are not Board members: Chair, Associate Professor David Gerrard \$3,500; Members, Dr Rob Campbell \$2,500, Dr Cathy Ferguson \$2,500, Dr Tony Edwards \$2,500.

DFSNZ has effected Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees to the value of \$5m.

No Board members received compensation or other benefits in relation to cessation. (2012 nil)

18. EMPLOYEE REMUNERATION

The Chief Executive's remuneration was between \$130,000 and \$139,999. (2012: between \$130,000 and \$139,999)

19. EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

20. 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:

	Actual 2013	Actual 2012
Loans and receivables		
Cash and cash equivalents	439337	318822
Investments	550000	400000
Debtors and other receivables	42770	63260
Total loans and receivables	1032107	782082

	Actual 2013	Actual 2012
Financial liabilities measured at amortised cost		
Creditors and other payables	214129	257701
Total financial liabilities measured at amortised cost	214129	257701

21. FINANCIAL INSTRUMENT RISKS

DFSNZ's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. DFSNZ has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

DFSNZ does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from term deposits held at the BNZ will fluctuate because of changes in market interest rates. The exposure to such fluctuations is minimal and the risk is considered insignificant.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. DFSNZ purchases goods and services overseas which require it to enter into transactions denominated in foreign currencies. DFSNZ takes a conservative approach when budgeting for items subject to foreign currency fluctuation to minimise any risk.

Sensitivity analysis

As at 30 June 2013, if the NZ dollar had weakened/strengthened by 5% against the Australian dollar with all other variables held constant, the surplus for the year would have been:

- \$5,445 (2012 \$3,394) lower if the NZ dollar had weakened.
- \$4,926 (2012 \$3,071) higher if the NZ dollar had strengthened.

This movement is attributable to foreign exchange gains/losses on translation of Australian dollar denominated creditors and bank balances.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the DFSNZ, causing it to incur a loss. Due to the timing of its cash inflows and outflows, DFSNZ invests surplus cash with registered banks. DFSNZ has processes in place to review the credit quality of customers prior to the granting of credit.

In the normal course of business, DFSNZ is exposed to credit risk from cash and term deposits with banks, and debtors and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position. DFSNZ invests funds only with registered banks that have a Standard and Poor's credit rating of at least AA. DFSNZ has experienced no defaults of interest or principal payments for term deposits.

DFSNZ holds no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	Actual 2013	Actual 2012
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits	989337	718822
AA		718822
Total cash at bank and term deposits	989337	718822
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Debtors and other receivables		
Existing counterparty with no defaults in the past	42770	63260
Existing counterparty with defaults in the past	0	0
Total debtors and other receivables	42770	63260

Liquidity risk

Liquidity risk is the risk that DFSNZ will encounter difficulty in ensuring that it has sufficient liquid funds to meet commitments as they fall due. In meeting its liquidity requirements, DFSNZ maintains a target level of investments that must mature within specified timeframes to meet commitments. At balance date there were no creditors more than 30 days due.

22. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

Explanations for significant variations from DFSNZ's budgeted figures in the Statement of Intent are as follows:

Statement of comprehensive income

High interest income reflected the ability to invest the higher than budgeted cash reserves.

Education programme expenses are slightly less than budgeted as staff turn over prevented development of new programmes provided for in the budget although core services were maintained.

The testing and investigation budget was substantially underspent due to three main contributing factors:

- A large fund was set aside to develop intelligence gathering capacity and this was not able to be utilised as staff turnover prevented full application of new techniques.
- Low investigation costs reflecting limited "intelligence" to work from.
- Laboratory fees were under budget due to a favourable exchange rate.

Statement of financial position

Budget figures based on year end estimates made 3 months prior to year end for Statement of Intent purposes underestimated equity by approx. \$130,000.

Significant surplus (\$297,802) has increased total equity and financial reserves.

Increase in intangibles reflects decisions taken late in the previous year to invest in "paperless" software and in current year to invest in investigation software and new education on line tools.

High employee entitlements reflects decision taken late in the 2011/12 year to allow greater capacity for staff to carry over leave.

High creditors due to large year end residual owing to the laboratory and accrual of costs committed to on line education.



Independent Auditor's Report

To the readers of Drug Free Sport New Zealand's financial statements and non-financial performance information for the year ended 30 June 2013

The Auditor-General is the auditor of Drug Free Sport New Zealand (Drug Free Sport). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and non-financial performance information of Drug Free Sport on her behalf.

We have audited:

- the financial statements of Drug Free Sport on pages 26 to 41, that comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the non-financial performance information of Drug Free Sport on pages 9 to 18 that comprises the statement of service performance, and which includes outcomes.

Opinion

In our opinion:

- the financial statements of Drug Free Sport on pages 26 to 41:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect Drug Free Sport's:
 - Financial position as at 30 June 2013; and
 - Financial performance and cash flows for the year ended on that date.
- the non-financial performance information of Drug Free Sport on pages 9 to 18:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects Drug Free Sport's service performance and outcomes for the year ended 30 June 2013, including for each class of outputs:
 - its service performance compared with forecasts in the statement of forecast service performance at the start of the financial year; and
 - its actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 24 October 2013. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and non-financial performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and non-financial performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and non-financial performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and non-financial performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of Drug Free Sport's financial statements and non-financial performance information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Drug Free Sport's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the appropriateness of the reported non-financial performance information within Drug Free Sport's framework for reporting performance;
- the adequacy of all disclosures in the financial statements and non-financial performance information; and
- the overall presentation of the financial statements and non-financial performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and non-financial performance information. Also we did not evaluate the security and controls over the electronic publication of the financial statements and non-financial performance information.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and non-financial performance information that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect Drug Free Sport's financial position, financial performance and cashflows; and
- fairly reflect its service performance and outcomes.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and non-financial performance information that are free from material misstatement, whether due to fraud or error. The Board is also responsible for the publication of the financial statements and non-financial performance information, whether in printed or electronic form.

The Board's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and non-financial performance information and reporting that opinion to you based on our audit. Our 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 External Reporting Board.

Other than the audit, we have no relationship with or interests in Drug Free Sport.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

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